



## PROSPECTUS

Dated : December 28, 2007

100% Book Building Issue

### PRECISION PIPES AND PROFILES COMPANY LIMITED

Originally incorporated as a partnership firm in the name and style of Precision Pipes and Profiles Company on 3rd April, 1978 having office of the firm at 4498, Raja Patni Street, Pahari Dhiraj, Sadar Bazar, Delhi. Our firm was converted into a Public Limited Company w.e.f. 18th October, 1995 under Part IX, of the Companies Act 1956 with the Registrar of Companies, NCT of Delhi & Haryana, with the name of Precision Pipes and Profiles Company Limited vide registration no. 55-073281. We got the Certificate for Commencement of business as on 1st November, 1995. For changes in partners, name, status and registered address please refer to section Our History & Certain Corporate Matters on page 90.

**Registered Office:** 4561, Deputy Ganj, Sadar Bazar, Delhi-110 006 **Tel:** +91 11 2361 2204, **Fax:** +91 11 2353 6205

**Corporate Office:** 13th Floor, Gopal Das Bhawan, 28, Barakhamba Road, Connaught Place, New Delhi-110 001

**Tel:** 91 11 2373 0505, **Fax:** 91 11 2332 4113 **Website:** www.precisionpipes.com, **E-mail:** ipo@precisionpipes.com

**Contact Person:** Mr. Rama Kant, Company Secretary & Compliance Officer

**PUBLIC ISSUE OF 5,000,000 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. 150 PER EQUITY SHARE, INCLUDING SHARE PREMIUM OF RS. 140 PER EQUITY SHARE AGGREGATING RS. 7500 LACS BY PRECISION PIPES AND PROFILES COMPANY LIMITED ("THE COMPANY" OR "THE ISSUER"). THE NET ISSUE TO THE PUBLIC WOULD CONSTITUTE 35.71% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY**

**ISSUE PRICE: RS. 150 PER EQUITY SHARE OF FACE VALUE OF RS. 10 EACH**

**THE ISSUE PRICE IS 15 TIMES OF THE FACE VALUE**

In case of revision in the Price Band, the Bidding Period shall be extended for three additional working days after such revision, subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the 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 website of the Book Running Lead Managers ("BRLMs") and the terminals of the members of the Syndicate.

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

#### RISKS IN RELATION TO THE FIRST ISSUE

This being the first public issue of the Equity Shares of Precision Pipes and Profiles Company Limited (the "Company"), there has been no formal market for the Equity Shares of the Company. The face value of shares is Rs.10/- and the Issue Price of Rs. 150/- per share is 15 times of the face value. The Issue Price (as determined by the Company in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares by way of Book Building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or 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 issued in the Issue 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 Prospectus. Specific attention of the investors is invited to the statement of Risk Factors beginning on Page x of this Prospectus.

#### ISSUER'S ABSOLUTE RESPONSIBILITY

Precision Pipes and Profiles Company Limited, having made all reasonable inquiries, accepts responsibility for, and confirms that this 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 this 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

This Issue has been graded by CRISIL Limited and has been assigned the IPO Grade 4/5 indicating 'above average fundamentals', vide their letter dated September 4, 2007. For further details see the section titled "General Information" on page 10 of this Prospectus.

#### LISTING ARRANGEMENT

The Equity Shares issued through this Prospectus are proposed to be listed on BSE and on the NSE. Our Company has received the in-principle approval from BSE and NSE for the listing of the Equity Shares vide their letter dated August 8, 2007 and September 7, 2007 respectively. For the purpose of this Issue, BSE shall be the Designated Stock Exchange.

#### BOOK RUNNING LEAD MANAGERS



**UTI SECURITIES LIMITED**  
(Subsidiary of Securities Trading Corporation of India Limited)  
SEBI Reg. No - INM 000007458  
1st Floor, Dheeraj Arma,  
Anant Kanekar Marg, Station Road  
Bandra (East), Mumbai - 400 051.  
Tel :+ 91-22-6751 5827/910  
Fax: +91-22-6702 3194  
Email: ppap.ipo@utisel.com  
Website: www.utisel.com  
Contact Person: Mr. Jayakumar S. / Ms. Lisa Shah



**NEXGEN CAPITALS LIMITED**  
SEBI Reg. No - INM000010999  
9-B, Netaji Subhash Marg,  
Daryaganj,  
New Delhi-110 002  
Tel: :+ 91-11-3011 1333  
Fax: :+ 91-11-3088 8866  
Email: precision.ipo@nexgencapitals.com  
Website: www.nexgencapitals.com  
Contact Person: Ms. Payal Mittal Chhabra

#### REGISTRAR TO THE ISSUE



**INTIME SPECTRUM REGISTRY LIMITED**  
SEBI Reg. No -INR000003761  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg,  
Bhandup (West),  
Mumbai - 400 078.  
Tel No:+ 91-22-2596 0320  
Fax No:+ 91-22-2596 0329  
Email: ppap.ipo@intimespectrum.com  
Website: www.intimespectrum.com  
Contact Person: Mr. Sachin Achar

#### ISSUE PROGRAMME

**BID / ISSUE OPENED ON : DECEMBER 17, 2007**

**BID / ISSUE CLOSED ON : DECEMBER 20, 2007**

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## SECTION I - DEFINITIONS AND ABBREVIATIONS

### DEFINITIONS

| Term                                                                                      | Description                                                                                                       |
|-------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| “The Issuer” or “The Company” or “PPAP” or “Precision Pipes and Profiles Company Limited” | Precision Pipes and Profiles Company Limited, a public limited company incorporated under the Companies Act, 1956 |
| “We” or “us” or “our”                                                                     | Unless otherwise specified, these references mean Precision Pipes and Profiles Company Limited                    |

### CONVENTIONAL / GENERAL TERMS

| Term                                      | Description                                                                                                                                                                                                                                                                                  |
|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Act or Companies Act                      | The Companies Act, 1956, as amended from time to time                                                                                                                                                                                                                                        |
| Articles/Articles of Association/AoA      | Articles of Association of Precision Pipes and Profiles Company Limited                                                                                                                                                                                                                      |
| DP/Depository Participant                 | A depository participant as defined under the Depositories Act, 1996                                                                                                                                                                                                                         |
| Depository                                | A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time being NSDL and CDSL                                                                                                                                          |
| Depositories Act                          | Depositories Act, 1996 as amended from time to time                                                                                                                                                                                                                                          |
| Eligible NRI                              | NRIs from such jurisdiction outside India where it is not unlawful to make a bid in the Issue                                                                                                                                                                                                |
| FEMA                                      | Foreign Exchange Management Act, 1999, as amended from time to time and the rules and regulations framed there under                                                                                                                                                                         |
| FIIs                                      | Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI and as required under FEMA (Transfer or Issue of Security by a person resident outside India) Regulations, 2000 and under other applicable laws in India. |
| F.Y. / FY / Fiscal / Financial Year       | Period of twelve months ended March 31 of that particular year unless stated otherwise                                                                                                                                                                                                       |
| FIPB                                      | Foreign Investment Promotion Board                                                                                                                                                                                                                                                           |
| Government/GOI                            | Government of India                                                                                                                                                                                                                                                                          |
| Indian GAAP                               | Generally Accepted Accounting Principles in India                                                                                                                                                                                                                                            |
| IT Act/Income Tax Act                     | The Income Tax Act, 1961, as amended from time to time                                                                                                                                                                                                                                       |
| Memorandum/ Memorandum of Association/MOA | The Memorandum of Association of Precision Pipes and Profiles Company Limited                                                                                                                                                                                                                |
| 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 under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000                                                                            |
| Non Resident                              | A person who is not an NRI, an FII and is not a person resident in India                                                                                                                                                                                                                     |
| SEBI Act                                  | Securities and Exchange Board of India Act, 1992 as amended from time to time.                                                                                                                                                                                                               |
| SEBI Guidelines                           | SEBI (Disclosure and Investor Protection) Guidelines 2000, as amended from time to time                                                                                                                                                                                                      |
| SEBI Takeover Regulations                 | SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997 as amended from time to time                                                                                                                                                                                         |
| Stock Exchanges                           | BSE and NSE, referred to as collectively                                                                                                                                                                                                                                                     |

## ISSUE RELATED TERMS

| Term                                                     | Description                                                                                                                                                                                                                                                                                                                 |
|----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Allotment                                                | Issue of Equity Shares pursuant to the Issue to the successful bidders as the context requires                                                                                                                                                                                                                              |
| Allottee                                                 | The successful bidder to whom the Equity Shares are being/have been issued                                                                                                                                                                                                                                                  |
| Banker(s) to this Issue/Escrow Collection Bank           | In this case being ICICI Bank Limited, HDFC Bank Limited, Axis Bank Limited, Standard Chartered Bank and HSBC Limited                                                                                                                                                                                                       |
| 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/Bid Price                                     | The amount equal to 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 Opening Date                                  | The date on which the members of the Syndicate shall start accepting Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper (which is also the regional newspaper) in the same place where the registered office of our Company is situated             |
| Bid/ Issue Closing Date                                  | The date after which the members of the Syndicate will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper (which is also the regional newspaper) in the same place where the registered office of our Company is situated            |
| Bid-cum-Application Form                                 | The form in terms of which the Bidder shall make an offer to purchase the Equity Shares of our Company and which will be considered as the application for allotment of the Equity Shares in terms of this Prospectus                                                                                                       |
| Bidder                                                   | Any prospective investor who makes a Bid pursuant to the terms of this Prospectus                                                                                                                                                                                                                                           |
| Bidding/ Issue Period                                    | The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids                                                                                                                                                              |
| Book Building Process                                    | Guidelines on book building as explained under Chapter XI of the SEBI Guidelines                                                                                                                                                                                                                                            |
| BRLMs                                                    | Book Running Lead Managers to this Issue, in this case being UTI Securities Limited and NEXGEN Capitals 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 the Book Building Process                                                                                                                                                                      |
| Cap Price                                                | The highest end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted                                                                                                                                                                                               |
| CRISIL/CRISIL Limited                                    | Crisil limited, with its registered office located at 261, Solitaire Corporate Park, Andheri-Ghatkopar Link Road, Andheri (East), Mumbai - 400 093, being the IPO grading agency appointed pursuant to clause 2.5A of the SEBI Guidelines.                                                                                  |
| Cut-off/Cut-off price                                    | This refers to any price within the price band. A bid submitted at cut-off is a valid bid at all price levels within the price band                                                                                                                                                                                         |
| Designated Stock Exchange                                | Bombay Stock Exchange Limited                                                                                                                                                                                                                                                                                               |
| Designated Date                                          | The date on which the funds are transferred from the Escrow Account of our Company to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful bidders                                                                           |
| Draft Red Herring Prospectus/Draft Offer Document / DRHP | This Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are being issued and number of Equity shares being issued through this Issue. It carries the same obligations as are applicable in case of a |

|                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                              | Prospectus and will be filed with the RoC at least three days before the opening of this Issue. It will become a Prospectus after filing with the RoC after the pricing and allocation                                                                                                                                                                                                                                                            |
| Escrow Account               | Account opened with the Escrow Collection Bank(s) and in whose favor the Bidder will issue cheques or drafts in respect of the Bid Amount                                                                                                                                                                                                                                                                                                         |
| Escrow Agreement             | Agreement entered into amongst our Company, the Registrar to this Issue, the Escrow Collection Bank(s), and the BRLMs for collection of the Bid amounts and refunds (if any) of the amounts collected, to the Bidders                                                                                                                                                                                                                             |
| First Bidder                 | The Bidder whose name appears first in the Bid cum Application Form or Revision Form                                                                                                                                                                                                                                                                                                                                                              |
| Floor Price                  | The lowest end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted                                                                                                                                                                                                                                                                                                                      |
| IPO Grading                  | IPO Grading is a service aimed at facilitating the assessment of equity issues offered to public. The grade assigned to any individual issue represents a relative assessment of the fundamentals of the issue in relation to the universe of other listed equity securities in India. Such grading is assigned on a five-point point scale with a higher score indicating stronger fundamentals.                                                 |
| Issue/Public Issue/IPO/Offer | Issue of 5,000,000 Equity shares of Rs. 10/- each for cash at a price of Rs. 150 per Equity Share, including share premium of Rs. 140 per Equity Share aggregating Rs. 7500 Lacs by Precision Pipes and Profiles Company Limited ("PPAP" or "our Company" or "the issuer"). The Issue would constitute 35.71 % of the fully diluted Post Issue Paid up capital of our Company.                                                                    |
| Issue Price                  | The final price at which Equity Shares will be issued and allotted in terms of the Prospectus, as determined by our Company in consultation with the BRLMs, on the Pricing Date                                                                                                                                                                                                                                                                   |
| Margin Amount                | The amount paid by the Bidder at the time of submission of Bid, being 10% or 100% of the Bid Amount                                                                                                                                                                                                                                                                                                                                               |
| Minimum Bid/allotment lot    | 45 Equity Shares and in multiples of 45 Equity Shares thereof                                                                                                                                                                                                                                                                                                                                                                                     |
| Mutual Fund                  | A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations 1996                                                                                                                                                                                                                                                                                                                                                                 |
| Mutual Fund Portion          | 5% of QIB Portion                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Net Issue to public          | 5,000,000 Equity Shares of Rs. 10/- each, aggregating Rs. 7500 Lacs                                                                                                                                                                                                                                                                                                                                                                               |
| Net Proceeds of the Issue    | Proceeds from the Issue less Issue expenses                                                                                                                                                                                                                                                                                                                                                                                                       |
| 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 this Net Issue i.e. 750,000 Equity Shares of Rs.10/- each available for allocation to Non Institutional Bidders                                                                                                                                                                                                                                                                               |
| Pay-in Date                  | Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% Margin Amount at the time of bidding, as applicable                                                                                                                                                                                                                                                                      |
| Pay-in-Period                | This term means <ul style="list-style-type: none"> <li>with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date, and</li> <li>with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date</li> </ul> |
| Price Band                   | Being the price band of a minimum price (Floor Price) of Rs. <b>140</b> and the maximum price (Cap Price) of Rs. <b>150</b> and includes revisions thereof                                                                                                                                                                                                                                                                                        |
| Pricing Date                 | The date on which our Company in consultation with the BRLMs finalizes the Issue Price                                                                                                                                                                                                                                                                                                                                                            |
| Promoters                    | Following mentioned below are the Promoters of our Company                                                                                                                                                                                                                                                                                                                                                                                        |

|                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                        | <ol style="list-style-type: none"> <li>1. Devendra Chandra Jain (HUF)</li> <li>2. Mr. Sharat Chand Jain</li> <li>3. Ajay Kumar Jain (HUF)</li> <li>4. Mr. Rajeew Jain</li> <li>5. Ms. Asha Jain</li> <li>6. Ms. Vinay Kumari Jain</li> </ol>                                                                                                                                                                                                                                                                                                                                                         |
| Prospectus                             | The Prospectus, filed with the RoC containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the number of Equity shares being issued through this Issue and certain other information.                                                                                                                                                                                                                                                                                                                                                            |
| Public Issue Account                   | In accordance with section 73 of the Companies Act, 1956, an account opened with the Banker(s) to this Issue to receive monies from the Escrow account for this Issue on the Designated Date                                                                                                                                                                                                                                                                                                                                                                                                         |
| Qualified Institutional Buyers or QIBs | Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, Scheduled Commercial banks, Mutual Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions, Indian Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with Insurance Regulatory and Development Authority (IRDA), Provident Funds with minimum corpus of Rs. 2500 lacs and Pension Funds with minimum corpus of Rs. 2500 lacs |
| QIB Portion                            | The portion of this Issue being up to 50% of the Net Issue, i.e. 2,500,000 Equity Shares of Rs. 10 each available for allocation on proportionate basis to QIB's of which 5% shall be proportionately allocated to Mutual Funds registered with SEBI                                                                                                                                                                                                                                                                                                                                                 |
| Red Herring Prospectus / RHP           | The Red Herring Prospectus which will be filed with RoC in terms of Section 60B of the Companies Act, at least 3 dates before the Bid/Issue Opening Date.                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Registrar/Registrar to the issue       | Intime Spectrum Registry Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Retail Individual Bidders              | Individual Bidders (including HUFs) who have not Bid for an amount in excess of 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 this Net Issue i.e. 1,750,000 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)                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Stock Exchanges                        | In this case being, BSE and NSE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Syndicate/Members of the Syndicate     | BRLMs and the Syndicate Members collectively                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Syndicate Agreement                    | The agreement to be entered into among our Company and the members of the Syndicate, in relation to the collection of Bids in this Issue                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Syndicate Member                       | Intermediaries registered with SEBI and Stock Exchanges and eligible to act as underwriters. Syndicate Member is appointed by the BRLMs                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| TRS or Transaction Registration Slip   | The slip or document issued by the Syndicate Members to the Bidder as a proof of registration of the Bid on the online system of BSE/NSE                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Underwriters                           | Members of the Syndicate who are signatories to the Underwriting agreement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Underwriting Agreement                 | The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

#### COMPANY / INDUSTRY RELATED TERMS

| Term                  | Description                                                                                       |
|-----------------------|---------------------------------------------------------------------------------------------------|
| Auditors              | The Statutory Auditors of our Company namely, M/s Dharam Taneja Associates, Chartered Accountants |
| Articles/ Articles of | The Articles of Association of Precision Pipes and Profiles Company Limited                       |

|                            |                                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Association                |                                                                                                                                                                                                                                                                                                                                                                                 |
| Board / Board of Directors | Board of Directors of Precision Pipes and Profiles Company Limited unless otherwise specified                                                                                                                                                                                                                                                                                   |
| Project                    | The purpose of present issue of Equity Shares by our Company. The details of the project are provided in the section 'Objects of the Issue' on page 26 of this Prospectus.                                                                                                                                                                                                      |
| Registrar of Companies/ROC | Registrar of Companies, NCT of Delhi & Haryana                                                                                                                                                                                                                                                                                                                                  |
| Registered Office          | 4561, Deputy Ganj, Sadar Bazar, Delhi-110 006, India                                                                                                                                                                                                                                                                                                                            |
| Corporate Office           | 13 <sup>th</sup> Floor, Gopal Das Bhawan, 28, Barakhamba Road, Connaught Place, New Delhi-110 001                                                                                                                                                                                                                                                                               |
| Group Company/Concerns     | <ol style="list-style-type: none"> <li>1. Ajay Poly Private Limited</li> <li>2. Ajay Industrial Corporation Private Limited</li> <li>3. Seiki Auto India Private Limited</li> <li>4. A.I.C. (Plastics) Private Limited</li> <li>5. Kalindi Farms Private Limited</li> <li>6. Nutra Foods (India) Pvt. Ltd</li> <li>7. Ajay Industrial Corporation (Partnership Firm)</li> </ol> |
| Plants                     | <ol style="list-style-type: none"> <li>1. 54-56 Okhla Industrial Estate, Phase III ,New Delhi</li> <li>2. 161, Okhla Industrial Estate, Phase III ,New Delhi</li> <li>3. 70, Okhla Industrial Estate, Phase III ,New Delhi</li> <li>4. B-45, Phase –II, Noida</li> <li>5. B-206A, Sector -81, Phase –II, Noida</li> </ol>                                                       |

## ABBREVIATIONS

| Term     | Description                                                                       |
|----------|-----------------------------------------------------------------------------------|
| ABS      | Acrylonitrile Butadiene Styrene                                                   |
| ACMA     | The Automotive Component Manufacturers Association                                |
| AES      | Acrylonitrile Ethylene Styrene                                                    |
| AGM      | Annual General Meeting of the company                                             |
| AS       | Accounting Standards as issued by the Institute of Chartered Accountants of India |
| Bn       | Billion                                                                           |
| BRLMs    | Book Running Lead Managers                                                        |
| BSE      | Bombay Stock Exchange Limited                                                     |
| CAGR     | Compounded Annual Growth Rate                                                     |
| CAN      | Confirmation of Allocation Note                                                   |
| CDSL     | Central Depository Services (India) Limited                                       |
| CENVAT   | Central Value Added Tax                                                           |
| CIN      | Corporate Identification Number                                                   |
| CIT      | Commissioner of Income Tax                                                        |
| CIT(A)   | Commissioner of Income Tax(Appeals)                                               |
| DIN      | Directors Identification Number                                                   |
| DP       | Depository Participant                                                            |
| EBDITA   | Earnings Before Depreciation, Interest, Tax and Amortization                      |
| EGM      | Extraordinary General Meeting                                                     |
| EPS      | Earnings Per Equity Share                                                         |
| ESI      | Employee State Insurance Act                                                      |
| FCNR     | Foreign Currency Non Resident Account                                             |
| FDI      | Foreign Direct Investment                                                         |
| FI/FI(s) | Financial Institution(s)                                                          |
| FICCI    | Federation of Indian Chambers of Commerce and Industry                            |
| FIFO     | First In First Out                                                                |

|              |                                                                  |
|--------------|------------------------------------------------------------------|
| GIR Number   | General Index Registration Number                                |
| GoI/Govt.    | Government of India                                              |
| HDPE         | High Density Poly Ethylene                                       |
| HUF          | Hindu Undivided Family                                           |
| ICAI         | Institute of Chartered Accountants of India                      |
| IEC          | Importer Exporter Code                                           |
| IFSC         | Indian Financial System Code                                     |
| INR/ Rs./ Rs | Indian National Rupee                                            |
| ISO          | International Standard Organization                              |
| JV           | Joint Venture                                                    |
| KG/kg        | Kilogram                                                         |
| KMPs         | Key Managerial Personnel's                                       |
| LC           | Letter of Credit                                                 |
| LDPE         | Low Density Poly ethylene                                        |
| LLDPE        | Linear Low Density Poly Ethylene                                 |
| M/s          | Messers                                                          |
| MAT          | Minimum Alternate Tax                                            |
| MBA          | Master of Business Administration                                |
| MICR         | Magnetic Ink Character Recognition                               |
| Mn           | Million                                                          |
| MoU/MOU      | Memorandum of Understanding                                      |
| MUL          | Maruti Udyog Limited/ Maruti Suzuki India Limited (Present Name) |
| NA           | Not Applicable                                                   |
| NAV          | Net Asset Value                                                  |
| NCAER        | National Council for Applied Economics and Research              |
| NCR          | National Capital Region                                          |
| NEFT         | National Electronic Fund Transfer                                |
| NRE Account  | Non Resident External Account                                    |
| NRO Account  | Non Resident Ordinary Account                                    |
| NSDL         | National Securities Depositories Limited                         |
| NSE          | National Stock Exchange of India Limited                         |
| OCB          | Overseas Corporate Body                                          |
| OEM          | Original Equipment Manufacturer                                  |
| OTCEI        | Over The Counter Exchange of India                               |
| P.A          | Per Annum                                                        |
| P/E Ratio    | Price/Earnings Ratio                                             |
| PAN          | Permanent Account Number                                         |
| PAT          | Profit After Tax                                                 |
| PBIT         | Profit Before Interest and Tax                                   |
| PBT          | Profit Before Tax                                                |
| PDC          | Power & Data Corporation Pty. Limited                            |
| POM          | Polyoxymethylenes                                                |
| PP           | Poly Propylene                                                   |
| PPAP         | Precision Pipes and Profiles Company Limited                     |
| PPM          | Parts Per Million                                                |
| PVC          | Poly Vinyl Chloride                                              |
| Qtry         | Quarterly                                                        |
| R & D        | Research and Development                                         |
| RBI          | Reserve Bank of India                                            |
| RoNW         | Return on Net Worth                                              |
| RTGS         | Real Time Gross Settlement                                       |
| SEBI         | Securities and Exchange Board of India                           |



|                    |                                       |
|--------------------|---------------------------------------|
| Sq. ft             | Square Feet                           |
| Sq.mt              | Square Meter                          |
| SIA                | Secretariat for Industrial Assistance |
| SME                | Small and Medium Enterprises          |
| SSI                | Small Scale Industry                  |
| STT                | Securities Transaction Tax            |
| TDS                | Tax Deducted At Source                |
| TPO                | Thermo Plastic Olefin                 |
| U.S./U.S.A.        | United State of America               |
| UIN                | Unique Identification Number          |
| USD or \$ or US \$ | United States Dollar                  |
| VAT                | Value Added Tax                       |
| WIP                | Work-in-progress                      |

## **SECTION II - GENERAL**

### **CERTAIN CONVENTIONS; USE OF FINANCIAL AND MARKET DATA**

In this Prospectus, the terms “we”, “us”, “our”, the “Company”, “our Company”, “PPAP”, “Precision Pipes and Profiles Company Limited”, unless the context otherwise indicates or implies, refers to Precision Pipes and Profiles Company Limited. In this Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lakh or Lac” means “one Hundred thousand”, the word “Crore” means “hundred Lacs”, the word “million (million)” means “ten lakh”, the word “Crore” means “ten million” and the word “billion (bn)” means “one hundred crore”. In this Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off. Throughout this Prospectus, all figures have been expressed in Lacs of Rupees, except when stated otherwise. All references to “Rupees” and “Rs.” in this Prospectus are to the legal currency of India.

Unless indicated otherwise, the financial data in this Prospectus is derived from our restated standalone financial statements prepared in accordance with Indian GAAP and included in this Prospectus. Unless indicated otherwise, the operational data in this Prospectus is presented on a standalone basis and refers to the operations of our Company. Our fiscal year commences on April 01 and ends on 31<sup>st</sup> March so all references to a particular fiscal year are to the twelve-month period ended 31<sup>st</sup> March of that year.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practice and Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited. We have not attempted to explain those 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 our financial data.

For additional definitions used in this Prospectus, please refer to the section titled “Definitions and Abbreviations” beginning on page i of this Prospectus. In the section titled “Description of Equity Shares and Terms of the Articles of Association”, defined terms have the meaning given to such terms in the Articles of Association of our Company.

Market data used throughout this Prospectus has been obtained from internal Company reports and data, websites and industry publications. Industry publication data and website data generally state that the information contained therein has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Although, we believe market data used in this Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source.

## FORWARD LOOKING STATEMENTS

We have included statements in this 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:

- i. General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- ii. Changes in laws and regulations relating to the industries in which we operate;
- iii. Increased competition in these industries;
- iv. Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
- v. Our ability to meet our capital expenditure requirements;
- vi. Fluctuations in operating costs;
- vii. Our ability to attract and retain qualified personnel;
- viii. Changes in technology;
- ix. Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- x. The performance of the financial markets in India and globally; and
- xi. 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 to the sections titled “Risk Factors” “Our Business” and “Management’s Discussion and Analysis” beginning on pages x, 69 and 171 of this Prospectus respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the members of the Syndicate, 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 BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

### SECTION III – RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Prospectus, including the risks and uncertainties described below, before making an investment in our Company's Equity Shares. If any of the following risks materialize, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment.

#### Materiality

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

- i. Some events may not be material individually but may be found material collectively.
- ii. Some events may have material impact qualitatively instead of quantitatively.
- iii. Some events may not be material at present but may have material impact in future.

**Note:** Unless specified or quantified in the relevant risk factors, we are not in a position to quantify the financial or other implication of any risks mentioned herein under:

#### Internal Risk Factors

1. *There are legal proceedings and inquiries pending against us that if determined against us, may have a material adverse effect on our business.*

There are certain litigations filed by /against us, which are discussed under the section titled "Outstanding Litigations" beginning on page 185 of this Prospectus. Some of these actions against us may result in financial settlements and penalties that may affect our earnings. A summary of the pending cases and disputes instituted against our Company and by our Company has been set out hereunder:

| Litigations/Defaults                               | Total no. Of Cases | Total financial implications (where quantifiable) (Rs. in Lakhs) |
|----------------------------------------------------|--------------------|------------------------------------------------------------------|
| <b>Cases against our Company</b>                   |                    |                                                                  |
| Labour                                             | 1                  | Not specified                                                    |
| <b>Cases filed by our Company</b>                  |                    |                                                                  |
| Companies Act, 1956 (Winding up petition)          | 1                  | Rs. 154.45 Lacs<br>(as far as quantifiable)                      |
| Civil                                              | 1                  | Rs. 10.41 Lacs<br>(as far as quantifiable)                       |
| Excise                                             | 2                  | Rs. 84.21 Lacs<br>(as far as quantifiable)                       |
| <b>Cases filed by our Promoters/Directors</b>      |                    |                                                                  |
| Civil                                              | 1                  | Not specified                                                    |
| <b>Cases filed against our Promoters/Directors</b> |                    |                                                                  |
| Customs & Excise                                   | 1                  | Rs. 12.00 Lacs<br>(as far as quantifiable)                       |

**Cases filed by Group Companies**

|                                  |   |                                                           |
|----------------------------------|---|-----------------------------------------------------------|
| Companies Act, 1956 (Winding Up) | 3 | Rs. 88.13 Lacs<br>(as far as quantifiable)                |
| Civil                            | 4 | Rs. 155.91 Lacs<br>(as far as quantifiable)               |
| Negotiable Instruments Act, 1881 | 2 | Amount involved Rs. 6.68 Lacs<br>(as far as quantifiable) |
| Consumer Protection Act, 1986    | 1 | Not specified                                             |
| Labour                           | 1 | Not specified.                                            |

**Cases filed against Group Companies**

|                  |   |                                            |
|------------------|---|--------------------------------------------|
| Civil            | 2 | Rs. 0.40 Lacs<br>(as far as quantifiable)  |
| Customs & Excise | 1 | Rs. 12.00 Lacs<br>(as far as quantifiable) |

**Compounding matters**

|                                                           |   |                                                                                                                                                                                                                                            |
|-----------------------------------------------------------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| For offence under section 211 of the Companies Act, 1956  | 1 | Not specified. In the event application is rejected, the person concerned can be sentenced to imprisonment for a term which may extend to six months, or with fine which may extend to Rs. 0.10 Lacs, or both                              |
| For offence under section 292A of the Companies Act, 1956 | 1 | Not specified. In the event application is rejected, the company and the officer who is in default, shall be punishable with imprisonment for a term which may extend to one year, or with fine which may extend to Rs. 0.50 Lacs, or both |
| For offence under section 297 of the Companies Act, 1956  | 1 | Not specified. In the event the application is rejected, there would be a penalty of Rs. 5,000/- with a further fine of Rs. 500/- per day.                                                                                                 |

2. *We have not complied with certain provisions of the Companies Act, 1956 and any fine or any prosecution faced by us or by our directors could have an adverse impact on the operations of our Company.*

In the past we failed to comply with certain provisions of the Companies Act, 1956, details of which are given under the section titled “Outstanding Litigation” on page no 185 of this Prospectus. As a consequence, we, our directors or officers in default may face prosecution and may also be held liable to pay fines to the extent provided in the Companies Act, 1956 for non-compliance of certain provisions under the same. In the event such fines are imposed on us, then it would have a material adverse effect on our business, financial conditions and results of operations.

3. *Our inability to renew our agreements may affect our business adversely.*

We had entered into a technical agreement with Tokai Kogyo, Japan in the year 1989 which was last renewed on 1<sup>st</sup> November, 2005 for five years, which is valid upto 31<sup>st</sup> October, 2010. We have entered into a manufacturing agreement with PDC, Australia which is valid upto 30<sup>th</sup> April, 2010 and we have also entered into an Automotive Parts Licensing Agreement with Nissen Chemitec Corporation, Japan on July

12, 2007 for an initial period of three years. For details of these agreements please refer to section “Our History & certain corporate matters” on page 90. In case we are not able to renew any of these agreements, our business may be adversely affected.

**4. *A few customers contribute a substantial portion of our revenue; any loss of any of these customers could impact our business adversely.***

Our top five customers collectively contributed approximately 83 % of our sales during FY 2006-07 out of which about 53% is contributed by a single customer.

The loss of any one of our major customers or delay or default in payment by any of them, or decrease in volume of their orders would have a material adverse effect on our revenues, business, prospects, financial condition and results of operation.

**5. *Our inability to meet quality standards prescribed by our clients could result in substantial business losses, which could impact our financials***

Our clients stipulate quality standards (including maximum percentage of defects in products) for the components supplied to them. As a vendor we are expected to meet the quality standards. Till date, we have been able to meet the quality standards provided by our customers, which has helped us in increasing our business with our customers. In case we are unable to meet the quality standards prescribed by our clients we may not be able to get repeat orders from them, which could result in substantial business losses, adversely affecting our financials.

**6. *Significant increases in prices of raw materials used for our manufacturing could affect our results of operations and financial condition if we are unable to pass it on to our customers.***

PVC, steel strips and adhesives are major raw materials used by us in our manufacturing process and upon any increase in their prices, our profitability could be affected to the extent we are unable to pass the increase to our customers.

**7. *Our business is dependent on performance of third-party transporters. Any failure on their part could impact our business and reputation.***

Timely delivery of products is critical for our performance as most of our clients follow the “Just in Time” concept. We use third-party transporters for the supply of raw materials to our factories and for delivery of finished products to our customers. Any hindrance in the logistics network could cause an adverse effect on our receipt of supplies and our ability to deliver our finished products in time, which could impact our business. Further, high transportation cost and escalation thereof may affect our profitability.

**8. *Terms of penalties and governing law under the manufacturing agreement with PDC, Australia***

Under the manufacturing agreement with PDC, Australia, we are subject to non performance penalties in the following manner:

| Days Late | Penalty                                                      |
|-----------|--------------------------------------------------------------|
| 2 – 7     | 3 per cent to be deducted from PDC’s documented supply price |
| 8 or more | 6 per cent to be deducted from PDC’s documented supply price |

Also, the governing law under the said agreement is law applicable in New South Wales, Australia.

Note: Till date, we have not paid any penalties to PDC, Australia.

**9. *Our existing as well as proposed manufacturing facilities are geographically located in one area – National Capital Region and any unrest or natural disaster could adversely affect our operations and business.***

Our existing as well as proposed manufacturing facilities are based in the National Capital Region. As a result, any local, social unrest, natural disaster or breakdown of services and utilities in that area could have material adverse effect on the business, financial position and results of operations of our Company.

**10. Crystallization of any of our contingent liabilities which has not been provided for could adversely affect our financial condition.**

We have the following contingent liabilities in our balance sheet, as at 30<sup>th</sup> June, 2007, which are not provided for:

| (Rs. in Lacs) |                       |               |
|---------------|-----------------------|---------------|
| Sr. No.       | Days Late             | Penalty       |
| 1             | Letters of Guarantees | 9.21          |
| 2             | Letters of Credit     | 317.78        |
| 3             | Income Tax Appeal     | 3.91          |
| 4             | Trade Tax Tribunal    | 5.71          |
| 5             | Service Tax           | 0.64          |
| 6             | Civil Suit            | 10.41         |
| 7             | Central Excise        | 84.21         |
| <b>Total</b>  |                       | <b>431.87</b> |

In the event any of these contingent liabilities gets crystallized, our financial condition may be adversely affected. For further information please see section titled “Financial Information” on page 123 of this Prospectus.

**11. There are certain tax related matters for which no provision has been made in the books of accounts.**

There are certain tax related matters, which are discussed under the section titled “Outstanding Litigations” beginning on page 185 of this Prospectus. A summary of the matters has been set out hereunder:

| Tax related Cases | Total no. Of Cases | Total financial implications<br>(where quantifiable) |
|-------------------|--------------------|------------------------------------------------------|
| Sales Tax         | 1                  | Rs. 5.71 Lacs                                        |
| Income Tax        | 2                  | Rs. 5.83 Lacs                                        |
| Service Tax       | 1                  | Rs. 0.64 Lacs                                        |

**12. Our business is dependent on our manufacturing facilities. Any disruption in any of our manufacturing units for prolonged period could affect our business.**

We have to adhere to time schedules provided by our customers. Timely delivery is dependent on the working of our manufacturing facilities. Our manufacturing facilities are subject to operating risks, such as but not limited to the breakdown or failure of equipment, power supply, performance below expected levels of output, labour disputes, strikes, lock-outs, non-availability of services of our external contractors, earthquakes and other natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities, and any other factors which may or may not be within our control. The occurrence of any of these risks could significantly affect our operating results etc.

**13. Our indebtedness and the conditions and restrictions imposed by our financing agreements could restrict our ability to conduct our business and operations.**

As on 30<sup>th</sup> June, 2007, we have availed an aggregate of Rs. 852.49 Lacs as secured loans from various banks. Most of our loans are secured by way of mortgage of fixed assets and stock. In case we are not able to pay our dues in time, the same may adversely impact our result of operations. In addition to the above,

our financing arrangements also include conditions and covenants that require us to obtain consents of our lenders prior to carrying out certain activities and entering into certain transactions like any change in capital structure, any new project/expansion/modernization scheme or make any capital expenditure other than those estimate or projected, enter into borrowing arrangement either on secured or unsecured basis with an other bank/Financial Institution/borrower or otherwise. Failure to obtain such consents can have significant consequences on our capacity to expand and it can adversely impact our results of operations. For detailed description on the same please refer to head – “Indebtedness” on page no. 84 of this Prospectus.

**14. *Our failure to obtain and renew regulatory approvals required for our business and projects may detrimentally affect our business operations***

There are approvals and licenses required by us for carrying on our business operations and if we are unable to obtain them the same may adversely impact our business operations. For the details of the approvals required for our business, which are currently pending, please refer to section titled “Statutory Approvals and Licenses” on Page 197 of this Prospectus. These permissions are in the usual course of our business and we do not envisage any difficulty in obtaining the same from the concerned authorities.

**15. *We had negative cash flow for certain periods. Any negative cash flow in the future could adversely affect our operations and financial conditions.***

We had negative cash flow from investing activities and financing activities i.e., Rs. 2071.79 Lacs and Rs. 338.72 Lacs, respectively during the Fiscal year 2006-07 and Rs. 164.18 Lacs and Rs. 46.06 Lacs, respectively during the quarter ending 30<sup>th</sup> June, 2007, mostly on account of purchase of fixed assets resulting from our expansion activities. Any negative cash flow in the future could affect our operations and financial conditions.

**16. *Post listing our Promoter and members of our Promoter Group will become largest shareholders in our Company, which will allow them to determine the outcome of shareholder resolutions / board resolutions.***

Upon completion of the Issue, the members of our Promoters and Promoter Group will collectively hold 62.68% of the paid-up equity capital of our Company. With the largest equity stake in our Company, the Promoters and Promoter Group will be able to influence matters requiring shareholders’ approval such as approval of financials of our Company, declaration of dividend, etc. Such control may also discourage third parties from seeking to effect a change of control transaction for our shares.

**17. *There can be no assurance that our Company will pay dividends to its shareholders in the near future.***

We have been paying dividend continuously since the fiscal year 1995-96. For further details please refer to Section “Financial Information” Annexure XVII and “Dividend Policy” on page nos. 163 and 122 in this Prospectus. However we do not give any assurance that dividends will be paid in the future. The declaration and payment of any dividends in the future will be recommended by our Board of Directors, at its discretion, and will depend on a number of factors, its earnings, cash generated from operations, capital requirements and overall financial condition.

**18. *We may face competition from other established companies and future entrants into the industry***

We operate in a globally competitive business environment. Growing competition may force us to reduce the prices of our products, which may reduce revenues and margins and/or decrease market share, either of which could impact our results of operations.

**19. *We have entered into certain related party transactions.***



We have entered into certain related party transactions with our promoters, directors, promoters, group entities and key managerial personnel. For further details, please refer to the sub-section titled “Related Party Transactions” on page 155 of this Prospectus.

**20. *We have taken certain properties on lease/rent from related parties details of which are given under the sub section “Property” given on page 82 of the Prospectus.***

**21. *We have unsecured loans which are payable on demand which could impact our cash flow and our result of operations.***

As on 30<sup>th</sup> June, 2007, we have unsecured loans of Rs. 777.84 Lacs, out of which Rs. 624.55 Lacs was from group / associate companies / directors / promoters and Rs. 153.29 Lacs were from others.

**22. *Some of our Promoter group companies have incurred losses in the past few years***

Some of our Group Companies has incurred losses as follows:

| Name of the Company                                   | (Rs. in Lacs)                            |       |        |        |
|-------------------------------------------------------|------------------------------------------|-------|--------|--------|
|                                                       | Profit/Loss as of March 31 <sup>st</sup> |       |        |        |
|                                                       | 2007                                     | 2006  | 2005   | 2004   |
| Seiki Auto India Private Limited                      | 1.61                                     | 8.18  | (3.48) | 1.63   |
| Nutra Foods (India) Pvt. Ltd (acquired in March 2007) | 7.22                                     | 13.70 | (0.05) | (0.05) |

**23. *Our success depends largely on our senior management and our ability to attract and retain our key personnel.***

Our success depends on the continued services and performance of the members of our management team and other key employees. If one or more members of our senior management team are unable or unwilling to continue in their present positions, they may be difficult to replace and our business may be adversely affected. Competition for senior management in the industry is intense, and we may not be able to retain our existing senior management or attract and retain new senior management in the future. As such, any loss of services of our senior management personnel or key employees may adversely affect our business, results of operations and financial condition.

**25. *Changes in technology may impact our business by making our plants less competitive***

Advancement in technology may require us to make additional capital expenditure for upgrading our manufacturing facilities. If we are not able to respond to such technological advancement well in time, we may lose our competitiveness.

**26. *The name Precision Pipes and Profiles Company Limited does not reflect the business of the Company.***

Our Company’s name does not completely reflect our automobile component manufacturing business, which has been our main activity from inception till date. The parts made by us for various automobile OEMs are plastic based profiles. Initially, the product range of our Company included pipes for automobiles. This is the rationale behind the name of our Company. As a result, there is a risk of our Company being misrepresented/ misidentified.

**27. *Central Excise registration for our B-4 Surajpur, Noida is been cancelled by Asst. Commissioner of Central Excise.***

The Asst. Commissioner of Central Excise, Division V, Noida vide its order no. 12/AC/N-V/07 dated 17th October 2007 cancelled the central excise registration certificate no. AAACP5144PXM007 dated 21st February 2007 issued to the Company in terms of CBEC Circular no. 662/53/2002-CX dated 17th

September 2002 for manufacture of excisable good. The certificate was cancelled on the ground of obtaining of certificate without completing of construction works on the property.

We have filed an appeal before the Commissioner (Appeals), Central Excise, Noida on 20th November 2007 against the order.

### **Risk in relation to Project**

#### ***1. The land identified for one of our Projects was under dispute.***

We have acquired land at Surajpur, Greater Noida (Uttar Pradesh) where we intend to start a new manufacturing unit for auto components. Based on the writ petition filed by a third party, the High Court had vide its order dated 14th February, 2007 directed the parties to maintain status quo till further orders. On 1<sup>st</sup> August 2007, the High Court dismissed the petition. The land has now been allotted to us. Hence we can commence our project on the above mentioned site. For details relating to the aforesaid litigation please refer to the section titled “Outstanding Litigations” on page no. 185 of this RHP.

#### ***2. We have not obtained any third party appraisals for our Project.***

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. Our estimations are based on quotation received from various vendors and hence are subject to change at the time of placing final orders.

#### ***3. We have not entered into any definitive agreements to utilize the net proceeds of the Issue.***

We intend to use the Net Proceeds of the Issue for the purposes described in the section titled “Objects of the Issue” on page 26. The total cost of project estimated and the details of plant and machinery received and yet to be received is mentioned as follow:

| <b>Particulars</b>                             | <b>Amount (Rs. In Lacs)</b> | <b>%</b>     |
|------------------------------------------------|-----------------------------|--------------|
| Machinery received                             | 528.76                      | 7.5          |
| Order Placed, But not received machinery       | 436.85                      | 6.2          |
| Order yet to be placed                         | 6100.88                     | 86.3         |
| <b>Total Cost of the plant &amp; machinery</b> | <b>7066.48</b>              | <b>100.0</b> |

All the figures included under the section titled “Objects of the Issue” are based on our own estimates which are based on quotations obtained from various vendors. To the extent the orders have not been placed, the project cost may change at the time of placing the final orders.

#### ***4. Exposure to foreign exchange risk. Any volatility in the exchange rate of any foreign currency vis-à-vis the Indian Rupee may affect our profitability.***

Of the total project cost, plant and machinery worth Rs. 4387.84 Lacs is to be imported, payment for which is to be made in foreign currency. Out of this we have already received plant and machinery worth Rs. 295.58 Lacs, orders have been placed for plant & machinery worth Rs.436.85 lacs, while Rs. 3655.41 Lacs is still to be incurred, outgo of which may be volatile depending on the foreign exchange rate. To some extent the volatility in global financial markets may have an adverse impact on our imports of plant and machinery. Our inability to adequately hedge this foreign exchange exposure may result in an adverse impact on our financial condition.

### **External Risk Factors**

#### ***1. Risk related to changes in macro economic factors. A slowdown in economy could have an adverse impact on automobile industry, which could affect our business.***

The automobile industry is a cyclical industry. In the last few couple of years we have been experiencing a growth in our business, mainly on account of an upward trend in the automobile industry. In future if the auto industry is affected adversely, it could adversely impact our business and profitability.

**2. *Any changes in the regulatory framework pertaining to auto component and white goods industry could have an adverse impact on our business***

Any increase in excise duties and other taxes such as sales tax, value added tax etc., and changes in import duties may have adverse impact on our business. Such changes may adversely affect the financial condition of our Company.

**3. *Any increase in interest rates could negatively impact our business***

An increase in interest rates due to reasons such as change in monetary policy of RBI, downward revisions to India's credit ratings, for domestic and international debt by international credit rating agencies etc, could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures.

**4. *Force Majeure acts could disrupt our operations and result in loss of revenues and increased costs.***

Our plants are susceptible to force majeure acts such as, explosions, earthquakes, storms, floods as well as acts of violence from terrorists and war etc. The occurrence of any of the above event could disturb the operations of our plants and we may have to shut them down for carrying out repairs that may result in loss of revenues and increased costs.

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

Prior to this Issue, there has been no public market for our Equity Shares. The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including results of our operations and the performance of our business, competitive conditions, general economic, political and social factors, volatility in the Indian and global securities markets, trends in general business and Automobile industry, the performance of the Indian and global economy and significant developments in India's fiscal regime. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially issued will correspond to the prices at which they will trade in the market subsequent to this Issue.

**Notes to Risk Factors:**

1. The pre issue net worth of our Company, as per our restated unconsolidated financial statements as at 31<sup>st</sup> March 2007 is Rs. 4152.42 Lacs and at 30<sup>th</sup> June, 2007 is Rs. 4622.86 Lacs.
2. Size of the Present Issue - Issue of 5,000,000 Equity Shares of Rs. 10/- each at a price of Rs. 150 for cash aggregating Rs. 7500 Lacs.
3. The average cost of acquisition of Equity Shares by our Promoters is given below:

| Sr. No. | Name of the Promoter        | Average Cost of Acquisition (Rs.) |
|---------|-----------------------------|-----------------------------------|
| 1.      | Devendra Chandra Jain (HUF) | 3.33                              |
| 2.      | Mr. Sharat Chand Jain       | Nil                               |
| 3.      | Ajay Kumar Jain (HUF)       | 3.33                              |
| 4.      | Mr. Rajeev Jain             | Nil                               |
| 5.      | Ms. Asha Jain               | 3.33                              |
| 6.      | Ms. Vinay Kumari Jain       | 3.33                              |

4. Book value of the Equity Shares of our Company, as per our restated financial statements as at 31<sup>st</sup> March, 2007 is Rs. 46.14 per Equity Share and at 30<sup>th</sup> June 2007 is Rs. 51.37 per Equity Share.
5. Our Company has issued 60 Lacs Equity Shares of Rs. 10/- each as bonus shares by capitalization of free reserves, for details please refer to note no. 20 of Notes to Capital Structure on page 25.
6. Trading in equity shares of our Company for all the Investors shall be in Dematerialised form only.
7. Investors may please note that in the event of over-subscription, allotment shall be made on a proportionate basis in consultation with the Designated Stock Exchange.
8. Investors may contact the BRLMs or the Compliance officer for any complaints/clarifications/information pertaining to this Issue. For contact details of the BRLMs/Compliance officer please refer to the front cover page.
9. All information shall be made available by our Company and the BRLMs 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.
10. Investors are advised to refer to the section titled 'Basis for Issue Price' on page 46 before making an investment in this Issue.
11. Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation. Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form and also update their demographic details with their respective depository participant.
12. For details of liens and hypothecation on the properties and assets of our Company please see Annexure IX of the 'Financial Statements' on page 148 of this Prospectus.
13. The aggregate value of related Party Transaction for March 31, 2003, 2004, 2005, 2006, 2007 and three months period ending June 30, 2007 is as follows:

|                                              | 30.06.07 | 31.03.07 | 31.03.06 | 31.03.05 | 31.03.04 | 31.03.03 |
|----------------------------------------------|----------|----------|----------|----------|----------|----------|
| Aggregate value of related party transaction | 893.94   | 1967.82  | 1561.23  | 1566.23  | 1271.04  | 761.52   |

For details of Related Party Transactions, please refer to the Annexure XV appearing in chapter titled "Financial Statements" on page 155 of this Prospectus.

14. Other than as disclosed in the 'Related Party Information' in this Prospectus, the Promoters / directors / key management personnel of our Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits.
15. No part of the Issue proceeds will be paid as consideration to promoters, directors, key managerial personnel, associate or Group Companies.
16. This Issue is being made through a 100% Book Building Process wherein up to 50% of the Net 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 Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

17. The details regarding transactions in our Equity Shares during the past six months undertaken/financed directly or indirectly by our promoter, his relatives and associates and our directors are mentioned under notes to the capital structure beginning on page 19 of this Prospectus
18. Our Company and the BRLMs will update the Prospectus in accordance with the Companies Act and the SEBI DIP Guidelines and our Company and the BRLMs will keep the public informed of any material changes relating to our Company till the listing of our shares on the stock exchanges

## 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 this Prospectus.*

Note: 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, see “Use of Financial and Market Data” on page no. viii in this Prospectus.

### INDUSTRY AND BUSINESS OVERVIEW OF OUR COMPANY

#### Indian Automotive Industry

Indian Automotive Industry started its new journey from 1991 with delicensing of the sector and subsequent opening up for 100 percent FDI through automatic route. Since then many global players have set up their facilities in India taking the production of vehicles from 2 million in 1991 to 9.7 million in 2006.

Indian Auto Industry is the:

- Largest Three Wheeler Market in the World
- Second largest Two Wheeler Market in the World
- Fourth largest Passenger Vehicle Market in Asia
- Fourth largest Tractor Market in the World
- Fifth largest Commercial Vehicle Market in the World

(Source: ACMA; [www.acmainfo.com](http://www.acmainfo.com) )

*Opportunity in Indian Automotive sector in India*

- Potential investors can capitalize on opportunities both in the domestic segments and export oriented segments
- Investment potential of upto USD 35 - 40 bn in this sector over the next 10 years
- Investments in the Indian automotive industry can be in various forms
  - 100 % subsidiary - 100 % FDI through automatic route allowed in this sector
  - JVs with local firms
  - Technology support or sharing agreements

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

#### Auto Components Industry

According to ACMA, Indian Auto Component Industry is quite comprehensive with around 500 firms in the organised sector producing practically all parts and more than 10,000 firms in small unorganized sector. This sector employs nearly 250,000 people. The output of the Indian auto component segment was estimated at around \$10 billion in FY06.

#### Market Size of Auto component Sector in India

The Indian auto component sector has been growing at 17% CAGR since 2000 and is projected to maintain the high-growth phase of 15-20% till 2015. More than 60% of the exports of Auto components from India are to Europe and USA. More than 70% of the exports go to the OEMs and Tier I suppliers and only 30% to the global aftermarket, indicating the high level of maturity in quality and technology that has been achieved by the Auto Component Industry.

➤ Market breakup: OEM demand -54%, replacement market-30%, exports -16%  
(Source: IBEF; [www.ibef.org](http://www.ibef.org))

## **Future Outlook**

The future growth drivers for the Indian automobile industry are:

1. Higher GDP growth
2. India's huge demographic spread with an unsatisfactory public transport system
3. Increasing investment in road infrastructure, particularly the Golden quadrilateral
4. Developments taking place in rural areas
5. Increasing per capita disposable income
6. Easy finance schemes for vehicle purchase
7. Shift from two wheelers to four wheelers
8. Growing concept of second vehicle in urban areas

India enjoys an advantageous position in terms of accessibility to both North America and Europe. While the industry has witnessed substantial fluctuations in the past, the fundamentals of the industry have changed over the past few years and are expected to improve further, imparting better stability to business growth and margins in the future.

## **OUR BUSINESS**

Our Company is engaged in the business of manufacturing automobile sealing systems and exterior products. Our product range includes weather strips, trim door opening, windshield molding, roof molding, quarter window seal, A-pillar garnish, B-pillar garnish, skirt air damper, body side molding etc. Additionally, we manufacture PVC based customized profiles for white goods and other industries. We have five manufacturing facilities which are located in New Delhi and Noida, Uttar Pradesh. Our total capacity as on date is 475,00,00 kg.

We are OEM suppliers to the automobile industry and our client list includes Maruti Udyog Limited, Honda SIEL, General Motors and Toyota Kirloskar. We have a technical collaboration with Tokai Kogyo Co. Ltd (TKCL), Japan, to manufacture our automobile products. In the white goods industry, we supply customized profiles to Godrej, Voltas, Videocon and Carrier Refrigerators.

We have consistently been receiving various awards from our clients for the quality products and services provided to our clients. All our automotive plants are TS 16949, ISO 14001 and OHSAS 18001 certified. We have obtained ISO 14001:2004 certificate from BSI Management System, London for our unit at 54-56, Okhla Industrial Estate, Delhi.

We derive around 90% of our turnover from automobile customers, nearly 5% from white goods products and the remaining from other segments including electrical and construction. For the fiscal 2005, 2006 and 2007 our total sales have been Rs 7360.75 Lacs, Rs 8035.23 Lacs and Rs 10928.68 Lacs respectively. For the fiscal 2005, 2006 and 2007 our EBIDTA has been Rs 1598.35 Lacs, Rs 1765.20 Lacs and Rs 2788.58 Lacs, respectively. Our EBIDTA margin for the fiscal 2005, 2006 and 2007 has been 21.41%, 21.94%, and 25.41%, respectively. For the fiscal 2005, 2006 and 2007 our profit has been Rs 761.14 Lacs, Rs 798.86 Lacs and Rs 1387.78 Lacs, respectively. Our PAT margin for the fiscal 2005, 2006 and 2007 has been 10.20%, 9.93% and 12.65%, respectively. Our Company's total income and PAT has grown at a CAGR of 27.81% and 34.40% during the period from 2003 to 2007, respectively.

## **Our Vision**

Our Company has constantly strived to be the preferred supplier for our customers, a fact which has been highlighted by numerous awards bestowed upon us details of which are given below:

## Our Awards

We have been bestowed with various awards from our customers, details of which are as follows:

### Maruti Udyog Ltd.

| Year | Category                          | Certificate/Award              |
|------|-----------------------------------|--------------------------------|
| 1994 | Plastic Extrusions & Assemblies   | Best performing Vendor         |
| 1995 | Plastic Extrusions & Assemblies   | Best performing Vendor         |
| 1996 | Plastic Extrusions & Assemblies   | Best performing Vendor         |
| 1997 | Plastic Extrusions & Assemblies   | Best performing Vendor         |
| 1999 | Plastic Extrusions & Assemblies   | Best performing Vendor         |
| 2001 | Vendor Performance Award          | Excellent Overall Performance  |
| 2005 | Award                             | Outstanding Overall Excellence |
| 2006 | Award                             | Outstanding Overall Excellence |
| 2006 | Vendor Performance Award (Trophy) | Best performing Vendor         |

### Honda SIEL Cars India Limited

| Year | Category                     | Certificate/Award                           |
|------|------------------------------|---------------------------------------------|
| 1999 | Delivery - Supplier Award    | Outstanding Performance                     |
| 2000 | Delivery - Supplier Award    | Outstanding Performance                     |
| 2001 | Spare Parts - Supplier Award | Silver Award for Quality, Cost and Delivery |
| 2002 | Spare Parts - Supplier Award | Gold Award for Quality, Cost and Delivery   |
| 2002 | Delivery - Supplier Award    | Silver Award                                |
| 2003 | Delivery - Supplier Award    | Silver Award                                |

### TS-Tech Sun India Limited

| Year | Category                  | Certificate/Award |
|------|---------------------------|-------------------|
| 2001 | Delivery - Supplier Award | Gold Award        |
| 2002 | Delivery - Supplier Award | Silver Award      |

### Toyota Kirloskar Motors Pvt. Limited

| Year | Category                   | Certificate/Award                                                                                                        |
|------|----------------------------|--------------------------------------------------------------------------------------------------------------------------|
| 2003 | -                          | In appreciation of achieving ISO – 14001 Certification and for commitment to work together in preserving the environment |
| 2006 | Quality, Cost and Delivery | Best Quality Supplier                                                                                                    |
| 2006 | Zero defect supplies       | Best Quality Supplier Award & Zero PPM Award                                                                             |

### Honda Motorcycle & Scooter India Private Limited

| Year | Category                     | Certificate/Award       |
|------|------------------------------|-------------------------|
| 2006 | Quality and Delivery Targets | Commendable Performance |



## **Krishna Maruti**

| <b>Year</b> | <b>Category</b>                 | <b>Certificate/Award</b> |
|-------------|---------------------------------|--------------------------|
| 2003        | Delivery Performance            | Commendable Performance  |
| 2007        | Outstanding Overall Performance | Award of Excellence      |

Our awards are testimony of our performance which helps us in getting new clients and providing new products.

## **OUR STRENGTH**

### **Technical Agreements:**

We have a technical agreement with the Tokai Kogyo Co. Ltd, Japan, one of the manufacturers of specialized profiles and extrusions for automobile industry. We entered into the agreement with Tokai Kogyo Co. Ltd in the year 1989, since then it has been renewed every five years. At present the agreement inforce was executed on 01.11.2005 and will be in force for a period of five years. This agreement helped us in diversifying into specialized product for automobile industry. We started our supply of extruded products to Maruti Udyog Limited in 1989-90 after this agreement. This agreement helps us in upgrading our technological capabilities. We also have an Automotive Parts Licensing agreement with Nissen Chemitec Corporation, Japan dated 12/07.2007 for an initial period of three years. Nissen would provide us new product technology in order to manufacture and deliver products in connection with automotive interior parts and related products to Honda SIEL Cars India Limited of India and its affiliated companies. For details of the agreements please refer to sub-section titled “Other Agreements” on page 93 of this Prospectus.

### **Our Designing and Development Capabilities**

We have a team of qualified and experienced professionals along with a centralized design & development center at B-206A, Sector-81, Phase-II, Noida, UP, where our engineers are trained to keep our team abreast of the latest global technology and developments in this arena. This provides us the ability to add value to the designs or design ideas proposed by the customers to us. Our design & development team develops the products in a very short lead-time which helps us in building stronger relationship with our customers which further strengthens our competitive position vis-à-vis the competitors.

### **Our Quality**

Our Company is focused on quality. In our industry, one gets repeat orders only if the previous orders have passed the minimum quality standard. We have been awarded for our quality many times. We have also been awarded zero PPM award for achieving zero defect supplies by Toyota Kirloskar Motors Pvt. Limited for the year 2006.

### **Our Management and Key Managerial Personnel**

Our Company is a quality conscious company in the automobile component and white goods industry. This has been possible due to the vision as well as competency of our management headed by our Chairman Mr. Devendra Chandra Jain. He has more than four decades experience of in the Auto Component and White Goods Industry. He has been ably supported by our Promoter Group and co-founders, which include our Vice Chairman Mr. Sharat Chand Jain and our Managing Director Mr. Ajay Kumar Jain. The top management has led our company to the pioneer’s position in the field of extruded profiles and door sealing system for Indian Automobile and White goods Industry. Our management has been instrumental in retaining and recruiting key managerial personnel who have helped in achieving various milestones. Our experienced management focus has helped us in building reputation with various buyers, which has helped in increasing our supplies to them.

### **Our relationship with our customers:**

We are OEM suppliers to Maruti Udyog Limited, Honda SIEL, General Motors and Toyota Kirloskar for automobile products and Godrej, Voltas, Videocon and Carrier Refrigerators for refrigeration products. In the white goods industry, we supply customized profiles to Godrej, Voltas, Videocon and Carrier Refrigerators. We have been able to maintain and increase our relation with our clients. Our relation with our clients has helped us in not only getting repeat orders from them but also larger orders from them.

### **Our Operations**

Our Company has five manufacturing units, four for Automotive Sealing systems and Exterior Products and one for PVC Profiles for Refrigeration, Electrical and the Auto Industries. All our units are located in the NCR of Delhi at following locations:

1. 54-56 Okhla Industrial Estate, Phase III, New Delhi
2. 161 , Okhla Industrial Estate, Phase III, New Delhi
3. 70, Okhla Industrial Estate, Phase III, New Delhi
4. B-45, Phase –II, Noida, Uttar Pradesh
5. B-206 A, Sector -81, Phase –II, Noida, Uttar Pradesh

### **Our Products**

We manufacture Automotive Sealing Systems and Customized profiles used in Refrigeration and other White good Industries.

#### **Our product line consists of following:**

##### **1. Four Wheeler Automotive Sealing Systems include:**

- Weather Strips,
- Trim Door Opening,
- Windshield Molding,
- Roof Molding,
- Quarter Window Seal,
- A-Pillar Garnish
- C-Pillar Garnish.

##### **2. Exterior Products which are used in Automobiles include:**

- Skirt Air Damper and
- Body-side Molding

##### **3. Injection Moulded Products which includes incabin products and underhood products.**

##### **4. Customized Profiles include:**

- **Refrigeration Profiles:** These profiles are being supplied to various industries in Refrigeration and Electrical segments.
- **Building Industry and other Profiles :** These are customized profiles which are being used in Doors, Windows, Partitions, Panelling, Ceiling, Portable Houses, Kitchen Cabinets & various other items.

## THE ISSUE

|                                                                                                                                                                                             |                                                                                                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| Equity Shares issued by our Company                                                                                                                                                         | 5,000,000 Equity Shares                                                                                        |
| <hr/>                                                                                                                                                                                       |                                                                                                                |
| Of which:                                                                                                                                                                                   |                                                                                                                |
| (A) Qualified Institutional Buyers portion (QIBs)                                                                                                                                           | Upto 2,500,000 Equity Shares<br>(Allocation on a proportionate basis)                                          |
| <i>Of Which</i>                                                                                                                                                                             |                                                                                                                |
| - 5% is available for allocation to Mutual Funds [The unabsorbed portion, if any, in the Mutual Fund reservation will be available to QIBs]                                                 | 125,000 Equity Shares<br>(Allocation on a proportionate basis)                                                 |
| - Balance for all QIBs including Mutual Funds                                                                                                                                               | 2,375,000 Equity Shares<br>(Allocation on a proportionate basis)                                               |
| <hr/>                                                                                                                                                                                       |                                                                                                                |
| (B) Non-Institutional Portion                                                                                                                                                               | Not less than 750,000 Equity Shares<br>(Allocation on a proportionate basis)                                   |
| <hr/>                                                                                                                                                                                       |                                                                                                                |
| (C) Retail Portion                                                                                                                                                                          | Not less than 1,750,000 Equity Shares<br>(Allocation on a proportionate basis)                                 |
| <hr/>                                                                                                                                                                                       |                                                                                                                |
| <b>Note:</b> Under-subscription, if any, in any of the categories would be allowed to be met with spillover from the other categories, at the sole discretion of our Company and the BRLMs. |                                                                                                                |
| <hr/>                                                                                                                                                                                       |                                                                                                                |
| <b>Equity Shares outstanding prior to the Issue</b>                                                                                                                                         | 9,000,000 Equity Shares                                                                                        |
| <hr/>                                                                                                                                                                                       |                                                                                                                |
| <b>Equity Shares outstanding after the Issue</b>                                                                                                                                            | 14,000,000 Equity Shares                                                                                       |
| <hr/>                                                                                                                                                                                       |                                                                                                                |
| <b>Use of Issue proceeds</b>                                                                                                                                                                | Please see section titled “Objects of the Issue” on page no. 26 of this Prospectus for additional information. |
| <hr/>                                                                                                                                                                                       |                                                                                                                |

## SUMMARY OF FINANCIAL INFORMATION

The following summary financial data has been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and restated as described in the Auditor's Report of our statutory auditor's, M/s. Dharam Taneja Associates., Chartered Accountants dated 29<sup>th</sup> October 2007 in the section titled "Financial Information" of this Prospectus. You should read this financial data in conjunction with our financial statements for each of Fiscal 2003, 2004, 2005, 2006, 2007 and quarter ended 30<sup>th</sup> June 2007 including the Notes thereto and the Reports thereon, which appears under the paragraph on "Financial Information" in this Prospectus, and "Management's Discussion and Analysis" on page 171.

