Draft Red Herring Prospectus
September 27, 2010
Please read Section 60B of the Companies Act, 1956
(The Draft Red Herring Prospectus will be updated upon ROC filing)
100% Book Building Issue

FINEOTEX CHEMICAL LIMITED

Our Company was incorporated as "Fineotex Chemical Private Limited" under the provisions of the Companies Act, 1956 *vide* Certificate of Incorporation dated January 30, 2004. Our Company was converted into a public limited company *vide* a fresh Certificate of Incorporation dated October 19, 2007 and consequently the name of our Company was changed to "Fineotex Chemical Limited". The Corporate Identification Number of our Company is U24100MH2004PLC144295.

Registered and Corporate Office: 42-43, Manorama Chambers, S.V. Road, Bandra (West), Mumbai – 400 050.
Tel No: +91 22 2655 9174 / 75; **Fax No**: +91 22 2655 9178; **Email**: ipo@fineotex.com; **Website**: www.fineotex.com
Contact Person: Mr. A.V. Nerurkar; Compliance Officer & Company Secretary

Promoters: Mr. Surendra Kumar Tibrewala, Mr. Sanjay Tibrewala, Mrs. Kanaklata Tibrewala, Ms. Ritu Tibrewala, Proton Biochem Private Limited, Kamal Chemicals Private Limited and Surendra Kumar Tibrewala (HUF)

PUBLIC ISSUE OF 42,11,160 EQUITY SHARES OF Rs. 10 EACH OF FINEOTEX CHEMICAL LIMITED ("FCL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF Rs. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF Rs. [●] PER EQUITY SHARE) AGGREGATING Rs. [●] LAKHS (THE "ISSUE"). THE ISSUE WILL CONSTITUTE 37.50% OF THE POST ISSUE PAID UP CAPITAL OF THE COMPANY.

PRICE BAND: Rs. [●] TO Rs. [●] PER EQUITY SHARE OF FACE VALUE OF RS. 10 EACH.

The Price Band and the minimum bid lot size will be decided by our Company, in consultation with the Book Running Lead Manager and advertised at least two working days prior to the bid/issue opening date.

THE FLOOR PRICE IS [●] TIMES OF THE FACE VALUE AND THE CAP PRICE IS [●] TIMES OF THE FACE VALUE.

In case of revision in the Price Band, the Bidding/Issue Period shall be extended for three additional working days after such revision, 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, shall be widely disseminated by notification to the Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE), whose online IPO system will be available for bidding, by issuing a press release and by indicating the change on the websites of the Book Running Lead Manager (BRLM) and the terminals of the member(s) of the Syndicate.

This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Issue will be allocated to Qualified Institutional Buyers (QIBs) on a proportionate basis, subject to valid bids being received at or above the Issue Price. Out of the portion available for allocation to the QIBs, 5% will be available for allocation to Mutual Funds only. Mutual Fund Bidders shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of Equity Shares of our Company, there has been no formal market for our Equity Shares. The face value of the Equity Shares is Rs.10/- and the Floor Price is [●] times of the Face Value and the Cap Price is [●] times of the Face Value. The price band (has been determined and justified by the BRLM and the Issuer as stated under the Chapter on "Basis for Issue Price" beginning on page 57 of the Draft Red Herring Prospectus) should not be taken to be indicative of the market price of our Equity Shares after our Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares of our Company, nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risk involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does the SEBI guarantee the accuracy or adequacy of this document. **Specific attention of the investors is invited to the statement of 'Risk Factors' beginning on Page 11 of the Draft Red Herring Prospectus.**

ISSUER'S ABSOLUTE RESPONSIBILITY

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

IPO GRADING

The Issue has been graded by [●] and has been assigned a grade of [●]/[●] indicating [●] fundamentals. The IPO Grading is assigned on a 5 point scale from 1 to 5 with an 'IPO Grade 5' indicating strong fundamentals and an 'IPO Grade 1' indicating poor fundamentals. For further details and grading rationale, please refer to page no [●] of the Draft Red Herring Prospectus under the Chapter 'General Information'.

LISTING ARRANGEMENT

The Equity Shares issued through the Draft Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE). In-principle approval has been received from BSE for the listing of the Equity Shares *vide* its letter dated [●]. For the purposes of this Issue, BSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
INDBANK MERCHANT BANKING SERVCES LIMITED **SEBI Registration No: INM000001394** 11, Varma Chambers, Homji Street, Fort, Mumbai – 400 001. **Tel No**: +91 22 2263 4601, **Fax No**: +91 22 2265 8270 **Website**: www.indbankonline.com **Email**:mba@indbankonline.com **Investor Grievance Id**: investors@indbankonline.com **Contact Person:** M.Srinivas/Kishore Iyer	**BIGSHARE SERVICES PRIVATE LIMITED** **SEBI Registration No:** INR000001385 E/2, Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri (East), Mumbai - 400 072. **Tel No**: +91 22 2847 0652, **Fax No**: +91 22 2847 5207 **Website**: www.bigshareonline.com **Email**: ipo@bigshareonline.com **Contact Person**: Ashok Shetty

ISSUE PROGRAMME

Bid/Issue Opens on: [●]	**Bid/Issue Closes on: [●]**

TABLE OF CONTENTS

CONTENTS		PAGE
Section I – Definitions and Abbreviations		
	Conventional/General Terms	1
	Issue Related Terms	1
	Issuer Related Terms	5
	Industry Related Terms	6
	Abbreviations	7
Section II – General		
	Presentation of Financial Information and Use of Market Data	9
	Forward Looking Statements	10
Section III – Risk Factors		11
Section IV – Introduction		
	Summary	21
	Brief Details of the Issue	26
	Summary of Financial Information	27
	General Information	31
	Capital Structure	39
Section V – Objects of the Issue		
	Objects of the Issue	49
	Basic Terms of the Issue	56
	Basis for Issue Price	57
	Statement of Tax Benefits	60
Section VI – About Us		
	Industry Overview	70
	Business Overview	75
	Key Industry Regulations and Policies	98
	History and Other Corporate Matters	99
	Our Management	102
	Our Promoters and their Background	116
	Currency of Presentation	123
	Dividend Policy	124
Section VII – Financial Information		
	Auditors' Report and Financial Information of Our Company	125
	Financial Information of Group Companies	146
	Management's Discussion and Analysis of Financial Condition and Results of Operations as Reflected in the Financial Statements	149
Section VIII – Legal and other Regulatory Information		
	Outstanding Litigations, Material Developments and Other Disclosures	156
	Government and Other Statutory Approvals	159
	Other Regulatory and Statutory Disclosures	162
Section IX –Issue Related Information		
	Terms of the Issue	171
	Issue Structure	174
	Issue Procedure	176
	Restrictions on Foreign Ownership of Indian Securities	207
Section X – Description of Equity Shares and Terms of the Articles of Association		
	Main Provisions of Articles of Association	209
Section XI –Other Information		
	Material Contracts and Documents for Inspection	235
Section XII – Declaration		237

SECTION I - DEFINITIONS AND ABBREVIATIONS

CONVENTIONAL/GENERAL TERMS

Term	Description
Act/ Companies Act	The Companies Act, 1956, as amended
Equity Shares	The Equity Shares of face value of Rs. 10 each of Fineotex Chamical Limited
Indian GAAP	Generally Accepted Accounting Principles in India
Non Resident	A person who is not an NRI, FII and is not a person resident in India
NRI/ Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended
RBI Act	The Reserve Bank of India Act, 1934
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended
SEBI (ICDR) Regulations, 2009 / SEBI (ICDR) Regulations	Means the regulations for Issue of Capital and Disclosure Requirements issued by Securities and Exchange Board of India, constituted in exercise of powers conferred by Section 30 of the Securities and Exchange Board of India Act, 1992 (as amended), called Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
Stock Exchanges	Bombay Stock Exchange Limited (BSE) and The National Stock Exhange of India Limited (NSE), referred to as collectively
Stock Exchange/Designated Stock Exchange	Bombay Stock Exchange Limited (BSE)

ISSUE RELATED TERMS

Term	Description
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, Allotment of Equity Shares pursuant to this Issue
Allottee	The successful Bidder to whom the Equity Shares are being/have been allotted
Applications Supported by Blocked Amount (ASBA)	An application, whether physical or electronic, used by all Bidders to make a Bid authorising an SCSB to block the Bid Amount in their specified bank account maintained with the SCSB
ASBA Investor/Bidder	Any Bidder in this Issue who intend to Bid/apply through ASBA
ASBA Bid Cum Application Form/ ASBA Form	The form, whether physical or electronic, used by a Bidder to make a Bid through ASBA process, which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus
ASBA Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Forms or any previous ASBA Revision Form(s)
Banker(s) to the Issue / Escrow Collection Banks	The banks which are clearing members and registered with SEBI as Banker to the Issue at which the Escrow Account for the Issue will be opened and in this case being [●]
Bid	An indication to make an offer made during the Bidding Period by a prospective investor to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid for this Issue
Bid/ Issue Closing Date	The date after which the Syndicate and SCSBs will not accept any Bids for the Issue, which shall be notified in a widely circulated English and Hindi national newspapers, and a Marathi language newspaper.
Bid-cum-Application Form / Bid Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Company and which will be considered as the application for allotment in terms of the Red Herring Prospectus and the Prospectus including the

Term	Description
	ASBA Bid cum Application Form (if applicable)
Bid/ Issue Opening Date	The date on which the Syndicate and SCSBs shall start accepting Bids for the Issue, which shall be the date notified in widely circulated English and Hindi national newspapers and a Marathi language newspaper.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Bid/ Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids including any revisions thereof.
Book Building Process	Book Building Process as provided under Schedule XI of SEBI (ICDR) Regulations, 2009, in terms of which this Issue is being made
Brokers to this Issue	Brokers registered with any recognized Stock Exchanges, appointed by the Members of the Syndicate
BRLM/Book Running Lead Manager	Book Running Lead Manager to this Issue, in this case being Indbank Merchant Banking Services Limited
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares 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 in this case being Rs. [●]
Controlling Branches	Such branches of the SCSBs which coordinate with the BRLM, the Registrar to the Issue and the Stock Exchanges
Cut-off /Cut-off Price	The Issue Price finalized by our Company in consultation with the BRLM, which can be any price within the Price Band. A Bid submitted at the Cut-off Price by a Retail Individual Bidder is a valid Bid. No other category of Bidders are entitled to Bid at the Cut-off Price
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Forms used by the Bidders applying through ASBA process and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf
Depository	A body corporate registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended
Depositories Act	The Depositories Act, 1996, as amended
Depository Participant	A Depository Participant as defined under the Depositories Act, 1996
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account and/or the amount blocked by the SCSB is transferred from the bank account of the ASBA Bidder to the Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful bidders
Draft Red Herring Prospectus/ DRHP	The Draft Red Herring Prospectus, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue, which is filed with the SEBI and Stock Exchange. It will become a Red Herring Prospectus issued in accordance with the provisions of Section 60B of the Companies Act after filing with the RoC at least three days before the opening of the Issue. It will become a Prospectus after filing with the RoC after determination of the Issue Price
Eligible NRI	NRIs from such jurisdiction outside India where it is not unlawful for our Company to make this Issue or an invitation under this Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares offered herein.
Equity Shares	Equity shares of our Company of face value of Rs. 10 each unless otherwise specified in the context thereof
Escrow Account	An Account opened with Escrow Collection Bank(s) and in whose favour the Bidder (excluding the Bidders applying through ASBA) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement entered into amongst our Company, the Registrar to this Issue, the Escrow Collection Banks, the BRLM and the Syndicate Member(s) in relation to the collection of the Bid Amounts and where applicable, refunds of the amounts

Term	Description
	collected to the bidders, (excluding the Bidders applying through ASBA)
FII / Foreign Institutional Investors	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India.
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form or ASBA Bid cum Application Form or ASBA Revision Form
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted in this case being Rs. [●]
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.
Issue	Public Issue of 42,11,160 Equity Shares of Rs.10 each at a Price of Rs. [●] per Equity Share for (including a premium of Rs. [●] per Equity Share) cash aggregating upto Rs. [●] Lacs ("The Issue"), by Fineotex Chemical Limited (the "Company" Or the "Issuer"). The Issue will constitute 37.50 % of the fully diluted Post Issue Paid-up capital of our Company.
Issue Management Team	The team managing this Issue as set out in the Chapter titled 'General Information' in the Draft Red Herring Prospectus
Issue Price	The final price at which Equity Shares will be issued and allotted in term of the Draft Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the BRLM on the Pricing Date
Issue Period	The Issue period shall be [●] being the Bid/Issue Opening date, to [●] being the Bid/Issue Closing date
Issue Proceeds	The proceeds of the Issue that will be available to our Company being Rs. [●] Lacs
Mutual Funds	Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended
Mutual Fund Portion	That portion of the Issue, being 5% of the QIB Portion or 1,05,279 Equity Shares which shall be available for allocation on a proportionate basis to Mutual Funds only.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs.1,00,000
Non Institutional Portion	The portion of the Issue being not less than 15% of the Issue i.e. 6,31,674 Equity Shares of Rs.10 each available for allocation to Non Institutional Bidders on a proportionate basis, subject to receipt of valid Bids at or above the Issue Price
Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 03, 2003 and immediately before such date had taken benefits under the general permission granted to Overseas Corporate Bodies under the FEMA. Overseas Corporate Bodies are not permitted to invest in this Issue.
Price Band	Being the price band of a minimum price (Floor Price) of Rs. [●] and the maximum price (Cap Price) of Rs. [●] and includes revisions thereof.
Pricing Date	The date on which our Company in consultation with the BRLM finalizes the Issue Price
Prospectus	The prospectus to be filed with the RoC in terms of Section 60 of the Companies Act, containing, *inter alia*, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information.
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account and accounts of ASBA Investors for this Issue on the Designated Date.
Qualified Institutional Buyers or QIBs	"Qualified Institutional Buyer" means: (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

Term	Description
	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
QIB Portion	The portion of this Issue being not more than 50% of the Issue, i.e. 21,05,580 Equity Shares of Rs 10 each available for allocation on proportionate basis to QIBs of which 5% shall be available for allocation on proportionate basis to Mutual Funds registered with SEBI, subject to valid bids being received at or above the Issue Price.
Refund Account	The no-lien account maintained by the Refund Bank(s) to which the surplus money shall be transferred on the Designated Date and from which, refunds, if any, (excluding to the ASBA Bidders) shall be made.
Refunds through electronic transfer of funds	Refunds through NECS, Direct Credit, RTGS or the ASBA process, as applicable.
Refund Bank	The bank(s) which have been appointed / designated for the purpose of refunding the amount to investors either through the electronic mode as prescribed by SEBI and / or physical mode in accordance with the procedure contained in the Chapter titled *"Issue Procedure"* beginning on page 176 of the Draft Red Herring Prospectus.
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have not Bid for an amount more than Rs. 1,00,000 in any of the bidding options in this Issue
Retail Portion	The portion of this Issue being not less than 35% of the Issue i.e. 14,73,906 Equity Shares of Rs. 10 each available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid-cum-Application Forms or any previous Revision Form(s)
Red Herring Prospectus/ RHP	The Red Herring Prospectus to be issued in accordance with Section 60B of the Companies Act, which will not have complete particular of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the bid/ Issue Opening date and will become Prospectus after filing with the RoC after determination of the Issue Price
Registrar to the Issue or Registrar	In this case being, Bigshare Services Private Limited
Revision Form	The form used by the Bidders, excluding Bidders applying through ASBA, to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s)
Self Certified Syndicate Bank (SCSB)	Self Certified Syndicate Bank (SCSB) is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of ASBA, including blocking of bank account and a list of which is available on http://www.sebi.gov.in
Syndicate	The BRLM and the Syndicate Member(s)
Syndicate Agreement	The agreement to be entered into between our Company, BRLM and the Syndicate Member(s), in relation to the collection of Bids in this Issue
Syndicate Member(s)/Members of the Syndicate	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Member(s) are appointed by the BRLM in this case being Saffron Global Markets Private Limited
TRS or Transaction	The slip or document issued by the Syndicate Member(s) to the Bidder as proof of

Term	Description
Registration Slip	registration of the Bid on the online system of BSE/NSE
Underwriters	The BRLM and the Syndicate Member(s)
Underwriting Agreement	The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date
Working Day	All days other than a Sunday or a public holiday (except during the Bid/Issue Period where a working day means all days other than a Saturday, Sunday or a public holiday), on which commercial banks in Mumbai are open for business

ISSUER RELATED TERMS

Term	Description
"Fineotex Chemical Limited", "FCL", "our Company", "the Company", "the Issuer Company", "the Issuer" "we", "us", and "our"	Unless the context otherwise requires, refers to Fineotex Chemical Limited, a public limited company incorporated under the Companies Act.
Articles/ Articles of Association	The Articles of Association of Fineotex Chemical Limited
Auditors/Statutory Auditors	The Statutory Auditors of our Company namely, M/s. UKG & Associates, Chartered Accountants.
Board / Board of Directors	The Board of Directors of Fineotex Chemical Limited unless otherwise specified or any committee constituted thereof
Memorandum/ Memorandum of Association	The Memorandum of Association of Fineotex Chemical Limited
Objects of the Issue / Project	The present Issue is being made to raise the funds for the following purposes: 1. Setting up of Manufacturing facility for production of specialty chemicals 2. Setting up of Sales Office in Mumbai 3. Working Capital Requirements 4. Meeting Public Issue Expenses 5. General Corporate Purpose 6.
Promoter(s)	Unless the context otherwise requires, refers to 1. Mr. Surendra Kumar Tibrewala 2. Mr. Sanjay S. Tibrewala 3. Mrs. Kanaklata S. Tibrewala 4. Ms. Ritu S. Tibrewala 5. Proton Biochem Private Limited 6. Kamal Chemicals Private Limited 7. Surendra Kumar Tibrewala (HUF)
Promoter Director(s)	Unless the context otherwise requires, refers to Mr. Surendra Kumar Tibrewala and Mr. Sanjay S. Tibrewala
Promoter Group Entities/ Group Companies / Associate Companies	1. M/s. Shree Vinayak Industries 2. M/s. Shree Ganesh Enterprises 3. M/s. Sanjay Exports
Registered & Corporate Office of our Company	42-43, Manorama Chambers, S.V. Road, Bandra (West), Mumbai – 400 050.
RoC	Registrar of Companies, Maharashtra, located at: 100, Everest, Marine Drive, Mumbai – 400 002.

INDUSTRY RELATED TERMS

Term	Description
Agrochemicals	Chemicals normally used in agriculture, including fertilizers, pesticides, herbicides, fungicides and growth regulants
D.G	Diesel Generator
DM	De-Mineralized
FIFO	First in First Out
GOI	Government of India
HDPE	High Density Polyethylene
HP	Horse Power
JNPT	Jawaharlal Nehru Port Trust
Kcal	Kilo Calories
Kg	Kilograms
KL	Kilo Litres
KVA	Kilo Volt Ampere
KWh	Kilo Watt Hour
LDO	Light Diesel Oil
Ltrs	Litres
MW	Mega Watt
MIDC	Maharashtra Industrial Development Corporation
MSEB	Maharashtra State Electricity Board
MTPA	Metric Tonnes Per Annum
OH Groups	Oxygen- Hydrogen Group
pH	Potential of Hydrogen (A measure of the degree of the acidity or the alkalinity of a solution as measured on a scale of 0-14)
R&D	Research & Development
RPM	Rotations Per Minute
QA	Quality Assurance
QC	Quality Control

ABBREVIATIONS

Abbreviation	Full Form
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
ASBA	Applications Supported by Blocked Amount
BRLM	Book Running Lead Manager
BSE	Bombay Stock Exchange Limited
Bn	Billion
CAN	Confirmation of Allocation Note
CAGR	Compounded Annual Growth Rate
CB	Controlling Branch
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CESTAT	Central Excise and Services Tax Appellate Tribunal
CIN	Corporate Identification Number
DB	Designated Branch
DGFT	Directorate General of Foreign Trade
DIN	Director's Identification Number
DP	Depository Participant
DP ID	Depository Participant's Identification Number
NECS	National Electronic Clearing System
EGM	Extraordinary General Meeting of the shareholders
EPS	Earnings per Equity Share
FCL	Foreign Currency Loans
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended, and the rules and regulations issued thereunder
FDI	Foreign Direct Investment
FII	Foreign Institutional Investor [as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended] registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board
FIs	Financial Institutions
FY	Financial Year
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI / Government	Government of India
HUF	Hindu Undivided Family
IEM	Industrial Entrepreneur Memorandum
ICAI	Institute of Chartered Accountants of India
ICWAI	The Institute of Cost and Works Accountants of India
INR	Indian National Rupee
IPO	Initial Public Offering
MAPIN	Market Participant and Investor Database
MODVAT	Modified Value Added Tax
MNC's	Multi National Corporations
Mn	Million
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
NR	Non-Resident
NRE Account	Non Resident (External) Account
NRI	Non-Resident Indian
NRO Account	Non Resident (Ordinary) Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	Overseas Corporate Body

Abbreviation	Full Form
P/E Ratio	Price / Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
RBI	The Reserve Bank of India
RoNW	Return on Net Worth
Rs./INR	Indian Rupees
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SCSB	Self Certified Syndicate Bank
SEBI	The Securities and Exchange Board of India
SPV	Special Purpose Vehicle
TAN	Tax Deduction Account Number
TIN	Taxpayers Identification Number
TRS	Transaction Registration Slip
UIN	Unique Identification Number issued in terms of SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time
UoI	Union of India
WDV	Written Down Value
w.e.f	With effect from

SECTION II - GENERAL

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Financial Data

Unless stated otherwise, the financial information used in the Draft Red Herring Prospectus is derived from our Company's restated financial statements as of and for the financial years ended March 31, 2006, 2007, 2008, 2009 and 2010 prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with SEBI (ICDR) Regulations, 2009, as stated in the report of our Stautory Auditors, M/s UKG & Associates, Chartered Accountants, *beginning on page 125 of the Draft Red Herring Prospectus.*

Our Financial Year commences on April 1 and ends on March 31 of the ensuing calendar year. Unless stated otherwise, references herein to a Financial Year (e.g., Financial Year 2010), are to the Financial Year ended March 31 of that particular year.

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

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in the Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, Companies Act and SEBI (ICDR) Regulations, 2009. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in the Draft Red Herring Prospectus should accordingly be limited. Our Company has not attempted to explain these differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on financial data.

Market and Industry Data

Unless stated otherwise, industry data used throughout the Draft Red Herring Prospectus has been obtained or derived from industry publications and/or publicly available government documents. Industry publications or publicly available government documents generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made based on such information. Although our Company believes that industry data used in the Draft Red Herring Prospectus is reliable, it has not been verified by us or any other person connected with the Issue.

FORWARD LOOKING STATEMENTS

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

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

- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Changes in laws and regulations relating to the industry in which we operate;
- Increased competition in industry/sector in which we operate;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans including those for which funds are being raised through this Issue;
- Our ability to meet our capital expenditure requirements;
- Fluctuations in operating costs;
- Our ability to attract and retain qualified personnel;
- Changes in technology;
- Changes in political and social conditions in India or in other countries that may adversely affect us (directly or indirectly), the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which we are involved.

For a further discussion of factors that could cause our actual results to differ, *please refer Section titled "Risk Factors" beginning on page 11 of the Draft Red Herring Prospectus*, and Chapters titled "Business Overview" *and "Management's Discussion and Analysis of Financial Condition and Results of Operations as Reflected in the Financial Statements" beginning on pages 75 and 149, respectively of the Draft Red Herring Prospectus.* By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the BRLM, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLM will ensure that investors in India are informed of material developments until the time of grant of listing and trading permissions by the Stock Exchange.

SECTION III – RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a complete understanding of our Company, you should read this section in conjunction with the Chapters titled "Business Overview" and "Management Discussion and Analysis". If any of the following risks actually occur, our business, profitability and financial condition could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any risks mentioned herein under.

INTERNAL RISKS

1. ***We have experienced negative cash flows from operating activities for FY 2006 to FY 2008. Any negative cash flows in the future would adversely affect our results of operations and financial condition.***

Following is the details of negative cash flow:

(Rs. In Lacs)

For the year ended March 31		
2006	**2007**	**2008**
(0.07)	(0.12)	(70.12)

Cash flow of a company is a key indicator to show the extent of cash generated from operations to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows, it may adversely affect our business and financial operations.

2. ***We reported a loss after tax in fiscal 2006 and may incur additional losses in the future.***

We reported a loss after tax of Rs. 0.04 lakhs in fiscal 2006 mainly due to Administrative expenses and statutory charges when there were no operations in the Company. Our failure to generate profits may adversely affect the market price of our Equity Shares, restrict our ability to pay dividends and impair our ability to raise capital and expand our business.

3. ***Contingent liabilities as at financial year, 2010 aggregating Rs. 44.79 lakhs which have not been provided for could adversely affect our financial conditions.***

Our contingent liabilities as at March 31, 2010 aggregated Rs. 44.79 lakhs. If any or all of these contingent liabilities materialize, it could have an adverse effect on our business, financial condition and results of operation. For further information, see Section "***Financial Information****" beginning* on page 125

4. ***Our Company does not own the premises at which our registered office is located***

Our Company does not currently own the premises at which its registered office and its corporate office are located. Premises No. 43, Manorama Chambers, 4th Floor, S.V.Road, Bandra (West), Mumbai – 400 050 has been taken on lease from our Promoter Mrs. Kanaklata S. Tibrewala ("Licensor") and we pay rent for the occupation of the premises. In case of breach of any of the covenants/conditions, the Licensor can terminate the Agreement which would affect our ability to conduct our business or increase our operating costs.

Further, Premises No. 42 Manorama Chambers, 4th Floor, S.V.Road, Bandra (West), Mumbai – 400 050 also being our Registered and Corporate office is not owned by us. It is owned by our Chairman and Managing Director, Mr. Surendra Kumar Tibrewala ("Owner") and it has been granted to us free of rent for office and administrative purpose. In the event that the Owner requires us to pay rent or vacate the premises, it would increase our operating costs and could also temporarily disrupt our operations.

Further, please refer to Chapter titled "Business Overview" beginning on page 75 of this Draft Red Herring Prospectus for details of lease documents and rent free agreement pertaining to the registered office and corporate office of our Company.

5. ***Some of our Promoter Group companies are in the similar line of business and this could cause a conflict of interest. Such conflict of interest could also lead to our business and revenues being affected.***

Proton Biochem Private Limited and Kamal Chemicals Private Limited our Promoter companies are in the line of manufacturing chemicals and are in a similar line of business. Further, we have entered into non-compete agreements with both the above companies. Under the Non Compete agreements the above mentioned companies have agreed that the operations and the markets of these companies shall not in any way infringe or compete with those of our Company.

For further details please refer our Chapter titled "History and Other Corporate Matters" beginning on page 99 of this Draft Red Herring Prospectus

6. ***Our customers generally do not enter into long term contracts. There is no assurance that these customers will continue to purchase our products from us or that they will not scale down their orders. This could impact our financial performance.***

Our customers generally do not enter into any long term contracts with us. Our ability to maintain close and satisfactory relationships with our customers and to consistently manufacture products that meet their requirements is therefore important to our business. There is no assurance that these customers will continue to purchase our products from us or that they will not scale down their orders. This could impact our financial performance.

7. ***The loss resulting from shutdown of operations at any of our plants could have an adverse effect on us.***

Our plants are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, natural disasters, industrial accidents. Our plants use complex equipment and machinery, and the breakdown or failure of equipment or machinery may result in us having to make repairs or procure replacements which may require considerable time and expense. Although we have not had such incident in the past and while we have insurance cover for both our facilities, including for loss of profit due to accidental shut down, the same may not be adequate to cover the loss in business.

Although we take precautions to minimize the risk of any significant operational problems at our plants they could have adverse effect on our financial performance.

8. ***Our business is dependent on our key customers and the loss of any significant customer could adversely affect our financial results.***

For the financial year ended March 31, 2010, our five largest customers accounted for approximately 56.42% of our net sales. The loss of a significant customer or customers would have a material adverse effect on our financial results. We cannot assure you that we can maintain the historical levels of business from these customers or that we will be able to replace these customers in case we lose any of them.

9. ***Cordial relationship with the employees is crucial for smooth functioning of our operations. In the event there is a shortage of skilled labour or stoppage caused by disagreements with employees in future, it could affect our ability to meet the quality standards and timely completion of orders.***

Our operations rely heavily on employees and on the employees' ability to provide high-quality services. In the event there is a shortage of skilled labour or stoppage caused by disagreements with

employees in future, it could affect our ability to meet the quality standards and timely completion of orders, which could lead to reduced business or may potentially damage our reputation.

10. ***Any future acquisitions of businesses/ facilities, technologies and products may expose us to new risks and we may fail to realize the benefits of such acquisitions thereby adversely impacting our profitability.***

In future, we may acquire businesses/ facilities, technologies and products believing them to be a strategic fit with our business. However, we may not be able to successfully integrate such businesses, products, technologies or personnel without a significant expenditure on operating, financial and management resources. Further, we may fail to realize the anticipated benefits of certain acquisitions. Future acquisitions could dilute our shareholders' interest in us and could cause us to incur substantial debt, expose us to contingent liabilities and negatively impact our profitability. However, as of the date of this Draft Red Herring Prospectus we have not entered into any definitive commitment or agreement for any material investment, partnership or acquisition.

11. ***We have in the past entered into related party transactions with our Promoters and Promoter Group Entities and may continue to do so in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.***

We have entered into related party transactions with our Promoters and Promoter Group Entities. While we believe that all such transactions have been conducted on an arm's length basis and are accounted as per Accounting Standard 18, however there can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

The aggregate value of related party transactions as on March 31, 2010 was Rs. 722.18 lakhs and for FY 2009 was Rs. 729.70 lakhs. For further details please refer our Section titled "Financial Information" beginning on page 125 of this Draft Red Herring Prospectus

12. ***We have made application for registration of trademark, which is under process of registration. We are unable to assure that the future viability or value of any of our intellectual property or that the steps taken by us to protect the proprietary rights of our Company will be adequate***

We have made application for registration of trademark 'FINOCON', and the registration for the said trademark in our name is important to retain our brand equity. If our application for registration is not accepted or if the oppositions filed against our trademark application if any, are successful, we may lose the statutory protection available to us under the Trade Marks Act, 1999 for such trademark. Further, we cannot assure that our pending application would be granted registration or will not be challenged or if granted registration, will not be invalidated or circumvented or will offer us any meaningful protection. Further, the laws of some countries in which we may market our products may not protect our intellectual property rights adequately. We are unable to assure that the future viability or value of any of our intellectual property or that the steps taken by us to protect the proprietary rights of our Company will be adequate.

For further details please refer our Chapter titled "Government and Other Statutory Approvals" beginning on page 159 of this Draft Red Herring Prospectus

13. ***Our success depends largely upon the services of our Promoters, Executive Directors and other key managerial personnel and our ability to attract and retain them. Demand for key managerial personnel in the industry is intense and our inability to attract and retain key managerial personnel may affect the operations of our Company***

Our Chairman and Managing Director, Mr. Surendra Kumar Tibrewala and our whole time Director Mr. Sanjay S. Tibrewala have over the years built relations with suppliers, customers and other persons who

are connected with us. Further, most of the key managerial personal of our Company have been known to us for many years. Accordingly, our Company's performance is dependent upon the services of our Executive Directors and other key managerial personnel. Our future performance will depend upon the continued services of these persons. Demand for key managerial personnel in the industry is intense and our inability to attract and retain key managerial personnel may affect the operations of our Company.

14. ***We may not be able to maintain the pace of growth as exhibited historically. Our inability to efficiently handle the abovementioned challenges may affect our business prospects, results of operations and financial condition***

We have experienced significant growth in recent years and expect our business to grow further. Our ability to sustain our growth depends, in a large part, on our ability:

- To augment financial resources for additional capacities at competitive terms and conditions;
- To complete capacity expansion / new projects without time and cost overrun;
- To employ and retain key management personnel;
- To design and implement strong internal control systems; and
- To control costs.

Our inability to efficiently handle the abovementioned challenges may affect our business prospects, results of operations and financial condition.

15. ***Members of our Promoter Group will continue to retain significant control in our Company after the Issue, which will allow them to influence the outcome of matters submitted to shareholders for approval. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control.***

After this Issue, members of our Promoter group will beneficially hold approximately 62.50% of our post-Issue Equity Share Capital. As a result, our Promoter Group will have the ability to exercise significant influence over the matters requiring shareholders' approval, including the election of Directors and approval of significant corporate transactions. The Promoter Group will also be in a position to influence the result of any shareholders' action or approval requiring a majority vote, except where they are required by applicable laws to abstain from voting. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control.

16. ***We face competition in India and internationally. There is no assurance that we will continue to compete successfully in future which may affect our business prospects***

We operate in a competitive environment as our products are produced by a large number of other manufacturers in India and abroad. Players in this market generally compete with each other on key attributes such as technical competence, quality of products and services, pricing and track record. We compete with our competitors on the basis of our track record of quality, technical competence, distribution channels, logistical facilities and after sales relationships. There is however no assurance that we will continue to compete successfully in future.

17. ***Increase in wages could reduce our profit margins.***

Historically, wage costs in the Indian chemical industry have been significantly lower than wage costs in the developed countries for comparable skilled technical personnel. In the long term, wage increases may make us less competitive unless we are able to continue increasing our efficiency and productivity, and the prices we can charge to our customers. Any significant increase in wage costs could have an adverse effect on our business, financial condition and results of operations.

18. ***We are dependent on third-party transportation providers for the supply of raw materials and delivery of products.***

We normally use third-party transportation providers for the supply of most of our raw materials and for deliveries of our finished products to our customers. Transportation strikes by members of various Indian Truckers' Unions have had in the past, and could in the future, an adverse effect on our receipt

of supplies and our ability to deliver our finished products. In addition, transportation costs have been steadily increasing. Continuing increases in transportation costs may have an adverse effect on our business and results of operations.

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

The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, our results of future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. We cannot guarantee our ability to pay dividends.

Project Related Risks

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

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

21. ***We have not acquired land for our proposed project till now. Our inability to acquire the land at the right time and at the estimated price may delay the project or result in an increase in the cost of acquisition***

We envisage a Land requirement of approximately 3 Acres at the estimated cost of Rs. 96.00 Lacs in and around Khopoli. Since we have not acquired the land till now, our inability to acquire the land at the right time and at the above mentioned price may delay the project or result in an increase in the cost of acquisition; thereby resulting in an increase in the project cost or time overrun thus affecting our operations and profitability.

For further details refer to the Chapter titled "Objects of the Issue" beginning on page 49 of the Draft Red Herring Prospectus.

22. ***On identification and acquisition of the land for the proposed project, our Company will require the following approvals. Delay or non receipt of regulatory approvals may delay the production.***

Sr. No.	APPROVAL/CONSENT	AUTHORITY
1.	Factory License	Chief Inspector Of Factory, Maharashtra
2.	Consent for Operation of the Plant under Water(Prevention and Control of Pollution) Act, 1974	Maharashtra Pollution Control Board
3.	Consent for Operation of the Plant under Air(Prevention and Control of Pollution) Act, 1981	Maharashtra Pollution Control Board

4.	Permission for DG Sets (Current as well as proposed)	Electrical Inspector

Incase our Company fails to obtain within the prescribed time, any of the aforesaid approvals, our ability to execute our Project for setting up of new manufacturing plant for production of Specialty Chemicals may be materially impacted.

For further details on Statutory Approvals and Licences, please refer to Page 159 Of the Draft Red Herring Prospectus.

23. ***We have not identified Office Space for our sales operations in Mumbai. Our inability to identify a suitable office space at the right time and at the estimated price may affect our sales, operations and profitability***

Our Company plans to run its sales operations from Mumbai but is yet to identify a suitable office space. An amount of Rs. 150 lacs has been earmarked for this purpose, which constitutes [●]% of the total cost of project. Our inability to identify a suitable office space at the right time and at the estimated price may affect our sales, operations and profitability and may also lead to an increase in the implementation cost of the project.

For further details refer to the Chapter titled "Objects of the Issue" beginning on page 49 of the Draft Red Herring Prospectus.

24. ***We have not yet placed orders for Plant and Machinery aggregating Rs. 338 Lacs required by us for the proposed project. Any delay in placing the orders/ or supply of plant and machinery may result in time and cost overruns, and may affect our profitability.***

We propose to acquire plant and machinery aggregating Rs. 338 Lacs for our proposed project which is approximately [●]% of the Issue Proceeds. We have not yet placed orders for plant and machinery aggregating 338 Lacs required by us which constitutes 100.00% of the total plant and machinery required. We are further subject to risks on account of inflation in the price of plant and machinery.

Our Company has received quotations for these machineries, and negotiations with the vendors have commenced. The details of quotations received appear in paragraph titled "Plant and Machinery" beginning on page 51 under the Section titled 'Objects of the Issue' beginning on page 49 of the Draft Red Herring Prospectus. Since the funding for the plant and machinery is solely from the IPO proceeds, any delay in access to IPO proceeds would eventually delay the process of placing the orders. The purchase of plant and machinery would require us to consider factors including but not limited to pricing, delivery schedule and after-sales maintenance. There may also be a possibility of delay at the suppliers' end in providing timely delivery of these machineries, which in turn may delay the implementation of our project.

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

The timely commissioning of our new Project is dependent on the performance of third parties such as contractors and engineers, who are responsible for construction of buildings, installation and commissioning of plant & machinery and supply & testing of equipments. If the performance of these third parties is not satisfactory and results in a delay or low quality, we may be compelled to replace these third parties, which could result in increased cost and time overruns. This could adversely affect our business operations and profitability.

26. ***Our proposed expansion plans are financially dependent on the Issue proceeds any delay in rasing of the the same may result in escalation of project cost thereby impacting the operations and financials of our Company.***

Our proposed expansion plans are dependent on the proceeds of this Issue. We have not arranged for any alternate source of funding the major part of the project. Any delay in the proposed Issue may increase the project cost and also result in delay in project implementation. This may adversely affect our operations and profitability.

EXTERNAL RISK FACTORS

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

   Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, foreign exchange fluctuations, consumer credit availability, consumer debt levels, unemployment trends, terrorist threats and activities, worldwide military and domestic disturbances and conflicts, and other matters that influence consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude.

2. ***Global recession and market conditions could cause our business to suffer.***

   The developed economies of the world *viz.* U.S., Europe, Japan and others are in midst of recovering from recession which is affecting the economic condition and markets of not only these economies but also the economies of the emerging markets like Brazil, Russia, India and China. General business and consumer sentiment has been adversely affected due to the global slowdown and there cannot be assurance, whether these developed economies will see good economic growth in the near future. Consequently, this has also affected the global stock and commodity markets.

3. ***Any disruption in the supply of power, IT infrastructure, telecom lines and disruption in internet connectivity could disrupt our business process or subject us to additional costs.***

   Any disruption in basic infrastructure or the failure of the Government to improve the existing infrastructure facilities could negatively impact our business since we may not be able to provide timely or adequate services to our clients. We do not maintain business interruption insurance and may not be covered for any claims or damages if the supply of power, IT infrastructure, internet connectivity or telecom lines is disrupted. This may result in the loss of a client, impose additional costs on us and have an adverse effect on our business, financial condition and results of operations and could lead to decline in the price of our Equity Shares.

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

   India has experienced natural calamities such as earthquakes, tsunami, floods and drought in the past few years. Natural calamities could have a negative impact on the Indian economy and may cause suspension, delays or damage to our current projects and operations, which may adversely affect our business and our results of operations.

5. ***Outbreak of contagious diseases in India may have a negative impact on the Indian industry.***

   Recently, there have been threats of epidemics, including the H1N1 virus that causes "swine flu" and which the World Health Organization has declared a pandemic, in the Asia Pacific region, including India, and in other parts of the world. If any of our people are suspected of having contracted any of these infectious diseases, we may be required to quarantine such people or the affected areas of our facilities and temporarily suspend part or all of our operations which would have a material adverse effect on our business, prospects, financial condition and results of operations and could cause the price of our Equity Shares to decline.

6. ***Terrorist attacks and other acts of violence or war involving India, the United States, and other countries could adversely affect the financial markets, result in a loss of business confidence and adversely affect our business, results of operations and financial condition.***

   Terrorist attacks and other acts of violence or war, including those involving India, the United States or other countries, may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our

business, results of operations and financial condition. Increased volatility in the financial markets can have an adverse impact on the economies of India and other countries, including economic recession.

7. The price of our Equity Shares may be highly volatile, or an active trading market for its 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 Exchange 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;
- Perceptions about our future performance or the performance of Chemical companies generally;
- Performance of the Company's competitors in the Chemical Industry and market perception of investments in the Indian Chemical Industry;
- Adverse media reports on our Company or the Chemical Industry;
- Significant developments in India's economic liberalization and deregulation policies; and
- Significant developments in India's fiscal and environmental regulations.

8. The Issue price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Issue and the market price of our Equity Shares may decline below the issue price and you may not be able to sale your Equity Shares at or above the Issue Price.

The Issue Price of our Equity Shares will be determined on the basis of the Book Building Process. This price will be based on numerous factors (*For further information please refer Chapter titled "Basis for Issue Price" beginning on page 57of the Draft Red Herring Prospectus.*) and may not be indicative of the market price of our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to sale your Equity Shares at or above the Issue Price. Among the factors that could affect our share price are:

- Quarterly variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- Changes in revenue or earnings estimates or publication of research reports by analysts;
- Speculation in the press or investment community;
- General market conditions; and
- Changes in economic, legal and regulatory factors (both domestic and international) unrelated to our performance such as global recession, imposition of trade / non trade barriers and sanctions etc.

9. You will not be able to immediately sell any of our Equity Shares purchased through this Issue on Stock Exchange until the receipt of appropriate trading approvals from Stock Exchange.

Our Equity Shares will be listed on the BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors demat accounts with depository participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. Thereafter, upon receipt of trading approval from the Stock Exchange, trading in the Equity Shares is expected to commence within twelve working days from the Bid/Issue closure date. We cannot assure you that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above. Any delay in obtaining the approvals would restrict your ability to dispose of your Equity Shares.

Prominent Notes:

1. Investors may contact the BRLM or the Compliance officer for any complaint/clarification/information pertaining to the issue. *For contact details of the BRLM and the*

Compliance Officer, please refer to Chapter titled "General Information" beginning on page 31 of the Draft Red Herring Prospectus.

2. Pre-Issue Net worth of our Company as as at March 31, 2010 is Rs. 1509.49 lacs.

3. Size of the Present Issue – Public Issue of 42,11,160 Equity Shares of Rs.10 each at a Price of Rs. [●] per Equity Share for (including a premium of Rs. [●] per Equity Share) cash aggregating Rs. [●] Lacs ("The Issue"), by Fineotex Chemical Limited (the "Company" or the "Issuer"). The Issue will constitute 37.50% of the fully diluted Post Issue Paid-up capital of our Company.

4. The average cost of acquisition of Equity Shares of our Promoters is given below:

Sr. No	Name of our Promoters	Average cost of acquisition of shares (Rs.)
(a)	Mr. Surendra Kumar Tibrewala	6.47
(b)	Mr. Sanjay S. Tibrewala	30.37
(c)	Mrs. Kanaklata S. Tibrewala	31.58
(d)	Ms. Ritu S. Tibrewala	31.58
(e)	Proton Biochem Private Limited	31.58
(f)	Kamal Chemicals Private Limited	31.58
(g)	Surendra Kumar Tibrewala (HUF)	31.58

For further details relating to the allotment of Equity Shares to our Promoter's, please refer to the Chapter titled "Capital Structure" beginning on page 39 of the Draft Red Herring Prospectus.

5. Other than as stated in the Chapter titled "Capital Structure" beginning on page 39 of this Draft Red Herring Prospectus, our Company has not issued any Equity Shares for consideration other than cash.

6. Book value of the Equity Shares of our Company as on March 31, 2010 is Rs. 21.51 per Equity Share.

7. The details of the business interest of our Group Companies are appearing under *Related Party Transactions, "Annexure 19" beginning on page 142 under Chapter titled "Auditors' Report And Financial Information of our Company" beginning on page 125 of the Draft Red Herring Prospectus.*

8. Our Company has entered into following transactions with our Promoters and Group Companies for the FY 2010:

(Rs. Lacs)

Related Party	Relationship	Nature of Transaction	31.03.10
Sanjay Exports	Promoter Group Company	Sale of goods by the company (inclusive of excise duty)	499.75
Proton Biochem Pvt. Ltd.	Corporate Promoter	Labour Charges paid by the company	58.75
		Interest received on deposit by the company	6.00

9. No part of the Issue proceeds will be paid as consideration to Promoters, Directors, Key Managerial Personnel or persons forming part of Promoter Group.

10. For details of liens and hypothecation on the movable and immovable properties and assets of our Company *please refer "Annexure 14" beginning on page 140 under Chapter titled "Auditors' Report And Financial Information of our Company" beginning on page 125 of the Draft Red Herring Prospectus.*

11. The contingent liabilities as on March 31, 2010 are as follows:

Particulars	Rs. in Lacs

Guarantee given by Indian Bank on behalf of our Company on the security of fixed deposit of Rs. 3.85 lacs.	4.74
Cess payable to Navi Mumbai Municipal Corporation (Disputed)	38.98
Property Tax payable to Navi Mumbai Municipal Corporation (Disputed)	1.07
Total	**44.79**

12. Our Company and the BRLM shall update the Draft Red Herring Prospectus in accordance with the Companies Act, 1956. All information shall be made available by our Company and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports, at bidding centres etc.

13. Trading in Equity Shares for all investors shall be in dematerialized form only.

14. There are no financing arrangements whereby persons forming part of the Promoter Group, the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of filing Draft Red Herring Prospectus with the Board.

15. This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be reserved for Mutual Funds. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

16. Under-subscription, if any, in the Retail Individual Investors, Non-institutional Investor or QIB Portion would be allowed to be met with spill-over from any other category at the sole discretion of our Company in consultation with BRLM.

17. Investors may note that in case of over-subscription in the Issue, allotment to Qualified Institutional Bidders, Non-Institutional Bidders and Retail Individual Bidders and shall be on a proportionate basis, in consultation with BSE, the Designated Stock Exchange.

18. Our Company was incorporated as ”Fineotex Chemical Private Limited” under the provisions of the Companies Act, 1956 *vide* Certificate of Incorporation dated January 30, 2004. Our Company was converted into a public limited company *vide* a fresh Certificate of Incorporation dated October 19, 2007 and consequently the name of our Company was changed to “Fineotex Chemical Limited”.

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SECTION IV - INTRODUCTION

SUMMARY

You should read the following summary together with the risk factors and the more detailed information about us and our financial data included in the Draft Red Herring Prospectus. Unless otherwise indicated, all financial and statistical data relating to the industry in the following discussion is derived from internal Company reports & data, industry publication and estimates. This data has been reclassified in certain respects for purposes of presentation. For more information, please refer to Chapters titled "Forward Looking Statements" and "Presentation of Financial Information and Use of Market Data" beginning on page 10 & 9 respectively of the Draft Red Herring Prospectus.

SUMMARY ABOUT THE INDUSTRY

GLOBAL CHEMICAL INDUSTRY

The Global Chemical Industry, estimated at US$ 2.4 trillion, is one of the fastest growing sectors of the manufacturing industry. Despite the challenges of escalating crude oil prices and demanding international environmental protection standards now adopted globally, the chemicals industry has grown at a rate higher than the overall-manufacturing segment.

According to industry reports the pharmaceutical segment contributes approximately 26% of the total industry output and approximately 35-40% is dominated by the petrochemical segment. Commodity chemicals are the largest segment in the chemicals market with an approximately size of $ 750 billion while the Specialty and Fine Chemicals segment accounts for $ 500 billion.

Some of the major markets for chemicals are North America, Western Europe, Japan and emerging economies in Asia and Latin America. The US consumes approximately one-fifth of the global chemical consumption whereas Europe is the largest consumer with half the consumption. The US is the largest consumer of commodity chemicals whereas Asia Pacific is the largest consumer of agrochemicals and fertilizers.

Globalization has resulted in the location of manufacturing bases close to raw materials, cheaper energy sources and lower tax regimes. Consolidation has necessarily emerged to seek economies of scale in manufacturing, logistics and R&D. The impact of consolidation has often been improvement in geographical reach and entry into new markets. The two main components in cost reduction have been aggressive identification of improved operating norms and financial restructuring to cut interest costs. In R&D, there has been focus in knowledge areas designed to secure future revenues. There has been increased emphasis on application development especially in specialty chemicals along-with greater customer interaction.

*(**Source:** 11th Five year Planning Commission Report- 2007-2012)*

INDIAN CHEMICAL INDUSTRY

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

The chemical industry includes basic chemicals and its products, petrochemicals, fertilizers, paints and varnishes, gases, soaps, perfumes and toiletries and pharmaceuticals and is one of the most diversified of all industrial sectors covering thousands of commercial products. Its contribution to the GDP of the country is around 3 per cent.

The Indian Chemicals Industry comprises both small and large-scale units. The fiscal concessions granted to the small sector in mid-eighties led to the establishment of a large number of units in the Small Scale Industries (SSI) sector. Currently, the Indian Chemical industry is in the midst of a major

restructuring and consolidation phase. With the shift in emphasis on product innovation, brand building and environmental friendliness, this industry is increasingly moving towards greater customer orientation. Even though India enjoys an abundant supply of basic raw materials, it will have to build upon technical services and marketing capabilities to face global competition and increase its share of exports.

(Source: Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals, Annual Report 2009-10)

Specialty Chemicals

The Specialty Chemicals segment in the Indian Chemical Industry is a new emerging sector which brings promises of huge growth. Specialty chemicals are those chemicals which are produced at a low volume; they are high priced and usually targeted at a wide variety of markets. These chemicals are developed under the user's specifications which usually vary from one user to another. The methods of development depend on the application and the function of the chemicals. This industry requires the best technical know how. Main specialty chemicals are rubber chemicals, water treatment chemicals, polymer additives, lubricating additives, specialty pigments etc. These chemicals are mainly based on organic chemicals.

Globally the contribution of specialty chemicals is upto 25% of the chemical sector i.e. it is approximately worth US$ 453 billion. The average annual growth is expected to be 7.5%. In India, the capacity of specialty chemical is 5272 thousand MTs and production is approx. 3690 thousand MTs.

Scope of Improvement in Specialty Chemicals Industry

- Consolidation to leverage on reducing the overall cost of production.
- Focus on Research & Development to enable development of world class technological capabilities in product and processes to become cost competitive globally.
- Manufacturing units to improve their operational efficiencies. - There must be a focus on training human resources to enhance their skills.
- Also the industry needs to attract outsourcing partners through:
  (a) Follow good manufacturing practices for attracting outsourcing
  (b) Benchmark global Quality systems (Assurance & Control)

*(**Source:** 11th Five year Planning Commission Report- 2007-2012)*

SUMMARY ABOUT OUR COMPANY'S BUSINESS

Fineotex Chemical Limited is an ISO 9001:2000 certified Company engaged in manufacturing of Specialty Chemicals and Enzymes for various industries. Our Company was incorporated as a Private Limited Company in the year 2004 and was subsequently converted to a public limited Company in 2007. The Registered office and Corporate office of our Company is situated at 42-43, Manorama Chambers, S.V. Road, Bandra (West), Mumbai – 400 050.

We produce and provide Specialty Chemicals and Enzymes to Textile & Garment Industry, Construction Industry, Leather Industry, Water Treatment Industry, Agrochemicals, Adhesives and others. FCL manufactures over 100 products for various Industries. We currently have our manufacturing facilities in our factory situated at Mahape in Navi Mumbai.

Our major customers include Pidilite Industries Limited, Croda Chemicals India (P) Limited (formerly ICI India Limited), Rashtriya Chemicals & Fertilizers Limited, The Bombay Dyeing & Mfg. Co. Limited., Raymond Group, and others. Our other reputed clients include Grasim Industries Limited, Clariant Chemicals India Limited, JCT Limited etc. Through merchant Exporters we have a reach in many countries in the world.

For further details of our products please refer the Chapter 'Business Overview' beginning on page 75 of this Draft Red Herring Prospectus.

Our Competitive Strengths

We believe that the following are our primary competitive strengths:

1. **We manufacture over 100 Products of Specialty Chemicals**

   Our Company offers a wide range of specialty chemicals and enzymes used in many industries. Our Company has large number of products and offers an entire range of specialty chemicals used in Textiles & Garments Processing namely the Pre-treatment, Printing, Dyeing and Finishing Process. We also offer specialty performance chemicals to the Leather, Agrochemicals, Construction, Water Treatment, Wood, Sticker and Adhesive Industries etc.

2. **We cater to customers from Varied Industries**

   Our Company manufactures specialty chemicals to Textile & Garment Industry, Leather Industry, Water Treatment Industry, Construction, Paper, Paint, Adhesives, etc. We have a strong and varied customer base from Multi National Companies to Big Corporate houses in each sector. Our business therefore is not cyclical in nature and a decline in any sector will not have an impact on our business as we supply to varied sectors. Certain products that are being used for water treatment are being used in all industries where water is being used as a raw material. Thus indirectly our products are being used by majority of the industries. Our Company and Promoters have relations with Pidilite Industries Limited, Clariant Chemicals India Limited and Croda Chemicals India (P) Limited etc. for over 5 years.

3. **Our Manufacturing Plants are ISO 9001:2000 certified from JAS-ANZ**
   Our existing manufacturing units at Mahape, Navi Mumbai are ISO 9001:2000 certified from JAS-ANZ. We are in the business of specialty chemicals in which quality and innovation are very important while understanding customer needs. We focus on Quality not only of the final product but at every stage of production, right from sourcing the raw materials. Our customer list includes companies like Pidilite Industries Limited, Clariant Chemicals India Limited, Croda Chemicals India (P) Limited (ICI India Limited) etc. which adheres to stringent international quality specifications.

4. **We offer robust Technical Assistance to our customers**

   We have an experienced and technically qualified personnel lead by Mr. Suresh Desai and Mr. Sharad Nachane, our Technical Heads and our Promoter Mr. Surendra Kumar Tibrewala, who

have an experience of more than 3 decades. All products are accompanied with the product Literature which exhibits all details regarding, uses, dosages etc. Also, if our customers need any other on site assistance our Company deputes a person from the technical team. The team delivers prompt technical service and attends to customer queries. We also have online web assistance and after sales service which ensures prompt solutions to customers.

5. We offer Customized products

Customization forms the essence of our Company. We offer tailor-make products to meet the customers needs & requirements, not deviating from the quality, packaging and pricing. Modifying our products on various parameters like Viscosity, Appearance, Moisture Content, Solubility, pH as per customer requirements, helps us to deliver value to our customers.

6. We have in- house Research & Development

We have the latest technology required in this industry and are continually updated with in -house R&D at our Mahape unit which comprises 2 laboratories. Also, our experienced and technically qualified personnel strive to develop and improve upon the product features by incorporating the latest technology, customer feedback, suggestions from staff and developing new specialty and cost-effective products.

7. We are well supported by experienced Management and Key Management Personnel

The Chairman and Managing Director of our Company Mr. Surendra Kumar Tibrewala has been in the business of Manufacturing Specialty Chemicals for more than 3 decades. His knowledge and experience in the field of Specialty Chemicals and enzymes has helped us to have long term relations with our customers and has also facilitated us to enter new segments of enzymes and Construction chemicals etc.

8. We enjoy proximity to sources of Raw Material

Our Company consumes approximately 100 raw materials. We either procure them from domestic importers or source them from indigenous manufacturers in India like Godrej Industries Limited, Andhra Petroleum Limited, Travancore Titanium Product Limited, etc. who have their warehouses located in close proximity to our manufacturing units. A continuous supply of raw material does not hinder our manufacturing process and ensures effective logistics control.

Our Business Strategy

1. Innovation and Product Development

We believe that key factor to sustain, strengthen and succeed in our business, lies in our ability to innovate new products and improvise our existing products. FCL started manufacturing concentrated chemicals which reduces storage for the end user and customers can dilute it as per their requirements. This will meet or create new customer demands that are not presently being satisfied by available products.

2. Competitive Pricing

To remain aggressive and capitalize a good market share, we believe in offering competitive prices to our customers. This helps us to sustain the cut-throat competition and withhold a strong position in the market.

3. Indirect Exports

We offer our products to merchant exporters who export them to countries without any modifications. Some of the countries are Brazil, Bangladesh, Indonesia, Thailand, Bulgaria, Pakistan, Colombia, Singapore, Sri Lanka, Tanzania, to name a few. By entering into international markets indirectly FCL can reduce its Marketing Cost, and at the same time create a brand for

Fineotex globally, it also facilitates in exploring new markets and at the same time mitigate foreign exchange fluctuation risks.

4. Supplying to MNC'S and Corporates

We supply to a host of multinationals like Croda Chemicals India Pvt. Ltd. (formerly ICI India Limited), Clariant Chemicals India Limited, Pidilite Industries Limited, BASF Limited, The Bombay Dyeing Mfg. Co. Ltd., the Raymond Group, Chenab Textile Mills, Rashtriya Chemicals & Fertilizers Limited (RCF) to name a few. We are also contract manufacturing many of the products like adhesives etc. MNC's and Corporates provide high volumes and have great potential. The Company gets a global feed back and quality is maintained as per international standards this helps in building goodwill.