### SUMMARY STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED

Rs. in Lacs

| Particular                                                   | 30.06.2007     | 31.03.2007      | 31.03.2006     | 31.03.2005     | 31.03.2004     | 31.03.2003     |
|--------------------------------------------------------------|----------------|-----------------|----------------|----------------|----------------|----------------|
| <b>Income:</b>                                               |                |                 |                |                |                |                |
| <b>SALES</b>                                                 |                |                 |                |                |                |                |
| -Gross Sales (Of goods manufactured)                         | 3551.02        | 12663.60        | 9220.30        | 8376.90        | 6214.94        | 4471.27        |
| Less : Excise Duty                                           | 528.67         | 1873.61         | 1310.58        | 1166.24        | 855.37         | 621.03         |
| <b>Net Sales (Of goods manufactured)</b>                     | <b>3022.35</b> | <b>10789.98</b> | <b>7909.72</b> | <b>7210.66</b> | <b>5359.57</b> | <b>3850.24</b> |
| - Add: Sale trading                                          | 28.01          | 138.70          | 125.51         | 150.09         | 187.99         | 131.79         |
| <b>Total Sales</b>                                           | <b>3050.36</b> | <b>10928.68</b> | <b>8035.23</b> | <b>7360.75</b> | <b>5547.55</b> | <b>3982.03</b> |
| Other Income                                                 | 15.71          | 52.41           | 26.27          | 71.33          | 35.17          | 91.93          |
| Increase/(Decrease) in Inventories                           | -3.11          | -7.74           | (16.23)        | 33.68          | (17.97)        | 37.72          |
| <b>Total Income (A)</b>                                      | <b>3062.96</b> | <b>10973.36</b> | <b>8045.26</b> | <b>7465.76</b> | <b>5564.75</b> | <b>4111.68</b> |
| <b>Expenditure:</b>                                          |                |                 |                |                |                |                |
| Raw material consumed                                        | 1347.36        | 5144.28         | 3715.07        | 3712.40        | 2514.68        | 1792.71        |
| Manufacturing & Other Operating Expenses                     | 518.97         | 2095.94         | 1736.21        | 1370.93        | 938.04         | 708.81         |
| Personnel Expenses                                           | 68.93          | 228.47          | 183.05         | 173.89         | 151.54         | 161.46         |
| General and Administrative Expenses                          | 149.67         | 540.14          | 526.25         | 472.31         | 374.17         | 314.41         |
| Selling & Distribution Expenses                              | 47.47          | 175.96          | 119.49         | 137.89         | 111.19         | 70.78          |
| <b>Total Expenditure (B)</b>                                 | <b>2132.40</b> | <b>8184.79</b>  | <b>6280.06</b> | <b>5867.42</b> | <b>4089.62</b> | <b>3048.18</b> |
| <b>Profit/(loss) before interest, depreciation &amp; tax</b> | <b>930.56</b>  | <b>2788.58</b>  | <b>1765.20</b> | <b>1598.35</b> | <b>1475.12</b> | <b>1063.50</b> |
| Depreciation                                                 | 134.86         | 497.03          | 433.50         | 356.89         | 320.21         | 331.46         |
| <b>Profit/(loss) before interest &amp; tax</b>               | <b>795.70</b>  | <b>2291.54</b>  | <b>1331.70</b> | <b>1241.45</b> | <b>1154.91</b> | <b>732.04</b>  |
| Interest                                                     | 46.06          | 167.68          | 94.80          | 68.33          | 24.14          | 79.11          |
| <b>Profit/(loss) before tax &amp; Extraordinary Items</b>    | <b>749.64</b>  | <b>2123.86</b>  | <b>1236.91</b> | <b>1173.12</b> | <b>1130.77</b> | <b>652.93</b>  |
| Provision for taxes on income:                               |                |                 |                |                |                |                |
| Provision for current taxation                               | 255.00         | 680.00          | 410.00         | 381.33         | 393.00         | 261.00         |
| Provision for earlier year taxation                          | 0.00           | 0.00            | 0.00           | 0.00           | 1.94           | 2.10           |
| Provision for Wealth taxation                                | 0.00           | 2.10            | 1.09           | 1.18           | 0.64           | 0.55           |
| Addl. Income Tax/TDS on Salary                               | 0.00           | 2.21            | 8.75           | 1.96           | 1.61           | 1.69           |

|                                                                    |               |                |               |               |               |               |
|--------------------------------------------------------------------|---------------|----------------|---------------|---------------|---------------|---------------|
| Provision for Deferred taxation                                    | (1.58)        | 38.78          | 3.21          | 27.51         | (17.90)       | (40.23)       |
| Provision for Fringe Benefit Tax                                   | 2.50          | 13.00          | 15.00         | 0.00          | 0.00          | 0.00          |
| <b>Net Profit /(Loss) after tax but before Extraordinary Items</b> | <b>493.72</b> | <b>1387.78</b> | <b>798.86</b> | <b>761.14</b> | <b>751.49</b> | <b>427.81</b> |
| - Extraordinary Items                                              | 0.00          | 0.00           | 0.00          | 0.00          | 106.82        | 0.00          |
| <b>Net Profit after Extraordinary Items</b>                        | <b>493.72</b> | <b>1387.78</b> | <b>798.86</b> | <b>761.14</b> | <b>858.31</b> | <b>427.81</b> |

In the Financial Year 2003-2004 the Sales does not include a sum of Rs.1,68,48,755.as net Credit of price increase/decrease received from Maruti Udyog Limited in the month of August 2005. Consequently the same amount of Rs. 16848755.00 after reducing income tax thereon of Rs.61,67,000.00 (16848755.00-6167000.00)Rs. 10681755.00 has been shown as Extra ordinary item of profit in financial year 2003-2004.

**SUMMARY STATEMENT OF ASSETS AND LIABILITIES AS RESTATED**

**Rs. in Lacs**

| Particular                                |          | 30.06.2007     | 31.03.2007     | 31.03.2006     | 31.03.2005     | 31.03.2004     | 31.03.2003     |
|-------------------------------------------|----------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                           |          |                |                |                |                |                |                |
|                                           |          |                |                |                |                |                |                |
| <b>Fixed Assets:</b>                      |          |                |                |                |                |                |                |
| Gross Block                               |          | 8,336.87       | 8,296.66       | 4834.18        | 4237.61        | 3534.90        | 2842.80        |
| Less: Depreciation                        |          | 3,373.49       | 3,239.97       | 1348.90        | 1482.39        | 1189.57        | 1407.41        |
| <b>Net Block</b>                          |          | <b>4963.38</b> | <b>5056.69</b> | <b>3485.29</b> | <b>2755.22</b> | <b>2345.33</b> | <b>1435.39</b> |
| Capital Work-in-progress                  |          | 103.90         | 72.15          | 273.86         | 94.34          | 0.00           | 96.64          |
| <b>Total Fixed Assets</b>                 | <b>A</b> | <b>5067.28</b> | <b>5128.83</b> | <b>3759.15</b> | <b>2849.56</b> | <b>2345.33</b> | <b>1532.03</b> |
| <b>Investments</b>                        | <b>B</b> | <b>222.00</b>  | <b>72.00</b>   | <b>72.00</b>   | <b>72.00</b>   | <b>72.00</b>   | <b>122.18</b>  |
| <b>Current Assets, Loans and Advances</b> |          |                |                |                |                |                |                |
| Inventories                               |          | 624.24         | 581.11         | 739.33         | 670.75         | 528.47         | 351.50         |
| Sundry Debtors                            |          | 1465.34        | 1187.10        | 1002.62        | 870.37         | 780.62         | 577.43         |
| Cash and Bank balances                    |          | 113.39         | 57.96          | 34.31          | 30.12          | 50.08          | 186.00         |
| Loans and Advances                        |          | 1405.85        | 1036.83        | 2009.98        | 1770.56        | 1071.92        | 900.77         |
| <b>Total</b>                              | <b>C</b> | <b>3608.82</b> | <b>2863.00</b> | <b>3786.24</b> | <b>3341.79</b> | <b>2431.10</b> | <b>2015.70</b> |
| <b>Liabilities and Provisions:</b>        |          |                |                |                |                |                |                |
| Secured Loans                             |          | 852.49         | 758.10         | 948.85         | 164.69         | 0.00           | 0.00           |
| Unsecured Loans                           |          | 777.84         | 778.43         | 756.13         | 502.83         | 465.26         | 120.89         |
| Deferred Tax Liability/(Asset) (net)      |          | 233.14         | 234.72         | 195.94         | 192.73         | 165.22         | 183.12         |
| Current liabilities and Provisions        |          | 2411.77        | 2140.17        | 2383.06        | 2340.74        | 1528.21        | 1071.99        |
| <b>Total</b>                              | <b>D</b> | <b>4275.24</b> | <b>3911.41</b> | <b>4283.98</b> | <b>3200.99</b> | <b>2158.68</b> | <b>1375.99</b> |
| <b>Networth (A+B+C-D)</b>                 |          | <b>4622.86</b> | <b>4152.42</b> | <b>3333.41</b> | <b>3062.36</b> | <b>2689.75</b> | <b>2293.91</b> |
| <b>Net worth Represented by</b>           |          |                |                |                |                |                |                |
| Share Capital I                           |          | 900.00         | 900.00         | 600.00         | 600.00         | 300.00         | 300.00         |
| Reserve & Surplus II                      |          | 3791.33        | 3289.70        | 2741.44        | 2473.07        | 2404.48        | 1996.57        |
| Miscellaneous Expenditure III             |          | 68.47          | 37.27          | 8.04           | 10.71          | 14.72          | 2.66           |
| <b>TOTAL NET WORTH I + II – III</b>       |          | <b>4622.86</b> | <b>4152.42</b> | <b>3333.41</b> | <b>3062.36</b> | <b>2689.75</b> | <b>2293.91</b> |

Note : The above statement should be read with the Notes on adjustments and significant accounting policies & notes to the accounts for restated financial statements as appearing in Annexure III and IV to the report

## GENERAL INFORMATION



### PRECISION PIPES AND PROFILES COMPANY LIMITED

**Registered Office:** 4561, Deputy Ganj, Sadar Bazar, Delhi-110 006, India

Tel: 91 11 2361 2204, **Fax:** 91 11 2353 6205

**Corporate Office:** 13<sup>th</sup> Floor, Gopal Das Bhawan, 28, Barakhamba Road, Connaught Place, New Delhi-110 001

**Tel:** 91 11 2373 0505, 2373 0606, **Fax:** + 91 11 2332 4113

#### **Plants:**

1. 54-56 Okhla Industrial Estate, Phase III New Delhi
2. 161, Okhla Industrial Estate, Phase III New Delhi
3. 70, Okhla Industrial Estate Phase III, New Delhi
4. B-45, Phase –II, Noida
5. B-206 A, Sector -81, Phase –II, Noida

**Website:** [www.precisionpipes.com](http://www.precisionpipes.com), **E-mail:** [ipo@precisionpipes.com](mailto:ipo@precisionpipes.com)

**Contact Person:** Mr. Rama Kant, Company Secretary & Compliance Officer

**Company Registration No:** 55-073281

**CIN:** U74899DL 1995PLC 073281

Our Company is registered with the Registrar of Companies, NCT of Delhi & Haryana at: B-Block, Paryavaran Bhavan, CGO Complex, Lodi Road, New Delhi-110003.

#### **Our Board of Directors**

| <b>Name of Directors</b>   | <b>Designation</b>                   |
|----------------------------|--------------------------------------|
| Mr. Devendra Chandra Jain  | Chairman (Non-Executive)             |
| Mr. Sharat Chand Jain      | Vice Chairman (Non-Executive)        |
| Mr. Ajay Kumar Jain        | Managing Director                    |
| Mr. Kaushal Kumar Mathur   | Independent Director (Non-Executive) |
| Mr. Brij Behari Tandon     | Independent Director (Non-Executive) |
| Mr. Satish Lal Tandon      | Independent Director (Non-Executive) |
| Mr. Surender Kumar Tuteja  | Independent Director (Non-Executive) |
| Mr. Vinod Vaish            | Independent Director (Non-Executive) |
| Mr. Sudarshan Kumar Duggal | Independent Director (Non-Executive) |
| Mr. Rajeev Jain            | Whole Time Director                  |
| Mr. Anuj Jain              | Director (Non-Executive)             |
| Mr. Abhishek Jain          | Whole Time Director                  |

For detailed profile of our Directors, please refer to the section titled 'Our Management' on page 102 of this Prospectus.

## **Company Secretary and Compliance Officer**

**Mr. Rama Kant**

**Precision Pipes and Profiles Company Ltd.**

13<sup>th</sup> Floor, Gopal Das Bhawan,  
28, Barakhamba Road,  
Connaught Place,  
New Delhi-110 001

**Tel:** + 91 11 2373 0505, 2373 0606

**Fax:** + 91 11 2332 4113

**E-mail:** [ipo@precisionpipes.com](mailto:ipo@precisionpipes.com)

## **Registrar to the Issue**

**Intime Spectrum Registry Limited**

C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai – 400 078.

Tel No: + 91 22 2596 0320

Fax No: + 91 22 2596 0329

Website: [www.intimespectrum.com](http://www.intimespectrum.com)

Email: [ppap.ipo@intimespectrum.com](mailto:ppap.ipo@intimespectrum.com)

Contact person: Mr. Sachin Achar

Investors can contact the Compliance Officer or the Registrar to the Issue in case for any complaints/clarifications/information pertaining to this Issue, such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary accounts or refund orders if any etc.

## **Book Running Lead Managers**

**UTI Securities Limited**

*(Subsidiary of Securities Trading Corporation of India Limited)*

SEBI Reg. No: INM 000007458

AMBI Registration No: AMBI/083

1<sup>st</sup> Floor, Dheeraj Arma,

Anant Kanekar Marg, Station Road,

Bandra (East), Mumbai – 400 051

Contact Person: Mr. Jayakumar S./ Ms. Lisa Shah

Tel: + 9122 6751 5827/910

Fax: + 9122 6702 3194

Email: [ppap.ipo@utisel.com](mailto:ppap.ipo@utisel.com)

Website: [www.utisel.com](http://www.utisel.com)

**NEXGEN Capitals Limited**

SEBI Reg. No:- INM000010999

9-B, Netaji Subhash Marg,

Daryaganj, New Delhi-110 002

Contact Person: Ms. Payal Mittal Chhabra

Tel: +91 11 3011 1333

Fax: +91 11 3088 8866

E-mail: [pmittal@nexgencapitals.com](mailto:pmittal@nexgencapitals.com)

Website: [www.nexgencapitals.com](http://www.nexgencapitals.com)



**Statutory Auditors to our Company****Dharam Taneja Associates (Chartered Accountants)**

13/17, Punjabi Bagh Extn.

New Delhi-110 026

**Tel:** +91 11 25222339

**Contact Person:** Dharam Taneja

**E-mail:** [dvta@bol.net.in](mailto:dvta@bol.net.in)

**Legal Advisor to the Issue****Fox Mandal Little & Co.**

FM House, A-9, Sector-9,

Noida-201 301

Uttar Pradesh, India

**Tel:** +91 120 4305555

**Fax:** +91 120 2542222

**E-mail:** [newdelhi@foxmandallittle.com](mailto:newdelhi@foxmandallittle.com)

**Bankers to our Company****ICICI Bank**

Sadar Bazar Branch,

1215, Bahadur Garh Road,

Near Azad Market, Sadar Bazar,

Delhi-110 006

Ph. No. + 91-11-2367 4299

Fax No. + 91-11-2355 9236

Email: [gaury.gupta@icicibank.com](mailto:gaury.gupta@icicibank.com)

Contact Person: Ms Gauri Gupta

**Allahabad Bank**

4875, Phota Road,

Sadar Bazar, Delhi – 110 006

Ph. No. + 91-11-2367 2636

Fax No. + 91-11- 2367 2636

Email: [jkrihtagi@yahoo.com](mailto:jkrihtagi@yahoo.com)

**CITI Bank**

Jeevan Bharti Building

124, Connought Circus

New Delhi

Ph. No. + 91-11-2332 6493

Fax No.: + 91-11- 2332 0083

Email: [indiaservice@citicorp.com](mailto:indiaservice@citicorp.com)

**State Bank of India**

4873, Phota Road,

Sadar Bazar, Delhi – 110 006

Ph. No. + 91-11-2361 3145

Fax No. + 91-11-2367 9015

Email: [sbi.00596@sbi.co.in](mailto:sbi.00596@sbi.co.in)

**HDFC Bank**

Punjabi Bagh Branch  
New Delhi  
Ph. No. + 91-11-2522 0023  
Fax No. + 91-11-6246 6586  
Email add: [navin.gupta@hdfcbank.com](mailto:navin.gupta@hdfcbank.com)  
Contact Person: Mr. Navin Gupta

**Bankers to the Issue and Escrow Collection Banks****ICICI Bank Limited**

SEBI Registration No :INBI 00000004  
Capital Market Division  
30, Mumbai Samachar Marg  
Fort, Mumbai -400 001  
Tel: 91-22-2262 7600  
Fax: 91-22-2261 1138  
Contact person: Mr. Venkataraghavan T A  
Email: [venkataraghavan.t@icicibank.com](mailto:venkataraghavan.t@icicibank.com)

**HDFC Bank Limited**

SEBI Registration No :INBI 00000063  
Maneckji Wadia Bldg,  
Ground Floor, Nanik Motwani Marg,  
Mumbai – 400 001  
Tel:91-22-2267 9961, 2267 9947  
Fax: 91-22-2267 1661  
Contact person: Mr. Viral Kothari  
Email: [viral.kothari@hdfcbank.com](mailto:viral.kothari@hdfcbank.com)

**Axis Bank Limited**

SEBI Registration No: INBI00000017  
K-12, Green Park Main  
New Delhi -110016  
Tel + 91-11-46583000, 46583027, 46583028  
Fax: + 91-11-26522334, 46583050  
Contact person: Mr. V Mahesh Kumar  
Email: [v.maheshkumar@axisbank.com](mailto:v.maheshkumar@axisbank.com)

**The Hongkong and Shanghai Banking Corporation Limited**

SEBI Registration No: INB100000027  
52/60, M G Road,  
Fort, Mumbai 400 001  
Tel + 91-22-2268 5352  
Fax: + 91-22-2262 3890  
Contact person: Mr. Suyog Mhatre  
Email: [suyogmhatre@hsbc.co.in](mailto:suyogmhatre@hsbc.co.in)

**Standard Chartered Bank**

SEBI Registration No: INBI 00000085  
270 D N Road,  
Fort, Mumbai 400 001  
Tel + 91-22-2268 3965 / 2209 2213  
Fax: + 91-22-2209 6069  
Contact person: Mr. Rajesh Malwade  
Email: [rajesh.malwade@in.standardchartered.com](mailto:rajesh.malwade@in.standardchartered.com)

### **Syndicate Member(s)**

#### **UTI Securities Limited**

*(Subsidiary of Securities Trading Corporation of India Limited)*

SEBI Reg. No.- INM 000007458

1<sup>st</sup> Floor, Dheeraj Arma,

Anant Kanekar Marg, Station Road,

Bandra (East), Mumbai – 400 051.

Contact Person: Mr. Jayakumar S./Ms. Lisa Shah

Tel: +91 22 6751 5827/910

Fax: +91 22 6702 3194

Email: [ppap.ipo@utisel.com](mailto:ppap.ipo@utisel.com)

Website: [www.utisel.com](http://www.utisel.com)

#### **SMC Global Securities Limited**

SEBI Reg. No: INB/INF 23077143

17, Netaji Subhash Marg,

Daryaganj, New Delhi - 110 002

Contact Person: Mr. Mahesh Gupta

Tel + 91-11-30111333

Fax: + 91-11-30126061

Email: [mkg@smcindiaonline.com](mailto:mkg@smcindiaonline.com)

Website: [www.smcindiaonline.com](http://www.smcindiaonline.com)

### **IPO Grading Agency**

#### **CRISIL Limited**

Mr. Sudhir Nair

Head, Research-CRISIL Research

261, Solitaire Park,

151, Andheri-Kurla Road,

Andheri (East)

Mumbai – 400 093

Tel: +91 22 6691 3500

Fax: +91 22 6702 6954

Website: [www.crisil.com](http://www.crisil.com)

### **Brokers to the Issue**

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

### **STATEMENT OF INTER SE ALLOCATION OF RESPONSIBILITIES AMONG THE BRLMs FOR THE ISSUE**

The following table sets forth the inter se allocation of responsibilities for various activities between UTI Securities Limited (“UTISEL”) and NEXGEN Capitals Limited (“NEXGEN”) as Book Running Lead Managers for the Issue:

| <b>Sr. No</b> | <b>Activities</b>                                                                                                                        | <b>Responsibility</b> | <b>Co-Ordinator</b> |
|---------------|------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|---------------------|
| 1             | Capital Structuring with the relative components and formalities such as composition of debt and equity, type of instruments.            | UTISEL<br>/NEXGEN     | NEXGEN              |
| 2             | Drafting and design of Offer Document.                                                                                                   | UTISEL<br>/NEXGEN     | UTISEL              |
| 3             | The Lead Managers shall ensure conduct of due diligence and ensure compliance with the Guidelines for Disclosure and Investor Protection | UTISEL/<br>NEXGEN     | UTISEL              |

|    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                 |        |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|--------|
|    | and other stipulated requirements and completion of prescribed formalities with Stock Exchange, Registrar of Companies and SEBI.                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                 |        |
| 4  | Designing Statutory advertisements including Offer Document advertisement cover of the Offer Document and memorandum containing salient features of the Offer Document (Form 2A). The designated Lead Managers shall ensure compliance with the applicable regulatory provisions in respect of such Statutory Advertisements.                                                                                                                                                                                                                                                                  | UTISEL /NEXGEN  | UTISEL |
| 5  | Other non-statutory Advertisements / publicity material including brochures and newspaper materials, corporate campaigns, product advertisement. The designated Lead Manager shall ensure compliance with stipulated code of advertisements with the Guidelines for Disclosure and Investor Protection and other stipulated requirements and completion of prescribed formalities with Stock Exchange and SEBI.                                                                                                                                                                                | UTISEL /NEXGEN  | NEXGEN |
| 6  | Marketing of the issue, formulating marketing strategies, arrangements for selection of meeting centres, distribution of issue material. Selection of various agencies connected with the issue, namely: <ul style="list-style-type: none"> <li>▪ Registrars to issue</li> <li>▪ Printers</li> <li>▪ Advertising agencies</li> <li>▪ Bankers to the Issue</li> <li>▪ Brokers</li> <li>▪ Underwriters and underwriting arrangements.</li> </ul>                                                                                                                                                 | UTISEL/ NEXGEN  | UTISEL |
| 7  | <ul style="list-style-type: none"> <li>▪ Institutional Marketing Strategies</li> <li>▪ Finalization of the list and division of investors for one to one meetings, and institutional allocation in consultation with the Bank</li> <li>▪ Preparation of Road show Presentation</li> </ul>                                                                                                                                                                                                                                                                                                      | UTISEL          | UTISEL |
| 8  | <ul style="list-style-type: none"> <li>▪ Retail/HNI Marketing Strategies</li> <li>▪ Preparation of Road show Presentation</li> <li>▪ Finalize centers for holding conference for brokers etc.</li> <li>▪ Finalize media, marketing and PR strategy</li> <li>▪ Follow up on distribution of publicity and issue material including application form, offer document, brochures and deciding on the quantum of the issue material</li> <li>▪ Finalize Collection orders</li> </ul>                                                                                                               | UTISEL/ NEXGEN  | NEXGEN |
| 9  | Managing the Book and Co-ordination with Stock Exchange                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | UTISEL / NEXGEN | UTISEL |
| 10 | Pricing and QIB allocation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | UTISEL          | UTISEL |
| 11 | Follow-up with Bankers to the issue to get quick estimates of collection and advising the issuer about closure of the issue, based on the correct figures.                                                                                                                                                                                                                                                                                                                                                                                                                                     | UTISEL          | UTISEL |
| 12 | The post bidding activities including management of escrow accounts, co-ordination of non-institutional allocation, intimation of allocation and dispatch of refunds to bidders                                                                                                                                                                                                                                                                                                                                                                                                                | UTISEL          | UTISEL |
| 13 | The post-issue activities of the Issue will involve essential follow up steps, which will include finalization of basis of allotment/ weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refunds business. Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable arrangements with the Issuer Company. | UTISEL          | UTISEL |

**Credit Rating**

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

**Trustees**

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

**Project Appraisal and Monitoring Agency**

The project is not appraised by any Bank/Financial Institution/Merchant Banker and there is no monitoring agency appointed to monitor the use of proceeds of the Issue,

**Grading of Issue**

This Issue has been graded by CRISIL and has been assigned the CRISIL IPO Grade as “4/5” (pronounced “four on five”) indicating the fundamentals of this Issue are above average, relative to other listed equity securities in India, vide its letter dated 4<sup>th</sup> September, 2007. A copy of the report provided by CRISIL, furnishing the rationale for its grading is available for inspection at our Registered Office from 11.00 hours to 15.00 hours on any working day, excluding Saturday and Sunday from the date of the Red Herring Prospectus until the Bid/Issue closing date.

**Withdrawal of the Issue**

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at any time including after the Bid/Issue closing Date but before the Board meeting for Allotment, without assigning any reason thereof.

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 Prospectus. If such money is not repaid within 8 days after our Company becomes 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:

1. Our Company
2. The Book Running Lead Manager; and
3. The Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchange(s) and eligible to act as underwriters. The BRLMs appoints the Syndicate Members.

The SEBI DIP Guidelines has permitted an issue of securities to the public through the 100% Book Building Process, wherein up to 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 DIP Guidelines for this Issue. In this regard, we have appointed the BRLMs to procure subscriptions to the Issue.

The process of book building, under SEBI DIP Guidelines, is relatively new and the investors are advised to make their own judgment about investment through this process prior to making a Bid in the Issue. Pursuant to recent amendments to SEBI DIP Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. Please refer to the section entitled “Terms of the Issue” on page 213 of this Prospectus for more details.

Steps to be taken by the Bidders for bidding:

1. Check eligibility for bidding (see the section titled “Issue Procedure - Who Can Bid” on page 219 of this Prospectus);
2. Ensure that the Bidder has a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form;
3. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Prospectus and in the Bid-cum-Application Form.

### **Bid/Issue Program**

**Bid/Issue Opens on:** December 17, 2007

**Bid/Issue Closes on:** December 20, 2007

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 3.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted **not later than 3.00 p.m.** (Indian Standard Time) or such time as may be extended by us in consultation with BRLMs and uploaded till such time as permitted by the BSE and the NSE on the Bid/Issue Closing Date.

**Investors please note that as per letter no. List/smd/sm/2006 dated 03<sup>rd</sup> July 2006 and letter no. NSE/IPO/25101-6 dated 06<sup>th</sup> July 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.**

The Price Band will be decided by us in consultation with the BRLMs. The announcement on the Price Band shall also be made available on the websites of the BRLMs and at the terminals of the Syndicate.

We reserve the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. 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 and 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 BRLMs and at the terminals of the Syndicate.

### **Underwriting Agreement**

It was proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations.

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

| Name and Address of the Underwriters                                                                                                                                                                                                                                                                                                                                                                                                                                    | Indicative Number of Equity shares to be Underwritten | Amount Underwritten (Rs. in Lacs) |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|-----------------------------------|
| <b>UTI Securities Limited</b><br><i>(Subsidiary of Securities Trading Corporation of India Limited)</i><br>1 <sup>st</sup> Floor, Dheeraj Arma,<br>Anant Kanekar Marg, Station Road,<br>Bandra (East), Mumbai – 400 051.<br>Contact Person: Mr. Jayakumar S./ Ms. Lisa Shah<br>Tel: +91 22 6751 5827/910<br>Fax: +91 22 6702 3194<br>Email: <a href="mailto:ppap.ipo@utisel.com">ppap.ipo@utisel.com</a><br>Website: <a href="http://www.utisel.com">www.utisel.com</a> | 2,500,000                                             | 3750.00                           |
| <b>NEXGEN Capitals Limited</b><br>9B, Netaji Subhash Marg,<br>Daryaganj, New Delhi-110 002<br>Contact Person: Ms. Payal Mittal Chhabra<br>Tel: +91 11 3011 1333<br>Fax: +91 11 3088 8866<br>E-mail: <a href="mailto:precision.ipo@nexgencapitals.com">precision.ipo@nexgencapitals.com</a><br>Website: <a href="http://www.nexgencapitals.com">www.nexgencapitals.com</a>                                                                                               | 1,750,000                                             | 2625.00                           |
| <b>SMC Global Securities Limited</b><br>17, Netaji Subhash Marg,<br>Daryaganj, New Delhi - 110 002.<br>Contact Person: Mr. Mahesh Gupta<br>Tel + 91-11-30111333<br>Fax: + 91-11-30126061<br>Email: <a href="mailto:mkg@smcindiaonline.com">mkg@smcindiaonline.com</a><br>Website: <a href="http://www.smcindiaonline.com">www.smcindiaonline.com</a>                                                                                                                    | 750,000                                               | 1125.00                           |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>5,000,000</b>                                      | <b>7500.00</b>                    |

The above-mentioned amount is indicative underwriting and would be finalized after pricing and actual allocation. The above Underwriting Agreement is dated December 27, 2007.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchange(s).

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

## CAPITAL STRUCTURE

The share capital structure of our Company as on the date of filing of this Prospectus with SEBI is as set forth below:

| (Rs. in Lacs, except share data)                  |                                  |                                   |
|---------------------------------------------------|----------------------------------|-----------------------------------|
|                                                   | Aggregate value<br>at Face Value | Aggregate Value<br>at Issue Price |
| <b>A. AUTHORISED CAPITAL</b>                      |                                  |                                   |
| 20,000,000 Equity Shares of Rs. 10/- each         | 2000.00                          |                                   |
| <b>B. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>  |                                  |                                   |
| 9,000,000 Equity shares of Rs. 10/- each          | 900.00                           |                                   |
| <b>C. PRESENT ISSUE/NET ISSUE TO THE PUBLIC</b>   |                                  |                                   |
| 5,000,000 Equity Shares of Rs. 10/- each          | 500.00                           | 7500.00                           |
| <b>D. PAID UP CAPITAL AFTER THE PRESENT ISSUE</b> |                                  |                                   |
| 14,000,000 Equity shares of Rs. 10/- each         | 1400.00                          | 8400.00                           |
| <b>D. SHARE PREMIUM ACCOUNT</b>                   |                                  |                                   |
| Before the Issue                                  |                                  | Nil                               |
| After the Issue                                   | 7000.00                          |                                   |

### Notes to Capital Structure

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

| Particulars of increase                      | Date of Resolution | AGM/EGM |
|----------------------------------------------|--------------------|---------|
| Increased from Rs 500 Lacs to Rs. 1000 Lacs  | October 14, 1996   | EGM     |
| Increased from Rs 1000 Lacs to Rs. 2000 Lacs | December 26, 2006  | EGM     |



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

| Date on which Equity Shares were allotted/made fully paid-up | Number of Equity Shares | Face Value (Rs.) | Issue Price (Rs.) | Nature of payment of consideration | Nature of Allotment                                                                  | Cumulative Paid-up Capital (Rs.) | Share premium (Rs.) | Cumulative Share Premium (Rs.) |
|--------------------------------------------------------------|-------------------------|------------------|-------------------|------------------------------------|--------------------------------------------------------------------------------------|----------------------------------|---------------------|--------------------------------|
| 18 <sup>th</sup> October, 1995                               | 3,000,000               | 10               | 10                | Cash                               | Subscribers to Memorandum                                                            | 30,000,000                       | -                   | -                              |
| 25 <sup>th</sup> September, 2004                             | 3,000,000               | 10               | -                 | Other than cash-Bonus              | Bonus in ratio of 1:1 (For every 1 Equity Share, the Company issued 1 Equity Shares) | 60,000,000                       | -                   | -                              |
| 30 <sup>th</sup> September, 2006                             | 3,000,000               | 10               | -                 | Other than cash-Bonus              | Bonus in ratio of 1:2 (For every 2 Equity Share, the Company issued 1 Equity Shares) | 90,000,000                       | -                   | -                              |

**3. Shares issued for consideration other than cash**

Except as mentioned in the table above, we have not issued any shares for consideration, other than cash.

**4. Promoters' Contribution and Lock-in details in respect of Promoters, whose names figure in the Prospectus as Promoters in the paragraph on "Promoters and their Background" is as under:**

a. Capital built up of the promoters is detailed below:

| Sr. No | Name of Promoter / Person    | Date of allotment/Transfer and made Fully paid-up | Consideration | No. of Shares | Face Value (Rs.) | Issue / Transfer Price (Rs.) |
|--------|------------------------------|---------------------------------------------------|---------------|---------------|------------------|------------------------------|
| 1      | Devendra Chandra Jain (HUF)* | 18 <sup>th</sup> October, 1995                    | Cash          | 990000        | 10               | 10                           |
|        |                              | 25 <sup>th</sup> September, 2004                  | Bonus         | 990000        | 10               | Nil                          |

|   |                         |                                  |                |                |    |        |
|---|-------------------------|----------------------------------|----------------|----------------|----|--------|
|   |                         | 30 <sup>th</sup> September, 2006 | Bonus          | 990000         | 10 | Nil    |
|   |                         | <b>SubTotal (A)</b>              |                | <b>2970000</b> |    |        |
| 2 | Mr. Sharat Chand Jain   | 27 <sup>th</sup> June, 2005      | Transfer- Gift | 30000          | 10 | -      |
|   |                         | 30 <sup>th</sup> September, 2006 | Bonus          | 15000          | 10 | Nil    |
|   |                         | <b>SubTotal (B)</b>              |                | <b>45000</b>   |    |        |
| 3 | Ajay Kumar Jain (HUF)** | 18 <sup>th</sup> October, 1995   | Cash           | 30000          | 10 | 10     |
|   |                         | 25 <sup>th</sup> September, 2004 | Bonus          | 30000          | 10 | Nil    |
|   |                         | 30 <sup>th</sup> September, 2006 | Bonus          | 30000          | 10 | Nil    |
|   |                         | <b>SubTotal (C)</b>              |                | <b>90000</b>   |    |        |
| 4 | Mr. Rajeev Jain         | 27 <sup>th</sup> June, 2005      | Transfer- Gift | 5000           | 10 | -      |
|   |                         | 30 <sup>th</sup> September, 2006 | Bonus          | 2500           | 10 | Nil    |
|   |                         | <b>SubTotal (D)</b>              |                | <b>7500</b>    |    |        |
| 5 | Ms. Asha Jain           | 18 <sup>th</sup> October, 1995   | Cash           | 1020000        | 10 | 10     |
|   |                         | 7 <sup>th</sup> January, 2002    | Transfer-Gift  | (200000)       | 10 | -      |
|   |                         | 10 <sup>th</sup> April, 2003     | Transfer       | (25000)        | 10 | 170*** |
|   |                         | 25 <sup>th</sup> September, 2004 | Bonus          | 795000         | 10 | Nil    |
|   |                         | 30 <sup>th</sup> September, 2006 | Bonus          | 795000         | 10 | Nil    |
|   |                         | <b>SubTotal (E)</b>              |                | <b>2385000</b> |    |        |
| 6 | Ms. Vinay Kumari Jain   | 18 <sup>th</sup> October, 1995   | Cash           | 870000         | 10 | 10     |
|   |                         | 7 <sup>th</sup> January, 2002    | Transfer-Gift  | (200000)       | 10 | -      |
|   |                         | 10 <sup>th</sup> April, 2003     | Transfer       | (25000)        | 10 | 170*** |
|   |                         | 25 <sup>th</sup> September, 2004 | Bonus          | 645000         | 10 | Nil    |
|   |                         | 30 <sup>th</sup> September, 2006 | Bonus          | 645000         | 10 | Nil    |
|   |                         | <b>Sub Total (F)</b>             |                | <b>1935000</b> |    |        |
|   | <b>Total</b>            |                                  |                | <b>7432500</b> |    |        |

\* The shares have been issued in the name of Mr. Devendra Chandra Jain, who is holding the same on behalf of Devendra Chandra Jain (HUF) who is the beneficial owner

\*\* The shares have been issued in the name of Mr. Ajay Kumar Jain, who is holding the same on behalf of Ajay Kumar Jain (HUF) who is the beneficial owner

\*\*\* Transfer of 75,000 Equity Shares to M/s. Tokai Kogyo Co. Ltd. at the price of Rs. 170 per Equity Share worth Rs. 127.50 lacs (for consideration of cash), dated 10<sup>th</sup> April, 2003.

- b. Pursuant to the SEBI DIP Guidelines, an aggregate of 20% of our post issue capital held by our promoter shall be locked-in for a period of three years from the date of allotment of Equity Shares in this Issue. The details of such lock in are given below:

| Sr. No | Name of Promoter            | Date of allotment/ Transfer and made Fully paid-up | Consideration (Cash, Bonus, Kind) | No. of Equity Shares | Face Value (Rs.) | Issue / Transfer Price (Rs.) | % of post issue paid up capital | Lock in period |
|--------|-----------------------------|----------------------------------------------------|-----------------------------------|----------------------|------------------|------------------------------|---------------------------------|----------------|
| 1      | Devendra Chandra Jain (HUF) | 30 <sup>th</sup> September, 2006                   | Bonus                             | 990,000              | 10               | Nil                          | 7.07                            | 3 years        |
| 2      | Mr. Sharat Chand Jain       | 30 <sup>th</sup> September, 2006                   | Bonus                             | 15,000               | 10               | Nil                          | 0.11                            | 3 years        |
| 3      | Ajay Kumar Jain (HUF)       | 30 <sup>th</sup> September, 2006                   | Bonus                             | 30,000               | 10               | Nil                          | 0.21                            | 3 years        |

|       |                       |                                  |       |                  |    |     |              |         |
|-------|-----------------------|----------------------------------|-------|------------------|----|-----|--------------|---------|
| 4     | Mr. Rajeev Jain       | 30 <sup>th</sup> September, 2006 | Bonus | 2500             | 10 | Nil | 0.02         | 3 years |
| 5     | Ms. Asha Jain         | 30 <sup>th</sup> September, 2006 | Bonus | 795,000          | 10 | Nil | 5.68         | 3 years |
|       |                       | 25 <sup>th</sup> September, 2004 | Bonus | 95,000           | 10 | Nil | 0.68         |         |
| 6     | Ms. Vinay Kumari Jain | 30 <sup>th</sup> September, 2006 | Bonus | 645,000          | 10 | Nil | 4.61         | 3 years |
|       |                       | 25 <sup>th</sup> September, 2004 | Bonus | 245,000          | 10 | Nil | 1.75         |         |
| Total |                       |                                  |       | <b>2,817,500</b> |    |     | <b>20.13</b> |         |

**Note:** All the Equity Shares, which are being locked-in for three (3) years, are eligible for computation of promoters' contribution and lock in as required under clause 4.6 of the SEBI (DIP) Guidelines

#### **Share Capital lock in for one year**

In addition to the lock in of the promoters' contribution specified above, the entire pre-issue Equity Share capital of the Issuer will be locked-in for a period of one (1) year from the date of allotment of equity Shares in this Issue. The total numbers of Equity Shares, which are locked-in for one (1) year, are 6,182,500 Equity Shares, which includes 4,615,000 Equity Shares held by Promoters' (after deducting the 2,817,500 Equity Shares, which are locked-in for three (3) years).

- For the purpose of calculating Promoters' contribution, the same has been brought in, in the specified minimum lot of Rs. 25,000/- per application from each individual and Rs. 1,00,000/- from companies.
- The Equity Shares forming part of promoter's contribution do not consist of any private placement made by solicitation of subscription from unrelated persons, either directly or through any intermediary.
- Specific written consent has been obtained from the promoters for inclusion of such number of their existing shares to ensure minimum Promoters' contribution is subject to lock-in to the extent of 20% of Post-Issue Paid-up Capital.
- 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 in the hands of the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

The Equity Shares to be held by the Promoters under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, the Equity Shares held by Promoters, which are locked in, may be transferred to and among Promoter/Promoter Group or to a new promoter 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.

- The Promoters may pledge their Equity Shares locked in as minimum promoters' contribution under the SEBI (DIP) Guidelines, provided that the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the objects of the issue. .
- The securities 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 BSE and NSE, where the shares are to be listed, before the listing of the securities.
- Our Company, our Promoters, Promoter Group, Directors and the Book Running Lead Manager to this Issue have not entered into any buy-back, standby or similar arrangements for purchase of Equity Shares from any person.

12. An over-subscription to the extent of 10% of the Net Issue 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 45 Equity Shares, which is the minimum application size in this Issue.
13. The Equity Shares issued through this Issue will be fully paid up.
14. In case of over-subscription in all categories, up to 50% of the Net 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 minimum of 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and a minimum of 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under subscription, if any, in any portion would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLMs.

**15. Particulars of top 10 shareholders:**

- a. As on the date of filing this Prospectus with RoC:

| Sr. No.      | Name of Shareholders        | No. of Equity Shares | % of Pre Issue Share Capital |
|--------------|-----------------------------|----------------------|------------------------------|
| 1.           | Devendra Chandra Jain (HUF) | 2,970,000            | 33.00                        |
| 2.           | Ms. Asha Jain               | 2,385,000            | 26.50                        |
| 3.           | Ms. Vinay Kumari Jain       | 1,935,000            | 21.50                        |
| 5.           | Mr. Akhil Jain              | 345,000              | 3.83                         |
| 4.           | Mr. Ajay Kumar Jain         | 300,000              | 3.33                         |
| 6.           | Mr. Abhishek Jain           | 300,000              | 3.33                         |
| 7.           | Mr. Anuj Jain               | 255,000              | 2.83                         |
| 8.           | M/sTokai Kogyo Co. Ltd.     | 225,000              | 2.50                         |
| 9.           | Ajay Kumar Jain (HUF)       | 90,000               | 1.00                         |
| 10.          | Mr. Nitin Jain              | 82,500               | 0.92                         |
| <b>Total</b> |                             | <b>8,887,500</b>     | <b>98.75</b>                 |

- b. 10 days prior and as on the date of filing this Prospectus with RoC:

| Sr. No.      | Name of Shareholders        | No. of Equity Shares | % of Pre Issue Share Capital |
|--------------|-----------------------------|----------------------|------------------------------|
| 1.           | Devendra Chandra Jain (HUF) | 2,970,000            | 33.00                        |
| 2.           | Ms. Asha Jain               | 2,385,000            | 26.50                        |
| 3.           | Ms. Vinay Kumari Jain       | 1,935,000            | 21.50                        |
| 4.           | Mr. Akhil Jain              | 345,000              | 3.83                         |
| 5.           | Mr. Ajay Kumar Jain         | 300,000              | 3.33                         |
| 6.           | Mr. Abhishek Jain           | 300,000              | 3.33                         |
| 7.           | Mr. Anuj Jain               | 255,000              | 2.83                         |
| 8.           | M/sTokai Kogyo Co. Ltd.     | 225,000              | 2.50                         |
| 9.           | Ajay Kumar Jain (HUF)       | 90,000               | 1.00                         |
| 10.          | Mr. Nitin Jain              | 82,500               | 0.92                         |
| <b>Total</b> |                             | <b>8,887,500</b>     | <b>98.75</b>                 |

- c. 2 years prior to the date of filing this Prospectus with RoC:

| Sr. No. | Name of Shareholders        | No. of Equity Shares | % of Pre Issue Share Capital |
|---------|-----------------------------|----------------------|------------------------------|
| 1.      | Devendra Chandra Jain (HUF) | 1,980,000            | 33.00                        |
| 2.      | Ms. Asha Jain               | 1,590,000            | 26.50                        |

|              |                          |                  |              |
|--------------|--------------------------|------------------|--------------|
| 3.           | Ms. Vinay Kumari Jain    | 1,290,000        | 21.50        |
| 4.           | Mr. Akhil Jain           | 230,000          | 3.83         |
| 5.           | Ajay Kumar Jain          | 200,000          | 3.33         |
| 6.           | Mr. Abhishek Jain        | 200,000          | 3.33         |
| 7.           | Mr. Anuj Jain            | 170,000          | 2.83         |
| 8.           | M/s Tokai Kogyo Co. Ltd. | 150,000          | 2.50         |
| 9.           | Ajay Kumar Jain (HUF)    | 60,000           | 1.00         |
| 10.          | Mr. Nitin Jain           | 55,000           | 0.92         |
| <b>Total</b> |                          | <b>5,925,000</b> | <b>98.75</b> |

**16. The details of sale/ purchase/ financing of shares by Promoters/Directors/Promoters' Group:**

The Promoters/Directors/Promoters' Group have not purchased and/or sold/financed any securities of our Company during the past 6 months.

**17. Shareholding Pattern of our Company before and after the Issue is as under:**

| Category       | Pre-Issue        |                                           | Post-Issue*       |                                           |
|----------------|------------------|-------------------------------------------|-------------------|-------------------------------------------|
|                | No. of Shares    | % holding and corresponding voting rights | No. of Shares     | % holding and corresponding voting rights |
| Promoters      | 7,432,500        | 82.58                                     | 7,432,500         | 53.09                                     |
| Promoter Group | 1,342,500        | 14.92                                     | 1,342,500         | 9.59                                      |
| Others         | 225,000          | 2.50                                      | 225,000           | 1.61                                      |
| Public         | Nil              | Nil                                       | 5,000,000         | 35.71                                     |
| <b>Total</b>   | <b>9,000,000</b> | <b>100.00</b>                             | <b>14,000,000</b> | <b>100.00</b>                             |

\* 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.

**18. Shareholding Pattern of Promoter and Promoter Group:**

| S.No           | Particular                  | Before the Issue     |           | After the Issue      |           |
|----------------|-----------------------------|----------------------|-----------|----------------------|-----------|
|                |                             | No. of Equity Shares | % Holding | No. of Equity Shares | % Holding |
| Promoter       |                             |                      |           |                      |           |
| 1              | Devendra Chandra Jain (HUF) | 2970,000             | 33.00     | 2970,000             | 21.21     |
| 2              | Mr. Sharat Chand Jain       | 45,000               | 0.50      | 45,000               | 0.32      |
| 3              | Ajay Kumar Jain (HUF)       | 90,000               | 1.00      | 90,000               | 0.64      |
| 4              | Mr. Rajeev Jain             | 7,500                | 0.08      | 7,500                | 0.05      |
| 5              | Mrs. Asha Jain              | 2,385,000            | 26.50     | 2,385,000            | 17.04     |
| 6              | Ms. Vinay Kumari Jain       | 1,935,000            | 21.50     | 1,935,000            | 13.82     |
| Sub Total (a)  |                             | 7,432,500            | 82.58     | 7,432,500            | 53.09     |
| Promoter Group |                             |                      |           |                      |           |
| 1              | Mr. Ajay Kumar Jain         | 300,000              | 3.34      | 300,000              | 2.14      |
| 2              | Mr. Anuj Jain               | 255,000              | 2.83      | 255,000              | 1.82      |
| 3              | Mr. Abhishek Jain           | 300,000              | 3.33      | 300,000              | 2.14      |
| 4              | Ms Lata Jain                | 45,000               | 0.50      | 45,000               | 0.32      |
| 5              | Ms. Anuradha Jain           | 7,500                | 0.09      | 7,500                | 0.05      |
| 6              | Mr. Akhil Jain              | 345,000              | 3.83      | 345,000              | 2.46      |

|                      |                    |                  |              |                  |              |
|----------------------|--------------------|------------------|--------------|------------------|--------------|
| 7                    | Mr. Nitin Jain     | 82,500           | 0.92         | 82,500           | 0.59         |
| 8                    | Ms. Kanupriya Jain | 7,500            | 0.08         | 7,500            | 0.05         |
| <b>Sub Total (b)</b> |                    | <b>1,342,500</b> | <b>14.92</b> | <b>1,342,500</b> | <b>9.59</b>  |
| <b>Total (a+b)</b>   |                    | <b>8,775,000</b> | <b>97.50</b> | <b>8,775,000</b> | <b>62.68</b> |

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

20. Our Company has not issued any bonus shares except as stated below:

| Date of Allotment  | No. of Bonus Shares | Ratio                                                                     |
|--------------------|---------------------|---------------------------------------------------------------------------|
| September 25, 2004 | 3,000,000           | 1:1<br>(For every one Equity Share, the Company issued one Equity Share)  |
| September 30, 2006 | 3,000,000           | 1:2<br>(For every two Equity Shares, the Company issued one Equity Share) |

All the bonus shares have been issued out of free reserves only and have not been made out of revaluation reserve or reserves without accrual of cash reserves.

21. Our Company has not raised any bridge loan against the proceeds of this Issue.
22. As on the date of filing this Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares.
23. The Equity Shares of our Company are fully paid up and there are no partly paid up shares as on date.
24. No payment, direct or indirect in the nature of discount, commission, and allowance or otherwise shall be made either by us or by our promoters to the persons who receive allotments, if any, in this Issue.
25. A bidder cannot make a bid for more than the number of Equity Shares offered through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
26. At any given time, there shall be only one denomination for the Equity shares of our Company and our Company shall comply with such disclosure norms as specified by SEBI from time to time.
27. We have not revalued our assets since inception.
28. Our Equity Shares are not pledged with any financial institution/banks
29. Our Company has 15 members as on the date of filing this Prospectus.
30. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Prospectus with SEBI until the Equity Shares offered through this Prospectus have been listed.

## SECTION V - OBJECTS OF THE ISSUE

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

1. To enhance In-house Tool Manufacturing and Designing Capability at our existing plant, B-206 A, Noida;
2. To increase our Production Capacity at our existing plant, B-206 A, Noida;
3. To set up a new plant for manufacturing of Auto Components at Surajpur, Greater Noida;
4. To set up a new plant for “Electrical Outlet System” products for PDC at Badarpur, Delhi
5. General Corporate Purpose;
6. To meet the expenses of the public issue;
7. To list the shares offered through this issue on BSE and NSE

The objects clause of the Memorandum of Association of our Company enables us to undertake the existing activities and the activities for which the funds are being raised by us through the present Public Issue.

### Cost of Project and Means of Finance

The cost of the project and means of finance as estimated by our management are given below:

#### Cost of Project

| Sr. No. | Particulars               | Auto Component Division                                                       |                                                  |                                     | (Rs in Lacs)<br>Customized Profiles<br>Division (for PDC) |                                         | Total           |
|---------|---------------------------|-------------------------------------------------------------------------------|--------------------------------------------------|-------------------------------------|-----------------------------------------------------------|-----------------------------------------|-----------------|
|         |                           | Enhance In-house Tool Manufacturing and Designing Capability at B-206 A Noida | Increase in Production Capacity (B-206 A, Noida) | New Plant, Surajpur (Greater Noida) | New Plant at Badarpur, Delhi (Phase I)                    | New Plant at Badarpur, Delhi (Phase II) |                 |
| 1       | Land & Site Development   | 0.00                                                                          | 0.00                                             | 592.06                              | 0.00                                                      | 0.00                                    | 592.06          |
| 2       | Building & Civil work     | 0.00                                                                          | 0.00                                             | 1527.31                             | 0.00                                                      | 0.00                                    | 1527.31         |
| 3       | Plant & Machinery         | 550.97                                                                        | 1786.86                                          | 4311.84                             | 264.94                                                    | 155.59                                  | 7070.20         |
| 4       | Provision for Contingency | 24.94                                                                         | 69.99                                            | 277.44                              | 7.05                                                      | 7.78                                    | 387.20          |
|         | <b>Sub Total</b>          | <b>575.91</b>                                                                 | <b>1856.85</b>                                   | <b>6708.65</b>                      | <b>271.99</b>                                             | <b>163.37</b>                           | <b>9576.77</b>  |
| 5       | General Corporate Purpose |                                                                               |                                                  |                                     |                                                           |                                         | 385.38          |
| 6       | Public Issue Expenses     |                                                                               |                                                  |                                     |                                                           |                                         | 637.85          |
|         | <b>Total</b>              |                                                                               |                                                  |                                     |                                                           |                                         | <b>10600.00</b> |

#### Means of Finance

| Particulars                        | (Rs. in Lacs)   |
|------------------------------------|-----------------|
|                                    | Amount          |
| Proceeds from Initial Public Offer | 7500.00         |
| Term Loan from ICICI Bank          | 2500.00         |
| Internal Accruals                  | 600.00          |
| <b>Total</b>                       | <b>10600.00</b> |

**Details of term loans sanctioned by ICICI bank for our project amount to Rs.2500 Lacs including an ECB of \$1.53 million.**

### Terms of the loan agreements

| Particular         | Term Loan 1                                           | Term Loan 2                                                                                                                                             | Term Loan 3                                     |
|--------------------|-------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| Letter no. (Dated) | CAL N20114 (27 <sup>th</sup> Feb, 2007)               | CAL 703298 ( 26 <sup>th</sup> Sept, 2006)                                                                                                               | CAL 2081 (10 <sup>th</sup> Oct, 2006)           |
| Loan Amount        | Rs. 1600 Lacs                                         | ECB of \$1.53 million equivalent to Rs. 700 Lacs                                                                                                        | Rs. 200 Lacs                                    |
| Rate of Interest   | 12% p.a. linked to IBAR                               | 6 month Libor + 1.25% p.a.                                                                                                                              | 10.50% p.a. linked to IBAR                      |
| Period             | 3 years                                               | 5 years                                                                                                                                                 | 5 years                                         |
| Repayment          | 36 EMIs starting from 30 <sup>th</sup> September 2007 | Principal amount of each tranche is to be repaid in 9 equal semi annual installments starting from end of twelve months from the average draw down date | Moratorium of 9 months, repayable in 58 months. |

(Note: Our Company has made certain changes in the Objects for which the loan was sanctioned by ICICI Bank. These changes have been approved by ICICI Bank vide letter dated 26<sup>th</sup> July 2007)

As per deployment certificate by M/s Dharam Taneja Associates, Chartered Accountants dated 26<sup>th</sup> December 2007; our Company has already deployed Rs. 1086.80 Lacs through internal accruals and Rs. 437.00 Lacs through term loan from ICICI Bank. Thus we confirm that firm arrangements of finance through verifiable means towards minimum 75% of the stated means of finance, excluding the amount to be raised through proposed Issue, has been ensured.

Proceeds from the Initial Public Offer would be crystallized on finalization of the Issue Price on conclusion of the book building process. Any shortfall in the cost of the project would be met out of internal accruals and/or debt.

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.

The fund requirement and deployment are based on internal management estimates 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 government approvals; availability of working capital finance on acceptable terms; and changes in management's views of the desirability of current plans, among 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 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. No part of the proceeds of this Issue will be paid as consideration to our promoters, directors, key managerial employees or companies promoted by our promoters.

### Appraisal

The project is not appraised by any Bank/Financial Institution/Merchant Banker.

### Project Details

- 1. Enhancement of In-house Tool Manufacturing and Designing Capability at our existing plant, B-206 A, Noida**



Our Company is currently manufacturing auto components at our existing plant, B-206 A, Noida. We currently have an In-house Tool Manufacturing Department which designs and produces tools, dies and moulds required in carrying out production at various stages. Currently we are able to design various tools and other components in this department. In order to meet the requirement of our clients and serve them better, we intend to enhance our capability to design and manufacture tools and machines within the organization. For this purpose we intend to install CNC Wire Cut, Die Spotting Press, Surface Grinder & CNC Milling machine to upgrade the In-house Tool Manufacturing facility. This will enable our company to manufacture Injection Molds, Tools & Dies at much faster pace and at comparatively at lower cost thereby reducing the time required for developing new tools and other products. Our Company shall also invest in latest software and hardware to strengthen the design department for better & faster designing of tools. The above investments will help in increasing the productivity of our Company.

The total cost of this project has been estimated at Rs. 575.91 Lacs out of which Rs.52.11 Lacs has already been incurred.

#### Cost of the Project

|              |                           | (Rs. in Lacs) |
|--------------|---------------------------|---------------|
| Sr. no.      | Description               | Amount        |
| 1            | Plant & Machinery         | 550.97        |
| 2            | Provision for Contingency | 24.94         |
| <b>Total</b> |                           | <b>575.91</b> |

#### 1) Plant & Machinery

Cost of plant and machinery includes impact of taxes and duties. Some of the plant and machinery would be procured indigenously while remaining will be imported, details of which are as follows:

#### (A) Details of Plant and Machinery received

| Sr. No. | Machine Details           | Name of the Supplier                   | Qty (Nos.) | Amount (Rs. In Lacs) |
|---------|---------------------------|----------------------------------------|------------|----------------------|
| 1       | Hardness Tester           | Milhard Sales Pvt. Ltd., Delhi         | 1          | 0.29                 |
| 2       | Material Lifting Platform | Techno Commercial Engg., Delhi         | 1          | 2.14                 |
| 3       | Hydraulic Vice Chv.       | Nickunj Eximp Enterprises P.Ltd, Delhi | 1          | 0.50                 |
| 4       | Belt Conveyers            | Omkar Sales P. Ltd., Noida             | 2          | 1.87                 |
| 5       | Neel Servo Controlled     | Neel Controls, Mumbai                  | 2          | 1.13                 |
| 6       | Industrial Oven           | NSW India Ltd., Gurgaon                | 1          | 0.79                 |
| 7       | Filter Set                | Sumitron Exports P.Ltd., Delhi         | 1          | 0.10                 |
| 8       | Hydrolic System           | Authentic Engineers, Gurgaon           | 1          | 4.73                 |
| 9       | High Voltage Generator    | Eltex Elektrostatic Gmbh, Germany*     | 1          | 4.54                 |
| 10      | Control panel             | Madhu Electricals, Gurgaon             | 1          | 1.85                 |
| 11      | Control Panel             | Authentic Engineers, Gurgaon           | 1          | 6.85                 |
| 12      | Freight Elevator          | Sprint Engineers Pvt Ltd., Delhi       | 1          | 4.28                 |
| 13      | Welding Machine           | Gee Tech scales & Systems, Delhi       | 1          | 0.23                 |
| 14      | Voltage Stablizer         | Racson Technologies Inc., Delhi        | 1          | 0.85                 |
| 15      | Plastic Testing M/C       | Deepak Polyplast Pvt Ltd., Ahmedabad   | 2          | 0.51                 |
| 16      | Voltage Stablizer         | Racson Technologies Inc., Delhi        | 1          | 0.85                 |
| 17      | Cup Machine               | Spinks India, Delhi                    | 1          | 0.55                 |
| 18      | Control panel             | Madhu Electricals, Gurgaon             | 1          | 1.80                 |

|              |               |                                      |   |              |
|--------------|---------------|--------------------------------------|---|--------------|
| 19           | Control panel | ARC Auto tech pvt Ltd., Delhi        | 1 | 0.69         |
| 20           | Pallet        | Prakesh Electric company , Faridabad | 1 | 0.14         |
| 21           | Control panel | Madhu Electricals, Gurgaon           | 1 | 1.94         |
| 22           | Bending Tools | Stuti Metals Pvt Ltd., Faridabad     | 1 | 0.37         |
| 23           | UPS System    | Delta Energy Systems India Pvt. Ltd. | 1 | 15.11        |
| <b>Total</b> |               |                                      |   | <b>52.11</b> |

\*Imported machines

**(B) Details of plant and machinery for which orders have not been placed**

| Sr. No.      | Machine Details                        | Name of the Supplier                  | Quotation Date   | Qty (Nos.) | Estimated Amount (Rs. In Lacs) |
|--------------|----------------------------------------|---------------------------------------|------------------|------------|--------------------------------|
| 1            | CNC Wire Cut (Small)                   | Sodick Engg. Services, Thailand*      | 23rd May, 2007   | 1          | 65.87                          |
| 2            | Surface Grinder (Kgs 84 AHD)           | Machine Tools (I) Ltd., Delhi*        | 17th April, 2007 | 1          | 15.52                          |
| 3            | CNC Milling Machine VF 6/40            | Haas Technical Center Pvt Ltd., Pune* | 23rd May, 2007   | 1          | 66.14                          |
| 4            | CNC Milling Machine VF-2YT             | Haas Technical Center Pvt Ltd., Pune* | 23rd May, 2007   | 1          | 34.58                          |
| 5            | Reversing Spotting Press               | Cosmos Impex I Pvt. Ltd., Gujrat      | 4th May, 2007    | 1          | 85.87                          |
| 6            | Workstations                           | P C Solutions Pvt Ltd, Delhi          | 7th May, 2007    | 12         | 30.58                          |
| 7            | Unigraphics NX Advance Designer Bundle | Tata Consultancy Services, Delhi      | 23rd May, 2007   | 10         | 65.00                          |
| 8            | Product Life Cycle Management          | Tata Consultancy Services, Delhi      | 23rd May, 2007   | 1          | 88.92                          |
| 9            | Printer                                | Mawai Infotech Ltd., Delhi            | 24th May, 2007   | 3          | 1.73                           |
| 10           | Server & Software                      | PC Solutions Pvt. Ltd, Delhi          | 7th May, 2007    | 2          | 26.00                          |
| 11           | Laser Coding System                    | Imaje India Pvt. Ltd, Noida           | 25th May, 2007   | 1          | 14.00                          |
| 12           | Air Conditioners                       | Trucul Ltd., Noida                    | 7th Feb, 2007    | 3          | 3.00                           |
| 13           | Computers                              | PC Solutions Pvt. Ltd, Delhi          | 23rd May, 2007   | 4          | 1.64                           |
| <b>Total</b> |                                        |                                       |                  |            | <b>498.86</b>                  |

\*Imported machines

**Our company does not propose to buy any second hand machinery for the project.**

**2) Provision for Contingency**

Our management does not expect any material change in the cost of project as detailed above. In the event of any cost overruns due to any adverse change in asset prices for which agreements have not yet been entered, time variation, unexpected price rise due to factors beyond our control, we have made a contingency provision in tune of Rs. 24.94 Lacs, to take care of any such eventuality which may occur.

Contingencies have been estimated as under:

| Description       | Amount (Rs. in Lacs) |
|-------------------|----------------------|
| Plant & Machinery | 550.97               |
| <b>Sub Total</b>  | <b>550.97</b>        |

|                            |               |
|----------------------------|---------------|
| Less: Funds Deployed       | 52.11         |
| <b>Total (A)</b>           | <b>498.86</b> |
| <b>Provision (5% of A)</b> | <b>24.94</b>  |

## 2. Increase in our Production Capacity at our existing plant, B-206 A, Noida

Our current capacity of this unit is 12,00,000 kgs and capacity utilization for year 2006-07 is 98.99%. We currently have 5 extrusion line and 8 injection molding machines. In order to meet the growing demand of auto components for new models of existing customers, as well as for demand from new customers, we intend to increase our production capacity at our existing plant, B-206 A, Noida. For this purpose we will install a new extrusion line and six Injection Molding machines. All the Injection Molding machines will be imported from Japan. The existing line will also be automated to increase the production capacity and quality of the product. This will increase our revenue as well as profits during the coming years. After this expansion capacity of this unit will increase to 30,00,000 kgs.

The total cost of this project has been estimated at Rs.1856.85 Lacs out of which Rs. 387.15 Lacs has already been deployed.

### Cost of the Project

| Sr. no. | Description               | Amount(Rs. in Lacs) |
|---------|---------------------------|---------------------|
| 1       | Plant & Machinery         | 1786.86             |
| 2       | Provision for Contingency | 69.99               |
|         | <b>Total</b>              | <b>1856.85</b>      |

### 1) Plant & Machinery

Cost of plant and machinery includes impact of taxes and duties. Some of the plant and machinery would be procured indigenously while remaining will be imported, details of which are as follows:

#### (A) Details of Plant and Machinery received

| Sr. No. | Machine Details                | Name of the Supplier                          | Qty (Nos.) | Amount (Rs. In Lacs) |
|---------|--------------------------------|-----------------------------------------------|------------|----------------------|
| 1       | CNC Wire Cut Machine           | Sodick Engineering Service Co.Ltd.(Thailand)* | 1          | 54.91                |
| 2       | Motor, Collets for Milling M/c | Associated Technocrats Pvt. Ltd, Delhi        | 1          | 0.26                 |
| 3       | CNC Lathe Machine              | Lakshmi Machines Works Ltd., Coimbatore       | 1          | 18.37                |
| 4       | Milling Machine                | Tools Centre, Delhi                           | 1          | 0.13                 |
| 5       | Oil Cleaning System            | Klassic Klarol Filters P. Ltd., Ghaziabad     | 1          | 0.27                 |
| 6       | Quick Mould Change             | Kyodo International Corp., Japan*             | 2          | 11.87                |
| 7       | Milling Machine                | Associated Technocrats Pvt. Ltd, Delhi        | 1          | 3.24                 |
| 8       | Stretch Bending Machine        | Authentic Engineers, Gurgaon                  | 1          | 0.48                 |
| 9       | Power Press Machine            | Shree Parwati Metal, Alwar                    | 2          | 4.75                 |
| 10      | Bandsaw machine                | Indotech Machiens Pvt Ltd., Madhya Pradesh    | 1          | 3.18                 |
| 11      | Injection Moulds & Fixtures    | Tokoi Kogyo Co.Ltd., Japan*                   | Various    | 102.29               |
| 12      | PVC Heater                     | Bipolar Inductronics, Gurgaon                 | 1          | 4.37                 |
| 13      | Dispensor Machine              | Sumitron Exports Pvt Ltd., Delhi              | 1          | 1.46                 |
| 14      | Bending Machine                | Precision Tubo parts Pvt Ltd., Delhi          | 7          | 1.08                 |
| 15      | Pillar Die Set                 | Shiv machine Tools & dies, Noida              | 1          | 2.44                 |

| Sr. No.      | Machine Details                                        | Name of the Supplier                         | Qty (Nos.) | Amount (Rs. In Lacs) |
|--------------|--------------------------------------------------------|----------------------------------------------|------------|----------------------|
| 16           | Die With Sub cut                                       | Shiv machine Tools & dies, Noida             | 1          | 0.95                 |
| 17           | Mould Base                                             | Equic Dies & Moulds Pvt Ltd., Hyderabad      | 1          | 0.38                 |
| 18           | Mould Base                                             | Kalyani Mouldbase Pvt Ltd., Bombay           | 1          | 0.46                 |
| 19           | Mould base                                             | Kalyani Mouldbase Pvt Ltd., Bombay           | 1          | 0.28                 |
| 20           | Mould Base                                             | Kalyani Mouldbase Pvt Ltd., Bombay           | 1          | 0.27                 |
| 21           | Mould Base                                             | Kalyani Mouldbase Pvt Ltd., Bombay           | 1          | 1.13                 |
| 22           | Cavity Mould                                           | Kalyani Mouldbase Pvt Ltd., Bombay           | 1          | 0.24                 |
| 23           | Mould Base                                             | Equic Dies & Moulds Engg.Pvt Ltd., Hyderabad | 1          | 5.48                 |
| 24           | Moulds                                                 | Pooja Moulds, Delhi                          | 1          | 1.62                 |
| 25           | Mould Base                                             | DME COMPANY ( INDIA ) PVT LTD, Kolhapur      | 1          | 0.50                 |
| 26           | Tools of POM CLIP                                      | AFFY INDIA PVT LTD, Delhi                    | 1          | 1.08                 |
| 27           | Heating Oven                                           | Ramatech Industries, Delhi                   | 1          | 4.14                 |
| 28           | Heating Oven                                           | Ramatech Industries, Delhi                   | 1          | 6.21                 |
| 29           | Heating Oven                                           | Ramatech Industries, Delhi                   | 1          | 1.55                 |
| 30           | S.S. Tank                                              | Ramatech Industries, Delhi                   | 1          | 1.20                 |
| 31           | Injection Moulding Machine (550 Tons)                  | Toshiba Machine Co. Ltd, Japan*              | 1          | 88.64                |
| 32           | Hot Air Dryer & Hopper                                 | Kyodo International Corporation, Japan*      | 1          | 2.18                 |
| 33           | Quick Mold change system for injection molding machine | Kyodo International Corporation, Japan*      | 1          | 4.69                 |
| 34           | Injection Moulding Machine (60 Tons)                   | Toshiba Machine Co. Ltd, Japan*              | 1          | 17.50                |
| 35           | Profile Projector                                      | Dynascan Inspection Systems Co.              | 1          | 5.17                 |
| 36           | Plasma Machine                                         | Tokai Kogyo Co. ltd. ( Japan)*               | 1          | 3.76                 |
| 37           | Quick Mold Change System                               | Kyodo International Corpn.*                  | 13         | 3.91                 |
| 38           | Co Extruder CE-30                                      | Cincinatti Extrusion Co. Ltd*                | 1          | 22.93                |
| <b>Total</b> |                                                        |                                              |            | <b>383.35</b>        |

\*Imported machines

**(B) Details of plant and machinery for which orders have been placed but not received**

| Sr. No.      | Machine Details                                   | Name of the Supplier                    | Qty (Nos.) | Estimated Amount (Rs. In Lacs) | Purchase Order date            |
|--------------|---------------------------------------------------|-----------------------------------------|------------|--------------------------------|--------------------------------|
| 1            | Co. Extruder CE-30                                | Cincinnati Extrusion Co. Ltd., China*   | 1          | 13.89                          | 27 <sup>th</sup> July,2007     |
| 2            | Fassi Auxillary Equipment                         | Kyodo International Corporation, Japan* | 1          | 0.95                           | 19 <sup>th</sup> July,2007     |
| 3            | Injection Molding Machine (1800 Tons)             | Toshiba Machine Co. Ltd, Japan*         | 1          | 329.00                         | 3 <sup>rd</sup> August,2007    |
| 4            | NISSEI Plastic Vertical Injection Molding Machine | Prevision World Co. Ltd., Japan*        | 2          | 70.50                          | 11 <sup>th</sup> August,2007   |
| 5            | PLC Based Control Panel                           | Authentic Engineers                     | 1          | 18.00                          | 8 <sup>th</sup> November, 2007 |
| <b>Total</b> |                                                   |                                         |            | <b>432.34</b>                  |                                |

\*Imported machines

**(C) Details of plant and machinery for which orders have not been placed**

| <b>Sr. No.</b>                                 | <b>Machine Details</b>          | <b>Name of the Supplier</b>             | <b>Quotation date</b>        | <b>Qty (Nos.)</b> | <b>Estimated Amount (Rs. In Lacs)</b> |
|------------------------------------------------|---------------------------------|-----------------------------------------|------------------------------|-------------------|---------------------------------------|
| <b>EXTRUSION LINE NO. 1 (Existing Line)</b>    |                                 |                                         |                              |                   |                                       |
| 1                                              | FREQUENCY HEATER (SPM)          | Bipolar Inductronics, Delhi             | 2nd Feb, 2007                | 2                 | 10.00                                 |
| <b>Sub Total A</b>                             |                                 |                                         |                              |                   | <b>10.00</b>                          |
| <b>EXTRUSION LINE (New Line)</b>               |                                 |                                         |                              |                   |                                       |
| 1                                              | Water CHILLER (WECO 90L)        | Prasad GWK Cooltech Pvt Ltd., Delhi     | 5th May, 2007                | 2                 | 31.74                                 |
| 2                                              | HOPPER LOADER & DRYER (400 Lt)  | Prasad GWK Cooltech Pvt Ltd., Delhi     | 18th April, 2007             | 4                 | 6.76                                  |
| 3                                              | PLASMA MACHINE                  | Tokai Kogyo, Japan*                     | 17th May, 2007               | 2                 | 8.71                                  |
| 4                                              | PLC based control Panel         | Authentic Engineers, Gurgaon            | 8th May, 2007                | 1                 | 18.00                                 |
| 5                                              | Looping Machine                 | Mohit Engineering Works, Delhi          | 11th May, 2007               | 1                 | 4.73                                  |
| 6                                              | Washing Tank                    | Mohit Engineering Works, Delhi          | 11th May, 2007               | 1                 | 0.99                                  |
| 7                                              | Cooling Trough for washing tank | Mohit Engineering Works, Delhi          | 11th May, 2007               | 1                 | 5.04                                  |
| 8                                              | ButtWelding                     | Precision Turbo Parts, Delhi            | 3rd May, 2007                | 1                 | 1.65                                  |
| 9                                              | Glue Machine                    | Precision Turbo Parts, Delhi            | 3rd May, 2007                | 1                 | 3.60                                  |
| 10                                             | Roll Forming                    | Precision Turbo Parts, Delhi            | 5th May, 2007                | 1                 | 11.80                                 |
| 11                                             | Cut to Size                     | Precision Turbo Parts, Delhi            | 5th May, 2007                | 1                 | 4.50                                  |
| 12                                             | Cutting Machine                 | Precision Turbo Parts, Delhi            | 5th May, 2007                | 1                 | 11.95                                 |
| 13                                             | Uncolier                        | Precision Turbo Parts, Delhi            | 7th May, 2007                | 1                 | 0.95                                  |
| <b>Sub Total B</b>                             |                                 |                                         |                              |                   | <b>110.42</b>                         |
| <b>INJECTION MOLDING MACHINES (3 machines)</b> |                                 |                                         |                              |                   |                                       |
| 1                                              | 350 TON                         | Kyodo International Corporation, Japan* | 22 <sup>nd</sup> May, 2007   | 2                 | 207.45                                |
| 2                                              | 60 TON                          | Toshiba Machine Co. Ltd, Japan*         | 11 <sup>th</sup> April, 2007 | 1                 | 21.43                                 |
| <b>Sub Total C</b>                             |                                 |                                         |                              |                   | <b>228.88</b>                         |
| <b>Items for Injection Molding Machines</b>    |                                 |                                         |                              |                   |                                       |

| Sr. No.                | Machine Details | Name of the Supplier                | Quotation date   | Qty (Nos.) | Estimated Amount (Rs. In Lacs) |
|------------------------|-----------------|-------------------------------------|------------------|------------|--------------------------------|
| 1                      | Tooling         | Nissen Chemitec Corporation, Japan* | 26th April, 2007 | Various    | 557.71                         |
| 2                      | Fixtures        | Nissen Chemitec Corporation, Japan* | 26th April, 2007 | Various    | 64.16                          |
| <b>Sub Total D</b>     |                 |                                     |                  |            | <b>621.87</b>                  |
| <b>Total (A+B+C+D)</b> |                 |                                     |                  |            | <b>971.17</b>                  |

\*Imported machine

**Our company does not propose to buy any second hand machinery for the project.**

## 2) Provision for Contingency

Our management does not expect any material change in the cost of project as detailed above. In the event of any cost overruns due to any adverse change in asset prices for which agreements have not yet been entered, time variation, unexpected price rise due to factors beyond our control, we have made a contingency provision in tune of Rs. 69.99 Lacs, to take care of any such eventuality which may occur.

Contingencies have been estimated as under:

| Description                | Amount (Rs. in Lacs) |
|----------------------------|----------------------|
| Plant & Machinery          | 1786.86              |
| <b>Sub Total</b>           | <b>1786.86</b>       |
| Less: Funds Deployed       | 387.15               |
| <b>Total (A)</b>           | <b>1399.71</b>       |
| <b>Provision (5% of A)</b> | <b>69.99</b>         |

## 3. New plant for manufacturing of auto components at Surajpur, Greater Noida

We have acquired land amassing 17,266 sq. mt. at Surajpur, Greater Noida, which is near our current manufacturing units. We intend to build a new manufacturing unit for auto components in this place. We intend to establish 4 extrusion lines & 13 injection moulding machines to manufacture auto parts. We intend to supply various auto parts to our existing as well as prospective new customers.

The total cost of this project has been estimated at Rs.6708.65 Lacs out of which Rs.882.43 Lacs have already been deployed.

### Cost of the Project

| Sr. no.      | Description               | Amount (Rs. in Lacs) |
|--------------|---------------------------|----------------------|
| 1            | Land                      | 592.06               |
| 2            | Building & Civil work     | 1527.31              |
| 3            | Plant & Machinery         | 4311.84              |
| 4            | Provision for Contingency | 277.44               |
| <b>Total</b> |                           | <b>6708.65</b>       |

### 1) Land

The proposed plant is being set up Surajpur, Greater Noida. We have already acquired plot of lease hold land measuring a total of 17,266 Sq. Mt at a cost of Rs. 592.06 Lacs from UP State Industrial Development Corporation Ltd. vide lease agreement dated 27<sup>th</sup> November 2006.

### 2) Building and Civil work

The cost of construction of building and civil works has been estimated at Rs. 1527.31 Lacs by Civil Contractor, Arvind Construction, Delhi as on 10<sup>th</sup> February, 2007. A Total Payment of Rs. 290.37Lacs has already been made till 30<sup>th</sup> November, 2007 to Arvind Construction & others for the said purpose. After completion of same, construction of Office Building will be started.

| Sr. No | Particulars                      | Area (Sq. Feet) | Rate per Sq.Feet | Total          |
|--------|----------------------------------|-----------------|------------------|----------------|
| 1      | Construction of basement         | 23,220          | 800              | 185.76         |
| 2      | Construction of ground floor     | 92,891          | 700              | 650.24         |
| 3      | Construction of office block     | 27,857          | 1000             | 278.57         |
| 4      | Construction of roads & pavement |                 |                  | 80.00          |
| 5      | Plumbing, sanitary, sewage etc   |                 |                  | 150.00         |
| 6      | Electric installation            |                 |                  | 90.00          |
| 7      | Cost of Boundary wall            |                 |                  | 30.00          |
| 8      | Boring/Tube well                 |                 |                  | 4.00           |
|        | <b>Total</b>                     |                 |                  | <b>1468.57</b> |
|        | <b>Add: 4% WCT</b>               |                 |                  | <b>58.74</b>   |
|        | <b>Grand Total</b>               |                 |                  | <b>1527.31</b> |

### 3) Plant and machinery

We have not yet placed orders for any plant and machinery. However, we have obtained quotations from different suppliers and cost of plant and machinery including impact of taxes and duties have been estimated at Rs 4311.84 Lacs. Some of the plant and machinery would be procured indigenously while remaining will be imported, details of which are as follows:

| Sr. No                            | Machine Details                       | Name of the Supplier                | Quotation date               | Qty (Nos.) | Estimated Amount (Rs. In Lacs) |
|-----------------------------------|---------------------------------------|-------------------------------------|------------------------------|------------|--------------------------------|
| <b>Extrusion Line no 1 (2Nos)</b> |                                       |                                     |                              |            |                                |
| <b>Line 1</b>                     |                                       |                                     |                              |            |                                |
| 1                                 | Single Screw extruders (Delta 60-25B) | Cincinnati Extrusion, China*        | 19 <sup>th</sup> April, 2007 | 3          | 59.65                          |
| 2                                 | Single Screw extruders (CE-30)        | Cincinnati Extrusion, China*        | 19 <sup>th</sup> April, 2007 | 1          | 9.83                           |
| 3                                 | Water chiller (WECO 90L)              | Prasad GWK Cooltech Pvt Ltd., Delhi | 5 <sup>th</sup> May, 2007    | 2          | 31.87                          |
| 4                                 | Hopper Loader & Dryer (400 Lt)        | Prasad GWK Cooltech Pvt Ltd., Delhi | 18 <sup>th</sup> April, 2007 | 4          | 6.79                           |
| 5                                 | Looping Machine                       | Mohit Engineering Works, Delhi      | 11 <sup>th</sup> May, 2007   | 1          | 4.21                           |

| Sr. No.                            | Machine Details                       | Name of the Supplier                | Quotation date   | Qty (Nos.) | Estimated Amount (Rs. In Lacs) |
|------------------------------------|---------------------------------------|-------------------------------------|------------------|------------|--------------------------------|
| 6                                  | Washing Tank                          | Mohit Engineering Works, Delhi      | 11th May, 2007   | 1          | 0.99                           |
| 7                                  | Cooling Trough                        | Mohit Engineering Works, Delhi      | 11th May, 2007   | 1          | 5.25                           |
| 8                                  | Puller                                | Jai Mechanical Works, Delhi         | 10th May, 2007   | 1          | 9.80                           |
| 9                                  | Cutting Machine                       | Jai Mechanical Works, Delhi         | 10th May, 2007   | 1          | 7.75                           |
| 10                                 | Cut to size                           | Jai Mechanical Works, Delhi         | 10th May, 2007   | 1          | 3.15                           |
| 11                                 | Uncoiler                              | Jai Mechanical Works, Delhi         | 10th May, 2007   | 1          | 1.05                           |
| 12                                 | Roll Forming Machine                  | Jai Mechanical Works, Delhi         | 10th May, 2007   | 1          | 10.10                          |
| 13                                 | Butt Welding                          | Precision Turbo Parts, Delhi        | 3rd May, 2007    | 1          | 1.65                           |
| 14                                 | Glueing Machine                       | Precision Turbo Parts, Delhi        | 3rd May, 2007    | 1          | 3.60                           |
| 15                                 | Heating Oven                          | Ramtech Enterprises, Faridabad      | 22nd May, 2007   | 1          | 12.42                          |
| 16                                 | Plasma Machine                        | Tokai Kogyo, Japan*                 | 17th May, 2007   | 4          | 17.43                          |
| 17                                 | PLC based control Panel               | Arc Auto-Tech Pvt. Ltd, Delhi       | 21st April, 2007 | 1          | 25.37                          |
|                                    |                                       | <b>Total</b>                        |                  |            | <b>210.91</b>                  |
| <b>Line 2 (Same as above)</b>      |                                       | <b>Total</b>                        |                  |            | <b>210.91</b>                  |
| <b>EXTRUSION LINE NO 2 (2 nos)</b> |                                       |                                     |                  |            |                                |
| 1                                  | Single Screw Extruders (Delta 60-25B) | Cincinnati Extrusion, China*        | 19th April, 2007 | 2          | 39.77                          |
| 2                                  | Single Screw Extruders (CE-30)        | Cincinnati Extrusion, China*        | 19th April, 2007 | 1          | 9.83                           |
| 3                                  | Water Chiller (WECO 60L)              | Prasad GWK Cooltech Pvt Ltd., Delhi | 5th May, 2007    | 2          | 20.35                          |
| 4                                  | Hopper Loader & Dryer (400 Lt)        | Prasad GWK Cooltech Pvt Ltd., Delhi | 18th April, 2007 | 4          | 6.76                           |
| 5                                  | Looping Machine                       | Mohit Engineering Works, Delhi      | 11th May, 2007   | 1          | 4.73                           |
| 6                                  | Washing Tank                          | Mohit Engineering Works, Delhi      | 11th May, 2007   | 1          | 0.99                           |
| 7                                  | Cooling Trough for washing tank       | Mohit Engineering Works, Delhi      | 11th May, 2007   | 1          | 5.04                           |
| 8                                  | ButtWelding                           | Precision Turbo Parts, Delhi        | 3rd May, 2007    | 1          | 1.65                           |
| 9                                  | Glue Machine                          | Precision Turbo Parts, Delhi        | 3rd May, 2007    | 1          | 3.60                           |
| 10                                 | Roll Forming                          | Precision Turbo Parts, Delhi        | 5th May, 2007    | 1          | 11.80                          |
| 11                                 | Cut to Size                           | Precision Turbo Parts, Delhi        | 5th May, 2007    | 1          | 4.50                           |
| 12                                 | Cutting Machine                       | Precision Turbo Parts, Delhi        | 5th May, 2007    | 1          | 11.95                          |



| Sr. No.                                     | Machine Details           | Name of the Supplier                    | Quotation date             | Qty (Nos.)  | Estimated Amount (Rs. In Lacs) |
|---------------------------------------------|---------------------------|-----------------------------------------|----------------------------|-------------|--------------------------------|
| 13                                          | Uncolier                  | Precision Turbo Parts, Delhi            | 7th May, 2007              | 1           | 0.95                           |
| 14                                          | Heating Oven              | Ramtech Enterprises, Faridabad          | 22nd May, 2007             | 1           | 12.42                          |
| 15                                          | Plasma Machine            | Tokai Kogyo, Japan*                     | 17th May, 2007             | 3           | 13.07                          |
| 16                                          | PLC based control Panel   | Authentic Engineers, Gurgaon            | 8th May, 2007              | 1           | 18.00                          |
| <b>Total</b>                                |                           |                                         |                            |             | <b>165.40</b>                  |
| <b>Line 2 (Same as above)</b>               |                           |                                         |                            |             | <b>165.40</b>                  |
|                                             |                           |                                         |                            |             | <b>752.63</b>                  |
| <b>FLOCKING AND ASSEMBLY LINES</b>          |                           | <b>Sub total A</b>                      |                            |             |                                |
| 1                                           | Flocking Lines            | Ramatech Enterprises, Delhi             | 22nd May, 2007             | 2           | 49.67                          |
| 2                                           | Hydro Power Press 2 Ton   | Shree Parvati metals, Alwar             | 25 <sup>th</sup> May, 2007 | 20          | 21.90                          |
| 3                                           | Hydro Power Press 20 Ton  | Shree Parvati metals, Alwar             | 25 <sup>th</sup> May, 2007 | 10          | 30.17                          |
| <b>Sub total B</b>                          |                           |                                         |                            |             | <b>101.73</b>                  |
| <b>INJECTION MOLDING MACHINES</b>           |                           |                                         |                            |             |                                |
| 1                                           | 1300 Tons                 | Kyodo International Corporation, Japan* | 22nd May, 2007             | 3           | 831.15                         |
| 2                                           | 650 Tons                  | Kyodo International Corporation, Japan* | 22nd May, 2007             | 3           | 577.43                         |
| 3                                           | 350 Tons                  | Kyodo International Corporation, Japan* | 22nd May, 2007             | 3           | 311.17                         |
| 4                                           | 280 Tons                  | Kyodo International Corporation, Japan* | 22nd May, 2007             | 2           | 170.24                         |
| 5                                           | 60 TonS                   | Toshiba Machine Co. Ltd, Japan*         | 11th April, 2007           | 2           | 42.87                          |
| <b>Sub total C</b>                          |                           |                                         |                            |             | <b>1932.86</b>                 |
| <b>PAINT SHOP</b>                           |                           |                                         |                            |             |                                |
| 1                                           | Paint Shop                | Taikisha Engg India Ltd, Gurgaon        | 9th May, 2007              | 1           | 764.63                         |
| <b>Sub total D</b>                          |                           |                                         |                            |             | <b>764.63</b>                  |
| <b>ITEMS FOR EXTRUSION LINES</b>            |                           |                                         |                            |             |                                |
| 1                                           | Fixtures & Guides         | Shiv Machine Tools & Dies, Noida        | 5th April, 2007            | Variou<br>s | 22.88                          |
| 2                                           | Dies & Moulds             | Shiv Machine Tools & Dies, Noida        | 10th April, 2007           | Variou<br>s | 28.08                          |
| 3                                           | Dies and Rolls            | Shiv Machine Tools & Dies, Noida        | 2nd April, 2007            | Variou<br>s | 21.84                          |
| <b>Sub total E</b>                          |                           |                                         |                            |             | <b>72.80</b>                   |
| <b>ITEMS FOR INJECTION MOLDING MACHINES</b> |                           |                                         |                            |             |                                |
| 1                                           | Dies, Moulds and Fixtures | Tokai Kogyo Co. Ltd, Japan*             | 24th May &                 | Variou      | 455.81                         |

| Sr. No.                      | Machine Details                 | Name of the Supplier                | Quotation date   | Qty (Nos.) | Estimated Amount (Rs. In Lacs) |
|------------------------------|---------------------------------|-------------------------------------|------------------|------------|--------------------------------|
|                              |                                 |                                     | April 24th, 2007 | s          |                                |
| <b>Sub total F</b>           |                                 |                                     |                  |            | <b>455.81</b>                  |
| <b>AUXILIARY EQUIPMENT</b>   |                                 |                                     |                  |            |                                |
| 1                            | DG Set 500 KVA                  | Alfa Impex Inc, Delhi               | 15th May, 2007   | 2          | 62.10                          |
| 2                            | Material Handling System        | Kirloskar Toyoda Textile, Bangalore | 22nd Jan, 2007   | 2          | 35.30                          |
| 3                            | Air Compressor                  | Competent Engg., Pune               | 14th May, 2007   | 2          | 42.67                          |
| 4                            | R.O. Water System @ 2000 LPH    | Shubham hydrotech Engg, Noida.      | 3rd May, 2007    | 3          | 18.75                          |
| 5                            | Transformer @ 1000 KVA , CABLES | Madhu Electricals, Delhi            | 14th May, 2007   | 1          | 72.56                          |
| <b>Sub total G</b>           |                                 |                                     |                  |            | <b>231.38</b>                  |
| <b>Total (A+B+C+D+E+F+G)</b> |                                 |                                     |                  |            | <b>4311.84</b>                 |

\*Imported machine

**Our company does not propose to buy any second hand machinery for the project.**

#### **Provision for Contingency**

Our management does not expect any material change in the cost of project as detailed above. In the event of any cost overruns due to any adverse change in asset prices for which agreements have not yet been entered, time variation, unexpected price rise due to factors beyond our control, we have made a contingency provision in tune of Rs. 277.44 Lacs, to take care of any such eventuality which may occur.

Contingencies have been estimated as under:

| Description                | Amount (Rs. in Lacs) |
|----------------------------|----------------------|
| Building & Civil Work      | 1236.94              |
| Plant & Machinery          | 4311.84              |
| <b>Sub Total</b>           | <b>5548.78</b>       |
| Less: Funds Deployed       | 0.00                 |
| <b>Total (A)</b>           | <b>5548.78</b>       |
| <b>Provision (5% of A)</b> | <b>277.44</b>        |

#### **4. New plant for “Electrical Outlet System” products (PDC) at Badarpur, Delhi**

We have entered into an agreement with Power and Data Corporation Pty Ltd., (PDC), owner of the patent, by which it has granted us license to manufacture “Electrical Outlet System” (Surface mounted, recessed or customized) for supply to the authorized distributors of PDC. We have already received orders from PDC. For meeting the demand of PDC efficiently, our Company is setting up a new plant at Badarpur, Delhi for manufacturing this product.

The project shall be completed in two phases. In phase I, commercial production shall begin by March 2008. In Phase II, we will expand our capacity and the same shall be completed by the end of 2008.

The total cost of this project has been estimated at Rs. 435.36 Lacs (Rs.264.94 Lacs for Phase I and Rs.155.59 Lacs for Phase II), out of which Rs. 123.87 Lacs have already been deployed.

### Cost of the Project

| Sr. no.      | Description               | Amount(Rs. in Lacs) |
|--------------|---------------------------|---------------------|
| 1            | Plant & Machinery         | 420.53              |
| 2            | Provision for Contingency | 14.83               |
| <b>Total</b> |                           | <b>435.36</b>       |

#### 1) Plant and machinery

Cost of plant and machinery includes impact of taxes and duties. Some of the plant and machinery would be procured indigenously while remaining will be imported, details of which are as follows:

#### For Phase I:

#### (A) Details of Plant and Machinery received

| Sr. No.      | Machine Details                         | Name of the Supplier                            | Qty (Nos.) | Amount (Rs. In Lacs) |
|--------------|-----------------------------------------|-------------------------------------------------|------------|----------------------|
| 1            | Air Compressor                          | Servive Equipment Co., Chandigar                | 1          | 1.79                 |
| 2            | Cooling Tower                           | Paharpur Cooling Towers Limited, Calcutta       | 1          | 0.62                 |
| 3            | VCB 500MVA                              | Shree Nirsingsahay Mudungopal Engg.P td., Delhi | 1          | 3.60                 |
| 4            | Moulds                                  | Unipack Packaging Pvt. Ltd, Noida               | 1          | 2.62                 |
| 5            | Cavity Moulds                           | Precision Mould and Dies, Ghaziabad             | 1          | 1.36                 |
| 6            | Cavity Moulds                           | Precision Mould and Dies, Ghaziabad             | 1          | 3.66                 |
| 7            | Inection Moulds                         | Craftech Numerics Pvt Ltd, Noida                | 1          | 2.62                 |
| 8            | Moulds                                  | Navyug Udyog Plastics Pvt Ltd, UP               | 1          | 3.14                 |
| 9            | Injection Mould                         | Precision Components Pvt Ltd, Delhi             | 1          | 2.50                 |
| 10           | Moulds                                  | Precision Mould and Dies, Ghaziabad             | Various    | 6.07                 |
| 11           | Mould for spool                         | Navyug Udyog Plastics Pvt Ltd, UP               | Various    | 2.20                 |
| 12           | Injection Mould                         | Craftech Numerics Pvt Ltd, Noida                | Various    | 13.08                |
| 13           | Moulds for Spool                        | Navyug Udyog Plastics Pvt Ltd, UP               | Various    | 1.20                 |
| 14           | Moulds for Spool                        | Navyug Udyog Plastics Pvt Ltd, UP               | Various    | 1.96                 |
| 15           | Cavity Moulds                           | Precision Mould and Dies, Ghaziabad             | Various    | 2.62                 |
| 16           | Injection Moulding Machine              | LT Demag Plastics Machinery, Bangalore          | 1          | 13.86                |
| 17           | Moulds for front cover                  | Pioneer Tooling Services, Noida                 | 3          | 6.00                 |
| 18           | Twin Screws Extruder Theysohn Con 2-40V | Sachal Extrusions Maschinen, Germany*           | 1          | 8.96                 |
| 19           | Extrusion Machine                       | Kalra Extrusion Machines                        | 1          | 2.65                 |
| 20           | Single Screw Extruder Delta             | Cincinnati Extrusion                            | 1          | 18.07                |
| 21           | Hindustan Plastic                       | Cooler Mixer                                    | 1          | 1.95                 |
| 22           | Elmech Pneumatic Industries Pvt. Ltd    | Air Dryer , Receiver & Cooler                   | 1          | 1.01                 |
| 23           | Hindustan Plastic                       | Die Face Cutter , Screw & Barrel                | 1          | 9.03                 |
| 24           | Kalra Extrusion Machines                | Extrusion Machine                               | 1          | 4.88                 |
| 25           | Kalra Extrusion Machines                | Extrusion Machine                               | 1          | 8.44                 |
| <b>Total</b> |                                         |                                                 |            | <b>123.87</b>        |

\*Imported machines

**(B) Details of plant and machinery for which orders have not been placed**

| Sr. No.      | Machine Details                               | Name of the Supplier                         | Quotation date             | Qty (Nos.) | Estimated Amount (Rs. In Lacs) |
|--------------|-----------------------------------------------|----------------------------------------------|----------------------------|------------|--------------------------------|
| 1            | Injection molding machines dt 85/420-310 Inc5 | L & T-Demag Plastics Machinery Ltd, Banglore | 15th Feb 2007              | 1          | 19.55                          |
| 2            | Single Screw Extruder                         | Cincinnati Extrusion, China*                 | 14 <sup>th</sup> May, 2007 | 3          | 60.72                          |
| 3            | Punching line /power press (capacity 25 tons) | Narendra press-tech pvt. Ltd, Delhi          | 26th May, 2007             | 1          | 10.04                          |
| 4            | Downstream (punchin line)                     | Narendra press-tech pvt. Ltd, Delhi          | 26th May, 2007             | 1          | 8.27                           |
| 5            | Mould temperature controller                  | Larson & Toubro ltd, Banglore                | 26th May, 2007             | 1          | 1.29                           |
| 6            | Ultrasonic plastic welding machine            | Roop Telsonic ultrasonix ltd, Delhi          | 26th May, 2007             | 1          | 3.91                           |
| 7            | Dehumidifying air dryers                      | Larson & Toubro Ltd, Banglore                | 26th May, 2007             | 1          | 2.86                           |
| 8            | Vaccum loaders                                | Larson & Toubro Ltd, Banglore                | 26th May, 2007             | 1          | 0.63                           |
| 9            | Overhead crane (2 ton)                        | Century Crane Engg. Pvt. Ltd, Faridabad      | 15th Feb, 2007             | 1          | 3.10                           |
| 10           | Zip crane                                     | Century Crane Engg. Pvt. Ltd, Faridabad      | 15th Feb, 2007             | 1          | 3.35                           |
| 11           | D G set 250 kva                               | Jaksons Ltd., Delhi                          | 26th May, 2007             | 1          | 13.91                          |
| 12           | Tria sprue granulator                         | Larson & Toubro Ltd, Banglore                | 15th Feb, 2007             | 1          | 1.28                           |
| 13           | Chilling plant                                | Kyodo International Corporation, Japan*      | 28th May, 2007             | 2          | 10.52                          |
| 14           | Pad Printing Machines                         | Artech Printing Systems Pvt. Ltd, Delhi      | 26th May, 2007             | 1          | 1.64                           |
| <b>Total</b> |                                               |                                              |                            |            | <b>141.07</b>                  |

\*Imported machines

**For Phase II:**

**(A) Details of plant and machinery for which orders have not been placed**

| Sr. No. | Machine Details                                | Name of the Supplier               | Quotation date | Qty (Nos.) | Estimated Amount (Rs. In Lacs) |
|---------|------------------------------------------------|------------------------------------|----------------|------------|--------------------------------|
| 1       | Injection molding machines dt 60/320-200 Inc5  | L & T-Demag Plastics Machinery Ltd | 15th Feb 2007  | 2          | 33.00                          |
| 2       | Injection molding machines dt 85/420-310 Inc5  | L & T-Demag Plastics Machinery Ltd | 15th Feb 2007  | 1          | 19.55                          |
| 3       | Injection molding machines dt 125/510-600 Inc5 | L & T-Demag Plastics Machinery Ltd | 15th Feb 2007  | 1          | 23.83                          |

|              |                                                  |                                 |                   |   |               |
|--------------|--------------------------------------------------|---------------------------------|-------------------|---|---------------|
| 4            | Punching line /power press<br>(capacity 25 tons) | Narendra Press-Tech<br>Pvt. Ltd | 26th May,<br>2007 | 2 | 20.07         |
| 5            | Downstream (punchin line)                        | Narendra Press-Tech<br>Pvt. Ltd | 26th May,<br>2007 | 3 | 24.82         |
| 6            | Mould temperature controller                     | Larson & Toubro Ltd             | 26th May,<br>2007 | 4 | 5.16          |
| 7            | Dehumidifying air dryers                         | Larson & Toubro Ltd             | 26th May,<br>2007 | 4 | 11.44         |
| 8            | Vaccum loaders                                   | Larson & Toubro Ltd             | 26th May,<br>2007 | 4 | 2.53          |
| 9            | D G set 250 kva                                  | Jaksons Ltd.                    | 26th May,<br>2007 | 1 | 13.91         |
| 10           | Tria sprue granulator                            | Larson & Toubro Ltd             | 15th Feb,<br>2007 | 1 | 1.28          |
| <b>Total</b> |                                                  |                                 |                   |   | <b>155.59</b> |

**Our company does not propose to buy any second hand machinery for the project.**

#### **Provision for Contingency**

Our management does not expect any material change in the cost of project as detailed above. In the event of any cost overruns due to any adverse change in asset prices for which agreements have not yet been entered, time variation, unexpected price rise due to factors beyond our control, we have made a contingency provision in tune of Rs. 14.83 Lacs, to take care of any such eventuality which may occur.

Contingencies have been estimated as under:

| <b>Description</b>            | <b>Amount (Rs. in Lacs)</b> |
|-------------------------------|-----------------------------|
| Plant & Machinery (Phase I )  | 264.94                      |
| Plant & Machinery (Phase I I) | 155.59                      |
| <b>Sub Total</b>              | <b>420.53</b>               |
| Less: Funds Deployed          | 123.87                      |
| <b>Total (A)</b>              | <b>296.66</b>               |
| Provision for Phase I         | 7.05                        |
| Provision for Phase II        | 7.78                        |
| <b>Provision (5% of A)</b>    | <b>14.83</b>                |

#### **5. General Corporate Purpose**

Our management in accordance with the policies set up by the Board will have flexibility in applying the balance proceeds of this Issue, for general corporate purposes including finance working capital requirements, meeting the increase in project cost, corporate offices, advertising and brand Building etc.

#### **6. Public Issue Expenses**

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

| <b>Sr. No.</b> | <b>Particulars</b>                                                                      | <b>Amount</b> |
|----------------|-----------------------------------------------------------------------------------------|---------------|
| 1              | Book Running Lead Manager's fees including Underwriting commission & Selling commission | 262.50        |
| 2              | Registrar's fees                                                                        | 10.50         |

|              |                                                                       |               |
|--------------|-----------------------------------------------------------------------|---------------|
| 3            | Advertisement and Marketing expenses                                  | 300.00        |
| 4            | SEBI fees and Stock Exchange fees                                     | 21.00         |
| 5.           | Other Miscellaneous expenses (listing fees, Legal Advisor's fees etc) | 43.85         |
| <b>Total</b> |                                                                       | <b>637.85</b> |

#### **Proposed Production Capacity**

|                                 | <b>31<sup>st</sup> March, 2010</b> | <b>31<sup>st</sup> March, 2009</b> | <b>31<sup>st</sup> March 2008</b> |
|---------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| <b>Installed Capacity (Kg.)</b> | 11,264,300.00                      | 9,147,500.00                       | 7,000,000.00                      |

#### **Schedule of Implementation**

Enhancement of In-house Tool Manufacturing and Designing Capability at our existing plant, B-206 A, Noida

| <b>Sr. No.</b> | <b>Activities</b>                         | <b>Month of Commencement</b> | <b>Month of Completion</b> |
|----------------|-------------------------------------------|------------------------------|----------------------------|
| 1              | Placement of order for machineries        | October, 2006                | January, 2008              |
| 2              | Arrival of machineries                    | October, 2006                | March, 2008                |
| 3              | Erection and commissioning of machineries | January, 2007                | May, 2008                  |
| 4              | Commencement of Trial production          | May, 2008                    |                            |
| 5              | Commencement of Actual production         | May, 2008                    |                            |

#### **Increase in our Production Capacity at our existing plant, B-206 A, Noida**

| <b>Sr. No.</b> | <b>Activities</b>                         | <b>Month of Commencement</b> | <b>Month of Completion</b> |
|----------------|-------------------------------------------|------------------------------|----------------------------|
| 1              | Placement of order for machineries        | September, 2006              | January, 2008              |
| 2              | Arrival of machineries                    | October, 2006                | March, 2008                |
| 3              | Erection and commissioning of machineries | January, 2007                | March, 2008                |
| 4              | Commencement of Trial production          | June, 2008                   |                            |
| 5              | Commencement of Actual production         | June, 2008                   |                            |

#### **New plant for manufacturing of auto components at Surajpur, Greater Noida**

| <b>Sr. No.</b> | <b>Activities</b>                         | <b>Month of Commencement</b> | <b>Month of Completion</b> |
|----------------|-------------------------------------------|------------------------------|----------------------------|
| 1              | Land & Site Development                   | Acquired                     |                            |
| 2              | Building and civil work:                  |                              |                            |
|                | - Factory Building                        | September, 2007              | April, 2008                |
|                | - Office Building                         | May, 2008                    | July, 2008                 |
| 3              | Placement of order for machineries        | October, 2007                | March, 2008                |
| 4              | Arrival of machineries                    | May, 2008                    | Aug, 2008                  |
| 5              | Erection and commissioning of machineries | June, 2008                   | Sep, 2008                  |
| 6              | Commencement of Trial production          | September, 2008              |                            |
| 7              | Commencement of Actual production         | October, 2008                |                            |

**New plant for “Electrical Outlet System” products (PDC) at Badarpur, Delhi**

| <b>Sr. No.</b>  | <b>Activities</b>                         | <b>Month of Commencement</b> | <b>Month of Completion</b> |
|-----------------|-------------------------------------------|------------------------------|----------------------------|
| <b>Phase I</b>  |                                           |                              |                            |
| 1               | Placement of order for machineries        | May, 2006                    | December, 2007             |
| 2               | Arrival of machineries                    | May, 2006                    | January, 2008              |
| 3               | Erection and commissioning of machineries | June, 2006                   | January, 2008              |
| 4               | Commencement of Trial production          | January, 2008                |                            |
| 5               | Commencement of Actual production         | January, 2008                |                            |
| <b>Phase II</b> |                                           |                              |                            |
| 1               | Placement of order for machineries        | January, 2008                | February, 2008             |
| 2               | Arrival of machineries                    | February, 2008               | March, 2008                |
| 3               | Erection and commissioning of machineries | April, 2008                  | June, 2008                 |
| 4               | Commencement of Trial production          | June, 2008                   |                            |
| 5               | Commencement of Actual production         | July, 2008                   |                            |

**Deployment of Funds in the Project**

We have incurred the following expenditure on the project till 30<sup>th</sup> November 2007. The same has been certified by M/s Dharam Taneja Associates, Chartered Accountants vide their certificate dated 26<sup>th</sup> December 2007.

**Deployment of Funds**

| <b>Project</b>                                                                | <b>Expenditure Heads</b>       | <b>(Rs. in Lacs)<br/>Amount</b> |
|-------------------------------------------------------------------------------|--------------------------------|---------------------------------|
| Enhance In-house Tool Manufacturing and Designing Capability at B-206 A Noida | Plant & Machinery              | 52.11                           |
|                                                                               | <b>Sub-Total (A)</b>           | <b>52.11</b>                    |
| Increase in Production Capacity (B-206 A, Noida)                              | Plant & Machinery              | 387.15                          |
|                                                                               | <b>Sub-Total (B)</b>           | <b>387.15</b>                   |
| New Plant, Surajpur (Greater Noida)                                           | Land & Site Development        | 592.06                          |
|                                                                               | Building & Civil work          | 290.37                          |
|                                                                               | <b>Sub-Total (C)</b>           | <b>882.43</b>                   |
| New Plant at Badarpur, Delhi (Phase I)                                        |                                |                                 |
| - Phase I                                                                     | Plant & Machinery              | 123.87                          |
|                                                                               | <b>Sub-Total (D)</b>           | <b>123.87</b>                   |
| Public Issue Expenses                                                         | <b>Sub-Total (E)</b>           | <b>78.24</b>                    |
|                                                                               | <b>Grand Total (A+B+C+D+E)</b> | <b>1523.80</b>                  |

**Sources of Funds**

| <b>Particular</b>         | <b>(Rs. in Lacs)<br/>Amount</b> |
|---------------------------|---------------------------------|
| Term Loan from ICICI Bank | 437.00                          |
| Internal Accruals         | 1086.80                         |
| <b>Total</b>              | <b>1523.80</b>                  |

**Details of Balance Fund Deployment**

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

| Sr.<br>No. | Particulars                                                                          | Already<br>incurred | 2007-<br>08    | (Rs. in Lacs)  |                 |
|------------|--------------------------------------------------------------------------------------|---------------------|----------------|----------------|-----------------|
|            |                                                                                      |                     |                | 2008-<br>09    | Total           |
| <b>1</b>   | <b>Enhance In-house Tool Manufacturing and Designing Capability at B-206 A Noida</b> |                     |                |                |                 |
|            | Plant & Machinery                                                                    | 52.11               | 498.86         | -              | 550.97          |
|            | Provision for Contingency                                                            | -                   | 24.94          | -              | 24.94           |
| <b>2</b>   | <b>Increase in Production Capacity (B-206 A, Noida)</b>                              |                     |                |                |                 |
|            | Plant & Machinery                                                                    | 387.15              | 1399.71        | -              | 1786.86         |
|            | Provision for Contingency                                                            | -                   | 69.99          | -              | 69.99           |
| <b>3</b>   | <b>New Plant, Surajpur (Greater Noida)</b>                                           |                     |                |                |                 |
|            | Land & Site Development                                                              | 592.06              | -              | -              | 592.06          |
|            | Building & Civil work                                                                | 290.37              | 958.37         | 278.57         | 1527.31         |
|            | Plant & Machinery                                                                    | -                   | 862.37         | 3449.48        | 4311.84         |
|            | Provision for Contingency                                                            | -                   | 91.04          | 186.40         | 277.44          |
| <b>4</b>   | <b>New Plant at Badarpur, Delhi (Phase I)</b>                                        |                     |                |                |                 |
|            | <i>Phase I</i>                                                                       |                     |                |                |                 |
|            | Plant & Machinery                                                                    | 123.87              | 141.07         | -              | 264.94          |
|            | Provision for Contingency                                                            |                     | 7.05           |                | 7.05            |
|            | <i>Phase II</i>                                                                      |                     |                |                |                 |
|            | Plant & Machinery                                                                    | -                   | -              | 155.59         | 155.59          |
|            | Provision for Contingency                                                            | -                   | -              | 7.78           | 7.78            |
|            | <b>Sub Total</b>                                                                     | <b>1445.56</b>      |                |                | <b>9576.77</b>  |
| <b>5</b>   | <b>General Corporate Purpose</b>                                                     | -                   | 223.52         | 161.86         | 385.38          |
| <b>6</b>   | <b>Public Issue Expenses</b>                                                         | 78.24               | 559.61         | -              | 637.85          |
|            | <b>Total</b>                                                                         | <b>1523.80</b>      | <b>4836.53</b> | <b>4239.67</b> | <b>10600.00</b> |



## **INTERIM USE OF NET PROCEEDS**

The management of the Company, in accordance with the policies established by our Board of Directors, will have flexibility in deploying the Net Proceeds of this Issue. Pending utilisation for the purposes described above, we intend to temporarily invest the funds in high quality interest bearing liquid instruments including deposits with banks. Such investments would be in accordance with investment policies approved by our Board of Directors from time to time.

## **MONITORING OF UTILIZATION OF FUNDS**

We will disclose the details of the utilization of the Issue proceeds under a separate head in our financial statements for fiscal 2008 and 2009, specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges. As per Clause 49 of the listing agreements with the Stock Exchanges we shall disclose to the Audit Committee, the uses / applications of funds by major category on a quarterly basis as a part of our quarterly declaration of financial results. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in this Prospectus and place it before the audit committee. Such disclosure shall be made only until such time as the net proceeds of the issue have been fully spent. This statement shall be certified by our statutory auditors. The audit committee shall make appropriate recommendations to the Board in this regard.

## **BASIC TERMS OF 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 this 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.

### **Terms of Payment:**

Applications should be for a minimum of 45 equity shares and in multiples of 45 equity shares thereafter. The entire price of the equity shares of Rs. 150/- per share (Rs. 10/- face value + Rs. 140/- 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.

### **Authority for the Issue**

Pursuant to Section 81 (1A) of the Companies Act, 1956, the present issue of equity shares has been authorized vide a Special Resolution passed at the Extra Ordinary General Meeting of our Company held on 26<sup>th</sup> December, 2006.

### **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.

### **Face Value and Issue Price per Share**

The Equity Shares having a face value of Rs. 10/- each are being offered in terms of this Prospectus at a price of Rs. 150/- 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 dematerialised form. In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised 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 Issue will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of 45 Equity Shares to the successful bidders.

### **Minimum Subscription**

If we do not receive the minimum subscription of 90% of the Net Issue to the Public including devolvement of the members of the Syndicate, in any within 60 days from the Bid Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we 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 BRLMs on the basis of assessment of market demand for the equity shares offered by way of book building.

*Investors should read the following summary with the Risk Factors included starting from page x and the details about Our Company and its financial statements included in this Prospectus on page 123. 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**

#### **1. Technical Agreements**

We have a technical agreement with the Tokai Kogyo Co. Ltd, Japan, one of the manufacturers of specialized profiles and extrusions for automobile industry. We entered into the agreement with Tokai Kogyo Co. Ltd in the year 1989, since then it has been renewed every five years. At present the agreement in force was executed on 01.11.2005 and will be in force for a period of five years. This agreement helped us in diversifying into specialized product for automobile industry. We started our supply of extruded products to Maruti Udyog Limited in 1989-90 after this agreement. This agreement helps us in upgrading our technological capabilities. We also have an Automotive Parts Licensing agreement with Nissen Chemitec Corporation, Japan dated 12/07/2007 for an initial period of three years. Nissen would provide us new product technology in order to manufacture and deliver products in connection with automotive interior parts and related products to Honda SIEL Cars India Limited of India and its affiliated companies. For details of the agreements please refer to sub-section titled “Other Agreements” on page 93 of this Prospectus.

#### **2. Manufacturing Agreement**

We have entered into an agreement with Power and Data Corporation Pty Ltd., (PDC), owner of the patent, by which it has granted us license to manufacture “Electrical Outlet System” (Surface mounted, recessed or customized) for supply to the authorized distributors of PDC. The agreement was entered into on 05.04.2005 and would end on 30th April, 2010.

#### **3. Our Designing and Development Capabilities**

We have a team of qualified and experienced professionals along with a centralized design & development center at B-206A, Sector-81, Phase-II, Noida, UP, where our engineers are trained to keep our team abreast of the latest global technology and developments in this arena. This provides us the ability to add value to the designs or design ideas proposed by the customers to us. Our design & development team develops the products in a very short lead-time which helps us in building stronger relationship with our customers which further strengthens our competitive position vis-à-vis the competitors.

#### **4. Our Quality**

Our Company is focused on quality. In our industry one gets repeat orders only if the previous orders have passed the minimum quality standard. We have been awarded for our quality many times. We have been awarded zero PPM award for achieving zero defect supplies Toyota Kirloskar Motors Pvt. Limited for the year 2006.

Various regulatory organizations have certified different units of our Company for quality, durability and creditworthiness, details of which are as follows:

For our Unit situated at 54-56, Okhla Industrial Estate, Phase – III, New Delhi:

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| S.no. | Particular                                                                                                                                                     | Issued on  | Expires on |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|
| 1     | FM52925 certifying the compliance with the requirement of BSEN ISO 9001:2000 by BSI (British Standards Institution, London) for Quality management system)     | 10-12-2003 | N.A.       |
| 2     | EMS5056 for certifying the compliance with the requirements of ISO 14001:2004 for BSI(British Standards Institution, London) for Environment management system | 28-07-2006 | N.A.       |

For our Units situated at

1. 161, Okhla Industrial Estate, Phase – III, New Delhi
2. 70, Okhla Industrial Estate, Phase – III, New Delhi
3. B-45, Phase-II, Noida, U.P.
4. B-206A, Sector-81, Phase-II, Noida, U.P

| S.no. | Particular                                                                                                                                       | Issued on  | Expires on |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|
| 1     | Vide certificate no. 1210416320 for ISO 14001:2004 for Environment Management System by TUV Management Service, Germany                          | 31-10-2005 | 17-08-2008 |
| 2     | Vide certificate no. 1211616320 by TUV Management Service, Germany, OHSAS 18001:1999 for Occupational Health and Safety Management Specification | 07-11-2005 | 18-07-2008 |
| 3     | Vide certificate no. 96705c/I by AIB – Vincotte International Limited, Belgium, for ISO/TS 16949:2002 for Quality management System              | 13-02-2006 | 12-02-2009 |

Our focus on quality has helped us in getting repeat orders from our client as well as in adding new clients

## 5. Our Management and Key Managerial Personnel

Our Company is a quality conscious company in the Automobile Component and White Goods industries. This has been possible due to the vision as well as competency of our management headed by our Chairman Mr. Devendra Chandra Jain. He has more than four decades of experience in the Automobile Component and White Goods industries. He has been ably supported by our Promoter Group and co-founders, which include our Vice Chairman Mr. Sharat Chand Jain and our Managing Director Mr. Ajay Kumar Jain. The top management has led our company to the pioneer's position in the field of extruded profiles and door sealing system for Indian Automobile and White goods Industry. Our management has been instrumental in retaining and recruiting key managerial personnel who have helped in achieving various milestones. Our experienced management focus has helped us in building reputation with various buyers, which has helped in increasing our supplies to them.

## 6. Our relationship with our customers:

We are OEM suppliers to Maruti Udyog Limited, Honda SIEL, General Motors and Toyota Kirloskar for automobile products and Godrej, Voltas, Videocon and Carrier Refrigerators for refrigeration product. In the white goods industry, we supply customized profiles to Godrej, Voltas, Videocon and Carrier Refrigerators. We have been able to maintain and increase our relation with our clients. Our relation with our clients has helped us in not only getting repeat orders from them but also larger orders from them.

## 7. Our Awards

We have been bestowed with various awards from our customers, for details please refer to section titled "Our Business" on page 69 in this Prospectus. Our awards are testimony of our performance which helps us in getting new clients and providing new products.

### Quantitative Factors on Standalone Basis

Information presented in this section is derived from our Company's restated, unconsolidated financial statements prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:

#### *Weighted average Earnings Per Share(Restated)*

| Year                    | EPS (Rs.)    | Weight |
|-------------------------|--------------|--------|
| 2004-05                 | 8.46         | 1      |
| 2005-06                 | 8.88         | 2      |
| 2006-07                 | 15.42        | 3      |
| <b>Weighted average</b> | <b>12.08</b> |        |

#### *Price/Earning Ratio (P/E) in relation to Issue Price of Rs. 150/- per share*

- P/E ratio based on EPS for the fiscal year ended March 31, 2007, of Rs. 15.42: 9.73 times
- P/E ratio based on weighted average EPS of Rs. 12.08 : 12.42 times

#### *Industry P/E: (Auto Ancillary)*

Highest – Autolite (India) : 39.50

Lowest – Bharat Gears : 4.10

Average : 19.20

Source: Capital Market Volume XXII/20 Dec 03-16, 2007

#### *Weighted average Return on Net Worth*

| Year                    | RONW (%)     | Weight |
|-------------------------|--------------|--------|
| 2004-05                 | 24.85        | 1      |
| 2005-06                 | 23.97        | 2      |
| 2006-07                 | 33.42        | 3      |
| <b>Weighted average</b> | <b>28.84</b> |        |

**Minimum Return on Total Net Worth after Issue needed to maintain Pre-Issue EPS for the year ended March 31, 2007 is 18.53**

#### *Net Asset Value (NAV) per Equity Share*

NAV per Equity share represents shareholders' equity less miscellaneous expenses as divided by restated weighted average number of equity shares. The NAV per Equity Share as at March 31, 2007 is Rs. 46.14.

The NAV per Equity Share as of March 31, 2007 after the Issue is Rs. 83.23

The Issue price of Rs. 150 per Equity Share has been determined on the basis of the demand from investors through the Book Building Process and is justified based on the above accounting ratios.

**Comparison of accounting ratios with listed Companies in the same Industry group\*\*:**

| Particulars                                   | EPS (Rs) | P/E   | RONW (%) | NAV (Rs.) |
|-----------------------------------------------|----------|-------|----------|-----------|
| Setco Automotive                              | 13.60    | 14.00 | 44.50    | 34.60     |
| JBM Auto                                      | 8.5      | 5.90  | 18.10    | 40.40     |
| ANG Auto                                      | 17.80    | 8.30  | 45.10    | 59.30     |
| Jay Ushin                                     | 5.70     | 11.90 | 4.80     | 32.40     |
| Lumax Automotive                              | 3.00     | 19.70 | 15.90    | 20.90     |
| Precision Pipes and Profiles Company Limited@ | 15.42    | 9.73  | 33.42    | 46.14     |

\* Source: Capital Market Volume XXII/20 Dec 03-16, 2007

@ as per restated standalone financials

\*\*The consideration for selection of peer group companies includes:

1. Companies having similar turnover as the Issuer Company
2. Companies in the business of supplying peripheral automotive components
3. The values for EPS mentioned here are TTM values (except for Precision Pipes and Profiles Company Limited.)

The face value of our Equity Shares is Rs.10/- per Equity Share and the Issue Price of Rs. 150/- is 15 times the face value of our Equity Shares.

The Book Running Lead Managers believe that the Issue Price of Rs. 150/- per Equity 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 this Prospectus to have a more informed view about the investment proposition.

## STATEMENT OF TAX BENEFITS

To,  
**The Board of Directors**  
**Precision Pipes and Profiles Company Limited**  
4561, Deputy Ganj,  
Delhi-110006,  
India

Dear Sirs,

### **Re: Statement of Possible Direct Tax Benefits**

We hereby report that the enclosed annexure states the possible tax benefits available to Precision Pipes and Profiles Company Limited ("Company") and its shareholders under the current tax laws in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under 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 business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

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

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

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

*Our views expressed herein are based on the facts and assumptions indicated by you. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the use of Precision Pipes and Profiles Company Limited. M/s Dharam Taneja Associates, India shall not be liable to Precision Pipes and Profiles Company Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. M/s Dharam Taneja Associates will not be liable to any other person in respect of this statement.*

Thanking You,  
**For Dharam Taneja Associates**  
Chartered Accountants

sd/-  
(Dharam Taneja)  
Partner  
Membership no.7718  
Place: New Delhi  
Date: 29<sup>th</sup> October, 2007

**STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO PRECISION PIPES AND PROFILES COMPANY LIMITED AND TO ITS SHAREHOLDERS**

**A. Under the Income Tax Act, 1961 (“the Act”)**

**I. Benefits available to the company**

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by domestic companies) is exempt from tax.

2. As per section 10(35) of the Act, the following income will be exempt in the hands of the Company:

- a. Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or
- b. Income received in respect of units from the Administrator of the specified undertaking; or
- c. Income received in respect of units from the specified company:

However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified Company or of a mutual fund, as the case may be.

For this purpose (i) “Administrator” means the Administrator as referred to in section 2(a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 and (ii) “Specified Company” means a company as referred to in section 2(h) of the said Act.

3. As per section 10(38) of the Act, Long term capital gains arising to the Company from the transfer of long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax will be exempt in the hands of the Company.

For the purpose “Equity Oriented Fund” means a fund –

(i) where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty-five percent of the total proceeds of such funds; and

(ii) which has been set up under a scheme of a Mutual Fund specified under section 10(23D) of the Act.

As per section 115JB, while calculating “book profits” for the purpose of “Minimum Alternate Tax”, the Company will not be entitled to reduce the long term capital gains to which the provisions of section 10(38) of the Act apply.

4. Under section 48 of the Act, the long term capital gains arising out of sale of capital assets excluding bonds and debentures (except Capital Indexed Bonds issued by the Government) will be computed after indexing the cost of acquisition/ improvement.

5. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long term specified asset” within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A “long term specified asset” means any bond, redeemable after three years and issued on or after the 1st day of April 2006:



(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

(ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

6. As per section 111A of the Act, short term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess).

7. As per section 112 of the Act, long-term capital gains, if any, on sale of listed securities or units or zero coupon bonds (in cases not covered under section 10(38) of the Act) will be charged to tax at the concessional rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits in accordance with and subject to the provisions of section 48 of the Act or at 10% (plus applicable surcharge and education cess) without indexation benefits, at the option of the Company.

## **II. Benefits available to Resident Shareholders**

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by domestic companies) received on the shares of the Company is exempt from tax.

2. As per section 10(38) of the Act, long term capital gains arising from the transfer of a long term capital asset being an equity share of the Company, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of the shareholder.

3. As per section 111A of the Act, short term capital gains arising from the sale of equity share of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess).

4. Under section 48 of the Act, the long term capital gains arising out of sale of capital assets excluding bonds and debentures (except Capital Indexed Bonds issued by the Government) will be computed after indexing the cost of acquisition/ improvement.

5. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

a. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

b. by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

6. As per section 54F of the Act, long term capital gains (in cases not covered under section 10(38)) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family (HUF) will be exempt from capital gains tax if the net consideration is A “long term specified asset” means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

(ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

6. As per section 111A of the Act, short term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess).

7. As per section 112 of the Act, long-term capital gains, if any, on sale of listed securities or units or zero coupon bonds (in cases not covered under section 10(38) of the Act) will be charged to tax at the concessional rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits in accordance with and subject to the provisions of section 48 of the Act or at 10% (plus applicable surcharge and education cess) without indexation benefits, at the option of the Company.

### **III. Benefits available to Non-Resident Indians/Non-Resident Shareholders (Other than FIIs and Venture Capital Companies / Funds)**

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by the domestic companies) received on the shares of the Company is exempt from tax.

2. As per section 10(38) of the Act, long term capital gains arising from the transfer of long term capital asset being an equity share of the Company, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of the shareholder.

3. As per section 111A of the Act, short term capital gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess).

4. As per the first proviso to section 48 of the Act, in case of a non resident shareholder, the capital gain/loss arising from transfer of shares of the Company, acquired in convertible foreign exchange, is to be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively incurred in connection with such transfer, into the same foreign currency which was initially utilized in the purchase of shares. Cost Indexation benefit will not be available in such a case. As per section 112 of the Act, long-term capital gains, if any, on sale of shares of the Company (in cases not covered under section 10(38) of the Act) will be charged to tax at the rate of 20% (plus applicable surcharge and education cess).

5. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long term specified asset” within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A “long term specified asset” means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

(ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

6. As per section 54F of the Act, long term capital gains (in cases not covered under section 10(38)) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family (HUF) will be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years. Such benefit will not be available:

(a) if the individual or Hindu Undivided Family:

--owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or

– purchases another residential house within a period of one year after the date of transfer of the shares; or

– constructs another residential house within a period of three years after the date of transfer of the shares; and

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

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

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

7. As per section 88E of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered into in the course of the business will be eligible for deduction from the amount of income tax on the income chargeable under the head “Profits & Gains of Business or Profession” arising from taxable securities transaction, subject to certain limit specified in the section. As such, no deduction will be allowed in computing the income chargeable to tax as “capital gains” or under the head “Profits and gains of Business or Profession” for such amount paid on account of securities transaction tax.

8. As per section 115E of the Act, in the case of a shareholder being a non-resident Indian, and subscribing to the shares of the Company in convertible foreign exchange, in accordance with and subject to the prescribed conditions, long term capital gains arising on transfer of the shares of the Company (in cases not covered under section 10(38) of the Act) will be subject to tax at the rate of 10% (plus applicable surcharge and education cess), without any indexation benefit.

9. As per section 115F of the Act and subject to the conditions specified therein, in the case of a shareholder being a non-resident Indian, gains arising on transfer of a long term capital asset being shares of the Company will 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 or savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act, then such

gains would not be chargeable to tax on a proportionate basis. Further, if the specified asset or savings certificates 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.

10. As per 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 only source of income is income from specified investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

11. As per section 115H of the Act, where a Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

12. As per section 115I 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 a declaration along with his return of income for that assessment year under section 139 of the Act, 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.

#### **IV. Provisions of the Act vis-à-vis provisions of the Tax Treaty**

In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

#### **V. Benefits available to Foreign Institutional Investors ('FIIs')**

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by the domestic companies) received on the shares of the Company is exempt from tax.

2. As per section 10(38) of the Act, long term capital gains arising from the transfer of long term capital asset being an equity share of the Company, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of the FIIs.

3. As per section 115AD read with section 111A of the Act, short term capital gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess).

4. As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the provisions of section 10(38) of the Act at the following rates:

| <b>Nature of income</b>                                           | <b>Rate of tax (%)</b> |
|-------------------------------------------------------------------|------------------------|
| Long term capital gains                                           | 10                     |
| Short term capital gains (other than referred to in section 111A) | 30                     |

The above tax rates will have to be increased by the applicable surcharge and education cess.

In case of long term capital gains, (in cases not covered under section 10(38) of the Act), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.

5. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any between India and the country in which the FII has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

6. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long term specified asset” within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A “long term specified asset” means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

(ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

## **VI. Benefits available to Mutual Funds**

As per 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 thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

## **VII. Benefits available to Venture Capital Companies / Funds**

As per section 10(23FB) of the Act, all Venture Capital Companies / Funds registered with the Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on their entire income, including income from sale of shares of the company. However, income received by a person out of investment made in a venture capital company or in a venture capital fund will be chargeable to tax in the hands of such person.

### **B. Benefits available under the Wealth Tax Act, 1957**

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

### **C. Benefits available under the Gift Tax Act.**

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.

The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

**NOTES:**

- (i) All the above benefits are as per the current tax laws.
- (ii) 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 investments in the shares of the company.

## SECTION VI – ABOUT US

### INDUSTRY OVERVIEW

**Disclaimer:** Pursuant to the requirements of the SEBI Guidelines, the discussion on the business of Our Company in this 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 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 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.

### GLOBAL AUTOMOBILE INDUSTRY

#### Key Features

- The Automotive Industry worldwide is highly capital intensive in nature and has entry barriers for smaller players. Although the locations of the headquarters of the major volume producers of automobiles are confined to a relatively small number of countries, their manufacturing facilities are distributed in many other countries around the world.
- A saturating market and increase in the used car market are the major problems before the western automotive markets. From long-term perspective, cheap financing and price discounts will not drive the western markets because consumers consider it as a normal market feature.
- The major growth in the automobile industry worldwide is being generated in the Asia pacific region specifically in China, India and Thailand. Hence, existing global auto majors are re- aligning their production bases and coming closer to the Asia pacific region. Also, constant pressure for cost reduction on original equipment manufacturers is compelling them to outsource more and more components from low cost countries.

| WORLD VEHICLE PRODUCTION TRENDS |            |                       |
|---------------------------------|------------|-----------------------|
| YEAR                            | PRODUCTION | Percentage Increase / |
|                                 | (Million)  | Decrease              |
| 1997                            | 55.87      |                       |
| 1998                            | 53.2       | -4.78%                |
| 1999                            | 55.74      | 4.77%                 |
| 2000                            | 58.33      | 4.65%                 |
| 2001                            | 56.17      | -3.70%                |
| 2002                            | 58.45      | 4.06%                 |
| 2003                            | 60.09      | 2.81%                 |
| 2004                            | 64.16      | 6.77%                 |
| 2005                            | 66.46      | 3.58%                 |
| 2006                            | 69.21      | 4.14%                 |

(Source: SIAM/ OICA Statistics Committee)

There has been an addition of 10.59 mn vehicle production since 1997. A majority of this growth is coming from the Asia-Pacific region (excluding Japan). The production has nearly stagnated in Western Europe at 17 mn, NAFTA at 16 mn and Japan at 10 mn but it has more than double in Asia – Pacific region from 7.1 mn in 1997 to 16 mn in 2006.

(Source: Ministry of Heavy Industries & Public Enterprises Government of India New Delhi, Draft automotive mission plan 2006-2016; [www.dhi.nic.in/draft\\_automotive\\_mission\\_plan.pdf](http://www.dhi.nic.in/draft_automotive_mission_plan.pdf))

## INDIAN AUTOMOTIVE INDUSTRY – A JOURNEY

Indian Automotive Industry started its new journey from 1991 with delicensing of the sector and subsequent opening up for 100 percent FDI through automatic route. Since then many global players have set up their facilities in India taking the production of vehicles from 2 million in 1991 to 9.7 million in 2006.

Indian Auto Industry is the:

- Largest Three Wheeler Market in the World
- Second largest Two Wheeler Market in the World
- Fourth largest Passenger Vehicle Market in Asia
- Fourth largest Tractor Market in the World
- Fifth largest Commercial Vehicle Market in the World

(Source: ACMA; [www.acmainfo.com](http://www.acmainfo.com))

### Opportunity in Indian Automotive sector in India

- Potential investors can capitalize on opportunities both in the domestic segments and export oriented segments
- Investment potential of upto USD 35 - 40 bn in this sector over the next 10 years
- Investments in the Indian automotive industry can be in various forms
  - 100 % subsidiary - 100 % FDI through automatic route allowed in this sector
  - JVs with local firms
  - Technology support or sharing agreements

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

### Indian automobile industry production during 2005-06

| Manufacturers                   | Production in 000s |
|---------------------------------|--------------------|
| <b>Japanese</b>                 |                    |
| Maruti Udyog Ltd                | 572.10             |
| Toyota Kirloskar Motor Pvt Ltd. | 45.00              |
| Honda SIEL Cars India Ltd       | 41.00              |
| Swaraj Mazda Ltd                | 12.00              |
|                                 | <b>670.10</b>      |
| <b>American</b>                 |                    |
| General Motors India Pvt. Ltd   | 31.00              |
| Ford India Pvt Ltd              | 27.00              |
| <b>Total</b>                    | <b>58.00</b>       |
| <b>Korean</b>                   |                    |
| Hyundai Motors India Ltd        | 260.00             |
| <b>Total</b>                    | <b>260.00</b>      |
| <b>European</b>                 |                    |
| Skoda Auto India Pvt. Ltd       | 9.80               |
| Daimler Chrysler India Pvt. Ltd | 1.80               |
| Volvo India Pvt. Ltd            | 1.00               |
| Tatra Truck Pvt. Ltd            | 0.10               |
| Fiat India Pvt. Ltd.            | 0.70               |
| <b>Total</b>                    | <b>13.40</b>       |
| <b>Indian</b>                   |                    |
| Tata Motor Ltd                  | 450.00             |
| Mahindra & Mahindra Ltd         | 128.60             |
| Ashok Leyland Ltd               | 65.00              |
| Force Motor Ltd                 | 36.00              |

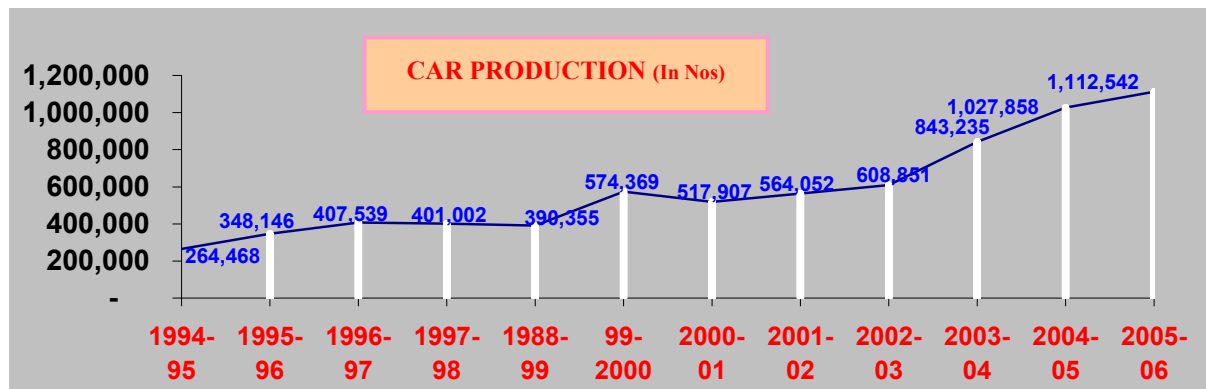


|                      |                |
|----------------------|----------------|
| Eicher Motors Ltd    | 24.00          |
| Hindustan Motors Ltd | 15.50          |
| <b>Total</b>         | <b>719.10</b>  |
| <b>Grand Total</b>   | <b>1720.60</b> |

(Source: ACMA; [www.acmainfo.com](http://www.acmainfo.com))

#### Indian Car Market: Key Statistics

- Third biggest Car Market in Asia after China and South Korea (Ex- Japan)  
(Source: OICA)
- Has grown at a CAGR of 15.20 per cent since 1994- 1995
- The growth of the Indian Middle Class with increasing purchasing power have made it one of the most attractive car markets in the World

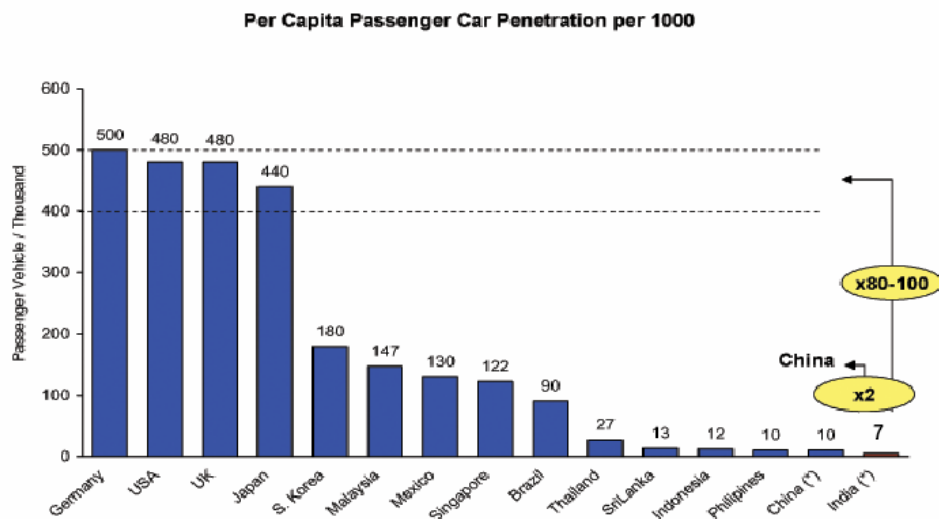


(Source: ACMA; [www.acmainfo.com](http://www.acmainfo.com))

#### Potential of the Indian Car Market

- Another key factor for the attraction of global car majors to the Indian car market is the fact that it is an untapped market
- Automobile markets in USA, EU and Japan are in a situation of near stagnation.
- This has resulted in a shift of new capacities and flow of capital to the Cost Competitive Indian Car Market

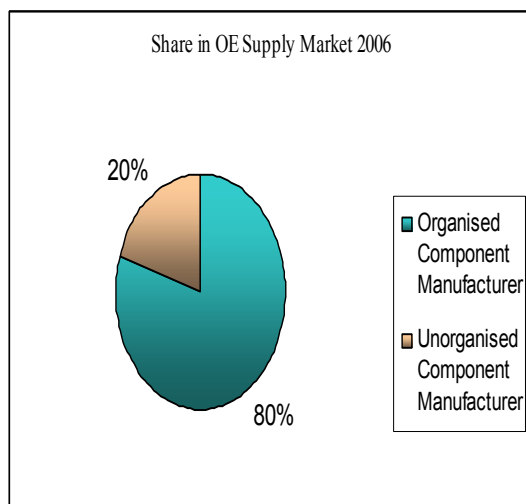
## The Indian passenger car market is far from being saturated – leaving ample room for volume growth



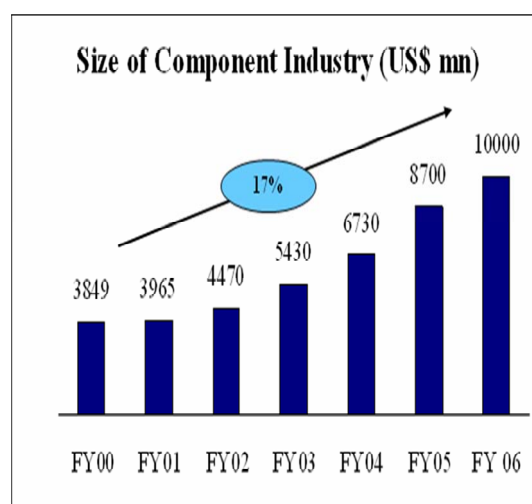
(Source: ACMA; [www.acmainfo.com](http://www.acmainfo.com))

### AUTO COMPONENTS INDUSTRY

According to ACMA, Indian Auto Component Industry is quite comprehensive with around 500 firms in the organised sector producing practically all parts and more than 10,000 firms in the small unorganised sector. This sector employs nearly 250,000 people. The output of the Indian auto component segment was estimated at around \$10 billion in FY06.