5. Strategic Location of Current and Future manufacturing Facility

Location of Manufacturing Facility is of importance as it helps in designing the cost structure and lead time for delivery. We procure raw materials from indigenous manufacturers in India like Godrej Industries Limited, Andhra Petroleum Limited, Travancore Titanium Product Limited, etc. who have their warehouses located in close proximity to our manufacturing units. The finished products markets are in Mumbai, Balotra, Erode, Karur, Surat, Ahmedabad, Rajasthan, Bangalore, Tirupur, etc. Our factory site is well connected with a network of transport facilities like rail and road operating all over India. This helps our logistics department to ensure timely and cost efficient delivery.

BRIEF DETAILS OF THE ISSUE

Equity Shares offered: Fresh Issue by our Company	42,11,160 Equity Shares of face value of Rs.10 each aggregating upto Rs. [●] Lacs
Issue Price	Rs. [●] per Equity Share
Issue to the Public	42,11,160 Equity Shares of face value of Rs.10 each aggregating upto Rs.[●] Lacs
Of which: (A) Qualified Institutional Buyers portion (QIBs)	21,05,580 Equity Shares of face value of Rs. 10 each constituting not more than 50% of the Issue to the Public (Allocation on a proportionate basis) Of the above 21,05,580 Equity Shares, 1,05,279 Equity Shares shall be available for allocation to Mutual Funds The balance 20,00,301 Equity Shares shall be available to all QIBs, including Mutual Funds
(B) Non-Institutional Portion	6,31,674 Equity Shares of face value of Rs 10 each constituting not less than 15% of the Issue to the Public (Allocation on a proportionate basis)
(C) Retail Portion	14,73,906 Equity Shares of face value of Rs 10 each constituting not less than 35% of the Issue to the Public (Allocation on a proportionate basis)
Note: Under-subscription, if any, in any of the categories would be allowed to be met with spill over from the other categories, at the sole discretion of our Company and the BRLM.	
Equity Shares outstanding prior to the Issue	70,18,600 Equity Shares of face value of Rs.10 each
Equity Shares outstanding after the Issue	1,12,29,760 Equity Shares of face value of Rs.10 each
Use of Issue proceeds	*Please refer to the Section titled "Objects of the Issue" beginning on page 49 of the Draft Red Herring Prospectus for additional information.*

SUMMARY OF FINANCIAL INFORMATION

The following summary of financial data has been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations, 2009 and restated as described in the Auditor's Report of Statutory Auditor, M/s. UKG & Associates, Chartered Accountants, dated September 23, 2010 in the Section titled 'Financial Information'. You should read this financial data in conjunction with our financial statements for each of Financial Years 2006, 2007, 2008, 2009 and 2010 including the notes thereto and the reports thereon, which appears under the *Section titled "Financial Information" and Chapter titled "Management's Discussion and Analysis of Financial Condition and Results of Operations as reflected in the Financial Statements" beginning on pages 125 and 149 of the Draft Red Herring Prospectus.*

Summary statement of Assets & Liabilities, as restated

(Rs. in Lacs)

Particulars		As at				
		31.03.06	**31.03. 07**	**31.03.08**	**31.03.09**	**31.03.10**
A	**Fixed Assets**					
	Gross Block	-	-	283.83	358.73	370.49
	Less: Depreciation	-	-	8.71	8.91	21.58
	Net Block	-	-	275.12	349.82	348.91
	Capital Work in Progress	-	-	**67.66**	**76.09**	**80.59**
	Total Fixed Assets (A)	-	-	**342.78**	**425.91**	**429.50**
B	**Investments (B)**	-	-	**-**	**201.80**	**350.64**
C	**Current Assets, Loans and Advances**					
	Inventories	-	-	100.16	135.74	161.03
	Sundry Debtors	-	0.66	777.06	546.75	575.19
	Cash and Bank Balances	0.66	1.00	217.10	23.79	83.14
	Other Current Assets	-	-	23.79	186.39	47.27
	Loans and Advances	0.04	0.03	254.16	283.09	247.66
	Total (C)	**0.70**	**1.69**	**1372.27**	**1175.76**	**1114.29**
D	**Liabilities and Provisions**					
	Secured Loans	-	-	5.10	50.41	-
	Unsecured Loans	-	-	-	96.00	-
	Deferred Tax Liability	-	-	7.13	16.80	24.62
	Current Liabilities	-	0.03	386.23	254.63	267.69
	Provisions	0.03	0.24	292.41	155.58	92.63
	Total (D)	**0.03**	**0.27**	**690.87**	**573.42**	**384.93**
E	**Net Worth (A+B+C-D)**	**0.67**	**1.42**	**1024.18**	**1230.05**	**1509.49**
F	Represented by:					
1	**Share Capital**					
	Equity Share Capital	1.00	1.50	701.86	701.86	701.86

	Total	1.00	1.50	701.86	701.86	701.86
2	**Reserves and Surplus**	-	0.11	322.47	528.29	807.68
3	**Miscellaneous Expenditure/ Preoperative Expenses**	(0.24)	(0.19)	(0.14)	(0.10)	(0.05)
4	**Debit Balance in Profit and Loss Account**	(0.09)	-	-	-	-
	Net Worth (1+2+3+4)	**0.67**	**1.42**	**1024.18**	**1230.05**	**1509.49**

Summary statement of Profit & Loss, as restated

(Rs. in Lacs)

Particulars		For the Year Ended				
		31.03.06	31.03.07	31.03.08	31.03.09	31.03.10
A	**Income**					
	Sales –Products Manufactured	-	-	1783.15	2048.08	2207.59
	Traded Sales	-	104.61	1365.51	648.18	-
	Less : Excise Duty	-	-	(184.97)	(169.04)	(132.88)
	Net Sales	-	104.61	2963.69	2527.22	2074.71
	Increase/(Decrease) in Inventory	-	-	-	(12.29)	33.14
	Other Income	-	0.46	22.88	33.68	71.45
	Total (A)	**-**	**105.07**	**2986.57**	**2548.61**	**2179.31**
B	**Expenditure**					
	Materials Consumed	-	-	956.11	1019.45	1183.59
	Cost of sales of goods traded	-	104.43	1263.55	646.69	-
	Work Expenses	-	-	65.92	203.13	244.38
	Staff Cost	-	-	43.56	66.97	94.24
	Administrative & Other Expenses	0.04	0.23	41.74	97.41	106.68
	Total (B)	**0.04**	**104.66**	**2370.88**	**2033.66**	**1628.89**
C	**Profit Before Interest, Depreciation and Tax**	**(0.04)**	**0.41**	**615.69**	**514.95**	**550.42**
	Depreciation	-	-	8.71	8.87	12.67
	Profit Before Interest and Tax	**(0.04)**	**0.41**	**606.98**	**506.08**	**537.75**
	Financial Charges	-	-	3.31	3.76	1.59
D	**Profit after Interest and Before Tax**	**(0.04)**	**0.41**	**603.67**	**502.32**	**536.15**
	Preliminary Expenses W/o	-	0.05	0.05	0.05	0.05
E	**Profit before Taxation**	**(0.04)**	**0.36**	**603.62**	**502.27**	**536.11**
	Provision for Taxation	-	0.10	219.53	179.01	167.06
	Provision for Deferred Tax	-	-	7.13	9.68	7.81
	Fringe Benefit Tax	-	-	0.98	1.45	-
	Add/Less Tax adjustment	-	-	-	-	-
F	**Profit After Tax but Before Extra ordinary Items**	**(0.04)**	**0.26**	**375.98**	**312.13**	**361.24**
	Extraordinary items	-	-	10.59	(24.20)	-
	Profit after Tax	**(0.04)**	**0.26**	**386.57**	**287.93**	**361.24**

	Surplus profit of earlier year	(0.05)	(0.09)	0.11	304.57	510.38
G	**Net Profit Available for Appropriation**	**(0.09)**	**0.17**	**386.68**	**592.50**	**871.62**
	Proposed dividend	-	0.05	70.18	70.18	70.18
	Tax on Proposed dividend	-	0.01	11.93	11.93	11.66
	Transfer to General Reserve	-	-	-	-	-
	Balance c/d to Balance Sheet	**(0.09)**	**0.11**	**304.57**	**510.38**	**789.78**

GENERAL INFORMATION

Our Company was incorporated as "Fineotex Chemical Private Limited" under the provisions of the Companies Act, 1956 *vide* Certificate of Incorporation dated January 30, 2004. Our Company was converted into a public limited company *vide* a fresh Certificate of Incorporation dated October 19, 2007 and consequently the name of our Company was changed to "Fineotex Chemical Limited". The Corporate Identification Number of our Company is U24100MH2004PLC144295.

Registered and Corporate Office: 42-43, Manorama Chambers, S.V. Road, Bandra (West), Mumbai – 400 050.
Tel No: +91 22 2655 9174 / 75; **Fax No**: +91 22 2655 9178;
Email: ipo@fineotex.com; **Website**: www.fineotex.com
Contact Person: Mr. A.V. Nerurkar; Compliance Officer & Company Secretary

Company Registration No: 144295; **Corporate Identification No**: U24100MH2004PLC144295

Our Company is registered with the Registrar of Companies, Maharashtra, Mumbai, situated at: 100, Everest, Marine Drive, Mumbai – 400 002.

For details of change in name and registered office, *please refer to the Chapter titled "History and Other Corporate Matters" beginning on page 99 of the Draft Red Herring Prospectus.*

Board of Directors

Our Board of Directors comprises the following:

Sr. No.	Name, Designation, Status & Occupation of Director	Age (Years)	DIN	Address
1)	Mr. Surendra Kumar Tibrewala Chairman & Managing Director Executive and Non Independent Business	54	00218394	42/43, Valencia, 11, Juhu Tara Road, Juhu, Mumbai - 400 049.
2)	Mr. Sanjay S. Tibrewala # Whole-time Director Executive and Non Independent Business	29	00218525	42/43, Valencia, 11, Juhu Tara Road, Juhu, Mumbai - 400 049.
3)	Mr. Anand Agarwal Non Executive & Independent Professional	48	00605748	206 Rajshila, 597 J.S.S. Road, Chirabazar, Mumbai – 400 002.
4)	Mr. Sanjay Mittal Non Executive & Independent Business	39	01705140	601, V.V Aster CHS Ltd Film City Raod, Dindoshi, Malad (East), Mumbai- 400 097.
5)	Mr. Manmohan Mehta Non Executive & Independent Business	42	00391964	102, A wing, Oberoi Garden, Thakur Village, Kandivali (East), Mumbai – 400 101

 # Mr. Sanjay Tibrewala, the Whole Time Director of our Company is Son of Mr. Surendra Tibrewala, the Chairman and Managing Director of our Company

For detailed profile of our Directors, *please refer to the Chapters titled "Our Management" and "Our Promoters and their Background" beginning on pages 102 & 116 respectively of the Draft Red Herring Prospectus.*

COMPLIANCE OFFICER & COMPANY SECRETARY

Mr. A. V. Nerurkar
Fineotex Chemical Limited,
42 & 43, Manorama Chambers,
S.V. Road, Bandra (West)
Mumbai – 400 050.
Tel No: +91 22 2655 9174 / 75
Fax No: +91 22 2655 9178;
E-mail: nerurkar@fineotex.com
Website: www.fineotex.com

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

BANKERS TO OUR COMPANY

Indian Bank
288, Shiv Sadan,
S.V. Road, Bandra (West),
Mumbai – 400 050.
Tel No: +91 22 2642 5658
Fax No: +91 22 2643 0255
Email: bandra@indianbank.co.in
Contact Person: Mr. Reddy

STATUTORY AUDITORS TO OUR COMPANY

M/s UKG & Associates, Chartered Accountants
B-2, West View, 2nd floor,
L N Road, Dadar (East),
Mumbai- 400 014.
Tel No: +91 22 2412 9600
Fax No: +91 22 2410 0362
Email: champak@ukgala.com
Contact Person: Mr. Champak Dedhia
Membership No.: 101769

ISSUE MANAGEMENT TEAM

BOOK RUNNING LEAD MANAGER

Indbank Merchant Banking Services Limited
SEBI Registration No: INM000001394
11, Varma Chambers, Homji Street,
Fort, Mumbai – 400 001
Tel No: +91 22 2263 4601
Fax No: +91 22 2265 8270
Website: www.indbankonline.com
Email: mba@indbankonline.com

Contact Person: Mr. M. Srinivas/Kishor Iyer

REGISTRAR TO THE ISSUE

Bigshare Services Private Limited
SEBI Registration No: INR000001385
E/2, Ansa Industrial Estate,
Sakivihar Road, Sakinaka,
Andheri (East), Mumbai - 400 072
Tel No: +91 22 28470652
Fax No: +91 22 28475207
Website: www.bigshareonline.com
Email: ipo@bigshareonline.com
Contact Person: Mr. Ashok Shetty

LEGAL ADVISOR TO THE ISSUE

Mr. Joby Mathew
302, Apeejay House,
130, Mumbai Samachar Marg,
Fort, Mumbai – 400 001.
Tel No: +91 22 4002 4202
Fax No: +91 22 4002 1553
Email: joby@advocatejoby.com.
Contact Person: Mr. Joby Mathew

SYNDICATE MEMBER

Saffron Global Markets Private Limited
SEBI Registration No: INB231295230
A Wing, 1st Floor, Western Tower,
Western Express Highway,
Parsi Wada, Vile Parle (East)
Mumbai - 400 057.
Tel No: +91 22 4082 0907/4082 4901
Fax No: +91-22-4082 0999
Website: www.saffronequities.com
Email: [▪]
Contact Person: Mr. Amit Wagle

BANKERS TO THE ISSUE & ESCROW COLLECTION BANK
[●]

SELF CERTIFIED SYNDICATE BANKS

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

STATEMENT OF RESPONSIBILITIES BETWEEN BRLM

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

Sr. No.	Activity	Responsibility	Coordination
1.	Capital structuring with the relative components and formalities such composition of debt and equity, type of instruments, etc.	Indbank	Indbank
2.	Conducting a Due diligence of our Company's operations /	Indbank	Indbank

	management / business plans / legal, etc. Drafting and designing the Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus. Ensuring compliance with the SEBI (ICDR) Regulations, 2009 and other stipulated requirements and completion of prescribed formalities with the Stock Exchange (pre-issue), RoC and SEBI.		
3.	Primary co-ordination with SEBI, RoC and Stock Exchange up to bidding and coordinating interface with lawyers for agreements.	Indbank	Indbank
4.	Appointment of the Registrar, Bankers to the issue and appointment of other intermediaries viz. printers and advertising agency	Indbank	Indbank
5.	Primary coordination of drafting/proofing of the design of the Prospectus, bid forms including memorandum containing salient features of the Prospectus with the printers. Primary coordination of the drafting and approving the statutory advertisement.	Indbank	Indbank
6.	Drafting and approving all publicity material other than statutory advertisement as mentioned in (4) above including corporate advertisement, brochure, etc.	Indbank	Indbank
7.	Retail & HNI segment Marketing, Which will cover inter alia: ▪ Preparation of road show presentation. ▪ Finalising centers for holding Brokers' conference ▪ Finalising media, marketing and PR Strategy ▪ Follow up on distribution of publicity and issue material including application form, brochure and deciding on quantum of issue material ▪ Finalising collection centers as per schedule III of SEBI (ICDR) Regulations, 2009	Indbank	Indbank
8.	Institutional Marketing, which will cover inter alia: ▪ Finalisation of list of investors. ▪ Finalisation of one to one meetings and allocation of institutions. ▪ Finalisation of presentation material	Indbank	Indbank
9.	Managing Book & co-ordination with stock Exchanges for bidding terminals, mock trading etc	Indbank	Indbank
10.	Pricing and QIB allocation	Indbank	Indbank
11.	Follow – up with the bankers to the issue to get quick estimates of collection and advising the issuer about closure of the issue, based on the correct figures.	Indbank	Indbank
12.	The post-Issue activities for the Issue will involve essential follow up steps, which include finalizing basis of allotment / weeding out of multiple applications, the listing of instruments and dispatch of certificates/demat credits or refunds and dematerialized delivery of shares with the various agencies connected with the work such as the Registrars to the Issue and Bankers to the Issue, Self Certified Syndicate Banks, the bank handling refund business. The Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with our Company.	Indbank	Indbank

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

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

CREDIT RATING

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

IPO GRADING

[●]

This Issue has been graded by [●] through its letter dated [●] and has been assigned a [●] IPO Grade [●]/[●] (pronounced "[●] on five") indicating that the fundamentals of the IPO are [●] relative to other listed equity securities in India, The IPO grading is assigned on a five point scale from 1 to 5 with an "IPO Grade 5" indicating strong fundamentals and an "IPO Grade 1" indicating poor fundamentals.

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

TRUSTEES

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

APPRAISAL AND MONITORING AGENCY

The proposed funds requirement is not appraised by any Bank/Financial Institution. As the net proceeds of the Issue will be less than Rs. 50,000 lacs, under the SEBI (ICDR) Regulations, 2009 it is not required that a monitoring agency be appointed by our Company.

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

WITHDRAWAL OF THE ISSUE

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

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

In the event of withdrawal of the Issue anytime after the Bid/Issue Opening Date, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Draft Red Herring Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it, i.e. from the date of withdrawal, then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money.

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:

- Our Company;
- BRLM, in this case being Indbank Merchant Banking Services Limited;

- Syndicate Member(s) who are intermediaries registered with SEBI or registered as brokers with the Stock Exchange(s) and eligible to act as underwriters, in this case being Saffron Global Markets Private Limited. Syndicate members are appointed by the BRLM;
- Registrar to the issue, in this case being Bigshare Services Private Limited,
- Banker(s) to the issue, Refund Bank(s), and
- Self Certified Syndicate Banks

Regulation 43(2) of the SEBI (ICDR) Regulations, 2009 has permitted an issue of securities to the public through the 100% Book Building Process, wherein not more than 50% of the Issue shall be available for allocation to QIBs on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Qualified Institutional Buyers' 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, not less than 15% of the Issue shall be available for allotment to Non Institutional Bidders and not less than 35% of the Issue shall be available for allotment to Retail Individual Bidders on a proportionate basis, subject to valid Bids being received at or above the Issue Price.

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

The process of Book Building under the SEBI (ICDR) Regulations, 2009 is subject to change from time to time and Investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.

QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. In addition, QIBs are required to pay entire bid amount upon submission of their Bid. Allocation to QIBs will be on a proportionate basis. *For further details please refer paragraph titled "Maximum and Minimum Bid Size" beginning on page 180 under Chapter titled "Issue Procedure" beginning on page 176 of the Draft Red Herring Prospectus.*

All the bidders have the option to submit their Bids under the "ASBA Process", which would entail blocking of funds in the investor's bank account rather than transfer of funds to the respective Escrow Accounts. *For further details, please refer to the Chapter titled "Issue Procedure" beginning on page 176 of the Draft Red Herring Prospectus.*

Steps to be taken by the Bidders for bidding:

1) Check eligibility for making a Bid *(For details please refer to the paragraph titled "Who Can Bid" beginning on page 177 under Chapter titled "Issue Procedure" beginning on page 176 of the Draft Red Herring Prospectus);*
2) Ensure that the Bidder has a demat account and the demat account details are correctly mentioned in the Bid cum Application Form including ASBA Form;
3) Ensure that the Bid-cum-Application Form including ASBA Forms is duly completed as per instructions given in the Red Herring Prospectus and in the Bid-cum-Application Form including ASBA Forms; and
4) Ensure that the Permanent Account Number is mentioned on Bid-cum-Application Form/ASBA Form. Bidders are specifically requested not to mention their General Index Register number instead of the Permanent Account Number as the Bid is liable to be rejected on this ground.
5) Bids by QIBs will have to be submitted only to the BRLM or Syndicate Member, other than bids by QIBs who bid though ASBA process, who shall submit the bids to the Designated Branch of the SCSBs.

BID/ISSUE PROGRAM

Bid/Issue opens on: [●]	**Bid/Issue closes on: [●]**

Bids and any revision in Bids shall be accepted **only between 10.00 am and 5.00 pm** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form. Standardized cut-off time for uploading of bids on the Bid/Issue closing date is as under:

1. A standard cut-off time of 3.00 pm for acceptance of bids

2. A standard cut-off time of 4.00 pm for uploading of bids received from non retail applicants i.e. QIBs and HNIs.

3. A standard cut-off time of 5.00 pm for uploading of bids received from retail applicants, where the Bid Amount is up to Rs. 100,000 which may be extended up to such time as deemed fit by Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

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, not later than the times mentioned above. All times mentioned in the Draft Red Herring Prospectus are Indian Standard Time. Bidders are cautioned that due to clustering of last day applications, as is typically experienced in public offerings, some Bids may not get uploaded on the last day. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, our Company, the BRLM and the Syndicate Members shall not be responsible. On the Bid/Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received from Retail Individual Bidders after taking into account the total number of Bids received upto the closure of timings for acceptance of Bid cum Application Forms as stated herein and reported by the BRLM to the Stock Exchanges within half an hour of such closure.

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

We reserve the right to revise the Price band during the Bidding Period in accordance with SEBI (ICDR) Regulations, 2009. 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%.

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

UNDERWRITING AGREEMENT

After the determination of the Issue Price but prior to filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued in the Issue. Pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement dated [●], the obligations of the Underwriters are several and are subject to certain conditions to closing, as specified therein.

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

(This portion has been intentionally left blank and will be completed prior to filing the Prospectus with RoC)

Name and Address of the Underwriters	Indicative Number of Equity shares to be Underwritten	Amount Underwritten (Rs. in Lacs)

[●]	[●]	[●]
Total	**[●]**	**[●]**

The above-mentioned amount is indicative underwriting and would be finalized after determination of the Issue Price and actual allocation.

Our Board of Directors (based on a certificate given by the Underwriters), are of the opinion that the same are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers.

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 Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure / subscribe to the Equity Shares to the extent of the defaulted amount as specified in the Underwriting Agreement.

CAPITAL STRUCTURE

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

Particulars		Nominal Value (Rs.)	Aggregate Value (Rs.)
A.	**AUTHORISED CAPITAL**		
	1,30,00,000 Equity Shares of Rs. 10/- each	13,00,00,000	
B.	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**		
	70,18,600 Equity shares of Rs. 10/- each	7,01,86,000	
C.	**PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS**		
	42,11,160 Equity Shares of Rs. 10/ - each at a premium of Rs. [●]/- per Share	4,21,11,600	[●]
D.	**PAID UP CAPITAL AFTER THE PRESENT ISSUE**		
	1,12,29,760 Equity shares of Rs. 10/- each	11,22,97,600	[●]
E.	**SHARE PREMIUM ACCOUNT**		
	Before the Issue		7,04,000
	After the Issue*		[●]

******The Share Premium Account after the Issue will be determined after Book Building Process*

Notes to Capital Structure:

1. Details of Increase in Authorized Equity Share Capital

Particulars of Increase/ Modification	Number of Shares	Face Value (Rs.)	Date of Meeting	Type of Meeting
Rs. 5,00,000	50,000	10	Incorporation	-
Increase from Rs. 5,00,000 to Rs. 5,00,00,000	50,00,000	10	March 28, 2007	EGM
Increase from Rs. 5,00,00,000 to Rs. 8,00,00,000	80,00,000	10	April 20, 2007	EGM
Increase from Rs. 8,00,00,000 to Rs. 13,00,00,000	1,30,00,000	10	December 24, 2007	EGM

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

Date of Allotment / Fully Paid-up	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consid-eration	Remarks	Cumulative No. of Equity Shares	Cumulative Paid-up Capital (Rs.)	Cumulative Share Premium (Rs.)
January 30, 2004	10,000	10	10	Cash	Subscription to the Memorandum	10,000	1,00,000	Nil
April 27, 2006	5,000	10	10	Cash	Further Allotment	15,000	1,50,000	Nil
April 1,	30,00,000	10	10	Other	Further	30,15,000	3,01,50,000	Nil

2007				than Cash	Allotment			
August 6, 2007	6,79,000	10	60	Cash	Further Allotment	36,94,000	3,69,40,000	3,39,50,000
January 3, 2008	33,24,600	10	NIL	Bonus	Bonus issued in the Ratio 9:10 (9 shares as bonus for every 10 shares held)	70,18,600	7,01,86,000	7,04,000

3. Shares issued for consideration other than cash

Except as stated in Note 2 above and reiterated in the below mentioned table, our Company has not issued any Equity Shares for consideration other than cash.

Date of Allotment	Persons to whom Allotted	Number of Equity Shares allotted	Issue Price	Face Value (Rs)	Reasons	Whether benefits have accrued to the issuer
April 1, 2007	Mr. Surendra Kumar Tibrewala	30,00,000	---	10	Shares allotted for acquisition of on-going proprietary concern by FCL	Yes
Total		**30,00,000**				
January 3, 2008	Mr. Surendra Kumar Tibrewala #	28,39,500	----	10	Bonus Shares in the ratio of 9 Equity Shares for every 10 Equity Shares held	No
	Kamal Chemicals Private Limited	1,39,950				
	Mrs. Kanaklata S. Tibrewala	1,38,600				
	Mr. Sanjay S. Tibrewala ##	97,650				
	Proton Biochem Private Limited	50,850				
	Surendra Kumar Tibrewala (HUF)	40,050				
	Mr. Ritu Tibrewala *	17,100				
	Mrs. Pragna Vorani*	450				
	Mrs. Laxmiben Thakkar*	270				
	Mr. Mahendra Vorani*	180				
Total		**33,24,600**				

 # out of this 130500 shares are jointly held with Mrs. Kanaklata S. Tibrewala

Out of this 93150 shares are jointly held with Mr Surendra Kumar Tibrewala
** Jointly held with Mrs. Kanaklata S. Tibrewala*

There exists a joint right to transfer the shares in all the aforesaid cases of jointly held shares.

Except as disclosed above, no benefits have accrued to our Company out of the above allotments.

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

5. Our Company has not re-valued its assets since inception and has not issued any shares out of the revaluation reserves.

6. Our Company does not have any Employee Stock Option Scheme /Employee Stock Purchase Plan for our employees and we do not intend to allot any shares to our employees under Employee Stock Option Scheme / Employee Stock Purchase Plan from the proposed issue. As and when, options are granted to our employees under the Employee Stock Option Scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.

7. Our Company has not made any issue of Equity Shares during preceding one year.

8. We presently do not have any proposal or intention, negotiations and consideration to alter our capital structure by way of split or consolidation of the denomination of Equity Shares or issue of specified securities on a preferential basis or issue of bonus or rights or further public issue of Equity Shares or Qualified Institutions Placement within a period of six months from the date of opening of this Issue.

9. Promoters' Contribution in respect of Promoters, whose names figure in the Draft Red Herring Prospectus as Promoters in the paragraph on 'Our Promoters and their Background' are as under:

Capital built up of the promoters is detailed below:

Name of Promoters	Date of Allotment / Transfer and made fully paid	Consideration/ Nature of Allotment (Bonus, Rights etc.)	No. of Shares	Face Value	Issue Price / Transfer Price	Consideration
Mr. Surendra Kumar Tibrewala	January 30, 2004	Subscribers to Memorandum	5,000	10	10	Cash
	April 27, 2006	Further Allotment	5,000	10	10	Cash
	April 1, 2007	Takeover of the Business of Fineotex Chemical Industries	30,00,000	10	10	Other than Cash
	# August 6, 2007	Further Allotment	33,500	10	60	Cash
	# December 31, 2007	Transfer (Purchase)	1,11,500	10	60	Cash
	$ January 3, 2008	Bonus	28,39,500	10	NIL	--
		Total (A)	**59,94,500**			
Mr. Sanjay S.	January 30, 2004	Subscribers to Memorandum	5,000	10	10	Cash

	* August 6, 2007	Further Allotment	1,03,500	10	60	Cash
	** January 3, 2008	Bonus	97,650	10	NIL	--
		Total (B)	**2,06,150**			
Mrs. Kanaklata S. Tibrewala	August 6, 2007	Further Allotment	1,54,000	10	60	Cash
	January 3, 2008	Bonus	1,38,600	10	NIL	--
		Total (C)	**2,92,600**			
Ms. Ritu S. Tibrewala	# August 6, 2007	Further Allotment	19,000	10	60	Cash
	# January 3, 2008	Bonus	17,100	10	NIL	--
		Total (D)	**36,100**			
Proton Biochem Private Limited	August 6, 2007	Further Allotment	56,500	10	60	Cash
	January 3, 2008	Bonus	50,850	10	NIL	--
		Total (E)	**1,07,350**			
Kamal Chemicals Private Limited	August 6, 2007	Further Allotment	1,55,500	10	60	Cash
	January 3, 2008	Bonus	1,39,950	10	NIL	--
		Total (F)	**2,95,450**			
Surendra Kumar Tibrewala (HUF)	August 6, 2007	Further Allotment	44,500	10	60	Cash
	January 3, 2008	Bonus	40,050	10	NIL	--
		Total (G)	**84,550**			
	Grand Total (A+B+C+D+E+F+G)		**70,16,700**			

 # Shares jointly held with Mrs. Kanaklata S. Tibrewala
$ Out of the aforesaid shares, 130500 shares are held jointly with Mrs. Kanaklata S. Tibrewala
** Shares jointly held with Mr. Surendra Kumar Tibrewala*
*** Out of the aforesaid shares,93150 shares are held jointly with Mr. Surendra Kumar Tibrewala*

There exists a joint right to transfer the shares in all the aforesaid cases of jointly held shares.

None of the Equity Shares held by our Promoters have been pledged with any scheduled commercial bank or public financial institution as collateral security for loan granted by such bank or institution, or creditor/lender.

10. During the past six months, there are no transactions in our Equity Shares, which have been purchased/(sold) by our Promoters, their relatives and associates, persons in Promoter Group (as defined under sub-clause (zb) sub-regulation (1) Regulation 2 of the SEBI (ICDR) Regulations, 2009) or the Directors of the Company.

11. None of our Promoters, persons forming part of Promoter Group, Directors or the relatives thereof have financed the purchase of the Equity Shares of our Company by any other person or entity during the period of six months immediately preceding the date of filing the Draft Red Herring Prospectus with SEBI.

12. The Equity Shares which are eligible for being locked in for three years as per SEBI (ICDR) Regulations, 2009.

Name of Promoter	Date of Allotment / Transfer and made fully paid	Nature of Allotment (Bonus, Rights etc.)	No. of Shares	Face Value	Issue / Transfer Price	Consideration	% of Post Issue Capital	Lock in Period (Years)
Mr. Surendra Kumar Tibrewala	January 3, 2008	Bonus	22,45,952	10	--	Bonus issued in the Ratio 9:10 (9 shares as bonus for every 10 shares held)	20.00%	3 years

The above 20% of the Post-Issue Paid-up Equity Share Capital, would be locked-in for a period of three years from the date of allotment and the balance Pre-Issue Paid-up Equity Share Capital of the Company would be locked-in for a period of one year from the date of allotment. The lock-in period shall be reckoned from the date of allotment of Equity Shares in the present Issue. These securities will not be disposed / sold / transferred by the Promoters during the period starting from the date of filing the Draft Red Herring Prospectus with SEBI till the date of commencement of lock in period as stated in the Draft Red Herring Prospectus.

Note: The Equity Shares that are being locked-in are eligible for computation of Promoter's contribution under Regulation 33(1) of the SEBI (ICDR) Regulations and are being locked-in under Regulation 36 of the SEBI (ICDR) Regulations.

13. We confirm that the minimum Promoters' contribution of 20% of the post-Issue Capital, which is subject to lock-in for three years does not consist of:

(a) Equity Shares acquired within three years before the filing of the Draft Red Herring Prospectus with SEBI for consideration other than cash and revaluation of assets or capitalisation of intangible assets or resulting from a bonus issued by utilization of revaluation reserves or unrealized profits of our Company or from bonus issue against Equity Shares which are ineligible for minimum Promoter's contribution.

(b) Securities acquired by our Promoters, during the preceding one year, at a price lower than the price at which Equity Shares are being offered to the public in the Issue. All the Equity Shares forming part of minimum promoter's contribution have been acquired more than one year prior from the date of the Draft Red Herring Prospectus.

(c) Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.

(d) Equity Shares issued to our Promoters on conversion of partnership firms into limited company.

(e) Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as promoters under SEBI (ICDR) Regulations, 2009.

(f) Equity Shares for which specific written consent has not been obtained from the respective shareholders for inclusion of their subscription in the minimum Promoter's contribution subject to lock-in.

(g) Pledged Equity Shares held by our Promoters.

14. The specific written consent has been obtained from the Promoters for inclusion of such number of their existing shares to ensure minimum Promoter's contribution subject to lock-in to the extent of 20% of Post-Issue Paid-up Equity Share Capital.

15. The entire pre-issue Equity Share Capital of our Company other than the minimum Promoter's contribution, which is locked-in for a period of three years, shall be locked-in for a period of one year from the date of allotment in the present Public Issue.

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

17. An over-subscription to the extent of 10% of the offer to public can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment being equal to [●] Equity Shares, which is the minimum bid lot in this Issue.

Consequently, the actual allotment may go up by a maximum of 10% of the Issue to Public, as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoter and subject to lock- in shall be suitably increased; so as to ensure that 20% of the Post Issue paid-up capital is locked in.

18. Since the entire money of Rs. [●] per share (Rs. 10 face value + Rs. [●] premium) is being called on application, all the successful applicants will be issued fully paid-up Equity Shares only.

19. The Pre-Issue and Post-Issue shareholding Pattern of our Promoter Group is as under:

Sr. No	**Particulars**	**Pre Issue**		**Post Issue***	
		No. of Shares	**% Holding**	**No. of Shares**	**% Holding**
a)	**Promoters**	**70,16,700**	**99.97%**	**70,16,700**	**62.48%**
	Mr. Surendra Kumar Tibrewala #	59,94,500	85.41%	59,94,500	53.38%
	Mr. Sanjay S. Tibrewala ##	2,06,150	2.94%	2,06,150	1.84%
	Mrs. Kanaklata S. Tibrewala	2,92,600	4.17%	2,92,600	2.61%
	Ms. Ritu S. Tibrewala $	36,100	0.51%	36,100	0.32%
	Proton Biochem Private Limited	1,07,350	1.53%	1,07,350	0.96%
	Kamal Chemicals Private Limited	2,95,450	4.21%	2,95,450	2.63%
	Surendra Kumar Tibrewala (HUF)	84,550	1.20%	84,550	0.75%
b)	Immediate Relatives of the Promoter	**1,520**	**0.02%**	**1,520**	**0.01%**
	Mrs. Laxmiben Thakker $	570	0.01%	570	0.01%
	Mrs. Pragna Vorani $	950	0.01%	950	0.01%
c)	Companies in which 10% or more of the share capital is held by the promoter/ an immediate relative of the promoter / a firm or HUF in which the promoter or any one of their immediate relatives is a member	--	--	--	--
d)	Companies in which Company mentioned in c. above holds 10% or more of the share capital	--	--	--	--
e)	HUF or firm in which the aggregate share of the promoter and his immediate relatives is equal to or more than 10% of the total	--	--	--	--
f)	All persons whose shareholding is aggregated for the purpose of disclosing in the prospectus as "Shareholding of the promoter group"	--	--	--	--
	Total	**70,18,220**	**99.99%**	**70,18,220**	**62.49%**

 # Out of the aforesaid shares, 2,75,500 shares are held jointly with Mrs. Kanaklata S. Tibrewala
Out of the aforesaid shares 1,96,650 shares are held jointly with Mr. Surendra Kumar Tibrewala
$ Shares jointly held with Mrs. Kanaklata S. Tibrewala

There exists a joint right to transfer the shares in all the aforesaid cases of jointly held shares.

20. Shareholding Pattern of our Company as per clause 35 of the listing agreement is as under:

Category Code		Category of Shareholders	No. of Share-holders	Total No. of Shares	No. of Shares held in demat form	Total shareholding as a percentage of total number of shares	
						As a %age of (A+B)	As a %age of (A+B+C)
A		**Shareholding of Promoter and Promoter Group**					
	1	**Indian**					
	a	Individuals/Hindu Undivided Family	7	6,615,420	6,615,420	94.26	
	b	Central Government /State Governments	0	0	0	0	0
	c	Bodies Corporate	2	402800	402800	5.74	0
	d	Financial Institutions/Banks	0	0	0	0	0
	e	Any Other	0		0	0	0
		Sub-Total (A)(1)	**9**	**7,018,220**	**7,018,220**	**99.99**	**0.00**
	2	**Foreign**					
	a	Individuals (Non-Resident Individuals /Foreign Individuals)	0	0	0	0	0
	b	Bodies Corporate	0	0	0	0	0
	c	Institutions	0	0	0	0	0
	d	Any Other (Specify)	0	0	0	0	0
		Sub-Total (A)(2)	0	0	0	0	0
		Total Shareholding of Promoter and Promoter Group A = (A)(1)+(A)(2)	**9**	**7018220**	**7018220**	**99.99**	**0**
B		**Public Shareholding**					
	1	**Institutions**					
	a	Mutual Funds/UTI	0	0	0	0	0
	b	Financial Institutions /Banks	0	0	0	0	0
	c	Central Government /State Governments	0	0	0	0	0
	d	Venture Capital Funds	0	0	0	0	0
	e	Insurance Companies	0	0	0	0	0
	e	Foreign Institutional Investors	0	0	0	0	0
	g	Foreign Venture Capital Investors	0	0	0	0	0
	h	Any Other (Specify)	0	0	0	0	0
		Sub-Total (B)(1)	0	0	0	0	0
	2	**Non-Institutions**					
	a	**Bodies Corporate**	0	0	0	0	0
	b	**Individuals**					

	i. Individual Shareholders holding nominal share capital up to Rs.1 lakh	0	0	0	0	0
	ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh	0	0	0	0	0
C	**Any Other**	1	380	380	0.01	0
	Foreign Nationals	0	0	0	0	0
	Hindu Undivided Families	0	0	0	0	0
	Non Resident Indians	0	0	0	0	0
	Overseas Corporate Bodies	0	0	0	0	0
	Sub-Total (B)(2)	**1**	**380**	**380**	**0.01**	**0.00**
	Total Public Shareholding B = (B)(1)+(B)(2)	**1**	**380**	**380**	**0.01**	**0**
	Total (A)+(B)	**10**	**7018600**	**7018600**	**100.00**	**0.00**
C	Shares held by Custodian and against which Depository Receipts have been issued	0	0	0	0	0
	Grand Total (A)+(B)+(C)	**10**	**7018600**	**7018600**	**100.00**	**0.00**

21. Shareholding pattern of our Company before and after the Issue is as under:

Category	Pre-Issue		Post-Issue*	
	No. of Shares	% Holding	No. of Shares	% Holding
Promoters	70,16,700	99.97%	70,16,700	62.48%
Promoter Group	1,520	0.02%	1,520	0.01%
Friends & Others	380	0.01%	380	0.01%
Public	--	--	42,11,160	37.50%
Total	**70,18,600**	**100.00%**	**1,12,29,760**	**100.00%**

* The above shareholding pattern is indicative, and is based on the fact that all shareholders in their respective categories will subscribe to 100% of the shares offered in their respective categories. The final Post- Issue shareholding Pattern will be determined after the Book-Building Process.

22. The Equity Shares which are subject to lock-in shall carry the inscription 'non-transferable' and the non-transferability details shall be informed to the depositories. The details of lock-in shall also be provided to the Stock Exchange, where the shares are to be listed, before the listing of the securities.

23. The Equity Shares held by persons other than Promoters may be transferred to any other person holding shares prior to the Issue, subject to continuation of lock-in with transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

24. The Equity Shares to be held by the Promoter under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, the Equity Shares held by Promoter, which are locked in, may be transferred to and among Promoter Group or to a new Promoter(s) or persons in control of our Company, subject to the continuation of lock-in with the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

25. As on the date of filing of the Draft Red Herring Prospectus with SEBI, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares.

26. Equity Shares held by promoters and 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:

(a) if the specified securities are locked-in for 3 years in terms of clause (a) of regulation 36 of SEBI (ICDR) Regulations, 2009, 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 specified securities is one of the terms of sanction of the loan;

(b) if the specified securities are locked-in for one year in terms of clause (b) of regulation 36 of SEBI (ICDR) Regulations, 2009 and the pledge of specified securities is one of the terms of sanction of the loan.

27. In case of over-subscription in all categories, not more than 50% of the Issue to the Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers (including specific allocation of 5% within the category of QIBs for Indian Mutual Funds). Further a not less than 15% of the Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue 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.

28. Under subscription, if any, in the Qualified Institutional Buyers Portion, Non-institutional Portion and Retail Portion shall be allowed to be met with spill over from the other categories, at the sole discretion of our Company and BRLM. However, if the aggregate demand by Mutual Funds is less than 5% of QIB Portion, the balance share available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to QIB Bidders.

29. As on date of filing of the Draft Red Herring Prospectus with SEBI, the entire Issued Share Capital of our Company is fully paid-up.

30. Particulars of top ten shareholding is as follows:

a. As on the date of filing the Draft Red Herring Prospectus

Sr. No.	Name of the Shareholder	No. of Shares	% of issued capital
1	Mr. Surendra Kumar Tibrewala	59,94,500	85.41%
2	Mr. Sanjay S. Tibrewala	2,06,150	2.94%
3	Mrs. Kanaklata S. Tibrewala	2,92,600	4.17%
4	Ms. Ritu S. Tibrewala	36,100	0.51%
5	Proton Biochem Private Limited	1,07,350	1.53%
6	Kamal Chemicals Private Limited	2,95,450	4.21%
7	Surendra Kumar Tibrewala (HUF)	84,550	1.20%
8	Mrs. Laxmiben Thakker	570	0.01%
9	Mrs. Pragna Vorani	950	0.01%
10	Mr. Mahendra Vorani	380	0.01%
	Total	**70,18,600**	**100%**

b. 10 days prior to the date of filing the Draft Red Herring Prospectus

Sr. No.	Name of the Shareholder	No. of Shares	% of issued capital
1	Mr. Surendra Kumar Tibrewala	59,94,500	85.41%
2	Mr. Sanjay S. Tibrewala	2,06,150	2.94%
3	Mrs. Kanaklata S. Tibrewala	2,92,600	4.17%
4	Ms. Ritu S. Tibrewala	36,100	0.51%
5	Proton Biochem Private Limited	1,07,350	1.53%
6	Kamal Chemicals Private Limited	2,95,450	4.21%
7	Surendra Kumar Tibrewala (HUF)	84,550	1.20%
8	Mrs. Laxmiben Thakker	570	0.01%

9	Mrs. Pragna Vorani	950	0.01%
10	Mr. Mahendra Vorani	380	0.01%
	Total	**70,18,600**	**100%**

c. 2 years prior to the date of filing the Draft Red Herring Prospectus

Sr. No.	Name of the Shareholder	No. of Shares	% of then issued capital
1	Mr. Surendra Kumar Tibrewala	59,94,500	85.41%
2	Mr. Sanjay S. Tibrewala	2,06,150	2.94%
3	Mrs. Kanaklata S. Tibrewala	2,92,600	4.17%
4	Ms. Ritu S. Tibrewala	36,100	0.51%
5	Proton Biochem Private Limited	1,07,350	1.53%
6	Kamal Chemicals Private Limited	2,95,450	4.21%
7	Surendra Kumar Tibrewala (HUF)	84,550	1.20%
8	Mrs. Laxmiben Thakker	570	0.01%
9	Mrs. Pragna Vorani	950	0.01%
10	Mr. Mahendra Vorani	380	0.01%
	Total	**70,18,600**	**100%**

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

32. Our Promoters and members of Promoter Group will not participate in this Issue.

33. 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 the Draft Red Herring Prospectus with SEBI until the Equity Shares issued through the Prospectus are listed or application moneys refunded on account of failure of Issue.

34. Our Company undertakes that at any given time, there shall be only one denomination for the Equity shares of our Company and our Company shall comply with such accounting and disclosure norms as specified by SEBI from time to time.

35. A Bidder cannot make a Bid for more than the number of Equity Shares being issued through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

36. No payment, direct or indirect in the nature of discount, commission, allowance or otherwise shall be made either by us or our Promoters to the persons who receive allotments, if any, in this issue.

37. As on the date of filing of the Draft Red Herring Prospectus our Company has 10 members.

38. The BRLM does not hold any equity shares of our Company.

SECTION V - OBJECTS OF THE ISSUE

OBJECTS OF THE ISSUE

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

1) Setting up of Manufacturing facility for production of specialty chemicals
2) Setting up of Sales Office in Mumbai
3) Working Capital Requirements
4) Meeting Public Issue Expenses
5) General Corporate Purpose

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

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

Cost of Project & Means of Finance

Cost of Project

The cost of project and means of finance as estimated by our Management is as under:

(Rs. in Lacs)

Sr.No.	Particulars	Amount
A.	**Setting up of new manufacturing facility**	
I	Land and Land Development	124.00
II	Building (Civil Works)	189.10
III	Plant & Machinery	338.00
IV	Furniture & Fixtures	8.00
V	Miscellaneous Fixed Assets	12.00
VI	Preliminary & Preoperative Expenses	5.00
VII	Provision for contingencies	68.00
B.	**Sales Office at Mumbai**	
I	Sales Office	150.00
II	Furniture & Fixtures	30.00
C.	**Working Capital Requirements**	800.20
D.	**Public Issue Expenses***	[●]
E.	**General Corporate Purposes***	[●]
	Total	[●]

Means of Finance

(Rs. in Lacs)

Sr. No.	Particulars	Amount
A.	Proceeds from Initial Public Offer *	[●]

** The relevant figure will be updated on finalization of the issue price on conclusion of the book building process.*

In case the IPO does not go as planned, our Company will make alternative arrangements like availing of fresh loans from bank(s) and/or utilizing internal accruals. In case of excess funds remaining after deployment as per the Objects of the Issue, the same will be utilized for General Corporate Purposes. *For further details please refer to the Paragraph titled "General Corporate Purposes" beginning on page 53 under Chapter titled "Objects of the Issue" beginning on page 49 of the Draft Red Herring Prospectus.*

The fund requirement and deployment are based on internal management estimates and the quotations received from the suppliers, and have not been appraised by any bank or financial institution or any independent organization. Our capital expenditure plans are subject to a number of variables, including possible cost overruns; construction/development delays or defects; receipt of critical governmental approvals; availability of working capital finance on acceptable terms; and changes in management's views of the desirability of current plans, amongst others.

In case of any variations in the actual utilization of funds earmarked for the above activities, increased fund deployment for a particular activity may be met with by surplus funds, if any available in any other project and/or our Company's internal accrual, and/ or the term loans/working capital loans that may be availed from the Banks/ Financial Institutions.

Appraisal

Our Company has not got its proposed requirements of funds as detailed in this Chapter appraised by any bank or financial institution.

Description of the Project

We propose to set up a manufacturing facility for the production of Specialty Chemicals with a capacity of 13,125 MT/annum in and around Khopoli in Maharashtra and to set up a Sales Office at Mumbai.

Setting up this project would be a step towards expansion of current business i.e. manufacturing of Specialty Chemicals for Construction, Textile & Garment, Leather and Water Treatment Industry. This expansion would help us tap the potential of the increasing demand of the specialty chemicals in the above industries.

DETAILED BREAK UP OF THE PROJECT

A. <u>Setting up Manufacturing Plant</u>

The proposed production unit (in and around Khopoli) will emphasize on having major production quantity under one roof. Also, being geographically located close to Mumbai, JNPT Seaport & Bhiwandi this unit will have proximity and easy access to match supplies & decrease the time for transport of Raw Material & finished goods. The necessary amenities like water; infrastructure being available is an added advantage.

1. Acquisition of Land and Development of Land

Our Company proposes to set up the new manufacturing facility in and around Khopoli which is 96 Kms from Mumbai.

We plan to purchase a land measuring approximately 3 acres in and around Khopoli based on an estimated cost of Rs. Rs. 96 Lacs received from M/s. Arun Real Estate Promoters, dated August 10, 2010. Further, Rs. 11 Lacs is estimated for Stamp Duty and Rs. 17 Lacs for Land Development (filling and leveling of the land).

2. Building & Civil Works

Construction of Buildings and other civil works consists of earthworks, design and construction of civil and structural works of main Plant Structure, Raw Material Storage and Finished Goods Storage,

Warehouse, Laboratory, QC, Generator Area, Boiler Room, Effluent Treatments and Compound Wall. Miscellaneous civil works like office building, cabins, billing department & documentation and plumbing etc will also be included in civil work.

The cost of building and other civil works, as certified by Basavaraj Masanagi & Co, Chartered Engineers, dated August 13, 2010 is estimated at Rs. 189.10 Lacs.

Sr. No.	Particulars	Area (In Sq. Mt.)	Rate (In Sq.Mt.)	Value (in Lacs)
1	Main Factory Shed	1000	6300	63
2	Raw Materials Receipt & Storage Section	700	6300	44
3	Packaging Section	400	6500	26
4	Finished goods Storage Section	400	6300	25
5	Lab (Q&C, R&D)	200	6500	13
6	Machine room, Pump room & Boiler Room	100	5200	5
7	Workers room, Rest room, Toilets, Security Rooms, Office etc.	75	4200	3
8	Administrative, Dispatch & Clerical	150	6300	9
	Total	**3025**		**189.10**

3. Plant and Machinery

Our Company proposes to purchase Plant & Machinery aggregating to Rs. 338 Lacs. All of our Plant & Machinery will be indigenously acquired. None of the machinery has been ordered till date.

The estimated cost of machinery includes price, duties and taxes, insurance, packing-forwarding, erection & commissioning, electrical, utility connections and foundations wherever required.

Further, our Company does not propose to buy any second hand Plant and machinery out of the Issue Proceeds.

Sr. No.	Particulars	Cost Per Unit	Qtty	Total Cost (Rs. Lacs)	Quotations received from	Quotation Date
1	Reactors SS 316				S.S. Engineering	August 20, 2010
	20 MT	35.00	1	35.00		
	10 MT	25.00	2	50.00		
	5 MT	18.00	4	72.00		
2	Boilers (Thermax/Elite)	15.00	2	30.00	Ambeshwar trading Pvt. Ltd.	August 09, 2010
3	Thermi Fluid Heater	20.00	1	20.00	Elite Thermal Engineers Private Limited	August 16, 2010
4	Generator	12.00	1	12.00	Goel Power Engineers	August 19, 2010
5	Flakers	15.00	1	15.00	S.S. Engineering	August 20, 2010
6	Storage Tanker				S.S. Engineering	August 20, 2010
	10 MT	4.50	2	9.00		
	5 MT	3.00	1	3.00		
7	10 MT Storage for EO	15.00	1	15.00	S.S. Engineering	August 20, 2010
8	Cooling Towers	3.50	1	3.50	National Cooling Towers	August 16, 2010
9	Air Compressors	0.60	1	0.60	Chandrakant Trading Pvt. Ltd.	August 06, 2010
10	DM Water Plant	0.70	1	0.70	Chandrakant Trading Pvt.	August 10,

					Ltd.	2010
11	Lab Equipments	7.50	-	7.50	M. J. Exports C. Abhaykumar	August 17, 2010 August 16, 2010
12	Weighing Balance				Tapson's Scientific Instruments Co.	August 17, 2010
	500 Kg	1.33	1	1.33		
	300 Kg	0.70	2	1.40		
	10 Kg	0.19	3	0.57		
13	Stirrers	0.60	4	2.40	S.S. Engineering	August 20, 2010
14	Open Vessels	5.00	1	5.00	S.S. Engineering	May 4, 2009
15	Material Handling		Lot	4.00	Chandrakant Trading Pvt. Ltd.	August 04, 2010
16	Pipeline Fittings	15.00	Lot	15.00	S.S. Engineering	August 20, 2010
17	Electrical Fittings	12.00	Lot	12.00	Tarun Electricals	August 13, 2010
18	Racks & Platform	9.00	Lot	9.00	S.S. Engineering	August 20, 2010
19	Fire Extinguishers	4.00	Lot	4.00	Ciba Fire Services	August 23, 2010
	Total			**338.00**		

4. Furniture and Fixtures

Our Company proposes to purchase Furniture and Fixtures of Rs. 8 Lacs which will include Shelves for Raw Material and Finished Goods Storage, Tables, Chairs, Cupboards, Shelves and Drawers for Laboratory, Windows, and Doors etc.

5. Miscellaneous Fixed Assets

Our Company proposes to purchase Miscellaneous Fixed Assets amounting to Rs. 12 Lacs which will include Computers, Fax machine, Telephone, Printers, Refrigerator, Water purifier etc.

6. Preliminary and Preoperative Expenses

Preliminary and Preoperative Expenses are estimated to be Rs. 5 lacs and shall be written off over 5 years. It includes consultants, Liason with Government, Documentation etc.

7. Provision for Contingencies

Our Company has estimated Contingency Amount of Rs. 68 Lacs. Contingencies are provided at 10.06% on Land for Factory, Building, Plant and Machinery, Furniture and Fixtures (Factory), Miscellaneous Fixed Assets, and Preliminary and Pre-operative expenses.

B. Setting up of Sales Office in Mumbai

Our Company proposes to set up a Sales office in Mumbai as it will be closer to all manufacturing units i.e. at Navi Mumbai and Khopoli. Mumbai is the financial capital of the country and its logistics would be ideal as it can be accessed by road, rail, air and water. The cost of setting up will involve:

(a) We envisage an office space requirement of 2000 Square Feet at the estimated rate of Rs. 7500 per Square Feet including all Stamp Duty and other charges. The estimated cost of office space is Rs.150 Lacs which is inclusive of Stamp Duty, Registration, and Brokerage etc.

(b) Our Company proposes to purchase Furniture and Fixtures of Rs. 30 Lacs for the office which will include Tables, Chairs, Cupboards, Drawers Windows, Doors, décor etc.

C. Requirement for Working Capital

Currently the working capital requirements are funded through the company's internal accruals. However for the proposed project the working capital requirement is envisaged as under:

Working Capital Requirement

		Year 1 = April 2012 - March 2013
Particulars	**Period**	**Monthly (Rs.) in Lacs**
Raw Material	1 month	142.20
Packing	1 month	17.50
Debtors	3 months	656.30
Total Current Assets		816.00
Other Current Liabilities		
Salary	1 month	4.64
Power	1 month	0.70
Water	1 month	0.38
Selling Expenses	1 month	10.08
Total Current Liabilities		15.80
Working Capital Requirement		**800.20**

D. Public Issue Expenses

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

Activity	**Expenses (Rs. In Lacs)**	**% of Issue Size***	**% of Issue expenses**
Lead Management, Syndicate Fees, Underwriting & Selling commission	[●]	[●]	[●]
IPO Grading Fees			
Advertisement and Marketing Expenses	[●]	[●]	[●]
Printing and Stationery (including expenses on transportation of the material)	[●]	[●]	[●]
Others (Registrar's Fees, Legal Fees, Filing fees with SEBI and stock exchange, Listing Fees, RoC Charges, travelling and other misc expenses etc.)	[●]	[●]	[●]
Total	[●]	[●]	[●]

** Will be incorporated after the finalization of Issue Price.*

E. General Corporate Purposes

Our Company intends to deploy the excess Issue proceeds, if any aggregating Rs. [●] Lacs, towards the general corporate purposes, including but not restricted to payment of interest during construction period, strategic initiatives, technological up gradation investment in other segments of the industry, entering into strategic alliances, partnerships, joint ventures and acquisitions, advertising & brand-building, meeting exigencies & contingencies including on public issue expenses, mentioned above which our Company in the Ordinary course of business may not foresee, repayment of debts or any other purposes approved by the Board of Directors.

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

Schedule of Implementation

(A) Setting up of New Unit

Particulars	Month of Commencement	Month of Completion
Acquisition of Land	--	April 2011
Inquiries, negotiations with suppliers of Plant and Machinery and placing orders	April 2011	June 2011
Technical Support /Consultant appointments	--	April 2011
Execution of Civil Works and Building erection work	May 2011	July 2011
Installations of Plant & Machinery	July 2011	September 2011
Any specific raw materials to be ordered or contracted with the supplier/overseas	September 2011	October 2011
Trial Production	November 2011	January 2012
Commencement of Production and Sales	February 2012	--

(B) Setting up Sales Office

Particulars	Month of Commencement	Month of Completion
Identification and Acquisition of Property	April 2011	May 2011
Setting up of Furniture & Fixtures	June 2011	August 2011
Commence Operations	September 2011	

Deployment of Funds in the project:

We have incurred the following expenditure on the projects till August 15, 2010:-.

Particulars	Amount (in Rs. Lacs)	Sources of Funds
Public Issue Expenses	44.80 *	Internal Accurals
Total	44.80	

* *As certified by our Company's Statutory Auditors M/s UKG & Associates, Chartered Accountants vide their Certificate Dated September 23, 2010*

Details of balance fund deployment

Particulars	Expenses incurred till August 15, 2010	FY 11	FY 12	Total
Manufacturing Plant				
Land & Land Development	-	-	124.00	124.00
Building (Civil Works)	-	-	189.10	189.10
Plant & Machinery	-	-	338.00	338.00
Furniture & Fixtures	-	-	8.00	8.00
Miscellaneous Fixed Assets	-	-	12.00	12.00
Preliminary & Preoperative Expenses	-	-	5.00	5.00

Contingencies			68.00	68.00
Sales Office				
Sales Office	-	-	150.00	150.00
Furniture & Fixtures	-	-	30.00	30.00
Working Capital	-	-	800.20	800.20
Public Issue expenses	44.80	[●]	[●]	[●]
General Corporate Purposes	-	-	[●]	[●]
Total	**44.80**	[●]	[●]	[●]

Interim Use of Funds

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

Monitoring of Issue proceeds

Our Audit Committee will also monitor the utilization of the Issue Proceeds. We will disclose the utilization of the Issue proceeds under separate head in our balance sheet for the Financial Year 2012.