(Source: ACMA)



### Market Size of Auto component Sector in India

The Indian auto component sector has been growing at 17% CAGR since 2000 and is projected to maintain the high-growth phase of 15-20% till 2015. More than 60% of the exports of Auto components from India are to Europe and USA. More than 70% of the exports go to the OEMs and

Tier I suppliers and only 30% to the global aftermarket, indicating the high level of maturity in quality and technology that has been achieved by the Auto Component Industry.

- Market breakup: OEM demand -54%, replacement market-30%, exports -16%

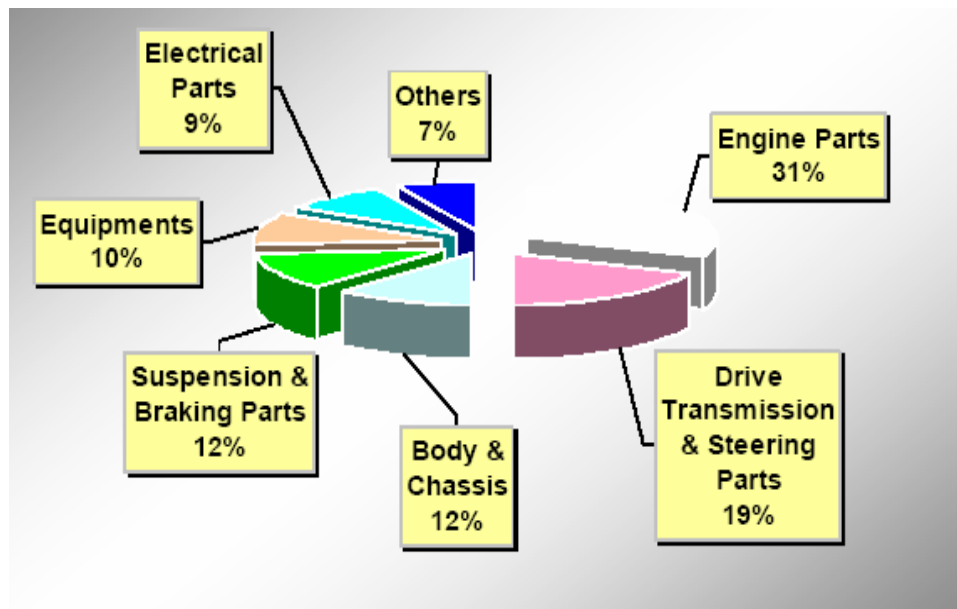
(Source: IBEF; [www.ibef.org](http://www.ibef.org))

Since an auto assembly involves large number of parts, ACMA has classified sector companies on the basis of components that they supply to auto manufacturers. The following table lists the industry segmentation on the basis of components, their contribution to the overall industry revenues and some of the leading players in those segments.

| Sub-groups                    | Products                                    |
|-------------------------------|---------------------------------------------|
| Engine Parts                  | Pistons, piston rings, fuel injection pumps |
| Transmission & Steering parts | Transmission gears, axles and wheels        |
| Suspension & Braking parts    | Leaf springs, shock absorbers               |
| Electrical                    | Spark plugs, batteries, starter motors      |
| Equipment                     | Dashboard instruments                       |
| Others                        | Fan belts, sheet metal parts                |

Since auto ancillary companies mainly act as vendors, it is extremely important for them to remain competitive, both in terms of cost as well as quality.

Auto Component comprehensive range includes



(Source: ACMA; [www.acmainfo.com](http://www.acmainfo.com))

## GETTING ON TO THE WORLD OUTSOURCING MAP: A WORD ON QUALITY CERTIFICATIONS

Indian Automobile Components Industry has been making rapid strides towards achievement of world-class Quality Systems which is the most important quality required in this Industry. This is highlighted in the following table by the number of Indian Component Makers opting for quality certifications

| <b>The Auto-Component Industry is graduating to world-class</b> |                            |                                                                                                                                               |
|-----------------------------------------------------------------|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| <b>No. of companies</b>                                         | <b>Certification</b>       |                                                                                                                                               |
| 456                                                             | ISO 9000                   | <b>Suppliers Embracing Modern Shop-Floor Practices</b><br>1. 5-S, 7-W<br>2. Kaizen<br>3. TQM<br>4. TPM<br>5. 6-Sigma<br>6. Lean Manufacturing |
| 248                                                             | TS 16949                   |                                                                                                                                               |
| 136                                                             | QS-9000                    |                                                                                                                                               |
| 129                                                             | ISO 14001                  |                                                                                                                                               |
| 32                                                              | OHSAS 18001                |                                                                                                                                               |
| 9                                                               | Deming Prize winners       |                                                                                                                                               |
| 4                                                               | JIPM Award                 | <b>Total ACMA Member Companies</b><br><b>498</b>                                                                                              |
| 1                                                               | Japan Quality Medal winner |                                                                                                                                               |

(Source: ACMA; www.acmainfo.com)

#### Growth Trends of Auto Component Industry in India

The production, Investment and Export trend in the Indian Auto components industry during the last 10 years is given below:

| Year     | Production (in US \$ Mn) | Exports(in US \$ Mn) | Investments (in US \$ Mn) |
|----------|--------------------------|----------------------|---------------------------|
| 1995-96  | 2588                     | 267                  | 1315                      |
| 1996-97  | 3278                     | 291                  | 1705                      |
| 1997-98  | 3008                     | 330                  | 1813                      |
| 1998-99  | 3249                     | 350                  | 1850                      |
| 1999-00  | 3804                     | 456                  | 2000                      |
| 2000-01  | 4100                     | 625                  | 2300                      |
| 2001-02  | 4470                     | 578                  | 2300                      |
| 2002-03  | 5430                     | 760                  | 2645                      |
| 2003-04  | 6730                     | 1020                 | 3100                      |
| 2004-05  | 8700                     | 1400                 | 3750                      |
| 2005-06* | 10000                    | 1800                 | 4400                      |

(SOURCE: ACMA; www.acmainfo.com (\* Estimated))

#### Rising Phase of Indian Exports

Indian auto component industry indicates a high growth opportunity on the global sourcing front.

(US \$ Million)

| Indicators | 2003-04 | 2004-05 | 2005-06 |
|------------|---------|---------|---------|
| Output     | 6,730   | 8,700   | 10,000  |
| Exports    | 1020    | 1400    | 1800    |

(Source: ACMA; www.acmainfo.com)

India has also emerged as an outsourcing hub for auto parts for international companies such as Ford, General Motors, Daimler Chrysler, Fiat, Volkswagon, and Toyota. India enjoys cost advantage with regard to castings and forgings. The manufacturing costs in India are 25 to 30 percent lower than its western counterparts. India's competitive advantage does not come from costs alone, but from its full service supply capability.

## **INDUSTRY SUB- SEGMENT: MANUFACTURE OF AUTOMOBILE SEALING SYSTEMS**

### **PVC PROFILE**

Polyvinyl chloride, (Polychloroethene) commonly abbreviated PVC, is a widely used thermoplastic polymer. In terms of revenue generated, it is one of the most valuable products of the chemical industry

#### *USES:*

- Globally, over 50% of PVC manufactured is used in construction.
- PVC is also the material of choice in various industries including manufacture of automobile components because of its durability and other favorable characteristics. The material is often used in Plastic Pressure Pipe Systems for pipelines in the water and sewer industries because of its inexpensive nature and flexibility.

PVC Profile is molded into automobile components through the following two processes:

#### **Plastics extrusion**

Plastics extrusion is a high volume manufacturing process in which raw plastic material is melted and formed into a continuous profile. Extrusion produces items such as pipe/tubing, weather stripping, window frames, plastic sheeting, adhesive tape and wire insulation.

*USES:* Extrusion produces items such as pipe/tubing, weather stripping, window frames, plastic sheeting, adhesive tape and wire insulation which are used in Industries such as Construction, Plumbing and Electrical Industries.

#### **Injection Molding**

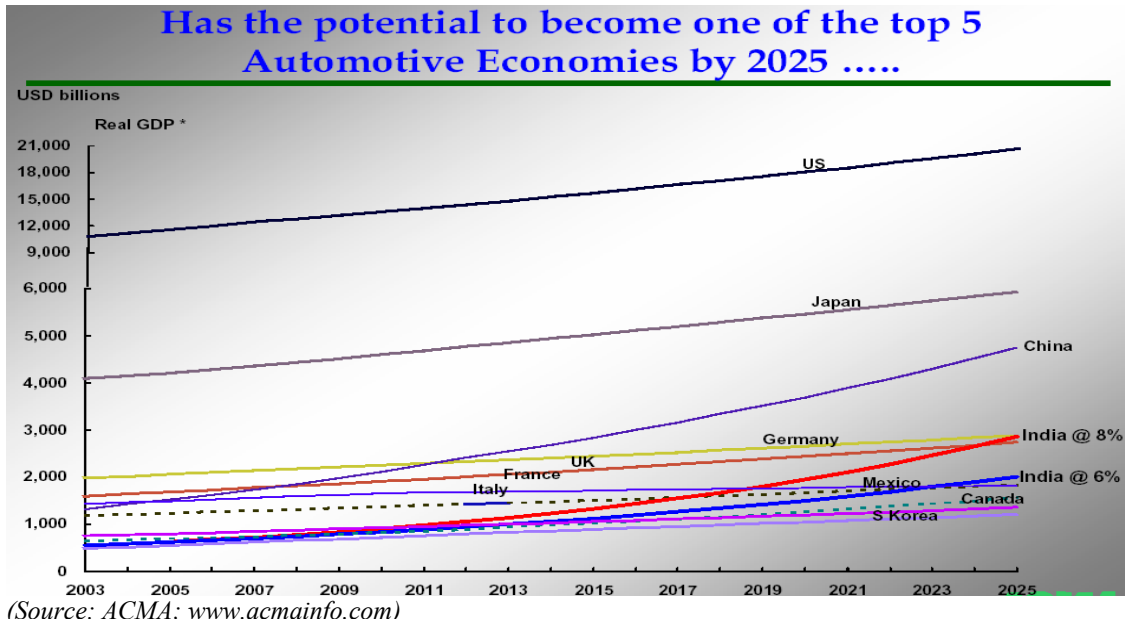
Injection molding is a manufacturing technique for making parts from thermoplastic material. In this process, molten plastic is injected at high pressure into a mold, which is the inverse of the product's shape. After a product is designed by an industrial designer or an engineer, molds are made by a moldmaker (or toolmaker) from metal, usually either steel or aluminum, and precision-machined to form the features of the desired part.

#### *USES:*

- Injection molding is widely used for manufacturing a variety of automobile parts, from the smallest component to entire body panels of cars
- Injection molding is the most common method of production, with some commonly made items including Bottle Caps and Outdoor Furniture.

*(Source: [www.wikipedia.com](http://www.wikipedia.com))*

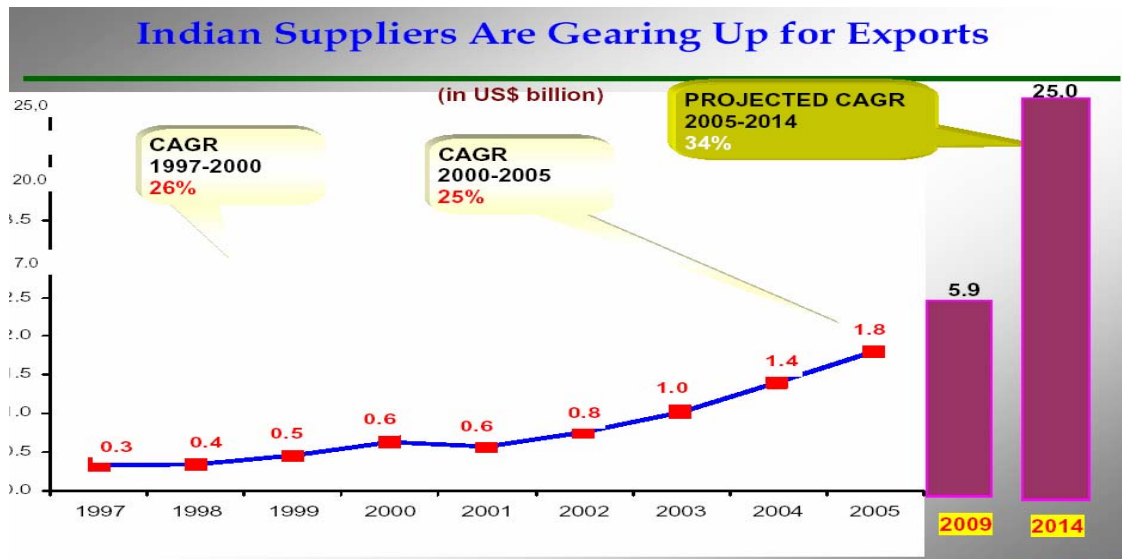
## **FUTURE OUTLOOK - INDIAN AUTOMOBILE INDUSTRY**



The rise in disposable incomes and the growth of the Economy shall add to the growth of the Indian Automobile Industry in the future and place it among the top 5 automobile economies by 2025.

#### ***Global Trends that will impact the auto component industry in India***

- Key factors influencing the global car manufacturers have a ripple effect on the domestic automobile industry in different parts of the world as well as the auto ancillary industry which supplies parts to the auto industry.
- Internationally consumer preferences are determining the current styles, reliability, and performance standards of vehicles.
- Government regulations in relation to trade, safety, and environment etc also make it necessary for modernization and changes in designs and production methods.
- Competitive rivalries and corporate strategies also provide impetus for research, design innovations, and changes in the manufacturing processes.
- The top automakers in the world are constantly under pressure to identify consumer preferences, national biases, and new market segments where they can sell vehicles and gain market share. Their ability to be flexible enough to quickly respond to all these pressures will determine their future in the industry. The implications of these factors are vast and get propagated along the supply chain of the automakers.
- The major factor influencing the global car makers is the pattern of demand for new cars. In the developed countries of the world i.e. Western Europe, Japan, and United States (US) original equipment manufacturers (OEMs) have been facing a mature market for the past 10 years, with stagnant demand (as compared to developing countries like India and China), product proliferation, and stiff price competition.



(Source: ACMA; [www.acmainfo.com](http://www.acmainfo.com))

The future growth drivers for the Indian automobile industry are:

1. Higher GDP growth
2. India's huge demographic spread with an unsatisfactory public transport system
3. Increasing investment in road infrastructure, particularly the Golden quadrilateral
4. Developments taking place in rural areas
5. Increasing per capita disposable income
6. Easy finance schemes for vehicle purchase
7. Shift from two wheelers to four wheelers
8. Growing concept of second vehicle in urban areas

India enjoys an advantageous position in terms of accessibility to both North America and Europe. While the industry has witnessed substantial fluctuations in the past, the fundamentals of the industry have changed over the past few years and are expected to improve further, imparting better stability to business growth and margins in the future.

#### Potential in India

- Lower labour costs
- Engineering and designing capabilities
- Flexible production lines and a high level of employee cross-training facilitate easy redeployment of labour across production lines and efficient management of short production runs
- Ability to implement continuous improvement initiatives
- Despite of volatile raw material cost, high operating efficiencies have led to cost-control
- Exports are subject to virtually no taxes

#### CONCLUSION

The pattern of growth in the automotive segment affects the performance of the automotive components segment as components content per vehicle differs significantly across vehicle categories. Thus, the demand emanating from the automotive segment could have a significant bearing on the performance of the automotive component player supplying to such segments.

The opening of the Indian economy for the automotive sector in the eighties and nineties led to the influx of a host of foreign vehicle manufacturers ranging from Ford, General Motors, and Hyundai among others for four wheeler segment and Honda, Suzuki, Yamaha and Kawasaki in collaboration with various Indian

players for the two wheeler segment. The rapid expansion presented a huge opportunity for the components industry, which responded with huge capacity additions and modernisation programmes.

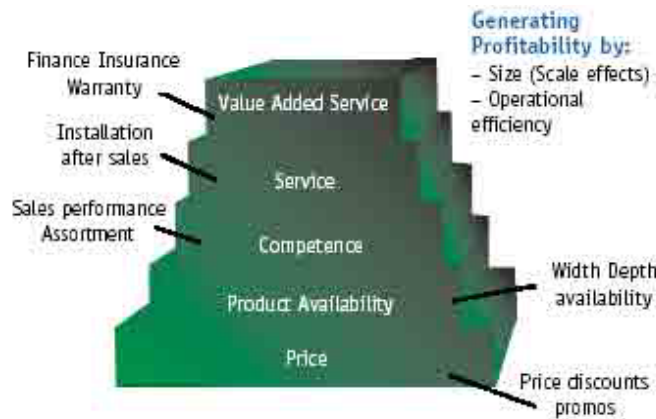
## CONSUMER DURABLES INDUSTRY IN INDIA

### OVERVIEW

The consumer durables industry in its formative years saw a lot of Indian brands dominating the market scenario. But over the years, multinational players have made significant inroads into the market. Most of these MNC's are looking at India as an investment with a payback period of about eight years. Korean brands like LG and Samsung have been very successful.

The consumer durables segment can be segregated into consumer electronics (TVs, VCD players and audio systems etc.) and consumer appliances (also known as white goods) like refrigerators, washing machines, air conditioners (A/Cs), microwave ovens, vacuum cleaners and dishwashers.

Demand for consumer durables is positively related to disposable income with consumers, which in turn may be impacted by changes in personal income tax rates.



### PENETRATION OF CONSUMER DURABLES IN INDIA

As seen by the below chart, there is a lot of potential for growth of the consumer durables market in India considering the low penetration levels:

| (Number of households owning goods per '000 households) |              |              |              |              |
|---------------------------------------------------------|--------------|--------------|--------------|--------------|
|                                                         | 1995-96      | 2001-02      | 2005-06      | 2009-10      |
| <b>Cars</b>                                             | <b>16.1</b>  | <b>30.0</b>  | <b>50.2</b>  | <b>91.4</b>  |
| <b>Motorcycles</b>                                      | <b>29.3</b>  | <b>70.8</b>  | <b>147.6</b> | <b>282.6</b> |
| <b>CTV Regular</b>                                      | <b>72.0</b>  | <b>145.6</b> | <b>213.0</b> | <b>314.0</b> |
| <b>Refrigerators</b>                                    | <b>86.1</b>  | <b>134.0</b> | <b>160.7</b> | <b>224.9</b> |
| <b>White Goods</b>                                      | <b>149.4</b> | <b>247.1</b> | <b>319.1</b> | <b>451.7</b> |

(Source: NCAER; [www.ncaer.org](http://www.ncaer.org))



## KEY FEATURES OF INDIAN CONSUMER DURABLES INDUSTRY

- The consumer durables industry appears to have two clearly differentiated segments. The MNCs have an edge over their Indian counterparts in terms of technology combined with a steady flow of capital. The domestic companies compete on the basis of their well-acknowledged brands, an extensive distribution network and an insight into local market conditions.
- Competitive strategies revolve around strong brand differentiation and prices.
- Rural India, which accounts for nearly 70% of the total number of households offers plenty of scope and opportunities for the white goods industry.
- The urban consumer durable market for products including TV is growing annually by 7 to 10 % whereas the rural market is zooming ahead at around 25 % annually.

## FUTURE DEMAND SCENARIO FOR CONSUMER DURABLES IN INDIA

Demand for all segments of consumer durables is expected to grow at a brisk rate.

Demand for Refrigerators is estimated to grow at a CAGR of 15%

(In '000)

|               | 1995-96 | 2001-02 | 2005-06 | 2009-10 |
|---------------|---------|---------|---------|---------|
| Cars          | 276     | 788     | 1,560   | 3,466   |
| Motorcycles   | 760     | 2,599   | 4,663   | 8,369   |
| CTV Regular   | 1,785   | 4,580   | 6,295   | 9,957   |
| Refrigerators | 1,850   | 3,006   | 4,335   | 6,774   |
| White Goods   | 3,437   | 6,024   | 8,727   | 13,149  |

(Source: NCAER; [www.ncaer.org](http://www.ncaer.org))

## OPPORTUNITIES AND POTENTIALITIES FOR FUTURE GROWTH

- The rising rate of growth of GDP, rising purchasing power of people with higher propensity to consume with preference for sophisticated brands would provide constant impetus to growth of white goods industry segment.
- Penetration of consumer durables would be deeper in rural India if banks and financial institutions come out with liberal incentive schemes for the white goods industry segment, growth in disposable income, improving lifestyles, power availability, low running cost, and rise in temperatures.
- The ability of imports to compete is set to rise. However, the effective duty protection is still quite high at about 35-40 per cent. So, a flood of imports is unlikely and would be rather need based.

## OUR BUSINESS

We are engaged in the business of manufacturing automobile sealing systems and exterior products. Our product range includes weather strips, trim door opening, windshield molding, roof molding, quarter window seal, A-pillar garnish, B-pillar garnish, skirt air damper, body side molding etc. Additionally, we manufacture PVC based customized profiles for white goods and other industries. We have five manufacturing facilities which are located in New Delhi and Noida, Uttar Pradesh. Our total capacity as on date is 47,50,000 kg.

We are OEM suppliers to the automobile industry and our client list includes Maruti Udyog Limited, Honda SIEL, General Motors and Toyota Kirloskar. We have a technical collaboration with Tokai Kogyo Co. Ltd (TKCL), Japan, to manufacture our automobile products. In the white goods industry, we supply customized profiles to Godrej, Voltas, Videocon and Carrier Refrigerators.

We have consistently been receiving various awards from our clients for the quality products and services provided to them. All our auto component manufacturing plants are TS 16949, ISO 14001 and OHSAS 18001 certified. We have obtained ISO 14001:2004 certificate from BSI Management System, London for our unit 54-56, Okhla Industrial Estate, Delhi.

CRISIL has an SME 1 rating outstanding on Precision Pipes and Profiles Company Limited, which is valid till 17<sup>th</sup> May, 2008. This rating indicates 'Highest level of creditworthiness, adjudged in relation to other SMEs' (The rating is not a recommendation to invest in any debt or equity issued by the Company). Our Company has been selected among the top three emerging SME companies by CNBC for the year 2006-07 in auto ancillary segment and engineering sector.

We derive around 90% of our turnover from automobile customers, nearly 5% from white goods products and the remaining from other segments including electrical and construction. The names of our top five customer for Auto Components are disclosed on page 74 in this Prospectus. For the fiscal 2005, 2006 and 2007 our total sales have been Rs 7360.75 Lacs, Rs 8035.23 Lacs and Rs 10928.68 Lacs respectively. For the fiscal 2005, 2006 and 2007 our EBIDTA has been Rs 1598.35 Lacs, Rs 1765.20 Lacs and Rs 2788.58 Lacs, respectively. Our EBIDTA margin for the fiscal 2005, 2006 and 2007 has been 21.41%, 21.94%, and 25.41%, respectively. For the fiscal 2005, 2006 and 2007 our profit has been Rs 761.14 Lacs, Rs 798.86 Lacs and Rs 1387.78 Lacs, respectively. Our PAT margin for the fiscal 2005, 2006 and 2007 has been 10.20%, 9.93% and 12.65%, respectively. Our Company's total income and PAT has grown at a CAGR of 27.81% and 34.40% during the period from 2003 to 2007, respectively.

### Our Vision

Our Company has constantly strived to be the preferred supplier for our customers, a fact which has been highlighted by numerous awards bestowed upon us.

### Our Awards

We have been bestowed with various awards from our customers, details of which are as follows:

#### Maruti Udyog Ltd.

| Year | Category                        | Certificate/Award              |
|------|---------------------------------|--------------------------------|
| 1994 | Plastic Extrusions & Assemblies | Best performing Vendor         |
| 1995 | Plastic Extrusions & Assemblies | Best performing Vendor         |
| 1996 | Plastic Extrusions & Assemblies | Best performing Vendor         |
| 1997 | Plastic Extrusions & Assemblies | Best performing Vendor         |
| 1999 | Plastic Extrusions & Assemblies | Best performing Vendor         |
| 2001 | Vendor Performance Award        | Excellent Overall Performance  |
| 2005 | Award                           | Outstanding Overall Excellence |

|      |                                   |                                |
|------|-----------------------------------|--------------------------------|
| 2006 | Award                             | Outstanding Overall Excellence |
| 2006 | Vendor Performance Award (Trophy) | Best performing Vendor         |

#### **Honda SIEL Cars India Limited**

| <b>Year</b> | <b>Category</b>              | <b>Certificate/Award</b>                    |
|-------------|------------------------------|---------------------------------------------|
| 1999        | Delivery - Supplier Award    | Outstanding Performance                     |
| 2000        | Delivery - Supplier Award    | Outstanding Performance                     |
| 2001        | Spare Parts - Supplier Award | Silver Award for Quality, Cost and Delivery |
| 2002        | Spare Parts - Supplier Award | Gold Award for Quality, Cost and Delivery   |
| 2002        | Delivery - Supplier Award    | Silver Award                                |
| 2003        | Delivery - Supplier Award    | Silver Award                                |

#### **TS-Tech Sun India Limited**

| <b>Year</b> | <b>Category</b>           | <b>Certificate/Award</b> |
|-------------|---------------------------|--------------------------|
| 2001        | Delivery - Supplier Award | Gold Award               |
| 2002        | Delivery - Supplier Award | Silver Award             |

#### **Toyota Kirloskar Motors Pvt. Limited**

| <b>Year</b> | <b>Category</b>            | <b>Certificate/Award</b>                                                                                                 |
|-------------|----------------------------|--------------------------------------------------------------------------------------------------------------------------|
| 2003        | -                          | In appreciation of achieving ISO – 14001 Certification and for commitment to work together in preserving the environment |
| 2006        | Quality, Cost and Delivery | Best Quality Supplier                                                                                                    |
| 2006        | Zero defect supplies       | Best Quality Supplier Award & Zero PPM Award                                                                             |

#### **Honda Motorcycle & Scooter India Private Limited**

| <b>Year</b> | <b>Category</b>              | <b>Certificate/Award</b> |
|-------------|------------------------------|--------------------------|
| 2006        | Quality and Delivery Targets | Commendable Performance  |

#### **Krishna Maruti**

| <b>Year</b> | <b>Category</b>                 | <b>Certificate/Award</b> |
|-------------|---------------------------------|--------------------------|
| 2003        | Delivery Performance            | Commendable Performance  |
| 2007        | Outstanding Overall Performance | Award of Excellence      |

Our awards are testimony of our performance which helps us in getting new clients and providing new products.

### **OUR STRENGTH**

#### **Technical Agreements:**

We have a technical agreement with the Tokai Kogyo Co. Ltd, Japan, one of the manufacturers of specialized profiles and extrusions for automobile industry. We entered into the agreement with Tokai Kogyo Co. Ltd in the year 1989, since then it has been renewed every five years. At present the agreement in force was executed on 01.11.2005 and will be in force for a period of five years. This agreement helped us in diversifying into specialized product for automobile industry. We started our supply of extruded products to Maruti Udyog Limited in 1989-90 after this agreement. This agreement helps us in upgrading

our technological capabilities. We also have an Automotive Parts Licensing agreement with Nissen Chemitec Corporation, Japan dated 12/07.2007 for an initial period of three years. Nissen would provide us new product technology in order to manufacture and deliver products in connection with automotive interior parts and related products to Honda SIEL Cars India Limited of India and its affiliated companies. For details of the agreements please refer to sub-section titled “Other Agreements” on page 93 of this Prospectus.

### **Our Designing and Development Capabilities**

We have a team of qualified and experienced professionals along with a centralized design & development center at B-206A, Sector-81, Phase-II, Noida, UP, where our engineers are trained to keep our team abreast of the latest global technology and developments in this arena. This provides us the ability to add value to the designs or design ideas proposed by the customers to us. Our design & development team develops the products in a very short lead-time which helps us in building stronger relationship with our customers which further strengthens our competitive position vis-à-vis the competitors.

### **Our Quality**

Our Company is focused on quality. In our industry one gets repeat orders only if the previous orders have passed the minimum quality standard. We have been awarded for our quality many times. We have been awarded zero PPM award for achieving zero defect supplies Toyota Kirloskar Motors Pvt. Limited for the year 2006.

Various regulatory organizations have certified different units of our Company for quality, durability and creditworthiness, details of which are as follows:

For our Unit situated at 54-56, Okhla Industrial Estate, Phase – III, New Delhi:

| <b>S.no.</b> | <b>Particular</b>                                                                                                                                                | <b>Issued on</b> | <b>Expires on</b> |
|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-------------------|
| 1            | FM52925 certifying the compliance with the requirement of BSEN ISO 9001:2000 by BSI (British Standards Institution, London) for Quality management system        | 10-12-2003       | N.A.              |
| 2            | EMS505622 for certifying the compliance with the requirements of ISO 14001:2004 for BSI(British Standards Institution, London) for Environment management system | 28-07-2006       | N.A.              |

For our Units situated at

1. 161, Okhla Industrial Estate, Phase – III, New Delhi
2. 70, Okhla Industrial Estate, Phase – III, New Delhi
3. B-45, Phase-II, Noida, U.P.
4. B-206A, Sector-81, Phase-II, Noida, U.P

| <b>S.no.</b> | <b>Particular</b>                                                                                                                                | <b>Issued on</b> | <b>Expires on</b> |
|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-------------------|
| 1            | Vide certificate no. 1210416320 for ISO 14001:2004 for Environment Management System by TUV Management Service, Germany                          | 31-10-2005       | 17-08-2008        |
| 2            | Vide certificate no. 1211616320 by TUV Management Service, Germany, OHSAS 18001:1999 for Occupational Health and Safety Management Specification | 07-11-2005       | 18-07-2008        |
| 3            | Vide certificate no. 96705c/I by AIB – Vincotte International Limited, Belgium, for ISO/TS 16949:2002 for Quality management System              | 13-02-2006       | 12-02-2009        |

Our focus on quality has helped us in getting repeat orders from our client as well as in adding new clients

## **Our Management and Key Managerial Personnel**

Our Company is a quality conscious company in the Automobile Component and White Goods industries. This has been possible due to the vision as well as competency of our management headed by our Chairman Mr. Devendra Chandra Jain. He has more than four decades of experience in the Automobile Component and White Goods industries. He has been ably supported by our Promoter Group and co-founders, which include our Vice Chairman Mr. Sharat Chand Jain and our Managing Director Mr. Ajay Kumar Jain. The top management has led our company to the pioneer's position in the field of extruded profiles and door sealing system for Indian Automobile and White goods Industry. Our management has been instrumental in retaining and recruiting key managerial personnel who have helped in achieving various milestones. Our experienced management focus has helped us in building reputation with various buyers, which has helped in increasing our supplies to them.

## **Our relationship with our customers:**

We are OEM suppliers to Maruti Udyog Limited, Honda SIEL, General Motors and Toyota Kirloskar for automobile products and Godrej, Voltas, Videocon and Carrier Refrigerators for refrigeration product. In the white goods industry, we supply customized profiles to Godrej, Voltas, Videocon and Carrier Refrigerators. We have been able to maintain and increase our relation with our clients. Our relation with our clients has helped us in not only getting repeated orders from them but also larger orders from them.

## **OUR STRATEGY**

Our vision is to become one of the top companies in the Indian automobile component industry with regards to having world class infrastructure as well as quality of output. We plan to execute our vision through the following steps:

### **Increasing our product portfolio**

Currently we derive more than 90% of our revenue from automobile division. Our product range includes Weather Strips, Trim Door Opening, Windshield Molding, Roof Molding, Quarter Window Seal, A-Pillar Garnish, B-Pillar Garnish, Skirt Air Damper, Body Side Molding etc for automobile industry. We intend to add new products for automobile division.

We also intend to manufacture new generation electrical outlet system products for which we have already entered into an agreement with Power Data Corporation Pty Ltd, Australia. We intend to develop, manufacture and market new PVC products having various applications.

### **Increasing the manufacturing capacity**

We have been adding capacity and utilizing the enhance capacity. Our capacity for fiscal 2005, 2006 and 2007 has been 47,50,000 kgs. Our capacity utilisation for fiscal 2005, 2006 and 2007 has been 61.77%, 65.18%, and 82.75%, respectively. After the expansion our capacity will increase from current 47,50,000 kgs to 91,47,500 kgs. We intend to increase our capacity to meet the demand of our customers efficiently.

### **Continue to focus automobile segment.**

Maruti Udyog, Toyota Kirloskar, Honda SIEL and General Motors are some of our clients. We have established quality standards based on which we get repeat orders. Given the growth of the Indian automobile market, various automobile manufacturers are setting up their manufacturing units in India. Various existing players are increasing their capacity or have plans to do so or are in process of setting up or have set up their automobile units in India. We intend to explore possibility of supplying to new entrants as well as adding new clients from existing manufacturers and our clients for their new products.

### **Continue to focus on development efforts**

We currently have a design division which is responsible for developing products and tool designs and special purpose machines for in house development. Our design department uses various software like Unigraphics, CATIA, Autocad etc. for developmental purposes.

Research and development shall continue to be one of our top priorities in the future. We are setting capability development/ research & development at B-206 A Noida by investing about Rs. 575.91 Lacs from the proceeds of the issue. Currently our focus on component design is for purposes of manufacturing as per client specifications. In future we intend to design the product ourselves and supply the same to customers and continue our focus on developing new products.

### **Increasing our export**

Currently, export income contributes less than 4% of our total income. We intend to increase our export income in future. With this objective, we have entered into a manufacturing agreement with Power Data Corporation Pty Ltd, Australia who will be marketing these products to various parts of the world.

### **Our Operations**

Our Company has five manufacturing units, four for PVC profiles for the Auto Industries and one for PVC Profiles for Refrigeration, Electrical & the Auto Industries. All our units are located in the NCR of Delhi at following location:

1. 54-56 Okhla Industrial Estate, Phase III, New Delhi
2. 161 , Okhla Industrial Estate, Phase III, New Delhi
3. 70, Okhla Industrial Estate, Phase III, New Delhi
4. B-45, Phase –II, Noida, Uttar Pradesh
5. B-206 A, Sector -81, Phase –II, Noida, Uttar Pradesh

### **Our Agreement for Technical Collaboration**

We have a technical agreement with the Tokai Kogyo Co. Ltd, Japan, one of the manufacturers of specialized profiles and extrusions for automobile industry. We entered into agreement with Tokai Kogyo Co. Ltd in the year 1989. This agreement helped us in diversifying us to specialized product for automobile industry. Tokai Kogyo Co. Ltd, was incorporated on 31<sup>st</sup> March, 1947 in Aichi, Japan. It has a paid up share capital of ¥ 301 million in 2005 (¥ 150,000 - establishment) and a turnover of \$942 million for the fiscal year 2007.

For details of this agreement please refer to Section “Our History & Certain Corporate Matters” on page 90 of this Prospectus.

### **Our Products**

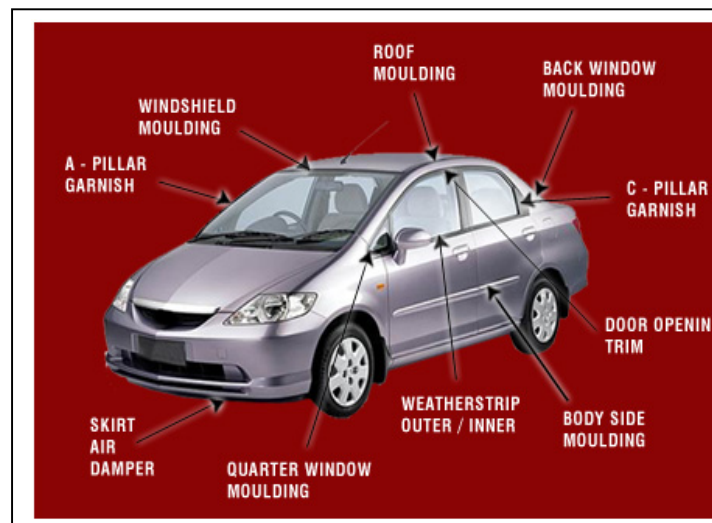
We manufacture Automotive Sealing Systems and Customized profiles used in Refrigeration and other White good Industry.

#### **Our product line consists of following:**

##### **1. Four Wheeler Automotive Sealing Systems include:**

- Weather Strips,
- Trim Door Opening,
- Windshield Molding,
- Roof Molding,
- Quarter Window Seal,
- A-Pillar Garnish
- C-Pillar Garnish.

##### **2. Exterior Products which are used in Automobiles**



**include:**

- Skirt Air Damper and
- Body-side Molding.

**3. Injection Moulded Products which includes incabin products and underhood products.**

**4. Customized Profiles include:**

- **Refrigeration Profiles:** These profiles are being supplied to various industries in Refrigeration and Electrical segments.
- **Building Industry and other Profiles :** These are customized profiles which are being used in Doors, Windows, Partitions, Panelling, Ceiling, Portable Houses, Kitchen Cabinets & various other items

#### **Our Customers**

Our top five customers for the auto components customers for the fiscal 2007 are Maruti Udyog Ltd., Honda SIEL Car India Ltd., Krishna Maruti Limited, Toyota Kirloskar Motor Pvt. Ltd. and TS Tech Sun (India) Limited.

We have supplied our products to the following customers:

##### **i. Auto Sealing Customers**

The Passenger Vehicle Customer includes Maruti Udyog Ltd., Honda SIEL, Toyota Kirloskar, General Motors, Lumax Automotive Systems Ltd., TS Tech Sun, Eagle Automobiles, Honda Motorcycle & Scooter India Pvt. Ltd., Polar Auto & Engg. India Pvt. Ltd., Araco Automotive India Pvt. Ltd., Sharda Motor Industries Ltd.

##### **ii. Customized Profiles Customers**

Customized Profiles customer list includes Godrej Appliances Ltd., Videocon, Voltas Ltd., Carrier Refrigeration Pvt. Ltd., etc. in the Domestic Market and Blenkin Products Ltd., Dominator, Supra Industrial, Construction Specialities etc. in the Export Market.

#### **Production planning and raw material procurement.**

**For Automobile Division:** Our Company gets the tentative production schedule of cars from our customers. A confirmed order is given by our customers one week in advance along with delivery schedule. Thus our production planning is dependent on the production planning of our customers.

**For Customized Profiles Division:** Our major raw materials, viz., PVC, Steel Strips and Adhesives are easily available in the domestic market as well as easily importable from other countries. Based on the production schedule of our customers we draw our plan for procurement of raw materials.

#### **Manufacturing Process of Automobile Division**

We follow two different processes, viz. Extrusion and Injection Molding, for manufacturing our products. Details of these processes are as follows:

##### **A. Process Note of Extrusion**

Extrusion is a process of making a specific profile by passing raw materials through a pre defined die.

Our company's core competence is in extrusion technology. Every part manufactured by our Company has a pre defined technique. Our company ensures that all the products conform to customer specifications.

The parts are manufactured using engineering plastics like PVC, PP and TPO. Many of the parts manufactured also use either Stainless or Cold Rolled Steel strips along with various special adhesives.

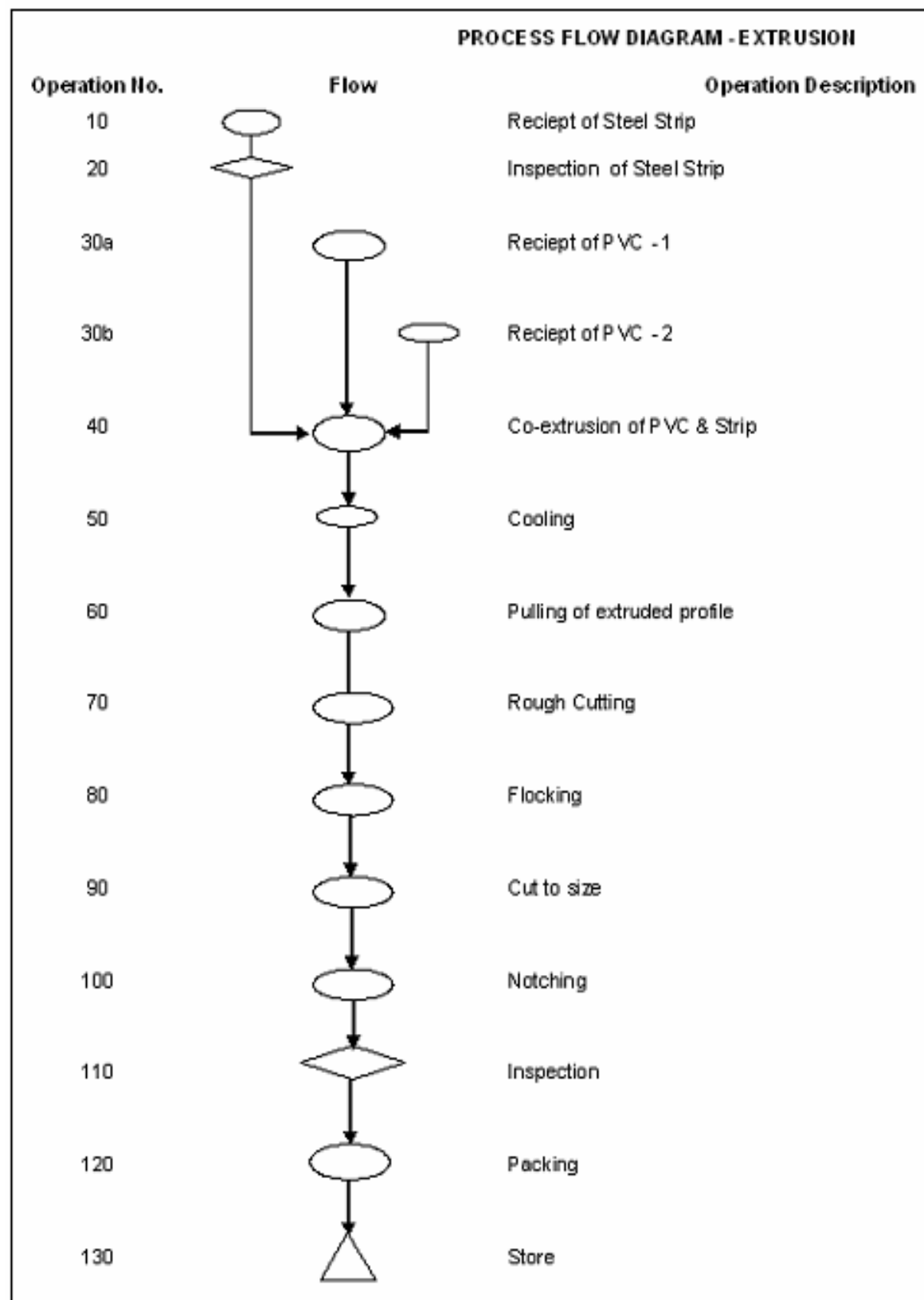
The manufacturing process starts with inspection of the raw material received from suppliers. The incoming inspection department checks compliance of specifications of every lot received from suppliers. Next, the raw material is sent for storage and is then issued to the production department for manufacturing the products. The steel strip received is cleaned and adhesive is applied to this strip.

Next it is slowly passed through a roll forming machine which gives the flat strip a specific profile. The engineering plastic is melted and then coated on this formed steel strip to make a complete part. This part is then coated with nylon piles to ensure smooth movement of the glass assembly.

After this process, the part is ready to be customized according to the customer's requirements. The part is cut to required length, notched; child parts assembled and are inspected before being dispatched to the customer.

PPAP through its extensive quality control gates ensures only the right parts are produced and dispatched to the customer.





## **B. Process Note of Injection Molding**

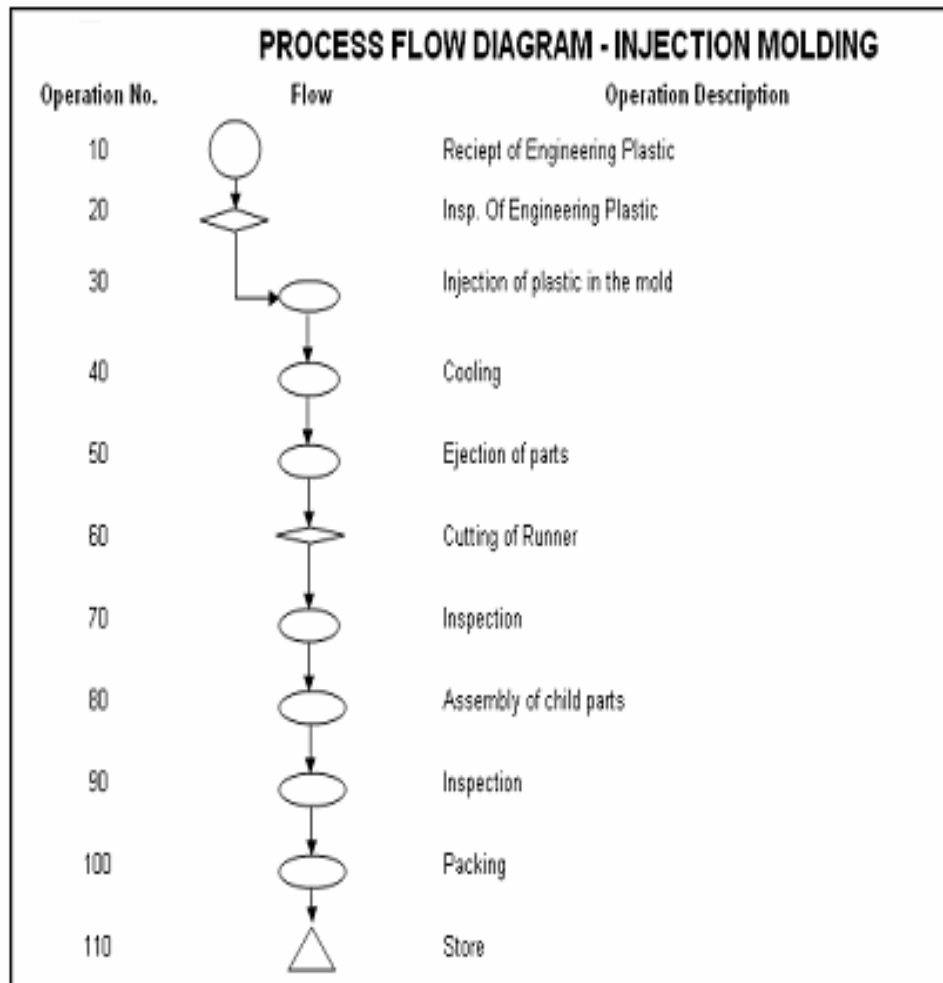
Injection molding is a manufacturing process for forming objects by heating the engineering plastic to a molten state and injecting it into a closed mold.

Our company extends its core competence to gas assisted injection molding technology. The parts are manufactured using engineering plastics like Polyvinyl Chloride (PVC), Poly Propylene (PP), Thermo Plastic Olefin (TPO), Acrylonitrile Ethylene Styrene (AES), Polyoxymethylenes (POM), Polybutylene terephthalate (PBT) and Acrylonitrile Butadiene Styrene (ABS). Many of the parts use Nitrogen gas along with the engineering plastic.

The manufacturing process starts with inspection of the raw materials received from suppliers. The incoming inspection department checks compliance of specifications of every lot received from suppliers.

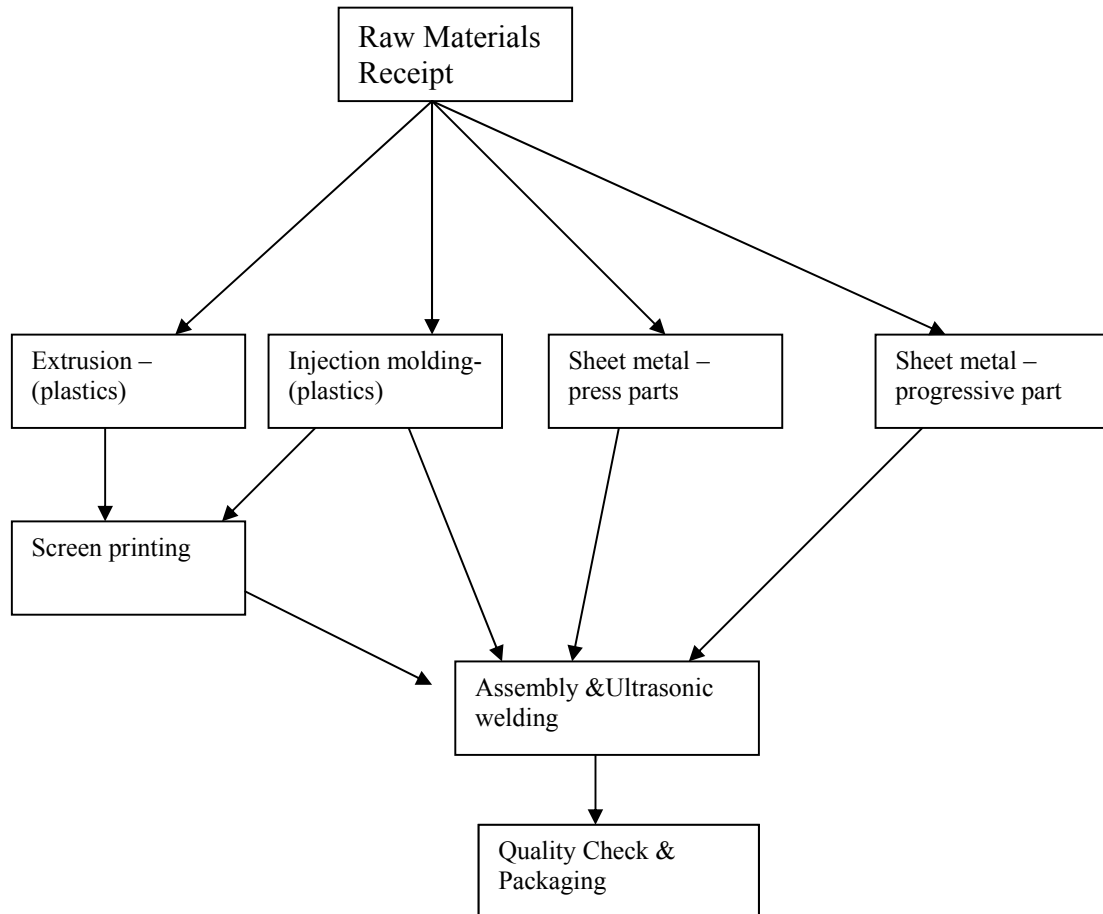
Next, the raw material is sent for storage and is then issued to the production department for manufacturing the products. The raw material is dried and melted. This molten raw material is then fed to the closed mold placed inside the injection molding machine. The material is then dried inside the mold. This results in material forming into the specific shape of the injection mold or tool.

The formed part is then ejected and the runner is separated from the main part. The part is then checked for compliance with customer requirements. After it is approved, child parts are assembled to it and final inspection is done. After assembly, the part is packed and sent for storage. PPAP through its extensive quality control gates ensures only the right parts are produced and dispatched to the customer.



**Manufacturing process for proposed product “Electrical Outlet System”**

## Manufacturing Chart



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## Manufacturing Process

Various raw materials required in the production of Electrical outlet system includes PVC, Polycarbonate, Nylon, Polypropylene, Brass, Phosphorus bronze and Copper Conductor; which are sourced majorly from the domestic market.

The production of PDC products, require use of both, the extrusion method as well as injection molding.

Extrusion process is used for the production of base and the front cover and injection molding is used for production of various parts like ack plates, front cover, flush cap, end cap back plates, end cap covers, cable clamp, internal corner back plates, internal corner covers, retaining pins, external corner back plates, external corner covers, key guide; body, front cover, active contact support, neutral contact support, support ring, Housings, insert molded key, contact divider, conductor cover, spool, clip shutter etc.

Sheet metal – press part is used for producing square nut, active folded post, neutral folded post, earth folded post, post inserts, switched active contact, active contact, neutral contact, earth contact. Sheet metal – progressive part is used for producing copper conductor. After the progressive operation, it is also bent in U shape.

Screen Printing is done on key guide to give color patterns or designs patterns on different parts. Ultrasonic welding is an industrial technique whereby high-frequency ultrasonic acoustic vibrations are used to weld objects together, usually plastics, and especially for joining dissimilar materials and used for joining various parts. Various parts are assembled and packed to be dispatched after the quality check.

#### **Plant and Machinery:**

Our critical plant and machinery include Injection Molding Machines, Extruder Lines, Flocking Machines, Injection Molds etc.

For details of plant machinery required for proposed expansion, please refer to section titled “Objects of the Issue” on page 26 of this Prospectus.

### **INFRASTRUCTURE**

#### **Raw materials**

The major raw materials required for making profiles are Polypropylene (PP), PVC (polyvinyl-chloride) Compound, PVC Resin, Thermo Plastic Olefin (TPO) and Steel Strips. Apart from these, others are Adhesives tapes, chemicals and other accessories. These raw materials are procured both from indigenous and imported markets and are available in adequate quantities.

#### **Utilities**

##### **a) Power**

The power requirement for our existing plants is 70 Lakhs units (approx) annually, which is fully sanctioned and operational.

Unit wise details of the sanctioned load as well as captive power generation are as follows:

#### **Unit Sanctioned load Captive generation**

**1. 54-56 Okhla Industrial Estate, Phase III, New Delhi:** This factory has average consumption of 10,00,00 units of power annually and sanctioned power connection is 500 KVA. The factory block has one 250 KVA and one 110 KVA Generator as standby power.

**2. 161, Okhla Industrial Estate, Phase III, New Delhi:** This factory has average consumption of 2,40,000 units of power annually and sanctioned power connection is 183.52 KVA. The factory block has a 250 KVA Generator as standby power.

**3. 70, Okhla Industrial Estate, Phase III New Delhi:** This unit has average consumption of 2,20,000 units of power annually and sanctioned power connection is 92.32 KVA. The factory block has two 125 KVA Generators as standby power.

**4. B-45, Phase II, Noida, UP :** This factory has average consumption of 11,00,000 units of power annually and sanctioned power connection is 500 KVA. The factory block has two generators of 500 and 250 KVA respectively as standby power.

**5. B-206A, Sector – 81, Phase II, Noida, UP:** This factory has average consumption of 15,50,000 units of power annually and sanctioned power connection is 800 KVA. The factory block has two 500 KVA and one 250 KVA Generator as standby power.

## **b) Water**

Our Company is in the manufacturing of Automobile and refrigerators and other Customised PVC Profiles. As per the process, water is required in the process of injection molding and surface treatment mainly for the cooling of machines as well as for domestic purposes.

The required water is drawn from Company owned bore wells for all our manufacturing units and for some specific machines, raw water is further treated through a de-mineralisation plant.

The total requirement for the manufacturing processes as well as domestic use is fully met from Company owned bore wells. Water is available in abundance because of these bore wells. There is no dependence on any outside agency or Govt. supply.

## **c) Environmental / Quality aspects**

Our Unit I is ISO 9001 and 14001 certified from B.S.I Management System, London and all other units are QS ISO 14001 certificate holders from TUV Management Service GmbH, TS 16949 Certificate holders from AIB – Vinocotte, Belgium & OHSAS 18001 from TUV Management Services GmbH. Our operations do not generate effluents. The Proposed units also would not generate any effluents. Appropriate equipments would be installed for the plant as per the requirements of the Pollution Control Board to check pollution. We do not envisage any difficulty in meeting the required parameters to maintain a healthy environment.

## **CAPACITY AND CAPACITY UTILISATION AND PROPOSED CAPACITY UTILISATION**

| Units produce capacity ( Kg. ) | 31st March, 2007         |                         |               | 31st March, 2006         |                         |               | 31st March, 2005           |                         |               |
|--------------------------------|--------------------------|-------------------------|---------------|--------------------------|-------------------------|---------------|----------------------------|-------------------------|---------------|
|                                | Installed Capacity (Kg.) | Actual Production (Kg.) | % Utilization | Installed Capacity (Kg.) | Actual Production (Kg.) | % Utilization | Installed Capacity ( Kg. ) | Actual Production (Kg.) | % Utilization |
| Total                          | 4750000.00               | 3930522.61              | 82.75         | 4750000.00               | 3096070.37              | 65.18         | 4750000.00                 | 2933989.14              | 61.77         |

## **Approach to marketing and proposed marketing set up**

At present, we supply our products directly to our customers. We intend to keep our marketing strategy similar to the one followed presently.

## **Technology**

For automobile products we have entered into a technical agreement with Tokai Kogyo, Co. Ltd., Japan, which has been providing technical support to us. For details of this agreement please refer to the sub-section titled “Other Agreements” on page 93 of this Prospectus.

We have also entered into a manufacturing agreement with Power Data Corporation Pty Ltd. (PDC), Australia who are supplying us know how for manufacturing “Electrical Outlet System” products. For details of this agreement please refer to section titled “Our History & Certain Corporate Matters” on page 90 of this Prospectus.

## **Export Possibility and export obligation**

We do not have any export obligation. Our Company has entered into an agreement with Power Data Corporation Pty Ltd, Australia under which we will be exporting “Electrical Outlet System” to them. .

## **Manpower**

Our Company has employee strength of 834 employees as on September 30, 2007. Apart from employees on our own pay roll, we also engage labour on contract basis for doing non-routine type of work as and when required. The details of manpower employed by us are as follows:

| S. No.       | Division           | Number of Employees |
|--------------|--------------------|---------------------|
| 1            | Managerial Staff   | 71                  |
| 2            | Supervisors        | 166                 |
| 3            | Clerical Staff     | 31                  |
| 4            | Head office staff  | 19                  |
| 5            | Workers            | 377                 |
| 6            | Contractual labour | 170                 |
| <b>Total</b> |                    | <b>834</b>          |

#### Disclosures regarding the Employee Stock Option Scheme

There is no Employee Stock Option Scheme as on date in our Company.

#### Property:

##### Leased property

| S.no | Name of parties                                                                                       | Address                                              | Area (Sq.Mt) | Date of Agreement                            | Use of property                                     |
|------|-------------------------------------------------------------------------------------------------------|------------------------------------------------------|--------------|----------------------------------------------|-----------------------------------------------------|
| 1    | Delhi Administration (Directorate of Industries) and Precision Pipes and Profiles Company Limited     | 54, Okhla Industrial Estate, Phase III, New Delhi    | 525.28       | 17.11.1983<br>Term of Lease: Perpetual Lease | Factory Premises                                    |
| 2    | Delhi Administration (Directorate of Industries) and Precision Pipes and Profiles Company Limited     | 56, Okhla Industrial Estate, Phase III, New Delhi    | 525.28       | 17.11.1983<br>Term of Lease: Perpetual Lease | Factory Premises                                    |
| 3    | New Okhla Industrial Development Authority ("NOIDA") and Precision Pipes and Profiles Company Limited | B – 45, Phase II, Noida, UP                          | 1,995        | 04.06.1992<br>Term of Lease: 90 Years        | Factory Premises                                    |
| 4    | New Okhla Industrial Development Authority ("NOIDA") and Precision Pipes and Profiles Company Limited | B – 206 A, Sector 81, Phase II, Noida, UP            | 11,400       | 11.07.2001<br>Term of Lease: 90 Years        | Factory Premises                                    |
| 5    | UP State Industrial Development Corporation Ltd. and Precision Pipes and Profiles Company Limited     | B – 4, Surajpur Industrial Area V, Greater Noida, UP | 17,266       | 11.09.2006<br>Term of Lease: 90 Years        | To be used as factory premises for proposed project |

##### Rented Properties

| S.no. | Name of Parties | Address | Area (Sq.Mt) | Consideration | Agreement Valid up to | USE |
|-------|-----------------|---------|--------------|---------------|-----------------------|-----|
|-------|-----------------|---------|--------------|---------------|-----------------------|-----|

|   |                                                                                                                                                  |                                                       |         |                        |                              |                                      |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|---------|------------------------|------------------------------|--------------------------------------|
| 1 | Seiki Auto (India) Pvt. Ltd. & Precision Pipes and Profiles Company Limited                                                                      | B-II/29, Mohan Co-Operative Industrial Estate, Delhi  | 1493.25 | Rent @ 1.50 Lacs/ P.M. | 31st March, 2008             | Factory Premise (Under Construction) |
| 2 | Ajay Industrial Corporation and Precision Pipes and Profiles Company Limited                                                                     | 161, Okhla Industrial Estate, Phase III, New Delhi    | 656.535 | Rent @ 2.50 Lacs/P.M.  | 31st March, 2008             | Factory Premise                      |
| 3 | Mrs. Bina Jain, Mrs. Asha Jain, Mrs. Vinay Kumari Jain and Precision Pipes and Profiles Company Limited                                          | 13th Floor, Dr. Gopal Das Bhawan, 28, Barakhamba Road | 85.0035 | Rent @0.45 Lacs/P.M.   | 31st March, 2008             | Corporate Office                     |
| 4 | Progressive Equipment Pvt. Ltd (presently amalgamated with Ajay Industrial Corporation Pvt Ltd) and Precision Pipes and Profiles Company Limited | 70, Okhla Industrial Estate, Phase III, New Delhi     | 403.90  | Rent @1.50 Lacs/P.M.   | 31 <sup>st</sup> March, 2008 | Factory Premises                     |

#### Registered Office

Our Registered Office is located at an ancestral property which is situated at 4561, Deputy Ganj, Sadar Bazar, Delhi-110 006.



## Indebtedness

We have entered into the following credit and external commercial borrowings agreements with ICICI Bank:

### (i) Term Loan

ICICI Bank Ltd., New Delhi vide their letter no. ICBK/DLY/SEG/TRAN1/2004-05 dated 24<sup>th</sup> March 2005 and ICBK/DLY/SEG/2005-06 dated 24<sup>th</sup> November 2005 has provided credit arrangement. The same has been renewed on 23<sup>rd</sup> July 2007, details of which are as follows:

|                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Nature of Facility</b>                                              | Rs. 1165 lacs. (Rs. 500 lacs as cash credit + 200 lacs as letter of credit) + Rs. 465 lacs as term loan (apart from above a limit of Rs. 456 lacs has been sanctioned as derivative limit to hedge foreign currency risk. The derivative limit is unsecured).                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Rate of Interest</b>                                                | 9 % p.a. linked to IBAR                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Period</b>                                                          | 3 Years.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Repayment</b>                                                       | Principal amount of each tranche is to be repaid in 36 equal installments, starting from 31 <sup>st</sup> January, 2006.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Security</b>                                                        | <p>First pari passu charge by way of hypothecation of the Plant and Machinery acquired/to be acquired out of the proceeds of the proposed term loan.</p> <p>First pari passu charge on company entire stocks of raw materials, semi-finished and finished goods, consumable stores &amp; spares &amp; such other moveables including book-debts bill O/S money's receivables both present and future.</p> <p>First pari passu charge by way of Equitable Mortgage of Factory Land &amp; Building at B-206A, Sector –81, Phase-II, Noida. (U.P.)</p> <p>First pari passu charge over the Plant &amp; Machinery located at B-206A, Sector –81, Phase-II, Noida. (U.P.).</p> |
| <b>Special Conditions</b>                                              | <p>Company shall not undertake any new projects or expansions without the prior approval of ICICI Bank</p> <p>The Company shall not issue any corporate guarantee on behalf of its group companies without the prior approval of ICICI Bank</p>                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Guarantor</b>                                                       | Personal Guarantee of Sh. D.C. Jain, Sh. S.C. Jain & Sh. A.K. Jain.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Amount of loan outstanding as on 30<sup>th</sup> September 2007</b> | Rs.187.3 lacs (Approx)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

### (ii) Term Loan

ICICI Bank Ltd., New Delhi vide their letter No: CAL N200081 dated 10<sup>th</sup> October, 2006 has provided Term Loan facilities of Rs. 200 lacs details of which are as follows:

|                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Nature of Facility</b>                                           | Term loan of Rs. 200 lacs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Rate of Interest</b>                                             | 10.50% p.a. linked to IBAR                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Period</b>                                                       | 5 years.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Repayment</b>                                                    | Moratorium of 9 months from September 2006 to May 2007. 58 monthly installments of Rs. 3,44,445 and last installment of Rs. 22,222.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Security</b>                                                     | <p>First pari passu charge by way of hypothecation on Company's entire stocks of raw materials, semi-finished and finished goods, consumable stores &amp; spares &amp; such other moveables including book-debts bill O/S money's receivables, both present and future.</p> <p>First pari passu charge over the Plant &amp; Machinery located at B-206A, Sector -81, Phase-II, Noida. (U.P.).</p> <p>First pari passu charge by way of equitable mortgage of proposed Land and building at B-4, Surajpur Industrial Area, Greater Noida (U.P.)</p> <p>First pari passu Charge by way of equitable mortgage of factory Land and building at B-206A, Sector-81, Phase -II, Noida (U.P.)</p> <p>First pari passu Charge over the factory land and building at B-45, Phase -II, Noida (U.P.)</p> |
| <b>Special Conditions</b>                                           | Value of land and building should not be less than Rs. 120 million                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Guarantor</b>                                                    | Personal Guarantee of Sh. D.C. Jain, Sh. S.C. Jain and Sh. A.K. Jain.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Amount of loan outstanding as 30<sup>th</sup> September 2007</b> | Rs. 186.2 lacs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

### (iii) External Commercial Borrowings (ECB)

ICICI Bank Ltd., New Delhi vide their letter No: CAL703298 dated 26<sup>th</sup> September, 2006 has provided Term Loan facilities of US\$ 15.3 lacs (equivalent to INR 700 lacs), details of which are as follows:

|                           |                                                                                                                                                                                              |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Nature of Facility</b> | External Commercial Borrowings of US \$ 15.3 lacs (US \$ 5.3 lacs (INR 237.4 lacs) realized on 2 <sup>nd</sup> November 2006. The remaining amount of US\$ 10 lacs is still to be received.) |
| <b>Rate of Interest</b>   | 6 months LIBOR + 1.25 p.a.                                                                                                                                                                   |
| <b>Period</b>             | 5 years                                                                                                                                                                                      |
| <b>Repayment</b>          | Principal amount of each tranche is to be repaid in 9 equal semi annual installments starting from end of 12 months from the average draw down date.                                         |

|                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Security</b>                                                     | <p>Second charge by way of hypothecation of the company's entire stocks of raw materials, semi-finished and finished goods, consumable stores &amp; spares &amp; such other moveables including book-debts bill O/S money's receivables.</p> <p>First pari passu charge by way of equitable mortgage over the Plant &amp; machinery located at B-206A, Sector –81, Phase-II, Noida. (U.P.).</p> <p>First pari passu charge by way of equitable mortgage of proposed Land and building at B-4, Surajpur Industrial Area, Greater Noida (U.P.)</p> <p>First pari passu Charge by way of equitable mortgage of factory Land and building at B-206A, Sector-81, Phase –II, Noida (U.P.)</p> <p>Equitable mortgage of factory Land and building at B-45, Phase –II, Noida (U.P.)</p> |
| <b>Special Conditions</b>                                           | Value of land and building should not be less than Rs. 120 million                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Guarantor</b>                                                    | Personal Guarantee of Sh. D.C. Jain, Sh. S.C. Jain & Sh. A.K. Jain.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Amount of loan outstanding as 30<sup>th</sup> September 2007</b> | Rs. 237.4 lacs (Approx)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

**(iv) Term Loan**

ICICI Bank Ltd., New Delhi vide their letter No: CAL N201114 dated 27<sup>th</sup> February, 2007 has provided Term Loan facilities of Rs. 1600 lacs details of which are as follows:

|                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Nature of Facility</b> | Term Loan of Rs. 1600 lacs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Rate of Interest</b>   | 12.00% p.a. linked to IBAR.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Period</b>             | 3 years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Drawal</b>             | The term loan shall be disbursed after the success of the IPO/ infusion of capital of Rs. 7500 lacs in the Company. The last date of drawal for term loan is 31 <sup>st</sup> December 2007.                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Security</b>           | <p>First pari passu charge by way of hypothecation on Company's entire stocks of raw materials, semi-finished and finished goods, consumable stores &amp; spares &amp; such other movables including book-debts bill O/S money's receivables.</p> <p>First pari passu charge by way of equitable mortgage of proposed Land and building at B-4, Surajpur Industrial Area, Greater Noida (U.P.)</p> <p>First pari passu Charge by way of equitable mortgage of factory Land and building at B-206A, Sector-81, Phase –II, Noida (U.P.)</p> <p>First pari passu Charge by way of equitable mortgage of factory land and building at B-45, Phase –II, Noida (U.P.)</p> |

|                           |                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                           | First charge on Assets purchased out of the Term Loan.                                                                                                                                                                                                                                                                                                                                            |
| <b>Special Conditions</b> | <p>The Company shall maintain an asset cover of 1.50 times at all times during the currency of the term loan.</p> <p>The company shall not invest/lend/extend advances to group or subsidiaries companies without prior approval of ICICI Bank.</p> <p>The company shall not issue corporate guarantee on behalf of its group or subsidiaries companies without prior approval of ICICI Bank.</p> |
| <b>Guarantor</b>          | Personal Guarantee of Sh. D.C. Jain, Sh. S.C. Jain & Sh. A.K. Jain.                                                                                                                                                                                                                                                                                                                               |

#### Insurance:

Our Company has taken out various insurance policies in respect of our business, our assets such as our stocks, machinery, buildings, furniture and vehicles for our different offices and factory locations. The various insurance policies obtained by us are in the usual course of our business and are currently valid and in full force. Details of the policies are as under:

| S. No                                                     | Type of Insurance Policy                    | Policy No.           | Sum Insured.<br>(Rs. in Lacs) | Period Upto                |
|-----------------------------------------------------------|---------------------------------------------|----------------------|-------------------------------|----------------------------|
| <b>Factory related Insurance Policies</b>                 |                                             |                      |                               |                            |
| <b>54-56 Okhla Industrial Estate, Phase III New Delhi</b> |                                             |                      |                               |                            |
| <b>Unit I</b>                                             |                                             |                      |                               |                            |
| 1                                                         | Standard Fire & Special Perils              | 213400/11/2007/253   | 297.00                        | 16 <sup>th</sup> Feb, 2008 |
| 2                                                         | Burglary First Loss Policy - Stock In Trade | 215400/48/2007/2564  | 100.00                        | 16 <sup>th</sup> Feb, 2008 |
| 3                                                         | Burglary Standard Policy                    | 215400/48/2007/2565  | 30.00                         | 16 <sup>th</sup> Feb, 2008 |
| <b>161, Okhla Industrial Estate, Phase III, New Delhi</b> |                                             |                      |                               |                            |
| <b>Unit II</b>                                            |                                             |                      |                               |                            |
| 1                                                         | Standard Fire & Special Perils              | 215400/11/2007/258   | 178.00                        | 16 <sup>th</sup> Feb, 2008 |
| 2                                                         | Burglary First Loss Policy - Stock In Trade | 215400/48/2007/2583  | 80.00                         | 16 <sup>th</sup> Feb, 2008 |
| 3                                                         | Burglary Standard Policy                    | 215400/48/2007/2582  | 65.00                         | 16 <sup>th</sup> Feb, 2008 |
| <b>70, Okhla Industrial Estate, Phase III New Delhi</b>   |                                             |                      |                               |                            |
| <b>Unit III</b>                                           |                                             |                      |                               |                            |
| 1                                                         | Standard Fire & Special Perils              | 1001/52761554/00/000 | 202.95                        | 17 <sup>th</sup> Oct, 2008 |
| 2                                                         | Burglary First Loss Policy                  | 4002/0025532         | 80.00                         | 17 <sup>th</sup> Oct, 2008 |
| 3                                                         | Burglary Policy                             | 4002/0025601         | 19.00                         | 17 <sup>th</sup> Oct, 2008 |
| <b>Unit IV B-45, Phase II, Noida</b>                      |                                             |                      |                               |                            |
| 1                                                         | Standard Fire & Special Perils              | 215400/11/2008/127   | 1352.00                       | 28 <sup>th</sup> Aug, 2008 |
| 2                                                         | Burglary First Loss Policy                  | 215400/48/2008/1120  | 200.00                        | 28 <sup>th</sup> Aug, 2008 |
| 3                                                         | Burglary Standard Policy                    | 215400/48/2008/1122  | 33.00                         | 28 <sup>th</sup> Aug, 2008 |
| <b>Unit V B-206A, Sector-81, Phase II, Noida</b>          |                                             |                      |                               |                            |
| 1                                                         | Standard Fire & Special Perils              | 215400/11/2008/128   | 2407.00                       | 26 <sup>th</sup> Aug, 2008 |
| 2                                                         | Burglary First Loss Policy                  | 215400/48/2008/1124  | 300.00                        | 26 <sup>th</sup> Aug, 2008 |
| 3                                                         | Burglary Standard Policy                    | 215400/48/2008/1123  | 84.00                         | 26 <sup>th</sup> Aug, 2008 |
| <b>Corporate office</b>                                   |                                             |                      |                               |                            |
| 1                                                         | Fire & Earthquake insurance                 | FM00043235000100     | 7.00                          | 4th June, 2008             |

**Registered  
address**

|   |                                |                            |       |                           |
|---|--------------------------------|----------------------------|-------|---------------------------|
| 1 | Standard Fire & Special Perils | Cover Note No.<br>41164030 | 10.00 | 1 <sup>st</sup> Nov, 2008 |
|---|--------------------------------|----------------------------|-------|---------------------------|

**Vehicle Insurance**

| Vehicle | Sum Insured(Rs. in Lacs) |
|---------|--------------------------|
| 82      | 232.68                   |

#### **KEY INDUSTRY REGULATIONS AND POLICIES**

There are no specific regulations applicable to our Company.

## OUR HISTORY & CERTAIN CORPORATE MATTERS

Our Company was originally incorporated on April 3<sup>rd</sup>, 1978 as a partnership firm by three partners viz. Devendra Chandra Jain (HUF), Ms Asha Jain and Ms Vinay Kumari Jain in the name and style of M/s Precision Pipes and Profiles Company, having office at 4498, Raja Patni Street, Pahari Dhiraj, Sadar Bazar, Delhi, with the intention of carrying out business of manufacturing of profiles and plastic goods and other products.

| Name of Partner             | % share in Profit |
|-----------------------------|-------------------|
| Devendra Chandra Jain (HUF) | 35                |
| Ms Asha Jain                | 35                |
| Vinay Kumari Jain           | 30                |

The address of our Firm was changed from 4498, Raja Patni Street, Pahari Dhiraj, Sadar Bazar, Delhi, to 4561, Deputy Ganj, Sadar Bazar, Delhi, on 11<sup>th</sup> March 1994 vide new partnership deed dated 1<sup>st</sup> March, 1994. Following changes were made in the constitution of our Firm vide this deed:

| Name of Partner             | % share in Profit |
|-----------------------------|-------------------|
| Devendra Chandra Jain (HUF) | 33                |
| Ms Asha Jain                | 34                |
| Vinay Kumari Jain           | 29                |
| Nitin Jain                  | 1                 |
| Anuradha Jain               | 1                 |
| Akhil Jain                  | 1                 |
| Ajay Kumar Jain (HUF)       | 1                 |

Our Firm was converted into a public limited company vide certificate of incorporation dated October 18, 1995 under Part IX, of the Companies Act, 1956 under the name of M/s Precision Pipes and Profiles Company Ltd. Our Company got the certificate of commencement of business from the Registrar of Companies, Delhi & Haryana on November 1, 1995.

Our first manufacturing unit was established in the year 1978 in Mayapuri Industrial Area, Delhi which was shifted to 54-56 Okhla Industrial Estate Phase III, New Delhi in the year 1980. This unit manufactures customized profiles for white goods and construction industries. The present capacity of this unit stands at 7,50,000 kg.

In the year 1989, we entered into a technical collaboration agreement with Tokai Kogyo Company Limited, Japan. Later in the year we established a manufacturing unit with installed capacity of 1,20,000 kg (which presently stands at 3,00,000 kg) at 161, Okhla Industrial Estate, Phase III, New Delhi for the manufacturing of PVC profiles to be used in the automobile industry.

In the year 1992, we established another manufacturing unit at 70, Okhla Industrial Estate, New Delhi for manufacturing of PVC profiles for automobile industries to add further capacity of 30,000 kg (which presently stands at 10,00,000 kg).

In the year 1998, we established our fourth plant at B-45, Phase -II, Noida adding further capacity of 7,00,000 kg. The current capacity of this unit is 15,00,000 kg.

In the year 2004, we established our fifth plant at B-206 A, Sector -81, Phase – II, Noida, with a capacity of 12,00,000 kg..

The current combined capacity of all our units aggregates to 47,50,000 kg.

We were awarded ISO 14001 Certification by TUV, Germany for automobile products. We were awarded ISO 14001 Certification by TUV, Germany for White Goods Industry in the year 2004. Our Company has been awarded SME-I Rating by CRISIL in the year 2006 and it has been renewed in the year 2007. We have also been selected among the top 3 entries in “ICICI Bank presents CNBC TV 18’s Emrging India Awards – Auto Ancillary and Engineering.

#### Major events in the history of our Company since inception

| Year | Event                                                                                                                                                      |
|------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1978 | The Company was incorporated as a Partnership firm in the name of Precision Pipes and Profiles Company.                                                    |
| 1978 | Commencement of manufacturing of specialty profiles for white good industry from Mayapuri Industrial Area, New Delhi.                                      |
| 1980 | Plant Shifted to 54-56, Okhla Industrial Estate, Phase III, New Delhi.                                                                                     |
| 1985 | Commencement of manufacturing of Automotive parts for Maruti Udyog.                                                                                        |
| 1989 | Technical collaboration agreement with Tokai Kogyo Company Limited, Japan                                                                                  |
| 1989 | Establishment of Unit II at 161, Okhla Industrial Estate, New Delhi                                                                                        |
| 1992 | Diversification of Product range, commencement of Weather shield/ Molding belt assembly and windshield Molding production for Maruti Udyog.                |
| 1992 | Establishment of Unit III at 70, Okhla Industrial Estate, New Delhi                                                                                        |
| 1994 | Best Performing Vendor Award for technology group, viz., Plastic Extrusion & Assemblies Category A from Maruti Udyog                                       |
| 1995 | Partnership firm converted into a Public Limited Company under Part IX of the Company Act 1956.                                                            |
| 1995 | Best Performing Vendor Award for technology group, viz., Plastic Extrusion & Assemblies Category A from Maruti Udyog                                       |
| 1996 | Commencement of 4 <sup>th</sup> plant at B-45, Phase -II, Noida.                                                                                           |
| 1996 | Best Performing Vendor Award for technology group, viz., Plastic Extrusion & Assemblies Category A from Maruti Udyog                                       |
| 1997 | Best Performing Vendor Award for technology group, viz., Plastic Extrusion & Assemblies Category A from Maruti Udyog                                       |
| 1999 | Best Performing Vendor Award for technology group, viz., Plastic Extrusion & Assemblies Category A from Maruti Udyog                                       |
| 1999 | Supplier award for outstanding performance in the category of delivery from Honda SIEL Cars India Limited                                                  |
| 2000 | Supplier award for outstanding performance in the category of delivery from Honda SIEL Cars India Limited                                                  |
| 2001 | “Vendor Performance Award” for excellent overall performance from Maruti Udyog Limited                                                                     |
| 2001 | “Silver Award” for quality, cost and delivery in the spare parts category from Honda SIEL Cars India Limited                                               |
| 2002 | ISO 14001 Certification by TUV, Germany                                                                                                                    |
| 2002 | TS 16949: 2002 Certification by AIB Vincotte, Belgium.                                                                                                     |
| 2002 | “Gold Award” for quality, cost and delivery in the spare parts category Honda SIEL Cars India Limited                                                      |
| 2003 | Commissioning of inhouse tool room facility and stretch bending machine                                                                                    |
| 2003 | Award from Krishna Maruti for Delivery Performance.                                                                                                        |
| 2003 | “Silver Award” from Honda SIEL Cars India Limited for achieving second position in the category of delivery                                                |
| 2004 | Supplies started to General Motors India Pvt. Ltd.                                                                                                         |
| 2005 | Manufacturing agreement signed with Power & Data Corporation Pty. Ltd. Sydney, Australia for manufacturing Copper Conductors and other power line products |
| 2005 | Supplies started to Toyota Kirloskar Motor Pvt. Ltd. and commencement of Weather Strip Production in TPO for Maruti Udyog.                                 |



|      |                                                                                                                                                                                |
|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2005 | OHSAS 18001 Certificate from TUV Management Service GmbH.                                                                                                                      |
| 2005 | “Outstanding Overall Excellence Award” from Maruti Udyog Limited for our efforts and superior performance                                                                      |
| 2005 | Manufacturing Agreement with Power and Data Corporation Pty Ltd, Australia                                                                                                     |
| 2006 | ISO 14001 Certification by BSI Management System, London for White Goods Industry.                                                                                             |
| 2006 | Receipt of SME -I CRISIL Rating                                                                                                                                                |
| 2006 | “Commendable Performance Award” from Honda Motorcycle & Scooter India (P) Limited for achieving the quality and delivery target                                                |
| 2006 | Land purchased at B-4, Surajpur Industrial Area –V, Greater Noida for expansion of project.                                                                                    |
| 2006 | Certificates from Toyota Kirloskar Motor Pvt. Ltd for achieving targets in the categories of Cost, Quality and Delivery                                                        |
| 2006 | “Best Quality Supplier Award” as well “Zero PPM Award” in recognition of our outstanding contribution by achieving zero defect supplies from Toyota Kirloskar Motors Pvt. Ltd. |
| 2006 | “Outstanding Overall Excellence Award” in recognition of our efforts and superior performance from Maruti Udyog Limited                                                        |
| 2007 | Renewal of SME-I Rating from CRISIL.                                                                                                                                           |
| 2007 | Selection of Company in the top three list under Emerging India Awards (CNBC) in Auto ancillary and Engineering Sector                                                         |
| 2007 | Award of excellence for Outstanding Overall Performance from Krishna Maruti                                                                                                    |
| 2007 | Automotive Parts Licensing Agreement with Nissen Chemitec Corporation                                                                                                          |

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

The Registered office of our Company has not changed since inception.

#### **Main objects of the Memorandum of Association:**

1. To carry in India or elsewhere the business to manufacture, produce, process, compound, convert, commercialize, design, develop, display, discover, mould, vacuum mould, remould, blow, extrude, reinforce, lubricate, draw, dye, mineral fill, equip, fitting up, fabricate, manipulate, prepare, promote, remodel, service, supervise, supply, import, export, buy, sell, lease, hire, hire purchase, rent, turn to account and to act as agent, broker, concessionaries, consultant, collaborator, consignor, job worker, export house or otherwise to deal in all shapes, sizes, varieties, colours, capacities, modalities, specifications, descriptions & applications of specialised parts, weather strips, trims, gaskets, valves, water stops, channels, building materials, pipes, systems, novelties, substitutes, households, kitchenware, sanitary ware, toys, ropes, gift articles, cutlery, tailoring materials, writing materials, monofilaments, furniture's, baggage's, hardwires, sheets, film, laminations electrically conductive parts, plastic goods, engineering goods, automobile goods, agriculture systems their fittings & facilities, chemical goods, electrical goods facilities used in industries, trade, commerce, utilities, irrigation, refrigeration, automobile, transports, aviation, defence, entertainments, hotels, hospitals, houses, stores, agriculture, packing, electrical & electronics and other allied fields whether made of resins, HDPE, PVC, LDPE, LLDPE, polymers, co-polymers, monomers, elastomers, fortified resins, polystyrene urethane, plastics, reinforced plastics, plastic scrap, rubber, composite materials, both organic and inorganic and other allied materials, both organic and inorganic with or without combinations of other ferrous or non-ferrous materials.
2. To carry in India or elsewhere the business to manufacture, produce, process, treat, assemble, alter, convert, commercialize, roll, reroll, melt, mould, design, develop, fabricate, galvanize, machine, cut, trim, turn to account and to act as agent, broker, stockists, distributor, importer, exporter, trader, buyer, seller, vendor, engineers, metallurgist, consultant, job worker, or otherwise to deal in all shapes, sizes, uses, capacities, specifications, descriptions, and varieties, of products whether made of iron and steel or in combination with any ferrous and non ferrous materials such as plants, machineries, tools, jigs, dies, moulds, reciprocals, equipments, instruments, apparatus, utensils,

accessories, fittings, hardwares, sanitarries. fixtures, pipes, ductings, packing materials, engineering goods, etc. used in any industry, trade, commerce, public welfare, transport, vessels, defence, agriculture, construction, power, transmission, pollution or in any other field.

3. To carry in India or elsewhere the business to manufacture, process, procure, formulate, mix, dilute, dye, concentrate, compound, segregate, pack, repack, add, remove, heat, freeze, distillate, import, export, barter, transport, store, forward, distribute, dispose, develop, handle, manipulate, market or other wise deal in all types, application and uses of petrochemicals, organic chemicals, inorganic chemicals, synthetic chemicals, resins, derivatives, whether liquid, solid or gases such as Naptha, benezine, flouene, orthoxylene, metaxylene, paraxylene, ethyle benzene, alkaliyhdes, polymers, elastomers, polystyrene, chloride, alky resins, polysters, polythlene specially accelerators, coated and laminated articles.
4. To carry in India or elsewhere the business to manufacture, process, alter, convert, commercialize, control, compound, design, develop, distribute-promote, supervise, supply, import, export, buy, sell, turn to account or otherwise to deal in all varieties, description, application and uses of all synthetic, natural and blended polymer, polymer intermediates, raw materials, derivatives, compounds, constituents, products, by-products, co-products, including paraffinic, napthenic, olefinic, resins, plastics, all forms of synthetic fibres, polymerised olefins, and other allied materials.

#### **Changes in Memorandum of Association**

| <b>Particulars of increase</b>               | <b>Date of Shareholders' Resolution</b> |
|----------------------------------------------|-----------------------------------------|
| Increased from Rs 500 Lacs to Rs. 1000 Lacs  | October 14, 1996                        |
| Increased from Rs 1000 Lacs to Rs. 2000 Lacs | December 26, 2006                       |

#### **OUR SUBSIDIARY**

We do not have any subsidiary company.

#### **SHAREHOLDERS AGREEMENT**

Our Company has not entered into any shareholders agreement.

#### **OTHER AGREEMENTS**

##### **Agreement entered into by Our Company:**

##### **1) Manufacturing agreement with Power and Data Corporation Pty Ltd, Australia**

###### **(i) Scope**

We have been granted license to undertake the manufacturing of copper conductors, Internal Corner, External Corner, Endcap (Left and Right), Inline Connector (left), etc and to supply the said products to the authorised distributors of PDC or as otherwise directed in writing by PDC.

###### **(ii) Duration**

The agreement was entered into between the aforesaid parties on 05.04.2005 and would end on 30<sup>th</sup> April, 2010.

###### **(iii) Our Obligations**

As per the terms of the agreement we have undertaken to:

- (a) Manufacture and at our own cost maintain and repair the tools required to manufacture the products for PDC in accordance with Tool Material, Specifications, Maintenance and Replacement Guidelines as specified in the agreement.
- (b) Comply with the time limits as per the agreement.
- (c) Provide PDC with full specifications of product samples for testing and evaluation.

- (d) Transfer the ownership of the manufactured products in favour of PDC.
- (e) Manufacture, Supply and deliver the product in accordance with the requirements of each order and specifications detailed in addendum to the agreement.
- (f) Amend the manufacturing, order and or assembly processes so as to comply with any changes made by PDC to the product and or specifications.
- (g) Use its best endeavours to manufacture the product for supply and to fulfill its obligations under this agreement,
- (h) Pay PDC penalty amounts as listed in the agreement.
- (i) Not accept orders for the manufacture from any person or company other than PDC
- (j) Not supply the product in any form to nay person or company except where notified in writing by PDC.
- (k) Within 7 days after the end of each quarter the Company must submit to PDC a statement specifying the total quantity of goods manufactured during the quarter PDC undertakes to:
  - (a) Provide all necessary documentations to enable us to commence manufacturing.
  - (b) Notify the Company in a timely manner about any changes to be made to the product.
  - (c) Upon satisfactory review of the production samples make final payment for the tools
  - (d) Follow agreed order processes
  - (e) Use its best endeavours to commercialise the product and maximise orders.

**(iv) Liability and Warranty**

We have under the agreement agreed to:

- (a) Accept returns or recalls of unapproved products which have been found not to comply with the specifications of PDC.
- (b) Indemnify PDC against all expenses, losses, damages, costs that PDC may sustain or incur as a result of any claim, whether in contract or tort or otherwise.

**(v) Penalties\***

The Company has agreed that the following amounts would be deducted as non performance penalties:

| Days Late | Penalty                                                      |
|-----------|--------------------------------------------------------------|
| 2 – 7     | 3 per cent to be deducted from PDC's documented supply price |
| 8 or more | 6 per cent to be deducted from PDC's documented supply price |

**(vi) Termination**

Either party may by way of a notice terminate the agreement with immediate effect on the following grounds:

- (a) In case of breach of any of the terms of the agreement not capable of being remedied.
- (b) In case of breach of any of the terms of the agreement, which are not capable of being remedied within a period of 30 days.
- (c) Repeated breaches of any of the terms of this agreement.

Termination would not affect any rights and remedies of either party under the agreement.

**(vii) Governing Law**

The parties have agreed that the agreement would be governed by the law applicable in New South Wales, Australia.

\*Note: Till date, we have not paid any penalties to PDC, Australia.

**2. Requirements Agreement with Construction Specialities International Inc., USA (CSI)**

**(i) Scope**

Under this agreement CSI has agreed to purchase its East Asia, Middle East and India Requirements for products such as Floor Gaskets, Primary seal and Wall Gasket of specific description from us.

**(ii) Duration**

The agreement was entered into between the aforesaid parties on 10.06.2004. Initially term of the agreement was 12 months from the date of execution, further the agreement was renewed from time to time automatically as per agreement.

**(iii) Our Obligations**

As per the terms of the agreement we have undertaken to:

- (a) Products are to be produced in accordance with purchaser's details and instructions accompanying each order and in accordance with product specifications specified in the agreement.
- (b) We should furnish trial samples of each product ordered for approval to CSI before production.
- (c) Defective products to be replaced with new products within 30 days at our cost and expense.

**(vi) Liability and Warranty**

We have under the agreement agreed to replace defective products with new products within 30 days at our cost and expense.

**3. Technical Collaboration and License Agreement with Tokai Kogyo, Japan (TOKAI)**

**(i) Scope**

TOKAI has agreed to extend technical assistance and know-how in the production of injection moulding and continuous consistent profile extrusions ("Licensed Product") in order to meet the needs of the automotive industry in India.

**(ii) Duration**

The agreement was initially executed in the year 1989 since then it has been renewed from time to time. At present the agreement in force was entered into between us and TOKAI was executed on 01.11.2005 and would be in force for a period of 5 years.

**(iii) Obligations of the Parties**

As per the terms of the agreement the Company has undertaken to:

- (a) Pay TOKAI a royalty which would amount to 2 per cent of the net sales price for five years from the date of commencement of commercial production, deducted delivery and packing cost of each Licensed Product.
- (b) Pay the royalty on a half yearly basis.
- (c) Maintain true and accurate records showing the sale of the Licensed Products.
- (d) Within a period of 30 days after the end of each half yearly term send TOKAI a report of sales made, customers and other relevant details.

TOKAI undertakes to:

- (a) Provide technical assistance to the Company in the following areas;
  - material specification and evaluation report;
  - quality control manual and data including license product inspection and performance inspection;
  - drawing and design standard for machines, equipment, tools etc.
  - production method and know how
  - training and education of the staff of the Company.
- (b) Despatch engineers to the Company's facilities as and when requested by the Company.
- (c) Grant the Company an exclusive license to manufacture and sell the Licensed Product. TOKAI has further consented to grant a non-exclusive license to manufacture in India and export from India the Licensed Product.

**(iv) Termination**

The agreement may be terminated by either party by giving written notice of termination to the other party if such other party is in material breach of any of the terms of the agreement and fails to correct such breach within 60 days after receipt of written notice specifying such breach. Furthermore, TOKAI can terminate the agreement with immediate effect in case of insolvency or liquidation of the Company.

#### **4. Tooling Supply Agreement with Honda SIEL Cars India Ltd (HONDA)**

**(i) Scope**

We are required to supply to HONDA components, accessories and / or other products to be utilized in motor vehicles and engines and / or for the manufacture of motor vehicles and engines by HONDA.

**(ii) Date of agreement**

The agreement was entered into between the aforesaid parties on 13.05.1998.

**(iii) Obligations of the Parties**

As per the terms of the agreement the Company has undertaken to:

- (a) To maintain tooling records, which shall contain complete details of all the tools given by HONDA to the Company.
- (b) The Company undertakes that the records furnished to HONDA shall be completed, verified and signed by an authorised representative of the Company. The said records would be returned to HONDA within a period of 3 working days from the date on which the tools were provided to the Company.
- (c) The Company undertakes and acknowledges that the tools provided by HONDA shall remain the property of HONDA.
- (d) The Company shall keep the tools at the location specified in the tooling records and shall not remove the same without prior written permission of HONDA.
- (e) Report to HONDA at regular intervals any defects or damage in the tools.

HONDA undertakes to:

- (a) Supply to the Company tools necessary to manufacture components, accessories and / or other products to be utilized in motor vehicles and engines and / or for the manufacture of motor vehicles and engines by HONDA.
- (b) Notify the Company in a timely manner about any changes to be made to the product.

**(v) Indemnification, Insurance and Liability.**

- (a) The Company has under the agreement agreed to indemnify HONDA from all costs, losses, damages or liabilities which HONDA may suffer or incur consequent to, arising from, or relatable to or attributable to any act or omission, which in the opinion of HONDA shall or is likely to adversely affect or prejudice, directly or indirectly HONDA's interests, rights, powers or authority whatsoever, in or in relation to or in respect of the tools.
- (b) HONDA agrees to create a suitable insurance cover for the tools.

**(vi) Termination**

Either party may by way of a notice terminate the agreement with immediate effect on the following grounds:

- (a) In case of breach of any of the terms of the agreement not capable of being remedied.
- (b) In case of breach of any of the terms of the agreement, which are not capable of being remedied within a period of 30 days.
- (c) Repeated breaches of any of the terms of this agreement.

Termination would not affect any rights and remedies of either party under the agreement.

#### **5. Purchase Agreement with Toyota Kirloskar Motor Pvt. Ltd. (TKM)**

**(i) Scope**

We shall manufacture and supply automotive parts ("Products") to TKM.

**(ii) Date of agreement**

The agreement was entered into between us and TKM on 01.03.2004.

**(iii) Obligations of the Parties**

As per the terms of the agreement the Company has undertaken to:

- (a) Supply to TKM for a period of 10 (ten) years Products based on the technical information provided to the Company by TKM.
- (b) Provide to TKM, upon sale of Products, special notice of any hazardous ingredients in the Products.
- (c) Information concerning any change in the ingredients of the Product.
- (d) In the event TKM is of the opinion that there is a short fall in supply of the Products, the Company shall, at its own cost supply and transport the supplemental Products to TKM.
- (e) In the event of rejection of any Product by TKM due to quality deficiencies, the Company shall not sell, pass or in any way dispose off such rejected Products to the general customers, competitors of TKM or any third party.

TKM undertakes to:

- (a) Furnish and / or specify the details of engineering changes which it intends should be carried out in relation to Products.
- (b) In the event that the proposed changes affect the time for the production or the cost of the Product, the TKM shall make an equitable adjustment in the purchase price and / or delivery schedule of such Product.

**(iv) Warranty**

The Company warrants that all Products shall conform to and satisfy the technical information, drawings, specifications and samples or other descriptions provided by TKM.

**(v) Indemnity**

The Company has under the agreement agreed to indemnify and hold harmless TKM and its assignees / agents / customers against any intellectual property infringements in respect of the design, drawing, specification, information and data for the Products.

**(vi) Insurance**

We have also agreed to take out the necessary insurance covers as required under the applicable statutes and / or as agreed to with TKM from time to time.

**(vii) Termination**

The agreement may be terminated by either party by giving written notice of 90 days to the other party.

Furthermore, TKM can terminate the agreement with immediate effect in case of failure of the Company to comply with the terms of the agreement; on the insolvency or liquidation of the Company or in the event the Company enters into any arrangement with its creditors.

**6. Consignment Agreement with General Motors India Pvt. Ltd. (GMI)**

**(i) Scope**

The Company and GMI have entered into this agreement in the form of additional terms and conditions of a purchase order (the "Order") dated 07.01.2003.

**(ii) Date of agreement**

The agreement was entered into by the parties on 01.12.2003

**(iii) Obligations of the Parties**

As per the terms of the agreement the Company has undertaken to:

- (a) The Company will not attempt to sell or otherwise dispose off the articles provided by GMI.
- (b) Transfer ownership of tools to GMI.
- (c) Develop quality tools capable of producing quality parts confirming to the specifications provided by GMI.

GMI undertakes to:

- (a) Entrust and consign to the Company various articles for the specific and exclusive purpose of facilitating the Company to fulfill its obligations under the Order.

Both parties have further agreed that in case of any conflict between the terms of this agreement and those contained in the Order, the terms of this agreement would prevail.

**(iv) Termination**

The agreement would automatically terminate on the termination of the Order; or in the event either party is in breach of any terms of this agreement; or in the event either party becomes insolvent or enters in liquidation or bankruptcy proceedings.

**7. Basic Purchase Agreement with Maruti Udyog Limited (MARUTI)**

**(i) Scope**

The Company has agreed to manufacture and sell components and / or assemblies ("Products") to MARUTI. Such Products would be used by MARUTI in automobiles manufactured by it.

**(ii) Date of agreement**

The agreement was entered into between the aforesaid parties on 05.09.2002.

**(iii) Obligations of the Parties**

As per the terms of the agreement the Company has undertaken to:

- (a) Inform MARUTI at the earliest, of the likelihood of any event or circumstances which may render it difficult for the Company to fulfil its commitments under this agreement.
- (b) Compensate MARUTI for all losses or damages that MARUTI may suffer as a result of Company's failure to meet the supply schedule.
- (c) To inform MARUTI in the event any changes are made in the Company's production process, dies, moulds, material, design etc. The Company shall not implement any changes without the prior approval of MARUTI.
- (d) Maintain complete records of entire production and quality control activities.
- (e) Maintain a system of traceability so as to trace the exact source of any quality problem as well as defects.
- (f) Supply to MARUTI monthly inspection reports.

MARUTI undertakes to:

- (a) Make timely payments to the Company
- (b) Issue the requisite letters of intent and the subsequent purchase orders. The purchase order shall be issued after MARUTI approves the samples of the Product supplied by the Company.

**(iv) Warranty and Indemnity**

The Company has agreed to pay MARUTI all claims, losses and damages arising out of supply of defective components incurred by MARUTI.

Also, we will indemnify MARUTI against any patent violations and adoption of any prohibited process or the use of any poisonous substance in packing/processing operations remaining on or around the supplied component.

**(v) Termination**

In case of breach in the terms and conditions, the aggrieved party may terminate the agreement and the aggrieved party shall be entitled to claim liquidated damages from the other party.

Furthermore, the agreement would automatically stand terminated with immediate effect in the following cases:

- (a) In case of change in the management pattern of the Company.
- (b) Merger of the Company with another entity.
- (c) In case the Company transfers a material portion of its assets.
- (d) In case the Company cannot manufacture the Products without the intervention of a third party.
- (e) In case of liquidation of the Company

**8. Basic Purchase Agreement with M/s. Araco Automotive India Pvt. Ltd. (ARI)**

**(i) Scope**

The parties have agreed that the Company would manufacture and supply automotive parts and components ("Products") to ARI.

**(ii) Date of agreement**

The agreement was entered into on 27.07.2005 and would be valid until and unless terminated by either of the party to the agreement.

**(iii) Obligations**

The Company has undertaken to:

- (a) Comply with the quality assurance manual provided by ARI.
- (b) Make timely supplies to ARI and prepare the Products on the basis of the specifications and directions of ARI.

ARI undertakes to:

- (a) Furnish to the Company details of any changes it proposes to carry out in the specifications and other descriptions already provided to the Company.
- (b) Reimburse the Company for any costs incurred by the Company as a result of changes specified by ARI.
- (c) Make equitable adjustments in the purchase price and / or delivery schedule of Products in which the Company has carried out changes as specified by ARI.

**(iv) Warranty and Indemnity**

The Company has warranted that all the Products manufactured under this agreement would conform to and satisfy the technical drawings, specifications, samples and other descriptions provided by ARI.

The Company has under the agreement agreed to indemnify and hold harmless ARI and its assignees / agents / customers against any intellectual property infringements in respect of the design, drawing, specification, information and data for the Products.

**9. Automotive Parts Licensing Agreement with Nissen Chemitec Corporation,**

**(i) Parties**

Nissen Chemitec Corporation, Japan (hereinafter referred as "Nissen") and Precision Pipes and Profiles Co. Ltd.

**(ii) Scope**

Nissen has agreed to provide new product technology in order to manufacture and deliver products in connection with automotive interior parts and related products to HONDA SIEL CARS INDIA LIMITED of India and its affiliated Companies.

**(iii) Duration**

The agreement was entered into between the aforesaid parties on 12.07.2007. Initially term of the agreement is three years from the effective date. Thereafter if neither party notifies the other party of the former's intention not to extend the validity atleast 3 months before the expiration of this agreement then this agreement shall remain effective for another year. The same shall then take place in subsequent years.

**(iv) Obligations of the parties**

As per the terms of agreement the Company has undertaken that it shall manufacture products according to Nissen advice and shall do its utmost to purchase the necessary parts, materials, machines and devices.

If for any reason, Precision Pipes and Profiles Company Limited purchase any material or part other than those specified by Nissen, then Precision Pipes and Profiles Company Limited may base itself



on the precondition that it should satisfy the customer's requirements and go through an advance deliberation with Nissen and may in doing so determine the manufacturer, quantity, standards, qualities and other factors of the said material or part.

Nissen has undertaken to provide technical information concerning products which PPAP is about to manufacture. The technical information to be provided by Nissen shall consist of the following:

- a. list of machines and devices
- b. specification of machines and devices
- c. conceptual drawing of factory operation and of equipment to be used
- d. product design specifications, drawings and data
- e. product standards and specifications
- f. product inspection and test data
- g. control chart regarding the quality of each manufacturing process
- h. standards for and procurement method of each material
- i. standards for and procurement method of components
- j. packing specifications and packing style specifications
- k. sales information about products

**(v) Mode of Payment**

The currency for payment shall be in Japanese Yen and shall be remitted to the Bank account designated by Nissen. Payments will include payment of expenses for a specific technical assistance fee, despatching engineers, the initial fee and the license fee as determined on a Japanese Yen basis.

**(vi) Guarantee**

If the products or the process for their manufacturing does not constitute the element of a specific agreement, memorandum, or specification, Nissen shall not provide any display or guarantee whatsoever.

**(vii) Termination**

In any of the following cases, Nissen may choose to terminate immediately the license granted to PPAP hereunder by written notice at the venue indicated therein:

- a) if PPAP stops manufacturing products permanently
- b) if PPAP transfers its license or grants a sub license in connection with the said license in violation of the provisions
- c) if PPAP neglects or violates its liabilities under the provisions or tolerates any such negligence
- d) if PPAP is declared bankrupt or its business is stopped or seized by means of a procedure for the sake of creditors profits or liquidated

**(viii) Governing Law**

The effect, interpretation and implementation shall be construed under and governed by the laws of Japan.

**10. Agreement for purchase of Cars with Maruti Udyog Limited**

- (i) Parties  
Maruti Udyog Limited (hereinafter referred to as "MARUTI") and Precision Pipes and Profiles Company Limited
- (ii) Scope  
MUL has devised Maruti Car Scheme for the benefit of the employees of the Company. MUL granted a credit limit of Rs. 40,00,000 to the Company for the purchase of vehicles by the Company and/or its recommended employees/ spouse of employee.
- (iii) Date of Execution  
The agreement was entered into between the aforesaid parties on 9th June 2007.
- (iv) Important Terms

Credit limit shall carry an interest rate of 8.5%.

The term of the credit limit shall be maximum of 84 months.

(v) Termination

Agreement shall be co-terminus with the basic purchase agreement subsisting between MUL and the Company.

**11. Agreement for purchase of Cars with Maruti Udyog Limited**

(i) Parties

Maruti Udyog Limited (hereinafter referred to as “MARUTI”) and Precision Pipes and Profiles Company Limited

(ii) Scope

MUL has devised Maruti Car Scheme for the benefit of the employees of the Company. MUL granted a credit limit of Rs. 2,00,00,000 to the Company for the purchase of vehicles by the Company and/or its recommended employees/ spouse of employee.

(iii) Date of Execution

The agreement was entered into between the aforesaid parties on 30th July 2007.

(iv) Important Terms

Credit limit shall carry an interest rate of 8.5%.

The term of the credit limit shall be maximum of 84 months.

(v) Termination

Agreement shall be co-terminus with the basic purchase agreement subsisting between MUL and the Company.

**Strategic Partners**

Our Company does not have any strategic partners.

**Financial Partners**

Our Company does not have any financial partners.

## OUR MANAGEMENT

### Board of Directors

As per our Articles of Association, we cannot have less than three or more than twelve Directors. We currently have twelve (12) Directors. Our current board consists of 6 independent Directors, 3 Non executive Directors, two (2) whole time (executive) directors and a Managing Director. Chairman of the Board is a Non Executive Director.

The following table sets forth details regarding our Board of Directors.

| Name,<br>Age, Father's Name,<br>Designation,<br>Address,<br>Occupation ,<br>Qualification & Experience of<br>Director and<br>Nationality,<br>DIN                                           | Other directorships                                      | Date & Term of Appointment                                                         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------------------------------|
| <b>Mr. Devendra Chandra Jain</b><br>66 years,<br>Late Girdhari Lal Jain<br>Chairman<br>D-6, Kalindi Colony,<br>New Delhi – 110 065<br>Business<br>B.Com,<br>46 years<br>Indian<br>00070922 | M/s. Ajay Poly (P) Ltd.<br>M/s. Seiki Auto India (P) Ltd | 18.10.1995 & Retirement by<br>rotation                                             |
| <b>Mr. Sharat Chand Jain</b><br>64 years,<br>Late Girdhari Lal Jain<br>Vice Chairman<br>D-6, Kalindi Colony,<br>New Delhi – 110 065<br>Business<br>B.A<br>46 years<br>Indian<br>00071010   | M/s. Seiki Auto India (P) Ltd                            | 12.09.1996 & Retirement by<br>rotation                                             |
| <b>Mr. Ajay Kumar Jain</b><br>53 years,                                                                                                                                                    | NIL                                                      | 18.10.1995 and was appointed as<br>Managing Director with effect<br>from 1.11.1995 |

Late Girdhari Lal Jain  
 Managing Director  
 I-14, Maharani Bagh,  
 New Delhi – 110 065  
 Business  
 B.Com (Hons)  
 35 years  
 Indian  
 00148839

|                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                |                                                                                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| <b>Mr. Rajeev Jain</b><br>39 years,<br>Mr. Devendra Chandra Jain<br>Director – works<br>(whole time Director)<br>D-6, Kalindi Colony,<br>New Delhi – 110 065<br>Business<br>B.Sc<br>20 years<br>Indian<br>00271809   | M/s. Kalindi Farms Pvt. Ltd<br>M/s. Ajay Poly (P) Ltd<br>M/s. A.I.C (Plastics) Pvt. Ltd                                                                                                                                                                                                                                                                                        | 12.09.1996 and was appointed as<br>whole time Director with effect<br>from 1.11.1996 |
| <b>Mr. Kaushal Kumar Mathur</b><br>69 years,<br>Lakshmi Prasad Mathur<br>Independent Director<br>4, Defence Enclave, Vikas Marg,<br>Delhi- 110 092<br>Retried IAS<br>Post Graduate<br>47 years<br>Indian<br>00468847 | M/s. Max Healthcare Institute<br>Limited<br>M/s. Delhi Guest House Private<br>Limited                                                                                                                                                                                                                                                                                          | 12.01.2007 & Retirement by<br>rotation                                               |
| <b>Mr. Brij Behari Tandon</b><br>66 years,<br>Chand Behari Tandon<br>Independent Director<br>J-238, First Floor, Saket,<br>New Delhi<br>Retried IAS<br>M.A. (Economics) , LLB<br>42 years<br>Indian<br>00740511      | M/s. Ambuja Cement Foundation<br>M/s. Nagarjuna Fertilizers &<br>Chemicals Limited<br>M/s. Sagar Sugars & Allied<br>Products Limited<br>M/s. Adani Power Private<br>Limited<br>M/s. Cosmo Ferrites Limited<br>M/s. Abhishek Global Venture<br>Limited<br>M/s. Birla Corporation Limited<br>M/s Oriental carbon &<br>Chemicals Limited (Director)<br>M/s Canara Bank (Director) | 12.01.2007 & Retirement by<br>rotation                                               |

M/s Jaiprakash Hydro Power  
Limited (Director)

|                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                  |                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|
| <b>Mr. Satish Lal Tandon</b><br>61 years,<br>Jiwan Lal Tandon<br>Independent Director<br>D-332, Defence Colony,<br>New Delhi<br>Service<br>B.E. , PGDM&SM<br>40 years<br>Indian<br>00002267                                                                                      | M/s. Alfa Laval India Ltd<br>M/s. Esab India Ltd.<br>M/s. Modern Dairies Ltd<br>M/s. Kolte-Patil Developers Ltd                                                                                                                                                                                                                                                  | 12.01.2007 & Retirement by<br>rotation |
| <b>Mr. Surender Kumar Tuteja</b><br>62 years,<br>Mr. Lekh Raj Tuteja<br>Independent Director<br>S 307, Panchsheel Park, 2 <sup>nd</sup><br>Floor, New Delhi 110007<br>Retired IAS<br>M.COM, FCS, G.D.C.S<br>Indian<br>00594076                                                   | Shri Renuka Sugars Limited<br>Lotus Integrated Texpark Limited<br>HMT Limited<br>Swaraj Mazda Limited<br>Central Warehousing Corporation<br>Shri Renuka Infraprojects<br>Limited<br>Tiger Cold Chain Pvt. Ltd<br>Abhishek Global Ventures<br>Limited<br>Mundra Port and Special<br>Economic Zone Limited<br>Central Railside Warehousing<br>Co. Limited<br>SIDBI | 03.07.2007                             |
| <b>Mr. Vinod Vaish</b><br>63 years,<br>Late Dr. Nehal Chand Vaish<br>Independent Director<br>C-1/19, Officers Flats, Bapa<br>Nagar, New Delhi - 110003<br>Retired IAS<br>MSc (Physics), M.phil (Social<br>Sciences), PG Diploma (Public<br>Administration)<br>Indian<br>01591113 | NIL                                                                                                                                                                                                                                                                                                                                                              | 03.07.2007                             |
| <b>Mr. Sudarshan Kumar Duggal</b><br>70 years,<br>Dr. Shankar Dass Duggal<br>Independent Director<br>1013 Section 43 B,<br>Chandigarh, 160022                                                                                                                                    | Hisar Spinning Mills Limited<br>Rana Sugars Limited<br>S.R.Industries Limited<br>Cheema Spintex Limited<br>Indian Yarns Limited<br>Fazilka Cotton & Synthetics<br>Limited<br>Rana Polycot Limited                                                                                                                                                                | 03.07.2007                             |

B,Tech, M.A., LLB  
24 years  
Indian  
00036712

Sohrab Spinning Mills Limited  
Usha Yarns Limited  
Supreme yarns Limited

|                                                                                                                                                                                                    |                        |                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-------------------------------------|
| <b>Mr. Anuj Jain</b><br>31 years,<br>Mr. Sharat Chand Jain<br>Director<br>D-6, Kalindi Colony,<br>New Delhi – 110 065<br>Business<br>B.E. (Mech), DBA<br>6 years<br>Indian<br>00071779             | M/s. Ajay Poly (P) Ltd | 20.06.2001 & Retirement by rotation |
| <b>Mr. Abhishek Jain</b><br>26 years,<br>Mr. Ajay Kumar Jain<br>Executive Director<br>I-14, Maharani Bagh, New Delhi<br>– 110 065.<br>Business<br>B.Sc (Ind. Eng)<br>4 years<br>Indian<br>00137651 | M/s. Ajay Poly (P) Ltd | 30.11.2006                          |

#### **Brief Biography of our Directors:**

**Mr. Devendra Chandra Jain**, Chairman of our Company is a commerce graduate from Delhi University and has more than 46 years of experience in Auto Component and Refrigeration industries. In the year 1961 he formed a partnership firm Ajay Industrial Corporation. He is associated with us since our inception as a partnership firm in 1978 as a Karta of one of the promoter. He has been instrumental in growth of our Company.

**Mr. Sharat Chand Jain**, brother of Devendra Chandra Jain, Vice Chairman of our Company has done his B.A. from Delhi University and has more than 46 years of experience in Auto Component and Refrigeration industries. In the year 1961 he formed a Partnership firm Ajay Industrial Corporation. He is one of the Promoters of our Company. He became Director of our Company in 1996. He is currently Vice Chairman of our Company and continues to guide our company on various strategic matters.

**Mr. Ajay Kumar Jain**, brother of Devendra Chandra Jain, Managing Director of our Company is a Commerce Graduate from Delhi University. He joined Ajay Industrial Corporation as partner in the year 1972. He joined our Company as partner in the year 1994. He has an experience of more than three decades. He was one of the first Directors of our Company and was appointed as Managing Director of our Company and is one of the Promoters of our Company. His current responsibilities are to handle the Production, Marketing Management and International operations of all automobiles units.

**Mr. Rajeev Jain**, son of Devendra Chandra Jain Whole Time Director – Works, a Science Graduate from Delhi University possesses approximately 20 years of experience in the Plastic Extrusion field. He joined Ajay Poly Private Limited as director in the year 1987. He became director of our Company in the year 1996. His current responsibilities include management of Production, Research & Development and Quality Control for the Refrigeration Division.

**Mr. Kaushal Kumar Mathur**, Independent Director of our Company is a science graduate and a post graduate in Arts from Delhi University. Also, he has done post graduation in Economic Planning, Economic Development, Financial Management and Human Resources from Princeton University, USA. He has done Senior Executive Fellows Course in J F Kennedy School of Government relating to issues in Governances, Harvard University, USA. He is a retired IAS Officer and has about 40 years of experience in policy formulation, general administration management, planning, co-ordination and execution of socio-economic development projects in diverse fields. Some of the important assignments held by him with the Government of India include Secretary, Department of Chemicals & Petrochemicals, Secretary, ministry of Health and Family Welfare, Special Secretary, Department of Power and Special Secretary, Ministry of Home Affairs. He has also been CMD of ITPO (India Trade Promotion Organisation) and Chief Secretary of Delhi and Goa.

**Mr. Brij Behari Tandon**, Independent Director of our company has done M.A. in Economics and LLB from Delhi University. Also, he is an Associate of Indian Institute of Bankers. He has been a member of the Indian Administrative Services from 1965 to 2001, Election Commissioner of India from 13-06-2001 to 15-05-2005, Member of Delimitation Commission from 12-07-2002 to 15-05-2005 and Chief Election Commissioner of India from 16-05-2005 to 29-06-2006.

**Mr. Satish Lal Tandon**, Independent Director of our Company has done Bachelor of Engineering (Chemical Engineering) from IIT New Delhi and Post Graduate Diploma in Marketing & Sales Management from FMS Delhi University, Delhi. Besides this he has attended several management courses organized by Alfa Laval Group in Sweden, Denmark and USA, Harvard Business School for course on Competition & Strategy and Ashridge University, United Kingdom for Advanced Management Course. Also he has been awarded several awards from national and international organisations like “Udyog Ratna – Life Time Achievement Award” by the International Award Committee of Wisitex Foundation, Torchbearers of Pune city by Acharya Sudhanshuji Maharaj, spiritual guru and founder of The Vishwa Jagriti Mission and many other. He joined Alfa Laval (India) Limited in 1967 as a trainee engineer and became the Managing Director in Januray 1998, a post which he held till 2005.

**Mr. Surender Kumar Tuteja**, Independent Director of our Company, is an IAS Officer of 1968 batch. He holds a Masters degree in Commerce from Delhi University and is a Fellow member of the Institute of Company Secretaries of India. He has served the government in several key positions at the state and national level and was Secretary to the Government of India in the Department of Food & Public Distribution from November 1, 2003 to June 30, 2005 when he retired. He has been a consultant to the World Bank and UNIDO. Mr. Tuteja has rich & varied experience of 38 years. He was a member of the Executive Committee of the International Sugar Organisation, London. At present, he is working as the Chairman of Central Warehousing Corporation - A Government of India Undertaking and is on the Board of several Companies of repute.

**Mr. Vinod Vaish**, Independent Director of our Company has done his Post Graduation in Physics, M.Phil in Social Science from Punjab University and Post Graduate Diploma in Public Administration from Indian Institute of Public Administration, Delhi. In addition, he has also done a course in Project Appraisal and Management from Harvard University. He started his career by joining Indian Administrative Services (Madhya Pradesh Cadre) in 1966. Mr. Vaish has been Collector, Gwalior (1976), Commissioner, College Education (1983-84), Industries Commissioner (1984-96), Managing Director, State Textiles Corporation and Agriculture Secretary in State of Madhya Pradesh (1988-1990), Joint Secretary in Department of Chemicals and Petrochemicals (1990-95), Additional Secretary in Ministry of Environment and Forests (1996 to 2000), Secretary, Ministry of Labour (2000-2002), Chairman, telecom Commission and Secretary, Department of Telecommunications (2002-2004) and Member, Telecom Disputes & Appellate Tribunal (2004-2007).

**Mr. Sudarshan Kumar Duggal**, Independent Director of our Company, is a textile engineer. He retired as Executive Director (Textile) from Punjab State Industrial Development Corporation (PSIDC), Chandigarh. He has served various private and government organisations in various capacities. He also served as Managing Director of NITCON after his retirement from PSIDC.

**Mr. Anuj Jain, son of Mr Sharat Chand Jain**, Director of our Company has done B.E. from Manipal University and diploma in Business management from University of Berkley, California. He joined our Company in 2001 as Director. He is looking after the exports of our company and is also entrusted with the responsibilities of Quality control and Research and Development.

**Mr. Abhishek Jain**, son of Ajay Kumar Jain, Whole Time Director of our Company is a Bachelor of Science in Industrial Engineering from Purdue University, West Lafayette, USA . He joined our Company in 2003 as work manager. He become Director of our Company in 2006. His responsibilities include production, planning and Control & HR.

#### **Details of Borrowing Powers**

Vide Extra ordinary meeting resolution dated December 26, 2006, the Board of Directors of our Company are given powers to borrow upto Rs. 10000 Lacs extract of which is as follows:

**“RESOLVED** that pursuant to the provisions of the section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modifications or re-enactments thereof and pursuant to the provisions of the Articles of Association of the company, consent of the company be and is hereby accorded to the Board of Directors of the company (hereinafter referred to as the Board) to borrow money from time to time from Banks, financial institutions or any other lenders-whether Government or Private or from any other person on such terms & conditions as the Board may consider suitable, up to such a limit not exceeding Rs.100 Crores, notwithstanding that the monies to be borrowed together with the monies already borrowed by the company by way of loans (apart from temporary loans obtained by the company in the ordinary course of business) will exceed the aggregate of the paid up capital of the company and its free reserves.”

#### **Remuneration of Managing Directors/Whole Time Directors**

##### **1) Rajeev Jain**

- a). BASIC SALARY: Rs. 60,000/- (Rupees Sixty Thousand only) per month.
- b). BONUS : As per the Rules applicable to staff of the Company in accordance with the Bonus Act.
- c). PERQUISITES : Evaluated as per Income Tax Rules, wherever applicable, and actual to the Company in other cases.

(1) Rent Free Unfurnished Accommodation.

- (2) I Reimbursement of the medical expenses to the extent of Rs. 15,000/-per annum incurred upon self, spouse or any dependent of the family.
- II Reimbursement of expenses for medical treatment upon self, spouse or any dependent of his family in any hospital maintained or approved by Government and Local Authority as per the Income Tax Act, 1961.
- III Reimbursement of expenses for medical treatment upon self, spouse or any dependent of his family in respect of the prescribed diseases or ailments, in hospital approved by the Chief Commissioner having regard to the prescribed guidelines as specified in the Income Tax Act, 1961 and the rules made thereunder.



- (3) Provision of car for official use.
- (4) Any other perquisite or benefit as may be approved or allowed by the Board, from time to time, within the limits as per Schedule XIII of the Companies Act, 1956.

## 2) Ajay Kumar Jain

- a). BASIC SALARY: Rs. 75,000/- (Rupees Seventy Five thousand only) per month.
- b). BONUS : As per the Rules applicable to staff of the Company in accordance with the Bonus Act.
- c). PERQUISITES : Evaluated as per Income Tax Rules, wherever applicable, and actual to the Company in other cases.

- (1) Rent Free Unfurnished Accommodation.
- (2) I. Reimbursement of the medical expenses to the extent of Rs. 15,000/- per annum incurred upon self, spouse or any dependent of the family.  
II. Reimbursement of expenses for medical treatment upon self, spouse or any dependent of his family in any hospital maintained or approved by Government or Local Authority as per the Income Tax Act, 1961.  
III Reimbursement of expenses for medical treatment upon self, spouse or any dependent of his family in respect of the prescribed diseases or ailments, in hospital approved by the Chief Commissioner having regard to the prescribed guidelines as specified in Income Tax Act, 1961 and the rules made thereunder.
- (3) Provision of car for official use.
- (4) Any other perquisite or benefit as may be approved or allowed by the Board, from time to time, within the limits as per Schedule XIII of the Companies Act, 1956

## 3) Abhishek Jain

- a). BASIC SALARY: Rs.40,000/-(Rupees Forty Thousand only) per month.
  - b). HRA : Rs.10,000/-(Rupees Ten Thousand only) per month.
  - c). BONUS : As per the Rules applicable to staff of the Company in accordance with the Bonus Act.
  - d). PERQUISITES : Evaluated as per Income Tax Rules, wherever applicable, and actual to the Company in other cases.
- (1) I Reimbursement of the medical expenses to the extent of Rs. 15,000/- per annum incurred upon self, spouse or any dependent of the family.  
II Reimbursement of expenses for medical treatment upon self, spouse or any dependent of his family in any hospital maintained or approved by Government or Local Authority as per the Income Tax Act, 1961.  
III Reimbursement of expenses for medical treatment upon self, Spouse or any dependent of his family in respect of the prescribed diseases or ailments, in hospital approved by the Chief Commissioner having regard to the prescribed guidelines as specified in Income Tax Act, 1961 and the rules made there under.

- (2) Provision of car for official use.

Any other perquisite or benefit as may be approved or allowed by the Board, from time to time, within the limits as per Schedule XIII of the Companies Act, 1956.

### Corporate Governance

The provisions of the listing agreement to be entered into with NSE and BSE, including with respect to corporate governance will be applicable to us immediately upon listing of our Equity Shares on the stock exchanges. We are in compliance with Clause 49 of the listing agreement in respect of corporate governance specially with respect to broad basing of the Board, constituting the committees such as shareholding/ investor grievance committee details of which are provided herein below.

| Sr. No. | Name of the Director       | Designation                          |
|---------|----------------------------|--------------------------------------|
| 1.      | Mr. Devendra Chandra Jain  | Chairman (Non-Executive)             |
| 2.      | Mr. Sharat Chand Jain      | Vice Chairman (Non-Executive)        |
| 3.      | Mr. Ajay Kumar Jain        | Managing Director                    |
| 4.      | Mr. Kaushal Kumar Mathur   | Independent Director (Non-Executive) |
| 5.      | Mr. Brij Behari Tandon     | Independent Director (Non-Executive) |
| 6.      | Mr. Satish Lal Tandon      | Independent Director (Non-Executive) |
| 7.      | Mr. Surender Kumar Tuteja  | Independent Director (Non-Executive) |
| 8.      | Mr. Vinod Vaish            | Independent Director (Non-Executive) |
| 9.      | Mr. Sudarshan Kumar Duggal | Independent Director (Non-Executive) |
| 10.     | Mr. Rajeev Jain            | Whole Time Director                  |
| 11.     | Mr. Anuj Jain              | Director (Non-Executive)             |
| 12.     | Mr. Abhishek Jain          | Whole Time Director                  |

We have constituted the following committees of our Board of Directors for compliance with corporate governance requirements:

- Audit Committee;
- Remuneration Committee;
- Share Transfer Committee/ Investor Grievance Committee

### AUDIT COMMITTEE

Audit Committee was re-constituted by the Directors vide their Board meeting held on 12<sup>th</sup> January, 2007. The constitution of Audit Committee as follow:

| Sr. No. | Name of the Director     | Designation | Status                          |
|---------|--------------------------|-------------|---------------------------------|
| 1       | Mr. Kaushal Kumar Mathur | Chairman    | Independent Director            |
| 2       | Mr. Brij Behari Tandon   | Member      | Independent Director            |
| 3       | Mr. Satish Lal Tandon    | Member      | Independent Director            |
| 4       | Mr. Sharat Chand Jain    | Member      | Non-Executive & Non Independent |

The functions of the audit committee are:

- Overseeing our financial reporting process and the disclosure of our financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services;

- c) Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
  - I. Any changes in accounting policies and practices
  - II. Major accounting entries based on exercise of judgement by management
  - III. Qualifications in draft audit report
  - IV. Significant adjustments arising out of audit
  - V. The going concern assumption
  - VI. Compliance with accounting standards
  - VII. Compliance with stock exchange and legal requirements concerning financial statements
- d) Any related party transactions i.e. transactions of our Company of material nature, with our Promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of our Company at large;
- e) Reviewing with the management, external and internal auditors, the adequacy of internal control systems;
- f) Reviewing the adequacy of internal audit function, 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;
- g) Discussing with internal auditors any significant findings and follow up there on;
- h) 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;
- i) Discussing with external auditors before the audit commences on the nature and scope of audit and after the audit to ascertain any area of concern;
- j) Reviewing the company's financial and risk management policies;
- k) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
- l) To monitor the utilisation of funds to be raised pursuant to the Issue.

The Audit Committee has met seven times since its formation. Meetings were held on 24<sup>th</sup> March 2005, 4<sup>th</sup> August 2005, 5<sup>th</sup> June 2006, 25<sup>th</sup> October 2006, 13<sup>th</sup> February 2007, 7<sup>th</sup> June 2007 and 28<sup>th</sup> September 2007.

#### **INVESTOR GRIEVANCE COMMITTEE**

The Investor Grievance Committee was constituted by the Directors vide their Board meeting held on January 12, 2007. This Committee is responsible for the smooth functioning of the share transfer process as well as redressed of shareholder grievance. The Investor Grievance Committee constitutes of the following:

| <b>Sr. No.</b> | <b>Name of the Director</b> | <b>Designation</b> | <b>Status</b>                   |
|----------------|-----------------------------|--------------------|---------------------------------|
| 1              | Mr. Satish Lal Tandon       | Chairman           | Independent Director            |
| 2              | Mr. Brij Behari Tandon      | Member             | Independent Director            |
| 3              | Mr. Kaushal Kumar Mathur    | Member             | Independent Director            |
| 4              | Mr. Sharat Chand Jain       | Member             | Non-Executive & Non Independent |

The functions of the investor's grievance committee are:

- a) Approving /authenticating all equity share transfers/ transposition/ transmission requests from shareholders/investors in the Company.
- b) Resolving all the complaints from the investor/shareholders of the Company.
- c) Placing before the Board the status of various complaints received by the Committee.

No meeting of the Investor Grievance Committee has yet been held.

**Procedure laid down for investor grievances committee:**

We have appointed Intime Spectrum Registry 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.

**REMUNERATION COMMITTEE**

The Remuneration Committee was constituted by the Directors vide their Board meeting held on January 12, 2007. The committee's goal is to ensure that the Company attracts and retains highly qualified employees in accordance with its business plans, that the Company fulfils its ethical and legal responsibilities to its employees, and that management compensation is appropriate. The Remuneration Committee constitutes of the following

| Sr. No. | Name of the Director     | Designation | Status                          |
|---------|--------------------------|-------------|---------------------------------|
| 1       | Mr. Brij Behari Tandon   | Chairman    | Independent Director            |
| 2       | Mr. Satish Lal Tandon    | Member      | Independent Director            |
| 3       | Mr. Kaushal Kumar Mathur | Member      | Independent Director            |
| 4       | Mr. Sharat Chand Jain    | Member      | Non-Executive & Non Independent |

The powers of remuneration committee include:

- Deciding and approving the remuneration payable to the managing director/whole time director.
- Deciding and approving the sitting fee payable to the non-executive directors.
- Deciding and approving the remuneration policy covering policies on remuneration payable to the senior executive of the Company.

The Remuneration Committee met once since its formation on 3<sup>rd</sup> July, 2007.

**IPO Committee**

Our Company for the purpose of giving effect to the proposed IPO has formed an IPO Committee on 3<sup>rd</sup> July, 2007 in its Board of Directors meeting, consisting of the following:

| Sr. No. | Name of the Director      | Designation       | Status                 |
|---------|---------------------------|-------------------|------------------------|
| 1       | Mr. Surender Kumar Tuteja | Chairman          | Independent Director   |
| 2       | Mr. Sharat Chand Jain     | Member            | Non-Executive Director |
| 3       | Mr. Abhishek Jain         | Member            | Executive Director     |
| 4       | Mr. Dinesh Gupta          | CFO               | Employee               |
| 5       | Mr. Rama Kant             | Company Secretary | Employee               |

The Committee is authorized on behalf of the Board to undertake the following acts:

- To make applications to the Foreign Investment Promotion Board, RBI and such other authorities as may be required for the purpose of allotment of shares to non-resident investors;

- b) To decide on the timing, pricing and all the terms and conditions of the issue of shares for the Public Issue, including the price, and to accept any amendments, modifications, variations or alterations thereto;
- c) To enter into arrangements and to deal with Book running lead managers, underwriters to the Public Issue, syndicate members to the Public Issue, brokers to the Public Issue, escrow collection bankers to the Public Issue, registrars, legal advisors and any other agencies or persons or intermediaries to the Public Issue and to negotiate and finalise the terms of their appointment, including but not limited to execution of the Book Running Lead Managers (“BRLMs”) mandate letter, negotiation, finalisation and execution of the memorandum of understanding with the BRLMs etc.;
- d) To finalise and settle and to execute and deliver or arrange the delivery of the draft Prospectus, the Prospectus, the final prospectus, syndicate agreement, underwriting agreement, escrow agreement, stabilization agreement and all other documents, deeds, agreements and instruments as may be required or desirable in relation to the Public Issue;
- e) To open with the bankers to the Public Issue such accounts as are required by the regulations issued by SEBI;
- f) To authorize and approve the incurring of expenditure and payment of fees in connection with the Public Issue;
- g) To do all such acts, deeds, matters and things and execute all such other documents, etc. as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of share certificates in accordance with the relevant rules;
- h) To make applications for listing of the shares in one or more stock exchange(s) for listing of the equity shares of the Company and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s); and
- i) To settle all questions, difficulties or doubts that may arise in regard to such issues or allotment as it may, in its absolute discretion deem fit”

The IPO Committee met once since its formation on 20<sup>th</sup> September, 2007.