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

No part of the Issue Proceeds of this issue will be paid as consideration to our Promoters, Directors, key managerial employees or Group Concerns/Companies promoted by our Promoters.

Bridge Loan

We have not raised any bridge loan against the Proceeds of the Fresh Issue.

BASIC TERMS OF THE ISSUE

Terms of the Issue

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

Terms of Payment

Applications should be for a minimum of **[•]** Equity Shares and in multiples of **[•]** Equity Shares thereafter. The entire price of the Equity Shares of Rs. **[•]** per share (Rs. 10 face value + Rs. [•] premium) is payable on application. In case of allotment of lesser number of Equity Shares than the number applied, the excess amount paid on application shall be refunded by us to the applicants.

Ranking of Equity Shares

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

Face Value and Issue Price per Share

The Equity Shares having a face value of Rs. 10 each are being offered in terms of the Draft Red Herring Prospectus at a price of Rs. [•] per Equity Share. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI (ICDR) Regulations, 2009, the trading in the Equity Shares shall only be in dematerialized form for all investors.

Since trading of the Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of **[•]** Equity Shares to the successful bidders.

Minimum Subscription

If our Company do not receive the minimum subscription of 90% of the Issue to the Public including devolvement of the Underwriters within 60 days from the Bid Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company become liable to pay the amount, we shall pay interest prescribed under Section 73 of the Companies Act 1956.

BASIS FOR ISSUE PRICE

The issue price will be determined by our Company in consultation with the BRLM on the basis of market demand for the equity shares offered by the way of book building.

Investors should read the following summary with the Risk Factors beginning from page 11 and the details about our Company and its Financial Statements included in the Draft Red Herring Prospectus beginning on page 125. The trading price of the equity shares of our Company could decline due to these risks and you may lose all or part of your investments.

Qualitative Factors:

Over 100 Products of Specialty Chemicals

The Indian chemical industry is one of the fastest growing sectors of Indian economy. The Indian chemical Industry is heterogeneous and consists primarily of petrochemicals, agrochemicals, fine and specialty chemicals, bulk drugs, inorganic and organic chemicals. We are well diversified and cater to most of the industries using specialty chemicals such as Textile & Garment Industry, Leather Industry, Water Treatment, Agrochemicals, Construction Industry, Adhesives, Paper, etc. Fineotex Chemical Limited manufactures over 100 products encompassing all the above industries and at most stages of the manufacturing process of the above industries.

Contract Manufacturing for Multinational Corporations and Indian Corporate

Our Company has been manufacturing on a contract basis various specialty chemicals and adhesives for Multinational Companies and Indian Corporate like Croda Chemicals India (P) Limited (Formerly ICI India Limited), Pidilite Industries Limited, Clariant Chemicals India Limited etc. We get bulk orders from them according to stringent specifications of international standards. This enhances our quality standards and systems.

Quality Standards

Our Company gives top priority to quality of the products and thus we are able to supply to some of the big companies using specialty chemicals. Our existing manufacturing units at Mahape, Navi Mumbai is ISO 9001:2000 certified from JAS-ANZ. We focus on Quality right from raw material procurement to processing and packaging.

Experienced Management Team

Our Promoter Mr. Surendra Kumar Tibrewala has more than three decades of experience in specialty chemicals. Mr. Sanjay S. Tibrewala our Whole Time Director has specialized in Textile Chemicals and has exposure in different aspects of chemical industry including Production, Quality Control, Research & Development, etc. Our Company is backed by specialized and experienced personnel.

Quantitative Factors

1. **Adjusted Earnings Per Share**

Particulars	**EPS (Rs)**	**Weights**
2007-08	5.70	1
2008-09	4.10	2
2009-2010	5.15	3
Weighted Average EPS	**4.89**	

Notes:

a. EPS represents basic earnings per share calculated as per Accounting Standard 20 issued by Institute of Chartered Accountants of India.

b. The figures which are disclosed above are based on the restated financial information of the Company.

c. The weighted average number of Equity shares is the number of Equity Shares outstanding at the beginning of the year, adjusted by the number of Equity share issued during the year multiplied by the time-weighting factor. The time-weighting factor is number of days for which the specific shares are outstanding as a proportion of the total number of days during the year.

2. **Price/Earning Ratio (P/E) in relation to Issue Price of Rs. [●]/- per share**

▪ Based on 2009-2010 EPS of Rs.5.15	[●]
▪ Based on weighted average EPS of Re. 4.89	[●]

Industry P/E: Chemicals	
i. Highest – Ellen Industrial Gas	255.40
ii. Lowest – Indo Borax	3.90
iii. Average (industry composite)	15.50

Source: Capital Market, Volume XXV/14, September 06 – September 19, 2010

3. **Return on Net Worth**

Particulars	**RONW (%)**	**Weights**
2007-08	37.77	1
2008-09	23.41	2
2009-2010	23.93	3
Weighted Average RONW	**26.06**	

The average return on net worth has been computed on the basis of the restated profits and loss statement of the respective years. The RONW has been computed by dividing Profit after Tax by Networth.

4. Minimum Return on Net Worth needed after the Issue to maintain pre-Issue EPS of Rs.5.15 is [●]%

5. **Net Asset Value (Rs.)**

a)	As on March 31, 2010	21.51
b)	After Issue	[●]
c)	Issue Price	[●]

6. **Comparison of Accounting Ratios with Peer Group Companies**

Particulars	**Face Value (Rs.)**	**Turnover (in Lacs)**	**PAT (in Lacs)**	**EPS (Rs.)**	**P/E Ratio**	**RONW (%)**	**NAV (Rs.)**
BASF Limited	10	138200	9600	22.20	20.20	15.50	212.40
Clariant Chemicals India Limited	10	92460	12320	42	13.90	37	130.50
Pidilite Industries Limited	1	192970	29000	5.5	22.90	34.60	18.50
Fineotex Chemical Limited (2009-2010)	10	2179.31	361.24	5.15	---	23.93	21.51

Source: Capital Market, Volume XXV/14, September 06 – September 19, 2010

The peer group identified is mainly based on the product lines that we are into, but their scale of operations is not comparable to us.

7. **The face value of our shares is Rs.10/- per share and the Issue Price of Rs. [●]/- is [●] times of the face value of our Equity Shares.**

The Book Running Lead Manager believes that the Issue Price of Rs. [●]/- per share is justified in view of the above qualitative and quantitative parameters. The investors may also want to peruse the risk factors and our financials as set out in the Auditors Report in the Draft Red Herring Prospectus to have a more informed view about the investment proposition.

STATEMENT OF TAX BENEFITS

To,
The Board of Directors,
Fineotex Chemical Limited
42 & 43, Manorama Chambers,
S.V. Road, Bandra (West),
Mumbai – 400 050

Dear Sirs,

We hereby confirm that the enclosed statement (containing page from 1 to 9), prepared by the Company, and states the possible tax benefits available to **FINEOTEX CHEMICAL LIMITED** ('the Company') and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the relevant tax laws. 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 fulfill.

The benefits discussed in the enclosed statement are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws and the fact that the Company will not distinguish between the shares offered for subscription and the shares offered for sale by the selling shareholders, 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.

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.

We do not express any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits, where applicable have been/ would be met.

For UKG & Associates, Chartered Accountants

Sd/-

Champak K. Dedhia
(Partner)

Membership No. 101769

Place: Mumbai

Date: September 23, 2010.

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO FINEOTEX CHEMICAL LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS

I. SPECIAL TAX BENEFIT AVAILABLE TO THE FINEOTEX CHEMICAL LIMITED AND ITS SHAREHOLDERS:

No special tax benefits are available to Fineotex Chemical Limited and its Shareholders.

II. GENERAL TAX BENEFITS AVAILABLE TO FINEOTEX CHEMICAL LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS

1. **Benefits to the Company under the Income Tax Act, 1961 ("The Act"):**

The Company will be entitled to deduction under the sections mentioned hereunder from its total income chargeable to Income Tax.

1.1 Dividends exempt under Section 10(34)

Under Section 10(34) of the Act, the Company will be eligible for exemption of income by way of dividend from domestic Company referred to in Section 115-O of the Act.

1.2 Income from units of Mutual Funds exempt under Section 10(35)

The Company will be eligible for exemption of income received from units of mutual funds specified under Section 10(23D) of the Act, income received in respect of units from the Administrator of specified undertaking and income received in respect of units from the specified Company in accordance with and subject to the provisions of Section 10(35) of the Act.

1.3 Computation of Capital Gains

1.3.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a Company, listed securities or units of UTI or unit of Mutual Fund specified under Section 10(23D) or a Zero Coupon Bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

1.3.2 Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by a cost inflation index as prescribed from time to time.

1.3.3 As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

1.3.4 As per the provisions of Section 111A of the Act, short-term capital gains on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to Securities Transaction tax ("STT") shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess).

1.3.5. *Exemption of capital gain from Income Tax*

• Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.

However, such income shall be taken into account in computing the book profit tax payable under Section 115JB.

• According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under Section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

1.4 Other Specified Deductions

Subject to fulfillment of conditions, the Company will be eligible, *inter alia,* for the following specified deductions in computing its business income:-

1.4.1 Section 35(1)(i) and (iv) of the Act, in respect of any revenue or capital expenditure incurred, other than expenditure on the acquisition of any land, on scientific research related to the business of the Company.

1.4.2 Section 35(1)(ii),(iia) and (iii) of the Act, in respect of any sum paid to a Scientific Research Association or to a company registered in india and approved by the prescribed authority which has as its object, the undertaking of scientific research or to any approved university, college or other institution to be used for scientific research or for research in social sciences or Statistical Research to the extent of a sum equal to one and one fourth times the sum so paid.

1.4.3 Subject to compliance with certain conditions laid down in Section 32 of the Act, the Company will be entitled to deduction for depreciation:

• In respect of tangible assets (being buildings, machinery, plant or furniture) and intangible assets (being know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998) at the rates prescribed under the Income-tax Rules, 1962;

• In respect of any new machinery or plant which has been acquired and installed after 31st March 2005 by an assessee engaged in the business of manufacture or production of any article or thing, a further sum of 20% of the actual cost of such machinery or plant;

1.4.4 Under Section 115 JAA (1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under Section 115 JB of the Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 7 years succeeding the year in which the MAT becomes allowable.

2. **Benefits available to resident shareholders**

2.1 Dividends exempt under Section 10(34)

Under Section 10(34) of the Act, income earned by way of dividend from domestic Company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.

2.2 Computation of capital gains

2.2.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a Company, listed securities or units of UTI or unit of Mutual Fund specified under Section 10(23D) of the Act or a zero coupon bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains".

Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

2.2.2 Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition /improvement by a cost inflation index as prescribed from time to time.

2.2.3 As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

2.2.4 As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess).

2.2.5 *Exemption of capital gain from income tax*

- Under Section 10(38) of the Act, Long Term Capital Gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.

- According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. In such a case, the cost of such long term specified asset will not qualify for deduction under section 80C of the Act. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

- According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

2.3 Deduction of STT paid

Deduction of STT paid of an amount equal to the securities transaction tax paid by the assessee in respect of the taxable securities transaction entered into the course of his business during the previous year, if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".

3. **Benefits available to Non-Resident Indian shareholders (Other than Foreign Institutional Investors and Foreign Venture Capital Investors)**

3.1 Dividends exempt under Section 10(34)

Under Section 10(34) of the Act, income earned by way of dividend from domestic Company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.

3.2 Computation of capital gains

3.2.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a Company, listed securities or units of UTI or unit of Mutual Fund specified under Section 10(23D) of the Act or a Zero Coupon Bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains".

Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

3.2.2 Section 48 of the Act contains special provisions in relation to computation of capital gains on transfer of shares of an Indian Company by non-residents. Computation of capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/ improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange.

According to the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess).

3.2.3 In case investment is made in Indian rupees, the long-term capital gain is to be computed after indexing the cost.

According to the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or Zero Coupon Bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long-term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

3.2.4 As per the provisions of Section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess).

3.2.5 *Options available under the Act*

Where shares have been subscribed to in convertible foreign exchange –

Option of Taxation under Chapter XII-A of the Act:

Non-Resident Indians [as defined in Section 115C(e) of the Act], being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII-A of the Act, which *inter alia* entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange:

- According to the provisions of Section 115D read with Section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of shares in an Indian Company not exempt under Section 10(38), will be subject to tax at the rate of 10 percent (plus applicable surcharge and education cess), without indexation benefit.

- According to the provisions of Section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset being shares in an Indian Company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset. If part of such net consideration is invested within the prescribed period of six months in any specified asset the exemption will be allowed on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Further, if the specified asset in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

- As per the provisions of Section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their source of income is only investment income and / or long term capital gains defined in Section 115C of the Act, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

- Under Section 115H of the Act, where the 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 for that year under Section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from any foreign exchange asset being asset of the nature referred to in sub clause (ii), (iii), (iv) & (v) of Section 115C(f) for that year and subsequent assessment years until such assets are converted into money.

As per the provisions of Section 115-I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

3.2.6 Exemption of capital gain from income tax

- Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.

- According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under Section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately.

In such a case, the cost of such long term specified asset will not qualify for deduction under Section 80C of the Act. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

- According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual, gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

3.3 Deduction of STT paid

Deduction of STT paid of an amount equal to the securities transaction tax paid by the assesses in respect of the taxable securities transaction entered into the course of his business during the previous year, if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".

4. **Benefits available to other Non-resident Shareholders (Other than Foreign Institutional Investors and Foreign Venture Capital Investors)**

4.1 Dividends exempt under Section 10(34)

Under Section 10(34) of the Act, income earned by way of dividend from domestic Company referred to in Section 115-O of the Act is exempt from Income Tax in the hands of the shareholders.

4.2 Computation of Capital Gains

4.2.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a Company, listed securities or units of UTI or unit of Mutual Fund specified under Section 10(23D) of the Act or a Zero Coupon Bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

4.2.2 Section 48 of the Act contains special provisions in relation to computation of capital gains on transfer of shares of an Indian Company by non-residents. Computation of capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/ improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange.

As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess).

4.2.3 In case investment is made in Indian rupees, the long-term capital gain is to be computed after indexing the cost.

As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the

rate of 20 percent with indexation benefit exceeds the tax on long-term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

4.2.4 As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess).

4.2.5 **Exemption of capital gain from income tax**

- Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.

- According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately.

In such a case, the cost of such long term specified asset will not qualify for deduction under Section 80C of the Act. However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

- According to the provisions of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a HUF, gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

4.3 **Deduction of STT paid**

Deduction of STT paid of an amount equal to the securities transaction tax paid by the assesses in respect of the taxable securities transaction entered into the course of his business during the previous year, if the income arising from such taxable securities transactions is included in the income computed under the head “Profits and gains of business or profession”.

5. **Benefits available to Foreign Institutional Investors (‘FIIs’)**

5.1 Dividends exempt under section 10(34)

Under Section 10(34) of the Act, income earned by way of dividend from domestic Company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.

5.2 Taxability of capital gains

5.2.1 Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.

5.2.2 The income by way of short term capital gains or long term capital gains [in cases not covered under section 10(38) of the Act] realized by FIIs on sale of shares of the Company would be taxed at the following rates as per section 115 AD of the Act-

- Short term capital gains, other than those referred to under section 111A of the Act shall be taxed @ 30% (plus applicable surcharge & education cess).

- Short term capital gains, referred to under section 111A of the Act shall be taxed @ 15% (plus applicable surcharge and education cess)

- Long Term capital gains @ 10% (plus applicable surcharge and education cess) (without cost indexation)

- It may be noted here that the benefits of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not applicable.

5.2.3 According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under Section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

5.4 Deduction of STT paid

Deduction of STT paid of an amount equal to the securities transaction tax paid by the assesses in respect of the taxable securities transaction entered into the course of his business during the previous year, if the income arising from such taxable securities transactions is included in the income computed under the head “Profits and gains of business or profession”.

6. **Benefits available to Mutual Funds**

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India would be exempt from income tax.

7. **Benefits available to Venture Capital Companies**

As per the provisions of Section 10(23FB) of the Act, any income of Venture Capital Company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1922 and notified as such in the Official Gazette; and Venture Capital Fund, Operating under a registered trust deed or a venture capital scheme made by a Unit Trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1922 and notified as such in the Official Gazette set up for raising funds for investment in a Venture Capital Undertaking are eligible for exemption from income tax on all their income, including dividend from and income from sale of shares of the company.

8. **Tax Treaty benefits**

An investor has an option to be governed by the provisions of the Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

9. **Benefits available under the Wealth-tax Act, 1957**

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957, hence no Wealth Tax will be payable on the market value of shares of the Company held by the shareholder of the Company.

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance Act, 2009 and will be available only to the sole/first named in case the shares are held by joint holders.

2. In Respect of non residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the Country in which the non – residents has fiscal domicile.

3. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the issue.

SECTION VI - ABOUT US

INDUSTRY OVERVIEW

Disclaimer: pursuant to the requirements of the SEBI ICDR Regulations, 2009, the discussion on the business of our Company in this Draft Red Herring Prospectus consists of disclosures pertaining to industry grouping and classification. The industry grouping and classification is based on our Company's own understanding and perception and such understanding and perception could be substantially different or at variance from the views and understanding of third parties. Our Company acknowledges that certain products described in the Draft Red Herring Prospectus could be trademarks, brand names and/ or generic names of products owned by third parties and the reference to such trademarks, brand names and/or generic names in the Draft Red Herring Prospectus is only for the purpose of describing the products. The industry data has been collated from various industry and/or research publications and from information available from the World Wide Web.

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

CHEMICAL INDUSTRY

Global Chemical Industry

The Global Chemical Industry, estimated at US$ 2.4 trillion, is one of the fastest growing sectors of the manufacturing industry. Despite the challenges of escalating crude oil prices and demanding international environmental protection standards now adopted globally, the chemicals industry has grown at a rate higher than the overall-manufacturing segment.

According to industry reports the pharmaceutical segment contributes approximately 26% of the total industry output and approximately 35-40% is dominated by the petrochemical segment. Commodity chemicals are the largest segment in the chemicals market with an approximately size of $ 750 billion while the Specialty and Fine Chemicals segment accounts for $ 500 billion.

Some of the major markets for chemicals are North America, Western Europe, Japan and emerging economies in Asia and Latin America. The US consumes approximately one-fifth of the global chemical consumption whereas Europe is the largest consumer with half the consumption. The US is the largest consumer of commodity chemicals whereas Asia Pacific is the largest consumer of agrochemicals and fertilizers.

Market Trends

- The global chemicals industry is estimated to have grown by about 5% from 2005.
- The US continues to be largest consumer of chemicals globally.
- Increasing demand from emerging economies in Asia and Brazil
- Commodity chemicals continues to be the largest segment followed by specialty and fine chemicals and agrochemicals
- Major trends observed in the industry are consolidation and outsourcing.

Increased competition resulting from globalization is driving the chemical industry towards consolidation, cost reduction, location of manufacturing bases close to raw materials, cheaper energy sources, lower tax regimes, increased use of information technology (IT), and intensification of R&D activities. At the same time the industry is responding to the increased environment consciousness worldwide. Consolidation has become imperative as the industry seeks economies of scale in manufacturing, logistics, and R&D. The impact of consolidation has often been improvement in geographical reach and entry into new markets. Cost reduction is being aggressively attempted through improved operating norms and financial restructuring. Enhanced worldwide concern for the protection of the environment has been forcing the industry to modernize and innovate. There has

been increased emphasis on application development especially in specialty chemicals along-with greater customer interaction.

*(**Source:** 11th Five year Planning Commission Report- 2007-2012)*
*(**Source**: Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals, http://chemicals.nic.in/chem1.htm)*

Indian Chemical Industry

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

The chemical industry includes basic chemicals and its products, petrochemicals, fertilizers, paints and varnishes, gases, soaps, perfumes and toiletries and pharmaceuticals and is one of the most diversified of all industrial sectors covering thousands of commercial products. Its contribution to the GDP of the country is around 3 per cent.

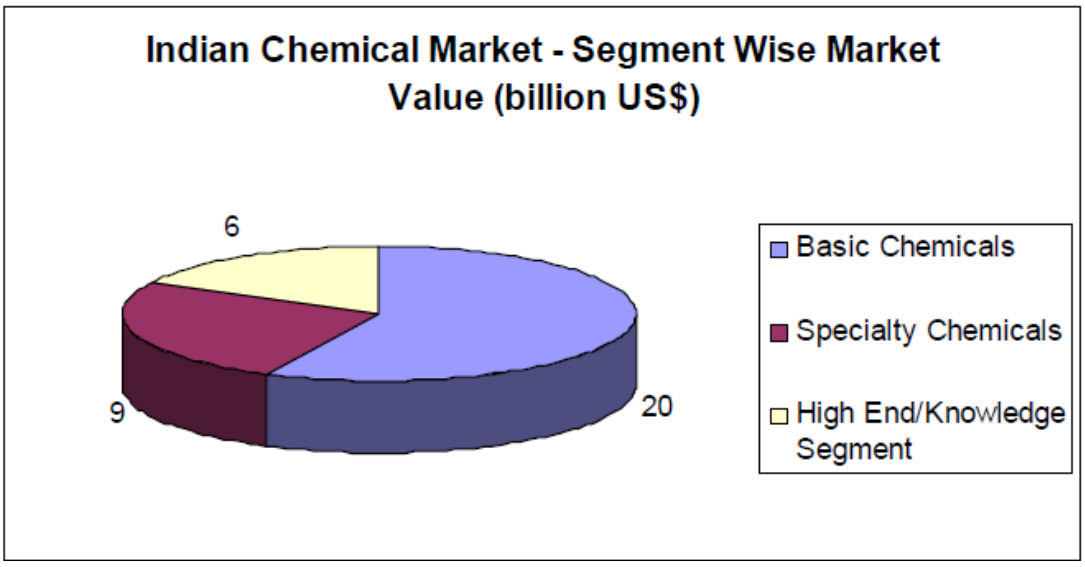
The Indian Chemicals Industry comprises both small and large-scale units. The fiscal concessions granted to the small sector in mid-eighties led to the establishment of a large number of units in the Small Scale Industries (SSI) sector. Currently, the Indian Chemical industry is in the midst of a major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

*(**Source**: Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals, Annual Report 2009-10)*

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

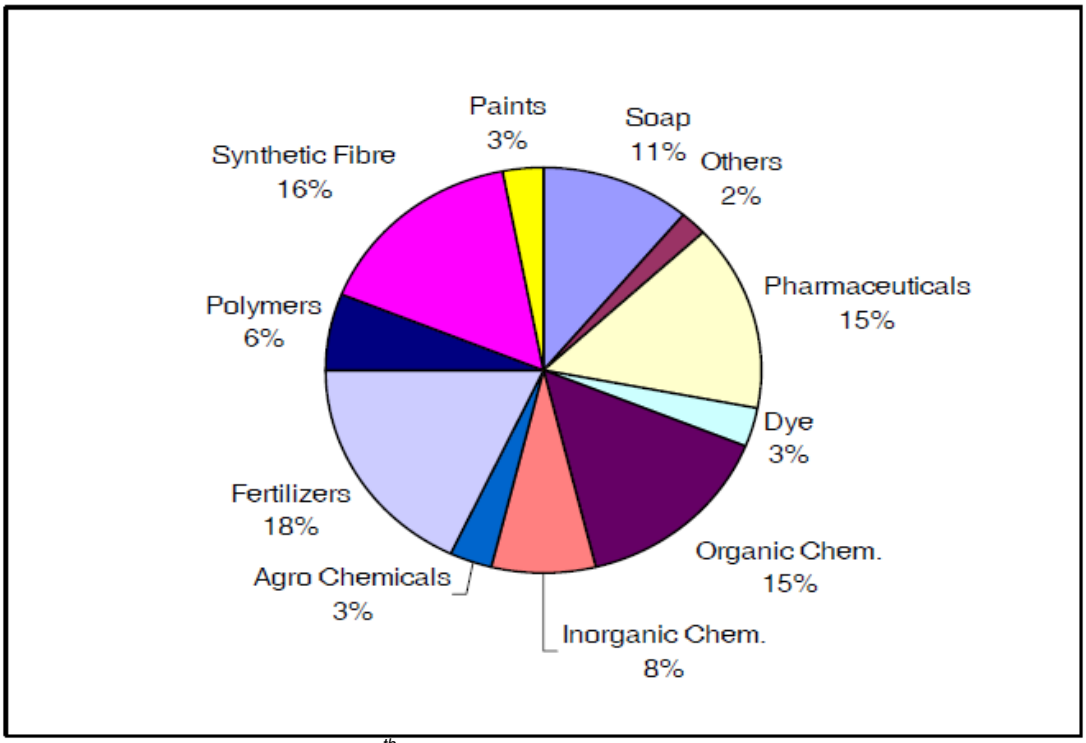
*(**Source:** 11th Five year Planning Commission Report- 2007-2012)*

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*(**Source:** 11th Five year Planning Commission Report- 2007-2012, Volume III)*

Over the last decade, the Indian chemical industry has evolved from being a basic chemical producer to becoming an innovative industry. With increasing investments in R&D, the industry is registering significant growth in the knowledge sector comprising specialty chemicals, fine chemicals, and pharmaceuticals. Broadly, the share of basic, knowledge, and specialty chemicals is 57%, 18%, and 25%, respectively. Share of different segments of Chemical Industry in India is shown in figure below:



*(**Source:** 11th Five year Planning Commission Report- 2007-2012, Volume III)*

Specialty Chemicals

The Specialty Chemicals segment in the Indian Chemical Industry is a new emerging sector which brings promises of huge growth. Specialty chemicals are those chemicals which are produced at a low volume; they are high priced and usually targeted at a wide variety of markets. These chemicals are developed under the user's specifications which usually vary from one user to another. The methods of development depend on the application and the function of the chemicals. Main specialty chemicals are rubber chemicals, water treatment chemicals, polymer additives, lubricating additives, specialty pigments etc. These chemicals are mainly based on organic chemicals.

Globally the contribution of specialty chemicals is upto 25% of the chemical sector i.e. it is approximately worth US$ 453 billion. The average annual growth is expected to be 7.5%. In India, the capacity of specialty chemical is 5272 thousand MTs and production is approx. 3690 thousand MTs.

*(**Source:** 11th Five year Planning Commission Report- 2007-2012)*

Types of Specialty Chemicals

The various Specialty Chemicals are:

- Diagnostic Aids
- Adhesives
- Paper Additives
- Flavors & Fragrances
- Elastomers
- Foundry Chemicals
- Industrial Enzymes
- Cosmetic Additives
- Dyes
- Food Additives
- Metal Plating & Finishing Chemicals
- Lube Additives
- Category Specialty Chemicals
- Industrial Cleaning Agents
- Fuel Additives
- Polymer Additives
- Oilfield chemical
- Mining Chemicals
- Photographic Chemicals
- Paint Additives
- Construction Chemicals
- Rubber Chemicals
- Water Management Chemicals
- Surfactants
- Textile Auxiliaries
- Electronic Chemicals

Dyestuffs, basic textile intermediaries and leather chemicals continue to be the main areas for most companies in the domestic specialty chemicals sector.

The industry can be divided into two categories — traditional specialty chemicals in the textiles and leather treatment segments and the emerging specialty chemicals in paper treatment, polymer intermediates, master batches, water treatment chemicals and electronic chemicals segments. The largest section of the industry continues to be in the textile dyes and chemicals segment.

The second in line, in terms of numbers, is leather chemicals and pigments. `The dyestuffs segment has traditionally been one of the largest in the industry and continues to be crucial because of its forward and backward linkages with a number of other industries. Dyes find application in industries and product segments such as textiles, leather, paper, printing inks and food processing.

Specialty Chemical Business

Specialty Chemicals are different than Bulk and Commodity Chemicals on various parameters. The key differences are tabulated below:

Parameters	Bulk/Commodity Chemicals	Specialty Chemicals
Product Life Cycle	Long	Short
Product range	Narrow	Broad
Product Volume	Large	Variable
Product type	Homogenous	Differentiated / Application Oriented
Product prices	Low	High
Unit Margins	Low	High
Production	Mostly Continuous	Batch Process
Value Addition	Low	High
Consumer Service levels	Low	High
Capital Intensity	High	Low
Turnover to assets ratio	High	Low
Focus	Capacity utilization, feedstock, cost reduction, technology	Product innovation, Market orientation
Market	Global	Mostly Local
R&D Focus	Process Improvement	Product Development, applied research
Success factors	Feedstock access, economies of scale, process optimization, cost reduction	Innovation, good R&D, technical application expertise, global network, customer based solutions, niche markets

Managing Surfactants (Specialty Chemical) business closely resembles managing an R&D programme. Manufacturers have to constantly interact with the customer to understand customer needs and expectation. Innovation is the key to success.

Shorter Products Life Cycles

Life cycles have shortened because the needs of consumers are changing very quickly a classic example is the near disappearance of the fountain pen and therefore a need for overhaul of ink technology, this is also influenced by the shift from carbon paper to photocopiers to multiple-copy document printing from a computer. Similar changes are affecting the specialty chemical user industries and specialty chemical manufacturers will have to keep pace to maintain their commercial viability. This can only be achieved through constant innovation both in product as well as service.

Differentiation through Products and Services

In this era of increased competition and margin compression providing new products, technical's service, application expertise and solving problems for the customer will be the key platforms for growth. Companies will have to invest in R&T to ensure the future.

Scope of Improvement in Specialty Chemicals Industry

- Consolidation to leverage on reducing the overall cost of production.
- Focus on Research & Development to enable development of world class technological capabilities in product and processes to become cost competitive globally.
- Manufacturing units to improve their operational efficiencies. - There must be a focus on training human resources to enhance their skills.
- Also the industry needs to attract outsourcing partners through:
  (a) Follow good manufacturing practices for attracting outsourcing
  (b) Benchmark global Quality systems (Assurance & Control)

*(**Source:** 11th Five year Planning Commission Report- 2007-2012)*

BUSINESS OVERVIEW

We are an ISO 9001:2000 certified Company engaged in manufacturing of Specialty Chemicals and Enzymes for various industries. Our Company was incorporated as a Private Limited Company in the year 2004 and was subsequently converted to a public limited Company in 2007. The Registered and Coroporate office of our Company is situated at 42-43, Manorama Chambers, S.V. Road, Bandra (West), Mumbai – 400 050.

We manufacture and trade in Specialty Chemicals and Enzymes for Textile & Garment Industry, Construction Industry, Leather Industry, Water Treatment Industry, Paint Industry Agrochemicals, Adhesives and others. We currently have our manufacturing facilities situated at Mahape in Navi Mumbai.

Location:

Currently, we are operating from the following two units:

Unit	Location	Activity
Unit I	A - 699, TTC Industrial Area, Mahape, Navi Mumbai - 400 701, District Thane.	Manufacturing Plant – Specialty Chemicals for all industries mentioned above
Unit II	A – 700, TTC Industrial Area, Mahape, Navi Mumbai – 400 701, District Thane.	Manufacturing Plant – Specialty Chemicals for all industries mentioned above

Further we propose to set up the following new unit:

Unit III	Khopoli	Manufacturing Plant – Specialty Chemicals for all industries mentioned above

Brief Details about the Project

For more details about the proposed Project, please refer to Chapter titled "Objects of the Issue" beginning on page 49 of this Draft Red Herring Prospectus.

Our Competitive Strengths

We believe that the following are our primary competitive strengths:

1. **We manufacture over 100 Products of Specialty Chemicals**

Our Company offers a wide range of specialty chemicals and enzymes used in many industries. Our Company has large number of products and offers an entire range of specialty chemicals used in Textiles & Garments Processing namely the Pre-treatment, Printing, Dyeing and Finishing Process. We also offer specialty performance chemicals to the Leather, Agrochemicals, Construction, Water Treatment, Wood, Sticker and Adhesive Industries etc.

2. **We cater to customers from Varied Industries**

Our Company manufactures specialty chemicals to Textile & Garment Industry, Leather Industry, Water Treatment Industry, Construction, Paper, Paint, Adhesives, etc. We have a strong and varied customer base from Multi National Companies to Big Corporate houses in each sector. Our business therefore is not cyclical in nature and a decline in a sector will not have an impact on our business as we supply to varied sectors. Certain products that are being used for water treatment are being used in all industries where water is being used as a raw material. Thus indirectly our products are being used by majority of the industries. Our Company and Promoters have relations with Pidilite Industries Limited, Clariant Chemicals India Limited and Croda Chemicals India (P) Limited etc. for over 5 years.

3. **Our Manufacturing Plants are ISO 9001:2000 certified from JAS-ANZ**

Our existing manufacturing units at Mahape, Navi Mumbai are ISO 9001:2000 certified from JAS-ANZ. We are in the business of specialty chemicals in which quality and innovation are very important while understanding customer needs. We focus on Quality not only of the final product but at every stage of production, right from sourcing the raw materials. Our customer list includes companies like Pidilite Industries Limited, Clariant Chemicals India Limited, Croda Chemicals India (P) Limited (ICI India Limited) etc. which adheres to stringent international quality specifications.

4. **We offer robust Technical Assistance to our customers**

We have an experienced and technically qualified personnel lead by Mr. Suresh Desai, our Technical Head and our Promoter Mr. Surendra Kumar Tibrewala, who have an experience of more than three decades. All products are accompanied with the product Literature which exhibits all details regarding, uses, dosages etc. Also, if our customers need any other on site assistance our Company deputes a person from the technical team. The team delivers prompt technical service and attends to customer queries. We also have online web assistance and after sales service which ensures prompt solutions to customers.

5. **We offer Customized products**

Customization forms the essence of our Company. We offer tailor-make products to meet the customers needs & requirements, not deviating from the quality, packaging and pricing. Modifying our products on various parameters like Viscosity, Appearance, Moisture Content, Solubility, pH as per customer requirements, helps us to deliver value to our customers.

6. **We have in- house Research & Development**

We have the latest technology required in this industry and are continually updated with in -house R&D at our Mahape unit which comprises 2 laboratories. Also, our experienced and technically qualified personnel strive to develop and improve upon the product features by incorporating the latest technology, customer feedback, suggestions from staff and developing new specialty and cost-effective products.

7. **We are well supported by experienced Management and Key Management Personnel**

The Chairman & Managing Director of our Company Mr. Surendra Kumar Tibrewala has been in the business of Manufacturing Specialty Chemicals for more than 3 decades. His knowledge and experience in the field of Specialty Chemicals and enzymes has helped us to have long term relations with our customers and has also facilitated us to enter new segments of enzymes and Construction chemicals etc.

8. **We enjoy proximity to sources of Raw Material**

Our Company consumes approximately 100 raw materials. We either procure them from domestic importers or source them from indigenous manufacturers in India like Godrej Industries Limited, Andhra Petroleum Limited, Travancore Titanium Product Limited, etc. who have their warehouses located in close proximity to our manufacturing units. A continuous supply of raw material does not hinder our manufacturing process and ensures effective logistics control.

Our Business Strategy

1. **Innovation and Product Development**

We believe that key factor to sustain, strengthen and succeed in our business, lies in our ability to innovate new products and improvise our existing products. FCL started manufacturing concentrated chemicals which reduces storage for the end user and customers can dilute it as per

their requirements. This will meet or create new customer demands that are not presently being satisfied by available products.

2. **Competitive Pricing**

To remain aggressive and capitalize a good market share, we believe in offering competitive prices to our customers. This helps us to sustain the cut-throat competition and withhold a strong position in the market.

3. **Indirect Exports**

We offer our products to merchant exporters who export them to countries without any modifications. Some of the countries are Brazil, Bangladesh, Indonesia, Thailand, Bulgaria, Pakistan, Colombia, Singapore, Sri Lanka, Tanzania, to name a few. By entering into international markets indirectly FCL can reduce its Marketing Cost, and at the same time create a brand for Fineotex globally, it also facilitates in exploring new markets and at the same time mitigate foreign exchange fluctuation risks.

4. **Supplying to MNC'S and Corporates**

We supply to a host of multinationals like Croda Chemicals India Pvt. Ltd. (formerly ICI India Limited), Clariant Chemicals India Limited, Pidilite Industries Limited, BASF Limited, The Bombay Dyeing Mfg. Co. Ltd., the Raymond Group, Chenab Textile Mills, Rashtriya Chemicals & Fertilizers Limited (RCF) to name a few. We are also contract manufacturing many of the products like adhesives etc. MNC's and Corporates provide high volumes and have great potential. The Company gets a global feed back and quality is maintained as per international standards this helps in building goodwill.

5. **Strategic Location of Current and Future manufacturing Facility**

Location of Manufacturing Facility is of importance as it helps in designing the cost structure and lead time for delivery. We procurement raw materials from indigenous manufacturers in India like Godrej Industries Limited, Andhra Petroleum Limited, Travancore Titanium Product Limited, etc. who have their warehouses located in close proximity to our manufacturing units. The finished products markets are in Mumbai, Balotra, Erode, Karur, Surat, Ahmedabad, Rajasthan, Bangalore, Tirupur, etc. Our factory site is well connected with a network of transport facilities like rail and road operating all over India. This helps our logistics department to ensure timely and cost efficient delivery.

Our Products

Our Company manufactures over 100 products catering to various industries.

Industry	Product Name	Function
Textile & Garment Industry	**Pre-treatment Chemicals**	
	De-sizing Agent	To remove the different types of sizes (Starch, waxes etc.) from the fabric/yarn
	Wetting and Penetrating Agent	To reduce the surface tension of water and thus increase the absorbency of the water to the fabric
	Sequestering Agent & Protective Colloid	To reduce the hardness of water and thus make ideal conditions for washing
	Scouring Agent	To remove the oil , fats etc from the fabric
	Silicone & Non Silicone Defoamers	To reduce the foam created during the process of treatment of fabric
	Non-Silicate Peroxide stabilizer	To stabilize the peroxide of hydrogen peroxide in the pretreatment process
	Peroxide Killer	To clear the residual peroxide from the

	fabric
Polyester Weight Reducing Catalyst	To reduce the weight of the polyester fabric during the caustic addition process
Anti-back Staining Agent	To prevent the staining of the pockets during the denim fabric treatment
Dyeing Chemicals	
Sequestering Agent	To reduce the hardness of water and thus make ideal condition for processing
Silicone & Non Silicone Defoamers	To reduce the foam created during the process
Buffering Agent	To maintain the pH of dye bath throughout the dyeing process
Polyester Dyeing Carriers	To facilitate easy absorption and penetration of dyes by the polyester fabric
Dispersing Agent & Oligomer Removing Agent	To maintain the dispersion of dyes in the dyeing process and help to remove oligomers
Levelling Agent	To get even dyeing and even colour depth effect
Lubricants	To reduce the friction between fabric to fabric and fabric to machine and to reduce the creation of creases in the fabric
Washing off Agent	To remove the unfixed dyes from the fabric
Dye-fixing Agent	To fix the dyes on to the fabric
Soda Ash Substitute	To substitute soda ash in the dyeing process of cotton
Cationising Agent for Pigment Dyeing	To provide required cationic charge to the fabric in the pigment dyeing process
Printing Chemicals:	
Dispersing, Penetrating, Swelling, Levelling & Defoaming Agent	To provide depth and even level printing effect, being added in the printing paste
Fixation Accelerators	To provide depth and fixation of dyes to the polyester printing fabric in loopager machine during the disperse printing process
Binders Acrylic, Self Thickening for Gold & Flock	To bind the pigment or dyes onto the fabric
Fixers in Pigment Printing	To provide fastness to the print
Thickeners	To provide viscosity to the printing paste to facilitate required printing effect
White Inks	To provide printing effect onto the fabric
Washing Off Agent	To remove the unfixed dye from the printed fabric
Finishing Chemicals:	
Stiffeners	To provide stiff finish effect to the fabric

	Softeners	To provide soft finish effect to the fabric
	Silicone Emulsion	To provide silky and soft finish effect to the fabric
	Wax Finishing Agent	To provide waxy finish to the fabric
	Anti Static Agent	To reduce the static power of the fabric
	Water Repellant & Soil Resisting Agent	To provide water repellency and dust repellency to the fabric
	Polyurethane Finishing Agent	To provide bouncy feel to the fabric
	Crease Recovery Agent	To reduce the crease and provide wrinkle free effect to the fabric
	Delustering Agent	To remove the luster from the viscose fabric
	Anti-pilling & Anti-Slip Agents	To remove the hairing and pilling problems from the fabric and also provide anti-slip effect
	Enzymatic Bio-polishing Agent	To remove the surface protrudene fibers from the knit substrates and denim and thus improvise the surface feel
Construction Industry	Admixture	To reduce 'water-cement ratio'
	Water Proofing	To provide Water Proofing
	Binders	To Increase Strength of Concrete/Mortar
	Polymers	To give hardness, toughness & durability to cement, to protect mild steel or steel surfaces from corrosion
	High Performance retarding super plasticizer	To provide the flow ability of the concrete
Water Treatment Industry	Cooling tower Chemicals	To reduce the hardness of the water
	Boiler Chemicals	To reduce the hardness of the water
	Chemicals for RO Antiscalants	To reduce the hardness of the water and avoid scaling effect in the Reverse Osmosis (RO)
	Sea Water Desalination Chemicals	To reduce hardness of the water and avoid scaling by salts in the membranes of the water treatment plants
Leather Industry	**Cleaning & Processing Chemicals For:** Coating	To provide coating on the surface of the leather
	Softening	To provide softening effect on the surface of the leather
	Dyeing	To fix the dyes in the dyeing process
	Finishing Chemicals For: Shine & Texture	To provide shining effect to the leather
	Water Proofing	To provide water repellency to the leather
	Finishing Agents	To provide the soft feel to the final leather
Wood Working & Handicraft Industry, Cigarette Industry, Sticker and Bindi Industry	Adhesives	Different kinds of adhesives for these Industries for sticking purpose
Agrochemical Industry	Defoamers for fertilizers	To reduce the foam in the fertilizer production process

	Anticaking Agent	To avoid the caking of the powder fertilizer and thus keep it free flowing powder
Paper & Paint Industry	Defoamers	To reduce the foam in the paper making process
	Emulsions	To provide binding of the pigments
	Paper Softeners	To provide softness to the paper
	Antisetting Agents	Helps to avoid the settling of pigments in the paints

Further, by proposed expansion, our Company intends to increase the manufacturing quantities of its existing products and expand the product line as well.

Our Reputed Customers

Industry	Company
Textile & Garment Industry	• The Bombay Dyeing & Manufacturing Co. Ltd. • The Raymond Group • Malwa Group (through authorised dealer) • Grasim Industries Limited- Aditya Birla Group • Chenab Textile Mills • Clariant Chemicals India Limited
Construction Industry	• United Alacrity Pte. Ltd. –Singapore (through merchant exporter)
Water Treatment Industry	• Croda Chemicals India Private Limited (ICI India Limited) • Clariant Chemicals India Limited
Leather Industry	• BASF Limited
Agrochemical Industry	• Rashtriya Chemicals & Fertilizers Limited (RCF)
Paper Industry	• Clariant Chemicals India Limited
Adhesives	• Pidilite Industries Limited

Plant & Machinery

Our Plant and Equipment resources consist of the following:

Sr. No.	Name of the Equipment	Units	Kind & Make/Suppliers	Capacity	Function
1.	SS 316 L REACTORS (With column condensor, receiver with Flame proof Motor, Gear Box)	1 2 2	S.S. ENGINEERING	5000 Ltrs 3000 Ltrs 2000 Ltrs	Polymerization/ Esterification/ Sulphonation
2.	SS 316 HIGH SPEED STIRRERS	2 2 2 2	S.S. ENGINEERING	10 HP 7.5 HP 5.0 HP 3.0 HP	Mixing and Blending
3.	SS 316 SPARKEL FILTER	1	S.S. ENGINEERING	_	Filtration
4.	LIFT	1	JAY EQUIPMENTS	1000 Kgs	Material Handling
5.	BOILER	1	VAPOUR ENGINEERING	300 K. Cal	Steam Boiler
6.	COOLING TOWER	1	NATIONAL	2.5 Ton	Utilities

		1	COOLING TOWERS	5.0 Ton	
7.	COMPRESSOR	1	HANUMAN TRADERS	-	Utilities
8.	THERMO PAC HEATING BOILER	1	THERMAX HEATERS	2,00,000 K.Cal	
9.	D.M. PLANT	1	ION EXCHANGE INDIA LIMITED	-	
10.	45 KVA KIRLOSKAR D.G. SET	1	KIRLOSKAR	-	
11.	SINTEX STORAGE TANK	1 1 3	SINTEX	20,000 Ltrs 10,000 Ltrs 5000 Ltrs	Water Formaldehyde Octonol/ Solvent and Other Emulsifiers
12.	AERATED DETRITUS CHAMBERS WITH AIR COMPRESSORS	1	GEETANJALI CONSTRUCTION CO.	-	Water Pollution Control
13.	SCRUBBER VENTURI SYSTEMS	1	GEETANJALI CONSTRUCTION CO.	-	Air Pollution Control
14.	CHEMICAL FEED SYSTEM & FLASH MIXING SYSTEM	1	GEETANJALI CONSTRUCTION CO.	-	Water Pollution Control
15.	HYDRAULIC DRUM LIFTER	1	JAY EQUIPMENTS	-	
16.	PUMP with FLAMEPROOF MOTOR	6	CROMPTON GREAVES LIMITED	-	
17.	WATER JET CLEANER	1	KHODE ENGINEERING	-	
18.	CITIZEN WEIGHING BALANCE MACHINES	5	TAPSON, CITIZEN	-	
19.	VACUUM PUMPS	2	JEBISAWANT	-	

Technology

Our Company is equipped with state-of-the-art technology. The Company has 2 laboratories at Mahape and keeps updating itself through its in-house Research & Development team. The R&D team has proven expertise in specialty chemicals. The team also focuses on technological upgradation of existing products and processes as a continuous exercise to improve our quality of our products, increase efficiencies and reduce cost. The process development for an identified product is done in step by step manner after a thorough literature survey, followed by the laboratory trials, pilot plant trials and then finally scaling it up to the plant size. Our laboratories are equipped with equipments like Brookfields' Viscometers, Refractometers and other equipment like pilot vessels to take trial R & D batches. We have testing facilities and application equipment to perform pre-treatment, dyeing, printing and finishing trial to evaluate the product's performance.

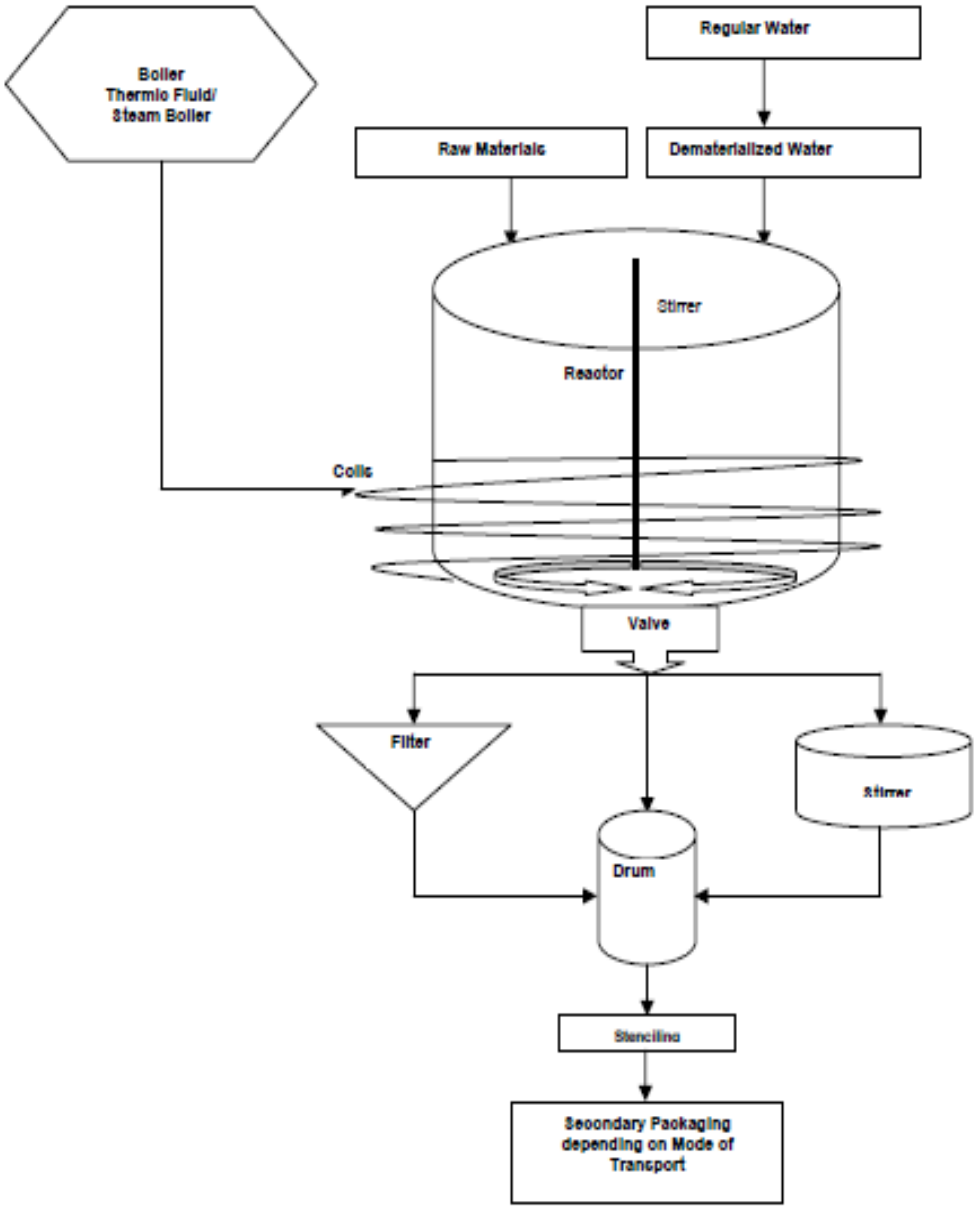
We have not entered into any technology agreement. Our Company uses proven technology for manufacturing our products, which we intend to continue for the new Project also.

Collaborations

We have not entered into any technical or other collaboration.

Process

Specialty Chemicals and Adhesives



STEPS FOR SPECIALTY CHEMICALS

1. Water supplied by MIDC is filtered and all the impurities are removed. Sometimes, if needed, it is de-mineralized by Ion Exchange Unit.

2. This Water is charged (filled) into the Reactors. As all the products manufactured are Water Based; water plays a vital role in the manufacturing of our products.

3. The reactor is heated either by Steam Boiler or by Thermic Fluid circulating heater. The Steam or oil runs through the coils that surround the Reactor externally. The reactor is now heated to the required temperature.

4. The required Raw Materials are tested and weighed.

5. After the water is heated to the required temperature, Raw Materials (A) is charged into the Reactor through inlet pipes/funnels on the top of the Reactor. After necessary stirring and reaching desirable temperature, a sample is drawn to check for the following parameters in the laboratory:

    - pH
    - Viscosity & Solubility
    - Solid Content (Non Volatile Content)
    - Specific Customer Requirement

6. The same procedure is repeated for addition of each Raw Material (B, C, D…)

7. After the final product is made, the parameter check is repeated. Each batch of chemical production is closely monitored on quality parameters.

8. After the Finished Product is ready as per the Customer Specifications, the product is discharged through bottom valve and is filtered and directly poured into the HDPE (High Density Poly Ethylene) Drums.

9. As per certain specific requirements where a product needs to be diluted in different percentages for different customers, the product is poured into a Stirring Vessel where water or other raw materials are added and stirred till the product is blended and formulated perfectly.

10. FCL also does Toll Conversion for its customers and sends it as a final product to be marketed under the Customers name. This is usually dependant on the contracting terms.

11. Samples of the Final Products are Stored with our Company for 6 Months after Dispatch so that we can check the product even after it reaches the customer to answer customer queries. We provide product assurance for 6 months.

12. The Drums are stenciled either with Fineotex or Customer Details as per the Specifications. Other details such as Batch Number, Date of Manufacturing, Weight, Product Name, etc are also stenciled.

The process for all products is the similar only with a variation in Raw Materials, Temperature and Time duration.

The following technical processes are carried out by FCL:

Polymerization

Polymerization is a chemical reaction, usually carried out with a catalyst, heat or light, and often under pressure, in which a large number of relatively simple molecules combine to form a chain like macromolecule

Esterification

Esterification is the method to derive products from acids by the exchange of the replaceable hydrogen of the latter of an organic radical. The usual reaction is that of an acid (organic or inorganic) with an alcohol or other organic compound rich in OH groups

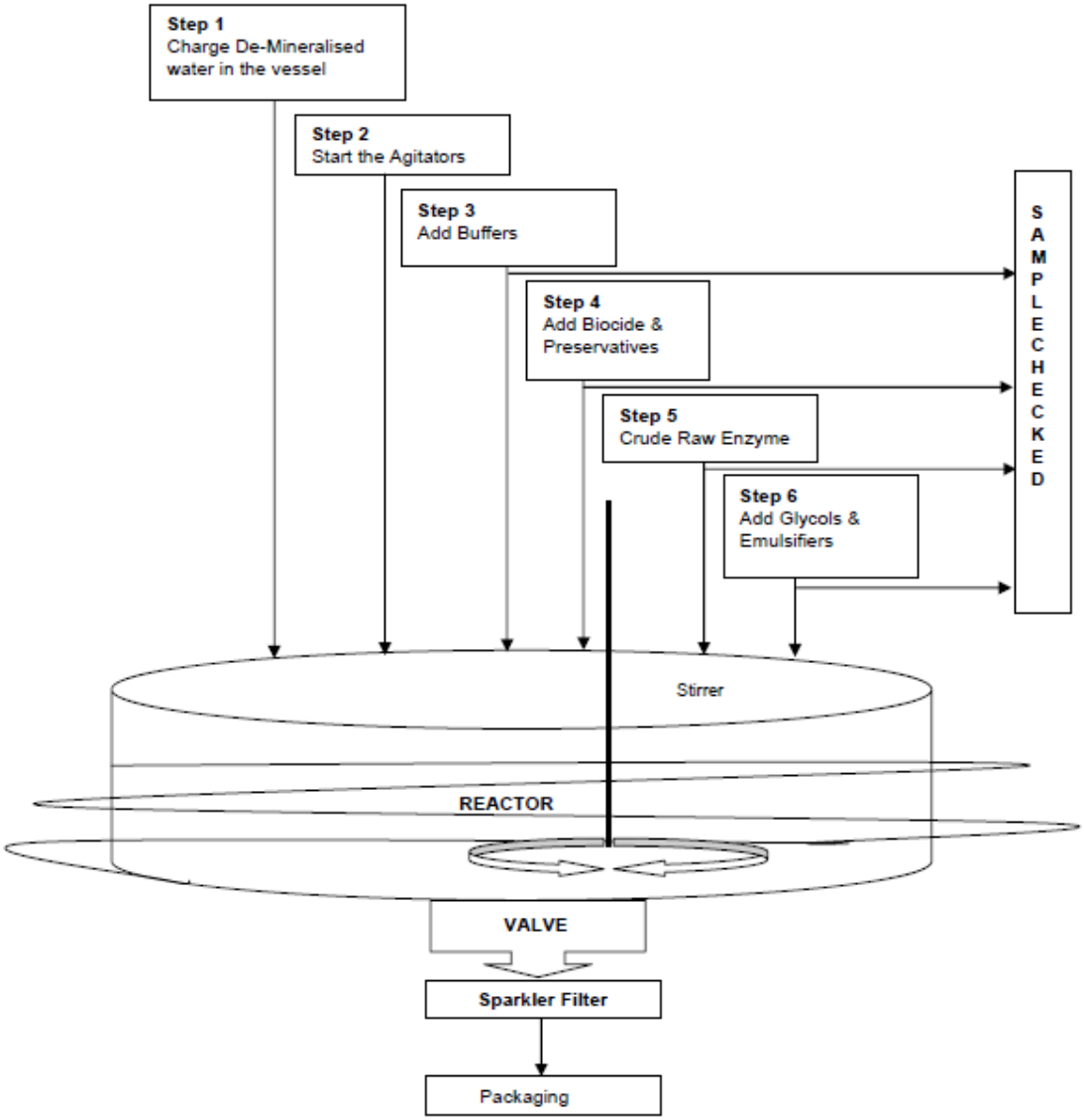
Sulphonation

Sulphation and Sulphonation are the most widely used processes for the production of synthetic anionic surface active agents derived from a wide range of synthetic and natural feed stocks.

Blending & Formulation

Blending & Formulation is uniform dispersion of liquid, semi solid or solid ingredient of a mixture by means of mechanical agitator. This may be carried out at required temperature, time duration and stirring

PROCESS FOR ENZYMES



STEPS FOR ENZYMES

1. **Charge De-Mineralized (DM) Water in the Vessel**

   FCL uses water provided by MIDC. The water is de-mineralized and charged (filled) in the vessel (reactors) for chemical formulations as per the product requirement.