#### **Policy on Disclosures and Internal Procedure for Prevention of Insider Trading**

We will comply with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992 after listing of our Company’s shares on the stock exchanges.

Company Secretary and Compliance Officer, is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the prevention of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

#### **Shareholding of the Directors**

Our Articles of Association does not require our Directors to hold any qualification shares. The following table details the shareholding of our Directors in their personal capacity and either as sole or first holder, as at the date of this Prospectus

| <b>Name of the Director</b> | <b>Number of Equity Shares</b> | <b>% of Pre-Issue Paid-up Share Capital</b> | <b>% of Post-Issue Paid-up Share Capital</b> |
|-----------------------------|--------------------------------|---------------------------------------------|----------------------------------------------|
|-----------------------------|--------------------------------|---------------------------------------------|----------------------------------------------|

| Name of the Director       | Number of Equity Shares | % of Pre-Issue Paid-up Share Capital | % of Post-Issue Paid-up Share Capital |
|----------------------------|-------------------------|--------------------------------------|---------------------------------------|
| Mr. Devendra Chandra Jain* | 29,70,000               | 33.00                                | 21.21                                 |
| Mr. Sharat Chand Jain      | 45,000                  | 0.50                                 | 0.32                                  |
| Mr. Ajay Kumar Jain**      | 300,000                 | 3.33                                 | 2.14                                  |
| Mr. Rajeev Jain            | 7,500                   | 0.08                                 | 0.05                                  |
| Mr. Anuj Jain              | 255,000                 | 2.83                                 | 1.82                                  |
| Mr. Abhishek Jain          | 300,000                 | 3.33                                 | 2.14                                  |
| Mr. Kaushal Kumar Mathur   | Nil                     | Nil                                  | Nil                                   |
| Mr. B B Tandon             | Nil                     | Nil                                  | Nil                                   |
| Mr. Satish Tandon          | Nil                     | Nil                                  | Nil                                   |
| Mr. Surender Kumar Tuteja  | Nil                     | Nil                                  | Nil                                   |
| Mr. Vinod Vaish            | Nil                     | Nil                                  | Nil                                   |
| Mr. Sudarshan Kumar Duggal | Nil                     | Nil                                  | Nil                                   |
| <b>Total</b>               | <b>3,877,500</b>        | <b>43.08</b>                         | <b>27.70</b>                          |

\* Mr. Devendra Chandra Jain is holding 29,70,000 equity shares as Karta of Devendra Chandra Jain (HUF)

\*\*Mr. Ajay Kumar Jain is holding 90,000 equity shares as Karta of Ajay Kumar Jain (HUF)

### Interest of our Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association. Our whole time directors are entitled to receive remuneration. For further details see head “Remuneration of Managing Directors/Whole Time Directors” in page 107.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and Promoters. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated above and transactions disclosed in sub-section titled “Related Party Transactions” on page 155 of this Prospectus, our Directors do not have any other interest in our business.

We have not acquired any property from our Directors in last two years except those on lease rentals as stated in the sub-section titled “Property” on page 82 of this Prospectus.

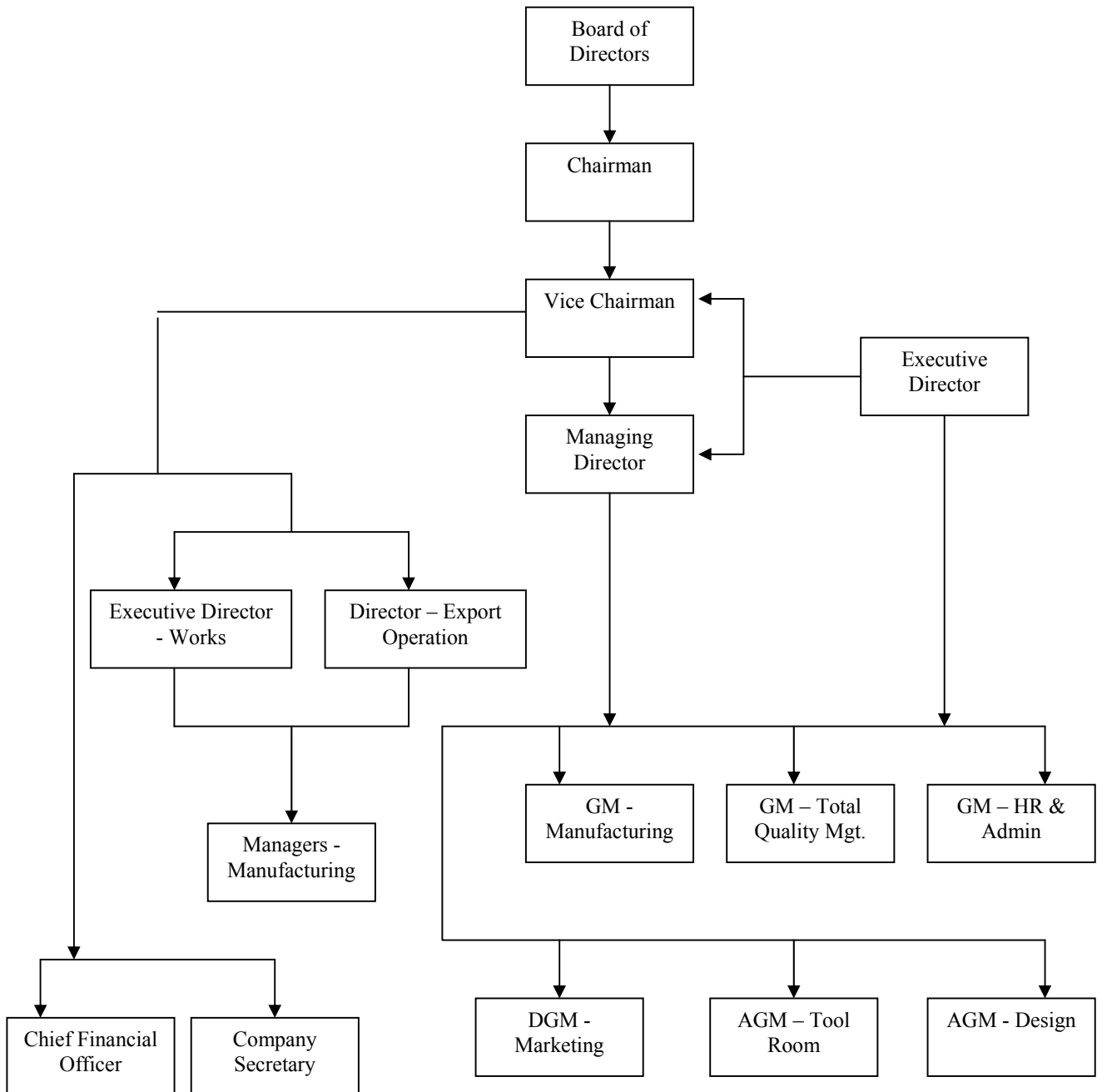
All the Directors may be deemed to be interested in the contracts, agreements / arrangements entered into or to be entered into by us with any company in which they have direct / indirect interest or any partnership firm in which they are partners.

### Changes in the Board in the last three years

| Sno | Name of the Directors               | Date of Appointment            | Date of Resignation | Reason for Change       |
|-----|-------------------------------------|--------------------------------|---------------------|-------------------------|
| 1   | Mr. Nitin Jain (Director – Works)   | 18 <sup>th</sup> October, 1995 | 30.11.2006          | To broad base the board |
| 2   | Ms. Asha Jain (Whole Time Director) | 18 <sup>th</sup> October, 1995 | 30.11.2006          | To broad base the board |
| 3   | Mr. Akhil Jain (Director)           | 18 <sup>th</sup> October, 1995 | 30.11.2006          | To broad base the board |
| 4   | Mrs. Anuradha Jain (Director)       | 18 <sup>th</sup> October, 1995 | 30.11.2006          | To broad base the board |

| Sno | Name of the Directors             | Date of Appointment            | Date of Resignation | Reason for Change       |
|-----|-----------------------------------|--------------------------------|---------------------|-------------------------|
| 5   | Mrs. Vinay Kumari Jain (Director) | 18 <sup>th</sup> October, 1995 | 30.11.2006          | To broad base the board |
| 6   | Mrs. Bina Jain (Director)         | 20 <sup>th</sup> June, 2001    | 30.11.2006          | To broad base the board |
| 7   | Mrs. Lata Jain (Director)         | 20 <sup>th</sup> June, 2001    | 30.11.2006          | To broad base the board |
| 8   | Mr. Abhishek Jain                 | 1 <sup>st</sup> December 2006  | N.A.                | To broad base the board |
| 9   | Mr. Kaushal Kumar Mathur          | 12 <sup>th</sup> January, 2007 | N.A.                | To broad base the board |
| 10  | Mr. B B Tandon                    | 12 <sup>th</sup> January, 2007 | N.A.                | To broad base the board |
| 11  | Mr. Satish Tandon                 | 12 <sup>th</sup> January, 2007 | N.A.                | To broad base the board |
| 12  | Mr. Surender Kumar Tuteja         | 3 <sup>rd</sup> July, 2007     | N.A.                | To broad base the board |
| 13  | Mr. Vinod Vaish                   | 3 <sup>rd</sup> July, 2007     | N.A.                | To broad base the board |
| 14  | Mr. Sudarshan Kumar Duggal        | 3 <sup>rd</sup> July, 2007     | N.A.                | To broad base the board |

## MANAGEMENT ORGANISATION CHART





## KEY MANAGERIAL PERSONNEL

| Name                                         | Age<br>(in<br>years) | Date of<br>Joining   | Qualification                              | Experience<br>(in years) | Designation          | Remuneration<br>(Rs. in Lacs) | Previous<br>Organisation         |
|----------------------------------------------|----------------------|----------------------|--------------------------------------------|--------------------------|----------------------|-------------------------------|----------------------------------|
| Mr. P. C. Agarwal                            | 43                   | May 9, 05            | B.Sc(Mech.<br>Eng)                         | 25                       | D.G.M                | 6.95                          | Maruti Udyog<br>Limited          |
| Mr. S. Swaminathan                           | 48                   | February<br>1, 1983  | B.A.<br>DIPLOMA                            | 25                       | Manager              | 7.52                          | Kothari<br>Inddustries           |
| Mr. Mohanan Pillai                           | 45                   | April<br>1, 1994     | Diploma<br>(Mech.<br>Design &<br>Drafting) | 16                       | A.G.M                | 6.67                          | Kanwal Industrial<br>Corporation |
| Mr. Kapinjal<br>Tripathi                     | 38                   | September<br>6, 2004 | Post Diploma<br>in plastic<br>Mold         | 17                       | A.G.M                | 6.87                          | Kamal Plastics<br>Industries     |
| Mr. R. K. Pathak                             | 59                   | August 1,<br>1995    | B.A.                                       | 35                       | G.M                  | 6.98                          | H.M.P Associate                  |
| Mr. A.K.<br>Maheshwari                       | 41                   | May 15,<br>2000      | Diploma<br>(Mech)                          | 20                       | A.G.M                | 5.31                          | Kesoram Rayon                    |
| Mr. F. C. Mutreja                            | 59                   | July 1,<br>1995      | Diploma<br>(Mech)                          | 38                       | Manager              | 6.58                          | Kelvinator India                 |
| Wing Cdr. (Retd.)<br>D.N. Gupta              | 58                   | August 9,<br>1999    | B. Tech<br>(Mech),<br>MBA                  | 31                       | G.M.                 | 6.58                          | Indian Air Force                 |
| Mr. Dinesh Gupta                             | 44                   | February<br>01, 2007 | B.Com, ACS                                 | 18                       | CFO                  | 8.40                          | Nexgen Capital<br>Limited        |
| Mr.Pankaj Agarwal                            | 44                   | August 1,<br>2002    | B.Com, C.A                                 | 19                       | D.G.M                | 6.69                          | Modi Rubber<br>Limited           |
| Mr. Rama Kant                                | 33                   | April 1,<br>2004     | B.Com<br>(Hons), F.C.S                     | 8                        | Company<br>Secretary | 4.80                          | Ajay Poly Pvt Ltd                |
| Maj. Gen. (Retd.)<br>Ravinder Kumar<br>Batra | 65                   | May 22,<br>2006      | M.Sc                                       | 44                       | G.M.                 | 6.06                          | Indian Army                      |

Our Company certifies that all the persons whose name appear as key management personnel are on permanent rolls of our Company and are not employed by any of our Group Concerns. Further, none of the key managerial personnel mentioned above are related to the promoters / directors of our Company.

### Shareholding of the Key Managerial Personnel

None of our key managerial personnel hold any share, as on the date of this Prospectus:

### Bonus or Profit Sharing Plan for our Key Managerial Personnel

There is no specific bonus or profit sharing plan for our key managerial personnel.

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

| Sr.<br>No. | Name of the Person  | Designation | Date of<br>Appointment        | Date of Leaving                     |
|------------|---------------------|-------------|-------------------------------|-------------------------------------|
| 1          | Mr. Aalok Vidyarthi | A.G.M       | 16 <sup>th</sup> August, 2004 | 14 <sup>th</sup> September,<br>2006 |
| 2          | Mr. Navendu Mohan   | A.G.M       | 12 <sup>th</sup> August, 2005 | 2 <sup>nd</sup> August, 2006        |

| Sr. No. | Name of the Person | Designation             | Date of Appointment             | Date of Leaving                  |
|---------|--------------------|-------------------------|---------------------------------|----------------------------------|
| 3       | Mr. Deepak Gupta   | A.G.M                   | 21 <sup>st</sup> February, 2005 | 11 <sup>th</sup> September, 2006 |
| 4       | Mr. Sanjay Jain    | Chief Financial Officer | 1 <sup>st</sup> Oct, 1997       | 8 <sup>th</sup> April, 2007      |
| 5       | Mr. Dinesh Gupta   | Chief Financial Officer | 1 <sup>st</sup> February, 2007  | N.A                              |

#### **Payment or benefit to officers of our Company**

As part of total compensation, the officers of our Company are offered a comprehensive and competitive benefit package. Basic coverage includes health care for employees, time off to assist in balancing professional and personal needs

#### **Notes**

1. All the Key Managerial Personnel are permanent employees of our Company.
2. There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned personnel have been recruited.
3. The Key Managerial Personnel above are not the same as defined in AS-18, Related Party Disclosure, issued by the Institute of Chartered Accountants of India.
4. None of the Key Managerial Personnel are relatives of our Directors and Promoters

## OUR PROMOTERS AND THEIR BACKGROUND

### Following are our promoters

1. Devendra Chandra Jain (HUF);
2. Mr Sharat Chand Jain;
3. Ajay Kumar Jain (HUF);
4. Mr. Rajeev Jain;
5. Mrs. Asha Jain; and
6. Mrs. Vinay Kumari Jain

Devendra Chandra  
Jain (HUF)



(Photo of Mr.  
Devendra Chandra  
Jain, Karta of HUF)

**Devendra Chandra Jain (HUF)**, The HUF was incorporated on 14<sup>th</sup> April 1978. Its address is 4561, Deputy Ganj, Sadar Bazar, Delhi-110006.

The HUF has been associated with the business of the Company since its inception in the year 1978 as a partnership firm.

Mr. D. C. Jain, the karta of the HUF is a graduate in commerce from Delhi University and presently holds the position of the Chairman. Mr. D.C Jain has a total experience of 46 years.

Apart from Mr. Devendra Chandra Jain, the HUF consists of Mrs. Bina Jain, Mr. Rajeev Jain, Mrs. Anuradha Jain, Mr. Nitin Jain and Mrs. Kanupriya Jain

Driving License No.: not applicable

Voter ID No: not applicable

Passport No: not applicable

Pan No.: AACHD3301B

Bank A/c:629501100711 of ICICI Bank, Sadar Bazar, Delhi

Mr Sharat Chand  
Jain;



**Mr. Sharat Chand Jain**, brother of Mr. Devendra Chandra Jain, is the Vice Chairman of our Company. He has done his B. A from Delhi University and has more than 46 years of experience of auto component and refrigeration industry. In the year 1961, he incorporated partnership firm M/s Ajay Industrial Corporation .He is one of the Promoters of our Company. He became Director of our Company in 1996. As Vice Chairman of our Company he continues to guide our Company on various strategic matters

Driving License No.: not available

Voter ID No: DL/02/006/162403

Passport No: G2159013

Pan No.: ADJPJ0270H

Bank A/c. SB - 629501100684 of ICICI Bank, Sadar Bazar, Delhi

Ajay Kumar Jain  
(HUF)



(Photo of Mr. Ajay  
Kumar Jain, Karta of  
HUF)

**Ajay Kumar Jain (HUF)**, The HUF was incorporated on 14<sup>th</sup> April 1978. Its address is 4561, Deputy Ganj, Sadar Bazar, Delhi-110006.

The HUF has been associated with the business of the Company since the year 1994 as a partnership firm.

The karta of the HUF is Mr. Ajay Kumar Jain, who is a graduate in commerce from Delhi University, and presently holds the position of Managing Director of our Company. He has a total work experience of 34 years. He looks after production, marketing and international operations.

In addition to Mr. Ajay Kumar Jain, the HUF includes Mrs. Vinay Kumari Jain and Mr. Abhishek Jain.

Driving License No.: not applicable

Voter ID No: not applicable

Passport No: not applicable

Pan No.: AADHA3398G

Bank A/c. SB - 500012 of Allahabad Bank, Sadar Bazar, Delhi

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Mr. Rajeev Jain



**Mr. Rajeev Jain**, son of Mr. Devendra Chandra Jain, is the whole time director – works. He is a Science Graduate from Delhi University and possesses 20 years experience in plastic extrusion field. He joined Ajay Poly Private Limited as director in the year 1987. He became director of our Company in the year 1996. His current responsibilities include management of production, research & development and quality control for refrigeration division. In addition, he is also on the board of directors of Ajay Poly (P) Ltd, A.I.C (Plastics) Pvt. Ltd and Kalindi Farms (P) Ltd. He has a total work experience of 20 years

Driving License No.:P90090693

Voter ID No: Not available

Passport No: Z1396992

Pan No.: AAKPJ6150A

Bank A/c. SB - 629501100162 of ICICI Bank, Sadar Bazar, Delhi

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Mrs. Asha Jain



**Mrs. Asha Jain**, wife of Mr. Sharat Chand Jain, is a Bachelor of Arts from Agra University. She was one of the partners at the time of formation of partnership firm M/s Precision Pipes and Profiles Company. She has a total work experience of 29 years. She was one of the first Directors of our Company. She resigned from the Directorship of our Company in the 2006. She is a director in Kalindi Farms (P) Ltd.

Driving License No.: not available

Voter ID No: DL/02/006/162402

Passport No:F7948385

Pan No.: AAKPJ6149B

Bank A/c. SB - 629501100159 of ICICI Bank, Sadar Bazar, Delhi

Mrs. Vinay Kumari Jain



**Mrs. Vinay Kumari Jain**, wife of Mr. Ajay Kumar Jain, a Bachelor of Science from Delhi University. She was one of the partners at the time of formation of partnership firm M/s Precision Pipes and Profiles Company. She has a total work experience of 29 years. She was one of the first Directors of our Company. She resigned from the Directorship of our Company in the year 2006.

Driving License No.: not available

Voter ID No: DL/02/006/162358

Passport No: A4745061

Pan No.: AAJPJ0106D

Bank A/c. SB. 629501100754 of ICICI Bank, Sadar Bazar, Delhi

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We confirm that the Permanent Account Number, Bank Account Number and Passport Number of the above Promoters have been submitted to the BSE and NSE at the time of filing the Prospectus.

#### **Common Pursuits**

None of our Group Companies is in same line of business.

#### **Payment of benefits to the Promoters**

There are no payments made or benefits given to our Promoters except as mentioned in Annexure XV titled "Related Party Transactions" of Financial Statements on page 155 of this Prospectus

#### **Interest of Promoters**

All our Promoters are interested in the promotion of our Company and are also interested to the extent of their shareholding, for which they are entitled to receive the dividend declared, if any, by our Company. Our Promoters are also deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or committee thereof as well as to the extent of other remuneration and/or reimbursement of expenses payable to them under the Articles.

Except as stated above and in the Annexure XV titled "Related Party Transactions" of Financial Statements on page 155 of this Prospectus and to the extent of shareholding in our Company.

We have not acquired any property from our Promoters in last two years except those on lease rentals as stated in the section titled "Property" on page 82 of this Prospectus.

All the Promoters may be deemed to be interested in the contracts, agreements / arrangements entered into or to be entered into by us with any company in which they have direct / indirect interest or any partnership firm in which they are partners.

#### **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 with aggregate value exceeding 10% of the total sales or purchases of our Company.

#### **Related party transactions**

The details of related party transactions are disclosed as a part of the Auditors Report. For details, please refer page 155 of this Prospectus.

## **CURRENCY OF PRESENTATION**

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

Throughout this Prospectus, all the figures have been expressed in Lacs of Rupees, except when stated otherwise. All references to “Rupees” and “Rs.” in this Prospectus are to the legal currency of India.

## DIVIDEND POLICY

Dividends may be declared at the Annual General Meeting of the Shareholders based on a recommendation by the Board of Directors. The Board of Directors may recommend dividends, at its discretion, to be paid to the members. Generally the factors that may be considered by the Board, but not limited to, before making any recommendations for the dividend include future expansion plans and capital requirements, profits earned during the financial year, cost of raising funds from alternate sources, liquidity, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time and money market conditions

The dividend declared by our Company in respect of the five financial years ended March 31, 2007, 2006, 2005, 2004, and 2003 are as under:

(Rs. In Lacs)

|                        |         | Year ended<br>March 31,<br>2007 | Year ended<br>March 31,<br>2006 | Year ended<br>March 31,<br>2005 | Year ended<br>March 31,<br>2004 | Year ended<br>March 31, 2003 |
|------------------------|---------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|------------------------------|
| <b>Equity Dividend</b> |         |                                 |                                 |                                 |                                 |                              |
| Equity Share           | Capital | 900.00                          | 600.00                          | 600.00                          | 300.00                          | 300.00                       |
| Rate of Dividend(%)    |         | 50%                             | 75%                             | 75%                             | 100%                            | 75%                          |
| Amount of Dividend     |         | 450.00                          | 450.00                          | 450.00                          | 300.00                          | 225.00                       |
| Tax on Dividend        |         | 63.73                           | 63.11                           | 61.16                           | 38.44                           | 28.83                        |

## SECTION VII: FINANCIAL INFORMATION

### AUDITORS' REPORT

To

**The Board of Directors  
Precision Pipes & Profiles Company Ltd.  
4561, Deputy Ganj, Sadar Bazar,  
Delhi - 110006.**

Dear Sirs,

We have examined and found correct the Audited Accounts of Precision Pipes & Profiles Co. Ltd for the financial years ended on March 31<sup>st</sup> 2003, 2004, 2005, 2006, 2007 and for the three months ended on June 30<sup>th</sup> 2007, the last date up to which the accounts of the Company have been made up and audited by us. At the date of signing this report, to the best of our knowledge there are no material adjustment, which would affect the result shown by these accounts drawn up in accordance with the requirements of Part II of Schedule II to the Companies Act, 1956.

In accordance with the requirements of Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the Act), and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (SEBI Guidelines) for the purpose of the Offering Memorandum as aforesaid, we report that:

1. The restated profits of the Company for the financial years ended March 31<sup>st</sup> 2003, 2004, 2005, 2006, 2007 and for the three months period ended 30<sup>th</sup> June, 2007 are as set out in **Annexure I** to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments and regrouping as in our opinion are appropriate and more fully described in the notes appearing in Annexure III and IV to this report
2. The restated assets and liabilities of the Company as at March 31<sup>st</sup>, 2003, 2004, 2005, 2006, 2007 and for the three months period ended 30<sup>th</sup> June, 2007 are as set out in **Annexure II** to this report after making such adjustments and regrouping as in our opinion are appropriate and more fully described in the notes appearing in Annexure III and IV to this report.
3. Significant Accounting Policies and notes to accounts for the preceding five financial years ended March 2007 and for the three month period ended 30<sup>th</sup> June, 2007 are appearing in **Annexure IV** to this report.
4. We have examined the restated cash flow statement relating to the Company for the year ended March 31<sup>st</sup> 2003, 2004, 2005, 2006, 2007 and for the three months period ended 30<sup>th</sup> June, 2007 appearing in **Annexure V** to this report.
5. We have examined the following restated financial information relating to the Company and as approved by the Board of Directors for the purpose of inclusion in the Offer document:
  - a. Accounting Ratios as appearing in **Annexure VI** to this report
  - b. Capitalization Statement as appearing in **Annexure VII** to this report
  - c. Statement of Tax Shelters as appearing in **Annexure VIII** to this report
  - d. Details of Secured Loans as appearing in **Annexure IX** to this report



- e. Details of Unsecured Loans as appearing in **Annexure X** to this report
  - f. Details of Investments as appearing in **Annexure XI** to this report
  - g. Details of Sundry Debtors as appearing in **Annexure XII** to this report
  - h. Details of Loans and Advances as appearing in **Annexure XIII** to this report
  - i. Details of Contingent Liabilities as appearing in **Annexure XIV** to this report
  - j. Details of Related Party, relationship and significant transactions with related parties as appearing in **Annexure XV** to this report
  - k. Details of extracts of qualifications in the financial statement as appearing in **Annexure XVI** to this report.
  - l. Rates of dividends paid by the Company as shown in **Annexure XVII** to this report.
- 6 In our opinion the above restated financial information of the Company read with Significant Accounting Policies and Notes on Account attached in **Annexure IV** to this report, after making adjustments and regroupings as considered appropriate has been prepared in accordance with paragraph B (1) Part II of Schedule II of the Act and the SEBI Guidelines.
- 7 This report is intended solely for your information and for inclusion in the Offer document in connection with the specific Public Offer of equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our written consent.

**For Dharam Taneja Associates**  
**Chartered Accountants**

**(D. V. TANEJA)**  
**PARTNER**  
**Membership No. 7718**

**Place : Delhi**  
**Date : 29<sup>th</sup> October, 2007**

## ANNEXURE I

**SUMMARY STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED**

Rs. in Lacs

| Particular                                                         | 30.06.2007     | 31.03.2007      | 31.03.2006     | 31.03.2005     | 31.03.2004     | 31.03.2003     |
|--------------------------------------------------------------------|----------------|-----------------|----------------|----------------|----------------|----------------|
| <b>Income:</b>                                                     |                |                 |                |                |                |                |
| <b>SALES</b>                                                       |                |                 |                |                |                |                |
| -Gross Sales (Of goods manufactured)                               | 3551.02        | 12663.60        | 9220.30        | 8376.90        | 6214.94        | 4471.27        |
| Less : Excise Duty                                                 | 528.67         | 1873.61         | 1310.58        | 1166.24        | 855.37         | 621.03         |
| <b>Net Sales (Of goods manufactured)</b>                           | <b>3022.35</b> | <b>10789.98</b> | <b>7909.72</b> | <b>7210.66</b> | <b>5359.57</b> | <b>3850.24</b> |
| - Add: Sale trading                                                | 28.01          | 138.70          | 125.51         | 150.09         | 187.99         | 131.79         |
| <b>Total Sales</b>                                                 | <b>3050.36</b> | <b>10928.68</b> | <b>8035.23</b> | <b>7360.75</b> | <b>5547.55</b> | <b>3982.03</b> |
| Other Income                                                       | 15.71          | 52.41           | 26.27          | 71.33          | 35.17          | 91.93          |
| Increase/(Decrease) in Inventories                                 | -3.11          | -7.74           | (16.23)        | 33.68          | (17.97)        | 37.72          |
| <b>Total Income (A)</b>                                            | <b>3062.96</b> | <b>10973.36</b> | <b>8045.26</b> | <b>7465.76</b> | <b>5564.75</b> | <b>4111.68</b> |
| <b>Expenditure:</b>                                                |                |                 |                |                |                |                |
| Raw material consumed                                              | 1347.36        | 5144.28         | 3715.07        | 3712.40        | 2514.68        | 1792.71        |
| Manufacturing & Other Operating Expenses                           | 518.97         | 2095.94         | 1736.21        | 1370.93        | 938.04         | 708.81         |
| Personnel Expenses                                                 | 68.93          | 228.47          | 183.05         | 173.89         | 151.54         | 161.46         |
| General and Administrative Expenses                                | 149.67         | 540.14          | 526.25         | 472.31         | 374.17         | 314.41         |
| Selling & Distribution Expenses                                    | 47.47          | 175.96          | 119.49         | 137.89         | 111.19         | 70.78          |
| <b>Total Expenditure (B)</b>                                       | <b>2132.40</b> | <b>8184.79</b>  | <b>6280.06</b> | <b>5867.42</b> | <b>4089.62</b> | <b>3048.18</b> |
| <b>Profit/(loss) before interest, depreciation &amp; tax</b>       | <b>930.56</b>  | <b>2788.58</b>  | <b>1765.20</b> | <b>1598.35</b> | <b>1475.12</b> | <b>1063.50</b> |
| Depreciation                                                       | 134.86         | 497.03          | 433.50         | 356.89         | 320.21         | 331.46         |
| <b>Profit/(loss) before interest &amp; tax</b>                     | <b>795.70</b>  | <b>2291.54</b>  | <b>1331.70</b> | <b>1241.45</b> | <b>1154.91</b> | <b>732.04</b>  |
| Interest                                                           | 46.06          | 167.68          | 94.80          | 68.33          | 24.14          | 79.11          |
| <b>Profit/(loss) before tax &amp; Extraordinary Items</b>          | <b>749.64</b>  | <b>2123.86</b>  | <b>1236.91</b> | <b>1173.12</b> | <b>1130.77</b> | <b>652.93</b>  |
| Provision for taxes on income:                                     |                |                 |                |                |                |                |
| Provision for current taxation                                     | 255.00         | 680.00          | 410.00         | 381.33         | 393.00         | 261.00         |
| Provision for earlier year taxation                                | 0.00           | 0.00            | 0.00           | 0.00           | 1.94           | 2.10           |
| Provision for Wealth taxation                                      | 0.00           | 2.10            | 1.09           | 1.18           | 0.64           | 0.55           |
| Addl. Income Tax/TDS on Salary                                     | 0.00           | 2.21            | 8.75           | 1.96           | 1.61           | 1.69           |
| Provision for Deferred taxation                                    | (1.58)         | 38.78           | 3.21           | 27.51          | (17.90)        | (40.23)        |
| Provision for Fringe Benefit Tax                                   | 2.50           | 13.00           | 15.00          | 0.00           | 0.00           | 0.00           |
| <b>Net Profit /(Loss) after tax but before Extraordinary Items</b> | <b>493.72</b>  | <b>1387.78</b>  | <b>798.86</b>  | <b>761.14</b>  | <b>751.49</b>  | <b>427.81</b>  |
| - Extraordinary Items                                              | 0.00           | 0.00            | 0.00           | 0.00           | 106.82         | 0.00           |
| <b>Net Profit after Extraordinary Items</b>                        | <b>493.72</b>  | <b>1387.78</b>  | <b>798.86</b>  | <b>761.14</b>  | <b>858.31</b>  | <b>427.81</b>  |

In the Financial Year 2003-2004 the Sales does not include a sum of Rs.1,68,48,755.as net Credit of price increase/decrease received from Maruti Udyog Limited in the month of August 2005. Consequently the same amount of Rs. 16848755.00 after reducing income tax thereon of Rs.61,67,000.00 (16848755.00-6167000.00)Rs. 10681755.00 has been shown as Extra ordinary item of profit in financial year 2003-2004.

## ANNEXURE - II

## SUMMARY STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

Rs. in Lacs

| Particular                                |          | 30.06.2007     | 31.03.2007     | 31.03.2006     | 31.03.2005     | 31.03.2004     | 31.03.2003     |
|-------------------------------------------|----------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                           |          |                |                |                |                |                |                |
|                                           |          |                |                |                |                |                |                |
| <b>Fixed Assets:</b>                      |          |                |                |                |                |                |                |
| Gross Block                               |          | 8,336.87       | 8,296.66       | 4834.18        | 4237.61        | 3534.90        | 2842.80        |
| Less: Depreciation                        |          | 3,373.49       | 3,239.97       | 1348.90        | 1482.39        | 1189.57        | 1407.41        |
| <b>Net Block</b>                          |          | <b>4963.38</b> | <b>5056.69</b> | <b>3485.29</b> | <b>2755.22</b> | <b>2345.33</b> | <b>1435.39</b> |
| Capital Work-in-progress                  |          | 103.90         | 72.15          | 273.86         | 94.34          | 0.00           | 96.64          |
| <b>Total Fixed Assets</b>                 | <b>A</b> | <b>5067.28</b> | <b>5128.83</b> | <b>3759.15</b> | <b>2849.56</b> | <b>2345.33</b> | <b>1532.03</b> |
| <b>Investments</b>                        | <b>B</b> | <b>222.00</b>  | <b>72.00</b>   | <b>72.00</b>   | <b>72.00</b>   | <b>72.00</b>   | <b>122.18</b>  |
| <b>Current Assets, Loans and Advances</b> |          |                |                |                |                |                |                |
| Inventories                               |          | 624.24         | 581.11         | 739.33         | 670.75         | 528.47         | 351.50         |
| Sundry Debtors                            |          | 1465.34        | 1187.10        | 1002.62        | 870.37         | 780.62         | 577.43         |
| Cash and Bank balances                    |          | 113.39         | 57.96          | 34.31          | 30.12          | 50.08          | 186.00         |
| Loans and Advances                        |          | 1405.85        | 1036.83        | 2009.98        | 1770.56        | 1071.92        | 900.77         |
| <b>Total</b>                              | <b>C</b> | <b>3608.82</b> | <b>2863.00</b> | <b>3786.24</b> | <b>3341.79</b> | <b>2431.10</b> | <b>2015.70</b> |
| <b>Liabilities and Provisions:</b>        |          |                |                |                |                |                |                |
| Secured Loans                             |          | 852.49         | 758.10         | 948.85         | 164.69         | 0.00           | 0.00           |
| Unsecured Loans                           |          | 777.84         | 778.43         | 756.13         | 502.83         | 465.26         | 120.89         |
| Deferred Tax Liability/(Asset) (net)      |          | 233.14         | 234.72         | 195.94         | 192.73         | 165.22         | 183.12         |
| Current liabilities and Provisions        |          | 2411.77        | 2140.17        | 2383.06        | 2340.74        | 1528.21        | 1071.99        |
| <b>Total</b>                              | <b>D</b> | <b>4275.24</b> | <b>3911.41</b> | <b>4283.98</b> | <b>3200.99</b> | <b>2158.68</b> | <b>1375.99</b> |
| <b>Networth (A+B+C-D)</b>                 |          | <b>4622.86</b> | <b>4152.42</b> | <b>3333.41</b> | <b>3062.36</b> | <b>2689.75</b> | <b>2293.91</b> |
| <b>Net worth Represented by</b>           |          |                |                |                |                |                |                |
| Share Capital I                           |          | 900.00         | 900.00         | 600.00         | 600.00         | 300.00         | 300.00         |
| Reserve & Surplus II                      |          | 3791.33        | 3289.70        | 2741.44        | 2473.07        | 2404.48        | 1996.57        |
| Miscellaneous Expenditure III             |          | 68.47          | 37.27          | 8.04           | 10.71          | 14.72          | 2.66           |
| <b>TOTAL NET WORTH I + II - III</b>       |          | <b>4622.86</b> | <b>4152.42</b> | <b>3333.41</b> | <b>3062.36</b> | <b>2689.75</b> | <b>2293.91</b> |

Note : The above statement should be read with the Notes on adjustments and significant accounting policies & notes to the accounts for restated financial statements as appearing in Annexure III and IV to the report

**ANNEXURE III****NOTES TO ADJUSTMENTS CARRIED OUT IN RESTATED FINANCIAL STATEMENTS**

| Particulars                                                             | For the year ended      |                         |                         |                         |                         |                         |
|-------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                                         | 30.06.2007<br>03 Months | 31.03.2007<br>12 Months | 31.03.2006<br>12 Months | 31.03.2005<br>12 Months | 31.03.2004<br>12 Months | 31.03.2003<br>12 Months |
| <b>PAT (As per audited Balance Sheets)</b>                              | 493.72                  | 1395.69                 | 773.07                  | 850.58                  | 763.29                  | 422.66                  |
| On account of change in Policy for recognition of Royalty               | 0.00                    | 0.00                    | 24.84                   | 14.83                   | (12.79)                 | 4.82                    |
| On account of change in Policy for recognition of Insurance             | 0.00                    | (7.91)                  | 0.95                    | 2.55                    | 0.99                    | 0.33                    |
| On account of extraordinary item for FY 2003-2004 & 2004-2005           | 0.00                    | 0.00                    | 0.00                    | (106.82)                | 106.82                  | 0.00                    |
| <b>Profit / (Loss) after tax as restated (after extraordinary item)</b> | <b>493.72</b>           | <b>1387.78</b>          | <b>798.86</b>           | <b>761.14</b>           | <b>858.31</b>           | <b>427.81</b>           |

Note: Company was earlier following policy of recognition of Insurance and Royalty on payment basis. But from FY 2006-07, Company changed its policy and is now following the policy of recognizing the same on accrual basis. For the purposes of these Restated Summary Statements, the revised policy has been applied retrospectively from the financial year 2002-03.

In the Financial Year 2003-2004 the Sales does not include a sum of Rs.1,68,48,755.as net Credit of price increase/decrease received from Maruti Udyog Limited in the month of August 2005. Consequently the same amount of Rs. 16848755.00 after reducing income tax thereon of Rs.61,67,000.00 (16848755.00-6167000.00)Rs. 10681755.00 has been shown as Extra ordinary item of profit in financial year 2003-2004.

**SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNT FOR THE QUARTER  
ENDED 30/06/2007**

A). **SIGNIFICANT ACCOUNTING POLICIES.**

1. **BASIS OF ACCOUNTING.**

- i) The Company follows mercantile system of accounting and recognizes income and expenditures on accrual basis, except stated below. The accounts are prepared on historical cost convention, In accordance with the generally accepted accounting principles, accounting standards issued by the Institute of Chartered Accountants of India, as applicable, and the relevant provisions of the Companies Act, 1956.
- iii) Insurance, Sales Tax, Export Incentives and other Claims are accounted for as and when received

2. **FIXED ASSETS & DEPRECIATION.**

- i) Fixed Assets are stated at historical cost. Cost includes freight, installation cost, duties, taxes, and incidental expenses but net of Excise duty (CENVAT).
- ii) Depreciation is charged on Straight Line Method at the rate prescribed under Schedule XIV of the Companies Act, 1956. However no depreciation has been claimed on the fixed assets amounting to Rs. 7811676/- installed at Factory (Unit-VII) at B-II/29, Mohan Co-Operative Industrial Estate, Badarpur.

3. **INVESTMENTS.**

Investments that are held for more than one year are classified as Long Term Investments and are stated at cost.

4. **INVENTORIES.**

- i) Finished Goods have been valued at cost or net realizable value whichever is lower and cost is arrived at on direct costing method. That is, the manufacturing cost, i.e., the value of Raw Material consumed, divided by the Quantity of Raw Material consumed Plus manufacturing expenses divided by the Quantity of Finished goods manufactured.
- ii) Raw Materials, Stores & Spares have been valued at cost on FIFO basis, which includes purchase price, freights, duties, taxes & other incidental expenses but net of excise duty (CENVAT).
- iii) Wastage has been valued at net realizable value.

5. **REVENUE RECOGNITION**

Sales are recognized when goods are supplied and are recorded net of sales return, rebates, trade discounts, sales tax and excise duty. Job work receipts are recorded net of Service tax.

6. TAXES ON INCOME

- i.) Tax on income for the current year is determined on the basis of the Income Tax Act, 1961.
- ii) Fringe benefit tax is determined at current applicable rates on expenses falling within the ambit of 'Fringe Benefit' as defined under the Income Tax Act, 1961.
- iii) Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets and expenses, on timing difference, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

7. FOREIGN CURRENCY TRANSACTIONS

- i) Foreign Currency transactions are recorded in the books at the rate of exchange prevailing on the date of such transactions.
- ii) Exchange differences on forward contracts are recognized in the profit & loss accounts in the reporting period in which the exchange rates changes. Any profit or loss arising on cancellation or renewal of such forward contracts is recognized as income or expenses for the year.

8. IMPAIRMENT OF ASSETS

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the profit and loss account to the extent the carrying amount exceeds recoverable amount.

9. RETIREMENT BENEFIT COSTS

Gratuity liability is accounted for on accrual basis based on the actual liability calculated as per the Payment of Gratuity Act, 1972 as at the Balance Sheet date.

10. DEFERRED REVENUE EXPENDITURE

- i) Pre-Operative expenses are written off over a period of Six years.

11. Debit/Credit balances of various parties are subject to confirmation/ reconciliation.

12. The previous year's figures have been re-grouped, re-arranged, re-classified and re-worked, wherever necessary to make them comparable with those of current year.

13. CONTINGENT LIABILITIES

Contingent Liabilities as defined in Accounting Standard 29 on Provision, Contingent Liabilities and Contingent Assets are disclosed by way of notes to accounts. Provision is made if it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability.

The policies not specifically mentioned above are in agreement with the Accounting Standards issued by the Institute of Chartered Accountants of India.

**B) NOTES TO ACCOUNTS FOR THE LAST 5 YEARS & QUARTER ENDED 30.06.2007 (AS PER AUDITED FINANCIAL STATEMENTS)**

1 Contingent Liabilities not provided for in respect of :

(Rs. in Lacs)

| S No. | Particular            | 30th June, 2007 | 31st March, 2007 | 31st March, 2006 | 31st March, 2005 | 31st March, 2004 | 31st March, 2003 |
|-------|-----------------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| 1     | Letters of Guarantees | 9.21            | 9.21             | 0.20             | 0.20             | 0.20             | 0.20             |
| 2     | Letters of Credit     | 317.78          | 328.06           | 174.20           | 23.80            | 36.80            | 34.85            |
| 3     | Income Tax Appeal     | 3.91            | 3.91             | 15.09            | -                | -                | -                |
| 4     | Trade Tax Tribunal    | 5.71            | 5.71             | 5.71             | -                | -                | -                |
| 5     | Service Tax           | 0.64            | 0.64             | 0.64             | -                | -                | -                |
| 6     | Civil Suit            | 10.41           | 10.41            | -                | -                | -                | -                |
| 7     | Central Excise        | 84.21           | 84.21            | -                | -                | -                | -                |
|       | <b>Total</b>          | <b>431.87</b>   | <b>442.15</b>    | <b>195.84</b>    | <b>24.00</b>     | <b>37.00</b>     | <b>35.05</b>     |

|    |                             |                        |                         |                         |                         |                         |                         |
|----|-----------------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 2. | <b>Particular</b>           | <b>30th June, 2007</b> | <b>31st March, 2007</b> | <b>31st March, 2006</b> | <b>31st March, 2005</b> | <b>31st March, 2004</b> | <b>31st March, 2003</b> |
|    | Auditors' Fees & expenses : | 0.14                   | 0.56                    | 0.47                    | 0.25                    | 0.25                    | 0.7                     |

| S No. | Particular                                      | 30th June, 2007 | 31st March, 2007 | 31st March, 2006 | 31st March, 2005 | 31st March, 2004 | 31st March, 2003 |
|-------|-------------------------------------------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| 3 i)  | Remuneration to Directors (Including benefits ) | 8.31            | 324.48           | 56.85            | 52.82            | 47.3             | 38.49            |
| ii)   | Commission to Managing Director                 | NIL             | NIL              | NIL              | NIL              | NIL              | NIL              |
| iii)  | Interest to Directors                           | 18.30           | 53.08            | 46.21            | 63.93            | 23.43            | 78.8             |
| iv)   | Travelling for Directors                        | 13.72           | 37.24            | 59.15            | -                | -                | -                |

**4 INTEREST ON TERM LOANS**

| S No. | Particular       | 30th June, 2007 | 31st March, 2007 | 31st March, 2006 | 31st March, 2005 | 31st March, 2004 | 31st March, 2003 |
|-------|------------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| i)    | ICICI BANK LTD.  | 20.32           | 60.97            | 8.60             | -                | -                | -                |
| ii)   | Maruti Udyog Ltd | 7.28            | 14.69            | 16.25            | -                | -                | 0.31             |

**5 CAPACITY DETAILS :**

| PLA NT | UNITS PRODUCE CAPACITY (KG.)                      | LICEN CE | 30th June, 2007           |                          | 31st March, 2007          |                          | 31st March, 2006          |                          |
|--------|---------------------------------------------------|----------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|
|        |                                                   |          | INSTALLE D CAPACITY (KG.) | ACTUAL PRODUCT ION (KG.) | INSTALLE D CAPACITY (KG.) | ACTUAL PRODUCT ION (KG.) | INSTALLE D CAPACITY (KG.) | ACTUAL PRODUCT ION (KG.) |
| I      | PVC Profiles for refrigeration Electricals & Auto | N. A.    | 1000000                   | 236385.984               | 750000                    | 697123.131               | 750000                    | 610057.591               |



|     |                                   |       |                    |                    |                |                    |                |                    |
|-----|-----------------------------------|-------|--------------------|--------------------|----------------|--------------------|----------------|--------------------|
|     | Industries.                       |       |                    |                    |                |                    |                |                    |
| II  | PVC Profiles for Auto Industries. | N. A. | 300000             | 36019.355          | 300000         | 180221.685         | 300000         | 190462.025         |
| III | PVC Profiles for Auto Industries. | N. A. | 1000000            | 171322.470         | 1000000        | 716979.368         | 1000000        | 687125.22          |
| IV  | PVC Profiles for Auto Industries. | N. A. | 1500000            | 274804.170         | 1500000        | 1148326.686        | 1500000        | 987343.549         |
| V   | PVC Profiles for Auto Industries. | N. A. | 1500000            | 355035.459         | 1200000        | 1187871.735        | 1200000        | 621081.982         |
|     | <b>Total</b>                      |       | <b>5300000.000</b> | <b>1073567.438</b> | <b>4750000</b> | <b>3930522.605</b> | <b>4750000</b> | <b>3096070.367</b> |

| PLA<br>NT | UNITS PRODUCE<br>CAPACITY (KG. )                              | LICEN<br>CE | 31st March, 2005                    |                                | 31st March, 2004                   |                                | 31st March, 2003                    |                                |
|-----------|---------------------------------------------------------------|-------------|-------------------------------------|--------------------------------|------------------------------------|--------------------------------|-------------------------------------|--------------------------------|
|           |                                                               |             | INSTALLE<br>D<br>CAPACITY<br>(KG. ) | ACTUAL<br>PRODUCT<br>ION (KG.) | INSTALLE<br>D<br>CAPACITY<br>(KG.) | ACTUAL<br>PRODUCT<br>ION (KG.) | INSTALLE<br>D<br>CAPACITY<br>(KG. ) | ACTUAL<br>PRODUCT<br>ION (KG.) |
| I         | PVC Profiles for refrigeration Electricals & Auto Industries. | N. A.       | 750000                              | 613669.198                     | 750000                             | 602956.5                       | 600000                              | 340737.109                     |
| II        | PVC Profiles for Auto Industries.                             | N. A.       | 300000                              | 238078.078                     | 300000                             | 267895.333                     | 300000                              | 269754.848                     |
| III       | PVC Profiles for Auto Industries                              | N. A.       | 1000000                             | 779242.602                     | 750000                             | 582216.988                     | 600000                              | 403022.639                     |
| IV        | PVC Profiles for Auto Industries.                             | N. A.       | 1500000                             | 1044885.118                    | 1000000                            | 828425.384                     | 700000                              | 530440.135                     |
| V         | PVC Profiles for Auto Industries.                             | N. A.       | 1200000                             | 258114.144                     | 1200000                            | 701.235                        | 0                                   | 0                              |
|           | <b>Total</b>                                                  |             | <b>4750000</b>                      | <b>2933989.14</b>              | <b>4000000</b>                     | <b>2282195.44</b>              | <b>2200000</b>                      | <b>543954.731</b>              |

6 Details of production, sales & stock of finished goods:

| Particular           | 30th June, 2007 |                          | 31 <sup>st</sup> March, 2007 |                          | 31st March, 2006 |                          |
|----------------------|-----------------|--------------------------|------------------------------|--------------------------|------------------|--------------------------|
|                      | QTY IN<br>KGs.  | VALUE<br>(RS.IN<br>LACS) | QTY IN<br>KGs.               | VALUE<br>(RS.IN<br>LACS) | QTY IN<br>KGs.   | VALUE<br>(RS.IN<br>LACS) |
| <b>OPENING STOCK</b> |                 |                          |                              |                          |                  |                          |
| Plant I              | 40938.742       | 37.62                    | 29653.907                    | 25.74                    | 29446.086        | 27.99                    |
| Plant II             | 1864.490        | 3.63                     | 3779.745                     | 7.14                     | 8119.453         | 17.15                    |
| Plant III            | 5003.492        | 5.17                     | 5759.464                     | 5.53                     | 9192.007         | 8.71                     |
| Plant IV             | 17244.400       | 30.02                    | 20387.325                    | 38.18                    | 20498.335        | 40.13                    |
| Plant V              | 11317.220       | 23.32                    | 16113.53                     | 30.79                    | 14643.455        | 29.64                    |

|                      |            |         |             |          |            |          |
|----------------------|------------|---------|-------------|----------|------------|----------|
| <b>PRODUCTION</b>    |            |         |             |          |            |          |
| Plant I              | 236385.984 | -       | 697123.131  | -        | 610057.591 | -        |
| Plant II             | 36019.355  | -       | 180221.685  | -        | 190462.025 | -        |
| Plant III            | 171322.470 | -       | 716979.368  | -        | 687125.22  | -        |
| Plant IV             | 274804.170 | -       | 1148326.686 | -        | 987343.549 | -        |
| Plant V              | 355035.459 | -       | 1187871.735 | -        | 621081.982 | -        |
| <b>SALES</b>         |            |         |             |          |            |          |
| Plant I              | 238647.389 | 308.09  | 685838.296  | 898.37   | 609849.769 | 807.99   |
| Plant II             | 36349.090  | 2153.64 | 182136.94   | 606.51   | 194801.733 | 678.22   |
| Plant III            | 173396.876 | 327.96  | 717735.34   | 1,232.50 | 690557.763 | 1,178.75 |
| Plant IV             | 276440.405 | 1077.81 | 1151469.611 | 4,469.80 | 987454.559 | 3,679.82 |
| Plant V              | 352704.794 | 1182.80 | 1192668.045 | 3,649.06 | 619611.907 | 1,618.05 |
| <b>CLOSING STOCK</b> |            |         |             |          |            |          |
| Plant I              | 38677.337  | 34.54   | 40938.742   | 37.62    | 29653.908  | 25.74    |
| Plant II             | 1534.755   | 2.96    | 1864.49     | 3.63     | 3779.745   | 7.14     |
| Plant III            | 2929.086   | 3.15    | 5003.492    | 5.17     | 5759.464   | 5.53     |
| Plant IV             | 15608.165  | 30.16   | 17244.4     | 30.02    | 20387.325  | 38.18    |
| Plant V              | 13647.885  | 26.02   | 11317.22    | 23.32    | 16113.53   | 30.79    |

| Particular           | 31st March, 2005 |                    | 31st March, 2004 |                    | 31st March, 2003 |                    |
|----------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|
|                      | QTY IN KGs.      | VALUE (RS.IN LACS) | QTY IN KGs.      | VALUE (RS.IN LACS) | QTY IN KGs.      | VALUE (RS.IN LACS) |
| <b>OPENING STOCK</b> |                  |                    |                  |                    |                  |                    |
| Plant I              | 25460.044        | 22.28              | 20986.346        | 20.2               | 14782.966        | 14.1               |
| Plant II             | 9405.883         | 18.7               | 7294.261         | 12.27              | 8099.885         | 12.73              |
| Plant III            | 3794.495         | 3.67               | 9236.791         | 10.24              | 7201.764         | 7.74               |
| Plant IV             | 25388.829        | 44.14              | 33885.545        | 64.75              | 17033.805        | 33.68              |
| Plant V              | 112.44           | 0.44               | -                | -                  | -                | -                  |
| <b>PRODUCTION</b>    |                  |                    |                  |                    |                  |                    |
| Plant I              | 613669.198       | -                  | -                | -                  | -                | -                  |
| Plant II             | 238078.078       | -                  | -                | -                  | -                | -                  |
| Plant III            | 779242.602       | -                  | -                | -                  | -                | -                  |
| Plant IV             | 1044885.118      | -                  | 828425.384       | -                  | 530440.135       | -                  |
| Plant V              | 258114.144       | -                  | 701.235          | -                  | -                | -                  |
| <b>SALES</b>         |                  |                    |                  |                    |                  |                    |
| Plant I              | 609683.156       | 802.82             | 598482.802       | 752.48             | -                | 454.73             |
| Plant II             | 239364.508       | 862.97             | 265783.711       | 855.84             | -                | 815.51             |
| Plant III            | 773845.09        | 1272.12            | 587659.284       | 977.72             | -                | 756.88             |
| Plant IV             | 1049775.612      | 3760.11            | 836922.1         | 2793.42            | 513588.395       | 1841.47            |
| Plant V              | 243583.129       | 687.85             | 588.795          | 2.3                | -                | -                  |
| <b>CLOSING STOCK</b> |                  |                    |                  |                    |                  |                    |
| Plant I              | 29446.086        | 27.99              | 25460.044        | 22.28              | -                | -                  |
| Plant II             | 8119.453         | 17.15              | 9405.883         | 18.7               | -                | -                  |
| Plant III            | 9192.007         | 8.71               | 3794.495         | 3.67               | -                | -                  |
| Plant IV             | 20498.335        | 40.13              | 25388.829        | 44.14              | 33885.545        | 64.75              |
| Plant V              | 14643.455        | 29.64              | 112.44           | 0.44               | -                | -                  |

7 Details of purchases, sales & stock of bought out items :

| PLANT – II    | 30th June, 2007             |                    | 31 <sup>st</sup> March, 2007 |                    | 31 <sup>st</sup> March, 2006 |                    |
|---------------|-----------------------------|--------------------|------------------------------|--------------------|------------------------------|--------------------|
| PARTICULARS   | WEATHER STRIP ( IN PIECES ) | VALUE (RS.IN LACS) | WEATHER STRIP ( IN PIECES )  | VALUE (RS.IN LACS) | WEATHER STRIP ( IN PIECES )  | VALUE (RS.IN LACS) |
| OPENING STOCK | -                           | -                  | 2000                         | 0.42               | -                            | -                  |
| PURCHASES     | 119900                      | 26.81              | 603600                       | 132.31             | 555000                       | 120.58             |
| SALES         | 119900                      | 28.01              | 605600                       | 138.70             | 553000                       | 125.51             |
| CLOSING STOCK | -                           | -                  | -                            | -                  | 2000                         | 0.042              |

| PLANT – II    | 31 <sup>st</sup> March, 2005 |                    | 31 <sup>st</sup> March, 2004 |                    | 31 <sup>st</sup> March, 2003 |                    |
|---------------|------------------------------|--------------------|------------------------------|--------------------|------------------------------|--------------------|
| PARTICULARS   | WEATHER STRIP ( IN PIECES )  | VALUE (RS.IN LACS) | WEATHER STRIP ( IN PIECES )  | VALUE (RS.IN LACS) | WEATHER STRIP ( IN PIECES )  | VALUE (RS.IN LACS) |
| OPENING STOCK | -                            | -                  | -                            | -                  | 480                          | 0.11               |
| PURCHASES     | 668756                       | 143.73             | 853786                       | 179.9              | 592405                       | 125.99             |
| SALES         | 668756                       | 150.09             | 853786                       | 187.99             | 592885                       | 131.79             |
| CLOSING STOCK | -                            | -                  | -                            | -                  | -                            | -                  |

8 RAW MATERIAL CONSUMED :-

|                     | 30th June, 2007    |                    | 31 <sup>st</sup> March, 2007 |                    | 31 <sup>st</sup> March, 2006 |                    |
|---------------------|--------------------|--------------------|------------------------------|--------------------|------------------------------|--------------------|
| ITEMS               | QTY IN KGs.        | VALUE (RS.IN LACS) | QTY IN KGs.                  | VALUE (RS.IN LACS) | QTY IN KGs.                  | VALUE (RS.IN LACS) |
| P V C               | 922457.118         | 883.869            | 3312969.865                  | 3,210.25           | 2618430.486                  | 2,039.68           |
| Steel Strip         | 277291.282         | 159.416            | 1137497.684                  | 616.97             | 1052639.797                  | 569.72             |
| Sales Return Reused | -                  | -                  | -                            | -                  | -                            | -                  |
| <b>Total</b>        | <b>1199748.400</b> | <b>1,043.29</b>    | <b>4450467.549</b>           | <b>3,827.22</b>    | <b>3671070.283</b>           | <b>2,609.40</b>    |

|                     | 31 <sup>st</sup> March, 2005 |                    | 31 <sup>st</sup> March, 2004 |                    | 31 <sup>st</sup> March, 2003 |                    |
|---------------------|------------------------------|--------------------|------------------------------|--------------------|------------------------------|--------------------|
| ITEMS               | QTY IN KGs.                  | VALUE (RS.IN LACS) | QTY IN KGs.                  | VALUE (RS.IN LACS) | QTY IN KGs.                  | VALUE (RS.IN LACS) |
| P V C               | 2490419.868                  | 2251.61            | 1867688.222                  | 1507.34            | 1258103.26                   | 1073.85            |
| Steel Strip         | 973892.114                   | 592.86             | 636627.842                   | 310.95             | 446173.144                   | 208                |
| Sales Return Reused | -                            | -                  | -                            | -                  | 817.1                        | 2.14               |
| <b>Total</b>        | <b>3464311.982</b>           | <b>2844.46</b>     | <b>2504316.064</b>           | <b>1818.28</b>     | <b>1705093.505</b>           | <b>1283.99</b>     |

9 IMPORTED RAW MATERIAL AND PACKING MATERIALS CONSUMED :-

|             | 30th June, 2007          |           | 31st March, 2007         |           | 31st March, 2006        |           |
|-------------|--------------------------|-----------|--------------------------|-----------|-------------------------|-----------|
| ITEMS       | AMOUNT<br>(RS. in Lacs ) | ( % age ) | AMOUNT<br>(RS. in Lacs ) | ( % age ) | AMOUNT<br>(RS. in Lacs) | ( % age ) |
| IMPORTED    | 596.20                   | 44.25     | 1,965.41                 | 38.21     | 1,151.46                | 34.11     |
| INDIGENEOUS | 751.16                   | 55.75     | 3,178.92                 | 61.79     | 2,224.08                | 65.89     |
| Total       | 1,347.36                 | 100.00    | 5,144.33                 | 100       | 3,375.54                | 100       |

|             | 31st March, 2005        |           | 31st March, 2004        |           | 31st March, 2003        |           |
|-------------|-------------------------|-----------|-------------------------|-----------|-------------------------|-----------|
| ITEMS       | AMOUNT<br>(RS. in Lacs) | ( % age ) | AMOUNT<br>(RS. in Lacs) | ( % age ) | AMOUNT<br>(RS. in Lacs) | ( % age ) |
| IMPORTED    | 1033.55                 | 28.83     | 521.37                  | 22.13     | 415.71                  | 24.62     |
| INDIGENEOUS | 2550.82                 | 71.17     | 1834.91                 | 77.87     | 1272.61                 | 75.38     |
| Total       | 3584.37                 | 100       | 2356.29                 | 100       | 1688.32                 | 100       |

10 SEGMENT REPORTING

i) PRIMARY BUSINESS SEGMENTS

The Company reviewed the disclosure of Business segment wise information and is of the view that the Company is mainly in the business of manufacture of PVC Profiles for Automobiles Industries and other business of the Company is to manufacture the PVC Profiles for Refrigerator Industries, Electrical Industries, and Building Construction Industries. Since, no other single segment constitute revenue/ results/ assets more than 10% of total (in accordance with AS - 17), Accordingly segment information has not been disclosed.

ii) GEOGRAPHICAL SEGMENTS :

The Company caters mainly to the needs of Indian market and the export turnover being 3.84% (Previous year 3.19%) of the total turnover of the Company, there are no reportable geographical segments.

iii) ASSETS BY GEOGRAPHICAL AREA :

All segment assets of the Company are located in Northern Part of India .i.e., in Delhi & Noida.

11 RELATED PARTY DISCLOSURES

A. Related Party Transactions, as required by AS - 18, " Related Party Disclosures " are as given below :

i) Related Parties in the group where common control exists :-

| FY 2008 (up to<br>30th June 2007) | FY 2007                        | FY 2006                         | FY 2005                        | FY 2004                         | FY 2003                        |
|-----------------------------------|--------------------------------|---------------------------------|--------------------------------|---------------------------------|--------------------------------|
| a) Ajay Poly Private Ltd.         | a) Ajay Poly Private Ltd.      | a) Ajay Poly Private Ltd.       | a) Ajay Poly Private Ltd.      | a) Ajay Poly Private Ltd.       | a) Ajay Poly Private Ltd.      |
| b) A I C (Plastic) Private Ltd    | b) A I C (Plastic) Private Ltd | b ) A I C (Plastic) Private Ltd | b) A I C (Plastic) Private Ltd | b ) A I C (Plastic) Private Ltd | b) A I C (Plastic) Private Ltd |
| c ) Ajay Industrial Corporation   | c) Ajay Industrial Corporation | c) Ajay Industrial Corporation  | c) Ajay Industrial Corporation | c) Ajay Industrial Corporation  | c) Ajay Industrial Corporation |
| d) Kalindi Farms Pvt. Ltd.        | d) Kalindi Farms Pvt. Ltd.     | d) Kalindi Farms Pvt. Ltd.      | d) Kalindi Farms Pvt. Ltd.     | d ) Kalindi Farms Pvt. Ltd.     | d) Kalindi Farms Pvt. Ltd.     |

|                                         |                                         |                                         |                                         |                                         |                                         |
|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|
| e) Ajay Industrial Corporation Pvt. Ltd | e) Ajay Industrial Corporation Pvt. Ltd | e) Ajay Industrial Corporation Pvt. Ltd | e) Ajay Industrial Corporation Pvt. Ltd | e) Ajay Industrial Corporation Pvt. Ltd | e) Ajay Industrial Corporation Pvt. Ltd |
| f ) Seiki Auto India Pvt. Ltd.          | f ) Seiki Auto India Pvt. Ltd.          | -                                       | -                                       | -                                       | -                                       |
| g ) Nutra Foods ( India) Pvt. Ltd.      | -                                       | -                                       | -                                       | -                                       | -                                       |

ii) Key Management Personal of the Company :

| FY 2008 ( upto 30th June 2007 ) |                      | FY 2007                       |                      | FY 2006                       |                     |
|---------------------------------|----------------------|-------------------------------|----------------------|-------------------------------|---------------------|
| a ) Sh. Devendra Chandra Jain   | Chairman             | a ) Sh. Devendra Chandra Jain | Chairman             | a ) Sh. Devendra Chandra Jain | Chairman            |
| b ) Sh. Sharat Chand Jain       | Vice – Chairman      | b ) Sh. Sharat Chand Jain     | Vice – Chairman      | b ) Sh. Sharat Chand Jain     | Vice – Chairman     |
| c ) Sh. Ajay Kumar Jain         | Managing Director    | c ) Sh. Ajay Kumar Jain       | Managing Director    | c ) Sh. Ajay Kumar Jain       | Managing Director   |
| d ) Sh. Rajeev Jain             | Whole Time Director  | d ) Sh. Rajeev Jain           | Whole Time Director  | d ) Sh. Rajeev Jain           | Director Works      |
| e ) Sh. Anuj Jain               | Director             | e ) Sh. Anuj Jain             | Director             | e ) Sh. Anuj Jain             | Director            |
| f ) Sh. Abhishek Jain           | Whole Time Director  | f ) Sh. Abhishek Jain         | Whole Time Director  | f ) Smt. Anuradha Jain        | Director            |
| g ) Sh. B B Tandan              | Independent Director | g ) Sh. B B Tandan            | Independent Director | g ) Smt Bina Jain             | Director            |
| h ) Sh. K K Mathur              | Independent Director | h ) Sh. K K Mathur            | Independent Director | h ) Smt Lata Jain             | Director            |
| i ) Sh. Satish Lal Tandan       | Independent Director | i ) Sh. Satish Lal Tandan     | Independent Director | i ) Smt. Vinay Kumari Jain    | Director            |
| j) Sh. S K Tuteja               | Independent Director | -                             | -                    | Smt Asha Jain                 | Whole Time Director |
| k) Sh. Vinod Vaish              | Independent Director | -                             | -                    | Sh. Akhil Jain                | Director            |
| l) Sh. S K Duggal               | Independent Director | -                             | -                    | Sh. Nitin Jain                | Director Works      |

| FY 2005                       |                     | FY 2004                       |                     | FY 2003                       |                     |
|-------------------------------|---------------------|-------------------------------|---------------------|-------------------------------|---------------------|
| a ) Sh. Devendra Chandra Jain | Chairman            | a ) Sh. Devendra Chandra Jain | Chairman            | a ) Sh. Devendra Chandra Jain | Chairman            |
| b ) Sh. Sharat Chand Jain     | Vice - Chairman     | b ) Sh. Sharat Chand Jain     | Vice - Chairman     | b ) Sh. Sharat Chand Jain     | Vice – Chairman     |
| c ) Sh. Ajay Kumar Jain       | Managing Director   | c ) Sh. Ajay Kumar Jain       | Managing Director   | c ) Sh. Ajay Kumar Jain       | Managing Director   |
| d ) Sh. Rajeev Jain           | Director-Works      | d ) Sh. Rajeev Jain           | Director-Works      | d ) Sh. Rajeev Jain           | Director-Works      |
| e ) Sh. Nitin Jain            | Director-Works      | e ) Sh. Nitin Jain            | Director-Works      | e ) Sh. Nitin Jain            | Director-Works      |
| f ) Smt. Asha Jain            | Whole Time Director | f ) Smt. Asha Jain            | Whole Time Director | f ) Smt. Asha Jain            | Whole Time Director |
| g ) Sh. Akhil Jain            | Director            | g ) Sh. Akhil Jain            | Director            | g ) Sh. Akhil Jain            | Director            |
| h ) Sh. Anuj Jain             | Director            | h ) Sh. Anuj Jain             | Director            | h ) Sh. Anuj Jain             | Director            |
| i ) Smt. Bina Jain            | Director            | i ) Smt. Bina Jain            | Director            | i ) Smt. Bina Jain            | Director            |
| j ) Smt. Vinay Kumari Jain    | Director            | j ) Smt. Vinay Kumari Jain    | Director            | j ) Smt. Vinay Kumari Jain    | Director            |

|                        |          |                        |          |                        |          |
|------------------------|----------|------------------------|----------|------------------------|----------|
| k ) Smt. Anuradha Jain | Director | k ) Smt. Anuradha Jain | Director | k ) Smt. Anuradha Jain | Director |
| l ) Smt. Lata Jain     | Director | l ) Smt. Lata Jain     | Director | l ) Smt. Lata Jain     | Director |

iii) Relatives of the Key Management Personal

| <b>FY 2008 ( upto 30th June 2007 )</b> | <b>FY 2007</b>                | <b>FY 2006</b>                | <b>FY 2005</b>                | <b>FY 2004</b>                | <b>FY 2003</b>                |
|----------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| a ) M/S. D. C. Jain (H. U. F)          | a ) M/S. D. C. Jain (H. U. F) | a ) M/S. D. C. Jain (H. U. F) | a ) Sh. Abhishek Jain         | a ) Sh. Abhishek Jain         | a ) Sh. Abhishek Jain         |
| b ) M/S. A. K. Jain (H. U. F)          | b ) M/S. A. K. Jain (H. U. F) | B ) M/S. A. K. Jain (H. U. F) | b ) M/S. D. C. Jain (H. U. F) | b ) M/S. D. C. Jain (H. U. F) | b ) M/S. D. C. Jain (H. U. F) |
| c ) SMT. KANUPRIYA JAIN                | c ) SMT. KANUPRIYA JAIN       | c ) SMT. KANUPRIYA JAIN       | c ) M/S. A. K. Jain (H. U. F) | c ) M/S. A. K. Jain (H. U. F) | c ) M/S. A. K. Jain (H. U. F) |
| d ) Sh. Nitin Jain                     | d ) Sh. Nitin Jain            | D ) Sh. Abhishek Jain         | -                             | -                             | -                             |
| e ) Smt. Asha Jain                     | e ) Smt. Asha Jain            | -                             | -                             | -                             | -                             |
| f ) Sh. Akhil Jain                     | f ) Sh. Akhil Jain            | -                             | -                             | -                             | -                             |
| g ) Smt. Bina Jain                     | g ) Smt. Bina Jain            | -                             | -                             | -                             | -                             |
| h ) Smt. Vinay Kumari Jain             | h ) Smt. Vinay Kumari Jain    | -                             | -                             | -                             | -                             |
| i ) Smt. Anuradha Jain                 | i ) Smt. Anuradha Jain        | -                             | -                             | -                             | -                             |
| j ) Smt. Lata Jain                     | j ) Smt. Lata Jain            | -                             | -                             | -                             | -                             |

B Summary of the transactions with the above related parties in the ordinary course of business are as follows.