2. **Start Agitator**

   The agitator is started at required RPM (Rotations Per Minute).

3. **Add Buffer**

   After the water is charged into the vessel and the agitators are started, raw materials are charged into the vessel one by one as per the product requirement.

4. **Add Biocide/ Preservative**

Biocide and/or preservatives are added for further formulations as per the product specifications.

5. **Add Crude Raw Enzyme**

Once the biocide and preservatives are added to the raw materials, acid cellulose is also added to the process.

6. **Add Glycols & Emulsifiers**

Glycols and Emulsifiers are further added to the mixture.

7. **Check & Analyze Sample**

After every stage of processing i.e. adding the buffer, biocide & preservatives, crude raw enzyme, glycols & emulsifiers, the sample of the product is checked for different parameters:

- pH
- Viscosity & Solubility
- Solid Content
- Specific Customer Requirement like Stability

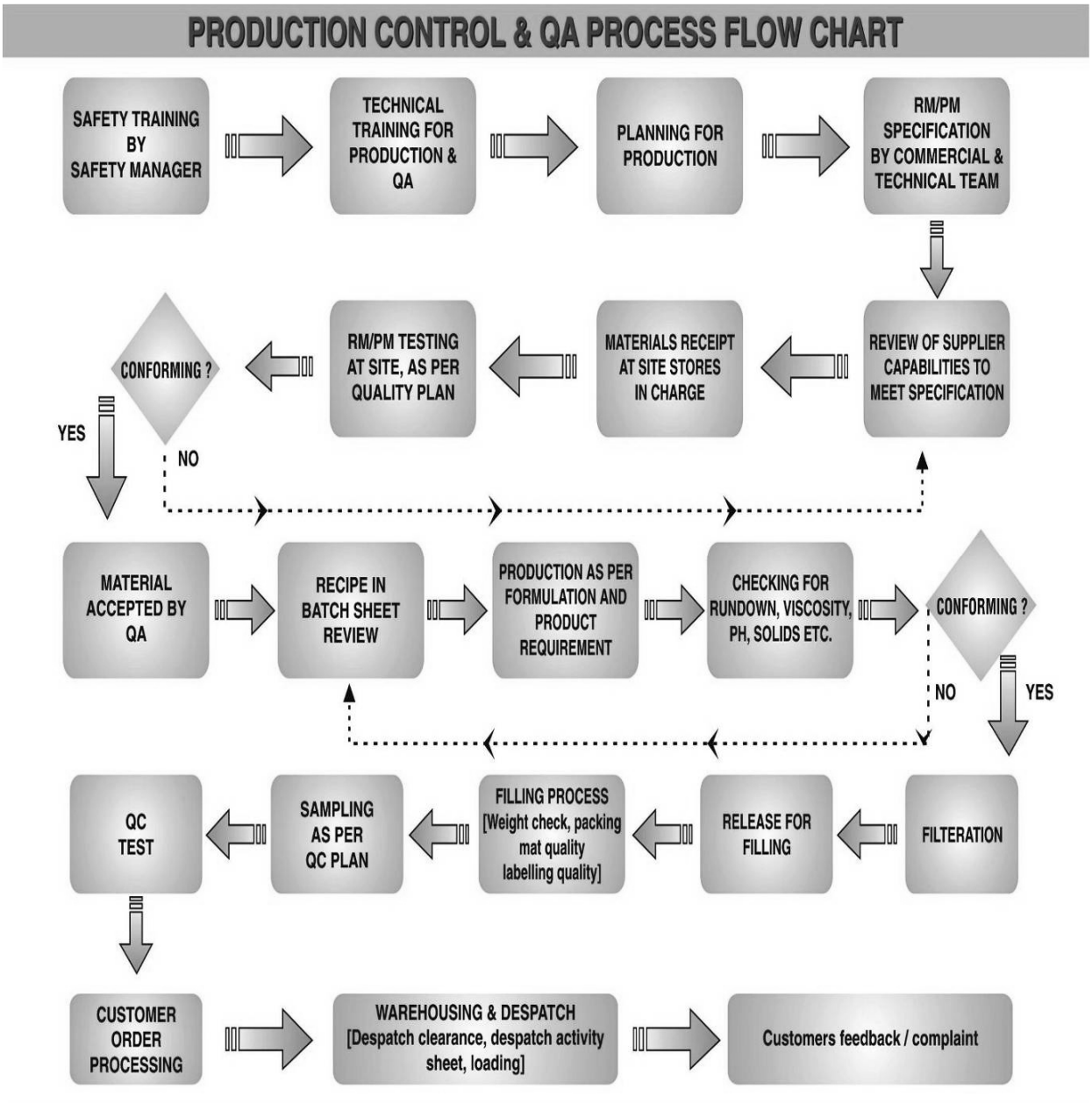
If it conforms to the production recipe, it is discharged for filteration

8. **Sparkler Filter**

Enzymes are filtered through Sparkler Filters and transferred to packaging containers.

9. **Packing**

The Packing is done into containers similar as for Specialty chemicals and the secondary packaging is done as per the geographical needs and Mode of Transport being used.



1. **Safety Training**

The workers of FCL are provided safety training at the respective plants. They are provided with the safety glasses, gloves, helmets, masks and lab coats for performing their work.

2. **Technical Training for Production and QA**

The working staff is trained for the chemical formulations and the use of equipment such as reactors, stirrers, boilers, etc. They are also trained to understand the ideal batch size and time required and other specifications required by each product.

3. **Planning for Production**

Logistics plays a very crucial role in any kind of production. Production is planned as per the priority of the existing orders, expected orders and advance order schedules given to us by customers. Accordingly, raw materials are procured, and we adjust the batches in such a way that we can ensure timely delivery of goods. Thus proper planning during this time requires utmost attention like deciding upon Batch size, Raw Material Requirements, Time for Manufacturing, Delivery Schedule etc.

4. **Raw Material /Process Material specification by Commercial & Technical Team**

The commercial and technical team decides raw material specifications, quantity, packaging material etc as per the finished product and customer requirement.

5. **Review of the Supplier Capabilities**

Suppliers are reviewed in terms of the quality of raw material provided by them, cost, proximity to the factory, Lead Time etc. Quotations and samples are called for from various suppliers. Suppliers who meet the specifications provided are selected for providing the raw materials.

6. **Materials Receipt**

Once the suppliers are finalized and the raw materials are ordered, arrangements are made for the receipt and storage at the site.

7. **Raw Material /Process Material Testing**

Raw materials are again tested on receipt as per quality plan. At FCL quality is given the top most priority. If the raw materials meet the quality specification as per the requirement they are accepted by QA. If not then there is review of the supplier capabilities and accordingly the suppliers are selected.

8. **Recipe in the Batch Sheet**

Once the raw materials meet the specifications and are accepted by the QA the recipe of producing the chemicals is reviewed and the production as per formulation and product requirement is carried out.

9. **Checking for Rundown, Viscosity, pH, Solids etc.**

At every stage of production samples of chemicals being produced are checked for rundown, viscosity, pH content, moisture content, etc. When the samples of chemicals being produced conform to the product requirements they are finally filtered and processed further if required or released directly for filling. If the samples do not conform to the product requirements then the recipe of the batch sheet i.e. product requirement is reviewed and production is carried out accordingly. This process is continued till the final product is made.

10. **Filling Process**

Once the chemical production process is over the product is released for filling to packaging containers. Sometimes the product is filtered through cloth or through sparkler filters. After filling into the containers the containers are passed through weight checks. Packed containers are then

accordingly stenciled/ labelled as per the customer requirements, i.e. product name, batch no, manufacturing date, weight, etc.

11. **Sampling as per QC Plan**

After the production process is over samples of the final product are kept for a period of 6 months. This is done for quality control as a proactive step for any queries which might arise in future.

12. **Customer Order Processing**

After the samples are approved as per the desired specification, packaging is done as per customers order.

13. **Warehousing and Dispatch**

Once the packaging is done, logistics again comes into the picture as they have to draw out the dispatching schedule and load the finished products. Products to be dispatched at later date are stored in warehouses.

14. **Customer's Feedback**

FCL has an after sales service system. In case of any customer complaint, we recheck the samples stored and give prompt solutions to the customers.

Infrastructure Facilities

Raw Materials

Our Company uses approximately 100 raw materials for manufacturing their products. The main raw materials are as follows:

Industry	Name of Raw Material
Textiles & Garments	DICYANDIAMIDE, DIMETHYLAMINE 40%, 2 ETHYL HEXANOL, MALEIC ANHYDRIDE, ACRYLAMIDE, ORGANIC SURFACTANTS, PARA FORMALDEHYDE, ETC
Water Treatment	MALEIC ANHYDRIDE, ACRYLIC ACID
Construction	BUTYL ACRYLATE MONOMER, STYRENE MONOMER, VINYL ACETATE MONOMER, DI-BUTYL PHTHALATE, POLYVINYL ALCOHOL, NAPTHALENE SULPHONATE
Leather	DICYANDIAMIDE , PARAFORMALDEHYDE, MELAMINE, STEARIC ACID, DI ETHYLENE TRI AMINE, SILICON OIL
Fertilizer	2 ETHYL HEXANOL, MALEIC ANHYDRIDE
Enzymes	CRUDE RAW ENZYMES, GLYCOLS, EMULSIFIERS, BUFFERS, BIOCIDES/PRESERVATIVES

Indigenous sourcing is done directly from manufacturers like Godrej Industries Limited, Andhra Petroleum Limited, Travancore Titanium Products Limited, Hindustan Organic Chemical Limited etc.

The quality of the raw materials is checked in our laboratory before they are put to use.

The raw materials are stored under conducive conditions, depending upon the nature of the product. To reduce material handling damage and for easy accessibility raw material are stored and consumed in FIFO system.

The Company does not directly import any raw materials. It uses imported raw material which is availed from the domestic market.

Utilities

Our Company mainly requires the following utilities:

Power

Mahape (Unit I and Unit II)

Our Company receives power supply from Maharashtra State Electricity Board (MSEB), which is adequate to carry our manufacturing activities. We consume approximately 60.64 KVA. To ensure uninterrupted power supply we have installed a 45 Kilo Volt Ampere (KVA) DG – SET Generator. The Generator would use Light Diesel Oil (LDO) as fuel.

Proposed (Unit III)

We would receive our power supply from Maharashtra State Electricity Board (MSEB) which would be adequate to carry our manufacturing activities. We would consume approximately 93.3 KVA. To ensure uninterrupted power supply we would install a Generator (Kirloskar). The Generator would use Light Diesel Oil (LDO) as fuel.

Water

Mahape (Unit I and Unit II)

We have a continuous water supply from Maharashtra Industrial Development Corporation (MIDC). Our current requirement of water consumption is about 5361 KL/year.

Proposed (Unit III)

We would have continuous Soft water supply from Local Water Authorities. Our proposed requirement of water consumption would be around 9500 KL/year which will be sufficient for our requirements.

Fuel

Mahape (Unit I and Unit II)

Our Company does not require fuel in the manufacturing process except for running the D.G Sets. The DG Set uses Light Diesel Oil (LDO) as fuel. The requirement for diesel is met from local suppliers.

Proposed (Unit III)

The DG Sets would require fuel which will be met from local suppliers.

Manpower

Existing

Production	Finance & Accounts	Administration	Quality & Control	Marketing & Sales	Total
17	3	8	3	8	**39**

Proposed (Unit III)

Production	Finance & Accounts	Administration	Quality & Control	Marketing & Sales	Total
45	4	12	6	22	**89**

Our Proposed Manpower Requirement for our expansion plan will be met through advertisements and personal contacts.

Past Production Figures Industry wise

We manufacture over 100 products catering to various industries. The product line being highly fragmented, industry wise past production figures for the same are not available.

COMPETITION

Like any other company, our Company also faces competition from both multinationals, having a big image in the industry and organized foreign brands as well. Some of our competitor companies are FosRoc Chemicals India Limited; Pidilite Industries Limited, Clariant Chemicals India Limited, Huntsman International (formerly Ciba Specialty Chemicals Limited) etc. These big firms have large capital & investments which may give them an edge over our Company.

Approach to Marketing and Marketing Set-up

Our Company conducts its marketing arrangement through a strong and dedicated sales & marketing team. Mr. Surendra Kumar Tibrewala our Promoter and Chairman & Managing Director has more than 3 decades of experience in this field. He has developed strong relationships with customers over theyears right from Multinational Companies to big Indian Companies where Quality and timely delivery is of utmost importance.

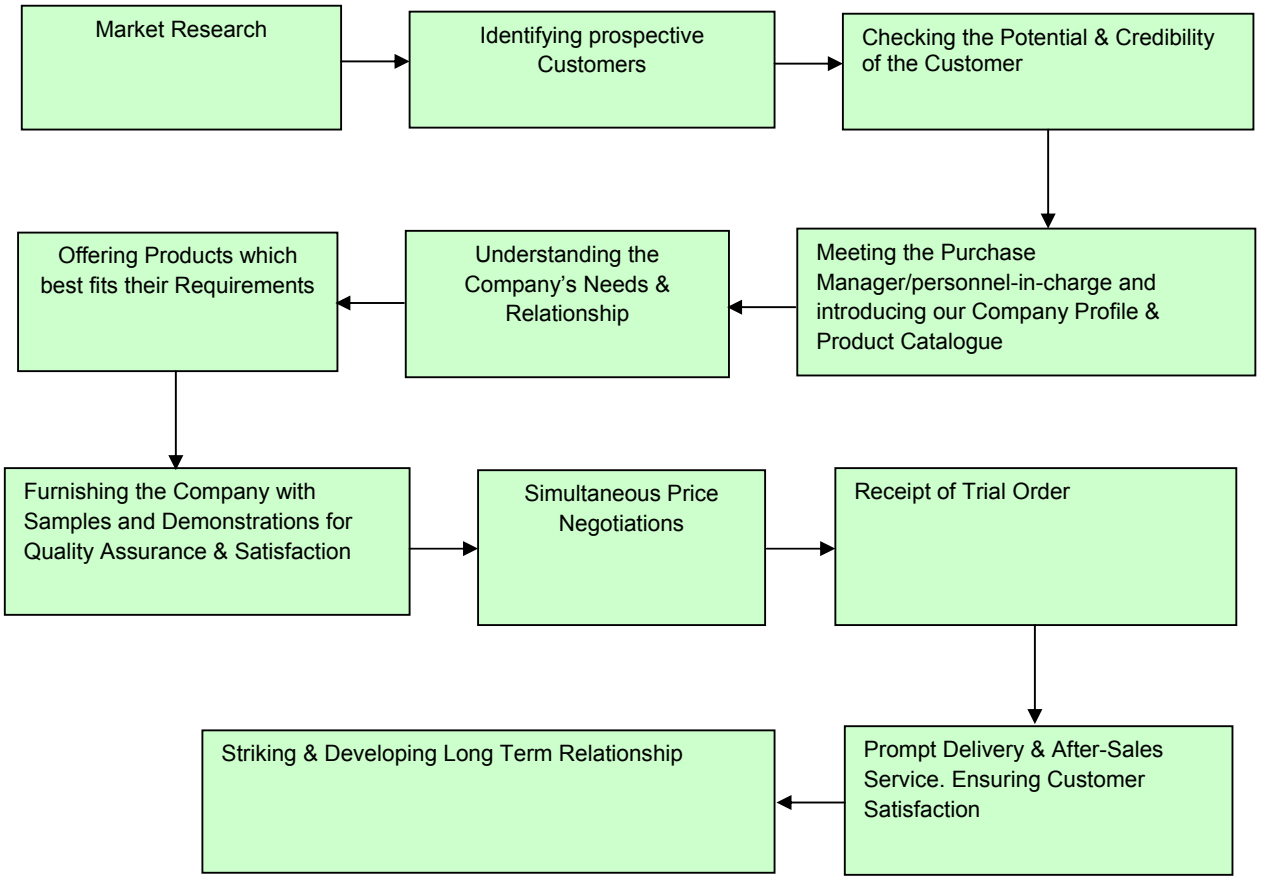
We build long term relationships with our Customers. Our approach is 'Customer is King'. We grow with our Customers and help them to help us. Special measures are taken to ensure customer acquisition.

Some of our Marketing Strategies are:

- **Free Samples**: We provide free small samples to our customers for their testing and evaluation. This helps to build customers' confidence in our product.
- **Direct Marketing**: Through direct marketing we target few large end-user and thus increase our profit margins as the dealer/distributors chain is not present.
- **Dealer Network, Integrated wide-spread distribution network**: Good dealer network helps to provide better services and timely deliveries to end-customers meeting specific quantity requirements.
- **Demonstrations**: provide our customers with product demonstrations & comparative study of competition products. This enables them to judge our products' quality and performance to place orders with us.
- **On-site Technical Services & Troubleshooting**: We provide onsite technical services to solve our customers processing problems. We also furnish them with product specifications and technical literatures.
- **New launches- value added products & economical packages**: We offer new products to the customers which helps them to simplify processes, reduce time duration etc., which reduces the customers costing.
- **Timely Deliveries**: We follow the dispatch schedules required by the customers by keeping adequate stocks, foreseeing the monthly requirements and planning the production schedule

accordingly. Moreover, our distributors maintain stocks such that the end-user requirements and urgent needs are well met with.

Customer Acquisition Process



Future Prospects

The chemical industry moves hand in hand with all other industries. It is inevitable to survive without chemicals for manufacturing different products. Today the chemical industry is a necessity for other industries to operate. Hence the scope and future Prospects of the industry is wide and long term.

Fineotex Chemical Limited produces and proposes to produce specialty chemicals for the following industries, of which the scope is given below;

Construction Industry:

The size of the construction industry in India is over $25 billion and it accounts for more than 6% of the GDP. It is also the largest employer in the country after the agriculture sector, employing almost 18 million people.

Construction Chemicals is a generic name assigned to describe a wide range of chemicals that are used in pre and post – construction stages. Construction Chemicals are used in several purposes and

are performance chemicals used as an additive to concrete/mortar or as an application on masonry surfaces. These chemical modify and enhance the properties of concrete in fresh and hardened state. A large variety of formulations and chemistries are used for diverse applications during both pre and post – construction stages in order to impart special properties to concrete structures. For the sake of convenience, construction chemical market can be segregated into, Admixtures, Flooring, Compounds, Repair & Rehab and other products Rehab and other products.

Water Treatment Industry

The water treatment industry in India, growing at more than 20%, has started making more use of membrane-based solutions.

The country's water treatment industry, pegged at around Rs 500 crore, mainly uses the traditional chemical treatment and de-mineralizing procedures. Water treatment industry is growing because of:

- Growth of the processed food market
- Changes in paper processing technology
- Worldwide trends toward water reuse
- Waste minimization
- Stricter discharge regulations
- Equipment life extension
- Productivity improvement

Textile & Garment Industry

The chemicals consumption is totaling to 8-10% on the weight of fabric/garment. This helps us to infer that the scope and demand of processing chemicals is enormous in the textile industry. With the abolition of the quota regime and opening of the Textile Industry, India has great scope in the World Textile Market as it has good quality and cost competitiveness.

Leather Industry

Indian leather industry today has attained well merited recognition in international markets besides occupying a prominent place among the top seven foreign exchange earners of the country.

Chemicals are used in leather processing from cleaning, dyeing and finishing of leather i.e.; coating, softening, improve the strength, shine, texture ,water proofing, appearance and giving the final finish for comfort wear and use.

Adhesive Industry

The adhesive industry growth is related to Wood Working, Packaging, Furniture, Paper, Sticker Industry which is on a continuous rise. There is a sudden increase in property thus increasing the need for furniture and allied industries, which in turn would lead to an increase in demand of adhesives.

Agrochemical Industry

India is the fifth leading fertilizer producer in the world after Canada, China and France. India is the fourth largest consumer of fertilizer in the world. The agro chemical industry is growing at an increasing pace, because of special support given by the government to the agricultural sector. For producing wide range of complex fertilizers, we need many chemicals and additives like Defoamers and Anticaking agents for which there is an increasing demand.

Capacity and Capacity Utilization

Products	Capacity MTPA				
	Actual		Projected		
	2008 - 09	2009 – 10	2010 – 11	2011 – 12	2012-13

Installed Capacity (MTPA)	5,000	5,000	5,000	18,250	18,250
Capacity Utilisation %	68.50%	77%	86%	56.55%	60%
Commercial Production (MTPA)	3423	3837	4300	10250	10950

Export Possibilities & Export Obligation

Our Company is currently indirectly exporting to various countries like Brazil, Bangladesh, Indonesia, Thailand, Bulgaria, Pakistan, Colombia, Singapore, Sri Lanka, Tanzania, etc. through Merchant Exporters and Export Houses. Our products are also being sold under our brand name in different countries. We are constantly tapping new markets to have tie ups with reputed distributors in view of long term relationship. The Company's drive is to expand its business and provide the best to many other countries of the world.

Currently, the Company does not have any export obligations.

Insurance

We maintain insurance for standard fire and special perils policy, which provides insurance cover against loss or damage by fire, explosion, burglary, theft and robbery, which we believe is in accordance with customary industry practices.

The details of our material insurance policies are as stated below:

Sr. No.	Policy Details	Name of the Company	Period Covered		Total Amount	Property Details
			From	To		
1.	Workmen's Compensation policy. Policy No. 130200/36/09/01/00000084 Dated January 22, 2010	The New India Assurance Company Limited	January 22, 2010	January 21, 2011	Sum Insured Rs. 2,88,000/- Premium Amount Rs. 4701/-	Workers of our factory A- 700 situated at T.T.C, Industrial Area, Mahape, New Mumbai, Thane Belapur Road, Thane District, Maharashtra- 400601
2.	Money Insurance Policy Policy No. 130200/48/10/07/00000023 Dated April 21, 2010	The New India Assurance Company Limited	April 21, 2010	April 20, 2011	Sum Insured Rs. 26,00,000/- Premium Amount Rs. 4202/-	Money Insured : For the payment of wages, salaries and other earning or for petty cash, in personal custody of the Insured, Cash whilst on the premises during business hours or whilst secured in locked safe or locked strong room on the insured's premises out of business hours against the risk of burglary, housebreaking and hold up
3.	Burglary I.R. Policy Policy No. 130200/46/10/04/00000018 Dated April 22, 2010	The New India Assurance Company Limited	April 22, 2010	April 21, 2011	Sum Insured Rs. 5,00,000/- Premium Amount Rs.	Cash in Till/Counter Lock/Drawer/Cupboard of our premises A-699 and A-700 situated at T.T.C, Industrial Area,

					6894/-	Mahape, New Mumbai, Thane Belapur Road, Thane District, Maharashtra- 400601
4.	Standard Fire and Special Perils Policy Policy No. 130200/11/09/11/00000418 Dated January 23, 2010	The New India Assurance Company Limited	January 23, 2010	January 22, 2011	Sum Insured Rs. 2,28,000/- Premium Amount Rs. 100/-.	Office Premises, 42/43, Manorama Chambers, S.V.Road, Bandra (w), Mumbai – 400050
5.	Standard Fire and Special Perils Policy Policy No. 130200/11/09/11/00000417 Dated January 23, 2010	The New India Assurance Company Limited	January 23, 2010	January 22, 2011	Sum Insured Rs. 40,55,000/- Premium Amount Rs. 1671/-.	Office Premises, furniture, fixtures, and fittings, equipments and other contents Insured premises at 43, Manorama Chambers, S.V.Road, Bandra (w), Mumbai – 400050
6.	Standard Fire and Special Perils Policy Policy No. 130200/11/10/11/00000416 Dated January 23, 2010	The New India Assurance Company Limited	January 23, 2010	January 22, 2011	Sum Insured Rs. 35,45,000/- Premium Amount Rs. 1486/-.	Office Premises, furniture, fixtures, and fittings, equipments and other contents Insured premises at 42, Manorama Chambers, S.V.Road, Bandra (w), Mumbai – 400050
7.	Standard Fire and Special Perils Policy Policy No. 130200/11/09/11/00000414 Dated January 6, 2010 (Endorsed)	The New India Assurance Company Limited	January 6, 2010	January 5, 2011	Sum Insured Rs. 4,20,00,000/- Premium Amount Rs. 1,04,234.	Factory Building, Machinery/Electrical Installations, Stock. Insured Premises at A-699 and A-700 ,T.T.C, Industrial Area, Mahape, New Mumbai, Thane Belapur Road, Thane District, Maharashtra- 400601
8.	Standard Fire and Special Perils Policy Policy No. 130200/11/09/11/00000415 Dated January 6, 2010 (Endorsed)	The New India Assurance Company Limited	January 6, 2010	January 5, 2011	Sum Insured Rs. 1,85,00,000/- Premium Amount Rs. 42380/-	Factory Building including Plinth and Foundation Insured Premises at A-700 ,T.T.C, Industrial Area, Mahape, New Mumbai, Thane Belapur Road, Thane District, Maharashtra- 400601
9.	Consequential Loss (Fire) Policy Policy No. 130200/11/09/07/00000315 Dated October 05, 2009	The New India Assurance Company Limited	October 05, 2009	October 04, 2010	Sum Insured Rs. 4,00,00,000/- Premium Amount Rs. 94,758	Policy covers loss of gross profits occurring on unforeseen fire hazards

Intellectual Property

Our Company relies on trademarks and copyrights, to help establish and preserve limited proprietary protection for our products. Our Company has four registered trademarks and two

trademark applications in process. These trademarks are used to establish brand recognition and distinction in our markets.

Our Company currently has the following intellectual property rights for our business:

Trademarks

1. Certificate of Registration of Trade Mark dated March 22, 2006 issued by the Registrar of Trade Marks under Section 23 (2), Rule 62(I) of the Trademarks Act, 1999 for our mark "FINEOTEX" in Class 1, dated March 10, 2003 and bearing no. 1181971.

2. Certificate of Registration of Trade Mark dated February 27, 2008 issued by the Registrar of Trade Marks under Section 23 (2), Rule 62(I) of the Trademarks Act, 1999 for our mark "FINOFIX" in Class 1, dated April 18, 2006 and bearing no. 1444500.

3. Certificate of Registration of Trade Mark dated March 10, 2008 issued by the Registrar of Trade Marks under Section 23 (2), Rule 62(I) of the Trademarks Act, 1999 for our mark "FINEOCOLL" in Class 1, dated April 18, 2006 and bearing no. 1444498.

4. Certificate of Registration of Trade Mark dated March 10, 2008 issued by the Registrar of Trade Marks under Section 23 (2), Rule 62(I) of the Trademarks Act, 1999 for our mark "FINOX" in Class 1, dated April 18, 2006 and bearing no. 1444499.

5. Certificate of Registration of Trade Mark dated March 31, 2009 issued by the Registrar of Trade Marks under Section 23 (2), Rule 62(I) of the Trademarks Act, 1999 for our mark "FCL" in Class 1, dated October 05, 2007 and bearing no. 1608590.

We have filed the application for the following trademark:

1. Application bearing no. 1444501 dated June 22, 2006 to the Trade Marks Registry, for registration of our mark "FINOCON" under class 1.

The details of the trademarks assigned to our Company, with the related goodwill, through the Deed of Assignment dated June 19, 2007, are as follows:

	Trade Mark	Application Number	Date of Application	Authority/Governing Act	Class
1.	Fineotex ®	1181971	March 10, 2003	Trade Mark Act, 1999	01
2.	Finocon	1444501	June 22, 2006	Trade Mark Act, 1999	01
3.	Fineocoll ®	1444498	June 12, 2006	Trade Mark Act, 1999	01
4.	Finofix ®	1444500	June 9, 2006	Trade Mark Act, 1999	01
5.	Finox ®	1444499	June 9, 2006	Trade Mark Act, 1999	01

Property

Details of immovable property occupied by Our Company

Leasehold Property:

Sr. No.	Details of Agreement	Address	Consideration (In Rs.)	Type of Property/Purpose	Tenure
1.	Agreement dated April 23, 1999 between Maharashtra Industrial Development Corporation (MIDC), (Owner/Builder) and Mr. Surendra Kumar Tibrewala proprietor of M/s Fineotex Chemical Industries ("Purchaser") (Pursuant to Business takeover, Fineotex Chemical Industries is now Fineotex Chemical Limited)	Area of 600 square meters, Plot A-699, TTC Industrial Area, Mahape, New Mumbai, Thane Belapur Road, Thane District, Maharashtra – 400601	Rs.2,70,000/- originally	Leased Property/Existing Factory	95 years with effect from September 1, 1992
2.	Agreement dated May 28, 2007 between Mrs. Kanaklata S. Tibrewala ("Licensor") and Fineotex Chemical Private Limited ("Licensee")	Area 970 Square Feet at 43, Manorama Chambers, 4th Floor, S.V.Road, Bandra(W), Mumbai – 400050	Monthly rent of Rs. 40,000/- Advance rent for three months of Rs. 1,20,000/- Interest free refundable security deposit of Rs.1,20,00,000	Leased property/ Registered Office	5 years commencing from June1, 2007 to May 31, 2012.
3.	Agreement dated June 29, 2007 between Mrs. Kanaklata S. Tibrewala ("Licensor") and Fineotex Chemical Private Limited ("Licensee")	Area 3000 square feet at A-700, TTC Industrial Area, Mahape, New Mumbai, Thane Belapur Road, Thane District, Maharashtra – 400601	Monthly rent of Rs. 25,000/- Advance rent for three months of Rs. 75,000/- Interest free refundable security deposit of Rs. 75,00,000/-	Leased property/Existing factory	5 years commencing from June 1, 2007 to May 31, 2012

Rent Free Property:

Sr. No.	Details	Address	Consideration	Type of Property/Purpose
1.	Undertaking dated January 22, 2004 between Mr. Surendra Kumar Tibrewala and M/s Fineotex Chemical Private Limited	Area 781 square feet at 42, Manorama Chambers, 4th Floor, S.V.Road, Bandra(W), Mumbai – 400050.	Rent free	Rent free property/Registered office

KEY INDUSTRY REGULATIONS AND POLICIES

There are no specific laws in India governing the chemical manufacturing industry in India. The significant legislations and regulations that generally govern this industry in India are acts such as the Income Tax Act, 1961, Factories Act, 1948, Employees State Insurance Act, 1948, Bombay Shops and Establishment Act, 1948, Employees Provident Fund and Miscellaneous Act 1952, Environment Protection Act, 1986, Air (Prevention and Control of Pollution) Act 1981, Water (Prevention and Control of Pollution) Act 1974, Hazardous Waste (Management and Handling) Rules, 1989, Contract Labour (Regulation and Abolition Act), 1970, Maharashtra State Tax on Professions, Trades, Callings and Employment Act, 1975 and such other acts as applicable.

HISTORY AND OTHER CORPORATE MATTERS

Fineotex Chemical Limited (FCL) was incorporated as a private limited company under The Companies Act 1956, on January 30, 2004 in the State of Maharashtra and its constitution was changed to a public limited Company vide a new Certificate of Incorporation dated October 19, 2007. Promoted by the members of the Tibrewala family, our Company is in the business of Manufacturing Specialty chemicals and enzymes. The Registered and Corporate office of our Company is situated at 42 & 43 Manorama Chambers, S.V. Road, Bandra West Mumbai 400 050.

Corporate Profile

We manufacture Specialty chemicals consumed by Textile and Garment industry, Leather, Construction, Adhesives Paper, Water Treatment, Agrochemicals, Paint and other industries. Our Company's existing plant is located at A - 699 and A - 700, TTC Industrial Area, Mahape, Navi Mumbai, District Thane. Our products have an established international market in countries like Bangladesh, Indonesia, Bulgaria, Pakistan, Colombia, Singapore, etc. Also, our products are sold in Indian cities like Mumbai, Balotra Bhilwara, Delhi, Ludhiana, Tirupur, Karur, Erode, etc.

The Company had got its project appraised from Indian Bank, Bandra (West) Branch, Mumbai and had *vide* its letter dated March 04, 2008 filed Draft Prospectus dated March 03, 2008 with SEBI. SEBI *vide* its letter dated May 11, 2009 intimated about the closure of the file and suggested to re-file the offer document with the extant SEBI ICDR Regulations, 2009.

Further, the Company, *vide* its letter dated December 08, 2009 re-filed the draft red herring prospectus dated December 07, 2009 with SEBI. However, due to weak market response the company *vide* its letter dated March 09, 2010 intimated SEBI about the withdrawal of draft red herring prospectus.

Fineotex Chemical Industries, a proprietorship concern of Mr. Surendra Kumar Tibrewala was set up in the year 1995 at Mahape, MIDC in Navi Mumbai. Fineotex Chemical Industries was engaged in the manufacturing of specialty chemicals for Textile & Garment Industry (right from Pre-treatment Chemicals to finishing products), Leather Industry, Agrochemical Industry, Paper Industry, Paint Industry, Construction chemicals, Wood and Sticker Industry etc. It also manufactured various value added specialty chemicals and enzymes.

Our Company acquired the business of Fineotex Chemical Industries by executing the Deed of Assignment dated April 1, 2007 for a lump sum cash consideration of Rs. 3.00 Crore only and acquired all Assets and Liabilities related to the business. Pursuant to this Deed of Assignment, the Proprietor of Fineotex Chemical Industries was allotted 30, 00,000 Equity shares of Rs. 10 each of Fineotex Chemical Limited.

We propose to set up a manufacturing facility for the production of Specialty Chemicals and Enzymes with a capacity of 13,125 MT/annum in and around Khopoli in Maharashtra and to set up a Sales Office at Mumbai.

Setting up this project would be a step towards expansion of current business i.e. manufacturing of Specialty Chemicals and Enzymes for Construction, Textile & Garments, Leather and Water Treatment Industry. This expansion would help us tap the potential of the increasing demand of the specialty chemicals in the above industries.

As on the date of filing the draft red herring prospectus, we have 10 members.

Our Milestones

Sr. No.	Major Events	Year
1.	Incorporation of Fineotex Chemical Industries (FCI)	1995
2.	FCI received ISO 9001:2000 from JAS-ANZ Certification	2003
3.	Registered Trademark for 'FINEOTEX'	2003

4.	Incorporation of Fineotex Chemical Private Limited	2004
5.	Acquisition of business of Fineotex Chemical Industries by Fineotex Chemical Private Limited	2007
6.	Converted to Public Limited Company	2007
7.	FCL received ISO 9001:2000 from JAS-ANZ Certification	2007

Changes in the Registered Office of our Company

There has been no change in the Registered Office of our Company since inception.

Changes in the Memorandum of Association of our Company

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

Increase in the Authorised Equity Share Capital

Sr. No.	Particulars of Increase/ Modification	Number of Shares	Face Value (Rs.)	Date of Meeting,	Type of Meeting
1	On Incorporation	50,000	10	Incorporation	-
2	Increase from Rs. 5,00,000 to Rs. 5,00,00,000	50,00,000	10	March 28, 2007	EGM
3	Increase from Rs. 5,00,00,000 to Rs. 8,00,00,000	80,00,000	10	April 20, 2007	EGM
4.	Increase from Rs. 8,00,00,000 to Rs. 13,00,00,000	1,30,00,000	10	December 24, 2007	EGM

Change in the Name of our Company

Our Company was incorporated as 'Fineotex Chemical Private Limited' under the provisions of the Companies Act, 1956 pursuant to a Certificate of Incorporation dated January 30, 2004. Subsequently our Company was converted into public limited Company and our Company name was changed from Fineotex Chemical Private Limited to Fineotex Chemical Limited vide the new Certificate of Incorporation dated October 19, 2007.

Our Main Objects:

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

1) To carry on the business of manufacturers, exporters, importers, traders, stockiest, suppliers, commission agents, indenters, manufacturer's representatives or in any other capacity in India and abroad, of and dealers in chemicals, chemical compounds (organic and inorganic) in all forms, and chemical products of any nature and kind whatsoever, and all by-products and joint products thereof, such as acids, alkalies, petro-chemicals, chemical compounds, and chemicals of all kinds (solid, liquid and gaseous), drugs, pharmaceuticals, antibiotics, tannins, tannin extracts, essences, solvents, dyestuffs, intermediates, textile auxiliaries, cellophances, colours, dyes, paints, varnishes, vat and other organic dyestuffs, chemical auxiliaries, disinfectants, insecticides, fungicides, deodorants, biochemical and pharmaceutical, medicinal, sizing, bleaching, photographical and other preparations and articles.

2) To carry on business as chemical engineers & analytical chemists & to manufacture, sale, trade, import, export, deal in all types of machineries required for textile printings, finishing's, dyeing & all types of chemical & lab equipments.

Subsidiaries of Our Company

Our Company does not have any subsidiary Company.

Shareholders' Agreement

Our Company does not have any Shareholders Agreements.

Other Agreements

We have entered into the following non-compete agreements with promoter companies, details of which are as follows:

1. **Non-compete agreement between our Company and Proton Biochem Private Limited ("PBPL")**

Our Company has entered into a Non-Compete Agreement ("the said Agreement") dated February 4, 2008 with Proton Biochem Private Limited(our Company and PBPL collectively referred to as the **"parties"**), whereby it has been agreed between the parties that with effect from the date of Agreement, PBPL shall not within the Territory whether directly or indirectly through its Affiliate(s), either on its own behalf or on behalf of any person firm or corporation competing or endeavoring to compete with FCL directly or indirectly, solicit or endeavor to solicit or obtain the customer of any person, firm or corporation that is a customer of FCL. However, PBPL will continue to carry on the activities which it was engaged into, till the date of this agreement. PBPL undertakes that, henceforth it will not carry on any job work for any party other than FCL without its prior written approval.

2. **Non-compete agreement between our Company and Kamal Chemicals Private Limited ("KCPL")**

Our Company has entered into a Non-Compete Agreement ("the said Agreement") dated February 4, 2008 with Kamal Chemicals Private Limited (our Company and KCPL collectively referred to as the **"parties"**), whereby it has been agreed between the parties that with effect from the date of Agreement, KCPL shall not within the Territory whether directly or indirectly through its Affiliate(s), either on its own behalf or on behalf of any person firm or corporation competing or endeavoring to compete with FCL directly or indirectly, solicit or endeavor to solicit or obtain the customer of any person, firm or corporation that is a customer of FCL. However, KCPL will continue to carry on the activities which it was engaged into, till the date of this agreement. KCPL undertakes that, henceforth it will not carry on any job work for any party other than FCL without its prior written approval.

Strategic Partners

Presently, our Company does not have any Strategic Partners.

Financial Partners

Presently, our Company does not have any Financial Partners.

OUR MANAGEMENT

Board of Directors

Board of Directors comprising five directors, of which one is Whole Time Director and three are Independent Directors. Mr. Surendra Kumar Tibrewala is our Chairman & Managing Director and is in-charge of the overall management of our Company subject to the supervision and control of the Board. He is ably supported by professional and technically qualified team of executives.

Sr. No.	Name, Age, Fathers Name, Designation, Status, DIN, Address & Occupation of Director	Nationality	Other Directorships	Date of Appointment & Term of Directorship
1)	Mr. Surendra Kumar Tibrewala (54years) S/o Mr. Deviprasad R. Tibrewala Chairman & Managing Director Executive & Non Independent DIN: 00218394 42/43, Valencia, 11, Juhu Tara Road, Juhu, Mumbai - 400 049 Maharashtra Business	Indian	▪ Kamal Chemicals Private Limited	Appointed as Director on January 30, 2004 and Managing Director since June 25, 2007 for a period of five years.
2)	Mr. Sanjay S. Tibrewala (29 years) S/o Mr. Surendra Kumar Tibrewala Whole-time Director Executive & Non Independent DIN: 00218525 42/43, Valencia, 11, Juhu Tara Road, Juhu, Mumbai - 400 049 Maharashtra Business	Indian	▪ Proton Biochem Private Limited	Appointed as Director on January 30, 2004 and Whole-time Director since June 25, 2007 for a period of five years.
3)	Mr. Anand Agarwal (48 years) S/o Mr. Hariprasad Agarwal Non Executive & Independent DIN: 00605748 206 Rajshila, 597 J.S.S. Road, Chirabazar, Mumbai – 400 002 Maharashtra Professional	Indian	▪ Comfort Intech Limited ▪ Shubham Commerce Private Limited ▪ Nana Fintrade Services Private Limited	Appointed on July 30, 2007. To retire by rotation and eligible for re appointment.
4)	Mr. Sanjay Mittal (39 years)	Indian	▪ U C Metal Private Ltd.	Appointed on July 14, 2009. To retire by

Sr. No.	Name, Age, Fathers Name, Designation, Status, DIN, Address & Occupation of Director	Nationality	Other Directorships	Date of Appointment & Term of Directorship
	S/o Mr. Rambabu Mittal Non Executive & Independent DIN: 01705140 601, V.V Aster, CHS Ltd, Film City rd, Dindoshi, Malad (E), Mumbai- 97 Business			rotation and eligible for re appointment.
5)	Mr. Manmohan Mehta (42 years) S/o Mr. Ranjitsingh Mehta Non Executive & Independent DIN: 00391964 102, A wing, Oberoi Garden Building, Thakur Village, Kandivali (E), Mumbai – 400 101 Business	Indian	▪ Nalin Syntex Private Limited ▪ Mehta Syntex Private Limited ▪ Mars Farmland & Consultancy Services Private Limited ▪ Riverview Farm Land Private Limited ▪ RiverTouch Farm Land Private Limited ▪ Riverside Farm Land Private Limited ▪ Forest View Farm Land Private Limited ▪ Hill View Farm Land Private Limited ▪ River View Realty Private Limited ▪ Riverside Residency Private Limited ▪ Manraj Projects P Ltd ▪ Vimla Projects P Ltd	Appointed on December 31, 2007. To retire by rotation and eligible for re appointment.

 # Mr. Sanjay Tibrewala, the Whole Time Director of our Company is Son of Mr. Surendra Tibrewala, the Chairman and Managing Director of our Company

Note: None of the above mentioned Director are on the RBI List of willful defaulters as on date fo the Draft Red Herrng Prospectus.

Further, neither our Company, nor our Promoters and Directors are debarred from accessing the capital market by SEBI.

None of the Promoters, Directors or persons in control of our Company has been or is involved as a promoter, director person in control fo any other company, which is debarred from accessing the capital market under any order or direction made by SEBI.

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

Our Directors have not entered into any service contracts with our Company providing for benefits upon termination of employment.

Brief Profile of Our Board of Directors

Mr. Surendra Kumar Tibrewala, aged 54 years is the Chairman and Managing Director of our Company. He is a Commerce graduate from R. A. Poddar College of Commerce and Economics from Mumbai University and a Law graduate from Government Law College by qualification. He has started his career at the age of 20 in the Specialty Chemical Industry and has more than 3 decades of experience into manufacturing Specialty Chemicals and Enzymes for various industries namely Textiles & Garments, Construction, Water Treatment, Leather, Paper, Paint, Adhesives etc.

As the Chairman & Managing Director, he is actively involved in the day to day affairs of our Company and in strategic decision making.

Mr. Sanjay S. Tibrewala, aged 29 years is the Whole-time director of our Company. He is a Commerce Graduate from Narsee Monjee College of Commerce and Economics from Mumbai University. He is a Post Graduate, having specialized in Textile Processing and Chemicals from Sasmira University, Mumbai. His experience and dynamic nature has facilitated the Company to venture into indirect exports and segments like Construction Chemicals, Adhesives & Enzymes which are a new branch in specialty chemicals, making the Company more integrated in nature.

Mr. Anand Agarwal, aged 48 years is a Non Executive and Independent Director of our Company. He is a Commerce Graduate and is also a Qualified Chartered Accountant, FCA and AICWA. He has acquired experience in various Industries for over Two Decades has given him insight of various industries and their operations. His Knowledge in the field of finance has helped our Company in making critical financial decisions.

Mr. Manmohan Mehta, aged 42 years is a Non Executive and Independent Director of our Company. He is a Commerce Graduate by qualification. He has acquired experience in various Industries for over 15 years. His Knowledge in the field of Law and Business will help our Company in making strategic decisions. Presently, he is the Chairman of the Remuneration Committee of our Company.

Mr. Sanjay Mittal, aged 39 years is a Non Executive and Independent Director of our Company. He is a Commerce Graduate by qualification. He has acquired experience in various Industries for over 15 years. His Knowledge in the field of Business will help our Company in making strategic decisions. Presently, he is the Chairman of the Audit Committee and Shareholders/ Investor Grievance Committee of our Company.

Borrowing Powers of the Board

The Board of Directors of our Company has power to borrow up to Rs. 2,500 Lacs as per the members' resolution passed in the AGM of our Company held on August 17, 2007. The extract of the resolution of our Company authorizing the Board's borrowing powers is reproduced:

"RESOLVED THAT in supersession of all previous resolution(s) and pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act , 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the Board of directors of the Company (herein after referred to as the 'Board', which expression shall also include a Committee thereof) be and is here by authorized to borrow from time to time, any sum or sums of money from any person(s) or bodies corporate including its holding Company, on such terms and condition as it may deem fit for the purpose for the companies business not withstanding that the monies so borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of the 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, provided that the total amount of such borrowings together with the amounts already borrowed and outstanding shall not, at any time, exceed Rs. 25 Crore (Twenty Five Crore only) outstanding at any time.

We confirm that the borrowing powers of directors are in compliance with the relevant provisions of the Companies Act, 1956.

COMPENSATION TO MANAGING DIRECTORS/WHOLE-TIME DIRECTORS

a) Mr. Surendra Kumar Tibrewala, Chairman and Managing Director

The remuneration of our Chairman and Managing Director, Mr. Surendra Kumar Tibrewala as per resolution passed in the Meeting of the Board of Directors held on June 25, 2007 is detailed hereunder:

Salary: Salary Rs.1, 25,000 per month.

Consolidated Allowance: 1% of the profit subject to a maximum of the yearly basic salary

Perquisites: Perquisites are classified into three categories – A, B and C.

CATEGORY A

a) House Rent Allowance not exceeding 60% of the Basic Salary
b) Medical Benefits: Re-imbursement of medical expenses incurred by him, his wife and dependent children subject to a ceiling of one month's basic salary in a year. Medical Insurance under the "Medicare" Scheme under the Rules of the Company.
c) Leave Travel Concession: For self, wife and dependent children subject to a ceiling of Rs. 75000/- per annum.
d) Club Fees: Subscription of one club, which will not include admission and Life Membership Fees.
e) Membership of one Professional Body: Membership fees to be paid annually for one professional body.

CATEGORY B

a) Contribution to Provident Fund/ Superannuation/ Annuity Fund: in accordance with the Rules of the Company in force from time to time.
b) Gratuity: As per rules of the Company in force from time to time but not exceeding the limits as mentioned in the Payment of Gratuity Act.
c) Earned Privilege Leave on full pay and allowance as per rules of the Company. Leave accumulated but not availed of will be allowed to be encashed at the time of his retirement as per rules of the Company.

CATEGORY C

a) Car: Use of Company's car for business purpose.
b) Telephone: Provided by the Company at the residence but all personal long distance calls will be billed by the Company to him.

Other Benefits

Mr. Surendra Kumar Tibrewala shall also be entitled to reimbursement of expenses actually incurred for the business of the Company. Subject to the applicable provisions of the Companies Act, 1956 he is eligible for Housing Loan in accordance with the Rules of the Company.

b) Mr. Sanjay S. Tibrewala, Whole-time Director

The remuneration of our Whole-time Director, Mr. Sanjay S. Tibrewala is as per resolution passed in the Meeting of the Board of Directors held on June 25, 2007 is detailed hereunder:

Salary: Salary Rs. 75,000 per month.

Consolidated Allowance: 1% of the profit subject to a maximum of the yearly basic salary

Perquisites: Perquisites are classified into three categories – A, B and C.

CATEGORY A

a) House Rent Allowance not exceeding 60% of the Basic Salary
b) Medical Benefits: Re-imbursement of medical expenses incurred by him, his wife and dependent children subject to a ceiling of one month's basic salary in a year. Medical Insurance under the "Medicare" Scheme under the Rules of the Company.
c) Leave Travel Concession: For self, wife and dependent children subject to a ceiling of Rs. 75000/- per annum.
d) Club Fees: Subscription of one club, which will not include admission and Life Membership Fees.
e) Membership of Professional Body: Membership fees to be paid annually for one professional body.

CATEGORY B

a) Contribution to Provident Fund/ Superannuation/ Annuity Fund: in accordance with the Rules of the Company in force from time to time.
b) Gratuity: As per rules of the Company in force from time to time but not exceeding the limits as mentioned in the Payment of Gratuity Act.
c) Earned Privilege Leave on full pay and allowance as per rules of the Company. Leave accumulated but not availed of will be allowed to be encashed at the time of his retirement as per rules of the Company.

CATEGORY C

c) Car: Use of Company's car for business purpose.
d) Telephone: Provided by the Company at the residence but all personal long distance calls will be billed by the Company to him.

Other Benefits

Mr. Sanjay S. Tibrewala shall also be entitled to reimbursement of expenses actually incurred for the business of the Company. Subject to the applicable provisions of the Companies Act, 1956 he is eligible for Housing Loan in accordance with the Rules of the Company.

Corporate Governance

The provisions of the Listing Agreement to be entered into with BSE with respect to Corporate Governance and the SEBI ICDR Regulations, 2009 in respect of corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchange.

Our Company has taken necessary steps to implement the provisions of the Corporate Governance norms entered into with the Stock Exchange. The constitution of our Board of Directors is in compliance with the said provisions and it has the necessary committees in place in compliance with the said provisions:

a) Audit Committee

b) Shareholders/Investor Grievance Committee
c) Remuneration Committee

Composition of Board of Directors

The Board of Directors of our Company has an optimum combination of executive and non-executive Directors as envisaged in Clause 49 of the Listing Agreement. Our Board has Five Directors out of which three are independent directors in accordance with the requirement of clause 49 of the listing agreement of the stock exchange.

Board Structure

Name & Designation	Nature of Directorship
Mr. Surendra Kumar Tibrewala Chairman & Managing Director	Executive & Non Independent (Promoter Director)
Mr. Sanjay S. Tibrewala Whole Time Director	Executive & Non Independent (Promoter Director)
Mr. Anand Agarwal Director	Non-Executive & Independent
Mr. Sanjay Mittal Director	Non-Executive & Independent
Mr. Manmohan Mehta Director	Non-Executive & Independent

Note: *As per the Corporate Governance requirements of Clause 49 of the Listing Agreement, if the Chairman of the Board is Executive Director then, at least half of the Board should be independent. We have total five directors out of which three are independent Directors.*

Audit Committee

Our Company has constituted an Audit Committee, as per the provisions of Section 292A of the Companies Act. The constitution of the Audit Committee was approved at the Meeting of the Board of Directors held on November 21, 2007. It was re-constituted at the Meeting of the Board of Directors held on November 05, 2009. It was further re-constituted at the Meeting of the Board of Directors held on June 11, 2010.

The terms of reference of Audit Committee complies with the requirements of Clause 49 of the listing agreement, which will be entered into with the Stock Exchange in due course. The committee consists of two Non-Executive and Independent Directors and one Executive and Non- Independent Director.

Sr. No.	Name of the Director	Designation	Nature of Directorship
1	Mr. Sanjay Mittal	Chairman	Non Executive & Independent
2	Mr. Manmohan Mehta	Member	Non Executive & Independent
3	Mr. Sanjay S. Tibrewala	Member	Executive & Non Independent

Our Company Secretary, Mr. A. V. Nerurkar is the Secretary of the Committee.

The Terms of reference of the Audit Committee are given below:

a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

b) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.

c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

d) Appointment, removal and terms of remuneration of internal auditors.

e) 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 the financial statements;
   f) Disclosure of any related party transactions;
   g) Qualifications in the draft audit report.

f) Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.

g) To monitor the proceeds of the proposed initial public offering of the Company

h) Monitoring the use of the proceeds of the proposed initial public offering of the Company.

i) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.

j) 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.

k) Discussions with internal auditors on any significant findings and follow up thereon.

l) Reviewing internal audit reports and adequacy of the internal control systems.

m) 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.

n) Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors

o) Discussion with internal auditors any significant findings and follow up there on.

p) 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.

q) 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.

r) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.

s) To review the functioning of the whistle blower mechanism, when the same is adopted by the Company.

t) Carrying out any other function as may be statutorily required to be carried out by the Audit Committee.

Shareholders/ Investor Grievance Committee

Our Company has constituted a Shareholders/Investor Grievance Committee. The constitution of the Shareholders/ Investor Grievance Committee was approved by a Meeting of the Board of Directors held on November 21, 2007. The committee consists of two Non-Executive and Independent Directors and one Executive and Non- Independent Director. It was re-constituted at the Meeting of the Board of Directors held on November 05, 2009. It was further re-constituted at the Meeting of the Board of Directors held on June 11, 2010.

Sr. No.	Name of the Director	Designation	Nature of Directorship
1)	Mr. Sanjay Mittal	Chairman	Non Executive & Independent
2)	Manmohan Mehta	Member	Non Executive & Independent
3)	Mr. Sanjay S. Tibrewala	Member	Executive & Non Independent

Our Company Secretary, Mr. A. V. Nerurkar is the Secretary of the Committee.

The terms of reference of the Shareholders/Investors Grievance Committee are as follows:

a) Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;

b) To look after matters relating to dematerialization and re-materialization of shares.

c) Redressal of shareholder and investor complaints like transfer of shares, allotment of shares, non-receipts of the refund orders, right entitlement, non-receipt of Annual Reports and other entitlements, non-receipt of declared dividends etc;

d) Issue of duplicate / split / consolidated share certificates;

e) Allotment and listing of shares;

f) Review of cases for refusal of transfer / transmission of shares and debentures;

g) Reference to statutory and regulatory authorities regarding investor grievances;

h) And to otherwise ensure proper and timely attendance and redressal of investor queries and grievances.

Remuneration Committee

Our Company has constituted a Remuneration Committee. The constitution of the Remuneration Committee was approved by a Meeting of the Board of Directors held on December 31, 2007. It was re-constituted at the Meeting of the Board of Directors held on November 05, 2009. It was further re-constituted at the Meeting of the Board of Directors held on June 11, 2010.

The committee consists of all three Non-Executive & Independent Directors.

Sr. No.	Name of the Director	Designation	Nature of Directorship
1.	Mr. Manmohan Mehta	Chairman	Non Executive & Independent
2.	Mr. Sanjay Mittal	Member	Non Executive & Independent
3.	Mr. Anand Agarwal	Member	Non Executive & Independent

Our Company Secretary, Mr. A. V. Nerurkar is the Secretary of the Committee.

The terms of reference of the Remuneration Committee are as follows:

i. 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.);

ii. To be authorized 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 Managing/ Joint Managing/ Deputy Managing/ Whole time/ Executive Directors, including pension rights and any compensation payment;

iii. To implement, supervise and administer any share or stock option scheme of the Company.

Policy on Disclosures & Internal procedure for prevention of Insider Trading

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

Mr. Hitesh Bhadra, Vice President (Finance & Accounts) is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the board.

Code of Conduct for Directors & Senior Management Personnel

Our Board of Directors have approved and adopted the Code of Conduct for Directors and Senior Management Personnel in view of the proposed public issue. The code of conduct is available on website of our Company.

Shareholding of Directors including qualification shares, if any

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

Name of the Director	No. of Shares	% of Pre-Issue Paid-up Share Capital
Mr. Surendra Kumar Tibrewala*	60,79,050	86.61%
Mr. Sanjay S. Tibrewala	2,06,150	2.94%
Mr. Anand Agarwal	--	--
Mr. Sanjay Mittal	--	--
Mr. Manmohan Mehta	--	--

* *Mr. Surendra Kumar Tibrewala holds 59, 94,500 shares in individual capacity and holds 84,550 shares as Karta of Surendra Kumar Tibrewala (HUF).*

Payment or benefit to directors/officers of our Company

Except as disclosed below, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as Directors, officers or employees.

Interest of Directors

Except as stated in the 'Related Party Transactions' beginning on page 142 of this Draft Red Herring Prospectus, all our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of our Board or committees thereof as well as to the extent of remuneration and/or reimbursement of expenses payable to them in accordance with the provisions of the Companies Act and in terms of the Articles.

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

Interest as to Property

Except as stated otherwise in this Draft Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of the Draft Red Herring Prospectus in which the directors are directly or indirectly interested and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them.

Directors Remuneration for the year ended March 31, 2010.

(Rs. in lakhs)

Sr. No	Name of the Director	Sitting Fees per meeting	Salaries / Perquisites	Commission	Total
1.	Mr. Surendra Kumar Tibrewala	--	31.80	--	31.80
2.	Mr. Sanjay S. Tibrewala	--	19.08	--	19.08
3.	Mr. Anand Agarwal	NIL	--	--	NIL
4.	Mr. Sanjay Mittal	NIL			NIL
5.	Mr. Manmohan Mehta	NIL	--	--	NIL
	Total	**NIL**	**50.88**	**NIL**	**50.88**

No sitting fees have been paid to any director. For details of payments or benefits paid to our Executive Directors, please refer to paragraph 'Compensation to Managing Directors/Whole-time Directors' in the Chapter titled 'Our Management' beginning on page 102 of this Draft Red Herring Prospectus.

Changes in the Board of Directors during the last three years

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

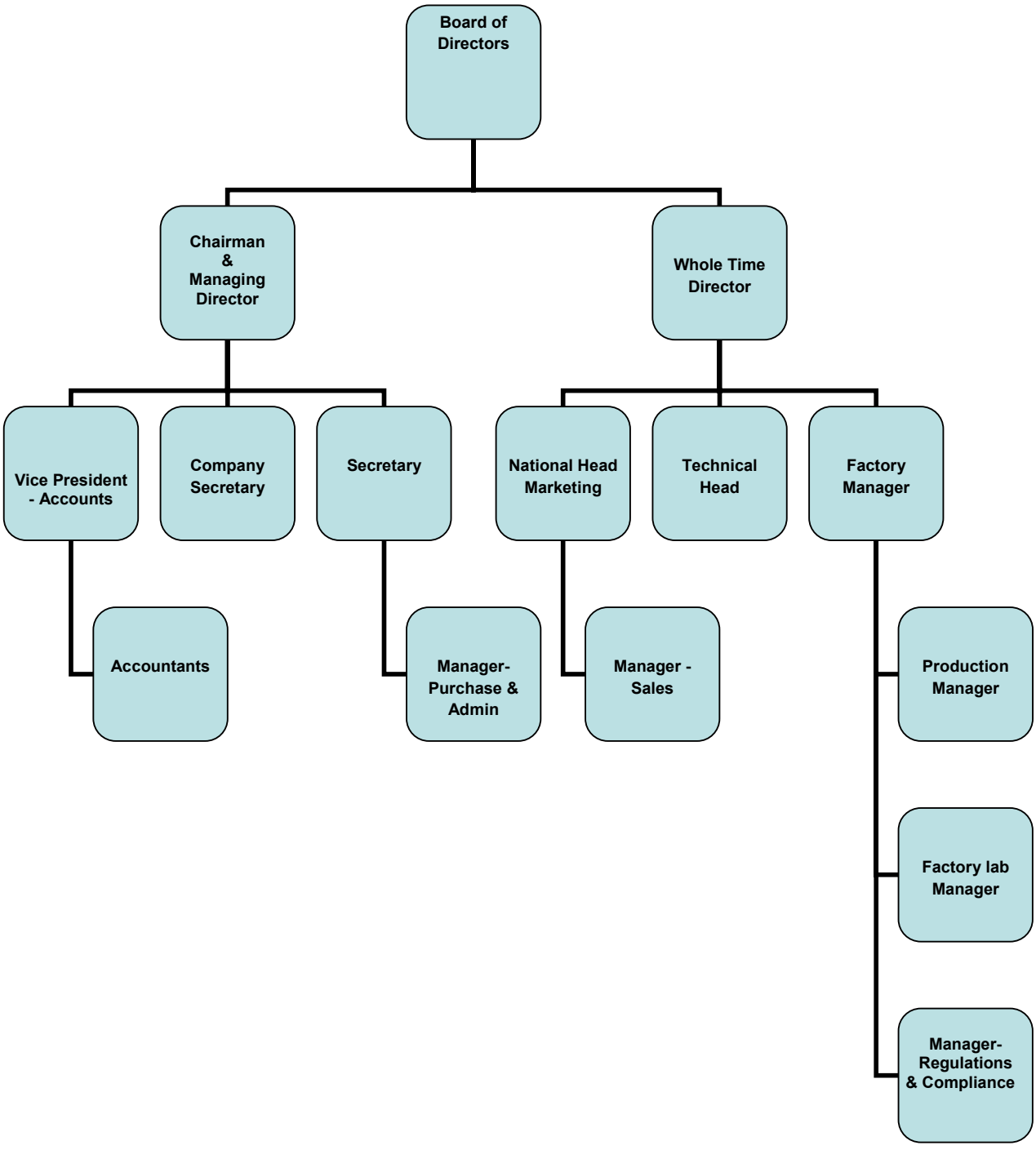
Sr. No.	Name of the Director	Date of Change	Reason for Change
1.	Mr. Surendra Kumar Tibrewala	June 25, 2007	Appointed as Managing Director
2.	Mr. Sanjay S. Tibrewala	June 25, 2007	Appointed as Whole time Director
3.	Mr. Anand Agarwal	July 30, 2007	Appointed as Additional Director to broad base the board

4.	Mr. Umesh Gala	November 21, 2007	Appointed as Additional Director to broad base the board
5.	Mr. Manmohan Mehta	December 31, 2007	Appointed as Additional Director to broad base the board
6.	Mr. Umesh Gala	July 14, 2009	Cessation
7.	Mr. Sanjay Mittal	July 14, 2009	Appointed as Additional Director to broad base the board

None of our Director has been selected as Director or member of senior management pursuant to any agreement or understanding with major shareholders, customers or others.

Except as stated in the Draft Red Herring Prospectus, none of our Directors have entered into any service contracts which would entitle them for any benefits upon termination of employment

MANAGEMENT ORGANISATION STRUCTURE



Key Managerial Personnel

Sr. No	Name, Age & Designation	Qualifications	Date of joining	Experience in years	Functional Responsibility	Previously employed with	Compensation Paid during last F.Y. (Rs.)
1.	Mr. Sharad Nachane 69 years, Senior Technical President	B.Sc LTC (VJTI)	April 1, 2009	43 Years	Product Promotion & Customer Service	▪ ICI India Ltd.	661800
2.	Mr. Suresh Desai 63 years, Technical Head	M.Sc. (Tech)	April 1, 2007	27 Years	Product Development Technical Quotient	▪ The Bombay Dyeing Mfg Co. Limited ▪ ICI India Limited	413095
3.	Mr. S. R. Iyer 59 years, National Head – Marketing	B.A. (English Literature)	April 1, 2007	37 Years	Overall Marketing Management and Distribution Network	▪ MHD Mus cat ▪ Britacel Silicon Limited	388000
4.	Mr. Hitesh Bhadra 29 years, Vice President – Finance & Accounts	B.Com	April 1, 2007	8 Years	Overall Finance and accounts management	▪ D. R. Bhanushali & Co.	260120
5.	Mr. Ramesh Gupta 37 years, Factory - General Manager	M.Sc. (Mathematics)	April 1, 2007	12 Years	Factory – General Manager	▪ Navbharat Enterprises	266046
6.	Mr. A. V. Nerurkar 56 years, Company Secretary	Company Secretary	June 25, 2007	30 Years	Secretarial & Legal Compliances	▪ Ceat Financial Services Limited ▪ HICO Products Limited ▪ Bombay Tyres Int. Limited ▪ Kohinoor Mills Limited	1,65,500

Shareholding of Key Managerial Personnel

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

Bonus or Profit Sharing Plan for the Key Managerial Personnel

Our Company does not have any bonus/profit sharing plan for any of the employees, directors, key managerial personnel.

Changes in the Key Managerial Personnel during last 3 years

Sr. No	Name & Designation	Date of appointment	Date of Resignation	Reason
1.	Mr. Sharad Nachane Sr. Technical President	April 01, 2009	--	Appointed

Notes:

- All the Key Managerial Personnel mentioned above are on the payrolls of our Company as the permanent employees.
- There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned personnel have been recruited.
- The Key Management Personnel mentioned above are not related parties as per the Accounting Standard 18.
- None of the Promoters/Directors of our Company have any relationship whatsoever with any of our Key Managerial Personnel.

Employees

The details about our employees appear under the Paragraph titled 'Manpower' on page 90 of this Draft Red Herring Prospectus.

ESOP/ESPS Scheme to Employees

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

Payment or Benefit to our Officers

Except for the payment of salaries and yearly bonus, we do not provide any other benefit to our employees.

Interest of Key Managerial Personnel

The Key Managerial Personnel of our Company do not have any interest in our Company, other than to the extent of remuneration of benefits to which they are entitled as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

None of our Key Managerial personnel has been selected as Director or member of senior management pursuant to any agreement or understanding with major shareholders, customers or others.

OUR PROMOTERS AND THEIR BACKGROUND

Our Company is promoted by Four Individuals, Two Companies and One HUF.

INDIVIDUAL PROMOTERS



MR. SURENDRA KUMAR TIBREWALA

Mr. Surendra Kumar Tibrewala, aged 54 years, son of Mr. Deviprasad R. Tibrewala is the Chairman and Managing Director of our Company.

He is a Commerce graduate from R. A. Poddar College of Commerce and Economics from Mumbai University and a Law graduate from Government Law College by qualification. He has started his career at the age of 20 in the Specialty Chemical Industry and has more than 3 decades of experience into manufacturing Specialty Chemicals and Enzymes for various industries namely Textiles & Garments, Construction, Water Treatment, Leather, Paper, Paint, Adhesives etc.

As the Chairman and Managing Director, he is actively involved in the day to day operations and developing long term strategies for the Company.

Driving License No: 87/W/2741; Voter Id No: KNF1662071



MR. SANJAY S. TIBREWALA

Mr. Sanjay S. Tibrewala, aged 29 years, son of Mr. Surendra Kumar Tibrewala, is the Whole time Director of our Company. A Commerce graduate from Narsee Monjee College of Commerce and Economics from the University of Mumbai and a Post Graduate in Textile Processing and Chemicals from SASMIRA, Mr. Sanjay brings in a sense of focus, and competitive spirit to the Company. He joined his father in 2001 and has in depth knowledge of products and understanding of market dynamics. His dedication towards the Company has helped it shape into a successful, professionally managed enterprise. He has about 9 years of experience in the Specialty chemicals sector.

He has been associated with our Company since inception as a Promoter and has been actively managing the affairs of our Company specifically overlooking at entering new markets, increasing the product line with constant focus on improvement in quality of products offered.

Driving License No: 46481; Voter Id No: KNF1662022



MRS. KANAKLATA S. TIBREWALA

Mrs. Kanaklata S. Tibrewala, aged 51 years, wife of Mr. Surendra Kumar Tibrewala is the Promoter of our Company.

An Arts graduate from Xavier's College of Arts & Science from the University of Mumbai, she belongs to a business family and has actively been associated with specialty chemicals for over two decades.

Driving License No: 82/W/6051; Voter Id No: KNF1662113



MS. RITU TIBREWALA

Ms. Ritu S. Tibrewala, aged 25 years, is the daughter of Mr. Surendra Kumar Tibrewala and is the General Manager and Promoter of our Company.

She is a Management Graduate from Narsee Monjee College of Commerce and Economics from the University of Mumbai, and is an MBA in Finance specialized in Investment Banking from S.P. Jain Centre of Management (Dubai). She belongs to a business family and has been looking into the business for more than three years. She is responsible for the overall management of the Company.

Driving License No: B2649 Voter Id No: Application Made

CORPORATE AND OTHER PROMOTERS

Our Corporate Promoters are:

1. Proton Biochem Private Limited

Proton Biochem Private Limited ("**PBPL**")was incorporated on May 10, 1994 under the Companies Act, 1956 with the Registrar of Companies, Maharashtra, Mumbai, vide Certificate of Incorporation having Registration No. 11-78288, under the name of Strap-It Packaging Products Private Limited. Subsequently the name was changed to Proton Biochem Private Limited vide a Special Resolution passed on April 24, 2003. The Corporate Identification Number of the Company is U 74950 MH 1994 PTC 078288. The registered office of the Company is situated at 42 & 43, Manorama Chambers, S. V. Road, Bandra (West), Mumbai - 400 050, Maharashtra.

PBPL is engaged inter alia in the business of blending of chemicals, including organic, inorganic chemicals, heavy chemicals, fine chemicals, dyes, colours, synthetic chemical polymers and other textile auxiliaries.

Board of Directors

Name of the Director	Designation	DIN
Mr. Sanjay S. Tibrewala	Director	00218525
Ms. Ritu S. Tibrewala	Director	00218561

Shareholding Pattern:

Sr. No.	Name of Shareholder	No. of shares Face Value of Rs. 10 each	% Holding
1.	Mrs. Laxmiben J. Thakkar	1,10,000	44.72
2.	Mrs. Kanaklata S. Tibrewala & Mr. Surendra Kumar Tibrewala	58,000	23.57
3.	Ms. Ritu S. Tibrewala & Mrs. Kanaklata S. Tibrewala	25,000	10.16
4.	Ms. Sanjay S. Tibrewala & Mrs. Kanaklata S. Tibrewala	43,000	17.47
5.	Mr. Sanjay S. Tibrewala	5,000	2.04
6.	Ms. Ritu S. Tibrewala	5,000	2.04
	Total	**2,46,000**	**100.00%**

PBPL sub-divided the face value of its Equity shares from face value Rs. 100/- to Rs. 10/- (for every One Equity Share of face value Rs.100/- shareholder received 10 Equity Shares of Rs. 10/- each), which was vide resolution passed in the Extra Ordinary General Meeting of PBPL held on June 20, 2007.

Brief Financial Performance:

(Rs. in Lacs)

Particulars	For the FY ended 31st March		
	2008	2009	2010
Equity Share Capital	24.60	24.60	24.60
Reserves (excluding Revaluation Reserves)	19.09	19.41	21.94
Less: Misc. Exp to the extent not written off	0.46	0.42	0.38
Net Worth	43.23	43.60	46.16
Total Income	78.39	62.39	73.05
PAT	5.84	2.24	3.90
EPS (Rs.)	3.25	0.91	1.59
NAV per share (Rs.)	17.57	17.72	18.77
Face Value (Rs.)	10	10	10

PBPL is an unlisted Company and has not made any public issue in preceding three years. The Company does not fall under the definition of a sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up. The Company has not been restrained from accessing the capital market for any reasons by SEBI or by any other authority.

2. Kamal Chemicals Private Limited

Kamal Chemicals Private Limited ("**KCPL**") was incorporated on November 21, 1990 with Registrar of Companies, Maharashtra, Mumbai. The Corporate Identification Number of the Company is U24110 MH 1990 PTC 059067. The registered office of the Company is situated at 2, Violet Villa, West Avenue, Road, Santacruz (West) Mumbai - 400 054. The Company is engaged into the business of manufacturers, exporters, importers, traders, stockists, supplier, commission agents, or in any other capacity in India or elsewhere, and to deal chemicals including organic, inorganic, heavy chemicals, fine chemicals, resins, dyes, adhesives and textile auxiliaries.

Board of Directors

Name of the Director	Designation	DIN
Mrs. Kanaklata S. Tibrewala	Director	00218454
Mr. Surendra Kumar Tibrewala	Director	00218394

Shareholding Pattern:

Sr. No.	Name of Shareholder	No. of shares Face Value of Rs. 10 each	% Holding
1.	Mrs. Kanaklata S. Tibrewala & Mr. Surendra Kumar Tibrewala	3,90,000	97.50
2.	Mr. Surendra Kumar Tibrewala	7,400	1.85
3.	Mrs. Kanaklata S. Tibrewala	2,600	0.65
	Total	**4,00,000**	**100.00**

KCPL sub-divided the face value of the Equity shares from face value Rs. 100 to Rs. 10 (for every One Equity Share of face value Rs.100, shareholder received 10 Equity Shares of face value Rs. 10/-), which was passed vide a resolution in the Extra Ordinary General Meeting of KCPL held on May 8, 2007.

Brief Financial Performance:

(Rs. in Lacs)

Particulars	For the FY ended 31st March		
	2008	2009	2010
Equity Share Capital	40.00	40.00	40.00
Reserves (excluding Revaluation Reserves)	55.39	58.39	61.47
Less: Misc. Exp to the extent not written off	0.00	0.00	0.00
Net Worth	95.39	98.39	101.47
Total Income	0.17	3.12	5.24
PAT	(0.61)	3.00	3.09
EPS (Rs.)	(0.15)	0.75	0.77
NAV per share (Rs.)	23.84	24.60	25.37
Face Value (Rs.)	10	10	10

KCPL is an unlisted Company and has not made any public issue in preceding three years. The Company does not fall under the definition of a sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up. The Company has not been restrained from accessing the capital market for any reasons by SEBI or any other authority.

Other Promoters

1. Surendra Kumar Tibrewala (HUF)

Mr. Surendra Kumar Tibrewala is the Karta of Surendra Kumar Tibrewala (HUF) and commenced in the year 1985 and operates from 2, Violet Villa, West Avenue Road, Santacruz (West), Mumbai, Maharastra. The HUF's income for the year ended March 31, 2010 is Rs.2.98 lakhs and has been Interest Income from Investments.

We confirm that:

- Permanent Account Number, Bank Account details and Passport Number of our Individual Promoters,
- Permanent Account Number, Bank Account details and Company Registration number of our Corporate Promoters and
- Permanent Account Number, Bank Account details of Other Promoters

have been submitted to Bombay Stock Exchange Limited, on which our Company proposes to list its Equity Shares at the time of filing of this Draft Red Herring Prospectus.

Further our Promoters have not been identified as a wilfull defaulter by RBI or any other Government authority and there are no violations of securitie slaws committed by teh Pormtoers in the past or any such proceeding are pending against the Promtoers. None of the promoters or persons forming part of Promoter Group have been (i) prohibited from accessing the capital markets under any order or director passed by SEBI or nay other authority or (ii) refused listing of any of the securities issued by such entity by any stock exchange in India or abroad.

Common Pursuits

Except our Promoters Proton Biochem Private Limited and Kamal Chemicals Private Limited, none of our other Promoters or Promoter Group concerns are in the same line of business as ours. Further, we have entered into non-compete agreements with them. Under the non- compete agreements the

above mentioned Promoters have agreed that the operations and the markets of these companies shall not in any way infringe or compete with those of our Company.

In addition to the persons named above, the following natural persons, due to their relationship with our promoters, are part of our Promoter Group in terms of Regulation2(1)(zb) of SEBI(ICDR) Regulations, 2009.

Relatives of the Promoter that form part of the Promoters Group are as under:

Relatives of Mr. Surendra Kumar Tibrewala

Relationship	
Father	Mr. Deviprasad R. Tibrewala
Mother	Mrs. Sarvatidevi Tibrewala
Brother	Mr. Rajendra Tibrewala
Sister	Mrs. Vimla Saraf
Spouse	Mrs. Kanaklata S. Tibrewala
Children	Mr. Sanjay S. Tibrewala, Ms. Ritu S. Tibrewala & Mrs. Aarti Jhunjhunwala
Spouse's Father	Mr. Jamnadas Thakkar
Spouse's Mother	Mrs. Laxmiben J Thakkar
Spouse's Brother	--

Relatives of Mrs. Kanaklata S. Tibrewala

Relationship	
Father	Mr. Jamnadas Thakkar
Mother	Mrs. Laxmiben J Thakkar
Brother	--
Sister	Mrs. Pragna M Vorani
Spouse	Mr. Surendra Kumar Tibrewala
Children	Mr. Sanjay S. Tibrewala & Ms. Ritu S. Tibrewala
Spouse's Father	Mr. Deviprasad R. Tibrewala
Spouse's Mother	Mrs. Sarvatidevi Tibrewala
Spouse's Brother	Mr. Rajendra Tibrewala

Relatives of Mr. Sanjay S. Tibrewala

Relationship	
Father	Mr. Surendra Kumar Tibrewala
Mother	Mrs. Kanaklata S. Tibrewala
Brother	---
Sister	Ms. Ritu Tibrewala
Spouse	Mrs. Nidhi Tibrewala
Children	Ms. Jiana Tibrewala
Spouse's Father	Mr. Yogendra Rajpuria
Spouse's Mother	Mrs. Divya Rajpuria
Spouse's Brother	Mr. Niraj Rajpuria

Relatives of Ms. Ritu Tibrewala

Relationship	
Father	Mr. Surendra Kumar Tibrewala
Mother	Mrs. Kanaklata S. Tibrewala
Brother	Sanjay S. Tibrewala
Sister	Mrs. Aarti Jhunjhunwala
Spouse	---
Children	---

Spouse's Father	---
Spouse's Mother	---
Spouse's Brother	---

Promoter Group Companies and entities

The companies, HUFs, partnership firms and other entities, that form part of our Promoter Group are as follows:

Companies

Sr. No	Name
1.	Proton Biochem Private Limited
2.	Kamal Chemicals Private Limited

HUF

Sr. No	Name
1.	Surendra Kumar Tibrewala (HUF)

Partnership Firms

Sr. No	Name
1.	M/s. Shree Vinayak Industries
2.	M/S. Shree Ganesh Enterprises

Proprietorships

Sr. No	Name
1.	M/s. Sanjay Exports

Interest of Promoters

Our Promoters are interested in the promotion of our Company and are also interested to the extent of equity shares that they are holding and/or allotted to them out of the present Issue, if any, in terms of the 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, our Promoters Mr. Surendra Kumar Tibrewala and Mr. Sanjay S. Tibrewala who are Executive Directors of our Company, may be deemed to be interested to the extent of remuneration and/or reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act and in terms of the Articles of Association of the Company.

Further, our Promoter Ms. Ritu Tibrewala other than being interested to the extent of equity shares that she is holding and/or allotted to her out of the present Issue, if any, in terms of the Draft Red Herring Prospectus and also to the extent of any dividend payable to her and other distributions in respect of the said Equity Shares.

Except as stated hereinabove and as stated in 'Related Party Transactions' appearing under Section titled 'Financial Information' beginning on page 142 of this Draft Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Red Herring Prospectus in which the Promoters are directly or indirectly interested and no

payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them.

Payment or Benefit to our Promoters

For details of payments or benefits paid to the Promoters, please refer to the paragraph 'Compensation to Managing Directors/Whole time Directors' in the Chapter titled 'Our Management' beginning on page 105 in this Draft Red Herring Prospectus.

Sales or Purchase between companies in the Promoter Group

There have been no sales or purchases between companies in the Promoter Group of our Company exceeding in value in the aggregate 10% of the total sales or purchases of the Company.

Related Party Transactions

The details of related party transactions have been disclosed as a part of the Auditors Report. For details, please refer page 142 of this Draft Red Herring Prospectus.

Disassociation of Promoters

None of the Promoters have disassociated themselves from the company.

CURRENCY OF PRESENTATION

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

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

DIVIDEND POLICY

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

The dividends declared by our Company for the five years are as under:

Particulars	For the year ended March 31				
	2006	2007	2008	2009	2010
Paid up Share Capital	1.00	1.5	701.86	701.86	701.86
Face Value (Rs.)	10	10	10	10	10
Rate of dividend %	-	3	10	10	10
Amount of dividend (Rs. Lacs)	0	0.05	70.18	70.18	70.18

The amount paid as dividend in the past is not indicative of the dividend policy in the future.

SECTION VII - FINANCIAL INFORMATION

AUDITOR'S REPORT AND FINANCIAL INFORMATION OF OUR COMPANY

The Board of Directors,
Fineotex Chemical Limited
42 & 43, Manorama Chambers,
S.V. Road, Bandra(West)
Mumbai – 400 050

A. a) We have examined the annexed financial information of **FINEOTEX CHEMICAL LIMITED** ('the Company") for the Financial Year ended 31st March, 2010 prepared and approved by the Board of Directors of the Company for the purpose of disclosure in the offer documents being issued by the Company in connection with the issue of equity shares of the Company. Audit for the financial year ended 31st March, 2006, 2007, 2008 & 2009 was conducted by previous auditor M/s. A. D. Mehta & Co., Chartered Accountants and accordingly reliance has been placed on the financial information examined by him for the said years. The financial report included for these years are based solely on the reports submitted by them.

A. In accordance with the requirements of:

(i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
(ii) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('the SEBI ICDR Regulations, 2009') issued by Securities and Exchange Board of India ('SEBI') on August 26, 2009 and related amendments and
(iii) Our terms of engagement agreed with you in accordance with our Letter dated 1.09.2009 in connection with the proposed issue of Equity Shares of the Company.

We report that the restated assets and liabilities of the Company as at 31st March 2010, 2009, 2008, 2007 and 2006 are as set out in 'Annexure 1' to this report after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies as appearing in 'Annexure 3' and Notes to the statements of Assets & Liabilities and Profit & Loss Account appearing in 'Annexure 4' to this report.

We report that the restated profits of the Company for the year ended 31st March 2010, 2009, 2008, 2007 and 2006 are as set out in 'Annexure 2' to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies as appearing in 'Annexure 3' and Notes to the Statements of Assets & Liabilities and Profit & Loss Account appearing in 'Annexure 4' to this report.

B. We have examined the following financial information relating to the Company proposed to be included in the Offer Document, as approved by you and annexed to this report.

i. Notes to Adjustments in Restated Financial Statements 'Annexure 5' to this report
ii. Details of changes in Significant Accounting Policies as given in 'Annexure 6' to this report.
iii. Details of qualifications appearing in the audit report as given in 'Annexure 7' to this report.
iv. Statement of Cash Flow as appearing in 'Annexure 8' to this report;
v. Accounting Ratios as appearing in 'Annexure 9' to this report;
vi. Statement of Dividends as appearing in 'Annexure 10' to this report;
vii. Statement of Unsecured Loans taken including that from related parties enclosed as 'Annexure 11' to this report.
viii. Capitalization Statement as appearing in 'Annexure 12' to this report;
ix. Statement of Tax Shelter as appearing in 'Annexure 13' to this report.
x. Statement of Secured Loans as appearing in 'Annexure 14' to this report.
xi. Statement of Investments as appearing in 'Annexure 15' to this report.
xii. Statement of Debtors including the related party debtors enclosed as 'Annexure 16' to this report.
xiii. Details of loans and advances as given in 'Annexure 17' to this report.

xiv. Statement of Other Income as appearing in 'Annexure 18' to this report.
xv. Details of transactions with the Related Parties as appearing in 'Annexure 19' to this report;
xvi. Details of Contingent Liabilities as appearing in 'Annexure 20' to this report;

C. i) In our opinion the financial information of the Company as stated in Para A and B above read with Significant Accounting Policies enclosed in Annexure 3 to this report, after making adjustments/restatements and regroupings as considered appropriate and subject to certain matters as stated in Notes to the Statements, has been prepared in accordance with Part II of Schedule II of the Act and we have complied with the Schedule VIII, Clause IX (9) of the SEBI ICDR Regulations, 2009.

In terms of Schedule VIII, Clause IX (9) of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts of the Fineotex Chemical Limited, we, M/s. UKG & Associates, Chartered Accountants, statutory auditors, of Fineotex Chemical Limited have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the 'Peer Review Board' of the ICAI. We further confirm that Statements of Assets and Liabilities and Profit and Loss or any other financial information have been incorporated in the offer document after making the following adjustments, wherever quantification is possible:

1. Adjustments/ rectification for all incorrect accounting practices or failures to make provisions or other adjustments which resulted in audit qualifications except for those audit qualification whose financial impact not ascertainable or not quantifiable.

2. Material amounts relating to adjustments for previous years has been identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred.

3. Where there has been a change in accounting policy, the profits or losses of the earlier years (required to be shown in the offer document) and of the year in which the change in the accounting policy has taken place has been recomputed to reflect what the profits or losses of those years would have been if an uniform accounting policy was followed in each of those years.

4. If an incorrect accounting policy is followed, the re-computation of the financial statements has been in accordance with correct accounting policies.

ii) The accounting policies of the Company are in compliance with all Indian Accounting Standards.

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

For M/s UKG & Associates, Chartered Accountants

Sd/-
Mr. Champak K. Dedhia
Partner

Membership No. 101769
Firm Registration No. 123393W

Place: Mumbai.
Date: September 23, 2010.

ANNEXURE 1

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rupees in Lacs)

Particulars		As at				
		31.03.06	**31.03. 07**	**31.03.08**	**31.03.09**	**31.03.10**
A	**Fixed Assets**					
	Gross Block	-	-	283.83	358.73	370.49
	Less: Depreciation	-	-	8.71	8.91	21.58
	Net Block	-	-	275.12	349.82	348.91
	Capital Work in Progress	-	-	**67.66**	**76.09**	**80.59**
	Total Fixed Assets (A)	-	-	**342.78**	**425.91**	**429.50**
B	**Investments (B)**	-	-	**-**	**201.80**	**350.64**
C	**Current Assets, Loans and Advances**					
	Inventories	-	-	100.16	135.74	161.03
	Sundry Debtors	-	0.66	777.06	546.75	575.19
	Cash and Bank Balances	0.66	1.00	217.10	23.79	83.14
	Other Current Assets	-	-	23.79	186.39	47.27
	Loans and Advances	0.04	0.03	254.16	283.09	247.66
	Total (C)	**0.70**	**1.69**	**1372.27**	**1175.76**	**1114.29**
D	**Liabilities and Provisions**					
	Secured Loans	-	-	5.10	50.41	-
	Unsecured Loans	-	-	-	96.00	-
	Deferred Tax Liability	-	-	7.13	16.80	24.62
	Current Liabilities	-	0.03	386.23	254.63	267.69
	Provisions	0.03	0.24	292.41	155.58	92.63
	Total (D)	**0.03**	**0.27**	**690.87**	**573.42**	**384.93**
E	**Net Worth (A+B+C-D)**	**0.67**	**1.42**	**1024.18**	**1230.05**	**1509.49**
F	Represented by:					
1	**Share Capital**					
	Equity Share Capital	1.00	1.50	701.86	701.86	701.86
	Total	1.00	1.50	701.86	701.86	701.86
2	**Reserves and Surplus**	-	0.11	322.47	528.29	807.68
3	**Miscellaneous Expenditure/ Preoperative Expenses**	(0.24)	(0.19)	(0.14)	(0.10)	(0.05)
4	**Debit Balance in Profit and Loss Account**	(0.09)	-	-	-	-
	Net Worth (1+2+3+4)	**0.67**	**1.42**	**1024.18**	**1230.05**	**1509.49**

Note:

- Cash and bank balances comprises of cash in hand, bank balance with current account and fixed deposit account.
- Reserve and surplus includes Share Premium account of Rs. 7.04 Lacs, Capital Reserve account of Rs.10.85 Lacs and Profit & Loss account of Rs. 789.78 Lacs.

ANNEXURE 2

SUMMARY STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Rupees in Lacs)

Particulars		For the Year Ended				
		31.03.06	31.03.07	31.03.08	31.03.09	31.03.10
A	**Income**					
	Sales –Products Manufactured	-	-	1783.15	2048.08	2207.59
	Traded Sales	-	104.61	1365.51	648.18	-
	Less : Excise Duty	-	-	(184.97)	(169.04)	(132.88)
	Net Sales	-	104.61	2963.69	2527.22	2074.71
	Increase/(Decrease) in Inventory	-	-	-	(12.29)	33.14
	Other Income	-	0.46	22.88	33.68	71.45
	Total (A)	**-**	**105.07**	**2986.57**	**2548.61**	**2179.31**
B	**Expenditure**					
	Materials Consumed	-	-	956.11	1019.45	1183.59
	Cost of sales of goods traded	-	104.43	1263.55	646.69	-
	Work Expenses	-	-	65.92	203.13	244.38
	Staff Cost	-	-	43.56	66.97	94.24
	Administrative & Other Expenses	0.04	0.23	41.74	97.41	106.68
	Total (B)	**0.04**	**104.66**	**2370.88**	**2033.66**	**1628.89**
C	**Profit Before Interest, Depreciation and Tax**	**(0.04)**	**0.41**	**615.69**	**514.95**	**550.42**
	Depreciation	-	-	8.71	8.87	12.67
	Profit Before Interest and Tax	**(0.04)**	**0.41**	**606.98**	**506.08**	**537.75**
	Financial Charges	-	-	3.31	3.76	1.59
D	**Profit after Interest and Before Tax**	**(0.04)**	**0.41**	**603.67**	**502.32**	**536.15**
	Preliminary Expenses W/o	-	0.05	0.05	0.05	0.05
E	**Profit before Taxation**	**(0.04)**	**0.36**	**603.62**	**502.27**	**536.11**
	Provision for Taxation	-	0.10	219.53	179.01	167.06
	Provision for Deferred Tax	-	-	7.13	9.68	7.81
	Fringe Benefit Tax	-	-	0.98	1.45	-
	Add/Less Tax adjustment	-	-	-	-	-
F	**Profit After Tax but Before Extra ordinary Items**	**(0.04)**	**0.26**	**375.98**	**312.13**	**361.24**
	Extraordinary items	-	-	10.59	(24.20)	-
	Profit after Tax	**(0.04)**	**0.26**	**386.57**	**287.93**	**361.24**
	Surplus profit of earlier year	(0.05)	(0.09)	0.11	304.57	510.38
G	**Net Profit Available for Appropriation**	**(0.09)**	**0.17**	**386.68**	**592.50**	**871.62**
	Proposed dividend	-	0.05	70.18	70.18	70.18
	Tax on Proposed dividend	-	0.01	11.93	11.93	11.66
	Transfer to General Reserve	-	-	-	-	-
	Balance c/d to Balance Sheet	**(0.09)**	**0.11**	**304.57**	**510.38**	**789.78**

ANNEXURE 3

SIGNIFICANT ACCOUNTING POLICIES

1. **Basis of Accounting**

The Financial statements are prepared under the historical cost convention, going concern, on an accrual basis and in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India and referred to in Section 211(3C) of the Companies Act, 1956.

2. **Accounting Policies**

The same set of accounting policies are followed in the financial statements for the year ended on 31st March, 2010 as those followed in the preceding financial year except otherwise stated herein this statements.

3. **Use of Estimates**

The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of Contingent Liability on the date of financial statements and the reported amounts of revenues and expenses during the reported period. Difference between the actual results and estimates are recognized in the period in which the results are known or materialize.

4. **Fixed Assets**

4.1 Tangible Assets

Fixed Assets are stated at their original cost of acquisition including incidental expenses related to acquisition and installation of the concerned assets. Fixed Assets are shown net of accumulated depreciation and amortization. Historical cost comprises the acquisition price or construction price and all direct and indirect costs attributable to bring the asset to the working condition for intended use, but excluding any Cenvat / Service Tax / Value Added Tax credit available. Borrowing cost directly attributable to acquisition / construction of fixed asset which necessarily takes a substantial period of time to get ready for their intended use is capitalized

4.2 Intangible Assets

Intangible Assets are stated at cost of acquisition less accumulated amortization. Amortization is done on Straight Line Method.

5. **Depreciation**

Depreciation is provided on Straight Line Method at the rates and in the manner specified in the Schedule XIV of the Companies Act, 1956.

Depreciation on additions to assets during the year is being provided on pro-rata basis from the date of acquisition/ installation.

Depreciation on the Fixed Assets added/disposed off /discarded during the period has been provided on pro-rata basis with reference to addition/disposal/discarding.

6. **Borrowing Cost**

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets till such time as the assets are ready for its intended use or sale.

A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

7. **Foreign Currency Transactions**

Transactions denominated in foreign currencies are recorded at the rate of exchange prevailing on the date of transaction.

Monetary items denominated in foreign currencies at the year end are restated at the year end rates. Any income or expense on account of exchange difference either on settlement or translation is recognized in the Profit and Loss Account except in cases where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

Current assets and current liabilities in foreign currency are stated at the period ended closing rates. The resulting exchange gain/loss is recognized in the profit and loss account.

8. **Investments**

Investments are stated at their cost of acquisition. Permanent diminution in value thereof, if any, is provided for. Long term investments are carried at cost. Current Investments are valued at cost of acquisition, less provision for diminution, as necessary, if any.

9. **Inventories**

Cost of Inventories have been computed to include all cost of Purchases, Cost of Conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and components, stores and spares are valued at cost. The costs are ascertained using the FIFO method, except in case of slow moving and obsolete material, at lower of cost or estimated realizable value. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Work-in-progress and finished goods are valued at the lower of cost or estimated realizable value. Cost in respect of finished goods represents prime cost, and includes appropriate portion of overheads and excise duty.

Scrap is valued at estimated realizable value.

10. **Revenue Recognition**

The Company recognizes revenues on the sale of products when the products are delivered to the customer or when delivered to the carrier for exports sales, which is when risks and rewards of ownership pass to the customer. Sales are net of taxes on sales and sales returns.

Other income is accounted for on accrual basis when it is reasonably certain that the ultimate collection will be made.

Interest is accrued over the period of loan/ investment.

Dividend on shares and mutual funds is accounted as and when the right to receive is established.

11. **Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in Profit and Loss Account.

12. **Employee Terminal Benefits**

Provident Fund and Employees State Insurance Corporation (ESIC) are defined contribution schemes and the contributions are charged to the Profit and Loss A/c of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

Contribution is made to LIC's Recognized Group Gratuity Fund Scheme in respect of gratuity based on actuarial valuation using projected unit credit method done at the end of every financial year.

Leave encashment calculated at the end of every financial year for the leave not availed during the year is encashed and paid off to the employee as per companies rule.

13. **Retirement Benefits**

Benefits in the form of Provident Fund whether in pursuance of law or otherwise which are defined contributions is accounted on accrual basis and charged to Profit And Loss Account of the year.

Long term employee benefits under defined benefit scheme such as contribution to gratuity, leave, etc. are determined at the close of the year at present value of the amount payable using actuarial valuation techniques. Actuarial gains and losses are recognized in the year when they arise.

Termination benefits such as compensation under voluntary retirement scheme are recognized as a liability in the year of termination.

14. **Taxes on Income**

Provision for taxation is made on the basis of the taxable profits computed for the current accounting period in accordance with the applicable tax rates and tax laws.

Deferred Tax resulting from timing difference between Book Profits and Tax Profits is accounted for at the applicable rate of tax to the extent the timing differences are expected to crystallize, in case of Deferred Tax Liabilities with reasonable certainty and in case of Deferred Tax Assets with virtual certainty that there would be adequate future taxable income against which Deferred Tax Assets can be realized.

15. **Impairment of Assets**

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

16. **Research and Development**

Research and development cost (other than cost of fixed assets acquired) are charged as an expense in the year in which they are incurred.

17. **Provisions, Contingent Liabilities and Contingent Assets**

Necessary provisions are made for present obligations that arise out of past events prior to the Balance Sheet date entailing future outflow of economic resources. Such provisions reflect best estimates based on available information. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

18. **Earnings Per Share**

The Earning considered in ascertaining the Company's earning per Shares (EPS) comprise of the net profit after tax to equity shares holders. Basic earnings per share are calculated by dividing the Net

Profit or Loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profits attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

A) Notes forming parts of Accounts as restated

1) Regrouping:

Figures in the restated financial statements have been appropriately regrouped to conform to the reclassifications made in the subsequent years.

2) Restatement:

a) Deferred Tax Liability / Asset

Short Provision for Deferred Tax Liability of Rs 11.37 Lacs on account of revaluation of assets have been adjusted in the financial year 2008-09 to which it relate in the financial statement.

b) Prior Period Items

In the financial statements for the years 2008-09, operating expenditure aggregating to Rs. 0.70 Lacs has been identified as prior period items. For the purpose of this statement, such prior period items have been appropriately adjusted in respective years.

3) Reconciliation of Profit and Loss of as per Audited Accounts with Restated Statements:

Particulars	For the Year Ended				
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10
Net Profit / (Loss) as per audited accounts	-	0.26	385.87	300.00	349.87
Deferred Tax Liability [as per (a) above]	-	-	-	-11.37	11.37
Prior Periods Items [as per (b) above]	-	-	0.70	-0.70	
Net Profit / (Loss) as per restated statements	**(0.04)**	**0.26**	**386.57**	**287.93**	**361.24**

ANNEXURE 4

2) NOTES TO ACCOUNTS

1) **Earning Per Share**

Particulars		31.03.06	31.03.07	31.03.08	31.03.09	31.03.10
Weighted Average Number of Equity Shares at the end of the Year (face value of Rs. 10)	A	10000	14630	6784205	7018600	7018600
Net Profit after Tax available for equity shareholders (Rs. in Lacs)	B	(0.04)	0.26	386.57	287.93	361.24
Earning per share (In Rs.)	C = B/A	(0.40)	1.78	5.70	4.10	5.15

Note:

	31.03.10		31.3.09	
		Rs. In Lacs		Rs. In Lacs
* Net Profit		361.24		312.13
Less: Extra Ordinary items	-		(24.20)	
Less: Tax on above	-	-	-	(24.20)
Net Profit after tax but before extra ordinary Items (net of tax expense)		361.24		287.93

On 3rd January 2008, 33,24,600 Equity shares were issued as Bonus.

2) **Change in the status and Name**

The status of the Company has been changed from Private Limited to Public Limited w.e.f. August 17, 2007 by complying with the provisions of the Section 31 of the Companies Act. Consequent upon the conversion and change of the name, the Registrar of Companies has issued fresh certificate of incorporation on October 19, 2007.

3) In the opinion of the Board the current assets, Loans and advances are approximately of the value stated and are realizable in the ordinary course of business. The provision for all known liabilities is adequate.

4) The previous year's figure have been regrouped and rearranged, wherever necessary.

5) The Company has started writing off the unamortized preliminary expenditure (incurred before 01.04.04) by Rs. 4,784/-(being 20 % of Total Rs.23,920) from Financial year 2006-07 in equal installment for five years. It stands at Rs. 4,784 in the Balance Sheet (as on 31st March 2010)

6) In respect of the provision for deferred tax, timing difference due to depreciation adjustment has been considered.

7) Extra ordinary & Non Recurring Income arises on account of Loss of Fixed Assets and Goods on account of fire.

8) **Contingent Liabilities:**

a) Guarantee given by the bank on our behalf of Rs. 4,74,000/-

b) Cess & Property tax payable to Navi Mumbai Municipal Corporation of Rs.40,04,940/- not acknowledged by the company.

9) The Company has acquired the business of Fineotex Chemical Industries, a proprietary concern by executing the agreement of assignment of business dated 01.04.2007 for a lump sum consideration of Rs. Three crore only and acquired all Assets & Liabilities related to business as appearing in the balance sheet as on 31.03.2007 of Fineotex Chemical Industries, in pursuance of consideration due & payable for agreement of assignment of business, the Company has issued & allotted 30,00,000 equity shares of Rs.10 each fully paid up to the proprietor of Fineotex Chemical Industries.

10) Segment Reporting

As the company business activities falls within single segment viz. Manufacturing of Chemicals the disclosure requirement of Accounting Standard 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

11) Pre-Operative Expenses are to be allocated to fixed assets on the completion of the project.

ANNEXURE 5

NOTES TO ADJUSTMENTS IN RESTATED FINANCIAL STATEMENTS- NIL

ANNEXURE 6

DETAILS OF CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

a) Financial year ended March 31, 2010: NIL

b) Financial year ended March 31, 2009

Provision for Leave encashment was accrued and provided on the basis of actuarial valuations made at the last year. In the current year the policy has been revised and no leave is allowed to be carried over, leave not availed during the year is encashed and paid off as per companies rules. As per the management view and opinion the effect of changed can not be determined and is not significant.

c) Financial year ended March 31, 2008:

Retirement Benefits

During the year, the company has adopted accounting policy for retirement benefit as follows:

- Liability towards gratuity and leave Salary of employees will be ascertained and provided for as per Company Rules at the year end. During the interim period provision for gratuity and leave salary of employees / directors is made on estimated basis and same will be adjusted at the year end on the basis of values ascertained on actuarial valuation basis.
- Whereas in the previous year, it is mentioned that gratuity if any will be accounted on cash basis.

The effect of the change in the above said policy dose not have any financial implication in either of the period ended 31.03.08 or earlier years as there were no employees employed in the company up to the year ended 31.03.2008

Fixed Deposit with bank is regrouped and shown under Cash and Bank balance.

d) Financial year ended March 31, 2007: Nil

e) Financial year ended March 31, 2006: Nil

ANNEXURE 7

STATEMENT OF QUALIFICATIONS/OBSERVATIONS IN AUDITOR'S REPORT

a) Financial year ended March, 31 2010: Nil

b) Financial year ended March 31, 2009: Nil

c) Financial year ended March 31, 2008: Nil

d) Financial year ended March 31, 2007: Nil

e) Financial year ended March 31, 2006: Nil

ANNEXURE 8

CASH FLOW STATEMENT, AS RESTATED

(Rupees in Lacs)

Particulars	For the year ended				
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10
A. Cash Flow from Operating Activities					
Profit before tax, as restated	(0.04)	0.36	603.62	502.27	536.11
Adjustments for					
Depreciation	-	-	8.71	8.87	12.67
Miscellaneous expenditure written off	-	0.05	0.05	0.05	0.05
Interest on deposit	-	(0.01)	(16.59)	(12.15)	(7.61)
Finance Expenses (Net)	-	-	3.31	3.76	1.59
Loss on Sale of Fixed Asset	-	-	-	1.10	-
Income from Investments	-	-	-	18.34	(44.39)
Reversal of Provision for depletion of Investment	-	-	-	-	(18.74)
Operating Income before working capital changes	(0.04)	0.40	598.40	522.23	479.68
Adjustments for:					
Decrease/(Increase) in Trade & Other Receivables	(0.04)	(0.66)	(814.75)	117.75	146.11
Decrease/(Increase) in Inventories	-	-	(72.67)	(35.57)	(25.29)
Increase/(decrease) in Trade Payables	0.01	0.14	227.17	(165.73)	(166.41)
Income Tax/ FBT paid	-	-	(19.57)	(322.17)	(50.54)
Net Cash Flow from Operating Activities before Extra ordinary items	(0.07)	(0.12)	(80.72)	116.50	383.55
Extra Ordinary & Non Recurring Income	-	-	10.59	0.70	-
Net Cash Flow from Operating Activities	(0.07)	(0.12)	(70.13)	117.20	383.55
B. Cash Flow from Investing Activities					
Purchase of Fixed Assets & Advances for Fixed Assets	-	-	(81.98)	(159.16)	(16.26)
Sale of Fixed Assets	-	-	-	1.20	-
Purchase of Investments	-	-	-	(359.31)	(700.32)
Sale of Investments	-	-	-	135.06	606.09
Income from Investment	-	0.01	16.59	16.26	16.13
Net Cash used from Investing Activities	-	0.01	(65.39)	(365.95)	(94.36)
C. Cash Flow from Financing Activities					
Net Proceeds from Issue of Share Capital	-	0.5	407.4	146.41	-
Net Proceeds from Borrowings	-	-	(98.07)	(5.1)	(146.41)
Interest Paid	-	-	(3.31)	(3.76)	(1.59)
Dividend & Dividend Tax Paid	-	(0.05)	-	(82.11)	(81.84)
Net Cash Flow from Financing Activities	-	0.45	306.02	55.44	(229.84)

Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(0.07)	0.34	170.50	(193.32)	59.35
Cash & Cash Equivalents at Beginning of the Year	0.73	0.66	1.00	217.10	23.78
Cash & Cash Equivalents received from the acquired business	-	-	45.60	-	-
Cash & Cash Equivalents at End of the Year	0.66	1.00	217.10	23.78	83.14

1) Cash and Cash Equivalents consist of cash in hand, bank balance in Current Account and fixed deposit account.

2) Investing and financing transactions on acquisition of business that do not require the use of cash or cash equivalents is excluded from the above cash flow statement.

ANNEXURE 9

ACCOUNTING RATIOS

(Rupees in Lacs)

Particulars	**As At**				
	31.03. 06	**31.03.07**	**31.03.08**	**31.03.09**	**31.03.10**
Net Profit as restated	(0.04)	0.26	386.57	287.93	361.24
Net Worth	0.67	1.42	1023.48	1230.05	1509.49
Return on Net Worth (%)	(5.97)	18.31	37.77	23.41	23.93
Share at the end of year (Face Value of Rs. 10/-)	10000	15000	7018600	7018600	7018600
Weighted No of Equity Shares (face value of Rs. 10)	10000	14630	6784205	7018600	7018600
Earnings per share (Rs.)	(0.40)	1.78	5.70	4.10	5.15
Net Asset Value/Book Value per share (Rs.)	6.7	9.47	14.58	17.53	21.51

Notes:

- The Company has issued 33,24,600 bonus shares in the ratio of 9:10 on January 3, 2008, by capitalization of free reserves in the said period..
- Earnings per share calculations are done by considering the weighted Number of Equity Shares.
- For the calculation of earning per share (EPS), Net Profit is considered after Tax by excluding non-recurring and extra items (net of tax expense).
- For the calculation of Return on Net worth, Net Profit is considered as restated i.e. Net profit after tax after extra ordinary items and Net Worth is considered excluding Capital Reserve of Rs.10.85 Lacs.
- Net Asset Value / Book Value are determined by considering net worth (excluding Capital Reserve) divided by shares at the end of the year.

ANNEXURE 10

STATEMENT OF DIVIDEND PAID

(Rupees in Lacs)

Particulars	As at				
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10
On Equity Share Capital					
Paid up Share Capital	1.0	1.5	701.86	701.86	701.86
Less: Calls in Arrears	-	-	-	-	-
Net Share Capital	1.0	1.5	701.86	701.86	701.86
Face Value (Rs.)	10	10	10	10	10
Rate of dividend %	-	3	10	10	10
Amount of dividend	-	0.05	70.18	70.18	70.18
Tax on dividend	-	0.01	11.93	11.93	11.66

ANNEXURE 11

UNSECURED LOANS, AS RESTATED

(Rupees in Lacs)

Particulars	As At				
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10
From Directors	-	-	-	96.00	-
Inter Corporate Deposits	-	-	-	-	-
Total	-	-	-	96.00	-
Above amount includes transactions with following related parties:	-	-	-		-
Surendra D. Tibrewala (Chairman & Managing Director)	-	-	-	96.00	-
Total	**-**	**-**	**-**	**96.00**	**-**

Notes:

1. The related party information disclosed above is based on the audited financial statements of the Company.

2. No interest is payable / paid on the Loans mentioned above as related party transaction.

ANNEXURE 12

CAPITALIZATION STATEMENT

(Rupees in Lacs)

Particulars	Pre Issue As At March 31,2010	Post Issue [Refer Note below]
Debt		
Short term debt	-	[●]
Long term debt	-	[●]
Total Debt	-	[●]
Shareholders Funds		
Equity Share Capital	701.86	[●]
Preference Share Capital	-	[●]
Reserves and Surplus	807.68	[●]
Less: Miscellaneous Expenditure & Pre-operative expenses	(0.05)	[●]
Total Shareholders Funds	1509.49	[●]
Debt Equity Ratio	0/1509.49 =0	[●]

Note:

The Post-issue position cannot be presented as the shares price of the issue is not known as of date. Since, 30th September, 2007 paid up share capital of the company has increased from Rs. 3,69,40,000 to Rs.7,01,86,000 by way of allotment of 33,24,600 Bonus Shares of Rs. 10/- each amounting to Rs. 3,32,46,000. The above said Bonus Shares are issued out of the share premium account.

ANNEXURE 13

STATEMENT OF TAX SHELTERS

(Rupees in Lacs)

Particulars	As at				
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10
Profit Before current and deferred taxes, as restated	(0.04)	0.36	603.62	502.27	536.11
Tax Rate%					
- Normal (Including surcharge & Education Cess %)	33.66	33.66	33.99	33.99	33.99
- MAT(Including surcharge & Education Cess %)	8.415	11.22	11.33	11.33	16.99
Tax impact at applicable tax rate on restated profits (A)	-	0.12	204.93	170.72	182.22
Adjustments					
Deduction under section 80 IB	-	-	-	-	-
Permanent differences	-	-	-	-	-
Dividend from units - exempt from tax	-	-	-	4.12	8.52
Others	-	0.04	5.24	50.47	7.43
Total (B)	-	0.04	5.24	54.59	15.95
Temporary Differences	-	-	-	-	-

Difference between Tax Depreciation and Book Depreciation	-	-	(22.13)	(29.04)	(37.15)
Set off of carry forward losses	-	(0.09)	-	-	-
Deferred revenue expenditure	-	-	-	-	-
Other adjustments		-	-	(17.89)	(21.87)
Impact of Qualification	-	-	-	-	-
Total(C)	-	(0.09)	(22.13)	(46.94)	(59.02)
Net Adjustments (B+C)	-	(0.05)	(16.89)	7.66	(43.06)
Tax saving thereon (D)	-	0.02	5.74	-	14.64
Interest and other adjustments (E)	-	-	-	-	-
Tax as per Income Tax as returned	-	0.10	219.53	166.37	150.42
Tax as per MAT provisions	-	0.04	-	53.69	83.81
Loss Carried forward	-	0.04	-	22.46	0.49

ANNEXURE 14

SECURED LOANS

(Rupees in Lacs)

Particulars	As at				
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10
Term loan from banks (Vehicle-Car loan) (secured by hypothecation of motor car)	-	-	5.10	-	-
Working capital loan from banks (secured by hypothecation of Stock / Book Debts / Plant and Machinery) Collateral :– Equitable mortagage of office premises owned by the Managing Director	-	-	-	50.41	-
Total	-	-	5.10	50.41	-

PRINCIPAL TERMS OF SECURED LOANS AND ASSETS CHARGED AS SECURITY

(Rupees in Lacs)

Sr No.	Particulars	Rate of Interest	Repayment Terms	Amount Outstanding as at March 31, 2010	Details of Security
1	Working Capital Facilities	12.5% per annum	Interest payable every month	-	(Hypothecation of Stock / Book Debts / Plant and Machinery) Collateral :– Equitable mortagage of office premises owned by the Managing Director
	Grand Total			**-**	

ANNEXURE 15

INVESTMENTS, AS RESTATED

(Rupees in Lacs)

Particulars	As at				
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10
Short-Term Investments Mutual Funds Equity Shares & Debentures	-	-	-	 123.62 78.18	 350.64 --
Long-Term Investments	-	-	-	-	-
Total	**-**	**-**	**-**	**201.80**	**350.64**

ANNEXURE 16

SUNDRY DEBTORS, AS RESTATED

(Rupees in Lacs)

Particulars	As at				
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10
Debts outstanding for a period exceeding six months	-	-	69.15	57.49	0.08
Others	-	0.66	707.21	489.26	575.12
Total	**-**	**0.66**	**776.36**	**546.75**	**575.19**
Prior Periods Items [as per (b) above]	**-**	**-**	0.70	**-**	**-**
Debtors Restated in Balance Sheet	**-**	**0.66**	**777.06**	**546.75**	**575.19**

Note: Related party transaction with respect to Sundry Debtors as on March 31, 2010.

(Rupees in Lacs)

Sanjay Exports : Rs. 499.75

ANNEXURE 17

LOANS AND ADVANCES, AS RESTATED

(Rupees in Lacs)

Particulars	As at				
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10
Advances to Vendors/Suppliers	-	-	2.93	1.31	2.23
Advance Others	-	-	0.69	34.85	45.04
Deposits	0.03	0.03	250.54	246.93	247.66
Total	0.03	0.03	254.16	283.09	294.93
Above amount includes transactions with following related parties					
Kanaklata S. Tibrewala - Deposit	-	-	195.00	195.00	195.00
Proton Bio Chem Pvt. Ltd. – Deposit	-	-	50.00	50.00	50.00
Total	**-**	**-**	**245.00**	**245.00**	**245.00**

Notes:

- The related party information disclosed above is based on the audited financial statements of the Company.
- Advances to vendors include advances given for procurement of material etc.

ANNEXURE 18

OTHER INCOME, AS RESTATED

(Rupees in Lacs)

Particulars	As at				
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10
Recurring					
Interest From Banks	-	0.01	13.81	7.80	1.61
Interest From Trade Deposits	-	-	2.78	4.34	6.0
Commission	-	0.45	-	-	-
Miscellaneous Income	-	0	6.29	17.42	0.71
Total (A)	**-**	**0.46**	**22.88**	**29.56**	**8.32**
Non Recurring	-				
Income from Investments	-	-	-	4.12	63.13
Total (B)	**-**	**-**	**-**	**4.12**	**63.13**
	-				
Total (A+B)	**-**	**0.46**	**22.88**	**33.68**	**71.45**

Notes:

- Other income considered above is as per the statement of the restated profit and loss.
- The classification of other income by the management into recurring and non-recurring is based on the current operations and business activities of the Company.

ANNEXURE 19

DETAILS OF RELATED PARTY TRANSACTION

The Company has entered into the following related party transactions as on 31.03.2010 such parties and transactions are identified as per Accounting Standard 18 issued by Institute of Chartered Accountants of India:

Concern / Companies in which directors are substantially interested

Sr. No.	Related Party	Relationship
1.	Shree Ganesh Enterprises	Concern / Firms / Companies in which directors are substantially interested
2.	Shree Vinayak Industries	
3.	Sanjay Exports	
4.	Proton Biochem Pvt. Ltd.	
5.	Kamal Chemicals Pvt. Ltd.	