**For the Year FY 2008 (up to 30th June 2007 & FY 2007)**

| <b>Nature of Transaction</b>               | <b>Related Parties where common control exists</b> |                  | <b>Key Management Personal</b> |                  | <b>Relative of the Key Management Personal</b> |                  |
|--------------------------------------------|----------------------------------------------------|------------------|--------------------------------|------------------|------------------------------------------------|------------------|
|                                            | <b>30-Jun-07</b>                                   | <b>31-Mar-07</b> | <b>30-Jun-07</b>               | <b>31-Mar-07</b> | <b>30-Jun-07</b>                               | <b>31-Mar-07</b> |
| Fixed Assets Purchases                     | 3.04                                               | 2.15             | 0.00                           | 0.00             | 0.00                                           | 0.00             |
| Raw Material/Licence Purchases             | 42.87                                              | 186.41           | 0.00                           | 0.00             | 0.00                                           | 0.00             |
| Job Work Paid                              | 0.00                                               | 0.00             | 0.00                           | 0.00             | 0.00                                           | 0.00             |
| Sales                                      | 60.12                                              | 125.29           | 0.00                           | 0.00             | 0.00                                           | 0.00             |
| Rent & Lease Charges                       | 21.00                                              | 72.75            | 0.00                           | 0.00             | 1.35                                           | 5.40             |
| Remuneration                               | 0.00                                               | 0.00             | 9.11                           | 324.48           | 0.00                                           | 4.42             |
| Interest paid                              | 0.00                                               | 0.00             | 8.48                           | 53.08            | 9.82                                           | 27.64            |
| Dividend Paid                              | 0.00                                               | 0.00             | 0.00                           | 49.88            | 0.00                                           | 388.88           |
| <b>Balance outstanding at the year end</b> |                                                    |                  |                                |                  |                                                |                  |
| Amount Payable                             | 0.00                                               | 0.00             | 291.71                         | 284.10           | 332.84                                         | 336.03           |
| Amount Recoverable                         | 31.90                                              | 10.50            | 0.00                           | 13.62            | 0.00                                           | 1.19             |

**For the FY 2006 & FY 2005**

| Nature of Transaction                      | Related Parties where common control exists |           | Key Management Personal |           | Relative of the Key Management Personal |           |
|--------------------------------------------|---------------------------------------------|-----------|-------------------------|-----------|-----------------------------------------|-----------|
|                                            | 31-Mar-06                                   | 31-Mar-05 | 31-Mar-06               | 31-Mar-05 | 31-Mar-06                               | 31-Mar-05 |
| Fixed Assets Purchases                     | 0.00                                        | 2.85      | 0.00                    | 0.00      | 0.00                                    | 0.00      |
| Raw Material/Licence Purchases             | 211.81                                      | 297.09    | 0.00                    | 0.00      | 0.00                                    | 0.00      |
| Job Work Paid                              | 0.00                                        | 3.11      | 0.00                    | 0.00      | 0.00                                    | 0.00      |
| Sales                                      | 94.47                                       | 66.06     | 0.00                    | 0.00      | 0.00                                    | 0.00      |
| Rent & Lease Charges                       | 66.00                                       | 63.00     | 5.40                    | 0.00      | 0.00                                    | 0.00      |
| Remuneration                               | 0.00                                        | 0.00      | 38.85                   | 37.82     | 6.64                                    | 5.32      |
| Interest paid                              | 0.32                                        | 1.87      | 35.72                   | 49.02     | 11.07                                   | 15.67     |
| Dividend Paid                              | 0.00                                        | 0.00      | 274.88                  | 423.75    | 163.88                                  | 15.00     |
| <b>Balance outstanding at the year end</b> |                                             |           |                         |           |                                         |           |
| Amount Payable                             | 0.00                                        | 13.97     | 427.19                  | 378.57    | 142.53                                  | 110.29    |
| Amount Recoverable                         | 10.50                                       | 10.50     | 0.00                    | 0.33      | 0.00                                    | 0.00      |

**For the FY 2004 & FY 2003**

| Nature of Transaction                      | Related Parties where common control exists |           | Key Management Personal |           | Relative of the Key Management Personal |           |
|--------------------------------------------|---------------------------------------------|-----------|-------------------------|-----------|-----------------------------------------|-----------|
|                                            | 31-Mar-04                                   | 31-Mar-03 | 31-Mar-04               | 31-Mar-03 | 31-Mar-04                               | 31-Mar-03 |
| Fixed Assets Purchases                     | 2.25                                        | 0.00      | 0.00                    | 0.00      | 0.00                                    | 0.00      |
| Material/Licence Purchases                 | 299.24                                      | 161.43    | 0.00                    | 0.00      | 0.00                                    | 0.00      |
| Job Work Paid                              | 6.11                                        | 4.64      | 0.00                    | 0.00      | 0.00                                    | 0.00      |
| Sales                                      | 67.55                                       | 4.63      | 0.00                    | 0.00      | 0.00                                    | 0.00      |
| Rent & Lease Charges                       | 64.20                                       | 58.00     | 0.00                    | 0.00      | 0.00                                    | 0.00      |
| Remuneration                               | 0.00                                        | 0.00      | 32.30                   | 29.69     | 1.74                                    | 1.26      |
| Interest paid                              | 0.61                                        | 0.00      | 16.93                   | 60.95     | 6.60                                    | 17.85     |
| Dividend Paid                              | 0.00                                        | 0.00      | 211.88                  | 215.63    | 7.50                                    | 7.50      |
| <b>Balance outstanding at the year end</b> |                                             |           |                         |           |                                         |           |
| Amount Payable                             | 12.48                                       | 0.20      | 341.41                  | 86.66     | 111.36                                  | 34.23     |
| Amount Recoverable                         | 16.60                                       | 6.60      | 0.26                    | 0.26      | 0.00                                    | 0.00      |

**12 EARNING PER SHARE (EPS) (ACCOUNTING STANDARD - 20)**

|                                                                                                                                   | 30th June, 2007 | 31 <sup>st</sup> March, 2007 | 31 <sup>st</sup> March, 2006 | 31 <sup>st</sup> March, 2005 | 31 <sup>st</sup> March, 2004 | 31 <sup>st</sup> March, 2003 |
|-----------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| PARTICULARS                                                                                                                       | AMOUNT (RS.)    | AMOUNT (RS.)                 | AMOUNT (RS.)                 | AMOUNT (RS.)                 | AMOUNT (RS.)                 | AMOUNT (RS.)                 |
| Net Profit before Extra Ordinary Items But after Tax, as restated (A)                                                             | 493.72          | 1387.78                      | 798.86                       | 761.14                       | 751.49                       | 427.81                       |
| Net Worth excluding revaluation reserve at the end of the year (B)                                                                | 4622.86         | 4152.42                      | 3333.41                      | 3062.36                      | 2689.75                      | 2293.91                      |
| Weighted average number of equity shares outstanding during the year, after considering the impact of bonus issue (C) Nos.- Basic | 90.00           | 90.00                        | 90.00                        | 90.00                        | 90.00                        | 90.00                        |

|                                                                                                                                      |       |       |       |       |       |       |
|--------------------------------------------------------------------------------------------------------------------------------------|-------|-------|-------|-------|-------|-------|
| Weighted average number of equity shares outstanding during the year, after considering the impact of bonus issue (C) Nos.- Dilutive | 90.00 | 90.00 | 90.00 | 90.00 | 90.00 | 90.00 |
| Total Number of Equity shares outstanding at the end of the year (E) Nos. in lacs                                                    | 90.00 | 90.00 | 60.00 | 60.00 | 30.00 | 30.00 |
| <b>Earning Per Share</b>                                                                                                             |       |       |       |       |       |       |
| - Basic (A/C) (Rs.)                                                                                                                  | 5.49  | 15.42 | 8.88  | 8.46  | 8.35  | 4.75  |
| - Diluted ( A/D) (Rs.)                                                                                                               | 5.49  | 15.42 | 8.88  | 8.46  | 8.35  | 4.75  |
| <b>Return on Net Worth (%) (A/B)</b>                                                                                                 | 10.68 | 33.42 | 23.97 | 24.85 | 27.94 | 18.65 |

#### 13 DEFERRED TAX ACCOUNTING :

The deferred tax credit/(Charge) for the year has been recognised in the Profit & Loss Account for the year. Details of Deferred Tax Liabilities / (Assets) are as under :

|   |                                                                      | AS AT               | AS AT                          | AS AT              | AS AT                          | AS AT              | AS AT              |
|---|----------------------------------------------------------------------|---------------------|--------------------------------|--------------------|--------------------------------|--------------------|--------------------|
|   | PARTICULARS                                                          | 30th June ,<br>2007 | 31 <sup>st</sup> March<br>2007 | 31st March<br>2006 | 31 <sup>st</sup> March<br>2005 | 31st March<br>2004 | 31st March<br>2003 |
| a | DEFERRED TAX LIABILITY                                               |                     |                                |                    |                                |                    |                    |
|   | i) RELATED TO FIXED ASSETS                                           | 296.29              | 293.99                         | 242.39             | 233.82                         | 202.54             | 215.85             |
| b | DEFERRED TAX ASSET                                                   |                     |                                |                    |                                |                    |                    |
|   | i) DISALLOWANCE OF GRATUITY PROVISION UNDER THE INCOME TAX ACT 1961. | 63.15               | 59.28                          | 46.45              | 41.09                          | 37.32              | 32.73              |
| c | NET DEFERRED TAX LIABILITY/(ASSETS)                                  | 233.14              | 234.72                         | 195.94             | 192.73                         | 165.22             | 183.12             |
|   | Deferred Tax credit/(charge) for the year                            | 1.58                | -38.78                         | -3.21              | -27.51                         | 17.9               | 40.23              |

#### 14 EARNING IN FOREIGN EXCHANGE

|                 | 30th June ,<br>2007 | 31st<br>March,<br>2007 | 31st<br>March,<br>2006 | 31 <sup>st</sup> March,<br>2005 | 31st<br>March,<br>2004 | 31st<br>March,<br>2003 |
|-----------------|---------------------|------------------------|------------------------|---------------------------------|------------------------|------------------------|
| PARTICULARS     | AMOUNT<br>(RS. )    | AMOUNT<br>(RS. )       | AMOUNT<br>(RS. )       | AMOUNT<br>(RS. )                | AMOUNT<br>(RS. )       | AMOUNT<br>(RS. )       |
| Value of Export | 117.04              | 346.55                 | 269.08                 | 296.74                          | 147.83                 | 25.42                  |



15 DIVIDEND REMITTED IN FOREIGN CURRENCY (CASH BASIS)

|                                                    | 30th June ,<br>2007 | 31st March,<br>2007 | 31st March,<br>2006 | 31st March,<br>2005 | 31st March,<br>2004 | 31st March,<br>2003 |
|----------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| PARTICULARS                                        | AMOUNT<br>(RS. )    | AMOUNT<br>(RS. )    | AMOUNT<br>(RS. )    | AMOUNT<br>(RS. )    | AMOUNT<br>(RS. )    | AMOUNT<br>(RS. )    |
| Dividend remitt during the year (in Rs.)           | NIL                 | 3.75                | 15                  | 5.63                | 7.5                 | -                   |
| Dividend remitt during the year (in Yen)           | NIL                 | 9.23                | 37.83               | 12.97               | 17.62               | -                   |
| No. of non-resident shareholders                   | NIL                 | 1                   | 1                   | 1                   | 1                   | -                   |
| No. of shares for which dividend remitted(in Lacs) | NIL                 | 1.5                 | 1.5                 | 1.5                 | 0.75                | -                   |

16 VALUE OF IMPORT ON C I F BASIS :-

| ITEMS          | 30th June ,<br>2007 | 31st March,<br>2007 | 31st March,<br>2006 | 31 <sup>st</sup> March,<br>2005 | 31st March,<br>2004 | 31 <sup>st</sup> March,<br>2003 |
|----------------|---------------------|---------------------|---------------------|---------------------------------|---------------------|---------------------------------|
|                | AMOUNT<br>(RS. )    | AMOUNT<br>(RS. )    | AMOUNT<br>(RS. )    | AMOUNT<br>(RS. )                | AMOUNT<br>(RS. )    | AMOUNT<br>(RS. )                |
| RAW MATERIAL   | 526.92              | 1,506.96            | 984.68              | 869.21                          | 415.69              | 261.34                          |
| STORE & SPARES | 4.90                | 44.81               | 67.65               | 40.43                           | 19.36               | 14.43                           |
| CAPITAL GOODS  | 5.30                | 420.16              | 472.27              | 338.37                          | 40.94               | 21.24                           |
| <b>Total</b>   | <b>537.12</b>       | <b>1,971.94</b>     | <b>1,524.61</b>     | <b>1248.02</b>                  | <b>475.99</b>       | <b>297.01</b>                   |

17 EXPENDITURE IN FOREIGN CURRENCY :

|                          | 30th June ,<br>2007 | 31st March,<br>2007 | 31st March,<br>2006 | 31st March,<br>2005 | 31st March,<br>2004 | 31 <sup>st</sup> March,<br>2003 |
|--------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------------------|
|                          | AMOUNT<br>(RS. )    | AMOUNT<br>(RS. )    | AMOUNT<br>(RS. )    | AMOUNT<br>(RS. )    | AMOUNT<br>(RS. )    | AMOUNT<br>(RS. )                |
| PAYMENT TO COLLABORATORS | 19.69               | 64.8                | 96.99               | 54.42               | 22.2                | 25.4                            |
| FOREIGN TRAVEL           | 15.62               | 26.24               | 40.62               | 26.02               | 23.47               | 13.74                           |
| OTHERS                   | 0.00                | 5.29                | 18.18               | 19.15               | 12.23               | 22.52                           |
| <b>Total</b>             | <b>35.31</b>        | <b>96.34</b>        | <b>155.79</b>       | <b>99.59</b>        | <b>57.9</b>         | <b>61.67</b>                    |

|    |                                                                                                                                                                                                                                                                                                       |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 18 | The name of the Small Scale Industrial undertakings to whom amount are due for more than 30 days, but within the usual terms of purchases as on Balance Sheet date are as                                                                                                                             |
| a) | Kamal Polymer                                                                                                                                                                                                                                                                                         |
|    | The above information and that given in 'CURRENT LIABILITIES' regarding Small Scale Industrial Undertakings has been compiled in respect of parties to the extent to which they could be identified as Small Scale and ancillary undertakings on the basis of information available with the Company. |

|    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 19 | <u>ISSUED, SUBSCRIBED AND PAID-UP CAPITALS</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|    | The Company has issued 30,00,000 equity shares of Rs. 10.00 each at dated 30th September 2006 in the financial year 2006 – 2007 as Bonus shares in the ratio of one Bonus share of Rs. 10.00 each fully paid-up, against two fully paid equity share, after capitalizing the general reserve.                                                                                                                                                                                                                                                                                                                                                                    |
|    | The Company has issued 30,00,000 equity shares of Rs. 10.00 each at dated 25 <sup>th</sup> September 2004 in the financial year 2004-2005 as Bonus shares in the ratio of one Bonus share of Rs. 10.00 each fully paid-up, against one fully paid equity share, after capitalizing the general reserve                                                                                                                                                                                                                                                                                                                                                           |
| 20 | Income tax assessments of the Company were completed till the assessment year 2004-2005. However, assessment for the assessment year 2004 – 2005 is pending before the Hon'ble CIT Appeal. No provision has been made in the accounts for additional income tax liabilities for assessment year 2004 – 2005 to 2008 – 2009 ( upto 30th June 2007) Amount unascertained.                                                                                                                                                                                                                                                                                          |
| 21 | A Search U/S. 132 of the Income Tax Act, 1961 was made by the Income tax department on dated 05.02.2002 / 06.02.2002. No provision has been made in the accounts for additional income tax liabilities for Block Assessment Period. i.e., 01.04.1995 to 05.02.2002 (Except Rs. 2,10,000.00 as per Block return filed U/s. 158 BC. Plus Rs. 1,91,340.00 while application before Settlement Commission allowed to be proceeded with). Final disposal of petition before the Hon'ble Settlement Commission is pending. Amount unascertained.                                                                                                                       |
| 22 | Income tax assessment for the Block Period, from 01.04.1995 to 05.02.2002 and for Regular assessment for the period from 06.02.2002 to 31.03.2002 (A.Y. 2002-2003) are pending before the Hon'ble Settlement Commission. No provision has been made in the accounts for additional income tax liabilities for the Block Period and for Regular assessment year 2002 – 2003 (Except Rs. 1,91,340.00 for Block Period and Rs. 2,713.00 for Regular assessment year 2002 – 2003 while application before Settlement Commission allowed to be proceeded with). Final disposal of petition before the Hon'ble Settlement Commission is pending. Amount unascertained. |
| 23 | Wealth Tax assessment of the company has completed up to the assessment year 2004 – 2005. No provision has been made in the accounts for additional Wealth tax liabilities for the assessment year 2005 – 2006 to 2008 – 2009 (up to 30th June 2007) amount unascertained.                                                                                                                                                                                                                                                                                                                                                                                       |
| 24 | Income tax department has introduced Fringe benefit tax from the Assessment year 2006 - 2007. No provision has been made in the accounts for additional fringe benefit tax liabilities for the assessment year 2006 – 2007 to 2008 - 2009 (up to 30th June 2007) .amount unascertained.                                                                                                                                                                                                                                                                                                                                                                          |
| 25 | Sales tax assessments of the Company were completed till the Financial Year 2004 – 2005 (Delhi units up to F. Y. 2006-2007). However, No provision has been made in accounts for additional sales tax liabilities for the Financial Year from 2005 – 2006 to 2007 – 2008 (up to 30th June 2007). Amount unascertained.                                                                                                                                                                                                                                                                                                                                           |

## ANNEXURE -V

**STATEMENT OF CASH FLOWS, AS RESTATED**

|          |                                                           | Rs. in Lacs     |                  |                 |                 |                 |                 |
|----------|-----------------------------------------------------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|
|          | PARTICULARS                                               | 30.06.2007      | 31.03.2007       | 31.03.2006      | 31.03.2005      | 31.03.2004      | 31.03.2003      |
| <b>A</b> | <b>Cash Flows from operative activities</b>               |                 |                  |                 |                 |                 |                 |
|          | <b>Profit before Tax &amp; Appropriations</b>             | <b>749.64</b>   | <b>2123.86</b>   | <b>1236.91</b>  | <b>1173.12</b>  | <b>1130.77</b>  | <b>652.93</b>   |
|          | Adjustments for :                                         |                 |                  |                 |                 |                 |                 |
|          | Depreciation                                              | 134.86          | 497.03           | 433.50          | 356.89          | 320.21          | 331.46          |
|          | PREOPERATIVE EXPENSES WRITTEN OFF                         | 0.67            | 2.68             | 2.68            | 4.01            | 4.01            | 3.87            |
|          | (Profit)/Loss on Sales of Fixed Assets                    | 0.83            | 0.07             | 1.50            | 1.29            | 0.77            | 1.64            |
|          | Interest Expenses                                         | 46.06           | 167.68           | 94.80           | 68.33           | 24.14           | 79.11           |
|          | (Profit) /Loss on sales of Investment /Others             | 1.97            | 4.67             | (1.41)          | (0.34)          | (0.73)          | (1.61)          |
|          | <b>Operating cash flow before working capital changes</b> | <b>934.03</b>   | <b>2795.99</b>   | <b>1767.97</b>  | <b>1603.30</b>  | <b>1479.18</b>  | <b>1067.40</b>  |
|          | Adjustments for :                                         |                 |                  |                 |                 |                 |                 |
|          | (Increase) / Decrease in Sundry Debtors                   | (278.24)        | (184.49)         | (132.25)        | 78.76           | (203.19)        | (78.65)         |
|          | (Increase) / Decrease in Loan and Advances                | (66.92)         | 42.03            | (221.48)        | (199.75)        | 152.28          | (211.73)        |
|          | (Increase) / Decrease in Inventories                      | (43.13)         | 158.22           | (68.58)         | (142.27)        | (176.97)        | (57.86)         |
|          | Increase / (Decrease) in Sundry Creditors                 | (83.68)         | (123.99)         | 150.21          | 77.69           | 175.26          | (15.23)         |
|          | Increase/(Decrease) in Advance from Customers             | 93.99           | 135.88           | 70.30           | 0.68            | 7.19            | (0.39)          |
|          | Increase/(Decrease) in Other liabilities                  | 1.70            | 94.74            | (20.68)         | 25.39           | 28.30           | (16.17)         |
|          | Increase/(Decrease) in provision for Gratuity             | 11.52           | 38.10            | 15.93           | 18.04           | 14.96           | 22.34           |
|          | <b>Cash Generated From Operations</b>                     | <b>569.27</b>   | <b>2956.49</b>   | <b>1561.42</b>  | <b>1461.85</b>  | <b>1477.00</b>  | <b>709.71</b>   |
|          | Tax Paid                                                  | 303.59          | 530.22           | 453.67          | 518.86          | 326.04          | 280.08          |
|          | <b>Net cash from/ (used in) operating activities (A)</b>  | <b>265.68</b>   | <b>2426.27</b>   | <b>1107.75</b>  | <b>942.99</b>   | <b>1150.96</b>  | <b>429.63</b>   |
| <b>B</b> | <b>Cash Flow from Investing Activities</b>                |                 |                  |                 |                 |                 |                 |
|          | Sales/(purchase) of Fixed Assets                          | (106.01)        | (1898.70)        | (1344.59)       | (862.41)        | (1150.35)       | (236.60)        |
|          | Sales/(purchase) of Investment /Others                    | (151.97)        | (4.67)           | 1.41            | 0.34            | 50.91           | (48.57)         |
|          | Fresh Loan Received/(repayment of loan)                   | 93.80           | (168.46)         | 1037.46         | 202.27          | 344.37          | (568.67)        |
|          | <b>Net cash from/(used in) investing activities (B)</b>   | <b>(164.18)</b> | <b>(2071.83)</b> | <b>(305.72)</b> | <b>(659.80)</b> | <b>(755.08)</b> | <b>(853.84)</b> |
| <b>C</b> | <b>Cash Flow from Financing Activities</b>                |                 |                  |                 |                 |                 |                 |
|          | Dividend paid                                             | 0.00            | (171.04)         | (703.04)        | (234.80)        | (507.66)        | 0.00            |
|          | Interest paid                                             | (46.06)         | (167.68)         | (94.80)         | (68.33)         | (24.14)         | (79.11)         |
|          | <b>Net cash from/(used in) Financing activities (C)</b>   | <b>(46.06)</b>  | <b>(338.72)</b>  | <b>(797.84)</b> | <b>(303.14)</b> | <b>(531.80)</b> | <b>(79.11)</b>  |
|          | Net increase in cash & cash equivalent during             |                 |                  |                 |                 |                 |                 |

|  |                                                           |               |              |              |              |              |               |
|--|-----------------------------------------------------------|---------------|--------------|--------------|--------------|--------------|---------------|
|  | the year (A+B+C)                                          | 55.43         | 23.64        | 4.19         | (19.94)      | (135.91)     | (503.32)      |
|  | Cash and cash equivalent as at the beginning of the year  | 57.96         | 34.31        | 30.12        | 50.08        | 186.00       | 689.33        |
|  | <b>Cash and cash equivalent as at the end of the year</b> | <b>113.39</b> | <b>57.95</b> | <b>34.31</b> | <b>30.13</b> | <b>50.09</b> | <b>186.01</b> |

## ANNEXURE - VI

**ACCOUNTING RATIOS (ON RESTATED NUMBERS)**

|                                                                                                                                     | Rs. in Lacs       |                   |                   |                   |                   |                   |
|-------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Particular</b>                                                                                                                   | <b>30.06.2007</b> | <b>31.03.2007</b> | <b>31.03.2006</b> | <b>31.03.2005</b> | <b>31.03.2004</b> | <b>31.03.2003</b> |
| Net Profit Before extraordinary items but after tax, as restated(A)                                                                 | 493.72            | 1387.78           | 798.86            | 761.14            | 751.49            | 427.81            |
| Net Worth excluding revaluation reserve at the end of the year (B)                                                                  | 4622.86           | 4152.42           | 3333.41           | 3062.36           | 2689.75           | 2293.91           |
| Weighted average number of equity shares outstanding during the year after considering impact of bonus issues (C)<br>Nos. – Basic   | 90.00             | 90.00             | 90.00             | 90.00             | 90.00             | 90.00             |
| Weighted average number of equity shares outstanding during the year after considering impact of bonus issues (D)<br>Nos.- Dilutive | 90.00             | 90.00             | 90.00             | 90.00             | 90.00             | 90.00             |
| Total Number of Equity shares outstanding at the end of the year (E)<br>Nos. in lacs                                                | 90.00             | 90.00             | 60.00             | 60.00             | 30.00             | 30.00             |
| <b>Earnings Per Share:</b>                                                                                                          |                   |                   |                   |                   |                   |                   |
| - Basic (A/C) (Rs.)                                                                                                                 | 5.49              | 15.42             | 8.88              | 8.46              | 8.35              | 4.75              |
| - Diluted (A/D) (Rs.)                                                                                                               | 5.49              | 15.42             | 8.88              | 8.46              | 8.35              | 4.75              |
| <b>Return on Net Worth(%) (A/B)</b>                                                                                                 | 10.68             | 33.42             | 23.97             | 24.85             | 27.94             | 18.65             |
| <b>Net Asset Value or Book Value per share (B/E) (Rs.)</b>                                                                          | 51.37             | 46.14             | 55.56             | 51.04             | 89.66             | 76.46             |

**Notes:**

1. Earnings per Share (Rs.)=Adjusted Net Profit available to equity shareholders/No. of equity shares outstanding at the end of period (As per AS-20)
2. Net Asset Value/Book Value per Share (Rs.) = Net Worth /No. of equity shares outstanding at the end of the period
3. Return on Net Worth (%) = Adjusted Net Profit available to equity shareholders/Net Worth \* 100

## ANNEXURE VII

**CAPITALISATION STATEMENT**

Rs. in Lacs

| Particulars                       | Pre Issue as at 30-06.2007 | Post Issue |
|-----------------------------------|----------------------------|------------|
| <b>Debt</b>                       |                            |            |
| Short Term Debt                   | 190.33                     | 190.33     |
| Long Term Debt                    | 1440.00                    | 1440.00    |
| <b>Total Debt</b>                 | <b>1630.33</b>             | 1630.33    |
| <b>Shareholders Funds</b>         |                            |            |
| Share Capital                     | 900.00                     | 1400.00    |
| Reserves & Surplus                | 3791.33                    | 10791.33   |
| Less: Misc. expenditure           | 68.47                      | 68.47      |
| <b>Total Shareholders Funds</b>   | 4622.86                    | 12122.86   |
| Long Term Debt/Shareholders Funds | 0.31                       | 0.12       |

**Notes:**

1. Short Term Debt represents debts, which are due within 12 months from 30.06.2007, which does not include current position of long term debt-secured
2. Long term debt represent other than short-term debts as defined above
3. The figures disclosed above are based on the restated financial statements of the Company as at 30.06.2007

## ANNEXURE VIII

## STATEMENT OF TAX SHELTERS

| Particulars                                                  | 30.06.20<br>07 | 31.03.20<br>07  | 31.03.20<br>06  | 31.03.20<br>05  | 31.03.20<br>04  | 31.03.20<br>03 |
|--------------------------------------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|----------------|
| <b>Profit Before current and deferred taxes, as restated</b> | <b>749.64</b>  | <b>2,123.86</b> | <b>1,236.91</b> | <b>1,173.12</b> | <b>1,130.77</b> | <b>652.93</b>  |
| Tax rate%                                                    |                |                 |                 |                 |                 |                |
| -- Normal                                                    | 33.66%         | 33.66%          | 33.66%          | 36.60%          | 35.88%          | 36.75%         |
| -- MAT                                                       | 11.22%         | 11.22%          | 8.42%           | 7.84%           | 7.69%           | 7.88%          |
| <b>Tax impact at applicable tax rate on restated profits</b> | <b>252.33</b>  | <b>714.89</b>   | <b>416.34</b>   | <b>429.36</b>   | <b>405.72</b>   | <b>239.95</b>  |
| <b>Permanent Differences :</b>                               |                |                 |                 |                 |                 |                |
| Deduction under section 80 IB                                | 0              | 0               | 0.14            | -2.32           | -94.43          | -64.95         |
| Other Adjustments                                            | 12.35          | 38.48           | 17.66           | 20.96           | 22.85           | 42.12          |
| <b>Total (A)</b>                                             | <b>12.35</b>   | <b>38.48</b>    | <b>17.80</b>    | <b>18.64</b>    | <b>(71.58)</b>  | <b>-22.83</b>  |
| <b>Temporary Differences:</b>                                |                |                 |                 |                 |                 |                |
| Difference between Book Depreciation & Tax Depreciation      | (7.65)         | (153.37)        | (26.98)         | (131.45)        | 22.02           | 85.48          |
| <b>Total (B)</b>                                             | <b>(7.65)</b>  | <b>(153.37)</b> | <b>(26.98)</b>  | <b>(131.45)</b> | <b>22.02</b>    | <b>85.48</b>   |
| <b>Net Adjustments (A+B)</b>                                 | <b>4.70</b>    | <b>(114.89)</b> | <b>(9.18)</b>   | <b>(112.81)</b> | <b>(49.56)</b>  | <b>62.65</b>   |
| Tax saving thereon (C)                                       | (2.57)         | (51.62)         | (9.08)          | (48.11)         | 7.90            | 31.41          |
| <b>Net Tax payable as per MAT</b>                            | <b>84.11</b>   | <b>238.30</b>   | <b>104.15</b>   | <b>91.97</b>    | <b>86.96</b>    | <b>51.45</b>   |
| <b>Tax Paid as per Income Tax Returns</b>                    | <b>303.59</b>  | <b>530.22</b>   | <b>453.67</b>   | <b>518.86</b>   | <b>326.04</b>   | <b>280.08</b>  |

## ANNEXURE IX

### DETAILS OF SECURED LOANS, AS RESTATED

(Rs. in Lacs)

| Particular           | As on         |               |               |               |             |             |
|----------------------|---------------|---------------|---------------|---------------|-------------|-------------|
| Secured Loans        | 30.06.2007    | 31.03.2007    | 31.03.2006    | 31.03.2005    | 31.03.2004  | 31.03.2003  |
| Term Loan            | 662.16        | 699.61        | 411.98        | 0.00          | 0.00        | 0.00        |
| Working Capital Loan | 190.33        | 58.49         | 536.87        | 164.69        | 0.00        | 0.00        |
| <b>Total</b>         | <b>852.49</b> | <b>758.10</b> | <b>948.85</b> | <b>164.69</b> | <b>0.00</b> | <b>0.00</b> |

### PRINCIPAL TERM OF SECURED LOANS AND ASSETS CHARGED AS SECURITY

| Sr . N o. | Particulars                                           | Rate of Interest       | Repay ment Terms                            | Amount Outstan ding as at June 30 <sup>th</sup> , 2007 | Details of Security                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------|-------------------------------------------------------|------------------------|---------------------------------------------|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1         | <b>Working Capital Facilities</b>                     |                        |                                             |                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|           | i) ICICI Bank, Delhi                                  | 9% p.a. linked to IBAR | N.A.                                        | 190.33                                                 | First Pari Passu charge on Company's entire stocks of raw materials, semi finished and finished goods, consumable stores and spares and such other movables including book debts bills, outstanding monies and receivables, First Pari Passu charge over the factory, land and building and plant and machinery at B – 206 A, Personal guarantees of Mr. Devendra Chandra Jain, Mr. Sharat Chand Jain and Mr. Ajay Kumar Jain                                                                                                                                                      |
| 2         | <b>Term Loans from Banks / Financial Institutions</b> |                        |                                             |                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|           | i) ICICI Bank, Delhi Rs. 465.00 Lacs                  | 9%p.a linked to IBAR   | Starting from 31st January, 2006 in 36 EMIs | 224.72                                                 | First Pari Passu charge on Company's entire stocks of raw materials, semi finished and finished goods, consumable stores and spares and such other movables including book debts bills, outstanding monies and receivables, First pari passu charge over the factory,, land and building and plant and machinery at B – 206 A, Personal guarantees of Mr. Devendra Chandra Jain, Mr. Sharat Chand Jain and Mr. Ajay Kumar Jain. First Pari Passu charge by way of hypothecation of the Plant and machinery acquired/ to be acquired out of the proceeds of the proposed term loan. |



|  |                                                                            |                           |                                                                                                       |                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|--|----------------------------------------------------------------------------|---------------------------|-------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | ii) ICICI Bank, Delhi Rs. 200.00 Lacs                                      | 10.5%p.a linked to IBAR   | Starting from 1st June, 2007 in 58 installments of Rs.3.44 Lacs and last installment of Rs. 0.22 Lacs | 200.00                               | First Pari Passu charge by way of hypothecation on Company's entire stocks of raw materials, semi finished and finished goods, consumable stores and spares and such other movables including book debts bills, outstanding monies and receivables, First pari passu charge over the factory,, land and building and plant and machinery at B – 206 A, Personal guarantees of Mr. Devendra Chandra Jain, Mr. Sharat Chand Jain and Mr. Ajay Kumar Jain, First Pari Passu charge of equitable mortgage of proposed land and building at B-4, Surajpur Industrial Area, Greater Noida, First Pari Passu charge over Factory land & building at B-45, Phase II, Noida.                                                                                          |
|  | iii) ICICI Bank, Delhi, External Commercial Borrowing of US \$1.53 Million | 6 month LIBOR + 1.25% P.A | 9 Semi Annual Equal installments starting from end of 12 months from the average draw down date       | 237.44 (US \$ 0.53 million realized) | Second charge by way of hypothecation on Company's entire stocks of raw materials, semi finished and finished goods, consumable stores and spares and such other movables including book debts bills, outstanding monies and receivables, First pari passu charge over the factory, and land and building and plant and machinery at B – 206 A, Personal guarantees of Mr. Devendra Chandra Jain, Mr. Sharat Chand Jain and Mr. Ajay Kumar Jain, First Pari Passu charge of equitable mortgage of proposed land and building at B-4, Surajpur Industrial Area, Greater Noida, First Pari Passu charge over Factory land & building at B-45, Phase II, Noida                                                                                                  |
|  | iv) ICICI Bank, Delhi, Rs. 1600.00 Lacs                                    | 12.00% p.a linked to IBAR | 36 equal monthly installments starting from 30th September, 2007                                      | 0.00                                 | First Pari Passu charge by way of hypothecation on Company's entire stocks of raw materials, semi finished and finished goods, consumable stores and spares and such other movables including book debts bills, outstanding monies and receivables, First pari passu charge over the factory, and land and building at B – 206 A, Personal guarantees of Mr. Devendra Chandra Jain, Mr. Sharat Chand Jain and Mr. Ajay Kumar Jain, First Pari Passu charge of equitable mortgage of proposed land and building at B-4, Surajpur Industrial Area, Greater Noida, First Pari Passu charge over Factory land & building at B-45, Phase II, Noida, First charge on assets purchased out of the Term Loan. First charge on Assets purchased out of the Term Loan. |

## ANNEXURE X

## DETAILS OF UNSECURED LOANS, AS RESTATED

Rs. in Lacs

| Unsecured Loans                     | 30.06.2007    | 31.03.2007    | 31.03.2006    | 31.03.2005    | 31.03.2004    | 31.03.2003    |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| From Bodies Corporate               | 153.29        | 158.29        | 186.41        | 13.97         | 12.48         | 0.00          |
| Others (From Directors & Relatives) | 624.55        | 620.14        | 569.72        | 488.87        | 452.77        | 120.89        |
| <b>Total</b>                        | <b>777.84</b> | <b>778.43</b> | <b>756.13</b> | <b>502.83</b> | <b>465.26</b> | <b>120.89</b> |

Note: Rate of Interest paid for unsecured loans is as follows:

| Particulars             | As on        |              |              |              |              |              |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                         | 30.06.2007   | 31.03.2007   | 31.03.2006   | 31.03.2005   | 31.03.2004   | 31.03.2003   |
|                         |              |              |              |              |              |              |
| <b>Rate of Interest</b> | <b>12.00</b> | <b>12.00</b> | <b>15.00</b> | <b>15.00</b> | <b>10.00</b> | <b>12.00</b> |

## ANNEXURE XI

## DETAILS OF INVESTMENTS, AS RESTATED

|                                                                                                                                                       |               |              |              |              |              | Rs. in Lacs   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------|--------------|--------------|--------------|---------------|
| Particular                                                                                                                                            | 30.06.2007    | 31.03.2007   | 31.03.2006   | 31.03.2005   | 31.03.2004   | 31.03.2003    |
| <b>A. LONG TERM INVESTMENTS ( At Cost - Unquoted )</b>                                                                                                |               |              |              |              |              |               |
| EQUITY SHARES OF KALINDI FARMS PVT. LTD.( 240000 Equity Shares of Rs. 10/-Per Share - Fully Paid Up )                                                 | 72.00         | 72.00        | 72.00        | 72.00        | 72.00        | 72.00         |
| <b>B. SHORT TERM INVESTMENTS ( In Mutual Funds )</b>                                                                                                  |               |              |              |              |              |               |
| i ) IN TEMPLETON INDIA TREASURY MANAGEMENT (at Cost)1670.382 Units @ Rs.1496.6638 Per Unit (Market Value of Rs. 1505.5586 Per Unit)                   | 0.00          | 0.00         | 0.00         | 0.00         | 0.00         | 25.00         |
| ii ) IN BIRLA CASH PLUS (at Cost) 1084.328 Units @ Rs. 16.1553 Per Unit & 153993.988 Units'@ Rs. 16.2344 Per Unit (Market Value Rs. 16.2884 Per Unit) | 0.00          | 0.00         | 0.00         | 0.00         | 0.00         | 25.18         |
| iii ) IN LICMF LIQUID FUND DIVIDEND PLAN (at Cost ) 1366107.777 Units @ 10.9801 (Market Value Rs. 10.9801 Per Unit)                                   | 150.00        | 0.00         | 0.00         | 0.00         | 0.00         | 0.00          |
| <b>Total</b>                                                                                                                                          | <b>222.00</b> | <b>72.00</b> | <b>72.00</b> | <b>72.00</b> | <b>72.00</b> | <b>122.18</b> |

## ANNEXURE XII

## DETAILS OF SUNDRY DEBTORS, AS RESTATED

Rs. In Lacs

| Sundry Debtors                       | 30.06.2007     | 31.03.2007     | 31.03.2006     | 31.03.2005    | 31.03.2004    | 31.03.2003    |
|--------------------------------------|----------------|----------------|----------------|---------------|---------------|---------------|
|                                      |                |                |                |               |               |               |
| Outstanding for more than six months | 129.37         | 122.90         | 122.13         | 116.57        | 109.45        | 114.10        |
| Others                               | 1335.97        | 1064.20        | 880.49         | 753.80        | 671.18        | 463.34        |
| <b>Total</b>                         | <b>1465.34</b> | <b>1187.10</b> | <b>1002.62</b> | <b>870.37</b> | <b>780.62</b> | <b>577.43</b> |

## ANNEXURE XIII

**DETAILS OF LOANS & ADVANCES, AS RESTATED****Rs. in Lacs**

| <b>Particular</b>        | <b>30.06.2007</b> | <b>31.03.2007</b> | <b>31.03.2006</b> | <b>31.03.2005</b> | <b>31.03.2004</b> | <b>31.03.2003</b> |
|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Advance Tax              | 799.35            | 499.26            | 1463.38           | 1419.64           | 903.39            | 578.95            |
| Other Loans and Advances | 560.18            | 492.53            | 528.85            | 336.59            | 141.05            | 315.71            |
| Earnest Money Deposit    | 46.31             | 45.04             | 43.54             | 31.70             | 28.47             | 11.25             |
| <b>Total</b>             | <b>1405.84</b>    | <b>1036.83</b>    | <b>2035.77</b>    | <b>1787.93</b>    | <b>1072.91</b>    | <b>905.92</b>     |

**ANNEXURE XIV**

**DETAILS OF CONTINGENT LIABILITIES, AS RESTATED**

**Rs. in Lacs**

| <b>Particular</b>                    | <b>30.06.2007</b> | <b>31.03.2007</b> | <b>31.03.2006</b> | <b>31.03.2005</b> | <b>31.03.2004</b> | <b>31.03.2003</b> |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Bank Guarantee                       | 9.21              | 9.21              | 0.20              | 0.20              | 0.20              | 0.20              |
| Disputed Tax Liabilities             | 104.88            | 104.88            | 21.44             | 6.35              | 0.00              | 0.00              |
| LC issued by the bankers             | 317.78            | 328.06            | 174.20            | 23.80             | 36.80             | 34.85             |
| Corporate Guarantee provided to bank | 0.00              | 0.00              | 0.00              | 0.00              | 0.00              | 0.00              |
| <b>Total</b>                         | <b>431.87</b>     | <b>442.15</b>     | <b>195.84</b>     | <b>30.34</b>      | <b>37.00</b>      | <b>35.05</b>      |

**LIST OF RELATED PARTIES, NATURE OF RELATIONSHIP AND DETAILS OF TRANSACTIONS**

**A. List of Related Parties and Nature of Relationship**

**Related Parties in the group where common control exists**

| <b>30.06.2007</b>                   | <b>31.03.2007</b>                   | <b>31.03.2006</b>                   | <b>31.03.2005</b>                   | <b>31.03.2004</b>                   | <b>31.03.2003</b>                   |
|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Ajay Poly Pvt Ltd                   | Ajay Poly Pvt Ltd                   | Ajay Poly Pvt Ltd                   | Ajay Poly Pvt Ltd                   | Ajay Poly Pvt Ltd                   | Ajay Poly Pvt Ltd                   |
| A I C (Plastic) Pvt Ltd             | A I C (Plastic) Pvt Ltd             | A I C (Plastic) Pvt Ltd             | A I C (Plastic) Pvt Ltd             | A I C (Plastic) Pvt Ltd             | A I C (Plastic) Pvt Ltd             |
| Ajay Industrial Corporation         | Ajay Industrial Corporation         | Ajay Industrial Corporation         | Ajay Industrial Corporation         | Ajay Industrial Corporation         | Ajay Industrial Corporation         |
| Kalindi Farms Pvt Ltd               | Kalindi Farms Pvt Ltd               | Kalindi Farms Pvt Ltd               | Kalindi Farms Pvt Ltd               | Kalindi Farms Pvt Ltd               | Kalindi Farms Pvt Ltd               |
| Ajay Industrial Corporation Pvt Ltd | Ajay Industrial Corporation Pvt Ltd | Ajay Industrial Corporation Pvt Ltd | Ajay Industrial Corporation Pvt Ltd | Ajay Industrial Corporation Pvt Ltd | Ajay Industrial Corporation Pvt Ltd |
| Seiki Auto India Pvt Ltd            | Seiki Auto India Pvt Ltd            | N.A.                                | N.A.                                | N.A.                                | N.A.                                |
| Nutra Foods (India) Pvt Ltd         | N.A.                                | N.A.                                | N.A.                                | N.A.                                | N.A.                                |

**Key Management Personal of the Company**

| <b>30.06.2007</b>         | <b>31.03.2007</b>         | <b>31.03.2006</b>         | <b>31.03.2005</b>         | <b>31.03.2004</b>         | <b>31.03.2003</b>         |
|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Sh. Devendra Chandra Jain | Sh. Devendra Chandra Jain | Sh. Devendra Chandra Jain | Sh. Devendra Chandra Jain | Sh. Devendra Chandra Jain | Sh. Devendra Chandra Jain |
| Sh. Sharat Chand Jain     | Sh. Sharat Chand Jain     | Sh. Sharat Chand Jain     | Sh. Sharat Chand Jain     | Sh. Sharat Chand Jain     | Sh. Sharat Chand Jain     |
| Sh. Ajay Kumar Jain       | Sh. Ajay Kumar Jain       | Sh. Ajay Kumar Jain       | Sh. Ajay Kumar Jain       | Sh. Ajay Kumar Jain       | Sh. Ajay Kumar Jain       |
| Sh. Rajeev Jain           | Sh. Rajeev Jain           | Sh. Rajeev Jain           | Sh. Rajeev Jain           | Sh. Rajeev Jain           | Sh. Rajeev Jain           |
| N.A.                      | Sh. Nitin Jain            | Sh. Nitin Jain            | Sh. Nitin Jain            | Sh. Nitin Jain            | Sh. Nitin Jain            |
| N.A.                      | Smt. Asha Jain            | Smt. Asha Jain            | Smt. Asha Jain            | Smt. Asha Jain            | Smt. Asha Jain            |
| N.A.                      | Sh. Akhil Jain            | Sh. Akhil Jain            | Sh. Akhil Jain            | Sh. Akhil Jain            | Sh. Akhil Jain            |
| Sh. Anuj Jain             | Sh. Anuj Jain             | Sh. Anuj Jain             | Sh. Anuj Jain             | Sh. Anuj Jain             | Sh. Anuj Jain             |
| N.A.                      | Smt. Bina Jain            | Smt. Bina Jain            | Smt. Bina Jain            | Smt. Bina Jain            | Smt. Bina Jain            |
| N.A.                      | Smt. Vinay Kumari Jain    | Smt. Vinay Kumari Jain    | Smt. Vinay Kumari Jain    | Smt. Vinay Kumari Jain    | Smt. Vinay Kumari Jain    |

|                      |                      |                    |                    |                    |                    |
|----------------------|----------------------|--------------------|--------------------|--------------------|--------------------|
| N.A.                 | Smt. Anuradha Jain   | Smt. Anuradha Jain | Smt. Anuradha Jain | Smt. Anuradha Jain | Smt. Anuradha Jain |
| N.A.                 | Smt. Lata Jain       | Smt. Lata Jain     | Smt. Lata Jain     | Smt. Lata Jain     | Smt. Lata Jain     |
| Sh K K Mathur        | Sh K K Mathur        | N.A.               | N.A.               | N.A.               | N.A.               |
| Sh B B Tandon        | Sh B B Tandon        | N.A.               | N.A.               | N.A.               | N.A.               |
| Sh Satish Lal Tandan | Sh Satish Lal Tandan | N.A.               | N.A.               | N.A.               | N.A.               |
| Sh S K Tuteja        | N.A.                 | N.A.               | N.A.               | N.A.               | N.A.               |
| Sh Vinod Vaish       | N.A.                 | N.A.               | N.A.               | N.A.               | N.A.               |
| Sh S K Duggal        | N.A.                 | N.A.               | N.A.               | N.A.               | N.A.               |
| Sh Abhishek Jain     | Sh Abhishek Jain     | N.A.               | N.A.               | N.A.               | N.A.               |

**Relatives of the Key Management Personal**

| 30.06.2007             | 31.03.2007             | 31.03.2006          | 31.03.2005        | 31.03.2004        | 31.03.2003        |
|------------------------|------------------------|---------------------|-------------------|-------------------|-------------------|
| N.A.                   | Sh. Abhishek Jain      | Sh. Abhishek Jain   | Sh. Abhishek Jain | Sh. Abhishek Jain | Sh. Abhishek Jain |
| D C Jain (HUF)         | D C Jain (HUF)         | D C Jain (HUF)      | D C Jain (HUF)    | D C Jain (HUF)    | D C Jain (HUF)    |
| A K Jain (HUF)         | A K Jain (HUF)         | A K Jain (HUF)      | A K Jain (HUF)    | A K Jain (HUF)    | A K Jain (HUF)    |
| Smt. Kanupriya Jain    | Smt. Kanupriya Jain    | Smt. Kanupriya Jain | N.A.              | N.A.              | N.A.              |
| Smt. Vinay Kumari Jain | Smt. Vinay Kumari Jain | N.A.                | N.A.              | N.A.              | N.A.              |
| Smt. Asha Jain         | Smt. Asha Jain         | N.A.                | N.A.              | N.A.              | N.A.              |
| Smt. Bina Jain         | Smt. Bina Jain         | N.A.                | N.A.              | N.A.              | N.A.              |



**B. Details of Transaction with Related Parties and Details of Outstanding Balances**

| <b>Related Party</b>                | <b>Relationship</b> | <b>Nature of Transaction</b> | <b>30.06.07</b> | <b>31.03.07</b> | <b>31.03.06</b> | <b>31.03.05</b> | <b>31.03.04</b> | <b>31.03.03</b> |
|-------------------------------------|---------------------|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Ajay Industrial Corporation Pvt Ltd | Associate Company   | Fixed Assets Purchases       | 0.00            | 0.00            | 0.00            | 2.85            | 0.00            | 0.00            |
| Ajay Poly Pvt Ltd                   | Associate Company   | Fixed Assets Purchases       | 3.04            | 1.89            | 0.00            | 0.00            | 2.25            | 0.00            |
| Ajay Industrial Corporation         | Associate Company   | Fixed Assets Purchases       | 0.00            | 0.26            | 0.00            | 0.00            | 0.00            | 0.00            |
| Ajay Industrial Corporation         | Associate Company   | Raw Material Purchases       | 31.63           | 155.78          | 202.23          | 295.63          | 296.34          | 160.96          |
| Ajay Poly Pvt Ltd                   | Associate Company   | Raw Material Purchases       | 11.24           | 30.63           | 9.57            | 1.46            | 2.90            | 0.47            |
| Ajay Industrial Corporation         | Associate Company   | Job Works                    | 0.00            | 0.00            | 0.00            | 3.11            | 6.11            | 4.64            |
| Ajay Poly Pvt Ltd                   | Associate Company   | Sales                        | 60.12           | 125.26          | 92.99           | 66.06           | 67.55           | 4.63            |
| Ajay Industrial Corporation         | Associate Company   | Sales                        | 0.00            | 0.03            | 1.47            | 0.00            | 0.00            | 0.00            |
| Ajay Industrial Corporation         | Associate Company   | Rent & Lease Charges         | 7.50            | 30.00           | 30.00           | 30.00           | 30.00           | 30.00           |
| Ajay Industrial Corporation Pvt Ltd | Associate Company   | Rent & Lease Charges         | 4.50            | 18.00           | 18.00           | 18.00           | 19.20           | 19.20           |
| A I C (Plastics) Pvt Ltd            | Associate Company   | Rent & Lease Charges         | 1.50            | 6.00            | 6.00            | 6.00            | 6.00            | 6.00            |
| Kalandi Farms Pvt Ltd               | Associate Company   | Rent & Lease Charges         | 3.00            | 12.00           | 12.00           | 9.00            | 9.00            | 2.80            |
| Seiki Auto India Pvt Ltd            | Associate Company   | Rent & Lease Charges         | 4.50            | 6.75            | 0.00            | 0.00            | 0.00            | 0.00            |
| Smt Bina Jain                       | Director            | Rent & Lease Charges         | 0.00            | 0.00            | 1.80            | 0.00            | 0.00            | 0.00            |
| Smt Asha Jain                       | Whole Time Director | Rent & Lease Charges         | 0.00            | 0.00            | 1.80            | 0.00            | 0.00            | 0.00            |
| Smt Vinay Kumari Jain               | Director            | Rent & Lease Charges         | 0.00            | 0.00            | 1.80            | 0.00            | 0.00            | 0.00            |

|                                     |                        |                      |      |       |      |       |      |       |
|-------------------------------------|------------------------|----------------------|------|-------|------|-------|------|-------|
| Smt Bina Jain                       | Wife of Chairman       | Rent & Lease Charges | 0.45 | 1.80  | 0.00 | 0.00  | 0.00 | 0.00  |
| Smt Asha Jain                       | Wife of Vice Chairman  | Rent & Lease Charges | 0.45 | 1.80  | 0.00 | 0.00  | 0.00 | 0.00  |
| Smt Vinay Kumari Jain               | Wife of M D            | Rent & Lease Charges | 0.45 | 1.80  | 0.00 | 0.00  | 0.00 | 0.00  |
| Ajay Industrial Corporation Pvt Ltd | Associate Company      | Interest             | 0.00 | 0.00  | 0.32 | 1.87  | 0.61 | 0.00  |
| Smt Anuradha Jain                   | Director               | Interest             | 0.00 | 2.16  | 2.44 | 0.79  | 0.91 | 0.26  |
| Smt Anuradha Jain                   | Wife of Director Works | Interest             | 0.84 | 1.13  | 0.00 | 0.00  | 0.00 | 0.00  |
| Sh Nitin Jain                       | Director Works         | Interest             | 0.00 | 0.30  | 0.33 | 0.44  | 0.04 | 0.54  |
| Sh Nitin Jain                       | Son of Chairman        | Interest             | 0.00 | 0.15  | 0.00 | 0.00  | 0.00 | 0.00  |
| Smt Asha Jain                       | Whole Time Director    | Interest             | 0.00 | 6.18  | 4.73 | 8.85  | 3.33 | 16.88 |
| Smt Asha Jain                       | Wife of Vice Chairman  | Interest             | 1.65 | 3.55  | 0.00 | 0.00  | 0.00 | 0.00  |
| Smt Vinay Kumari Jain               | Director               | Interest             | 0.00 | 7.55  | 1.55 | 2.41  | 3.80 | 12.55 |
| Smt Vinay Kumari Jain               | Wife of M D            | Interest             | 2.22 | 3.41  | 0.00 | 0.00  | 0.00 | 0.00  |
| Sh Anuj Jain                        | Director               | Interest             | 0.00 | 0.58  | 0.58 | 0.77  | 0.10 | 0.00  |
| Sh Akhil Jain                       | Director               | Interest             | 0.00 | 0.14  | 0.58 | 0.77  | 0.10 | 1.01  |
| Sh Devender Chandra Jain            | Chairman               | Interest             | 2.83 | 10.88 | 8.74 | 12.06 | 2.56 | 9.29  |
| Sh Sharat Chand Jain                | Vice Chairman          | Interest             | 2.77 | 10.52 | 8.77 | 12.50 | 4.52 | 11.79 |
| Sh Ajay Kumar Jain                  | Managing Director      | Interest             | 2.88 | 14.53 | 7.99 | 10.43 | 1.57 | 7.91  |
| Sh Rajeev Jain                      | Director Works         | Interest             | 0.00 | 0.00  | 0.00 | 0.00  | 0.00 | 0.72  |
| Sh Ajay Kumar Jain (HUF)            | HUF Of MD              | Interest             | 0.55 | 1.77  | 0.95 | 1.28  | 1.15 | 1.22  |
| Sh Devender Chandra Jain (HUF)      | HUF Of Chairman        | Interest             | 4.56 | 16.81 | 9.54 | 13.63 | 5.36 | 16.63 |
| Sh Abhishek Jain                    | Son Of M.D             | Interest             | 0.00 | 0.82  | 0.58 | 0.77  | 0.10 | 0.00  |

|                       |                        |          |      |        |        |        |       |       |
|-----------------------|------------------------|----------|------|--------|--------|--------|-------|-------|
| Sh Abhishek Jain      | Executive Director     | Interest | 0.00 | 0.25   | 0.00   | 0.00   | 0.00  | 0.00  |
| Smt Anuradha Jain     | Director               | Dividend | 0.00 | 0.00   | 0.38   | 0.75   | 0.38  | 1.63  |
| Smt Anuradha Jain     | Wife of Director Works | Dividend | 0.00 | 0.37   | 0.00   | 0.00   | 0.00  | 0.00  |
| Sh Nitin Jain         | Director Works         | Dividend | 0.00 | 0.00   | 4.13   | 4.50   | 2.25  | 2.25  |
| Sh Nitin Jain         | Son of Chairman        | Dividend | 0.00 | 4.13   | 0.00   | 0.00   | 0.00  | 0.00  |
| Smt Asha Jain         | Whole Time Director    | Dividend | 0.00 | 0.00   | 119.25 | 119.25 | 59.63 | 60.88 |
| Smt Asha Jain         | Wife of Vice Chairman  | Dividend | 0.00 | 119.25 | 0.00   | 0.00   | 0.00  | 0.00  |
| Smt Vinay Kumari Jain | Director               | Dividend | 0.00 | 0.00   | 96.75  | 96.75  | 48.37 | 49.62 |
| Smt Vinay Kumari Jain | Wife of M D            | Dividend | 0.00 | 96.75  | 0.00   | 0.00   | 0.00  | 0.00  |
| Sh Anuj Jain          | Director               | Dividend | 0.00 | 12.75  | 12.75  | 15.00  | 7.50  | 7.50  |
| Sh Akhil Jain         | Director               | Dividend | 0.00 | 0.00   | 17.25  | 19.50  | 9.75  | 9.75  |
| Sh Akhil Jain         | Son of Vice Chairman   | Dividend | 0.00 | 17.25  | 0.00   | 0.00   | 0.00  | 0.00  |
| Sh Sharat Chand Jain  | Vice Chairman          | Dividend | 0.00 | 2.25   | 2.25   | 0.00   | 0.00  | 0.00  |
| Sh Ajay Kumar Jain    | Managing Director      | Dividend | 0.00 | 19.50  | 19.50  | 19.50  | 9.75  | 9.75  |

|                                |                                  |          |      |        |        |        |       |       |
|--------------------------------|----------------------------------|----------|------|--------|--------|--------|-------|-------|
| Smt Lata Jain                  | Director                         | Dividend | 0.00 | 0.00   | 2.25   | 0.00   | 0.00  | 0.00  |
| Smt Lata Jain                  | Doughter in Low of Vice Chairman | Dividend | 0.00 | 2.25   | 0.00   | 0.00   | 0.00  | 0.00  |
| Sh Rajeev Jain                 | Director Works                   | Dividend | 0.00 | 0.37   | 0.37   | 0.00   | 0.00  | 0.00  |
| Sh Devender Chandra Jain (HUF) | HUF Of Chairman                  | Dividend | 0.00 | 148.50 | 148.50 | 148.50 | 74.25 | 74.25 |
| Sh Abhishek Jain               | Son Of M.D                       | Dividend | 0.00 | 0.00   | 15.00  | 15.00  | 7.50  | 7.50  |
| Sh Abhishek Jain               | Executive Director               | Dividend | 0.00 | 15.00  | 0.00   | 0.00   | 0.00  | 0.00  |

|                                     |                             |                |       |        |       |       |       |       |
|-------------------------------------|-----------------------------|----------------|-------|--------|-------|-------|-------|-------|
| Smt Kanupriya Jain                  | Wife of Director Works      | Dividend       | 0.00  | 0.00   | 0.38  | 0.00  | 0.00  | 0.00  |
| Smt Kanupriya Jain                  | Doughter in Low of Chairman | Dividend       | 0.00  | 0.38   | 0.00  | 0.00  | 0.00  | 0.00  |
| Sh Devender Chandra Jain            | Chairman                    | Remuneratio n  | 0.10  | 0.55   | 0.50  | 0.40  | 0.50  | 0.36  |
| Sh Sharat Chand Jain                | Vice Chairman               | Sitting Fees   | 0.15  | 0.60   | 0.50  | 0.40  | 0.50  | 0.36  |
| Sh Ajay Kumar Jain                  | Managing Director           | Remuneratio n  | 2.80  | 108.29 | 10.63 | 10.35 | 8.74  | 7.86  |
| Sh Rajeev Jain                      | Director Works              | Remuneratio n  | 3.05  | 61.13  | 10.84 | 10.87 | 9.06  | 9.09  |
| Sh Nitin Jain                       | Director Works              | Remuneratio n  | 0.00  | 49.86  | 5.98  | 5.98  | 4.67  | 4.01  |
| Smt Asha Jain                       | Whole Time Director         | Remuneratio n  | 0.00  | 98.59  | 7.40  | 7.42  | 5.83  | 5.85  |
| Sh Akhil Jain                       | Director                    | Sitting Fees   | 0.00  | 0.45   | 0.50  | 0.40  | 0.50  | 0.36  |
| Sh Anuj Jain                        | Director                    | Sitting Fees   | 0.10  | 0.55   | 0.50  | 0.40  | 0.50  | 0.36  |
| Smt Bina Jain                       | Director                    | Sitting Fees   | 0.00  | 0.45   | 0.50  | 0.40  | 0.50  | 0.36  |
| Smt Vinay Kumari Jain               | Director                    | Sitting Fees   | 0.00  | 0.45   | 0.50  | 0.40  | 0.50  | 0.36  |
| Smt Anuradha Jain                   | Director                    | Sitting Fees   | 0.00  | 0.45   | 0.50  | 0.40  | 0.50  | 0.36  |
| Smt Lata Jain                       | Director                    | Sitting Fees   | 0.00  | 0.45   | 0.50  | 0.40  | 0.50  | 0.36  |
| Sh Abhishek Jain                    | Director                    | Remuneratio n  | 1.66  | 4.42   | 6.64  | 5.32  | 1.74  | 1.26  |
| Sh Abhishek Jain                    | Executive Director          | Remuneratio n  | 0.00  | 2.21   | 0.00  | 0.00  | 0.00  | 0.00  |
| Ajay Industrial Corporation Pvt Ltd | Associate Company           | Amount Payable | 0.00  | 0.00   | 0.00  | 13.97 | 12.48 | 0.20  |
| Smt Anuradha Jain                   | Director                    | Amount Payable | 0.00  | 0.00   | 26.52 | 24.36 | 4.06  | 1.52  |
| Smt Anuradha Jain                   | Wife of Director Works      | Amount Payable | 28.98 | 28.23  | 0.00  | 0.00  | 0.00  | 0.00  |
| Sh Nitin Jain                       | Director Works              | Amount Payable | 0.00  | 0.00   | 3.52  | 3.33  | 2.93  | 13.26 |
| Smt Asha Jain                       | Whole Time Director         | Amount Payable | 0.00  | 0.00   | 70.81 | 63.61 | 63.25 | 17.38 |
| Smt Asha Jain                       | Wife of Vice Chairman       | Amount Payable | 55.38 | 55.90  | 0.00  | 0.00  | 0.00  | 0.00  |
| Smt Vinay                           | Director                    | Amount         | 0.00  | 0.00   | 27.88 | 16.14 | 31.72 | 0.00  |

|                                     |                      |                                      |        |        |        |       |       |       |
|-------------------------------------|----------------------|--------------------------------------|--------|--------|--------|-------|-------|-------|
| Kumari Jain                         |                      | Payable                              |        |        |        |       |       |       |
| Smt Vinay Kumari Jain               | Wife of M D          | Amount Payable                       | 76.35  | 74.36  | 0.00   | 0.00  | 0.00  | 0.00  |
| Sh Anuj Jain                        | Director             | Amount Payable                       | 0.00   | 0.00   | 6.29   | 5.77  | 5.09  | 0.00  |
| Sh Akhil Jain                       | Director             | Amount Payable                       | 0.00   | 0.00   | 6.29   | 5.77  | 5.09  | 0.00  |
| Sh Devender Chandra Jain            | Chairman             | Amount Payable                       | 97.28  | 94.74  | 93.37  | 89.11 | 76.16 | 13.85 |
| Sh Sharat Chand Jain                | Vice Chairman        | Amount Payable                       | 95.41  | 92.92  | 91.68  | 91.65 | 83.55 | 32.49 |
| Sh Ajay Kumar Jain                  | Managing Director    | Amount Payable                       | 99.02  | 96.44  | 100.83 | 78.83 | 69.57 | 8.16  |
| Sh Rajeev Jain                      | Director Works       | Amount Payable                       | 0.00   | 0.00   | 0.00   | 0.00  | 0.00  | 0.00  |
| Sh Ajay Kumar Jain (HUF)            | HUF Of MD            | Amount Payable                       | 19.10  | 18.60  | 10.02  | 9.67  | 8.52  | 7.74  |
| Sh Devender Chandra Jain (HUF)      | HUF Of Chairman      | Amount Payable                       | 153.03 | 158.95 | 126.22 | 94.85 | 97.75 | 26.49 |
| Sh Abhishek Jain                    | Son Of M.D           | Amount Payable                       | 0.00   | 0.00   | 6.29   | 5.77  | 5.09  | 0.00  |
| Ajay Industrial Corporation Pvt Ltd | Associate Company    | Amount Recoverable                   | 6.00   | 6.00   | 6.00   | 6.00  | 6.60  | 6.60  |
| Kalandi Farms Pvt Ltd               | Associate Company    | Amount Recoverable                   | 4.50   | 4.50   | 4.50   | 4.50  | 4.50  | 0.00  |
| Sh Ajay Kumar Jain                  | Managing Director    | TDS recoverable on account of salary | 0.00   | 0.00   | 0.00   | 0.33  | 0.26  | 0.00  |
| Ajay Industrial Corporation         | Associate Company    | Amount Recoverable                   | 16.11  | 0.00   | 0.00   | 0.00  | 5.50  | 0.00  |
| Sh Rajeev Jain                      | Director Works       | TDS recoverable on account of salary | 0.00   | 13.61  | 0.00   | 0.00  | 0.00  | 0.26  |
| Sh Nitin Jain                       | Son of Chairman      | TDS recoverable on account of salary | 0.00   | 11.19  | 0.00   | 0.00  | 0.00  | 0.00  |
| Sh K K Mathur                       | Independent Director | Sitting Fees                         | 0.15   | 0.15   | 0.00   | 0.00  | 0.00  | 0.00  |
| Sh B B Tandon                       | Independent Director | Sitting Fees                         | 0.15   | 0.15   | 0.00   | 0.00  | 0.00  | 0.00  |
| Sh Satish Lal Tandan                | Independent Director | Sitting Fees                         | 0.15   | 0.15   | 0.00   | 0.00  | 0.00  | 0.00  |
| Kalindi Farms Pvt. Ltd              | Associate Company    | Investment                           | 72.00  | 72.00  | 72.00  | 72.00 | 72.00 | 72.00 |

|                          |                   |                    |       |      |      |      |      |      |
|--------------------------|-------------------|--------------------|-------|------|------|------|------|------|
| Ajay Poly Pvt Ltd        | Associate Company | Amount Recoverable | 0.27  | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Seiki Auto India Pvt Ltd | Associate Company | Amount Recoverable | 15.52 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

**ANNEXURE XVI**

**AUDITORS QUALIFICATIONS**

| <b>Financial Year</b>          | <b>Auditors Qualifaction</b> |
|--------------------------------|------------------------------|
|                                |                              |
| 2002-03                        | Nil                          |
| 2003-04                        | Nil                          |
| 2004-05                        | Nil                          |
| 2005-06                        | Nil                          |
| 2006-07                        | Nil                          |
| Quarter ended 30th June 2007 ) | Nil                          |

**ANNEXURE XVII**

**DETAILS OF DIVIDEND PAID, AS RESTATED**

**Rs. in Lacs**

| <b>STATEMENT OF<br/>DIVIDEND PAID</b> | <b>30.06.2007</b> | <b>31.03.2007</b> | <b>31.03.2006</b> | <b>31.03.2005</b> | <b>31.03.2004</b> | <b>31.03.2003</b> |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Paid-up Equity Share Capital          | 900.00            | 900.00            | 600.00            | 600.00            | 300.00            | 300.00            |
| Face Value (Rs.)                      | 10.00             | 10.00             | 10.00             | 10.00             | 10.00             | 10.00             |
| Rate of Dividend                      | NIL               | 50.00%            | 75.00%            | 75.00%            | 100.00%           | 75.00%            |
| Amount of Dividend                    | NIL               | 450.00            | 450.00            | 450.00            | 300.00            | 225.00            |
| Corporate Dividend tax                | NIL               | 63.75             | 63.11             | 61.16             | 38.44             | 28.83             |



## OUR GROUP COMPANIES

### Companies under the same management

Except as stated in this section there are no companies under the same management within the meaning of section 370(1)(B) of the Companies Act, 1956.