Key Managerial Personnel

Sr. No.	Related Party	Relationship
1.	Surendra Tibrewala	Chairman & Managing Director
2.	Sanjay S. Tibrewala	Whole Time Director

Relative of Key Managerial Personnel

Sr. No.	Related Party	Relationship
1.	Kanaklata Surendra Tibrewala	Wife of Managing Director
2.	Surendra Tibrewala HUF	Karta
3.	Sarawatidevi Tibrewala	Mother of Managing Director
4.	Ritu Tibrewala	Daughter of Managing Director
5.	Nidhi Tibrewala	Wife of Whole time Director
6.	D.P. Tibrewala	Father of Managing Director
7.	Pragna Vorani	Sister of Kanaklata Surendra Tibrewala
8.	L.J. Thakkar	Mother of Kanaklata Surendra Tibrewala

Details of Transactions with Related Parties

(Rs. in Lacs)

Related Party	Relationship	Nature of Transaction	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10
Shree Ganesh Enterprises	Promoter Group Company	Sale of goods by the company (inclusive of excise duty)	-	-	13.71	-	-
Shree Vinayak Industries	Promoter Group Company	Advances taken by the company	-	-	0.24	-	-
		Purchase of Asset by the company	-	-	-	3.38	-
Sanjay Exports	Promoter Group Company	Sale of goods by the company (inclusive of excise duty)	-	-	278.21	544.93	499.75
Kamal Chemicals Pvt Ltd.	Corporate Promoter	Equity Share Capital issued by the company	-	-	29.55	-	-
Proton Biochem Pvt. Ltd.	Corporate Promoter	Labour Charges paid by the company	-	-	32.85	41.71	58.75
		Deposit given by the company	-	-	50.00	-	-
		Interest received on deposit by the company	-	-	4.22	6.00	6.00
		Equity Share Capital issued by the company	-	-	10.74	-	-
Surendra Tibrewala	Chairman & Managing Director	Loan taken/repaid by the company	-	-	28.53	96.00	96.00
		Remuneration paid by the company	-	-	11.25	16.80	31.80
		Equity Share capital issued towards Business acquired for	-	-	300.00	-	-

		lumpsum cash consideration by the company					
		Equity Share Capital issued by the Company	-	-	299.45	-	-
Sanjay S. Tibrewala	Whole time Director	Remuneration paid by the company	-	-	6.75	10.08	19.08
		Equity Share Capital issued by the company	-	-	20.62	-	-
Kanaklata Surendra Tibrewala	Wife of Managing Director	Deposit given by the company	-	-	195.00	-	-
		Rent paid by the company	-	-	6.50	7.80	7.80
		Equity Share Capital issued by the Company	-	-	29.26	-	-
Kanaklata Surendra Tibrewala	Wife of Managing Director	Equity Share Capital with share premium amount(jointly with the first holder of shares) - Mr. Mahendra Vorani	-	-	0.04	-	-
Surendra Tibrewala HUF	Karta	Loan Repaid by the company	-	-	26.62	-	-
		Equity Share Capital issued by the company	-	-	8.46	-	-
Ritu Tibrewala	Daughter of Managing director	Equity Share Capital issued by the company Salary Paid	-	-	3.61 1.25	- 3.0	- 3.0
Pragna Vorani	Sister of Kanaklata Surendra Tibrewala	Equity Share Capital with share premium amount(jointly held with Second holder Kanaklata Surendra Tibrewala) issued by the company	-	-	0.1	-	-
		Loan Repaid by the company	-	-	7.54	-	-
L.J. Thakkar	Mother of Kanaklata Surendra Tibrewala	Equity Share Capital with share premium amount(jointly held with Second holder Kanaklata Surendra Tibrewala) issued by the company	-	-	0.06	-	-
		Loan Repaid by the company	-	-	4.69	-	-

ANNEXURE -20

STATEMENT OF CONTINGENT LIABILITIES

(Rs. in Lacs)

Particulars	As at				
	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10
Guarantee given by Indian Bank on behalf of our Company on the security of fixed deposit of Rs. 3.85 lacs.	--	--	3.85	4.74	4.74
Cess payable to Navi Mumbai Municipal Corporation (Disputed)			11.54	26.86	38.98
Property Tax payable to Navi Mumbai Municipal Corporation (Disputed)			0.21	0.63	1.07
Total	**--**	**--**	**15.6**	**32.23**	**44.79**

FINANCIAL INFORMATION OF GROUP COMPANIES

Partnership Firms

1. M/s. Shree Vinayak Industries

M/s. Shree Vinayak Industries is a registered Partnership Firm, which is formed vide Partnership Deed dated February 4 1982, having its office at 301, "Matruchhaya", 3rd Floor, 378/80, Narshi Natha Street, Mumbai – 400 009, Maharashtra.

M/s. Shree Vinayak Industries is engaged inter alia in the business of dealing in Industrial raw materials, Dyes, Chemicals, Plastics, and Cloth etc. or such other business or business as may be agreed between the parties hereto time to time.

M/s. Shree Vinayak Industries has two partners and their profit sharing ratios are as under:

Sr. No.	Name of Partners	Percentage (%)
1.	Mr. Deviprasad R. Tibrewala	50.00
2.	Mrs. Kanaklata S. Tibrewala	50.00
	Total	**100.00%**

Audited Financial Performance

(Rs. In Lacs)

Particulars	As on March 31,		
	2008	2009	2010
Partnership Capital*	7.12	7.19	1.38
Total Income	27.89	7.56	1.59
Net Profit after Tax	0.90	0.11	0.03
*including Current Account			

2. M/S. Shree Ganesh Enterprises

M/s. Shree Ganesh Enterprises is a registered Partnership Firm, which is formed vide Partnership Deed dated April 1 1991, having its office at 301, "Matruchhaya", 3rd Floor, 378/80, Narshi Natha Street, Mumbai – 400 009, Maharashtra. M/s. Shree Ganesh Enterprises is engaged inter alia in the business of dealing in Industrial raw materials, Dyes, Chemicals, Plastics, and Cloth etc. or such other business or business as may be agreed between the parties hereto time to time.

M/s. Shree Ganesh Enterprises has two partners and their profit sharing ratios are as under:

Sr. No.	Name of Partners	Percentage (%)
1.	Mr. Surendra Kumar Tibrewala	95.00
2.	M/s. Kamal Chemicals Private Limited	5.00
	Total	**100.00**

Audited Financial Performance

(Rs. In Lacs)

Particulars	As on March 31,		
	2008	2009	2010
Partnership Capital*	5.99	0.89	2.51
Total Income	23.01	8.34	2.00
Net Profit after Tax	0.18	0.00	0.03
*including Current Account			

Proprietory Concerns

1. M/s. Sanjay Exports

M/s. Sanjay Exports is a proprietary concern of Mr. Sanjay S. Tibrewala. M/s. Sanjay Exports has its office at 2, Violet Villa, West Avenue Road, Santacruz (West), Mumbai – 400 054, Maharashtra.

M/s. Sanjay Exports is engaged inter alia in the business of exports of Chemicals and allied items.

Audited Financial Performance

(Rs. In Lacs)

Particulars	As on March 31,		
	2008	2009	2010
Proprietors Capital	13.02	(3.30)	(5.55)
Total Income	303.56	557.98	554.82
Net Profit	6.96	7.82	2.12

Erstwhile Group Companies / Ventures of the Promoters

1. M/s. Fineotex Chemical Industries

M/s. Fineotex Chemical Industries was a proprietary concern of Mr. Surendra Kumar Tibrewala. M/s. Fineotex Chemical Industries had its office at 2, Violet Villa, West Avenue Road, Santacruz (West), Mumbai – 400 054, Maharashtra.

M/s. Fineotex Chemical Industries was engaged inter alia in the business of manufacturing and trading of Specialty Chemicals and allied items. On April 1, 2007 the entire business of Fineotex Chemical Industries was taken over by our Company and currently, no business is being carried by this proprietary concern. The concern has ceased to exist w.e.f 1st April 2007.

Financial Performance

(Rs. In Lacs)

Particulars	As on March 31,		
	2005	2006	2007
Proprietors Capital	81.29	88.90	83.25
Total Income	43.83	663.28	1614.48
Net Profit	7.02	11.55	44.78

Common Pursuits

Except Proton Biochem Private Limited and Kamal Chemicals Private Limited none of our other Group concerns are in the same line of business as ours. Further, we have entered into non-compete agreements with them. Under the non- compete agreements the above mentioned Promoter Group concerns/ Entities have agreed that the operations and the markets of these companies shall not in any way infringe or compete with those of our Company. For further details, please refer to Chapter titled "History and Other Corporate Matters" beginning on page 99 of this Draft Red Herring Prospectus.

Changes in accounting policies in the last three years:

For changes in accounting policies please refer to Section Financial Information beginning on page 125 of this Draft Red Herring Prospectus.

None of the Promoter group companies have become defunct, or applied to Registrar of Companies for striking off name. Further, there are no pending litigations pending against/for any of these companies.

All the promoter group companies are unlisted Companies and have not made any public issue in preceding three years. These Companies does not fall under the definition of a sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor are they under winding up.

These Companies have not been restrained from accessing the capital market for any reasons by SEBI or by any other authority

Sales or Purchase between companies in the Promoter Group

There have been no sales or purchases between companies in the Promoter Group of our Company exceeding in value in the aggregate 10% of the total sales or purchases of the Company.

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

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements included in this Draft Red Herring Prospectus. You should also read the Section titled 'Risk factors' beginning on page 11 of this Draft Red Herring Prospectus, which enumerates number of factors and contingencies that could impact our financial condition and results of operations. The following discussion relates to our Company on a stand alone basis, and, unless otherwise stated is based on our restated unconsolidated financial statements, which have been prepared in accordance with Indian GAAP, the accounting standards and other applicable provisions of the Companies Act, 1956, and the SEBI ICDR Regulations, 2009. Our Financial year ends on March 31 of each year.

OVERVIEW

Fineotex Chemical Limited (FCL), is an ISO 9001:2000 Certified Company engaged in the business of manufacturing Specialty Chemicals and Enzymes. We produce and provide Specialty Chemicals and Enzymes for Textile & Garment Industry, Construction Industry, Leather Industry, Water Treatment Industry, Paint Industry, Agrochemicals, Adhesives and others. We currently have our manufacturing facilities situated at Mahape in Navi Mumbai.

Our Company is promoted by Mr. Surendra Kumar Tibrewala who has more than three decades of experience in specialty and fine chemicals. The experience and knowledge gained by him over the years with an increase in the scope of specialty chemicals in various industries, we propose to set up a new manufacturing facility for specialty chemicals with a capacity of 13,125 MT per annum in and around Khopoli situated at 96 Kms from Mumbai in Maharashtra.

Currently we have a well diversified specialty chemicals company and our customers include The BASF Group, The Raymond Group, Clariant Chemicals India Limited, Croda Chemicals India (P) Limited (Formerly known as ICI India Limited) etc.

SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR

As per Management, there have been no significant events in the Last Financial Year.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Except as otherwise stated in this Draft Red Herring Prospectus, the Risk Factors in the Draft Red Herring Prospectus the following important factors, among others, could cause the actual results to differ materially from the expectations

- General Economic and Business Conditions;
- Our Company's ability to successfully implement its strategy and its growth and plans;
- Increasing competition in the Specialty Chemicals Industry
- Increases in labour costs, raw materials prices, prices of plant & machineries and insurance premium;
- Manufacturers' defects or mechanical problems with Company's plant & machineries or incidents caused by human error;
- Amount that our Company is able to realize from the customers;
- Changes in laws and regulations that apply to the Specialty Chemicals Industry;
- Changes in fiscal, economic or political conditions in India;
- Social or civil unrest or hostilities with neighboring countries or acts of international terrorism;
- Changes in interest rates and tax laws in India.

OUR SIGNIFICANT ACCOUNTING POLICIES

For Significant accounting policies please refer to the Section titled 'Financial Information' beginning on page 125 of this Draft Red Herring Prospectus.

RESULTS OF OUR OPERATION

For the year ended 31st March 2010

(Rs. In Lacs)

Period (in months)	12 Months	% of Turnover
Products Manufactured	2074.41	95.20%
Goods Traded	-	-
Other Income	71.45	3.28%
Increase/(Decrease) in Stock	33.14	1.52%
Total Revenue	**2179.31**	**100%**
Expenditure excl. Depreciation and Interest	1628.89	74.74%
Depreciation	12.67	0.58%
Interest	1.59	0.07%
Profit before Extra Ordianry & Non-Recurring Item	536.11	24.60%
Extra Ordinary & Non-Recurring Item	-	-
Profit before tax	536.11	24.60%
Taxes	174.87	8.02%
Profit after Tax	361.24	16.58%

(Rs. In Lacs)

Particulars	Amount	% of Income
Cost of Material consumed	1183.59	54.31%
Cost of sales of goods traded	0	0%
Total	**1183.59**	**54.31%**
Manufacturing Expenses and Selling Expenses	244.38	11.21%
Administrative and Staff Cost	200.92	9.22%
Total	**445.30**	**20.43%**

We recorded Total Turnover of Rs. 2179.31 Lacs and Total Expenditure (Including depreciation and interest) Rs.1643.15 Lacs for the year ended March 31, 2010. Cost of Material consumed constituted 54.31 % of the Turnover. The Manufacturing and Selling Expenses and Administrative and Staff Cost constituted 11.21% and 9.22 % respectively of the Turnover for the year ended March 31, 2010.

Turnover

The Turnover for the year ended March 31, 2010 was Rs. 2179.31 Lacs.

Interest and Financial Charges

We incurred interest cost of Rs. 1.59 Lacs for the year ended March 31, 2010.

Depreciation

We incurred Depreciation cost of Rs. 12.67 Lacs.

Taxes

Taxes for the year ended March 31, 2010 are Rs. 174.87 Lacs, which include Current Tax of Rs. 167.06 Lacs and Deferred Tax Liability of Rs. 7.81 Lacs.

Net Profit

Our Profit before Taxes were Rs. 536.11 Lacs for the year ended March 31, 2010. We recorded Net Profit of Rs. 361.24 Lacs. Our Net Profit Margin stood at 16.58%.

Results of Our Operations for last five years ended in March 31, 2010

Particulars	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10
	12 Months	12 Months	12 Months	12 Months	12 Months
Turnover	**-**	**104.61**	**2963.69**	**2527.22**	**2074.71**
Other Income	-	**0.46**	**22.88**	**33.68**	**71.45**
Increase/Decrease in Stocks/WIP	-	-	-	(12.29)	**33.14**
Total Revenue	-	**105.07**	**2986.57**	**2548.61**	**2179.31**
Material Purchased and Consumed	-	-	**956.11**	**1019.45**	**1183.59**
% to Turnover	-	-	32.26%	40.34%	57.05%
Cost of Sales of Goods Traded	-	**104.43**	**1263.55**	**646.69**	-
% to Turnover	-	99.83%	42.63%	25.59%	-
Manufacturing Expenses	-	-	**65.92**	**203.13**	**244.38**
% to Turnover	-	-	2.22%	8.04%	11.78%
Administrative, Staff & Other Expenses	**0.04**	**0.23**	**43.56**	**164.38**	**200.92**
% to Turnover	-	0.22%	1.47%	6.5%	9.68%
Total Expenditure	**0.04**	**104.66**	**2329.14**	**2033.66**	**1628.89**
% to Turnover	-	100.05%	78.59%	80.47%	78.51%
PBDIT	**(0.04)**	**0.41**	**657.43**	**514.95**	**550.42**
% to Turnover	-	0.39%	22.18%	20.38%	26.53%
Depreciation	-	-	**8.71**	**8.87**	**12.67**
% to Turnover	-	-	0.29%	0.35%	0.61%
Profit Before Interest and Tax	**(0.04)**	**0.41**	**648.72**	**506.08**	**537.75**
% to Turnover	-	0.34%	21.89%	20.03%	25.92%
Interest	-	-	**3.31**	**3.76**	**1.59**
% to Turnover	-	-	0.11%	0.15%	0.08%
Profit Before Tax	**(0.04)**	**0.36**	**645.36**	**502.27**	**536.11**
% to Turnover	-	0.34%	21.78%	19.87%	25.84%
Provision for Tax	-	**0.1**	**219.53**	**179.01**	**167.06**
% to Turnover	-	0.10%	7.41%	7.08%	8.05%
Profit after Tax	**(0.04)**	**0.26**	**428.31**	**287.93**	**361.24**
% to Turnover	-	0.25%	14.45%	11.39%	17.41%
Effective Tax Rate	-	**27.78%**	**37.76%**	**37.86%**	**32.62%**

Fiscal 2010 v/s 2009

Income

Total Income for the Fiscal 2010 is Rs. 2179.31 Lacs. For Fiscal 2009 the total income was 2548.61 Lacs.

Expenditure

Expenditure for the Fiscal 2010 is Rs. 1628.89 Lacs. Total Expenditure as percentage to turnover is 78.51%. For the Fiscal 2009 the company incurred Total Expenditure of Rs. 2033.66 Lacs, which was 80.47% of turnover.

Material Purchased and Consumed

Cost of sales of goods traded is Rs. Nil Lacs for the Fiscal 2010, whereas it was Rs. 646.69 Lacs for the year 2009.

Manufacturing Expenses

The manufacturing Expenses for Fiscal 2010 are Rs.244.38 Lacs and for Fiscal 2009 they were Rs. 203.13 Lacs.

Administrative and Other Expenses

Administrative Expenses and Other Expenses accounted to Rs. 200.92 Lacs for Fiscal 2010 and Rs. 164.38 Lacs for Fiscal 2009.

EBIDTA

EBIDTA for the Fiscal of 2010 is Rs. 550.42 Lacs whereas it was Rs.514.95 Lacs for the Fiscal of 2009.

Depreciation

The Depreciation and Amortisation on Fixed Assets is Rs. 12.67 Lacs in 2010 and it was Rs. 8.87 Lacs in 2009.

Interest Cost / Financial Charges

The Interest and Finance charge for Fiscal 2010 is Rs 1.59 Lacs, but it was Rs.3.76 Lacs in 2009.

Taxes

The Taxes paid for the Fiscal 2010 are Rs. 174.87 Lacs at the rate of nearly 33%. The Total Revenue of our Company is Rs. 2179.31 Lacs and Profit before Tax is Rs. 536.11 Lacs.

The Taxes paid for the Fiscal 2009 was Rs. 190.14 Lacs at the rate of nearly 37%. The Total Revenue of our Company was Rs. 2548.61 and Profit before Tax was Rs. 502.27 Lacs.

Profit After Tax (PAT)

The PAT for Fiscal 2010 is Rs. 361.24 Lacs, as compared to Rs. 288.63 Lacs in 2009.

Fiscal 2009 v/s 2008

Income

Total Income for the Fiscal 2009 is Rs. 2548.61 Lacs. For Fiscal 2008 the total income was 2986.57 Lacs.

Expenditure

Expenditure for the Fiscal 2009 is Rs. 2033.65 Lacs. Total Expenditure as percentage to turnover is 80.47%. For the Fiscal 2008 the company incurred Total Expenditure of Rs. 2329.41 Lacs, which was 78.59% of turnover.

Material Purchased and Consumed

Cost of sales of goods traded is Rs. 646.69 Lacs for the year 2009, whereas it was Rs. Rs. 1263.55 Lacs for the year 2008.

Manufacturing and Selling Expenses

The manufacturing and Selling Expenses for Fiscal 2009 are Rs.98.74 Lacs and for Fiscal 2008 they were Rs. 65.92 Lacs.

Administrative and Other Expenses

Administrative Expenses and Other Expenses accounted to Rs. 151.17 Lacs for Fiscal 2009 and Rs. 86 Lacs for Fiscal 2008.

EBIDTA

EBIDTA for the Fiscal of 2009 is Rs. 514.96 Lacs whereas it was Rs.615.69 Lacs for the Fiscal of 2008.

Depreciation

The Depreciation and Amortisation on Fixed Assets is Rs. 8.87 Lacs in 2009 and it was Rs. 8.71 Lacs in 2008.

Interest Cost / Financial Charges

The Interest and Finance charges for Fiscal 2009 is Rs 3.76 Lacs, but it was Rs.3.31 Lacs in 2008.

Taxes

The Taxes paid for the Fiscal 2009 was Rs. 182.29 Lacs at the rate of nearly 37%. The Total Revenue of our Company was Rs. 2548.61 and Profit before Tax was Rs. 502.28 Lacs for Fiscal 2009.

The Taxes paid for the Fiscal 2008 was Rs. 227.63 Lacs at the rate of nearly 38%. The Total Revenue of our Company was Rs. 2986.57 and Profit before Tax was Rs. 603.62 Lacs for Fiscal 2008.

Profit After Tax (PAT)

The PAT for Fiscal 2009 is Rs. 296.48 Lacs, as compared to Rs. 385.87 Lacs in 2008.

Fiscal 2008 v/s 2007

Income

Total Income for the Fiscal 2008 is Rs. 2986.57 Lacs. For Fiscal 2007 the total income was 105.07 Lacs.

Expenditure

Expenditure for the Fiscal 2008 is Rs. 2371.58 Lacs. Total Expenditure as percentage to turnover is 79.41%. For the Fiscal 2007 the company incurred Total Expenditure of Rs. 104.66 Lacs, which was 99.61% of turnover.

Material Purchased and Consumed

Cost of sales of goods traded is Rs. 1263.55 Lacs for the year 2008, whereas it was Rs. Rs. 104.43 Lacs for the year 2007.

Manufacturing and Selling Expenses

The manufacturing and Selling Expenses for Fiscal 2008 are Rs.65.92 Lacs and for Fiscal 2007 they were NIL.

Administrative and Other Expenses

Administrative Expenses and Other Expenses accounted to Rs. 86.00 Lacs for Fiscal 2008 and Rs. 0.23 Lacs for Fiscal 2007.

EBIDTA

EBIDTA for the Fiscal of 2008 is Rs. 615.69 Lacs whereas it was Rs.0.41 Lacs for the Fiscal of 2007.

Depreciation

The Depreciation and Amortisation on Fixed Assets is Rs. 8.71 Lacs in 2008 and it was NIL in 2007.

Interest Cost / Financial Charges

The Interest and Finance charges for Fiscal 2008 is Rs 3.31 Lacs, but it was NIL in 2007.

Taxes

The Taxes paid for the Fiscal 2008 was Rs. 227.63 Lacs at the rate of nearly 38%. The Total Revenue of our Company was Rs. 2963.69 and Profit before Tax was Rs. 603.62 Lacs for Fiscal 2008.

The Taxes paid for the Fiscal 2007 was Rs. 0.10 Lacs at the rate of nearly 28%. The Total Revenue of our Company was Rs. 105.07 and Profit before Tax was Rs. 0.36 Lacs for Fiscal 2007.

Profit After Tax (PAT)

The PAT for Fiscal 2008 is Rs. 386.57 Lacs, as compared to Rs. 0.26 Lacs in 2007.

Related Party Transactions

For details of related party transactions, please refer to the section titled “Related Party Transactions” beginning on page 142 of this Draft Red Herring Prospectus.

Financial Market Risks

We are exposed to financial market risks from changes in Interest rates and Inflation.

Interest Rate Risk

Our interest rate risk results from changes in interest rates, which may affect our finance expenses. We bear interest rate risk with respect to the debts, which we have for the year ended March 31, 2009, since the interest rates could fluctuate in the near future. Any rise in interest rates would result in higher interest bearing debts.

Effect of Inflation

We are affected by inflation as it has an impact on the Raw Material Cost, Wages, Fuel Cost etc. In line with changing inflation rates, we rework our margins so as to absorb the inflationary impact.

AN ANALYSIS OF REASONS FOR THE CHANGES IN SIGNIFICANT ITEMS OF INCOME AND EXPENDITURE IS GIVEN BELOW

1) Unusual or infrequent events or transactions

Our Company has acquired the Assets and Liabilities of Fineotex Chemical Industries through a Deed of Assignment dated April 1, 2007. For more details refer to the Chapter titled "History and Other Corporate Matters" beginning on page 99 in this Draft Red Herring Prospectus.

2) Significant economic changes that materially affected or are likely to affect income from continuing operations.

There have been no significant economic changes in the specialty chemicals industry in the recent pasts, which are likely to affect income from continuing operations.

3) Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue, or income from continuing operations

Apart from the risks as disclosed under Section 'Risk Factors' beginning on page 11 in this Draft Red Herring Prospectus, in our opinion there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

4) Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

Our Company's future cost and sale prices will be determined by demand/supply situation, overall economic conditions of the country, government policies and availability of raw material etc. and prices there of.

5) Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices.

Increases in revenues are by and large linked to increases in volume of business.

6) Total turnover of each major Industry segment in which our Company operated

Please refer to page 70 under the Chapter titled"Industry Overview"

7) Status of any publicly announced new products or business segment.

Our Company has not publicly announced any new products or business segments.

8) The extent to which the business is seasonal.

Our Company's business is not seasonal.

9) Any significant dependence on a single or few suppliers or customers.

We source our major raw material from various suppliers across the region we operate. We are not dependent on few Customers for our sales of products.

10) Competitive Conditions

For details of competitive conditions, please refer to the Paragraph titled 'Competition' beginning on page 91 of this Draft Red Herring Prospectus.

SECTION VIII – LEGAL AND OTHER REGULATORY INFORMATION

OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

Our Company certifies that except as stated herein, there is no outstanding or pending litigation, suit, economic offence, criminal or civil prosecution, proceeding, proceeding initiated for offence (irrespective of whether specified in paragraph (I) of Part I of Schedule XIII of the Companies Act) or litigation for tax liabilities against our Company, our Directors or our Promoter or Promoters Group companies and there are no defaults to banks/financial institutions, non payment of or overdue statutory dues, or dues towards holders of any debentures, bonds and fixed deposits and arrears of preference shares, other unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Promoters, the Directors and Promoter Group Companies.

Further, there are no past cases in which penalties have been imposed on our Company, the Promoters, the Directors or the Promoters Group Companies, and there is no outstanding litigation against any other Company whose outcome could have a material adverse effect on the position of our Company. Further, there are no cases of litigations, defaults etc. in respect of Companies/firms/Ventures with which the Promoters were associated in the past but are no longer associated, in respect of which the name(s) of the Promoters continues to be associated.

Part I - Litigations relating to our Company and Contingent Liabilities of Our Company

A) Litigations by our Company

1. Sales Tax Cases: Nil

2. Income Tax Cases: Nil

3. Excise and Service Tax Cases: Nil

4. Cases under Negotiable Instruments Act: Nil

5. Civil Court Cases: Nil

6. Cases under Securities Laws: Nil

7. Cases under the Workmen's Compensation Act, 1933: Nil

8. Criminal Cases: Nil

9. Cases filed by the Directors: Nil

10. Past cases in which penalties were imposed on our Company and Directors: Nil

B) Litigations against our Company

1. Sales Tax Cases: Nil

2. Income Tax Cases: Nil

3. Excise and Service Tax Cases: Nil

4. Cases under Negotiable Instruments Act: Nil

5. Civil Court Cases: Nil

6. Cases under Securities Laws: Nil

7. Cases under the Workmen's Compensation Act, 1933: Nil

8. Criminal Cases: Nil

9. Past cases in which penalties were imposed on our Company and Directors: Nil

10. Cases against the Directors: Nil

C) Show Cause Notices/Legal Notices issued by/against our Company

No Show Cause Notice or Legal Notices have been issued against our Company

D) Contingent Liabilities of our Company

(Rs. in Lacs)

Particulars	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10
Guarantee given by Indian Bank on behalf of our Company on the security of fixed deposit of Rs. 3.85 lacs.	--	--	3.85	4.74	4.74
Cess payable to Navi Mumbai Municipal Corporation (Disputed)			11.54	26.86	38.98
Property Tax payable to Navi Mumbai Municipal Corporation (Disputed)			0.21	0.63	1.07
Total	**--**	**--**	**15.60**	**32.23**	**44.79**

Part II - Litigations relating to our Promoters

As on the date of filing this Draft Red Herring Prospectus there are no cases filed by/against our Promoters.

Part III - Litigations relating to our Directors other than Promoters

As on the date of filing of this Draft Red Herring Prospectus, there are no cases filed by/ against our Directors.

Part IV - Litigations relating to our Group Companies / Ventures of Promoters

As on the date of filing of this Draft Red Herring Prospectus, there are no cases filed by/ against our Group Companies.

Part V - Past cases in which Penalties have been imposed

There are no cases in the last five years in which penalties have been imposed on our Company.

Part VI - Adverse Events

There had been a fire incidence in one of the plants at the factory premises resulting in loss of fixed assets, plant and machinery and stocks. There was no harm to human life or third party property. It was well insured and the total loss is Rs. 177.36 lakhs.

Amounts Owed to Small Scale Undertakings and other Creditors

Our Company does not owe anything to creditors including small scale undertakings which is outstanding for more than 30 days as on March 31, 2010.

Material Developments

Except as stated under the Chapter titled 'Management's Discussion and Analysis of financial condition and Results of Operations' beginning on page 149 of this Draft Red Herring Prospectus and our Financial Statements included here in, no Material Developments have taken place after March 31, 2010, the date of the latest balance sheet, that would materially adversely affect the performance or prospects of our company. In accordance with SEBI requirements, our 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 Exchange.

GOVERNMENT AND STATUTORY APPROVALS

Except for pending approvals mentioned under this heading, our Company has received the necessary material consents, licenses, permissions and approvals from the Government/RBI and various Government agencies required for our present business. Further, except for pending approvals as detailed herein, our Company can undertake all our present activities in view of the present approvals and no further material approvals from any statutory body are required by our Company to undertake the present activities. Except as mentioned in this Section, we have not applied for any licenses/ approvals in relation to the Objects of the Issue.

It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of our Company or for the correctness of any of the statements or any commitments made or opinions expressed.

Approvals for the Issue

We have received the following approvals in relation to the Issue:

I. General approvals

Certificate of Incorporation dated January 30, 2004 bearing Corporate Identification Number U24100MH2004PTC144295 issued in the name of Fineotex Chemical Private Limited by the Registrar of Companies, Maharashtra, Mumbai.

Fresh Certificate of Incorporation dated October 19, 2007 consequent upon change of name on conversion to public limited company from Fineotex Chemical Private Limited to Fineotex Chemical Limited w.e.f. August 17, 2007 bearing Corporate Identification Number U24100MH2004PTC144295 issued by the Registrar of Companies, Maharashtra, Mumbai.

II. Approvals for the Issue

The Board of Directors has, pursuant to a resolution passed at its meeting held on August 02, 2010 authorized the Issue, subject to the approval by the shareholders of our Company under section 81(1A) of the Companies Act.

The shareholders have, pursuant to a special resolution at its Extra Ordinary General Meeting dated August 26, 2010 under section 81(1A) of the Companies Act, authorised the issue.

III. Business related approvals

We have received the following major approvals pertaining to our business:

A General approvals

1. Issuance of permanent account number, viz. AAACF8360M under the Income Tax Act, 1961.

2. Certificate of registration bearing number PT/R/1/1/28/15024 dated April 24, 2007 for registration of our Company as an employer under sub-section (1) of section 5 of the Maharashtra State Tax on Professions, Trades, Callings and Employment Act, 1975.

3. Certificate of enrolment bearing number PT/E/1/1/28/18/4445 dated April 24, 2007 for the enrollment of our Company under sub-section (2) or sub-section (2A) of section 5 of the Maharashtra State Tax on Professions, Trades, Callings and Employment Act, 1975.

4. Letter No. N/Cov./THN/RT-4373-34-3505-61-07 dated August 8, 2007 from the Deputy Director, Sub Regional Office, Employee State Insurance Corporation, Kalwa allotting Code No. 34-3505-61 issued to the Company under the provisions of Section 2(12)/1 (5) of the Employees State Insurance Act, 1948.

5. Registration certificate of establishment issued on December 21, 2005 bearing registration number HW 005701 with respect to our office and marketing activities at 42 & 43, Manorama Chambers, S. V. Road, Bandra (W), Mumbai - 400050 under the Bombay Shops and Establishments Act, 1948 valid till the year 2010.

6. Tax Deduction Account Number (TAN) –MUMF04902C.

7. Certificate of Importer Exporter Code number 0300031688 issued on September 13, 2000 by the Joint Director General of Foreign Trade, Ministry of Commerce, Government of India.

8. Certificate of registration dated March 22, 2007 issued by the sales Tax Officer allotting VAT TIN no. 27590597386V under the Maharashtra Value Added Tax Act, 2002 and allotting CST TIN No. 27590597386C under the Central Sales Tax Act,1956.

9. Certificate of Registration dated December 1, 2007 issued by Regional Provident Fund Commissioner allotting the Employee Provident Fund No. 117854/2855 under the provisions of the Employees Provident Funds and Miscellaneous Provisions Act, 1952.

10. Allotment of Service Tax Code Number (STC) – AAACF8360MST001 dated October 30, 2007 issued by Superintendent Service Tax assigned to Fineotex Chemical Limited for Transport of goods by road.

B Approvals obtained in respect of our Factory situated at Mahape

1. Registration and Factory License bearing registration no. Thane – 2(m)(i) 24299 dated December 31, 2004 issued by the Chief Inspector of Factories, Maharashtra under the Factories Act, 1948 valid till December 31, 2012 to manufacture at the unit.

2. Certificate of Registration bearing under registration no. AAACF8360MXM002 dated October 25, 2007 issued by Assistant Commissioner of Central Excise, Belapur III Division under Rule 9 of the Central Excise Rules, 2002 to certify that Fineotex Chemical Limited is registered for manufacturing of Excisable Goods at Mahape, Navi Mumbai.

3. Order No: MIDC/RO/MHP/TTC/A-699/76184 dated November 18, 2008 approving the name change to FCL.

C Approvals related to Environment

1. Consent No. RONM/NNB/TTC/CC/O/C- 213 dated March 31, 2009 received from Maharashtra Pollution Control Board for operation of the plant under Section 26 of the Water (Prevention & Control of Pollution) Act, 1974 and under Section 21 of the Air ((Prevention and Control of Pollution) Act, 1981 and Authorization/Renewal of Authorization under Rule 5 of the Hazardous Wastes (Management and Handling) Rule 1989 and Amendment Rules, 2003 (To be referred as Water Act, Air Act and HW (M & H) Rules respectively) valid till the date 30/10/2013.

D Approvals related to Intellectual Property

1. Certificate of Registration of Trade Mark dated March 22, 2006 issued by the Registrar of Trade Marks under Section 23 (2), Rule 62(I) of the Trademarks Act, 1999 for our mark “FINEOTEX” in Class 1, dated March 10, 2003 and bearing no. 1181971.

2. Certificate of Registration of Trade Mark dated February 27, 2008 issued by the Registrar of Trade Marks under Section 23 (2), Rule 62(I) of the Trademarks Act, 1999 for our mark “FINOFIX” in Class 1, dated April 18, 2006 and bearing no. 1444500.

3. Certificate of Registration of Trade Mark dated March 10, 2008 issued by the Registrar of Trade Marks under Section 23 (2), Rule 62(I) of the Trademarks Act, 1999 for our mark “FINEOCOLL” in Class 1, dated April 18, 2006 and bearing no. 1444498.

4. Certificate of Registration of Trade Mark dated March 10, 2008 issued by the Registrar of Trade Marks under Section 23 (2), Rule 62(I) of the Trademarks Act, 1999 for our mark "FINOX" in Class 1, dated April 18, 2006 and bearing no. 1444499.

5. Certificate of Registration of Trade Mark dated March 31, 2009 issued by the Registrar of Trade Marks under Section 23 (2), Rule 62(I) of the Trademarks Act, 1999 for our mark "FCL" in Class 1, dated October 05, 2007 and bearing no. 1608590.

We have applied for the following Licenses / Approvals

a) Intellectual Property

1. Application bearing no. 1444501 dated June 22, 2006 to the Trade Marks Registry, for registration of our mark "FINOCON" under class 1.

On identification and acquisition of the land for the proposed project, our Company will require the following approvals for which the applications will be made in the due course.

Sr. No.	Approval/Consent	Authority
1.	Factory License	Chief Inspector Of Factory, Maharashtra
2.	Consent for Operation of the Plant under Water(Prevention and Control of Pollution) Act, 1974	Maharashtra Pollution Control Board
3.	Consent for Operation of the Plant under Air(Prevention and Control of Pollution) Act, 1981	Maharashtra Pollution Control Board
4.	Permission for DG Sets (Current as well as proposed)	Electrical Inspector

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The shareholders of our Company have approved this Issue under section 81(1A) of the Companies Act, 1956 *vide* a Special Resolution passed at our Company's Extra Ordinary General Meeting held on August 26, 2010.

Prohibition by SEBI

Neither our Company nor our Promoters, persons forming part of our Promoter Group, Directors or persons in control of our Company are 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.

None of the Promoters, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by the SEBI.

None of the Directors of the Company are associated with any entities which are engaged in securities market related business and are registered with SEBI.

Prohibition by RBI

Our Company, our Directors, our Promoters, relatives of Promoters (as defined under the Companies Act, 1956) and our group companies have not been declared as wilful defaulter by RBI or any other government authority and there have been no violation of securities laws committed by them in the past or no such proceeding are pending against the Company or them.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI (ICDR) Regulations, 2009 as explained under, with the eligibility criteria calculated in accordance with Restated Financial Statements:

a) Our Company has net tangible assets of at least Rs. 3 crores in each of the preceding 3 full years, of which not more than 50% are held as monetary assets.

(Rs. in Lacs)

Particulars	Year ended March 31,				
	2006	2007	2008	2009	2010
Fixed Assets (Net)	-	-	275.12	349.82	348.91
Current Assets, Loans & Advances	0.70	1.69	1372.27	1175.76	1114.29
Investments	-	-	-	201.80	350.64
Less: Current Liabilities & provisions	0.03	0.27	690.87	573.42	384.93
Net Tangible Assets*	0.67	1.42	956.52	1153.96	1428.91
Monetary Assets	0.66	1.00	217.10	23.79	83.14

***** Net tangible assets are defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves, if any), trade investments, current assets (excluding deferred tax assets) less current liabilities (including Cash Credit and excluding deferred tax liabilities and secured as well as unsecured long term liabilities). Monetary assets include cash on hand and bank balances.

b) Our 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.

(Rs. In Lacs)

Particulars	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010
Net Profit after tax, as restated	(0.04)	0.26	386.57	287.93	361.24

c) Our Company has a Net Worth of at least Rs. 1 Crore in each of the preceding 3 full years (of 12 months each).

(Rs. In Lacs)

Particulars	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010
Equity Share Capital	1.00	1.50	701.86	701.86	701.86
Reserves and surplus	-	0.11	322.47	528.29	807.68
Less: Revaluation Reserve	-	-	-	-	-
Less: Miscellaneous Expenditure	(0.24)	(0.19)	(0.14)	(0.10)	(0.05)
Less: Deferred tax Assets	-	-	-	-	-
Less: P&L A/c debit balance	(0.09)	-	-	-	-
Net Worth	**0.67**	**1.42**	**1024.18**	**1230.05**	**1509.49**

d) Our Company shall ensure that the aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. public issue by way of offer document + firm allotment + promoters' contribution through the offer document) does not exceed five (5) times our pre- issue net worth as per the audited balance sheet of the last financial year.

e) Our Company was converted into a Public Limited Company *vide* fresh Certificate of Incorporation dated October 19, 2007 and consequently, its name was changed to Fineotex Chemical Limited. There has been no change in the activities of our Company. Our Company has not changed its name within the last one year in a manner suggesting change in the activities of our Company; and

Further, if the number of allottees in the proposed Issue is less than 1,000 allottees, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after our Company becomes liable to pay the amount, our Company shall pay interest at the rate of 15% per annum for the delayed period.

Disclaimer Clauses

SEBI DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, INDBANK MERCHANT BANKING SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, INDBANK MERCHANT BANKING SERVICES LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 27, 2010 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

WE THE LEAD MERCHANT BANKER TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, IT'S 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 COMPANY, WE CONFIRM THAT:**

   a) **THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THIS ISSUE;**

   b) **ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

   c) **THE DISCLOSURES MADE IN 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 SHALL SATISFY OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**

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 THE 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 CLAUSE HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.**

7. **WE CERTIFY THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS)**

REGULATIONS, 2009 ARE NOT APPLICABLE TO THE ISSUER.

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS SHALL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT RED HERRING PROSPECTUS. WE SHALL ENSURE THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.**

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE ALLOTTED SHARES IN THE DEMAT MODE ONLY.**

11. **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**

    a. **AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND**

    b. **AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.**

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/ DRAFT PROSPECTUS/ DRAFT LETTER OF OFFER 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 ISSUER FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE

COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BRLM, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

Disclaimer from the Issuer and the Book Running Lead Manager

Investors may note that Fineotex Chemical Limited and Indbank Merchant Banking Services Limited accept no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisement or any other material issued by or at the instance of the Issuer and that any one, placing reliance on any other source of information would be doing so at his own risk.

All information will be made available by the Book Running Lead Manager, Underwriters, Syndicate members and our Company to the public and investors at large and no selective or additional information would be available for any section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc. We shall not be liable to the Bidders for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

Caution

The BRLM accepts no responsibility; save to the limited extent as provided in the Memorandum of Understanding dated December 04, 2009 entered into between the BRLM and our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

Neither our Company nor the Book Running Lead Manager or any other member of the Syndicate is liable to the Bidders for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

The BRLM and its associates and affiliates may engage in transactions with, and perform services for, our Company and Promoter Group Entities, affiliates or associates of our Company in the ordinary course of business and have engaged, and may in future engage, in the provision of financial services for which they have received, and may in future receive, compensation.

The BRLM and its respective associates and affiliates may engage in transactions with, and perform services for, the Company and their respective group companies, affiliates or associates in the ordinary course of business and have engaged, or may in future engage, in investment banking transactions and other investment transactions with the Company, for which they have received, and may in future receive, compensation.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs, FIIs and Foreign Venture Capital Funds Registered with SEBI. The Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession the Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus was submitted to SEBI for its observations and SEBI has given its observation. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Red Herring Prospectus nor any sale hereunder

shall under any circumstances create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of the Bombay Stock Exchange Limited

Bombay Stock Exchange Limited ("the Exchange") has *vide* its letter dated [●], given permission to this Company to use the Exchange's name in this offer document as the Stock Exchange 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:

i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
ii. warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
iii. 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 to mean 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.

Filing

A copy of the Draft Red Herring Prospectus has been filed with the Corporation Finance Department, Division of Issues & Listing of SEBI at SEBI Bhavan, Bandra Kurla Complex, Bandra East, Mumbai – 400 051. A copy of the Red Herring Prospectus along with the documents required to be filed under section 60B of the Companies Act would be delivered for registration to the Registrar of Companies, Maharashtra situated at 100, Everest, Marine Drive, Mumbai – 400 002. The final Prospectus would be filed with the Corporation Finance Department of SEBI and the ROC at the respective aforesaid addresses upon closure of the issue and on finalization of the issue price.

Listing

Application has been made to the Bombay Stock Exchange Limited for permission to deal in and for an official quotation of our Equity Shares. Our existing Equity Shares are not listed on any Stock Exchanges in India.

BSE shall be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB, Non Institutional and Retail portion.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchange, we shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Draft Red Herring Prospectus. If such money is not repaid within eight days after we become liable to repay it, i.e., from the date of refusal or within 70 days from the date of Bid/ Issue Closing Date, whichever is earlier, then we and all our directors jointly and severally shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE is taken within the prescribed timeframe as mandated under the SEBI (ICDR) Regulations.

Consents

Necessary Consents for the issue have been obtained from the following:
1. Directors of our Company

2. Bankers to our Company
3. Auditors to our Company
4. Book Running Lead Manager to the Issue
5. Legal Advisor to the Issue
6. Registrar to the Issue
7. IPO Grading Agency
8. Company Secretary and Compliance Officer
9. Syndicate Member(s)
10. Underwriter(s)
11. Escrow Collection Banker(s) to the Issue

The said consents would be filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, Maharashtra at Mumbai, as required under Sections 60 and 60B of the Companies Act, 1956 and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus, for registration with the Registrar of Companies, Maharashtra at Mumbai.

Expert Opinion

Except the report of [●] in respect of the IPO grading of this Issue, (a copy of which will be annexed to the Red Herring Prospectus), and except as stated elsewhere in the Draft Red Herring Prospectus, our Company has not obtained any expert opinions.

Expenses of the Issue

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

(Rs. Lacs)

Activity	**Expenses (Rs. In Lacs)**	**% of Issue Size***	**% of Issue expenses**
Lead Management, Syndicate Fees, Underwriting & Selling commission	[●]	[●]	[●]
IPO Grading Fees			
Advertisement and Marketing Expenses	[●]	[●]	[●]
Printing and Stationery (including expenses on transportation of the material)	[●]	[●]	[●]
Others (Registrar's Fees, Legal Fees, Filing fees with SEBI and stock exchange, Listing Fees, RoC Charges, travelling and other misc expenses etc.)	[●]	[●]	[●]
Total	[●]	[●]	[●]

* *Will be incorporated after the finalization of Issue Price.*

Previous Public or Rights Issues in the last 5 years

Our Company has not made any public or rights issue of Equity Shares/Debentures in the last 5 years.

Previous Issue of Equity Shares otherwise than for Cash

Our Company has not issued any Equity Shares for consideration other than cash except as mentioned in the *Chapter titled "Capital Structure" beginning on page 39 of the Draft Red Herring Prospectus.*

Commission or Brokerage on Previous Issues

Since this is the initial public offering of the Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of our Company since its inception.

Previous capital issue during the previous three years by listed Group Companies, Subsidiaries and associates of our Company

None of the group companies, subsidiaries and associates of the Company has made any capital issue in the last three years.

Promise vis-à-vis Performance – Last 3 issues

Our Company has not made any Public Issue in the past.

Listed ventures of Promoters

There are no listed ventures of our Promoters.

Performance vis-à-vis Objects - Public/ Rights Issue of the Company and/ or listed group companies, subsidiaries and associates of the Company

There are no listed ventures of our Promoters.

Outstanding debentures or bonds and redeemable preference shares and other instruments issued and outstanding as on the date of the Draft Red Herring Prospectus and terms of Issue

There are no outstanding debentures or bonds or redeemable preference shares and other instruments outstanding as on the date of filing of the Draft Red Herring Prospectus.

Stock Market Data

This being an initial public offering of our Company, the Equity Shares of our Company are not listed on any stock exchanges.

Mechanism for redressal of Investors' grievance

Our Company has constituted a Shareholders Grievance Committee to look into the redressal of shareholder/ investor complaints such as Issue of duplicate/split/consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures, complaints for non receipt of dividends etc. *For further details on this committee, please refer paragraph titled "Shareholders/Investors Grievance Committee" beginning on page 108 under the Chapter titled "Our Management" beginning on page 102 of the Draft Red Herring Prospectus.* To expedite the process of share transfer, our Company has appointed Bigshare Services Private Limited as the Registrar and Share Transfer Agents of our Company.

We have appointed Bigshare Services Private Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with our Compliance officer. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and bank and Branch. We will monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Memorandum of Understanding between the Registrar to the Issue and the Company will provide for retention of records with the Registrar to the Issue for a period of at least six months from the last date of dispatch of letters of allotment, demat credit, refund orders 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, application number, number of Equity Shares applied for,

amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar with a copy to the relevant SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch of the SCSB where the ASBA Form was submitted by the ASBA Bidders.

Disposal of Investors' Grievances and Redressal Mechanism

A fortnightly status report of the complaints received and redressed by the Registrar to the Issue would be forwarded to us. We would also coordinate with the Registrar to the Issue in attending to the investors' grievances.

We assure that any complaints received, shall be disposed off as per the following schedule:

Sr. No	Nature of the Complaint	Time Taken
1.	Non-receipt of the refund	Within 7 days of receipt of complaint, subject to production of satisfactory evidence.
2.	Change of Address	Within 7 days of receipt of information.
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details.

We have appointed Mr. A.V. Nerurkar as the Compliance Officer who would directly liaise with SEBI with respect to implementation/compliance of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints. The investors may contact the compliance officer in case of any pre issue/post issue related problems at the following address:

Mr. A.V. Nerurkar
42 & 43, Manorama Chambers,
S.V. Road, Bandra (West),
Mumbai – 400 050.
Tel No. : + 91 22 2655 9174 / 75; Fax No: +91 22 2655 9178;
Email: nerurkar@fineotex.com; Website: www.fineotex.com

Our Company has not received any investor complaints during the three years preceding the filing of the Draft Red Herring Prospectus with SEBI. Further, no investor complaints are pending as on the date of filing the Draft Red Herring Prospectus with SEBI.

Mechanism for Redressal of Investor Grievances by Listed Companies under the same management within meaning of Section 370(1B) of the Companies Act, 1956

There are no listed Companies under the same management within meaning of Section 370(1B) of the Companies Act, 1956.

Changes in Auditors during the last three years and reasons thereof

We have appointed M/s. UKG & Associates, Chartered Accountants as our statutory auditors in place of M/s. A.D. Mehta & Co., Chartered Accountants with effect from August 31, 2009 since the previous auditors expressed their inability to act as auditor of our Company due to their pre-occupations.

Capitalization of Reserves or Profits during last five years

Our Company has not capitalised its reserves or profits at any time since inception.

Revaluation of Assets during the last five years

Our Company has not revalued its assets any time since inception.

SECTION IX – ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, 2009, our Memorandum and Articles of Association, the terms of the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari-passu* in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment. *For further details, please refer to Chapter titled "Main Provisions of Articles of Association" on page 209 of the Draft Red Herring Prospectus.*

Mode of Payment of Dividend

We shall pay dividend to our Shareholders as per the provisions of the Companies Act and our Articles of Association. The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition.

Face Value and Issue Price per Share

The face value of the Equity Shares is Rs. 10 each. The price band is Rs. [●] to Rs. [●] and the Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value. The Issue Price of Rs. [●] is [●] times the face value. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

Compliance with SEBI (ICDR) Regulations, 2009

Our Company shall comply with all requirements of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, notified on August 26, 2009 as amended from time to time. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

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

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

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, *please refer to Chapter titled "Main Provisions of Articles of Association" on page 209 of the Draft Red Herring Prospectus.*

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per the existing SEBI (ICDR) Regulations, 2009, the trading in the Equity Shares shall only be in dematerialised form for all investors.

Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allocation and Allotment through this Issue will be done only in electronic form in multiples of one Equity Shares to the successful Bidders subject to a minimum Allotment of [●] Equity Shares. For *For details of Allocation and Allotment, please refer to the paragraph titled "Basis of Allotment" beginning on page 200 under Chapter titled "Issue Procedure" beginning on page 176 of the Draft Red Herring Prospectus.*

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares transmitted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

a) to register himself or herself as the holder of the Equity Shares; or
b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

Bid/Issue Program

The period of operation of subscription list of public issue:

Bid/Issue opens on: **[●]**	Bid/Issue closes on: **[●]**

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the offer through the offer document including devolvement of Underwriters, if any, within sixty (60) days from the date of closure of the issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days, after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act, 1956.

If the number of allottees in the proposed Issue is less than 1,000 allottees, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after we become liable to pay the amount, we shall pay interest at the rate of 15% per annum for the delayed period.

Arrangements for Disposal of Odd Lots

Since, our Equity Shares will be traded in dematerialized form only; the marketable lot is one (1) Equity Share. Therefore, there is no possibility of any odd lots.

Restrictions, if any on Transfer and Transmission of Equity Shares

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation/splitting, *please refer to the Chapter titled "Main Provisions of Articles of Association" on page 209 of the Draft Red Herring Prospectus.*

Option to Receive Securities in Dematerialized Form

Equity Shares being offered through the Draft Red Herring Prospectus can be applied for and will be allotted in dematerialized form only.

ISSUE STRUCTURE

The present Issue comprising of 42,11,160 Equity Shares of Rs. 10 each aggregating Rs. [●] Lacs is being made through the 100% Book Building process.

Particulars	QIBs	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares#	Not more than 21,05,580 Equity Shares	Not less than 6,31,674 Equity Shares	Not less than 14,73,906 Equity Shares
Percentage of Issue Size available for allocation	Not more than 50% of the Issue to the public (of which 5% shall be reserved for Mutual Funds) or Issue to the public less allocation to Non-Institutional Bidders and Retail Individual Bidders. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The Unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of the issue to the public or Issue size less allocation to QIBs and retail individual bidders	Not less than 35% of the issue to the public or Issue size less allocation to QIBs and non institutional bidders
Basis of Allocation if respective category is oversubscribed	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [●] Equity Shares.	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [●] Equity Shares.	[●] Equity Shares.
Maximum Bid	Not exceeding the size of the issue, subject to regulations as applicable to the Bidder and in multiples of [●] Equity Shares	Not exceeding the size of the issue, subject to regulations as applicable to the Bidder and in multiples of [●] Equity Shares	Such number of Equity Shares per retail individual investor so as to ensure that the Bid amount does not exceed Rs. 1,00,000 which has to be in multiples of [●] Equity Shares.
Mode of Allotment	Dematerialized mode	Dematerialized mode	Dematerialized mode
Trading Lot/Market lot	One (1) Equity Share	One (1) Equity Share	One (1) Equity Share

Who can apply**	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI, multilateral and bilateral development financial institutions, Venture Capital Funds registered with SEBI, foreign Venture capital investors registered with SEBI, State Industrial Development Corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 Lacs and pension funds with minimum corpus of Rs. 2500 Lacs, National Investment Fund in accordance with applicable law, Insurance funds set up and managed by Army, Navy or Air Force of the Union of India	Companies, Corporate Bodies, Scientific Institutions, Societies, Trusts, Resident Indian individuals, HUF (in the name of Karta), and NRIs (applying for an amount exceeding Rs. 1,00,000)	Individuals (including NRIs and HUFs in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs. 1,00,000 in value.
Terms of payment	100% of the Bid amount at the time of submission of Bid cum Application form to the members of the syndicate		

Note: All categories of bidders can apply through ASBA in this issue. In case of Bidders submitting ASBA Bid cum Application Form, the SCSB shall be authorised to block such funds (being 100% of the Bid amount) in the bank account of the Bidder that are specified in the ASBA Bid cum Application Form.

Subject to valid Bids being received at or above the Issue Price, this Issue is being made through the 100% Book Building Process wherein not more than 50% of the Issue will be allocated on a proportionate basis to QIBs, out of the QIB Portion 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mututal Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 1,05,279 Equity Shares, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders in proportion to their Bids. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Equity Shares being offered through the Draft Red Herring Prospectus can be applied for in dematerialized form only.

Subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in any category, would be allowed to be met with spill over inter-se from any other categories, at the discretion of our Company in consultation with the BRLM subject to applicable provisions of SEBI (ICDR) Regulations, 2009.

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

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Issue to the Public shall be available for allocation to Qualified Institutional Buyers on a proportionate basis (of which 5% shall be allocated for Mutual Funds). Further, not less than 15% of the Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate or their affiliates. ASBA Bidders are required to submit their Bids to SCSBs.

In case of QIBs, our Company may, in consultation with BRLM, reject their Bids at the time of acceptance of the Bid cum Application Form, provided that the reasons for such rejection shall be disclosed to such QIB in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company will have a right to reject the Bids only on technical grounds.

Any Bidder may participate in this Issue though the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedures applicable to Bidders other than ASBA Bidders. Hence, Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process.

Bidding through ASBA facility is available to all investors including QIBs in all public issues.

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

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate, unless they are using the ASBA process. Bidders shall have the option to make a maximum of three Bids (in terms of number of Equity Shares and respective Bid Prices) in the Bid cum Application Form and such options shall not be considered as multiple Bids. The Bid cum Application Form shall be serially numbered and date and time stamped at the Bidding Centres and such form shall be issued in duplicate signed by the Bidder and countersigned by the relevant member of the Syndicate.

Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in the Draft Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder. Upon determination of the Issue Price and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form.

Bidders can also submit their Bids through the ASBA by submitting ASBA Forms, either in physical or electronic mode, to the SCSB with whom the ASBA Account is maintained. An ASBA Bidder shall use the ASBA Form obtained from the Designated Branches for the purpose of making a Bid. ASBA Bidders can submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Form at the relevant Designated Branch. In case of application in electronic form, the ASBA Bidder shall submit the ASBA Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Bids. The SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the ASBA Form. Upon completing and submitting the ASBA Form to the SCSB, the ASBA Bidder is

deemed to have authorised our Company to make the necessary changes in the Draft Red Herring Prospectus and the ASBA Form, as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA 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 including resident QIBs, Non-Institutional Bidders and Retail Individual Bidders or Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs applying on a repatriation basis, FIIs and their Sub-Accounts (other than a Sub-Account which is a foreign corporate or a foreign individual), FVCIs, multilateral and bilateral financial institutions and other Non-Residents	Blue
ASBA Bidders bidding through a physical form	White

Who can Bid?

1. Indian nationals resident in India who are not minors in single or joint names (not more than three);
2. Hindu Undivided Families 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;
3. Eligible NRIs on a repatriation basis or a non-repatriation basis subject to compliance with applicable laws. NRIs, other than Eligible NRIs, are not permitted to participate in this Issue;
4. FIIs registered with SEBI and their sub-accounts registered with SEBI other than a sub-account which is a foreign corporate or foreign individual, in the QIB Portion;
5. Sub-accounts of FIIs, which are foreign corporates or foreign individuals, in the Non-Institutional Portion;
6. State Industrial Development Corporations;
7. Insurance companies registered with the Insurance Regulatory and Development Authority, India;
8. NIF;
9. FVCIs
10. Multilateral and bilateral development financial institutions;
11. Subject to the applicable laws, provident funds with a minimum corpus of Rs. 250 million and who are authorised under their constitution to invest in equity shares;
12. Subject to the applicable laws, pension funds with a minimum corpus of Rs. 250 million and who are authorised under their constitution to invest in equity shares;
13. Companies, corporate bodies and societies registered under applicable laws in India and authorised to invest in equity shares;
14. VCFs;
15. Mutual Funds;
16. Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to the RBI regulations and the SEBI Regulations and regulations, as applicable);
17. Trusts based in India who are authorised under their constitution to invest in equity shares or societies registered under the Societies Registration Act, 1860, as amended and are authorised to invest in equity shares;
18. Scientific and/or industrial research organisations in India authorised to invest in equity shares;
19. Insurance funds set up and managed by army, navy or air force of the Union of India in accordance with applicable law.
20. All other persons eligible to invest under all applicable laws, rules, regulations and guidelines.

As per existing regulations, OCBs cannot Bid in the Issue.

Procedure for Bids by Mutual Funds

As per the SEBI Regulations 5% of the QIB Portion have been specifically reserved for mutual funds on a proportionate basis. An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than 1,05,279 Equity Shares, allocation shall be made to Mutual Funds on a 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.

A separate Bid can be made in respect of each scheme of the Mutual Fund and such Bids will not be treated as multiple Bids, provided that the Bids clearly indicate the individual scheme concerned for which the Bid has been made. Asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are being made.

In accordance with 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 equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry-specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

Bids by Eligible NRIs

Bid cum Application Forms (Blue in colour) and the physical ASBA Forms will be made available for Eligible NRIs, at our Registered Office and with the members of the Syndicate. Eligible NRI Bidders should note that only such Bids as are accompanied by payment in free foreign exchange or by debit to their Non Resident External (NRE)/ Foreign Currency Non Resident (FCNR) accounts shall be considered for Allotment under the Eligible NRI category. The Eligible NRIs who intend to make payment through the NRO Account shall use the Bid cum Application form meant for Resident Indians (white in colour). In accordance with the SEBI Regulations, NRIs can subscribe to this Issue under the ASBA process.

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. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts (other than Sub-Accounts which are foreign corporates or foreign individuals bidding under the QIB Portion), the investment on behalf of each sub-account shall not exceed 10% of our total post issue issued capital or 5% of our total post issue issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in our Company cannot exceed 24% of our total issued capital. The said 24% limit can be increased up to 100% by passing a resolution by the Board followed by passing a special resolution to that effect by the shareholders of our Company.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the FII Regulations, an FII or its sub-account may issue, deal or hold, off shore 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.

Associates and affiliates of the Underwriters, including the BRLM, that are FIIs or its sub-account may issue offshore derivative instruments against Equity Shares allocated to them in the Issue.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

The current VCF Regulations and the FVCI Regulations prescribe investment restrictions on VCFs and FVCIs. Accordingly, as per the current regulations, the following restrictions applicable for VCFs and FVCIs may be noted:

The holding by any individual VCF in one company should not exceed 25% of the corpus of the VCF. An FVCI can invest its entire funds committed for investments into India in one company. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an IPO.

Bids by Insurance Companies

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 the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject such Bids without assigning reasons thereof.

Bids made by Provident Funds / Pension Funds

In case of the Bids made by provident funds / pension funds, subject to applicable laws, with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund / pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid without assigning any reason thereof.

Authority to Bid under a Power of Attorney

By limited companies, corporate bodies, registered societies

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form as applicable. Failing this, our Company reserves the right to reject such Bids without assigning reasons thereof.

By FIIs, FVCIs, VCFs, Mutual Funds

In case of the Bids made pursuant to a power of attorney by FIIs, FVCIs, VCFs and Mutual Funds, 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 lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject such Bid without assigning reasons thereof.

ASBA Bidders

In case of an ASBA Bid pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA Form. Failing this, our Company, in consultation with the BRLM, reserves the right to reject such Bids.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form or the ASBA Form, subject to such terms and conditions that our Company / the BRLM may deem fit without assigning reasons thereof.

Our Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars on the refund order and mailing of the refund order / CANs / allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the

Bidder). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Bid cum Application Form instead of those obtained from the Depositories.

Participation by associates / affiliates of the BRLM and Syndicate Members

The BRLM and Syndicate Members shall not be allowed to subscribe to this Issue in any manner, except towards fulfilling their underwriting obligations as stated in the Prospectus. However, associates or affiliates of the BRLM and Syndicate Members may Bid either in the QIB Portion or in Non-Institutional Portion as may be applicable to such investors, where the allocation is on a proportionate basis. Such bidding and subscription may be on their own account or on behalf of their clients.

All categories of investors, including associates or affiliates of BRLM and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis. Further, affiliates and associates of the Underwriters, including the BRLM, that are FIIs or their Sub-Accounts may issue off-shore derivate instruments against Equity Shares allocated to them in this Issue.

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 Bid Amount payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. Where the Bid Amount is over Rs. 100,000, due to revision of the Bid or revision of the Price Band or on exercise of the option to Bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The Cut-off Price option is given only to Retail Individual Bidders where the Bid Amount does not exceed Rs. 100,000, indicating their agreement to the Bid and to purchase the Equity Shares at the 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. 100,000 and is a multiple of [●] Equity Shares. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them under applicable laws. **Under the SEBI Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the entire Bid Amount upon submission of the Bid.**

   In case of any revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount in the revised Bids is above Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 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 Non-Institutional Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at the Cut-Off Price.

The maximum and minimum bid size applicable to a QIB, Retail Individual Bidder or a Non-Institutional Bidder shall be applicable to an ASBA Bidder in accordance with the category that such ASBA Bidder falls under.

The information in this section is provided only for the benefit of the Bidders. Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated herein. Further, 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 independent enquiries about the limits applicable to them and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of Equity Shares that can be bid for by them under applicable laws or regulations or as specified in this Draft Red Herring Prospectus.

Refund amounts following a permitted withdrawal or rejection of a Bid shall be paid in the manner described under paragraph titled "Payment of Refund" beginning on page 203 of the Draft Red Herring Prospectus under Chapter titled "Issue Procedure" beginning on page 176 of the Draft Red Herring Prospectus.-".

Information for the Bidder:

1. Our Company will file the Red Herring Prospectus with the RoC at least three days prior to the Bid/Issue Opening Date.

2. Subject to Section 66 of the Companies Act, our Company shall, after receiving final observations, if any, on this Draft Red Herring Prospectus from the SEBI, publish a pre-Issue advertisement, in the form prescribed under the SEBI Regulations, in two national daily newspapers (one each in English and Hindi) and one Marathi language daily newspaper, each with wide circulation. Our Company and the BRLM shall declare the Bid Opening Date, the Bid Closing Date in the Red Herring Prospectus to be filed with the RoC and shall publish the same in two national newspapers (one each in English and Hindi) and one Marathi language daily newspaper, each with wide circulation. This advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Part A of Schedule XIII of the SEBI Regulations.

3. The BRLM shall dispatch the Red Herring Prospectus and other issue material, to the Designated Stock Exchange, members of the Syndicate, Bankers to the Issue, SCSBs and investors' associations in advance. Any bidder/investor (who is eligible to invest in our Equity Shares) who would like to obtain this Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from the Registered Office or from any of the members of the Syndicate.

4. Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLM, Syndicate Members or their authorised agent(s), as applicable to register their Bids. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.

5. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms (other than ASBA Form) should bear the stamp of the members of the Syndicate or Designated Branch. Bid cum Application Forms, which do not bear the stamp of a member of the Syndicate, will be rejected. Bids by ASBA Bidders shall be accepted by the Designated Branches of the SCSBs in accordance with the SEBI 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.

6. The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share. The Bidders can Bid at any price within the Price Band, in multiples of [●] Equity Shares. In accordance with the SEBI Regulations, our Company in consultation with the BRLM, reserves the right to revise the Price Band during the Bid/Issue period. The cap on the Price Band will not be more than 120% 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.

7. In case the Price Band is revised, the Bid/Issue period shall be extended, by an additional three days, subject to the total Bid/Issue period not exceeding 10 Working Days. The revised Price Band and Bid/Issue period, if applicable, will be widely disseminated by notification to the Stock Exchanges, and by publishing in two national daily newspapers (one each in English and Hindi) and one Marathi daily language 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.

Information specific to ASBA Bidders

1. ASBA Bidders who would like to obtain a copy of this Red Herring Prospectus and/or the ASBA Form can obtain the same from the Designated Branches in physical form or in electronic form on the websites of the SEBI, BSE, NSE, BRLM and SCSBs.

2. The Bids should be submitted to the SCSBs on the prescribed ASBA Form if applied in physical mode. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.

3. The SCSBs shall accept Bids only during the Bidding Period and only from the ASBA Bidders.

4. The BRLM shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA Form to the SCSBs. The SCSBs will then make available such copies to investors intending to apply in this Issue through the ASBA process. Additionally, the BRLM shall ensure that the SCSBs are provided with soft copies of the abridged prospectus as well as the ASBA Form and that the same are made available on the websites of the SCSBs.

Method and Process of Bidding

1. Our Company and the BRLM shall declare the Bid/Issue Opening Date, the Bid/Issue Closing Date in the Red Herring Prospectus to be filed with the RoC and also publish the same in two national daily newspapers (one each in English and Hindi) and one Marathi language daily newspaper, each 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 contain the disclosure requirements as specified under Schedule XIII of the SEBI Regulations.

2. Our Company in consultation with the BRLM will decide the Price Band and the minimum Bid lot size for the Issue.

3. The Bid/Issue Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Bid/ Issue Period maybe extended, if required, by an additional three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be published in two national newspapers (one each in English and Hindi) and one Marathi newspaper with wide circulation and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate.

4. The BRLM and Syndicate Members shall accept Bids from the Bidders during the Bid/Issue period in accordance with the terms of the Syndicate Agreement. The Price Band and the minimum Bid lot will be decided by our Company in consultation with the BRLM and advertised at least two working days prior to the Bid/Issue Opening Date.

5. During the Bidding Period, Bidders should approach members of the Syndicate or their authorised agents to register their Bids. The Members of the Syndicate shall accept Bids from the all the Bidders and shall have the right to vet the Bids, during the Bidding Period in accordance with the terms of the Syndicate Agreement and the Red Herring Prospectus. ASBA Bidders should approach the SCSBs to register their Bids.

6. Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices within the Price Band and the requirement to specify the corresponding demand (i.e., the number of Equity Shares). The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.

7. The Bidder cannot Bid on another Bid cum Application Form after Bid(s) on one Bid cum Application Form have been submitted to any member of the Syndicate or a SCSB, respectively. Submission of an additional Bid cum Application Form to either the same or to another member of the Syndicate or ASBA Form to any SCSB will be treated as multiple bidding and is liable to be rejected either before

entering the Bid into the 'Electronic Bidding System', or at any point in time prior to finalisation of the 'Basis of Allocation'. However, the Bidder, can revise the Bid through the Revision Form, the procedure for which is detailed Chapter titled "Issue Procedure -Build up of the Book and Revision of Bids" on page 190 of the Draft Red Herring Prospectus.

8. The members of the Syndicate will enter each Bid option into the 'Electronic Bidding System' as a separate Bid and generate a Transaction Registration Slip ("TRS") for each Bid 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.

9. All Bidders will make payment of the entire amount along with the Bid cum Application Form, in the manner described in "– Terms of Payment and Payment into the Escrow Accounts" on page 194 of the Draft Red Herring Prospectus.

10. For the Bidders who apply through the ASBA process, SCSBs shall block the Bid Amount in an ASBA Account. Upon submission of an ASBA Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block an amount equivalent to the Bid Amount and authorized the Designated Branch to block the Bid Amount in the ASBA Account.

11. The Bid Amount shall remain blocked in the ASBA Account until finalization of the 'Basis of Allocation' or withdrawal/failure of the Issue or withdrawal/rejection of the ASBA Bid, as the case may be. In the event the ASBA Account does not have a sufficient credit balance for the Bid Amount, the Bid shall be rejected by the SCSB and no funds shall be blocked in that ASBA Account.

12. The ASBA Form should not be accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account.

13. On the Designated Date, the SCSBs shall initiate transfer of the blocked Bid Amount from the ASBA Account for successful Bids into the Public Issue Account and the balance amount, if any, shall be unblocked. Not more than five ASBA Forms can be submitted when utilizing an ASBA Account.

Bids at different price levels and revision of Price Band

1. The Bidder can Bid at any price within the Price Band, in multiples of Re. 1 (Rupee One).

2. In accordance with the SEBI Regulations, our Company in consultation with the BRLM, reserves the right to revise the Price Band during the Bidding Period. The Cap Price should not be more than 120% of the Floor Price. The Floor Price can move up or down to the extent of 20% of the Floor Price advertised at least two Working Days before the Bid Opening Date. 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 Marathi daily language newspaper, each 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.

3. Our Company shall finalise the Issue Price within the Price Band in consultation with the BRLM, without the prior approval of or intimation to the Bidders.

4. Retail Individual Bidders bidding at a Bid Price, for an amount not exceeding Rs. 100,000 may Bid at the Cut-Off Price. However, bidding at Cut-Off Price is prohibited for QIBs and Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.

5. Retail Individual Bidders who bid at the Cut-Off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at the Cut-Off Price shall deposit the Bid Amount in the applicable Escrow Accounts 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, the Retail Individual Bidders who Bid at Cut-Off Price shall receive the refund of the excess amounts from the respective Escrow Accounts in the manner described under "– *Payment of Refund*" on page 203 of the Draft Red Herring Prospectus.

6. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at the Cut-Off Price could either (i) revise their Bid or (ii) make additional payment based on the revised Cap Price (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 100,000 if such Retail Individual Bidders want to continue to bid at the 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. 100,000 for Retail Individual Bidders, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. In case the Retail Individual Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the Cap Price prior to revision in the Price Band, the number of Equity Shares bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required and such Retail Individual Bidder is deemed to have approved such revised Bid at the Cut-Off Price.

7. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-Off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Accounts. In case of downward revision in the Price Band, the number of Equity Shares bid for shall be adjusted upwards to the higher Bid lot for the purpose of Allotment.

8. In the event of any revision in the Price Band, whether upwards or downwards, our Company in consultation with the BRLM shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application is in the range of Rs. 5,000 to Rs. 7,000.

9. 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 the 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.

GENERAL INSTRUCTIONS

Dos:

(a) Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of this Draft Red Herring Prospectus;

(b) Ensure that you Bid within the Price Band;

(c) Read all the instructions carefully and complete the Bid cum Application Form;

(d) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be Allotted in dematerialised form only;

(e) Ensure that you have collected TRSs for all options in your Bid;

(f) Ensure that you submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

(g) Each of the Bidders, should mention their PAN allotted under the IT Act;

(h) 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. Where 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;

(i) Ensure that the demographic details (as defined in the Chapter titled "Issue Procedure – Bidder's Depository Account and Bank Account Details" on page 186 of the Draft Red Herring Prospectus) are updated, true and correct in all respects;

(j) Ensure that the Bids are submitted at the Bidding Centres only on forms bearing stamp of a member of the syndicate and that the full Bid Amount is paid for the Bids submitted to the Syndicate; and

Don'ts:

(a) Do not Bid for lower than the minimum Bid size;

(b) Do not Bid or 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, postal order, or by stock invest;

(e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate;

(f) QIBs and Non-Institutional Bidders should not Bid at Cut-Off Price;

(g) Do not Bid such that such that the number of Equity Shares Bid for exceeds the Issue size and/or the investment limit or the 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 this Draft Red Herring Prospectus;

(h) Do not Bid at Bid Amount exceeding Rs. 100,000, for in case of a Bid by a Retail Individual Bidder;

(i) Do not submit the Bid without the full bid amount;

(j) Do not mention the GIR number instead of the PAN as the Bid is liable to be rejected on this ground; and

(k) Do not Bid for Allotment of shares in physical form.

ADDITIONAL INSTRUCTIONS FOR ASBA BIDDERS ONLY

DO's:

1. Ensure that you use the ASBA Form specified for the purposes of ASBA.

2. Read all the instructions carefully and complete the ASBA Form.

3. Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.

4. Ensure that your ASBA Form is submitted at a Designated Branch, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or the Registrar to the Issue or the BRLM.

5. Ensure that the ASBA Form is signed by the account holder in case the applicant is not the account holder.

6. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form.

7. Ensure that you have funds equal to the number of Equity Shares Bid for at the Cap Price available in your ASBA Account before submitting the ASBA Form to the respective Designated Branch.

8. Ensure that you have correctly checked the authorisation box in the ASBA Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA Form in your ASBA Account maintained with a branch of the concerned SCSB.

9. Ensure that you receive an acknowledgement from the Designated Branch for the submission of your ASBA Form.

10. Ensure that the name(s) given in the ASBA Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Form.

DON'Ts:

1. Do not Bid on another ASBA Form or on a Bid cum Application Form after you have submitted a Bid to a Designated Branch.

2. Payment of Bid Amounts in any mode other than blocked amounts in the ASBA Accounts, shall not be accepted under the ASBA.

3. Do not send your physical ASBA Form by post; instead submit the same to a Designated Branch.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bidder's Depository Account and Bank Account Details

Bidders should note that on the basis of PAN of the Bidders, DP ID and beneficiary account number provided by them in the Bid cum Application Form, the Registrar will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). These bank account details would be used for giving refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) or unblocking of ASBA Account. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders or unblocking of ASBA Account at the Bidders sole risk and neither the BRLM or the Registrar or the Escrow Collection Banks or the SCSBs nor our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

These Demographic Details will be used for all correspondence with the Bidders including mailing of the refund orders/NECS credit for refunds/direct credit of refund/CANs/allocation advice/NEFT or RTGS for refunds and printing of Company particulars on the refund order. The Demographic Details given by Bidders in the Bid cum Application Form will not be used for any other purposes by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder will 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.

Refund orders/allocation advice/CAN would be mailed to the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that 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 re-dispatch of refund orders. Please note that any such delay shall be at the Bidder's sole risk and neither our Company, its Directors and officers, its directors, affiliates, associates and their respective directors and officers, Escrow Collection Banks, the BRLM nor the Registrar to the Issue shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or pay any interest for such delay. In case of refunds through electronic modes as detailed in this Draft Red Herring Prospectus, Bidders may note that refunds may get delayed if bank particulars or the MICR code obtained from the Depository Participant are incorrect or incomplete.

Where no corresponding record is available with the Depositories that matches three parameters, namely, PAN of the sole/first bidder, the DP ID and the beneficiary's identity, then such Bids are liable to be rejected.

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.

ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.

OTHER INSTRUCTIONS

Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all refund payments will be made in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Further, ASBA Bids may be made in single or joint names (not more than three). In case of joint Bids by ASBA Bidders, all communication will be addressed to the first Bidder and will be dispatched to his address.

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. The PAN of the first/sole Bidder as furnished in the Bid cum Application Form or as recorded with the Depositories shall be the criteria to identify multiple Bids.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Funds and such Bids in respect of more than one scheme of the Mutual Funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

Our Company in consultation with the BRLM, reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Cases where there are more than 20 valid applicants having a common address shall be reported to the Stock Exchanges and other appropriate regulatory authorities such as the SEBI and such Equity Shares will be kept in abeyance post Allotment and will be released on receipt of appropriate confirmation from such authorities.

An ASBA Bidder should submit only one Bid. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is the same.

Permanent Account Number ("PAN")

The Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. **Applications without this information will be considered incomplete and are liable to be rejected.** It is to be specifically noted that Bidders should not submit the GIR Number instead of the PAN, as the Bid is liable to be rejected on this ground.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years".

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 the ASBA Bidders, the ASBA Bid cum Application Form or the ASBA Revision Form shall be submitted to the Designated Branches of the SCSBs.

Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Forms or Revision Forms. 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.

Electronic Registration of Bids

(a) The Syndicate and the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges.

(b) The Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/Issue Closing Date.

(c) There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Bids are being accepted. **The BRLM, our Company and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Syndicate Members and the SCSBs, (ii) the Bids uploaded by the Syndicate Members and the SCSBs, (iii) the Bids accepted but not uploaded by the Syndicate Members and the SCSBs or (iv) with respect to ASBA Bids, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the Syndicate and/or the SCSBs shall be responsible for any error in the Bid details uploaded by them.** It shall be

presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.

(d) The Stock Exchanges will offer an electronic facility for registering Bids for the Issue. This facility will be available with the Syndicate and their authorised agents and the SCSBs during the Bid/ Issue Period. The Syndicate Members and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis. On the Bid/ Issue Closing Date, the Syndicate and the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLM on a regular basis.

(e) Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges would be made available at the Bidding centres during the Bid/Issue Period.

(f) At the time of registering each Bid other than ASBA Bids, the Syndicate shall enter the following details of the Bidders in the on-line system:

- Name of the Bidder: Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depositary Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.
- Investor Category – Individual, Corporate, FII, NRI, Mutual Fund, etc.
- Numbers of Equity Shares Bid for.
- Bid Price,
- Bid Amount.
- Cheque Details.
- Bid cum Application Form number.
- DP ID and client identification number of the beneficiary account of the Bidder.
- PAN.

With respect to ASBA Bids, at the time of registering each Bid, the Designated Branches of the SCSBs shall enter the following information pertaining to the Bidder into the online system:

- Name of the Bidder(s);
- Application Number;
- PAN (of First Bidder, in case of more than one Bidder);
- Investor Category and Sub-Category:

  Retail (No sub category)
  Non- Institutional – Individual, corporate, others
  QIB - Mutual Funds, Financial Institutions, Insurance companies, Foreign Institutional, Investors other than corporate and individual, sub-accounts,

- DP ID and client identification number;
- Beneficiary account number of Equity Shares Bid for;
- Quantity;
- Bid Amount;
- Bank account number;
- Cheque amount; and
- Cheque number.

(g) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the Syndicate or the Designated Branches of the SCSBs. The registration of the Bid by the member of the Syndicate or

the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated/allotted either by the Syndicate or our Company.

(h) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(i) In case of QIB Bidders, only the BRLM and their Affiliate Syndicate Members have the right to accept the Bid or reject it. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids will be rejected on technical grounds listed on page 195. 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 SCSBs shall have no right to reject Bids, except on technical grounds.

(j) The permission given by the Stock Exchange to use the 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/or the BRLM are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the Promoter, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchange.

(k) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. Members of the Syndicate will be given up to one day after the Bid/Issue Closing Date to verify the information uploaded in the online IPO system during the Bid/Issue Period. If the Syndicate Members finds any discrepancy in the DP name, DP Id and the Client Id, the Syndicate Members will correct the same and send the data to the Registrar for reconciliation and Allotment of Equity Shares. After which the data will be sent to the Registrar for reconciliation and Allotment of Equity Shares. In case of any discrepancy of data between the BSE or the 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, (which may be based on the physical records of Bid Cum Application Forms) shall be final and binding on all concerned.

Build up of the Book and Revision of Bids

1. 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.

2. The Bidder can Bid at any price within the Price Band in multiples of Re. 1 (Rupee One). The Bidder has to Bid for the desired number of Equity Shares at a specific price.

   Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding up to Rs. 1,00,000/- may Bid at the Cut-off Price. However, bidding at the Cut-off Price is prohibited for QIB Bidders or Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000/- and such Bids from QIB Bidders and Non-Institutional Bidders shall be rejected.

3. Bids registered by various Bidders, during the Bidding Period through the members of the Syndicate and SCSBs shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.

4. 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 bidding period.

5. During the Bid/Issue period, any Bidder who has registered his or her Bid at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.

6. Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. The Bidder must complete the details of all the options in the 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 complete all 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.

7. The Bidder can make this revision any number of times during the Bid/Issue period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate or SCSB through whom the original Bid was placed.

8. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only on such Revision Form or copies thereof.

9. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had Bid at the Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher cap of the revised Price Band (such that the total amount i.e., the original Bid Amount plus additional payment does not exceed Rs. 100,000, if the Bidder wants to continue to Bid at the 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. 100,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Draft Red Herring Prospectus. In case of Retail Individual Bidders who do not revise the Bid or make additional payment, where the Issue Price is higher than the cap of the Price Band before revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from such Bidder and the Bidder is deemed to have approved such revised Bid at the Cut-off Price.

10. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Accounts.

11. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid Amount. In case of Bids, other than ASBA Bids, the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders. In such cases, the Syndicate will revise the earlier Bids details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.

12. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and may get a revised TRS from the Syndicate or the SCSB, as applicable. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

13. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size and the Bid lot 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.

Bids and Revisions of Bids for all Bidders

Bids and revisions of Bids must be:

1. Made only on the prescribed Bid cum Application Form or Revision Form, as applicable.

2. Made in a single name or in joint names (not more than three, and in the same order as their Depository Participant details).

3. Completed in full, in BLOCK LETTERS in English and in accordance with the instructions contained herein, on the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.

4. Information provided by the Bidders will be uploaded in the online IPO system by the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/ Allotment. The Bidders should ensure that the details are correct and legible.

5. Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.

6. Bids by QIBs bidding in the QIB Portion and Non-Institutional Bidders must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the size of this Issue, subject to applicable investment limits under laws or regulations to the Bidders. QIBs cannot withdraw their Bids after the Bid Closing Date.

7. In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 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

8. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Non-Residents, including Eligible NRIs and FIIs on repatriation basis

Bids and revision to the 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. In a single name or joint names (not more than three and in the same order as their Depository Participant details).

3. In the names of individuals, or in the names of FIIs or FVCIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees in case of Bids by Eligible NRIs, FIIs, eligible/permitted Sub-Accounts, FVCIs etc. on a repatriation basis.

4. Eligible NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation. Other eligible Non-Resident Bidders must Bid for a minimum of such number of Equity Shares and in multiples of [●] that the Bid Amount exceeds Rs. 100,000. For further details, see the Chapter titled “Issue Procedure - Maximum and Minimum Bid Size” on page 180 of the Draft Red Herring Prospectus.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only, at the rate of exchange prevailing at the time of remittance, net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be

dispatched by registered post or if the Bidders so desire, will be credited to their NRE Accounts, details of which are received from the Depositories as part of the demographic details of the First Bidder/ sole Bidder. Our Company, its Directors and officers, its directors, affiliates, associates and their respective directors and officers 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, FVCIs and FIIs and they will be treated on the same basis with other categories for the purpose of allocation.

As per existing regulations promulgated under the FEMA, Non Residents such as NRIs (only Eligible NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws are allowed to participate in the Issue. **Further, as per existing regulations, OCBs cannot participate in the Issue.**

PAYMENT INSTRUCTIONS

Escrow Accounts shall be opened with the Escrow Collection Banks for the collection of the Bid Amount payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Escrow Mechanism for Bidders other than ASBA Bidders

Escrow Accounts shall be opened with one or more Escrow Collection Banks for collection of application money. The Bidders shall draw the cheque or demand draft in respect of his or her Bid and/or revision of the Bid in favour of the payee detailed under the Chapter titled "Issue Procedure – Terms of Payment and Payment into the Escrow Accounts" on page 194 of the Draft Red Herring Prospectus. Cheques or demand drafts received for the full Bid Amount from Bidders in a particular category would be deposited in the Escrow Accounts. The Escrow Collection Banks will act in terms of the Red Herring Prospectus, the Prospectus and the Escrow Agreement. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Banks for and on behalf of the Bidders. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Accounts to the Public Issue Account and the Refund Account as per the terms of the Escrow Agreement, the Red Herring Prospectus and the Prospectus.

Bidders should note that the escrow mechanism is neither provided under any law or regulation nor has been prescribed by SEBI. The escrow mechanism has been established as an arrangement amongst our Company, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders and shall be governed by the terms of the Red Herring Prospectus and the Escrow Agreement.

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 withdrawal/ rejection of the ASBA Bid or receipt of instructions from the Registrar to unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Bid cum Application Form or for unsuccessful ASBA Bid cum Application Forms, the Registrar shall give instructions to the SCSB to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Terms of Payment and Payment into the Escrow Accounts for Bidders other than ASBA Bidders

Each Bidder, shall pay the full bid amount along with the submission of the Bid cum Application Form, draw a cheque or demand draft in favour of the Escrow Accounts of the Escrow Collection Bank(s) and

submit such cheque or demand draft to the member of the Syndicate to whom the Bid is being submitted. **Bid cum Application Forms accompanied by cash or stockinvest or money orders shall not be accepted.**

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Banks, which will hold the monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of this Issue from the Escrow Account into the Public Issue Account and the balance amount to the Refund Account(s), as per the terms of the Escrow Agreement, the Red Herring Prospectus and the Prospectus.

The full amount is required to be paid at the time of submission of the Bid cum Application Form.

Payment into Escrow Accounts

1. The Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for applicable Bid Amount in favour of the Escrow Accounts and submit the same to the members of the Syndicate. The payment instruments for payment into the Escrow Accounts should be drawn in favour of:

i.	In case of Resident Bidders	:	**Escrow Account – FCL Public Issue – R**
ii.	In case of Non Resident Bidders	:	**Escrow Account – FCL Public Issue – NR**
iii.	In case of Resident QIB Bidders	:	**Escrow Account – FCL Public Issue – QIB – R**
iv.	In case of Non Resident QIB Bidders	:	**Escrow Account – FCL Public Issue – QIB – NR**

2. In the case of Bids by Eligible 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 NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of NRO Account of the Non-Resident Bidder bidding on a repatriation basis. Payment by draft should be accompanied by a bank certificate confirming that the draft has been issued by debiting a NRE Account or a FCNR Account.

3. In the case of Bids by Eligible NRIs applying on a non-repatriation basis, the payments must be made by Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application, remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of an 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 a FCNR or an NRO Account.

4. In case of Bids by FIIs the payment should be made out of funds held in a 'special rupee account' along with documentary evidence in support of the remittance. Payment by draft should be accompanied by a bank certificate confirming that the draft has been issued by debiting a 'special rupee account'.

5. 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 Account.

6. The monies deposited in the Escrow Accounts will be held for the benefit of the Bidders until the Designated Date.

7. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement, the Red Herring Prospectus and the Prospectus into the Public Issue Account.

8. No later than 10 working days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

9. **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.**

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 Banks, such Bids are liable to be rejected.

Payment by Stockinvest

Under the terms of the RBI Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest 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 this Issue.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-issue advertisement, in the form prescribed by the SEBI Regulations, in an English national newspaper, a Hindi national newspaper and a Marathi language newspaper each with wide circulation.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by our Company after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of this Draft Red Herring Prospectus, Red Herring Prospectus and the Prospectus shall be included in such statutory advertisement.

Right to reject Bids by our Company

In case of QIB Bidders, our Company in consultation with the BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by RTGS/NEFT/NES/Direct Credit/cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk. With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on, *inter alia*, the following technical grounds:

1. Amount paid is less than the Bid amount payable;

2. Bid submitted in the name of the partnership firm instead of the names of the individual partners as no partnership firm shall be entitled to apply in its name;

3. Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors and insane persons;

4. PAN not mentioned in the Bid cum Application Form;

5. GIR number furnished instead of PAN;

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 Bidders and QIB Bidders;

11. Bids for a number of Equity Shares, which are not in multiples of [●];

12. Multiple Bids as described in the Draft Red Herring Prospectus;

13. Relevant documents not submitted in case of Bids under power of attorney;

14. Bids accompanied by stockinvest / money order / postal order / cash;

15. Bid cum Application Form does not have the stamp of the BRLM or the Syndicate Members;

16. Bid cum Application Form does not have the Bidder's depository account details or the details are incomplete;

17. Bid is not registered within the time prescribed and as per the instructions in the Bid cum Application Form, the Issue advertisement or the Draft Red Herring Prospectus and as per the instructions in the Draft Red Herring Prospectus;

18. In case no corresponding record is available with the Depositories that matches three parameters, namely, PAN, the Depository Participant's identity (DP ID) and the beneficiary account number;

19. Bids for amounts greater than the size of the Issue or the maximum permissible investment limits prescribed under the applicable laws and regulations;

20. Bids by QIBs not submitted through members of the Syndicate or in case of ASBA Bids for QIBs not intimated to the BRLM;

21. Bids by OCBs;

22. Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;

23. Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;

24. Bids by persons who are not eligible to acquire Equity Shares in terms of any applicable law, rule, regulation, guideline or approval;

25. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

26. Bids not uploaded in the Book;

27. Bids which do not comply with securities laws at their specific jurisdictions;

28. Bids for allotment of Equity Shares in physical form;

29. Authorisation for blocking funds in the ASBA Account not ticked or provided;

30. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Form at the time of blocking such Bid Amount in the ASBA Account; and

IN CASE THE DP ID, CLIENT ID AND PAN MENTIONED IN THE BID CUM APPLICATION FORM AND ENTERED INTO THE ELECTRONIC BIDDING SYSTEM OF THE STOCK EXCHANGES OR THE SYNDICATE/THE SCSBs DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITARIES, THE BIDS ARE LIABLE TO BE REJECTED.

Price Discovery and Allocation

1. After the Bid Closing Date, the BRLM will analyse the demand generated including demand generated under the ASBA at various price levels and discuss the pricing strategy with our Company.

2. Our Our Company, in consultation with BRLM, shall finalise the Issue Price.

3. The allocation for QIBs will not be more than 50% of the Issue to the Public, of which 5% shall be reserved for Mutual Funds, would be on a proportionate basis, subject to valid bids being received at or above the Issue Price in the manner as described in the Paragraph titled 'Basis of Allotment'.

4. Not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, in a manner specified in the SEBI Regulations and the Draft Red Herring Prospectus, in consultation with the Designated Stock Exchange and subject to valid Bids being received at or above the Issue Price.

5. In case of over-subscription in all categories, not more than 50% of the Issue shall be available for allocation on a proportionate basis to QIBs, out of which 5% shall be reserved for Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. However, if the aggregate demand by Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will be added to the QIB Portion and be allocated proportionately to the QIBs in proportion to their Bids.

6. Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the sole discretion of our Company, in consultation with the BRLM and Designated Stock Exchange. However, if the aggregate demand by Mutual Funds is less than 1,05,279 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the QIB Portion and be allotted proportionately to the QIB Bidders.

7. Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue in accordance with SEBI Regulations. Provided, if our Company withdraws the Issue after the Bid/Issue Closing Date, we will give the reason thereof within two days of the Bid/Issue

Closing Date by way of a public notice in the same newspapers where the pre-issue advertisement had appeared. The Stock Exchange shall also be informed promptly.

8. Any oversubscription to the extent of 10% of this Issue can be retained for the purpose of rounding off and making allotments in minimum lots, while finalising the 'Basis of Allocation'.

9. Allocation to Eligible NRIs, FIIs, eligible/permitted Sub-Accounts, Mutual Funds or FVCIs will be subject to applicable law, rules, regulations, guidelines and the terms and conditions stipulated in approvals, if any, obtained from regulatory authorities such as the SEBI and the RBI.

10. The BRLM, in consultation with our Company, shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.

11. In terms of the SEBI Regulations, QIBs shall not be allowed to withdraw their Bid in the QIB Portion after the Bid/Issue Closing Date.

12. Our Company, in consultation with the BRLM, reserves the right to reject any Bid procured from QIB Bidders, by any or all members of the Syndicate. Rejection of Bids made by QIBs, if any, will be made at the time of submission of Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing.

13. The Allotment details shall be put on the website of the Registrar to the Issue.

14. Bids received from ASBA Bidders will be considered at par with Bids received from other Bidders. No preference shall be given to ASBA Bidders vis avis other QIBs, Retail Individual Bidders and Non-Institutional Bidders or vice versa. The 'Basis of Allocation' to such valid ASBA Bidders and other QIBs, Retail Individual Bidders and Non-Institutional Bidders will be that applicable to QIBs, Retail Individual Bidders and Non-Institutional Bidders.

Signing of Underwriting Agreement and RoC Filing

(a) Our Company, the BRLM and the Syndicate Members shall enter into the Underwriting Agreement upon finalisation of the Issue Price.

(b) After signing the Underwriting Agreement, our Company will update and file the Red Herring Prospectus with RoC, which then will be termed "Prospectus". The Prospectus will have details of the Issue Price, Issue size, underwriting arrangements and will be complete in all material respects, subject to finalization of the 'Basis of Allocation'.

Filing of the Red Herring Prospectus and the Prospectus with the RoC

We will file a copy of the Red Herring Prospectus and the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

Issuance of CAN

(a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLM or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or before the approval of the 'Basis of Allocation' for the Retail Individual Bidders and Non-Institutional Bidders. However, the investor should note that our Company shall ensure that demat credit of Equity Shares to all investors in this Issue is completed within two Working Days from the date of Allotment.

(b) The BRLM, the members of the Syndicate or the Registrar to the Issue, as the case may be, will then send a CAN to Bidders who have been allocated Equity Shares in the Issue.

(c) Bidders including QIB Bidders who have been allocated Equity Shares and who have already paid into the Escrow Accounts at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Accounts.

Issuance of CAN with respect to ASBA Bidders

(a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send the Controlling Branches, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue, along with:

- The number of Equity Shares to be allotted against each successful ASBA;
- The amount to be transferred from the ASBA Account to the Public Issue Account, for each successful ASBA;
- The date by which the funds referred to in sub-para (ii) above, shall be transferred to the Public Issue Account; and
- The details of rejected ASBA Forms, if any, along with reasons for rejection and details of withdrawn (except in case of QIB bidding through an ASBA Form) or unsuccessful ASBA Forms, if any, to enable SCSBs to unblock the respective ASBA Accounts.

ASBA Bidders should note that our Company shall ensure that the instructions by our Company for demat credit of the Equity Shares to all investors in this Issue shall be given on the same date; and

(b) The ASBA Bidders shall directly receive the CANs from the Registrar. The dispatch of a CAN to an ASBA Bidder shall be deemed a valid, binding and irrevocable contract with the ASBA Bidder.

Designated Date and Allotment

(a). Our Company will ensure that (i) the Allotment of Equity Shares; and (ii) credit to the successful Bidder‘s depositary account will be completed within 11 Working Days of the Bid/Issue Closing Date.

(b). In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.

(c). Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

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 fungible statements issued in electronic mode).

In this context, two tripartite agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

(a) an agreement dated January 29, 2008 among NSDL, our Company and the Registrar to the Issue; and

(b) an agreement dated January 17, 2008 among CDSL, our Company and the 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 on the Bid cum Application Form and Revision Form.

3. Allotment 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, Bid 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 available 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 Bid 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 or vis-à-vis those recorded with his or her Depository Participant.

7. Trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the Stock Exchange. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchange, where our Equity Shares are proposed to be listed, has electronic connectivity with CDSL and NSDL.

ALLOTMENT

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from 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 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 category is less than or equal to 14,73,906 Equity Shares at or above the Issue Price, full Allotment shall be made to Retail Individual Bidders to the extent of their valid Bids.

- If the aggregate demand in this category is greater than 14,73,906 Equity Shares 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 [●] Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this 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 6,31,674 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their valid Bids.

- If the aggregate demand in this category is greater than 6,31,674 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis of not less than [●] Equity Shares and in multiples of [●] Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

C. For QIB Bidders

- Bids received from QIB Bidders bidding in the QIB Portion at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to QIB Bidders will be made at the Issue Price.

- The QIB Portion shall be available for allocation to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

- Allotment shall be undertaken in the following manner:

  (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:

    (i) If Bids from Mutual Funds exceed 5% of the QIB Portion, allocation to Mutual Funds shall be made on a proportionate basis of not less than 1,05,279 Equity Shares and in multiples of [●] Equity Share thereafter up to 5% of the QIB Portion.

    (ii) If 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 QIB Bidders as set out in (b) below.

  (b) In the second instance allocation to all Bidders shall be determined as follows:

    (i) In the event of an oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis of not less than [●] Equity Shares and in multiples of [●] Equity Share thereafter.

    (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 of not less than [●] Equity Shares and in multiples of [●] Equity Share thereafter along with other QIB Bidders.

    (iii) Under-subscription below 5% of the Mutual Fund Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

The BRLM, the Registrar to the Issue and the Designated Stock Exchange shall ensure that the basis of Allotment is finalised in a fair and proper manner in accordance with the SEBI Regulations. The drawing of lots (where required) to finalise the basis of Allotment shall be done in consultation with the Designated Stock Exchange.

Procedure and Time of Schedule for Allotment and demat Credit of Equity Shares

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 Bid/Issue period. The Bid/Issue period will commence on [●] and expire on [●]. Following the expiration of the Bid/Issue period, our Company,

in consultation with the BRLM, will determine the Issue Price, 'Basis of Allocation' and entitlement to Allotment based on the Bids received and subject to confirmation by the Designated Stock Exchange. 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 Bid amount for the Equity Shares within a prescribed time. The SEBI Regulations require our Company to complete the Allotment to successful bidders within 8 working days of the expiration of the Bid/Issue period. The Equity Shares will then be credited and Allotted to the investors' demat accounts maintained with the relevant Depository Participant. Upon approval by the Stock Exchange, the Equity Shares will be listed and trading will commence.

Unblocking of ASBA Account

Once the basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the SCSBs for unblocking the ASBA Accounts and for the transfer of requisite amount to the Public Issue Account. On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the relevant Controlling Branch regarding finalisation of the 'Basis of Allocation', in the event of withdrawal or failure of this Issue or withdrawal or rejection of the ASBA Bid, as the case may be.

After the Bid/Issue Closing Date, the Registrar to the Issue shall aggregate the demand generated under the ASBA process and which details are provided to them by the SCSBs along with the demand generated by other Bidders, to determine the total demand generated by such Bidders.

Method of proportionate Basis of Allotment

In the event the Issue is oversubscribed, the Allotment shall be as per the basis of Allotment approved by the Designated Stock Exchange. The executive director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner.

Allotment to Bidders shall be made in marketable lots on a proportionate basis as explained below:

(a) Bidders will be categorised according to the number of Equity Shares applied for by them.

(b) The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

(c) The number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

(d) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the market lot), the decimal will 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 will be rounded off to the lower whole number. Allotment to all Bidders in such categories shall be arrived at after such rounding off.

(e) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:

- Each successful Bidder shall be Allotted a minimum of [●] Equity Shares; and
- The successful Bidders out of the total Bidders for a portion shall be determined by the drawing 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 (c) above; and

(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 portion, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance of Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for the minimum number of Equity Shares.

PAYMENT OF REFUND

Bidders should note that on the basis of the PAN, 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 Bidder's bank account details including a nine digit MICR code. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds to Bidders, as the case may be, at the Bidder's sole risk and neither our Company, its Directors and officers, its directors, affiliates, associates and their respective directors and officers the Syndicate Members, the Escrow Collection Banks, the BRLM nor the Registrar to the Issue shall have any responsibility and undertake any liability for the same.

Mode of making refunds for Bidders other than ASBA Bidders

The payment of refund, if any, would be done through various modes in the following manner:

1. ***NECS*** – Payment of refunds would be mandatorily done through NECS for applicants having an account at any of centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the centres referred to above, except where the applicant, being eligible, opts to receive refund through Direct Credit of RTGS.

2. ***NEFT*** – (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the Bidders' bank branch is NEFT enabled and has been assigned the IFSC, which can be liked to an MICR code of that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with an MICR code. Wherever the Bidders have registered their 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 Bidders through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency and the past experience of the Registrars to the Issue. In the event NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in this section.

3. ***Direct Credit*** – Applicants having their bank account with the Refund Banker shall be eligible to receive refunds, if any, through direct credit. Charges, if any, levied by the Refund Bank(s) for the same will be borne by our Company.

4. ***RTGS*** – Bidders having a bank account with a bank branch which is RTGS enabled as per the information available on the website of RBI and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible Bidders who indicate their preference to receive refund through RTGS are required to provide the Indian Financial System Code ("**IFSC**") in the Bid cum Application Form. In the event the same is not provided, refund shall be made through NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the Bidder's bank receiving the credit shall be borne by such Bidder.

5. For all the other applicants, including applicants who have not updated their bank particulars along with the nine-digit MICR Code, the refund orders will be dispatched "Under Certificate of Posting" for refund orders of value up to Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above. Refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Banker(s) which shall be payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 8 working days of the Bid/Issue Closing Date.

DISPOSAL OF APPLICATIONS AND APPLICATIONS MONEY AND INTEREST IN CASE OF DELAY

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment advice; refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange after the Allotment of Equity Shares.

In case of Bidders who receive refunds through NECS, NEFT, direct credit or RTGS, the refund instructions will be given to the clearing system within 10 working days from the Bid/Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 10 days of the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

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 Exchange where the Equity Shares are proposed to be listed are taken within 11 working days of the Bid/Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, our Company further undertake that:

- Allotment of Equity Shares shall be made only in dematerialised form, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, within 11 working days of the Bid/Issue Closing Date;

- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 10 working days of the Bid/Issue Closing Date would be ensured. With respect to the ASBA Bidders' instructions for unblocking of the ASBA Bidder's bank account shall be made within 10 working days from the Bid/Issue Closing Date; and

- Our Company shall pay interest at 15% p.a. for any delay beyond the 10 working days time period, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within eight days from the day the Company becomes liable to repay (i.e. 10 working days after the Bid/Issue Closing Date or the date of refusal by the Stock Exchange(s), whichever is earlier). If such money is not repaid within eight days from the day the Company becomes liable to repay, the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of section 73 of the Companies Act.

Our Company shall ensure that "at par" facility is provided for encashment of refund orders for applications received, other than those received through the ASBA process.

Other than refunds effected through electronic transfer of funds, refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Banker(s) 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 centres will be payable by the Bidders. Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Letters of Allotment or Refund Orders or instructions to the SCSBs

Bidders residing at the centres where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS.

Our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, under certificate of posting, and shall dispatch refund orders above Rs. 1,500, if any, by registered or speed post at the sole or first Bidder's sole risk within 10 working days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 10 working days of the Bid/Issue Closing Date.

In case of ASBA Bidders, the Registrar to the Issue 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 8 working days of the Bid/Issue Closing Date, which shall be completed within one day after the receipt of such instruction from the Registrar.

Interest in case of delay in dispatch of Allotment Letters or Refund Orders / instruction to SCSB by the Registrar to the Offer

Allotment of Equity Shares in the Issue, including the credit of allotted Equity Shares to the beneficiary accounts of the Depository Participants, shall be made not later than 11 working days of the Bid / Issue Closing Date. Our Company further agrees that it shall pay interest at the rate of 15% p.a. if the allotment letters or refund orders have not been dispatched to the Bidders or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within eight days from the day the Company becomes liable to repay (i.e. 10 days after the Bid/Issue Closing Date or the date of refusal by the Stock Exchange(s), whichever is earlier). If such money is not repaid within eight days from the day our Company becomes liable to repay, the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of section 73 of the Companies Act.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Undertakings by our Company

We undertake as follows:

1. that the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;
2. that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are to be listed are taken within 7 working days of finalization of the basis of allotment;
3. that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the issue by our Company.
4. that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

5. that certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within specified time.
6. that no further issue of securities shall be made till the securities offered through the Draft Red Herring Prospectus are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.
7. that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares. In such an event our Company would issue a public notice in the newspapers in which the pre-Issue advertisements were published, within two days of the Bid/Issue Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also promptly inform the Stock Exchange on which the Equity Shares are proposed to be listed.

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

In the event our Company, in consultation with the BRLM, withdraws the Issue after the Bid/Issue Closing Date, a fresh offer document will be filed with SEBI in the event we subsequently decide to proceed with the initial public offering**.**

Utilization of Issue proceeds

The Board of Directors of our Company certifies that:

i) All monies received out of this issue of Equity Shares to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act, 1956;
ii) Details of all monies utilized out of the issue referred to in sub-item (a) shall be disclosed and continue to be disclosed till the time any part of the issue proceeds remains unutilised under an appropriate separate head in the Balance Sheet of our Company indicating the purpose for which such monies had been utilized; and
iii) Details of all unutilized monies out of the issue of Equity Shares, referred to in sub-item (i) shall be disclosed under an appropriate separate head in the Balance Sheet of our Company indicating the form in which such unutilized monies have been invested;

The BRLM undertakes that the complaints or comments received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.

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, PAN, Bid cum Application Form number, Bidders depository account details, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or the Designated Branch of the SCSB where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, the bank account number in which an amount equivalent to the Bid Amount was blocked.

Bidders/Investors 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 shares in the respective beneficiary accounts, refund orders etc.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made.

Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of Government of India (FIPB) and the RBI. As per current foreign investment policies, foreign direct investment in the sector in which our Company operates (Chemicals) is allowed upto 100% under the automatic route.

RBI, *vide* its circular A.P (DIR Series) Circular No. 53 dated December 17, 2003, permitted FIIs to subscribe to shares of an Indian Company in the public issue without prior approval of RBI, so long as the price of Equity Shares to be issued is not less than the price at which the Equity Shares are issued to residents.

Investment by Non-Resident Indians

A variety of special facilities for making investments in India in shares of Indian Companies are available to individuals of Indian nationality or origin residing outside India ("NRIs"). These facilities permit NRIs to make portfolio investments in shares and other securities of Indian companies on a basis not generally available to other foreign investors. Under the portfolio investment scheme, NRIs are permitted to purchase and sell Equity Shares of our Company through a registered broker on the Stock Exchange. NRIs collectively should not own more than 10% of the post-issue paid up capital of our Company. No single NRI may own more than 5% of the post- issue paid up capital of our Company. NRI investment in foreign exchange is now fully repatriable whereas investments made in Indian Rupees through rupee accounts remains non repatriable.

Investment by Foreign Institutional Investors

Foreign Institutional Investors ("FIIs") including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

Ownership restrictions of FIIs

Under the portfolio investment scheme, the overall issue of Equity Shares to FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of our Company. However, the limit of 24% can be raised up to the permitted sectoral cap for that Company after approval of the board of directors and shareholders of our Company. The issue of Equity Shares to a single FII should not exceed 10% of the post-issue paid-up capital of our Company. In respect of an FII investing in Equity Shares of a Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that Company.

Registration of Equity Shares under US Laws

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, 'U.S. persons' (as defined in Regulation S of the U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to 'qualified institutional buyers', as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

The above information is given for the benefit of the Bidders. 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.

SECTION X - DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

The Authorised Capital of our Company is Rs. 13.00 Crores divided into 1,30,00,000 Equity Shares of Rs. 10/- each.

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Pursuant to the provisions of Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares and other main provisions are as detailed below. Each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company.

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

Title of Article	Article Number and contents
Share Capital	3. The Authorised Share Capital of the Company is Rs. 13,00,00,000 (Rupees Thirteen crores) divided into 1,30,00,000 (Equity Shares of Rs.10/- each.)
Increase of capital by the Company how carried into effect	4. The Company in General Meeting may, from time to time, by an ordinary resolution increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting, resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of the assets of the Company and with a right of voting at General Meetings of the Company in conformity with Sections 87 of the Act. Whenever the Capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Sections 81 and 97 of the Act.
New Capital same as existing capital	5. Except so far as otherwise provided by the conditions of issue or by These Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.
Unclassified Shares	6. Any Unclassified shares of the Company for the time being may be issued either with the sanction of the Company in General meeting or by the Board with such rights and privileges annexed there to, and upon such terms and conditions as the General Meeting sanctioning the issue of such shares may direct, and if no such direction shall be given and in all other cases as the Directors shall determine.
Power to issue preference shares	7. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.
Cumulative Redeemable Preference Shares	8.(a) the right to a Cumulative Preferential dividend at such rate as may be prescribed by the terms of issue of such shares, on the share capital for the time being paid-up thereto, free of Company's income-tax, but subject to deduction of taxes at source at the rate or rates prescribed from time to time. (b) the right in the event of winding up to payment of such capital and arrears of dividend, whether earned, accrued declared or not, down to the commencement of the winding up in priority to equity shares but shall not confer any further right to participate in profits or assets.
Cumulative convertible preference shares	9.(a) The dividend payable shall be on a preferential basis and at such rate as may be prescribed or permitted under the applicable rules prevailing at the relevant time(b) All such shares shall be converted into equity shares any time between the expiry of three years and expiry of five years from the date of allotment of the shares as may be decided by the Board subject to any regulations or sanction that may be in force at the time. Upon conversion into equity shares the right to receive arrears of dividend if any, on the preference shares upto

Title of Article	Article Number and contents
	the date of conversion shall devolve on the holders of the equity shares registered with the Company on the date prescribed in the declaration of the said dividend. (c) Such conversion shall be deemed to be redemption of the preference shares out of the proceeds of a fresh issue of shares.
	10. The Company shall be entitled to dematerialise its existing securities rematerialise its securities held in the Depositories and/ or offer its fresh securities in a dematerialised form pursuant to the Depositories Act, 1969.
Issue of Sweat Equity Shares	11.Company may exercise the powers of issuing sweat equity shares under Section 79A of the Act of a class of shares already issued subject to the following conditions: (a) the issue of sweat equity shares is authorised by a special resolution passed by the Company in general meeting; (b) the resolution specifies the number of shares, their value & the class or classes of directors or employees to whom such equity shares are to be issued; (c) not less than one year has at the date of issue elapsed since the date on which the Company was entitled to commence business.
Buy-Back of shares/securities	12.The Company shall have the power to buy its own shares, subject to all applicable provisions of the law including modification(s), re-enactment(s) or promulgation of an ordinance and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be considered by the Board of Directors & subject to modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board, the consent of the Company be and is hereby accorded to the Board to purchase such number of Equity Shares or other securities specified by the government, of the Company and as may be though fit by the Board, from the holders of the Equity Shares or other securities in such proportions and manner as may be permitted by law, not exceeding such percentage of the capital of the Company as may be permitted to be used for this purpose or out of the proceeds of any issue made by the company, on such terms and subject to such conditions as may be prescribed by the law and/or re-sell/re-issue the same in such manner or mode as may be permitted by law and on such terms and conditions and limits as may be prescribed by law from time to time.
Purchase of own Shares	13. Pursuant to Section 77A of the Act, the Company may purchase its own shares or other specified securities from out of its free reserves or out of its securities premium account or out of the proceeds of an earlier issue other than fresh issue of shares made specifically for buy-back purposes by passing a special resolution in the general meeting of the Company.
Reduction of capital	14. The Company may from time to time by Special Resolution reduce its share capital in the manner authorised by law And if necessary alter its Memorandum by reducing the amount of its share capital and of its shares accordingly.

CONSOLDATION, DIVISION AND SUBDIVISION

Title of Article	Article Number and contents
Consolidation, division and sub division of shares	15.Subject to the provisions of Section 94 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate all or any of the share capital into shares of larger amount than its existing share or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum; subject nevertheless, to the provisions of clause (d) of sub-section (I) of Section 94; and the resolution whereby any share is sub-divided, may determine that, as between the holders of the share resulting from such sub-division one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

MODIFICATION OF RIGHTS

Title of Article	Article Number and contents

Title of Article	Article Number and contents
Modification of rights	16. If at any time the share capital, by reason of the issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights privileges shares, all or any of the rights privileges attached to any class (unless otherwise provided by the terms of issue of the shares of the class) may, subject to the provisions of Section 106 & 107 of the Act & whether or not the Company is being wound-up, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with a Special Resolution passed at a separate general meeting of the shareholders of that class of shares.
Power to issue Shares with Non-voting and/or disproportionate rights	17. Subject to the provisions of the Companies Act, 1956 Company may from time to time issue to any person(s) as it may deem proper shares, whether Equity, Preference or any other class or Financial Instruments or Securities, with non-voting rights and the Instruments so issued may carry right as to voting dividend, capital or otherwise which may be disproportionate to the rights attached to the other shares or Securities of the Company.
Restriction on Allottment	18. The Board shall observe the restrictions as to allotment contained in section 69 and 70 of the Act, as the case may be, and shall cause to be filed the returns as to allotment according to section 75 of the Act.
Share under the Control of the Directors	19.Subject to the provisions of these Articles and of the Act, the shares in the capital of the Company for the time being shall be under the control of the Directors who may allot to such persons in such proportion & on such terms & conditions as the Directors think fit subject to the sanction of the Company in General Meeting (Subject to the provisions of sections 78 and 79 of the Act) at a premium or at par or a discount and such option being exercisable at such times and for such consideration as the Directors think fit.
Power to issue shares	20. 1) a) Further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares, in proportion, to the capital paid up at the date. b) Such offer shall be made by a notice specifying the number of shares offered & within not less than 30 days from the date of the offer, the offer is 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 them in favour of any other person & the notice referred to in sub clause (b) hereof shall contain a statement of this right. PROVIDED THAT the directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him. d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person (s) as they may think, in their sole discretion, fit. 2. Notwithstanding anything contained in sub clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include then 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 in General Meeting; or b) Where no such special resolution is passed, if the votes cast in favour of the proposal contained in the resolution moved in the general meeting by the members 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 authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation. 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 debenture issued or loans raise by the company: (i) To convert such debentures or loans in to shares in the company; or (ii) To subscribe fir shares in the company (PROVIDED THAT the terms if issue of such debentures or loans include a term providing for such option and such term:

Title of Article	Article Number and contents
	a) Either has been approved by the central government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by the Government in this behalf; and b) In the case of debentures or loan or other than debentures issued to or loans obtained from government or any institutions specified by the central government in this behalf, has also been approved by a special resolution passed in the general meeting before the issue of the debentures or raising of the loans.
Power of General Meeting to offer shares to such person or persons as the company may resolve	21.Without derogating from the power for that purpose conferred on the Directors under Article 19 the Company in General Meeting may, by Special Resolution, determine to issue further shares out of the authorised by unissued 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 par or (subject to compliance with the provisions of Section 79 of the Act), at a discount.
Shares numbered progressively no shares to be sub-divided	22. The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner here in before mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.
Acceptance of shares	23. An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall for the purposes of these Articles, be a Member.
Directors may allot shares as fully paid-up	24. Subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the Capital of the Company as payment or part payment for any property or assets of any kind whatsoever (including goodwill of any business) sold or transferred, goods or machinery or know-how supplied or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than in cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares as aforesaid. The Directors shall cause returns to be filed of any such allotment as provided by section 75 of the Act.
Company not to recognize any interest in share other than the registered holder	25. Except as ordered by a court of competent jurisdiction or required by law and in particular by section 187C of the Act, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner.
Deposit and calls etc. to be a debt payable immediately	26. The money (if any) which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposits, calls or otherwise, in respect of any shares allotted by them shall become a debt due to/ and recoverable by the Company from the allottee thereof, and shall a be paid by him, accordingly.
Liability of members	27. Every Member, or his heirs, executors, administrators, or legal representatives, shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in accordance with the Company's regulations, require on date fixed for the payment thereof.
Registration of Shares	28.Shares may be registered in the name of any limited company or other corporate body but not in name of a firm, an insolvent or a person of unsound mind.

SHARE CERTIFICATE

Title of Article	Article Number and contents
Register & Index of Members	29.The company shall kept a Register and Index of Members according to Section 150 and 151 of the Companies Act, 1956 and the Depositories Act, 1996
Branch Register of Members	30. The Company shall keep in any state or country outside India a Branch Register of members resident in that state or country.

Title of Article	Article Number and contents
Share Certificates	31. (a) Every member or allottee of shares shall be entitled without payment, to receive one certificate specifying the name of the person in whose favour it is issued & the amount paid-up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letter of acceptance or of renunciation or in cases of issue of bonus shares. (b) Any two or more joint allottee of shares shall, for the purpose of this Article, be treated as a single member, and the certificate of any shares which may be the subject of joint ownership, be delivered to anyone of such joint owners on behalf of all of them. The Company shall comply with the provisions of Section 113 of the Act. (c) A Director may sign a share certificate by affixing his signature thereon by means of any machine but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine.
Limitation of time for issue of share certificates	32. Company shall within 3 months after the allotment of its shares or debentures & within 1 month after the application for registration of the transfer of shares or debenture be ready for delivery. Company shall comply with Section 113 of the Act.
Renewal or issue of duplicate shares Certificates	33. (a) No certificate/s of any share or shares or debenture or debentures shall be issued either in exchange for those which are sub-divided or consolidated or in replacement or those which are defaced, torn or old, decrepit, worn out, or rendered useless from any cause whatsoever, or where the cases on the reverse for recording transfer have been fully utilised, unless the certificates in lieu of which they are issued are surrendered to the Company. (b) New share certificate has been issued in pursuance of clause (a) of Above, it shall state on the face of it & against the stub or counterfoil to the effect that it is "Issued in lieu of shares certificate No. -- Sub-divided/replaced/on consolidation of shares". © If a share certificate is lost or destroyed a new certificates in lieu thereof shall be issued only with the prior consent of the Board on payment of such fee, not exceeding Rs 2.
First named joint holder deemed sole holder	34. (a) If any share stands in the names of two or more persons, the person first named in the Register shall as regard receipts of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at meetings, and the transfer of the shares, be deemed sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all calls and other payments due in respect of such share and for all incidentals thereof according to the Company's regulations. (b) No more than three persons as the joint holders of any share.
Interest in share other than that of registered holders	35. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognize any equitable, contingent, future or partial interest in any share, or any right in respect of a share other than an absolute right thereto, in accordance with these Articles.

UNDERWRITING AND BROKERAGE

Title of Article	Article Number and contents
Commission	37. Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing, to subscribe (whether absolutely or conditionally) or procuring or agreeing to procure for any shares or debentures in the Company, so that the commission shall not exceed he maximum rates laid down by the Act. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.
Brokerage	38. Company may pay on any issue of shares & debentures such brokerage as may be lawful.
Interest Out of Capital	39.Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provision of any plant, or onshore or offshore rigs, which can not be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at a rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building, or the provision of plant.

INTEREST OUT OF CAPITAL

Title of Article	Article Number and contents

Title of Article	Article Number and contents
Interest Out of Capital	39.Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provision of any plant, or onshore or offshore rigs, which can not be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at a rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building, or the provision of plant.

CALLS

Title of Article	Article Number and contents
Directors may make calls	40.(1) The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board and not by a circular resolution, make such calls as it thinks fit, upon the Members in respect of all the moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board. (2) A call may be revoked or postponed at the discretion of the Board. (3) A call may be made payable by installments.
Notice of calls	41. the Company shall give a 14 day notice in writing giving the time & place of payment and name of person.
Calls to date from resolution	42 A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorising such call was passed
Calls on uniform basis	43.Whenever any calls for further share capital are made on shares, such calls shall be made on uniform basis on all shares falling under the same class
Directors may extend time	44.The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call
Calls to carry interest	45.If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding 21% per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.
Sums deemed to be calls	46.Any sum, which by the terms of issue of the share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of the Articles be deemed to be a call duly made & payable on the date on which by the terms of issue of same becomes payable

LIEN

Title of Article	Article Number and contents
Company's lien on Shares/ Debentures	50.The Company shall have first and paramount lien upon all Shares/ Debentures (other than fully paid up Shares/ Debentures) registered in the name of each Member (whether solely or jointly with others) & 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 exempt from the provisions of this Article.
As to enforcing lien by sale	51.For the purpose of enforcing such lien the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member of the person (if any) entitled by transmission to the shares and default shall have been made by him in payment, fulfillment of discharge of such debts, liabilities or engagements for seven days after such notice. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof and purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as the Certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect, and the Directors shall be entitled to

Title of Article	Article Number and contents
	issue a new Certificate or Certificates in lieu thereof to the purchaser or purchasers concerned.
Application of proceeds of sale	52. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

FORFEITURE & SURRENDER OF SHARES

Title of Article	Article Number and contents
If money payable on Shares not paid notice to be given	53. If any Member fails to pay the whole or any part of any call or any instalments of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
On default of payment, shares to be forfeited	54. For the purposes of the provisions of these Articles relating to forfeiture of Shares, the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such Share on the day of allotment.
In default of payment Shares to be forfeited	55. If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter but before payment of all calls or installments, interest and expenses and other moneys due in respect thereof, be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.
Notice of Forfeiture to a member	56. When any shares have been forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, & an entry of the forfeiture, with the date thereof shall be made in the Register of Members.
Member still liable for money owning at the time of forfeiture and interest	58.Any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture, but shall not be under any obligation to do so.
Effects of forfeiture	59. The forfeiture shares shall involve extension at the time of the forfeiture, of all interest in all claims and demand against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.
Cancellation of share certificate in respect of forfeited shares	62.Upon any sale, re-allotment or other disposal under the provisions of the preceding Article, the certificate originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null & void & of no effect, and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto.
Surrender of shares	64.The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering on such terms the Directors may think fit.

TRANSFER AND TRANSMISSION OF SHARES

Title of Article	Article Number and contents
Register of Transfer	65. The Company shall keep a "Register of Transfers" & shall have recorded particulars of every transfer or transmission of any share & debenture held in material form.
Transfer Form	68. 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.
Transfer not to be registered except on production of instrument	69.The Company shall not register a transfer in the Company unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee, has been delivered to the Company along with the certificate relating to the shares or if no

Title of Article	Article Number and contents
	such share certificate is in existence along with the letter of allotment of the shares: Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp, required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit, provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law.
Directors may refuse to register transfer	70. 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 person or persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares.
No fee on transfer	72. The Company shall not charge any fee in respect of transfer or transmission of any number of shares.
Application for transfer of partly paid shares	75. Where an application of transfer relates to partly paid shares, the transfer shall be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
Recognition of legal representative	77. (a) On the death of a Member, the survivor(s), where the Member was a joint holder, & his legal representatives where he was a sole holder, shall be the only person recognised by the Company as having any title to his interest in the shares. (b)Before recognising any executor or administrator or legal representative, the Board may require him to obtain a Grant of Probate or Letters Administration or other legal representation as the case may be, from some competent court in India. Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of Probate or letter of Administration or such other legal representation upon such terms as to indemnity or otherwise, as the Board in its absolute discretion, may consider adequate. (c) Nothing in clause (a) above shall release the estate of the deceased joint holder from any liability in respect of any share, which had been jointly held by him with other persons.
Registration of persons entitled to share otherwise than by transfer. (Transmission clause)	78. Subject to the provisions of the Act and these Articles, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy, insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of this title as the Director shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as Member in respect of such shares; provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance so he shall not be freed from any liability in respect of such shares. This clause is hereinafter referred to as the 'Transmission Clause'.
Refusal to register nominee	79. Subject to the provisions of the Act & the Articles, Directors shall have the same right to refuse register a person entitled by the transmission to any shares or his nominee as if he were the transferee named in a transfer presented for registration.
Form of transfer outside India	82. In the case of any share registered in any register maintained outside India the instrument of transfer shall be in a form recognised by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in Article 68 hereof as circumstances permit.
No transfer to insolvent etc.	83. No transfer shall be made to an insolvent or person of unsound mind.

NOMINATION

Title of Article	Article Number and contents
Nomination	85. (1) Every shareholder or debenture holder of the Company, may at anytime, nominate, in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his death. (2) Where the shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company as the case may be, shall vest in the event of death of all the joint holders. (3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or debenture holder or, as the case may be, on the death of the joint holders, become entitled to all the rights in such shares or debentures or, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied, cancelled in the prescribed manner. (4) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in, or debentures of, the Company, in the event of his death, during the minority.
Transmission of Securities by nominee	A nominee, upon production of such evidence as may be required by the Board and subject as here in after provided, elect, either- (i) to be registered himself as holder of the securities, as the case may be; or (ii) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder, could have made; (iii) if the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder as the case may be; (iv) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the share or debenture except that he shall not, before being registered as a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company. Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.

DEMATERIALISATION OF SHARES

Title of Article	Article Number and contents
Dematerialisation of Securities	87. (b) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed there under, if any; (c)Option for Investors:Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities. Where a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security. (d) Securities in Depositories to be in fungible form: All securities held by a Depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153A,

Title of Article	Article Number and contents
	153B, 187A, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners; (e) Rights of Depositories and Beneficial Owners: i. Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner; ii. Save as otherwise provided in (i) above, the Depository as a registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it; iii. Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository. (f) Depository to furnish information: Notwithstanding anything to the contrary contained in these Articles, where the securities are held in a Depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies and discs. (g) Option to opt out in respect of any security : If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly. The Depository shall, on receipt of the intimation as above, make appropriate entries in its record and shall inform the Company accordingly. The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be. (h) Sections 83 and 108 of the Act not apply: Notwithstanding anything to the contrary contained in the Articles - i. Section 83 of the Act shall not apply to the shares with a Depository; ii. Section 108 of the Act shall not apply to transfer of security affected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository. (i) Register and Index of beneficial owners: The register and Index of Beneficial Owner, maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members and Security holders as the case may be for the purposes of these Articles. (k) Stamp duty on securities held in dematerialised form: No stamp duty would be payable on shares and securities held in dematerialised form in any medium as may be permitted by law including any form of electronic medium. (l) Applicability of the Depositories Act: In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply. (m) Company to recognise the rights of registered Holders as also the beneficial Owners in the records of the Depository:Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the Beneficial Owner of the shares in records of the Depository as the absolute owner thereof as regards to receipt of dividend or bonus or service of notices and all or any other matters connected with the Company and accordingly, the Company shall not except as ordered by a Court of competent jurisdiction or as by law required be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

JOINT HOLDER

Title of Article	Article Number and contents
Joint Holders	Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint tenants with benefits of survivorship subject to the following and other provisions contained in these Articles: (a) Joint and several liabilities for all payments in respect of shares: the Joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.

Title of Article	Article Number and contents
	(b) Title of survivors: on the death of any such joint holders the survivor or survivors shall be the only person recognised by the Company as having any title to the share but the Board may require such evidence of death as it may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability of shares held by them jointly with any other person; (c) Receipts of one sufficient: only the person whose name stands first in the Register of Members may give effectual receipts of any dividends or other moneys payable in respect of share; and (d) Delivery of certificate and giving of notices to first named holders: only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive documents from the Company and any such document served on or sent to such person shall deemed to be service on all the holders. (e) Any one of two or more joint-holders may vote at any meeting either personally or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint-holders be present at any meeting personally or by proxy then that one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such shares shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting. Provided always that a joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder present by proxy although the name of such joint holder present by proxy stands first or higher in the Register in respect of such shares. Several executors or administrators of a deceased member in whose (deceased member's) sole name any share stands shall for the purposes of this sub-clause be deemed joint-holders.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Title of Article	Article Number and contents
Share may be converted into stock	89.The Company may, by Ordinary Resolution: (a) Convert any fully paid up Share into stock, and (b) Reconvert any stock into fully paid-up Shares of any denomination
Transfer of stock	90. The several holders of such stock may transfer there respective interest therein or any part thereof in the same manner and subject to the same regulations under which the stock arose might before the conversion, have been transferred, or as near thereto as circumstances admit. PROVIDED THAT the Board may, form time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the Shares from which stock arose.
Right of stock holders	91.The holders of stock shall, according to the amount of stock held by them, have the same right, privileges and advantages as regards dividends, voting at meeting of the Company, and other matters, as if they held them Shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred those privileges or advantages.
Regulations applicable	92. Such of the regulations of the Company as are applicable to the paid up Shares shall apply to stock and the words "Share" and "Share holder" in these regulations shall include "stock" and "stock holder" respectively.

BORROWING POWERS

Title of Article	Article Number and contents
Power to borrow	93. Subject to the provisions of Sections 58A, 292 and 370 of the Act and these Articles, the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purposes of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in General Meeting. No debts incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit

Title of Article	Article Number and contents
	imposed by this Article had been exceeded.
Terms of issue of Debentures bonds, etc.	94. Subject to the provisions of the Act and these Articles, any bonds, debentures, debenture-stock or any other securities may be issued at a discount, premium or otherwise and with any special privileges and conditions as to redemption, drawin gs, surrender, allotment of shares, appointment of Directors or otherwise; provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.
Securing payment or repayment of moneys borrowed	95.The payment and/or repayment of moneys borrowed or raised as aforesaid or any moneys owing otherwise or debts due from the Company may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by mortgage, charter, lien or any other security upon all or any of the assets or property (both present and future) or the undertaking of the Company including its uncalled capital for the time being, or by a guarantee by any Director, Government or third party, and the bonds, debentures and debenture-stocks and other securities may be made assignable, free from equities between the Company and the person to whom the same may be issued and also by a similar mortgage, charge or lien to secure and guarantee, the performance by the Company or any other person or company of any obligation undertaken by the Company or any person or Company as the case may be.

MEETING OF MEMBERS

Title of Article	Article Number and contents
Annual General Meeting	(a)Subject to the provisions of Section 166 and 210 of the Act the Company shall, in each year, hold, in addition to any other meetings, a General Meeting as its Annual General meeting, and shall specify the meeting as such in the notice calling it, and not more than 15 months shall elapse between the date of one Annual General Meeting of the Company and that of the next and the Annual General Meeting shall be held within six months of the expiry of its financial year. Provided that if the Registrar shall have, for any special reason, extended the time within which any Annual General Meeting shall be held, by a period not exceeding 3 month, then such Annual General Meeting may be held within such extended period. (b) Every Annual General Meeting shall be called at a time during business hours and on such day (not being a public holiday) as the Directors may from time to time determine and it shall be held either at the registered Office of the Company or at some other place within the City or town in which the registered office is situated. (c)The Statutory Meeting of the Company shall be held at such place and at such time (not less than 1 month nor more than 6 months from the date at which the Company is entitled to commence business) as the Directors may determine and in connection therewith, Directors shall comply with Sec 165 of the Act. All the General Meetings of the Company other than Annual General Meetings shall be called Extra-ordinary General Meetings.
Contents of Notice	107. (1) Every notice of a Meeting of the Company shall specify the place, the date and hour of the Meeting and shall contain a statement of the business to be transacted thereat. The Notice/Agenda of such General Meeting shall be in English and shall not contain a miscellaneous designation such as 'other matter'. (2)In every notice there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy, to attend and vote instead of himself, and that a proxy need not be a member of the Company.
Quorum	109. Five Members present in person shall be a quorum for a General Meeting. A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with section 187 of the Act.
Chairman of General Meeting	111. The Chairman of the Board shall be entitled to take the chair at every General Meeting whether annual or Extra-Ordinary. If there be no such Chairman of the Board or if at any meeting he shall not be present or if he shall be unable or unwilling to take the chair, then the Vice – Chairman (if any) of the Board shall be entitled to take the chair at such meeting. If there be no such vice- chairman of the Board, or if at any meeting he shall no be present or if he shall be unable or unwilling to take the chair, then the Directors present may choose one of their number to be the Chairman of the meeting. If no Director be present or if all the Directors present decline to take the chair, then the members present shall elect one of their member to be Chairman of their meeting.
Chairman's casting vote	116.In the case of equality of votes the Chairman shall both on a show of hands and on a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled

Title of Article	Article Number and contents
	as a Member.

VOTES OF MEMBERS

Title of Article	Article Number and contents
Number of votes to which Member entitled	122.Subject to the provision of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and to vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company, Provided, however, if any preference shareholder is present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares.
Casting of vote by a member entitled to more than 1 vote	123. On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.
Votes of Members of unsound mind	124.A Member of unsound mind, or in respect of whom order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on a poll, vote by proxy.
Votes of joint Members	125.If there are joint holders of any shares, any one of such persons may vote at any meeting or appoint another person (whether a Member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting and if more than one of the said persons remain present than the person whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name share stands shall for the purpose of these Articles be deemed joints holders thereof.
Representation of body corporate	127. A body corporate (whether a company within the meaning of the Act or not) may, if it is member or creditor of the Company (including being a holder of debentures) authorise such person by resolution of its Board of Directors, as it thinks fit, in accordance with the provisions of Section 187 of the Act to act as its representative at any Meeting of the members or creditors of the Company of or debentures holders of the Company. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate as if it were an individual member, creditor of holder of debentures of the Company.
Members not prohibited if share not held for any specified period	129. Any person entitled under Article 78 (transmission clause) to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote provided he shall satisfy the Directors of his right to transfer such shares and give such indemnify (if any) as the Directors may require or the directors shall have previously admitted his right to vote at such meeting in respect thereof.
Appointment of proxy	131.Any member of the Company entitled to attend and vote at a Meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself PROVIDED ALWAYS THAT a proxy so appointed shall not have any right whatsoever to speak at the Meeting. Every notice convening a Meeting of the Company shall state that a member entitled to attend and vote is entitled one or more proxies.
Validity of votes given by proxy notwithstanding death of a member	133. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the Member, or revocation of the proxy or of any power of attorney which such proxy signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting.
Inspection of proxies	134. Every member entitled to vote at a Meeting of the Company according to the provisions of these Articles on any resolution to be moved thereof shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the Meeting, to inspect proxies lodged, at any time during the business hours of the Company

Title of Article	Article Number and contents
	provided not less than three days notice in writing of the intention to inspect is given to the Company.
Time for objections to votes	135. Subject to the provision of Act and these Articles, No objection shall be made to the validity of any vote, except at any meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or polls.
Chairman of the Meeting to be the judge of validity of any vote	136. The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the time of taking a poll shall be the sole judge of the validity of every vote tendered at such poll.
Rights of Members to use votes differently	138. On a poll taken at a Meeting of the Company a Member entitled to more than one vote or his proxy, or other persons entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses
Passing of resolutions by postal ballot	139. Notwithstanding anything contained in the Articles of Association of the Company and subject to Section 192A, the company may adopt the mode of passing a resolution by the members of the company by means of postal ballot and/or other ways as may be prescribed by the Central Government in this behalf in respect of the following matters instead of transacting such business in a general meeting of the company: - (1) any business that can be transacted by the company in general meeting; (2) any of the following business prescribed by the Central Government : (a) alteration in the Object Clause of Memorandum; (b) alteration of Articles of Associations in relation to deletion or insertion of provisions defining private company; (c) buy-back of own shares by the company under sub-section (1) of section 77A; (d) issue of shares with differential voting rights as to voting or dividend or other wise under sub-clause (ii) of clause (a) of section 86; (e) change in place of Registered Office out side local limits of any city, town or village as specified in sub-section (2) of section 146; (f) sale of whole or substantially the whole of undertaking of a company as specified under sub-clause (a) of sub-section (1) of section 293; (g) giving loans or extending guarantee or providing security in excess of the limit prescribed under sub-section (1) of section 372A; (h) election of a director under sub-section (1) of section 252; (i) power to compromise or make arrangements with creditors and members as specified under sub-section (2) of section 391; variation in the rights attached to a class of shares or debentures or other securities as specified under section 106. (3) resolutions relating to such business as the Central Government, may by notification, declare to be conducted only by postal ballot.

DIRECTORS

Title of Article	Article Number and contents
Number of Directors	140. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than 3and not more than 12.
Special Directors	141.The Company shall subject to the provisions of the Act, be entitled to agree with any person, firm or corporations that he or it shall have the right to appoint his or its nominee or nominees on the Board of Directors of the Company upon such terms and conditions as the Company may deem fit. Such nominees and their successors in office appointed under this Article shall be called special directors of the Company.
Special Clause	144. So long as Mr. Surendrakumar Tibrewala or its associates hold or continue to hold not less than 10% of the paid-up Equity Capital of the Company from time to time notwithstanding anything contained in any other clause in these Articles of Association. Mr. Surendrakumar Tibrewala or a person authorised by him shall have the right to nominate up to a maximum number of one third of the strength of the Board of Directors as a Directors or Directors of the Board of the Company and to remove such person or persons from the Board and nominate other or others in their places and the Company and the Board of the Company shall be bound by such nominations. Such Nominee Directors as may be specified by Mr. Surendrakumar Tibrewala or a person duly authorised by him shall not be liable to retire by rotation.

Title of Article	Article Number and contents
Qualification shares	145. A Director need not hold any qualification shares.
Nominee Directors of Financial Institutions	146.In case the Company obtains any loans and or other facilities from financial institutions and it is a term thereof that the said financial institution shall have a right to nominate one or more Directors, then subject to such terms and conditions, the said financial institution shall be entitled to nominate 1 or more Directors, as the case may be, on the Board of the Company and to remove from office any such Director so appointed and to nominate another in his place. Any Director of the Directors so nominated shall not be required to hold any qualification shares & shall not be liable to retire by rotation. Any such nomination or removal shall be made in writing & by a resolution of the Board of such financial institution & shall be signed by the said financial institution or by any person duly Authorised by it & shall be served at the office of the Company. Provided that the right to appoint non-rotational directors shall be limited to the industrial Credit & Investment Corporation of India, the Industrial Finance Corporation, State Financial Corporation or any Financial Institution owned or controlled by the Central or a State Government or RBI or by 2 or more of them or by Central or State Government by themselves.
Directors power to add to the Board	150. Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint any other person to be an Additional Director. Any such Additional Director shall hold office only upto the date of the next AGM.
Appointment of Additional Directors	152. Subject to the provision of Section 260, 284(6), Board shall have power at any time and from time to time to appoint a person or persons as an Additional Director or Directors. Such Additional Director shall hold office only upto the date of the next AGM of the Company, but shall be eligible for re-election at that meeting as a Director provided that, the number of Directors & the Additional Directors together, shall not exceed the maximum strength fixed by the board by Article 140.
Directors may be Directors of Companies promoted by the Company	158. A Director of the Company may become a Director of any Company promoted by the Company, or in which he may be interested as a vendor or Member and subject to the provisions of the Act and these Articles no such Director shall be accountable for any benefits received as a Director or Member of such Company.
Disclosure of Interest by Directors	162.A Director of the company who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement, or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 299(2) of the Act, provided that it shall not be necessary for a director to disclose his concern or interest in any such contract or arrangement where the concern or interest consists only in holding together with his co- directors in the aggregate not more than two percent of the paid- up share capital in any company, a general notice given to the Board by the Director, to the effect that he is director or member of as specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into which that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for a further period of one financial year at a time by fresh notice given in the last months of the financial year in which it would have otherwise expired. No such general notice and to renewal thereof shall be of effect unless, either it is given at a meeting of the Board of the Directors concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.
Interested Directors not to participate or vote in Board's proceedings	163. No Director shall as a Director take part in the discussion of or vote on any contract arrangement or proceedings entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement, not shall his presence count for the purpose of forming a quorum at the time of any such discussion or voting, and if he does vote, his vote shall be void. Provided however, that nothing herein contained shall apply to:- (a) any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company; (b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely; (i) in his being:

Title of Article	Article Number and contents
	(a) a director of such company; and (b)the holder of not more than shares of such number of value therein as is requisite to qualify him for appointment as a director, thereof, he having been nominated as director by the company, or (ii) in his being a member holding not more than two percent of its paid-up share capital.

PROCEEDING OF THE BOARD OF DIRECTORS

Title of Article	Article Number and contents
Meetings of Directors	165. The Directors may meet together as a Board from time to time and at least four Board meetings shall be held in every year, and they may adjourn and otherwise regulate their meetings as they deem fit.
Chairman	166. The Directors may from time to time elect from among their members a Chairman of the Board and determine the period for which he is to hold office. If at any meeting of the Board, the Chairman is not present within fifteen minutes after the time appointed for holding the same, the Directors present may choose one of the Directors then present to preside at the meeting.
Directors may appoint committee	168. Subject to the provisions of section 292 of the Act, the Board may delegate any of their powers to a Committee consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such committee either wholly or in part and either as to person, or persons, but every Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board.
Quorum for Meeting of the Board	172. Subject to the provisions of Section 287 of the Act, the quorum for a Meeting of the Directors shall be one-third of the total strength of the Board of Directors, or two Directors whichever is higher. Provided that where at any time the number of Interested Directors exceeds or is equal two-thirds of the total strength, the number of remaining Directors, that is to say, the number of Directors who are not interested and are present at the meeting not being less than two, shall be quorum during such time. However no such Board meeting shall be deemed to be duly and properly held unless two Directors for the time being nominated by the Promoters attend the said Meeting. A meeting of the Directors 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 of under the Act or the Articles of the Company, for the time being vested In or exercisable by the Board of Directors generally.

RETIREMENT AND ROTATION OF DIRECTORS

Title of Article	Article Number and contents
Retirement by Rotation	173. (a)Not less than two-third of the total number of directors of the Company shall be person whose period of office is liable to determination by retirement of Directors by rotation and save as otherwise expressly provided in the Act and these Articles, be appointed by the Company, in General Meeting. (b) The remaining Directors shall be appointed in accordance with the provisions of the Articles.
Directors to retire annually how determined	174.At the Annual General Meeting in each year one-third of the Directors for the time being as are liable to retire by rotation or, if their number is not three or multiple of three then the number nearest to one-third shall retire from office.
Eligibility for re-appointment	176. Subject to the provisions of the Act and these Articles, a retiring Director shall be eligible for re-appointment.
Provisions in default in appointment	178.(1) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday till the next succeeding day which is not a public holiday, at the same time and place. (2) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless: (a) At the meeting or at the previous meeting a resolution for the re-appointment of such Director has been put to the meeting and lost ; (b) The retiring Director has by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed; (c) He is not qualified or is disqualified for appointment; (d) A resolution whether special or ordinary is required for the appointment or re-appointment by virtue of any provisions of the Act;

Title of Article	Article Number and contents
	(e) Sub-clause (2) of Section 263 of the Act is applicable to the case.

REMOVAL OF DIRECTORS

Title of Article	Article Number and contents
Removal of Directors	(1)The Company may (subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles) remove any Director before the expiry of his period of office. (2) Special notice as provided by Section 190 of the Act shall be given of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed. (3)On receipt of notice of a resolution to remove a director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the company) shall be entitled to be heard on the resolution at the meting. (4) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representation in writing to the Company (not exceeding a reasonable length) and requests its notification to members of the Company, the company shall unless the representation is received by it too late, do it so: (a) in the notice of the resolution give to members of the company state the fact of the representation having been made, and (b) send a copy of the representation to every member of the company, and if a copy of the representations is not sent as aforesaid because they were received too late or because of the Company's default the Director may (without prejudice to his right to be heard orally) require that the representations shall be read out at the meeting: Provided that copy of the representation need not be sent or read out at the meeting on the application of the Company or of any other person who claims to be aggrieved if the Court is satisfied that the rights conferred by this sub-clause are being abused to secure needless publicity for defamatory matter. (5) A vacancy created by the removal of a director under this Article may, if he had been appointed by the Company in General Meeting or by the Board in pursuance of Article 150 or section 262 of the Act be filled by the appointment of another Director in his stead by the meeting at which he is removed. Provided special notice of the intended appointment has been given under sub-clause (2) hereof. A director so appointed shall hold office until the date upto which his predecessor would have held office if he had and not been removed as aforesaid. (6) If the vacancy is not filled under sub-clause (5), it may be filled as a casual vacancy in accordance with the provisions in so far as they are applicable, of Article 151 or Section 262 of the Act, and all the provisions of that section shall apply accordingly. (7) A Director who was removed from the office under this Article shall not be reappointed as a Director by the Board of Directors. with difficulty or only after a considerable time;
When office of Directors to be vacated	182. Subject to section 283 (2) and 314 of the Act, the office of a Director shall become vacant if: (a) he is found to be of unsold mind by a Court of competent jurisdiction ; or (b) he applies to be adjudicated an insolvent ; or (c) he is adjudged insolvent ; or (d)he is convicted by a Court of any offense involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months ; or (e) he falls to pay any call made on him in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the date fixed for the payment of such call unless the Central Government has by notification in the Official Gazette removed the disqualification incurred by such failure; or (f) he absents himself from 3 consecutive meetings of the Directors or from all meetings of the Directors for a continuous period of three months, whichever is longer, without leave of absence from the Board ;or (g) he (whether by himself or by any person for his benefit or on his account) or any firm in which he is a partner or any private company of which he is a director, accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or (h) he acts in contravention of Section 299 of the Act; or (i) he becomes disqualified by an order of the court under section 203; or (j) he is removed in pursuance of Section 284 ; or (k) having appointed a Director by virtue of his holding any office or other employment in the company he ceases to hold such office or other employment in the company.

Title of Article	Article Number and contents
Certain powers to be exercised by the Board only at meeting	184 (1) The Board shall exercise the following powers on behalf of the Company and it shall do so only by means of resolutions passed at the meetings of the Board of Directors: (a) the power to make calls on members in respect of money unpaid on their shares; (b) the power to issue debentures; (c) the power to borrow moneys otherwise than on debentures; (d) the power to invest the funds of the Company. (e) the power to make loans. (2)Provided that the Board may, by resolution passed at a meeting, delegate to any Committee of Directors or the Managing Director, or the Secretary, or any principal officer of the Company or of any of its branch offices the powers specified to in (c), (d) and (e) of this sub-clause to the extent specified below on such conditions as the Board may prescribe. (3) Every resolution delegating the power referred to in sub-clause (1) (c) shall specify the total amount outstanding at any one time upto which moneys may be borrowed by the delegatee. Provided, however, that where the Company has an arrangement with its bankers for the borrowing of money by way of overdraft, cash credit or otherwise, the actual day-to-day operation of the overdraft, cash credit or the accounts by means of which the arrangement made is availed of shall not require sanction of Board. (4) Every resolution delegating the power referred to in sub-clause (1) (d) shall specify the total amounts upto which the funds may be invested and the nature of the investments which may be made by the delegates. (5) Every resolution delegating the power referred to in sub-clause (1) (e) shall specify the total amount upto which loans may be made by the delegates, the purpose for which the loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases. (6)Nothing contained in this Article shall be deemed to affect the right of the Company in General Meeting to impose restrictions and conditions on the exercise by the Board and any of the powers referred to in (a), (b), (c) and (d) of clause (1) above.

POWERS OF THE BOARD

Title of Article	Article Number and contents
Powers of the Board	185. The business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as may be necessary, unless otherwise restricted by the Act, or by any other law or by the Memorandum or by the Articles required to be exercised by the Company in General Meeting. However no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. (1)<u>To acquire any property, rights etc</u> Subject to the provisions of the Act, to purchase or otherwise acquire any lands, buildings, machinery, premises, property, effects, assets, rights, creditors, royalties, business and goodwill of any person firm or company carrying on the business which this Company is authorised to carry on, in any part of India. (2) <u>To take on Lease</u> Subject to the provisions of the Act to purchase, take on lease for any term or terms of years, or otherwise acquire any land or lands, with or without buildings and out-houses thereon, situate in any part of India, at such conditions as the Directors may think fit, and in any such purchase, lease or acquisition to accept such title as the Directors may believe, or may be advised to be reasonably satisfactory. (3) <u>To erect & construct</u> To erect and construct, on the said land or lands, buildings, houses, warehouses and sheds and to alter, extend and improve the same, to let or lease the property of the company, in part or in whole for such rent and subject to such conditions, as may be thought advisable; to sell such portions of the land or buildings of the Company as may not be required for the company; to mortgage the whole or any portion of the property of the company for the purposes of the Company; to sell all or any portion of the machinery or stores belonging to the Company. (4) <u>To pay for property</u> At their discretion and subject to the provisions of the Act, the Directors may pay property rights or privileges acquired by, or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures or other securities of the Company, and any such share may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures or other securities may be

Title of Article	Article Number and contents
	either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged. (5) To insure properties of the Company To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power. (6) To open Bank accounts To open accounts with any Bank or Bankers and to pay money into and draw money from any such account from time to time as the Directors may think fit. (7) To secure contracts by way of mortgage To secure the fulfillment of any contracts or entered into by the Company by mortgage or charge on all or any of the property of the Company including its whole or part of its undertaking as a going concern and its uncalled capital for the time being or in such manner as they think fit. (8) To accept surrender of shares To accept from any member, so far as may be permissible by law, a surrender of the shares or any part thereof, on such terms and conditions as shall be agreed upon. (9) To appoint trustees for the Company To appoint any person to accept and hold in trust, for the Company property belonging to the Company, or in which it is interested or for any other purposes and to execute and to do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees. (10) To conduct legal proceedings To institute, conduct, defend, compound or abandon any legal proceeding by or against the Company or its Officer, or otherwise concerning the affairs and also to compound and allow time for payment or satisfaction of any debts, due, and of any claims or demands by or against the Company and to refer any difference to arbitration, either according to Indian or Foreign law and either in India or abroad and observe and perform or challenge any award thereon. (11) Bankruptcy & Insolvency To act on behalf of the Company in all matters relating to bankruptcy insolvency. (12) To issue receipts & give discharge To make and give receipts, release and give discharge for moneys payable to the Company and for the claims and demands of the Company. (13) To invest and deal with money of the Company Subject to the provisions of the Act, and these Articles to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon which authority (not being the shares of this Company) or without security and in such manner as they may think fit and from time to time to vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name. (14) To give Security by way of indemnity To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or as surety, for the benefit of the Company, such mortgage of the Company's property (present or future) as they think fit, and any such mortgage may contain a power of sale and other powers, provisions, covenants and agreements as shall be agreed upon; (15) To determine signing powers To determine from time to time who shall be entitled to sign on Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose, whether by way of a resolution of the Board or by way of a power of attorney or otherwise. (16) Commission or share in profits To give to any Director, Officer, or other persons employed by the Company, a commission on the profits of any particular business or transaction, or a share in the general profits of the company; and such commission or share of profits shall be treated as part of the working expenses of the Company. (17) Bonus etc. employees To give, award or allow any bonus, pension, gratuity or compensation to any employee of the Company, or his widow, children, dependents, that may appear just or proper, whether such

Title of Article	Article Number and contents
	employee, his widow, children or dependents have or have not a legal claim on the Company. (18)Transfer to Reserve Funds Before recommending any dividend subject to provisions of section 205 of the Act, to set aside out of the profits of the Company such sums as they may think proper of the depreciation or the depreciation funds or to insurance fund or to an export fund, or to a Reserve Fund, or Sinking Fund or any special fund to meet contingencies or repay debentures or debenture-stock or for equalising dividends or for repairing, improving, extending and maintaining any of the properties of the Company and for such other purposes (including the purpose referred to in the preceding clause) as the Board may, in the absolute discretion think conducive to the interests of the Company, and subject to Section 292 of the Act, to invest the several sums so set aside or so much thereof as may be required to be invested, upon such investments (other than shares of this Company) as they may think fit and from time to time deal with and vary such investments and dispose of and apply and extend all or any part thereof for the benefit of the Company notwithstanding the matters to which the Board apply or upon which the capital moneys of the Company might rightly be applied or expended and divide the reserve fund into such special funds as the Board may think fit; with full powers to transfer the whole or any portion of a reserve fund or division of a reserve fund to another fund and with the full power to employ the assets constituting all or any of the above funds, including the depredation fund, in the business of the company or in the purchase or repayment of debentures or debenture-stocks and without being bound to keep the same separate from the other assets and without being bound to pays interest on the same with the power to the Board at their discretion to pay or allow to the credit of such funds, interest at such rate as the Board may think proper. (19) To appoint and remove officers and other employees To appoint, and at their discretion remove or suspend such general manager, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisers, research workers, labourers, clerks, agents and servants, for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and to fix their salaries or emoluments or remuneration and to require security in such instances and for such amounts they may think fit and also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit and the provisions contained in the next following clauses shall be without prejudice to the general powers conferred by this clause. (20)To comply with the provisions of local law To comply with the requirement of any local law which in their opinion it would be in the interest of the Company be necessary or expedient to comply with. (21)To appoint local Boards From time to time and at any time to establish any local board for managing the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of such local Boards, and to fix their remunerations; (22) To delegate powers to Local Boards Subject to Section 292 of the Act, from time to time, and at any time to delegate to any person so appointed any of the powers, authorities, and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow moneys; and to authorise the members for the time being of any local Board, or any of them to fill up any vacancies, and such appointment or delegation may be made on such terms and conditions to the Board may think fit, and the Board may at any time remove any person so appointed and may revoke or vary such delegation. (23)To appoint Attorneys At any time & from time to time by power of attorney under the seal of the Company, to appoint any person or persons to be the Attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorised by the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit, and such appointments may (if the Board think fit) be made in favour of the members or any of the members of any local Board established as aforesaid or in favour of any Company, or the shareholders, directors, nominees or manager of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board any powers of attorney may contain such powers for the protection or convenience for dealing with such Attorneys as the Board may think fit, & may contain powers

Title of Article	Article Number and contents
	enabling any such delegated Attorneys as aforesaid to sub-delegate all or any of the powers, authorities & discretion for the time being vested in them. (24)To enter into contracts Subject to Sections 294 and 300 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient. (25)To make rules From time to time to make, vary and repeal rules for the regulations of the business of the Company its Officers and employees. (26)To effect contracts etc. To effect, make and enter into on behalf of the Company all transactions, agreements and other contracts within the scope of the business of the Company. (27)To apply & obtain concessions licences etc. To apply for, promote and obtain any act, charter, privilege, concession, license, authorisation, if any, Government, State or municipality, provisional order or license of any authority for enabling the Company to carry any of this objects into effect, or for extending and any of the powers of the Company or for effecting any modification of the Company's constitution, or for any other purpose, which may seem expedient and to oppose any proceedings or applications which may seem calculated, directly or indirectly to prejudice the Company's interests. (28)To pay commission or interest To pay and charge to the capital account of the Company any commission or interest lawfully payable thereout under the provisions of Sections 76 and 208 of the Act and of the provisions contained in these presents. (29)To redeem redeemable preference shares. To redeem redeemable preference shares. (30) To assist charitable or benevolent institutions To subscribe, incur expenditure or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or any other institutions or subjects which shall have any moral or other claim to support or aid by the Company, either by reason of locality or operation or of public and general utility or otherwise.

MANAGING AND WHOLETIME DIRECTORS

Title of Article	Article Number and contents
Powers to appoint Managing and Whole-time Directors	186.Subject to the provisions of the Act and of these Articles, the Directors may from time to time appoint one or more of their body to be a Managing Director or Managing Directors or whole-time Director or whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company, and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.
Certain persons not to be appointed as Managing Director(s)	188. The Company shall not appoint or employ or continue the appointment or employment of a person as its Managing or Whole-time 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 at any time been convicted by a Court of an offense involving moral turpitude.
Remuneration of Managing or whole- time Director	189. The remuneration of a Managing Director or a Whole-time Director (subject to the provisions of the Act and of these Articles and of any contract between him and the Company) shall from time to time be fixed by the Directors, and may be, by way of fixed salary, or commission on profits of the Company, or by participation in any such profits, or by any, or all of these modes.
Powers and duties of Managing Director or Whole- time Director	191. Subject to control, direction and supervision of the Board of Directors, the day-to-day management of the company will be in the hands of the Managing Director or Whole-time Director appointed in accordance with regulations of these Articles of Association with powers to the Directors to distribute such day-to-day management functions among such Directors and in any manner as may be directed by the Board. The Directors may from time to time entrust to and confer upon the Managing Director or Whole-time Director for the time being save as prohibited in the Act, such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such objects and purposes, and upon such terms and conditions, and with such restrictions as they think expedient; and they may

Title of Article	Article Number and contents
	subject to the provisions of the Act and these Articles confer such powers, either collaterally with or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any such powers.

THE SECRETARY/MANAGER

Title of Article	Article Number and contents
Board to appoint Secretary/Manager	192. The Directors may from time to time appoint a duly qualified person to be the Secretary/Manager of the Company and on such terms and conditions as they shall deem fit and may from time to time suspend, remove or dismiss him from office and appoint another in his place. Subject to the provisions of the Act and these Articles the Directors may delegate to the Secretary such powers and entrust him with such duties as they may deem fit from time to time and revoke, cancel, alter or modify the same, and in particular, entrust to him the performance of the functions which, by the Act, are to be performed by the Secretary of the Company and other administrative and ministerial duties. The remuneration of the Secretary shall be such as may be determined by the Directors from time to time.

REGISTERS, BOOKS AND DOCUMENTS

Title of Article	Article Number and contents
Registers, Books and documents to be maintained by the company	193. (1) The company shall maintain all registers, books and documents as required by the act or these articles. (2) The said registers, books and documents shall be maintained in conformity with the applicable provisions of the act and these articles and shall be kept open for inspection for such persons as may be entitled thereto respectively, under the act and these articles on such days and during such business hours as may in that behalf be determined in accordance with the provisions of the act and these articles and extracts there from shall be supplied to those persons entitled thereto in accordance with the provisions of the act and these articles. (3) The company may keep a foreign register of members in accordance with section 157 and 158 of the act. The directors may from time to time make such provisions as they may think fit in respect of the keeping of branch registers of members and/or debenture-holders.

THE SEAL

Title of Article	Article Number and contents
The seal, its custody and use	194. (a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given. (b) The Company shall also be at liberty to have an Official Seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.
Deeds how executed	195. Every Deed or other instrument, to which the Seal of the Company is required to be affixed, shall, unless the same is executed by a duly constituted attorney, be signed by any one Director and Secretary or some other person appointed by the Board for the purpose provided that in respect of the Share Certificate the Seal shall be affixed in accordance with Article 31(a).

DIVIDENDS

Title of Article	Article Number and contents
Division of profits	196. The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these articles and subject to the provisions of these Articles, shall be divisible among the members in proportion to the amount of capital paid-up or credited as paid-up on the shares held by them respectively. No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of this Article as paid on a Share.
The Company at General Meeting may declare dividend	197.The Company in General Meeting may, subject to the provisions of Section 205 of the Act, declare a dividend to be paid to the Members other than the Members who have waived/forgone their right, of receiving any dividend (including any interim dividend) declared / to be declared by the Company for any financial Year, in accordance with Rules framed by

Title of Article	Article Number and contents
	the Board and amended from time to time, according to their respective rights and interests in the profits and subject to the provisions of the Act, may fix the time for payment. Where a dividend has been so declared, subject to the provisions of Section 207 of the Act, either the dividend shall be paid or the warrant in respect thereof shall be posted within 30 days of the date of the declaration to the Members entitled to the payment of the same.
Dividends out of profits only	198. No dividend shall be payable except out of profits of the Company arrived at the manner provided for in Section 205, 206, 207 of the Act.
Interim Dividend	199. Subject to the provisions of the Act, the Board may, from time to time, pay to the Members such interim dividend as in their judgement the position of the Company justifies.
Retention of dividends until completion of transfer under Article 78.	202. The Board may retain the dividends payable upon shares in respect of which any person is, under Articles 78 entitled to become a Member, or which any person under that Article is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same, subject to the provisions of Section 206-A and other applicable provisions, if any, the Companies Act, 1956.
Transfer of shares must be registered	204. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.
Dividend and call together	206. At any General Meeting declaring a dividend may on the recommendation of the Directors, make a call on the Members of such amount as the meeting fixes, but so that call on each Member shall not exceed the dividend payable to him and so that call be made payable at the same time as the dividend; and the dividend may, if so arranged between the Company and the Member, be set off against the calls.
Unclaimed Dividend	(a) Dividends unclaimed will be dealt with according to the provisions of Section 205-A and 205-B of the Act. (b) No unclaimed dividend should be forfeited by the Board and no unpaid dividend shall bear interest as against the Company.

CAPITALISATION OF PROFITS

Title of Article	Article Number and Contents
Capitalisation in respect of partly paid up shares	208. (1) Any General Meeting may resolve that any amounts standing to the credit of the share premium account or the capital redemption reserve account or any moneys, investments or other assets forming part of the undivided profits (including profits or surplus moneys arising from the realisation and where permitted by law, from the appreciation in value of any capital assets of the Company, standing to the credit of the General Reserve Fund or any other Fund of the Company or in the hands of the Company and available for dividend) be capitalised: (a) by the issue and distribution as fully paid up shares, debentures, debenture-stock, bonds or other obligations of the Company or (b) by crediting shares of the Company which may have been issued and are not fully paid-up, with the whole or any part of the sum remaining unpaid thereon. Provided that any amounts standing to the credit of the share premium account or the capital redemption reserve account shall be applied only in crediting the payment of capital on shares of the Company to be issued to Members (as herein provided) as fully paid bonus shares. (2) Such issue and distribution under (1) (a) above and such payment to credit of unpaid share capital under (1) (b) above shall be made up, among and in favour of the Members or any class of them or any of them entitled thereto and in accordance with their respective rights and interest and in proportion to the amount of capital paid-up on the shares held by them respectively in respect of which such distribution under (1) (a) or payment under (1) (b) above shall be made on the footing that such members become entitled thereto as capital. (3) The Directors shall give effect to any such resolution and apply such portion of the profits, general reserve, or reserve fund or any other funds or account as aforesaid as may be required for the purpose of making payment in full for the shares, debentures, or debenture-stock, bonds or other obligations of the Company so distributed under (1) (a) above or for the purpose of paying, in whole or in part, the amount remaining unpaid on the shares which have been issued and are not fully paid-up under (1) (b) above provided that no such distribution or payment shall be made unless recommended by the Directors and if so recommenced such distribution and payment shall be accepted by such Members as aforesaid in full satisfaction of their interest in the said capitalised sum.

	(4) For the purpose of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payments be made to any members on the footing of the value so fix and may vest any such cash, shares, debentures, debenture-stock, bonds or other obligations in trustees upon such trusts for the persons entitled thereto as may seem expedient to the Directors and generally may make such arrangement for the acceptance, allotment and sale of such shares, debentures, debenture-stock, bonds or other obligations and fractional certificates or otherwise as they may think fit. (5) When deemed requisite, a proper contract shall be filed in accordance with the Act and the Board may appoint any person to sign such contract on behalf of the Members entitled, as aforesaid and such appointment shall be effective. (6) Subject to the provisions of the Act and these Articles in cases where some of the shares of the Company are fully paid and others are partly paid, only such capitalisation may be effected by the distribution of further shares with the whole or part of the unpaid liability thereon but so that as between the holders of the full-paid shares, and the partly paid shares and in the extinguishment or diminution of the liability on the partly paid shares shall be so applied pro rata in proportion to the amount then already paid or credited as paid on the existing fully-paid and partly paid shares respectively.

ACCOUNTS

Title of Article	Article Number and Contents
As to inspection of accounts & books by members	209. Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors, and no Member (not being a Director) shall have the right of inspecting any account or books or documents of the Company except as conferred by law or authorised by the Board.
Statement of Accounts to be furnished to General Meeting	210. The Directors shall from time to time, in accordance with the provisions of the Act cause to be prepared and to be laid before the Company in General Meeting, such Balance Sheet, Profit and Loss Accounts and Reports as are required by the Act and within the periods therein mentioned.

FOREIGN REGISTER

Title of Article	Article Number and Contents
Foreign Register	211. The Company may exercise the powers conferred on it by the provisions of the Act with regard to the keeping of Foreign Register of its Members or Debenture holders

DOCUMENTS AND SERVICE OF NOTICES

Title of Article	Article Number and Contents
Signing of documents & notices to be served or given	212. Any document or notice to be served or given by the Company be signed by a Director or such person duly authorised by the Board for such purpose and the signature may be written or printed or lithographed.
To whom the notices or documents must be served	213. Documents or notices of every General Meeting shall be served or given in the same manner hereinbefore authorised on or to every member, every person entitled to a share in consequence of the death or insolvency of a member and the Auditor or Auditors for the time being of the Company. Provided that when the notice of the meeting is given by advertising the same in newspaper circulating in the neighborhood of the office of the Company pursuant to sub-section 3 of Section 53 of the Act, the statement of material facts referred to in Section 173 need not be annexed to the notice, as is required by that Section, but is shall merely be mentioned in the advertisement that the statement has been forwarded to the members of the Company.
Service of Documents on Registrar of Companies	215. A document may be served on the Registrar of Companies by sending it to him at his Office by post under a Certificate of Posting or by Registered Post or by delivering it to or leaving it for him in his office.

RECONSTRUCTION

Title of Article	Article Number and Contents
Reconstruction procedure therefore	217. On any sale of the undertaking of the company, the board or liquidator on a winding up may, if authorised by a special resolution, accept fully paid-up shares, debentures or securities of any other company, whether incorporated in India or not, either then existing or to be formed for the purpose in whole or in part of the property of the company, and the board (if the profits of the company permit) or the liquidator (in a winding up) may distribute such shares or securities or any other property of the company amongst the members without realisation or vest the same in trustees for them , and any special resolution may provide for the distribution or appropriation of cash, shares or other securities, benefit or property otherwise than in accordance with strict legal rights of the members of contributors of the company and for the valuation of such securities or property at such price and in such manner as the meeting may approve and all holders or shares be bound to accept, and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto, save only in case the company is proposed to be or is in the course of being wound up such statutory rights, if any under section 494 of the Act, as are incapable of being varied or excluded by these articles.

WINDING UP

Title of Article	Article Number and Contents
Distribution of Assets	218. If the Company is to be wound up and the assets available for distribution among the Members as such are insufficient to repay the whole of the paid-up capital, such assets shall be distributed as nearly as may be, losses shall be borne by the Members in proportion to the capital paid-up, or which ought to have been paid-up, at the commencement of the winding up, on the shares held by them respectively. And if in winding up, assets available for distribution among the Members are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up paid-up or which ought to have been paid upon the shares held by them respectively. But this article is to be without prejudice to the rights of the holders of shares issued upon special terms & conditions.
Distribution in specie or kind	219. (a) If the Company is to be wound up, whether voluntarily or otherwise, the liquidators may with the sanction of a Special Resolution, divide amongst the contributories, in specie or kind any part of the assets of the company and may, with the like sanction, vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributors, or any of them, as the liquidators, shall think fit. (b) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given preferential or special rights or may excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined on, any contributory who would be prejudiced thereby shall have a right to dissent and have ancillary rights as if such determination where a Special Resolution passed pursuant to Section 494 of the Act. (c) In case any share to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said shares may within ten days after passing of the Special Resolution, by notice in writing, direct the liquidators to sell his portion and pay him the net proceeds and the liquidators shall if practicable act accordingly.
Rights of Shareholders in case of sale	220. A Special Resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any shares or other consideration receivable by the liquidators be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent and consequential rights conferred by the said section.

INDEMNITY

Title of Article	Article Number and Contents
Indemnity	221. (a) Save and except so far as the provisions of this Article shall be avoided by Section 201 of the Act, the Board of Directors, Managing Director, Managers, Secretary and other Officers or other employees for the time being of the Company, Auditor and other trustee, if

Title of Article	Article Number and Contents
	any, for the time being acting in relation to any of the affairs of the Company, and every one of them and every one of their heirs, executors and administrators shall be indemnified and secured harmless out of the assets and profits of the Company, from and against all actions, costs, charges, losses, damages, and expenses which they or any one of them or their executors or administrators shall or may incur or sustain by reason of any act done, occurred in or omitted in or about the execution of their duty, or supposed duly, their respective offices or trusts, except such, if any, as they shall incur or sustain through or any their own willful neglect or default respectively. (b) Not responsible for acts of others Subject as aforesaid every Director, Managing Director, Manager, Secretary or other officer or employee of the company shall be indemnified against any liability incurred by him in defending any proceeding whether civil or criminal or in connection with any application under Section 633 of the Act in which relief is given to him by the Court.
Directors and others not responsible for acts of others	222. Subject to the provisions of the Act, no Director, Managing Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Directors or Officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.

SECRECY

Title of Article	Article Number and Contents
Secrecy	223. (a) Secrecy Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the company shall, if so required by the Directors, before entering upon his duties, sign a declaration pleading himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a Court or Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained. (b) Access to property information No member or other person (other than a Director) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or to communicate.

SECTION XI - OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of filing of the Draft Red Herring Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Draft Red Herring Prospectus will be delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at 42 & 43, Manorama Chambers, S. V. Road, Bandra (West), Mumbai – 400 050,_from date of filing the Draft Red Herring Prospectus with RoC to Bid / Issue Closing Date on working days from the date of filing of the Red Herring Prospectus until the date of closure of the Issue.

MATERIAL CONTRACTS

1. Memorandum of Understanding dated September 25, 2010 between our Company and the BRLM, Indbank Merchant Banking Services Limited.

2. Memorandum of Understanding dated September 25, 2010 between our Company and Bigshare Services Private Limited.

3. Tripartite Agreement dated January 29, 2008, among our Company, NSDL and Bigshare Services Private Limited.

4. Tripartite Agreement dated January 17, 2008, among our Company, CDSL and Bigshare Services Private Limited.

5. Escrow Agreement dated [●] between our Company, the BRLM, Syndicate Members, Escrow Collection Banks and the Registrar to the Issue.

6. Syndicate Agreement dated [●] between our Company, BRLM, and the Syndicate Members.

7. Underwriting Agreement dated [●] between our Company, BRLM and the Syndicate Members.

MATERIAL DOCUMENTS

1. Our Memorandum and Articles of Association of our Company, as amended.

2. Copy of Certificate of Incorporation dated January 30, 2004.

3. Copy of Fresh Certificate of Incorporation dated October 19, 2007, consequent to change in constitution of our Company from private limited to public limited.

4. Shareholders resolution dated August 26, 2010, and the resolution of the Board dated August 02, 2010, authorising the Issue.

5. Agreement dated June 29, 2007 appointing Mr. Surendra Kumar Tibrewala as our Chairman and Managing Director.

6. Agreement dated June 29, 2007 appointing Mr. Sanjay S. Tibrewala as our Whole time Director.

7. Reports of the Statutory Auditors, M/s. UKG & Associates, Chartered Accountants, dated September 23, 2010 regarding restated financials of the Company for the years ended March 31, 2006, 2007, 2008, 2009 and 2010.

8. Copy of Certificate dated September 23, 2010 from the Statutory Auditors, M/s. UKG & Associates, Chartered Accountants, detailing the tax benefits.

9. Copy of the Certificate from the Statutory Auditors, M/s. UKG & Associates, Chartered Accountants, dated September 23, 2010, regarding the sources and deployment of funds as on August 15, 2010.

10. IPO Grading Report issued by [●] dated [●].

11. Consents in writing from our Directors, Company Secretary and Compliance Officer, Statutory Auditors, Independent Auditors, Bankers to our Company, Bankers to the Issue* & Refund Banker*, Book Running Lead Manager, Syndicate Member(s)*, Underwriter(s)*, IPO Grading Agency*, Registrar of the Issue, Legal Advisor to the Issue to act in their respective capacities.

    * The aforesaid will be appointed prior to the filing of the Red Herring Prospectus with the RoC, and their consents as above would be obtained prior to the filing of the Red Herring Prospectus with the RoC.

12. Initial listing applications dated [●] filed with the BSE.

13. In-principle listing approval from BSE dated [●].

14. Due diligence certificate dated September 27, 2010 to SEBI from the BRLM.

15. SEBI observation letter no. [●] dated [●].

16. Reply by BRLM dated [●], for the above SEBI observation letter.

17. Non-Compete Agreement ("the said Agreement") dated February 4, 2008 with Proton Biochem Private Limited

18. Non-Compete Agreement ("the said Agreement") dated February 4, 2008 with Kamal Chemicals Private Limited

19. Deed of Assignment dated April 1, 2007 for acquiring business of Fineotex Chemical Industries

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the sCompanies Act and other relevant statutes.

SECTION XII - DECLARATION

We, the Directors of our Company, hereby declare that, all relevant provisions of the Companies Act, 1956, SEBI (ICDR) Regulations, 2009 and the guidelines issued by the Government of India as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules or regulations made thereunder, as the case may be. We further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF THE COMPANY

Mr. Surendra Kumar Tibrewala

Mr. Sanjay S. Tibrewala

Mr. Anand Agarwal

Mr. Sanjay Mittal

Mr. Manmohan Mehta

SIGNED BY THE CHAIRMAN AND MANAGING DIRECTOR

Mr. Surendra Kumar Tibrewala

SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. A.V. Nerurkar

SIGNED BY THE VICE PRESIDENT (FINANCE AND ACCOUNTS)

Mr. Hitesh Bhadra

Date: September 27, 2010

Place: Mumbai