Following are the details of our Group Companies:

#### 1. Ajay Poly Private Limited

Ajay Poly Private Limited was incorporated on 3<sup>rd</sup> June, 1980 as a private limited Company under the Companies Act, 1956 with the Registrar of Companies, NCT of Delhi and Harayana with the registration no. 10508. The Company has its registered office at 4561, Deputy Ganj, Sadar Bazaar, Delhi – 110 006. It was established with the objective to manufacture all kind of synthetic polymers, rubbers and other similar products. It is a manufacturer of sealing system, magnets and its extruded profiles for refrigeration industry.

The shareholding pattern of the Company as on 30<sup>th</sup> September, 2007 is as under:

| S. No. | Name of the shareholder | Number of shares | % shareholding |
|--------|-------------------------|------------------|----------------|
| 1.     | Mrs. Bina Jain          | 7968             | 9.00           |
| 2.     | Mrs. Asha Jain          | 3000             | 3.39           |
| 3.     | Mrs. Vinay Kumari Jain  | 5490             | 6.20           |
| 4.     | Mrs. Madan Kumari Jain  | 100              | 0.11           |
| 5.     | Mr. Sharat Chand Jain   | 2868             | 3.24           |
| 6.     | Mr. Ajay Kumar Jain     | 3768             | 4.26           |
| 7.     | Mr. Rajeev Jain         | 14280            | 16.13          |
| 8.     | Mr. Akhil Jain          | 14586            | 16.48          |
| 9.     | Mr. Nitin Jain          | 8280             | 9.35           |
| 10.    | Mr. Anuj Jain           | 10074            | 11.38          |
| 11.    | Mr. Abhishek Jain       | 18098            | 20.45          |
|        | <b>Total</b>            | <b>88512</b>     | <b>100.00</b>  |

The Board of Directors of the Company as on 30<sup>th</sup> September, 2007 comprised of the following:

| S. No. | Name of the Director      | Designation |
|--------|---------------------------|-------------|
| 1.     | Mr. Devendra Chandra Jain | Director    |
| 2.     | Mr. Rajeev Jain           | Director    |
| 3.     | Mr. Akhil Jain            | Director    |
| 4.     | Mr. Anuj Jain             | Director    |
| 5.     | Mr. Abhishek Jain         | Director    |
| 6.     | Mr. Nitin Jain            | Director    |

The audited financial performance for the last three financial years was as under:

| Particulars                      | March 31, 2007 | March 31, 2006 | (Rs. in Lacs)  |
|----------------------------------|----------------|----------------|----------------|
|                                  |                |                | March 31, 2005 |
| Equity capital                   | 88.51          | 88.51          | 88.51          |
| Reserves                         | 1479.74        | 1229.44        | 1049.94        |
| Total Income                     | 3309.51        | 2713.71        | 2392.56        |
| Profit After Tax                 | 323.56         | 229.98         | 151.30         |
| Earning per Share(Rs)            | 365.55         | 259.83         | 170.94         |
| Net Asset Value (per share) (Rs) | 1771.44        | 1485.16        | 1280.66        |

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

Ajay Poly Pvt. Ltd. is an unlisted company and has not made any right issue or public issue in preceding three years. It is not a Sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 and is not under winding up.

## 2. Ajay Industrial Corporation Pvt. Limited

Ajay Industrial Corporation Private Limited was incorporated on October 19, 1982 as a Private Limited Company under the Companies Act, 1956 with the Registrar of Companies, NCT of Delhi and Harayana with the registration no. 14531. The Company has its Registered Office at 4561, Deputy Ganj, Sadar Bazaar, Delhi – 110 006. Initially, it was incorporated to carry on the business of manufacturers, buyers, sellers, importers, exporters, contractors, consultants, agents, etc in all kinds of polymers, elastomers, plastics, polyvinyl-chloride, polythene and other thermoplastic based products and molded products such as PVC pipes, hoses, tubes, sheets, sacks, etc. Currently, there are no business operations in this Company. The Company is presently earning lease rentals.

The shareholding pattern of the Company as on 30<sup>th</sup> September, 2007 is as under:

| S. No.       | Name of the shareholder         | Number of shares | % Shareholding |
|--------------|---------------------------------|------------------|----------------|
| 1.           | Devendra Chandra Jain (HUF)     | 2344             | 2.87           |
| 2.           | Mr. Devendra Chandra Jain       | 3906             | 4.77           |
| 3.           | Mrs. Bina Jain                  | 2103             | 2.57           |
| 4.           | Mr. Rajeev Jain                 | 5428             | 6.64           |
| 5.           | Mrs. Anuradha Jain              | 5542             | 6.77           |
| 6.           | Mr. Nitin Jain                  | 4715             | 5.76           |
| 7.           | Sharat Chand Jain (HUF)         | 4186             | 5.12           |
| 8.           | Mr. Sharat Chand Jain           | 5078             | 6.21           |
| 9.           | Mrs. Asha Jain                  | 4447             | 5.44           |
| 10.          | Mr. Akhil Jain                  | 5388             | 6.59           |
| 11.          | Mrs. Lata Jain                  | 350              | 0.43           |
| 12.          | Mr. Anuj Jain                   | 4666             | 5.70           |
| 13.          | Ajay Kumar Jain (HUF)           | 1983             | 2.42           |
| 14.          | Mr. Ajay Kumar Jain             | 3906             | 4.77           |
| 15.          | Mrs. Vinay Kumari Jain          | 8522             | 10.42          |
| 16.          | Mr. Abhishek Jain               | 6099             | 7.46           |
| 17.          | Mr. Naresh Goel                 | 329              | 0.04           |
| 18.          | M/s Kalindi Farms Pvt. Ltd.     | 7813             | 9.55           |
| 19.          | M/s Jainsons Export Corporation | 5000             | 6.11           |
| <b>Total</b> |                                 | <b>81805</b>     | <b>100.00</b>  |

The Board of Directors of the Company as 30<sup>th</sup> September, 2007 comprise of the following:

| S. No. | Name of the Director | Designation |
|--------|----------------------|-------------|
| 1.     | Mr. Naresh Goel      | Director    |
| 2.     | Mr. Nitin Jain       | Director    |
| 3.     | Mr. Akhil Jain       | Director    |

The audited financial performance for the last three financial years was as under:

| Particulars           | (Rs. in Lacs)  |                |                |
|-----------------------|----------------|----------------|----------------|
|                       | March 31, 2007 | March 31, 2006 | March 31, 2005 |
| Equity capital        | 81.81          | 81.81          | 81.81          |
| Reserves              | 233.93         | 208.07         | 183.82         |
| Total Income          | 39.27          | 37.12          | 35.53          |
| Profit After Tax      | 25.86          | 24.25          | 21.26          |
| Earning per Share(Rs) | 31.61          | 29.64          | 25.99          |

|                                  |        |        |        |
|----------------------------------|--------|--------|--------|
| Net Asset Value (per share) (Rs) | 385.94 | 354.26 | 324.55 |
|----------------------------------|--------|--------|--------|

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

Ajay Industrial Corporation Pvt. is an unlisted company and has not made any right issue or public issue in preceding three years. It is not a Sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 and is not under winding up.

### 3. Seiki Auto India Private Limited

Seiki Auto India Private Limited was incorporated on May 15, 1986 as a Private Limited Company under the Companies Act, 1956 with the Registrar of Companies, NCT of Delhi and Harayana with the registration no. 24227. The Company has its registered office at B-II/29, Mohan Co-operative Industrial Estate, Badarpur, New Delhi – 110 044. The company was incorporated to carry on the business of manufacturing auto machinery and auto components. Currently, there are no business operations in this Company. Company is presently earning Lease rentals.

The shareholding pattern of the Company as on 30<sup>th</sup> September, 2007 is as under:

| S. No.       | Name of the shareholder     | Number of shares | % Shareholding |
|--------------|-----------------------------|------------------|----------------|
| 1.           | Devendra Chandra Jain (HUF) | 7000             | 7.76           |
| 2.           | Mr. Devendra Chandra Jain   | 2000             | 2.22           |
| 3.           | Mrs. Bina Jain              | 2500             | 2.77           |
| 4.           | Mr. Rajeev Jain             | 7500             | 8.31           |
| 5.           | Mrs. Anuradha Jain          | 2500             | 2.77           |
| 6.           | Mr. Nitin Jain              | 8500             | 9.42           |
| 7.           | Sharat Chand Jain (HUF)     | 2500             | 2.77           |
| 8.           | Mr. Sharat Chand Jain       | 2000             | 2.22           |
| 9.           | Mrs. Asha Jain              | 7000             | 7.76           |
| 10.          | Mr. Akhil Jain              | 7500             | 8.31           |
| 11.          | Mrs. Lata Jain              | 2500             | 2.77           |
| 12.          | Mr. Anuj Jain               | 9720             | 10.77          |
| 13.          | Ajay Kumar Jain (HUF)       | 1740             | 1.93           |
| 14.          | Mr. Ajay Kumar Jain         | 5214             | 5.78           |
| 15.          | Mrs. Vinay Kumari Jain      | 6900             | 7.65           |
| 16.          | Mr. Abhishek Jain           | 13550            | 15.02          |
| 17.          | Mr. Brij Mohan Gupta        | 75               | 0.08           |
| 18.          | Mr. Mukesh Kumar Aggarwal   | 35               | 0.04           |
| 19.          | Ms. Kanupriya Jain          | 1500             | 1.66           |
| <b>Total</b> |                             | <b>90234</b>     | <b>100.00</b>  |

The Board of Directors of the Company as on 30<sup>th</sup> September, 2007 comprise of the following:

| S. No. | Name of the Director      | Designation |
|--------|---------------------------|-------------|
| 1.     | Mr. Devendra Chandra Jain | Director    |
| 2.     | Mr. Sharat Chand Jain     | Director    |

The audited financial performance for the last three financial years was as under:

| Particulars           | (Rs. in Lacs)  |                |                |
|-----------------------|----------------|----------------|----------------|
|                       | March 31, 2007 | March 31, 2006 | March 31, 2005 |
| Equity capital        | 90.23          | 60.23          | 60.23          |
| Reserves              | 67.89          | 66.28          | 58.10          |
| Total Income          | 8.77           | 9.88           | 5.76           |
| Profit After Tax      | 1.61           | 8.18           | (3.48)         |
| Earning per Share(Rs) | 1.78           | 13.58          | (5.78)         |

|                                  |        |        |        |
|----------------------------------|--------|--------|--------|
| Net Asset Value (per share) (Rs) | 175.21 | 209.99 | 196.39 |
|----------------------------------|--------|--------|--------|

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

Seiki Auto India Private Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

#### 4. A.I.C. (Plastics) Private Limited

A.I.C. (Plastics) Private Limited was incorporated on April 6<sup>th</sup>, 1981 as a private limited Company under the Companies Act, 1956 with the Registrar of Companies, NCT of Delhi and Harayana with the registration no. 11551. The Company has its registered office at D-6, Kalindi Colony, New Delhi – 110 065. Initially, it was incorporated to carry on the business of manufacturers, buyers, sellers, importers, exporters, contractors, consultants, agents, etc in all kinds of polymers, elastomers, plastics, polyvinyl-chloride, polythene and other thermoplastic based products and molded products such as PVC pipes, hoses, tubes, sheets, sacks, etc. Currently, there are no business operations in this Company. Company is presently earning lease rentals.

The shareholding pattern of the Company as on 30<sup>th</sup> September, 2007 is as under:

| S. No. | Name of the shareholder   | Number of shares | % Shareholding |
|--------|---------------------------|------------------|----------------|
| 1.     | Mr. Devendra Chandra Jain | 9344             | 39.53          |
| 2.     | Mr. Sharat Chand Jain     | 9344             | 39.53          |
| 3.     | Mr. Ajay Kumar Jain       | 4952             | 20.94          |
|        | <b>Total</b>              | <b>23640</b>     | <b>100.00</b>  |

The Board of Directors of the Company as on 30<sup>th</sup> September, 2007 comprise of the following:

| S. No. | Name of the Director | Designation |
|--------|----------------------|-------------|
| 1.     | Mr. Rajeev Jain      | Director    |
| 2.     | Mrs. Bina Jain       | Director    |

The audited financial performance for the last three financial years was as under:

| Particulars                      | (Rs. in Lacs)     |                   |                |
|----------------------------------|-------------------|-------------------|----------------|
|                                  | March 31,<br>2007 | March 31,<br>2006 | March 31, 2005 |
| Equity capital                   | 23.64             | 23.64             | 23.64          |
| Reserves                         | 75.44             | 69.56             | 66.39          |
| Total Income                     | 9.13              | 8.69              | 8.84           |
| Profit After Tax                 | 5.88              | 3.17              | 10.13          |
| Earning per Share(Rs)            | 24.88             | 13.41             | 42.85          |
| Net Asset Value (per share) (Rs) | 419.12            | 394.25            | 380.84         |

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

A.I.C. (Plastics) Private Limited is an unlisted company and has not made any right issue or public issue in preceding three years. it is not a Sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 and is not under winding up.

## 5. Kalindi Farms Private Limited

Kalindi Farms Private Limited was incorporated on 16<sup>th</sup> July, 1987 as a private limited Company under the Companies Act, 1956 with the Registrar of Companies, NCT of Delhi and Harayana with the registration no. 28636. The Company has its registered office at 4561, Deputy Ganj, Sadar Bazaar, Delhi – 110 006. It was incorporated with the object to cultivate, purchase and trade in food stuff and other articles that are produce of land and dairy and is in the business of Agriculture and Plantation.

The shareholding pattern of the Company as on 30<sup>th</sup> September, 2007 is as under:

| S. No. | Name of the shareholder                     | Number of shares | % Shareholding |
|--------|---------------------------------------------|------------------|----------------|
| 1.     | Mr. Rajeev Jain                             | 1,22,990         | 11.04          |
| 2.     | Mr. Nitin Jain                              | 49,000           | 4.40           |
| 3.     | Mrs. Asha Jain                              | 49,490           | 4.44           |
| 4.     | Mr. Akhil Jain                              | 49,000           | 4.40           |
| 5.     | Mr. Anuj Jain                               | 73,500           | 6.60           |
| 6.     | Mr. Ajay Kumar Jain                         | 490              | 0.04           |
| 9.     | Mrs. Vinay Kumari Jain                      | 73,500           | 6.60           |
| 10.    | Mr. Abhishek Jain                           | 73,500           | 6.60           |
| 11.    | M/s Precision Pipes and Profiles Co Ltd.    | 2,40,000         | 21.51          |
| 12.    | M/s Jainsons Financial & Services Pvt. Ltd. | 1,80,000         | 16.15          |
| 13.    | M/s Jainsons Export Corporation             | 50,000           | 4.49           |
| 14.    | M/s AIC (Plastics) Pvt. Ltd.                | 1,17,000         | 10.50          |
| 15.    | M/s Unistar Multi Media Ltd.                | 19,000           | 1.70           |
| 16.    | M/s Smart Rubber Pvt. Ltd.                  | 17,000           | 1.52           |
|        | <b>Total</b>                                | <b>11,14,470</b> | <b>100.00</b>  |

The Board of Directors of the Company as on 30<sup>th</sup> September, 2007 comprise of the following:

| S. No. | Name of the Director | Designation |
|--------|----------------------|-------------|
| 1.     | Mr. Rajeev Jain      | Director    |
| 2.     | Mrs. Asha Jain       | Director    |

The audited financial performance for the last three financial years was as under:

| Particulars                      | March 31, 2007 | March 31, 2006 | (Rs. in Lacs)  |
|----------------------------------|----------------|----------------|----------------|
|                                  |                |                | March 31, 2005 |
| Equity capital                   | 111.45         | 111.45         | 111.45         |
| Reserves                         | 147.97         | 142.69         | 138.18         |
| Total Income                     | 17.47          | 16.00          | 15.50          |
| Profit After Tax                 | 5.28           | 4.51           | 3.53           |
| Earning per Share(Rs)            | 0.47           | 0.40           | 0.32           |
| Net Asset Value (per share) (Rs) | 23.28          | 22.81          | 22.40          |

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

Kalindi Farms Private Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It is not a Sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 and is not under winding up.

## 6. Nutra Foods (India) Pvt. Ltd

Nutra Foods (India) Pvt. Ltd. was incorporated on October 21, 1994 as a private limited company under the Companies Act, 1956 with the Registrar of Companies, NCT of Delhi and Harayana with the registration no. 62295. This shares of this company were purchased by our promoter and promoter group on 13<sup>th</sup> March, 2007. The Company has its registered office at 13<sup>th</sup> Floor, Gopal Das Bhawan, 28, Barakhamba

Road, Connaught Place, New Delhi-110001. The Company was incorporated and is engaged in the business of processing, cold storage, warehousing, clearing, forwarding, trading, distribution and marketing of all types of food products and agricultural produce within and outside India.

The shareholding pattern of the Company as on 30<sup>th</sup> September, 2007 is as under:

| S. No. | Name of the shareholder             | Number of shares | % Shareholding |
|--------|-------------------------------------|------------------|----------------|
| 1.     | Mr. D. C. Jain                      | 50,000           | 5.00           |
| 2.     | Mrs. Bina Jain                      | 50,000           | 5.00           |
| 3.     | Mr. Rajeev Jain                     | 54,000           | 5.40           |
| 4.     | Mrs. Anuradha Jain                  | 50,000           | 5.00           |
| 5.     | Mr. Nitin Jain                      | 54,000           | 5.40           |
| 6.     | Mrs. Kanupriya Jain                 | 50,000           | 5.00           |
| 7.     | Mr. S. C. Jain                      | 50,000           | 5.00           |
| 8.     | Mrs. Asha Jain                      | 50,000           | 5.00           |
| 9.     | Mr. Akhil Jain                      | 54,000           | 5.40           |
| 10.    | Mrs. Lata Jain                      | 50,000           | 5.00           |
| 11.    | Mr. Anuj Jain                       | 54,000           | 5.40           |
| 12.    | Mrs. Priyanka Jain                  | 50,000           | 5.00           |
| 13.    | Mr. A. K. Jain                      | 60,000           | 6.00           |
| 14.    | Mrs. Vinay Kumari Jain              | 130,000          | 13.00          |
| 15.    | Mr. Abhishek Jain                   | 74,000           | 7.40           |
| 16.    | M/s Ajay Industrial Corp. Pvt. Ltd. | 120,000          | 12.00          |
|        | <b>Total</b>                        | <b>10,00,000</b> | <b>100.00</b>  |

The Board of Directors of the Company as on 30<sup>th</sup> September, 2007 comprised of the following:

| S. No. | Name of the Director  | Designation |
|--------|-----------------------|-------------|
| 1.     | Mr. Ram K. Piparaiya  | Director    |
| 2.     | Mrs. Aparna Piparaiya | Director    |
| 3.     | Mr. Naresh Goel       | Director    |
| 4.     | Mr. Gur Kirpal Singh  | Director    |

The audited financial performance for the last three financial years was as under:

| Particulars                      | March 31, 2007 | March 31, 2006 | (Rs. in Lacs)  |
|----------------------------------|----------------|----------------|----------------|
|                                  |                |                | March 31, 2005 |
| Equity capital                   | 100.00         | 100.00         | 100.00         |
| Reserves                         | 17.26          | 10.08          | (3.61)         |
| Total Income                     | 62.08          | 76.86          | 0.00           |
| Profit After Tax                 | 7.22           | 13.70          | (0.05)         |
| Earning per Share(Rs)            | 0.722          | 1.37           | (0.36)         |
| Net Asset Value (per share) (Rs) | 11.73          | 11.01          | 9.64           |

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors. is an unlisted company and has not made any right issue or public issue in preceding three years. Nutra Foods (I) Pvt. Ltd. is not a Sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 and is not under winding up.

## 7. Ajay Industrial Corporation (Partnership)

Ajay Industrial Corporation is a registered (Registration no. 191 dated 15<sup>th</sup> March 1962 ) partnership firm established in the year 1961 having its head office at 4561, Deputy Ganj, Sadar Bazaar, Delhi – 110 006. The Company has its marketing office at 20/11, Site IV, Sahibabad Industrial Area, Sahibabad District,

Ghaziabad – 201010. The company is engaged in the manufacture of Hand Pumps, CPVC pipes and drip irrigation products. It has specialization in thermo plastic processing and metal fabrication.

The partners of the firm as on 31<sup>st</sup> March, 2007 are as under:

| S. No.       | Name of the Partner       | % Share in the partnership |
|--------------|---------------------------|----------------------------|
| 1.           | Mr. Devendra Chandra Jain | 40                         |
| 2.           | Mr. Sharat Chand Jain     | 40                         |
| 3.           | Mr. Ajay Kumar Jain       | 20                         |
| <b>Total</b> |                           | <b>100</b>                 |

The audited financial performance for the last three financial years was as under:

| Particulars           | (Rs. in Lacs)  |                |                |
|-----------------------|----------------|----------------|----------------|
|                       | March 31, 2007 | March 31, 2006 | March 31, 2005 |
| Partner's capital A/C | 1137.67        | 819.66         | 629.12         |
| Total Income          | 6454.08        | 5094.71        | 2920.81        |
| Profit After Tax      | 410.46         | 211.26         | 41.36          |

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the partnership firm, or its partners.

#### **Companies with which the Promoter has disassociated itself in last three years**

M/s. Ajay Energy and Power Corporation Pvt. Ltd. was incorporated on 19<sup>th</sup> September, 2000 by our promoters to undertake power projects in the state of Himachal Pradesh. The company bid for two sites one in Dogri and other in Khanyar but was finally allotted only one project. Our promoters were not interested to carry on only with one project, thus they decided to sell their share in the company. They transferred all shares of the company to V S Mittal, Navneet Mittal and their associates, and resigned from its board on 15<sup>th</sup> September 2004.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

You should read the following discussion and analysis of financial condition and results of operations together with our financial statements included in this Prospectus. The following discussion relates to our company and is based on our restated financial statements. Our financial statements have been prepared in accordance with Indian GAAP, the accounting standards referred to in section 211(3C) of the Companies Act and other applicable provisions of the Companies Act.

For a description of our business, please refer to the section titled "Our Business" on page 69 of this Prospectus. You should also read the section titled "Risk Factors" on page x of this Prospectus. We are entitled to certain tax benefits. Please refer to section titled "Statement of Tax Benefits" beginning on page 50 of this Prospectus for details of tax benefits available to us. Our Fiscal year ends on March 31<sup>st</sup> of each year, so all references to a particular Fiscal are to the twelve months period ended March 31<sup>st</sup> of that Fiscal year.

### Overview:

Our Company is engaged in the business of manufacturing automobile sealing systems and exterior products. Our product range includes weather strips, trim door opening, windshield molding, roof molding, quarter window seal, A-pillar garnish, B-pillar garnish, skirt air damper, body side molding etc. Additionally, we manufacture PVC based customized profiles for white goods and other industries. We have five manufacturing facilities which are located in New Delhi and Noida, Uttar Pradesh. Our total capacity as on date is 475,00,00 kg.

We are OEM suppliers to the automobile industry and our client list includes Maruti Udyog Limited, Honda SIEL, General Motors and Toyota Kirloskar. We have a technical collaboration with Tokai Kogyo Co. Ltd (TKCL), Japan, to manufacture our automobile products. In the white goods industry, we supply customized profiles to Godrej, Voltas, Videocon and Carrier Refrigerators.

We have consistently been receiving various awards from our clients for the quality products and services provided to our clients. All our plants are TS 16949, ISO 14001 and OHSAS 18001 certified. We have obtained ISO 14001:2004 certificate from BSI Management System, London for our unit 54-56, Okhla Industrial Estate, Delhi.

We derive around 90% of our turnover from automobile customers, nearly 5% from white goods products and the remaining from other segments including electrical and construction. For the fiscal 2005, 2006 and 2007 our total sales have been Rs 7360.75 Lacs, Rs 8035.23 Lacs and Rs 10928.68 Lacs respectively. For the fiscal 2005, 2006 and 2007 our EBIDTA has been Rs 1598.35 Lacs, Rs 1765.20 Lacs and Rs 2788.58 Lacs, respectively. Our EBIDTA margin for the fiscal 2005, 2006 and 2007 has been 21.41%, 21.94%, and 25.41%, respectively. For the fiscal 2005, 2006 and 2007 our profit has been Rs 761.14 Lacs, Rs 798.86 Lacs and Rs 1387.78 Lacs, respectively. Our PAT margin for the fiscal 2005, 2006 and 2007 has been 10.20%, 9.93% and 12.65%, respectively. Our Company's total income and PAT has grown at a CAGR of 27.81% and 34.40% during the period from 2003 to 2007, respectively.

### Significant Developments Subsequent to the three (3) month period ended June 30, 2007

The directors of our Company confirm that in their opinion no circumstances have arisen since the date of the last financial statements as disclosed in this Prospectus, which materially and adversely affect or are likely to affect the trading or profitability of our Company, or the value of our assets, or our ability to pay our liabilities within the next twelve months.



**Factors affecting our business and operations****Production of cars in India**

We derive more than 90% of our revenue from the Automobile division by supplying auto component as Original Equipment Supplier. For most of our product in automobile division, we are among the few suppliers of those products. Thus, our business and operations are dependent on auto industry in general and production of cars by our customers, in particular Maruti Udyog, Toyota, Honda etc. Some models use more of our product in value term than others. Thus, our business is also dependent on product mix of our customers.

**Our ability to add new customer**

Car manufacturers in India are limited. Our customers currently are Maruti Udyog Limited, Toyota, Honda motors etc. Till 1998 we were completely dependent on the Maruti for sales of auto component. Over the years we have not only been able add new customers like Toyota, Honda etc, but have also increased our sales. Our business and operations are dependent on our ability to add new clients and service their requirements.

**Our ability to add new product in our portfolio**

We over the years have been able to add new products in our portfolio to meet the demand of our customers. This increase in our products' portfolio has helped us in increasing our sales over the years. Our business and operations are dependent on our ability to add new products in our portfolio.

**Success of PDC products**

We derive more than 90% of our revenue from the automobile division by supplying auto components as Original Equipment Supplier. We through this proposed issue are attempting to diversify and reduce our dependence on auto industry. We have entered into manufacturing agreement with Power and Data Corporation Pty Ltd, Australia for manufacture of "Electrical Outlet System", which we will be supplying to them. This is a new concept for which market tests are being conducted. Our business and operations will thus be affected by the success of this product.

**Our ability to pass on the increase in raw material cost**

Most of our purchase agreements are annual in nature with an option of periodic review. We normally absorb small increase in cost. However, any large increase in cost is passed on to customers. In case we are not able to pass on increase in cost to our customers, our profitability and/or business and operations may get affected.

**Our ability to maintain our quality standards**

For our auto component division, the quality of product is of utmost importance. We have been awarded many awards including Zero PPM award for achieving zero defect supplies. Most of our customers stipulate the maximum level of rejection for products. In case we are not able to meet the minimum level of quality, we may get blacklisted and may not get future orders. Thus our business is dependent on our ability to maintain quality standards of our products.

**Currency fluctuation**

Of total sales for fiscal 2005, 2006, 2007 and three (3) month period, more than 95% of total sales has been domestic sales whereas more than 40% of expenditure is in foreign currency, mostly US Dollar. In recent past, movement of US Dollar vis-a-vis Indian Rupee has been volatile. We at times enter into hedging agreement to save ourselves from any adverse impact of such volatility. A fall in Indian Rupee against

foreign currency especially US Dollar could increase our raw material cost, hence could impact our profitability.

#### *Logistics Management*

Most of our customers work on the concept of Just in Time. Accordingly, they have policy of low or no inventory. The concept of low or no inventory puts a challenge for us to deliver our product in time, at the time it is required by our customers. We depend on the transporter employed by us for delivery of product at the customers' place. Any delay in delivery of product in time could impact our reputation and could lead to loss of business.

#### **Significant items of Income and expenditure**

|                                          | (Rs. in Lacs)     |                   |                   |                   |                   |
|------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Particular</b>                        | <b>31.06. 07*</b> | <b>31.03.2007</b> | <b>31.03.2006</b> | <b>31.03.2005</b> | <b>31.03.2004</b> |
| <b>Income:</b>                           |                   |                   |                   |                   |                   |
| <b>Total Sales</b>                       | <b>3050.36</b>    | <b>10928.68</b>   | <b>8035.23</b>    | <b>7360.75</b>    | <b>5547.55</b>    |
| Increase/(Decrease) %                    | --                | 36.01%            | 9.16%             | 32.68%            | 39.31%            |
| Other Income                             | 15.71             | 52.41             | 26.27             | 71.33             | 35.17             |
| Increase/(Decrease) %                    |                   | 99.51%            | (63.17%)          | 102.81%           | (61.74%)          |
| Increase/(Decrease) in Inventories       | -3.11             | (7.74)            | (16.23)           | 33.68             | (17.97)           |
| <b>Total Income (A)</b>                  | <b>3062.96</b>    | <b>10973.36</b>   | <b>8045.26</b>    | <b>7465.76</b>    | <b>5564.75</b>    |
| Increase/(Decrease) %                    |                   | 36.40%            | 7.76%             | 34.16%            | 35.34%            |
| <b>Expenditure:</b>                      |                   |                   |                   |                   |                   |
| Raw material consumed                    | 1347.36           | 5144.28           | 3715.07           | 3712.40           | 2514.68           |
| Increase/(Decrease) %                    |                   | 38.47%            | 0.07%             | 47.63%            | 40.27%            |
| <b>% of income</b>                       | 43.99%            | 46.88%            | 46.18%            | 49.73%            | 45.19%            |
| <b>% of Expenditure</b>                  | 63.19%            | 62.85%            | 59.16%            | 63.27%            | 61.49%            |
| Manufacturing & Other Operating Expenses | 518.97            | 2095.94           | 1736.21           | 1370.93           | 938.04            |
| Increase/(Decrease) %                    |                   | 20.72%            | 26.64%            | 46.15%            | 32.34%            |
| <b>% of income</b>                       | 16.94%            | 19.10%            | 21.58%            | 18.36%            | 16.86%            |
| <b>% of Expenditure</b>                  | 24.34%            | 25.61%            | 27.65%            | 23.37%            | 22.94%            |
| Personnel Expenses                       | 68.93             | 228.47            | 183.05            | 173.89            | 151.54            |
| Increase/(Decrease) %                    |                   | 24.81%            | 5.27%             | 14.75%            | (6.14%)           |
| <b>% of income</b>                       | 2.25%             | 2.08%             | 2.28%             | 2.33%             | 2.72%             |
| <b>% of Expenditure</b>                  | 3.23%             | 2.79%             | 2.91%             | 2.96%             | 3.71%             |
| General and Administrative Expenses      | 149.67            | 540.14            | 526.25            | 472.31            | 374.17            |
| Increase/(Decrease) %                    |                   | 2.64%             | 11.42%            | 26.23%            | 19.01%            |
| <b>% of income</b>                       | 4.89%             | 4.92%             | 6.54%             | 6.33%             | 6.72%             |
| <b>% of Expenditure</b>                  | 7.02%             | 6.60%             | 8.38%             | 8.05%             | 9.15%             |
| Selling & Distribution Expenses          | 47.47             | 175.96            | 119.49            | 137.89            | 111.19            |
| Increase/(Decrease) %                    |                   | 47.26%            | (13.34%)          | 24.01%            | 57.09%            |
| <b>% of income</b>                       | 1.55%             | 1.60%             | 1.49%             | 1.85%             | 2.00%             |
| <b>% of Expenditure</b>                  | 2.23%             | 2.15%             | 1.90%             | 2.35%             | 2.72%             |
| <b>Total Expenditure (B)</b>             | <b>2132.40</b>    | <b>8184.79</b>    | <b>6280.06</b>    | <b>5867.42</b>    | <b>4089.62</b>    |

| Particular                                                         | 31.06. 07*    | 31.03.2007     | 31.03.2006     | 31.03.2005     | 31.03.2004     |
|--------------------------------------------------------------------|---------------|----------------|----------------|----------------|----------------|
| Increase/(Decrease) %                                              |               | 30.33%         | 7.03%          | 43.47%         | 34.17%         |
| <b>% of income</b>                                                 | 69.62%        | 74.59%         | 78.06%         | 78.59%         | 73.49%         |
| <b>Profit/(loss) before interest, depreciation &amp; tax</b>       | <b>930.56</b> | <b>2788.58</b> | <b>1765.20</b> | <b>1598.35</b> | <b>1475.12</b> |
| Increase/(Decrease) %                                              |               | 57.97%         | 10.44%         | 8.35%          | 38.71%         |
| <b>% of income</b>                                                 | 30.38%        | 25.41%         | 21.94%         | 21.41%         | 26.51%         |
| Depreciation                                                       | 134.86        | 497.03         | 433.50         | 356.89         | 320.21         |
| Increase/(Decrease) %                                              |               | 14.66%         | 21.47%         | 11.45%         | (3.39%)        |
| <b>% of income</b>                                                 | 4.40%         | 4.53%          | 5.39%          | 4.78%          | 5.75%          |
| <b>Profit/(loss) before interest &amp; tax</b>                     | <b>795.70</b> | <b>2291.54</b> | <b>1331.70</b> | <b>1241.45</b> | <b>1154.91</b> |
| Increase/(Decrease) %                                              |               | 72.08%         | 7.27%          | 7.49%          | 57.77%         |
| <b>% of income</b>                                                 | 25.98%        | 20.88%         | 16.55%         | 16.63%         | 20.75%         |
| Interest                                                           | 46.06         | 167.68         | 94.80          | 68.33          | 24.14          |
| Increase/(Decrease) %                                              |               | 76.88%         | 38.74%         | 183.06%        | (69.49%)       |
| <b>% of income</b>                                                 | 1.50%         | 1.53%          | 1.18%          | 0.92%          | 0.43%          |
| <b>Profit/(loss) before tax &amp; Extraordinary Items</b>          | <b>749.64</b> | <b>2123.86</b> | <b>1236.91</b> | <b>1173.12</b> | <b>1130.78</b> |
| Increase/(Decrease) %                                              |               | 71.71%         | 5.44%          | 3.74%          | 73.19%         |
| <b>% of income</b>                                                 | 24.47%        | 19.35%         | 15.37%         | 15.71%         | 20.32%         |
| <b>Total taxes</b>                                                 | <b>255.92</b> | <b>736.09</b>  | <b>438.05</b>  | <b>411.98</b>  | <b>379.29</b>  |
| Increase/(Decrease) %                                              |               | 68.04%         | 6.33%          | 8.62%          | 68.49%         |
| <b>% of income</b>                                                 | 8.36%         | 6.71%          | 5.44%          | 5.52%          | 6.82%          |
| <b>Net Profit /(Loss) after tax but before Extraordinary Items</b> | <b>493.72</b> | <b>1387.78</b> | <b>798.86</b>  | <b>761.14</b>  | <b>751.49</b>  |
| Increase/(Decrease) %                                              |               | 73.72%         | 4.96%          | 1.28%          | 75.66%         |
| <b>% of income</b>                                                 | 16.12%        | 12.65%         | 9.93%          | 10.20%         | 13.50%         |
| - Extraordinary Items                                              | 0.00          | 0.00           | 0.00           | 106.82         | 0.00           |
| <b>Net Profit after Extraordinary Items</b>                        | <b>493.72</b> | <b>1387.78</b> | <b>798.86</b>  | <b>761.14</b>  | <b>858.31</b>  |
| Increase/(Decrease) %                                              |               | 73.72%         | 4.96           | (11.32)        | 100.63         |
| <b>% of income</b>                                                 | 16.12%        | 12.65%         | 9.93           | 10.20          | 15.42          |

#### Bifurcation of Total Turnover

(Rs. in Lacs)

| Particulars                           | 30.06. 07*     | 31.03.07         | 31.03.06        | 31.03.05       | 31.03.04        |
|---------------------------------------|----------------|------------------|-----------------|----------------|-----------------|
| Turnover of :                         |                |                  |                 |                |                 |
| Products manufactured (net of excise) | 3022.35        | 10,789.98        | 7,909.72        | 7210.66        | 5,359.57        |
| Products Traded                       | 28.01          | 138.70           | 125.51          | 150.09         | 187.99          |
| <b>Total</b>                          | <b>3050.36</b> | <b>10,928.68</b> | <b>8,035.23</b> | <b>7360.75</b> | <b>5,547.56</b> |

#### Turnover of Products manufactured (As a % of Total Sales)

| Particulars        | 31.03.07 | 31.03.06 | 31.03.05 | 31.03.04 |
|--------------------|----------|----------|----------|----------|
| Auto component (%) | 91.82    | 90.40    | 90.49    | 88.69    |

|                           |               |               |               |               |
|---------------------------|---------------|---------------|---------------|---------------|
| Refrigeration division(%) | 4.01          | 4.75          | 4.33          | 8.34          |
| Other (%)                 | 4.17          | 4.85          | 5.18          | 2.97          |
| <b>Total</b>              | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> |

\*The results for the three (3) month period ended June 30, 2007 cannot be compared to the previous corresponding period as we have not carried out the audit exercise for that period.

### **Results for the three (3) month period ended June 30, 2007**

#### **Income**

Total income for the period was Rs. 3062.96 lacs, consisting of Rs. 15.71 lacs as other income

#### **Expenditure**

Total expenditure for the period was Rs. 2132.40 lacs (or 69.62% of total income).

#### **Raw Material**

Raw material consumed for the period were of Rs.1347.36 lacs (or 43.99% of total income and 63.19% of total expenditure)

#### **Manufacturing expenses**

Manufacturing expenses for the period were Rs. 518.97 lacs (or 16.94% of total income and 24.34% of total Expenditure).

#### **Personnel expenses**

Personnel expenses for the period were Rs. 68.93 lacs (or 2.25% of total income and 3.23% of total Expenditure).

#### **General and Administrative expenses**

General and administrative expenses for the period were Rs. 149.67 lacs (or 4.89% of total income and 7.02% of total Expenditure).

#### **Selling and Distribution expenses:**

Selling and distribution expenses for the period were Rs. 47.47 lacs (or 1.55% of total income and 2.22% of total Expenditure).

#### **Profit before interest, depreciation & tax**

Profit before interest, depreciation & tax for the period was Rs. 930.56 lacs (or 30.38% of total income).

#### **Interest**

Interest expenses for the period were Rs. 46.06 Lacs. It includes amount paid on secured as well as unsecured loan. Interest charges as percentage of income were 1.50%.

#### **Depreciation**

Depreciation for the period was Rs. 134.86 lacs. Depreciation charges as a percentage of income were 4.40% of total income,

**PBT**

Profit before tax for the period was Rs. 749.64 lacs (or 24.47% of total income).

**Taxes**

Taxes incurred for the period was Rs. 255.92 lacs. Taxes as percentage of total income were 8.36%.

**PAT**

Profit after tax for the period was Rs. 493.72 lacs (or 16.12% of total income).

**Fiscal 2007 Vs Fiscal 2006****Income**

Our total income increased by 36.40 % from Rs. 8045.26 Lacs in fiscal 2006 to Rs. 10973.36 Lacs in fiscal 2007. The increase in income was on account of increase in sales of product manufactured by us. Total sales increased from Rs 8035.23 Lacs in fiscal 2006 to Rs 10928.68 Lacs in fiscal 2007 showing a growth of 36.01%. Contribution of auto component in total sales increased from 90.40% in fiscal 2006 to 91.84% in fiscal 2007. The increase in sales of auto component increased on account of increase in orders from our top three clients. During the year we started production of components for Zen Astilo, Aveo and Honda Civic.

**Expenditure**

Our expenditure increased to Rs. 8184.79 Lacs in fiscal 2007 from Rs. 6280.06 Lacs in fiscal 2006 showing an increase of 30.33%. This increase in expenditure is mainly on account of increase in raw material expenditure (which increased from Rs. 3715.07 Lacs for fiscal 2006 to Rs. 5144.28lacs for fiscal 2007) and manufacturing & other expenses (which increased from Rs. 1736.21 Lacs for fiscal 2006 to Rs. 2095.94 Lacs for fiscal 2007). As a percentage of income, the expenditure for fiscal 2007 was 74.59% as against 78.06% in fiscal 2006. This reduction in percentage term was on account of better control of expenses.

**Raw Material**

Raw material cost increased to Rs. 5144.28 Lacs in fiscal 2007 from Rs. 3715.07 Lacs in fiscal 2006 showing an increase of 38.47 %. The increase is on account of increased consumption of raw material due to higher production and increase in unit price of PVC. We imported about 38.21% of raw material in value term. Imported raw material mostly consisted of PVC compounds, TPO and adhesives. Raw material cost as percentage of income increased from 46.18 % in fiscal 2006 to 46.88% in fiscal 2007 on account of increased consumption of PVC at higher prices.

**Manufacturing expenses**

Manufacturing expenses increased to Rs. 2095.94 Lacs in fiscal 2007 from Rs. 1736.21 Lacs in fiscal 2006 showing an increase of 20.72%. The increase in the manufacturing expenses was mainly on account of higher wages and higher power fuel expenses. The capacity utilisation increased from 65.18% in fiscal 2006 to 82.75% fiscal 2007. Manufacturing expenses as percentage of income was 19.10% in fiscal 2007 compared to 21.58% in fiscal 2006. The decrease in manufacturing expenses as percentage of income was on account higher production from existing manufacturing facilities resulting in higher capacity utilisation and better utilisation of resources. Manufacturing expenses as percentage of expenditure was 25.61% in fiscal 2007 compared to 27.65% in fiscal 2006

**Selling and Distribution expenses:**

Selling and distribution expenses increased to Rs. 175.96 Lacs in fiscal 2007 from Rs. 119.49 Lacs in fiscal 2006 showing an increase of 47.26%. The increase is on account of higher discounts & short recovery and higher freight & cartage. Selling and distribution expenses as a percentage of income were 1.60% in fiscal 2007 compared to 1.49% in fiscal 2006.

#### **Personnel expenses**

Personnel expenses increased to Rs. 228.47 Lacs in fiscal 2007 from Rs. 183.05 Lacs in fiscal 2006 showing an increase of 24.81%. The increase in personnel expenses was on account of higher amount of gratuity and annual increase in salary. Personnel expenses as a percentage of income were 2.08% in fiscal 2007 compared to 2.28% in fiscal 2006.

#### **General and Administrative expenses**

General and administrative expenses increased to Rs. 540.14 Lacs in fiscal 2007 from Rs. 526.25 Lacs in fiscal 2006 showing an nominal increase of 2.64%. General and administrative expenses as a percentage of income reduced to 4.92% in fiscal 2007 as compared to 6.54% in fiscal 2006, on account of efficiency.

#### **EBIDTA**

EBIDTA as percentage of income was 25.41% in fiscal 2007 compared to 21.94% in fiscal 2006. The increase in EBIDTA margin was on account of factors mentioned above. EBIDTA increased to Rs. 2788.58 Lacs in fiscal 2007 from Rs. 1765.20 lacs in fiscal 2006 showing an increase of 57.97%. EBIDTA increased on account of increased income and increased EBIDTA Margin.

#### **Interest**

Interest expenses increased to Rs. 167.68 Lacs in fiscal 2007 from Rs. 94.80 Lacs in fiscal 2006 showing an increase of 76.88%. It includes amount paid on secured as well as unsecured loan. The higher interest was on account of higher term loan outstanding for fiscal 2007 as well as increase in rate of interest. The loan outstanding (including both secured as well as unsecured loan) on March 31, 2006 was Rs. 1704.98 Lacs which decreased to Rs. 1536.53 Lacs as on 31<sup>st</sup> March, 2007. Our Company has spent a sum of Rs. 437 Lacs out of the total bank loans on the ongoing expansion projects of our Company. Interest charges as percentage of income were 1.53% in fiscal 2007 as compared to 1.18% in fiscal 2006.

#### **Depreciation**

Depreciation expenses increased to Rs. 497.03 Lacs in fiscal 2007 from Rs. Rs 433.50 Lacs in fiscal 2006 showing an increase of 14.66%. Depreciation charges as a percentage of income were 4.53% in Fiscal 2007 and 5.39% in Fiscal 2006. For Fiscal 2007, we added gross block worth Rs. 1964.04 Lacs resulting in the aforesaid increase.

#### **PBT**

PBT increased to Rs. 2123.86 Lacs in fiscal 2007 from Rs. 1236.91lacs in fiscal 2006 showing a growth of 71.71%.The increase in PBT was on account of factors mentioned above. PBT Margin was 19.35% in fiscal 2007 compared to 15.37% in fiscal 2006.

#### **Taxes**

Taxes increased to Rs. 736.09 Lacs in fiscal 2007 from Rs. 438.05 Lacs in fiscal 2006 showing an increase of 68.04%. The increase in taxation is mostly on account of higher provision of deferred tax. Taxes as percentage of income were 6.71% in fiscal 2007 as compared to 5.44% in fiscal 2006.

#### **PAT**

PAT increased to Rs. 1387.78 Lacs in fiscal 2007 from Rs. 798.86 Lacs in fiscal 2006 showing an increase of 73.72%. The profit margin increased to 12.65% in fiscal 2007 from 9.93% in fiscal 2006. The increase was on account of factors mentioned above.

### **Fiscal 2006 Vs Fiscal 2005**

#### **Income**

Our total income from increased by 7.76% from Rs. 7465.76 Lacs in fiscal 2005 to Rs. 8045.26 Lacs in fiscal 2006. The increase in income was on account of increase in sales from auto component division. The increase in sales was account of increased sales to our other than number one customer.

#### **Expenditure**

Our expenditure increased to Rs. 6280.06 Lacs in fiscal 2006 from Rs. 5867.42 Lacs in fiscal 2005 showing an increase of 7.03%. This increase in expenditure is mainly on account of increase in manufacturing & operating expenses (which increased from Rs. 1370.93 Lacs for fiscal 2005 to Rs. 1736.21 Lacs for fiscal 2006) and administrative and other expenses (which increased from Rs. 472.31 Lacs for fiscal 2005 to Rs. 526.25 Lacs for fiscal 2006). As a percentage of income, the expenditure for fiscal 2006 was 78.06% as against 78.59% in fiscal 2005.

#### **Raw Material**

Raw material consumed was almost constant to Rs. 3715.07 Lacs in fiscal 2006 from Rs. 3712.40 Lacs in fiscal 2005 even though production units increased by 5.52%. This was on account of better yield and productivity. For fiscal 2006 we used 26.18 Lacs kg unit of PVC and 10.53 Kg of Steel Strip compared to the 24.90 Lacs unit kg of PVC and 9.74 Lacs kg of Steel Strip in fiscal 2005 showing an increase of 5.97% in consumption of raw material in quantity. Raw material cost as percentage of income decreased from 49.73% in fiscal 2005 to 46.18% in fiscal 2006 on account of the factors mentioned above.

#### **Manufacturing Expenses**

Manufacturing expenses increased by 26.64% to Rs. 1736.21 Lacs in fiscal 2006 from Rs. 1370.93 Lacs in fiscal 2005. The increase in the manufacturing expenses was mainly on account of higher packaging material consumed. Manufacturing expenses as percentage of income was 18.36% in fiscal 2005 compared to 21.58% in fiscal 2006. The increase in manufacturing expenses as percentage of income was on account higher production.

#### **General and Administrative expenses**

General and administrative expenses increased by 11.42% to Rs. 526.25 lacs in fiscal 2006 from Rs. 472.31 lacs in fiscal 2005. General and administrative expenses as a percentage of income increased to 6.54% in fiscal 2006 as compared to 6.33% in fiscal 2005.

#### **Selling and Distribution expenses:**

Selling and distribution expenses decreased by 13.34% to Rs. 119.49 lacs in fiscal 2006 from Rs. 137.89 lacs in fiscal 2005. The decrease was on account of effective selling and distribution management. Selling and distribution expenses as a percentage of income were 1.49% in fiscal 2006 compared to 1.85% in fiscal 2005.

#### **EBIDTA**

EBIDTA as percentage of income was 21.94 % in fiscal 2006 compared to 21.41% in fiscal 2005. The increase in EBIDTA margin was on account of factors mention above. EBITDA increased to Rs. 1765.20

Lacs in fiscal 2006 from Rs. 1598.35 Lacs in fiscal 2005 showing an increase of 10.44%. EBIDTA increased on account increased income and increased EBIDTA Margin.

#### **Interest**

Interest increased to Rs. 94.80 Lacs in fiscal 2006 from Rs. 68.33 Lacs in fiscal 2005. The increase was on account of substantial increase in secured as well as unsecured loan . The loan outstanding (secured as well as unsecured) on March 31<sup>st</sup>, 2005 was Rs. 667.52 Lacs which increased to Rs. 1704.98 Lacs as on 31<sup>st</sup> March, 2006. The higher loan amount was taken for meeting the working capital requirement. Interest charges as percentage of income were 1.18% in fiscal 2006 as compared to 0.92% in fiscal 2005.

#### **Depreciation**

Depreciation expenses increased by 21.47% to Rs. 433.50 Lacs in fiscal 2006 from Rs. 356.89 Lacs in fiscal 2005. For fiscal 2006, we added gross block worth Rs. 1157.06 Lacs resulting in the aforesaid increase. Depreciation expenses as percentage of income has marginally increased from 4.78% for fiscal 2005 to 5.39% for 2006.

#### **PBT**

PBT increased to Rs. 1236.91 Lacs in fiscal 2006 from Rs. 1173.12 Lacs in fiscal 2005 showing a growth of 5.44%.The increase in PBT was on account factors mentioned above. PBT Margin was 15.37% in fiscal 2006 compared to 15.71% in fiscal 2005.

#### **Taxes**

Taxes increased to Rs.438.05 Lacs in fiscal 2006 from Rs. 411.98 Lacs in fiscal 2005 showing an increase of 6.33%. The increase in taxation was on account of provision for FBT. Taxes as percentage of income were 5.44% in fiscal 2006 as compared to 5.52% in fiscal 2005

#### **PAT**

Net Profit before extraordinary items, in fiscal 2006 increased to Rs. 798.86 lacs from Rs. 761.14 lacs during fiscal 2005.

PAT decreased to Rs. 798.86 Lacs in fiscal 2006 from Rs. 761.14 Lacs in fiscal 2005 showing an increase of 4.96%. The Net Profit Margin also decreased to 9.93% in fiscal 2006 from in 10.20% in fiscal 2005.

#### **Fiscal 2005 Vs Fiscal 2004**

##### **Income**

Our total income increased by 34.16% from Rs.5564.75 Lacs in fiscal 2004 to Rs. 7465.75 Lacs in fiscal 2005. The increase in income was on account of increase in sales of products manufactured by us. The net sales increased from Rs 5547.55 Lacs in fiscal 2004 to Rs 7360.75 Lacs in fiscal 2005 showing a growth of 32.68%. Contribution of auto component in total sales increased from 88.69% in fiscal 2004 to 90.49% in fiscal 2005 on account of increase in demand for our products from our customers.

##### **Expenditure**

Our expenditure increased to Rs 5867.42 Lacs in fiscal 2005 from Rs. 4089.62 Lacs in fiscal 2004 showing an increase of 43.47 %. This increase in expenditure is mainly on account of increase in raw material expenditure (which increased from Rs. 2514.68 Lacs for fiscal 2004 to Rs. 3712.40 Lacs for fiscal 2005) and manufacturing & other expenses (which increased from Rs. 938.04 Lacs for fiscal 2004 to Rs. 1307.93 Lacs for fiscal 2005). As a percentage of income, the expenditure increased from 73.49% for fiscal 2004 to



78.59 % for fiscal 2005. This increase in percentage term was on account of higher raw material expenses and Manufacturing & others expenses.

#### **Raw Material**

Raw material cost increased to Rs. 3712.40 Lacs in fiscal 2005 from Rs. 2514.68 Lacs in fiscal 2004 showing an increase of 47.63 %. The increase is on account of increased consumption of raw material due to higher production and increase in unit price of steel strips. We imported about 28.83% of raw material in value term. Imported raw material mostly consisted of PVC compounds, TPO and adhesive. Average unit cost of raw material for PVC increased by 12.02% and for steel strips 24.63%. Raw material cost as percentage of income increased from 45.19%% in fiscal 2004 to 49.73 % in fiscal 2005 on account of increased consumption of steel strips and PVC at higher prices.

#### **Manufacturing expenses**

Manufacturing expenses increased to Rs. 1370.93 Lacs in fiscal 2005 from Rs. 938.04 Lacs in fiscal 2004 showing an increase of 46.15%. The increase in the manufacturing expenses was mainly on account of higher wages, repair and higher power fuel expenses. The capacity utilization increased from 57.05% in fiscal 2004 to 61.77% fiscal 2005. Manufacturing expenses as percentage of income was 18.36% in fiscal 2005 compared to 16.86 % in fiscal 2004. The increase in manufacturing expenses as percentage of income was on account higher wages expenses which was on account on increase in workers' compensation and increase in workers employed for production. The increased number of workers were employed at our fifth production unit which started full scale production in fiscal 2005. Manufacturing expenses as percentage of expenditure was 23.37% in fiscal 2005 compared to 22.94 % in fiscal 2004

#### **Selling and distribution expenses:**

Selling and distribution expenses increased to Rs. 137.89 Lacs in fiscal 2005 from Rs. 111.19 Lacs in fiscal 2004 showing an increase of 24.01%. The increase is on account of higher freight & cartage expenses. Selling and distribution expenses as a percentage of income were 1.85% in fiscal 2005 compared to 2.00% in fiscal 2004.

#### **Personnel expenses**

Personnel expenses increased to Rs. 173.89 Lacs in fiscal 2005 from Rs. 151.54 Lacs in fiscal 2004 showing an increase of 14.75%. The increase in personnel expenses was on account of higher amount of salary. Personnel expenses as a percentage of income were 2.33% in fiscal 2005 compared to 2.72% in fiscal 2004.

#### **General and Administrative expenses**

General and administrative expenses increased to Rs. 472.31 Lacs in fiscal 2005 from Rs. 374.17 Lacs in fiscal 2004 showing an increase of 26.23%. The increase in General and administrative expenses was on account of higher amount of increase in expenses related to factory security, traveling & conveyance general expenses etc. General and administrative expenses as a percentage of income reduced to 6.33% in fiscal 2005 as compared to 6.72% in fiscal 2004.

#### **EBIDTA**

EBIDTA as percentage of income was 21.41% in fiscal 2005 compared to 26.51% in fiscal 2004. The decrease in EBIDTA margin was on account of factors mentioned above. EBIDTA increased to Rs. 1598.35 Lacs in fiscal 2005 from Rs. 1475.14 Lacs in fiscal 2004 showing an increase of 8.35%. In spite of decrease in EBIDTA margin, EBIDTA increased on account of increased income.

#### **Interest**

Interest expenses increased to Rs. 68.33 Lacs in fiscal 2005 from Rs. 24.14 Lacs in fiscal 2004. It includes interest amount paid on secured as well as unsecured loan. For Fiscal 2005 we have taken secured loan of Rs. 164.69 from ICICI bank for expansion of existing business.

The higher interest expenses was on account of term loan outstanding for fiscal 2005 as well as increase in unsecured and rate of interest on unsecured loan. The loan outstanding (including both secured as well as unsecured loan) on 31<sup>st</sup> March, 2005 was Rs. 667.52 Lacs which was Rs. 465.26 Lacs as on 31<sup>st</sup> March, 2004. Interest charges as percentage of income increased to 0.92% in fiscal 2005 as compared to 0.43% in fiscal 2004.

### **Depreciation**

Depreciation expenses increased to Rs.356.89 Lacs in fiscal 2005 from Rs. 320.21 Lacs in fiscal 2004. For Fiscal 2005, we added gross block worth Rs. 765.32 mainly on account of addition in plant and machinery and Dies and Moulds during the Fiscal 2005, resulting in the aforesaid increase.

### **PBT**

PBT increased to Rs. 1173.12 Lacs in fiscal 2005 from Rs. 1130.78 Lacs in fiscal 2004 showing a growth of 3.74%. PBT Margin was 15.71% in fiscal 2005 compared to 20.32% in fiscal 2004. The decrease in PBT margin was on account of factors mentioned above

### **Taxes**

Taxes increased to Rs. 411.98 Lacs in fiscal 2005 from Rs. 379.29 Lacs in fiscal 2004 showing an increase of 8.62%. The increase in taxation is mostly on account of higher provision for current taxes and deferred tax. Taxes as percentage of income were 5.52 % in fiscal 2005 as compared to 6.82% in fiscal 2004 on account of changes in deferred taxes.

### **PAT**

PAT increased to Rs. 761.14 Lacs in fiscal 2005 from Rs. 858.31 Lacs in fiscal 2004 showing a decrease of 13.32%. The profit margin decreased to 10.20% in fiscal 2005 from 15.42% in fiscal 2004. The decrease was on account of Rs. 168.49 Lacs received by our Company as net credit of price increase/decrease received from Maruti Udyog Limited in August 2005 pertaining to Financial Year 2003-2004.

### **Cash Flows**

| Particular                         | (Rs. in Lacs) |            |            |            |            |
|------------------------------------|---------------|------------|------------|------------|------------|
|                                    | 30.06.2007    | 31.03.2007 | 31.03.2006 | 31.03.2005 | 31.03.2005 |
| Net cash From Operating Activities | 265.68        | 2426.27    | 1107.75    | 942.99     | 1150.96    |
| Net cash From Investing Activities | (164.18)      | (2071.83)  | (305.72)   | (659.80)   | (755.08)   |
| Net Cash From Financing Activities | (46.06)       | (338.72)   | (797.84)   | (303.14)   | (531.80)   |

### **Cash Flows from operating activities**

Net cash released from operating activities for quarter ending June 2007 was Rs. 265.68 Lacs whereas net profit before tax & appropriations was Rs. 749.64 Lacs, principally depreciation of Rs. 134.86 Lacs and interest expense of Rs. 46.06 Lacs.

Net cash released from operating activities in fiscal 2007 was Rs. 2426.27 Lacs whereas net profit before tax & appropriations was Rs. 2123.86 Lacs, a net upward adjustment of Rs. 310.30 Lacs relating to various items, principally depreciation of Rs. 497.03 Lacs and interest expense of Rs. 167.68 Lacs, and a net cash added in working capital of Rs. 160.50 Lacs. The cash released from working capital was on account of

increase in advance from customers, an increase in other liabilities and decrease in inventories and loan & advances.

Net cash released from operating activities in fiscal 2006 was Rs. 1107.75 Lacs whereas net profit before tax appropriations was Rs. 1236.91 Lacs. The difference is primarily on account of depreciation of Rs. 433.50 Lacs, interest expenses of Rs. 94.80 Lacs, and a net working capital addition of Rs. 206.55 Lacs. Working capital movements included increase in inventories of Rs. 68.58 Lacs, increase in loans and advances of Rs. 221.48 Lacs offset by increase in sundry creditor of 150.21. Increase inventory was on account of increase in business.

Net cash released from operating activities in fiscal 2005 was Rs. 942.99 Lacs whereas net profit before tax appropriations was Rs. 1173.12 Lacs. The difference is primarily on account of depreciation of Rs. 356.89 Lacs, interest expenses of Rs. 68.33 Lacs, and a net working capital addition of Rs. 141.46 Lacs. Working capital movements included increase in inventories of Rs. 141.45 Lacs, increase in loans and advances of Rs. 199.75 Lacs offset by increase in sundry creditor of 77.69. Increase inventory was on account of increase in business.

#### **Cash flows from investing activities**

For quarter ending June 2007 we used cash of Rs. 164.18 lacs in investing activities. These investing activities primarily included the purchase of fixed assets of Rs. 106.01 Lacs for our ongoing expansion and modernisation of our facility, as well as land for new facility and repayment of loan of Rs. 93.80 Lacs.

In fiscal 2007 we used cash of Rs. 2071.83 lacs in investing activities. These investing activities primarily included the purchase of fixed assets of Rs. 1898.70 Lacs for our ongoing expansion and modernisation of our facility, as well as land for new facility and repayment of loan of Rs. 168.45 Lacs. The higher gross block was on account of ongoing expansion and modernisation which was funded by internal accruals.

In fiscal 2006 we used cash of Rs. 305.64 Lacs in investing activities. These investing activities primarily included the purchase of fixed assets of Rs. 1344.59 Lacs for our facility at B 206A Noida, which was partially funded by fresh loan of Rs. 1037.46 Lacs, including cash credit of Rs. 536.87 Lacs and term loan of Rs. 411.98 Lacs

In fiscal 2005 we used cash of Rs. 659.80 Lacs in investing activities. These investing activities primarily included the purchase of fixed assets of Rs. 862.41 Lacs for our facilities which was partially funded by fresh loan of Rs. 202.27 Lacs.

#### **Cash flows from financing activities**

For quarter ending June 2007, Cash flow used in financing activity was Rs. 46.06 Lacs which included interest payment of Rs. 46.06 Lacs.

For fiscal 2007, Cash flow used in financing activity was Rs. 338.72 Lacs which included dividend payment of Rs. 171.04 Lacs and interest payment of Rs. 167.68 Lacs.

For fiscal 2006 Cash flow used in financing activity was Rs. 797.84 Lacs which included dividend payment of Rs. 703.04 Lacs and interest payment of Rs. 94.80 Lacs.

For fiscal 2005 Cash flow used in financing activity was Rs. 303.14 Lacs which included dividend payment of Rs. 234.80 Lacs and interest payment of Rs. 68.33 Lacs.

#### **Quantitative and Qualitative Disclosures about Market Risk**

##### **1. Unusual or infrequent events or transactions:**

There have been no unusual or infrequent events that have taken place during last 3 years.

**2. Significant Economic changes that materially affected or are likely to affect income from continuing operations:**

Government's policy on auto industry will have a major bearing on companies involved in this sector. Any major changes in policies of government would have a significant impact on the profitability of our company. For example, in case import duty on raw-material reduces, this will have a bearing on the cost of our raw material and can lead to increase in our profit. In case excise duty decreases our net income may increase due to reduction in cost.

Except the above, there are no significant economic changes that may materially affect or are likely to affect income from continuing operations. Further, there have been no significant economic changes during the periods under review that have materially affected or are likely to affect our income

**3. Known trends or uncertainties**

Our business has been affected and we expect that it will continue to be affected by the trends identified above under "Factors Affecting Our Results of Operations" and the risk described in the section titled "Risk Factors" beginning on page x of this Prospectus.

**4. Future relationship between costs and revenue**

Our Company's future cost and sale prices will be determined by demand/supply situation, government policies and availability of raw material etc. and prices there of. In case demand for our products increases but supply remains constant, prices of our products may increase. Further, in case of increase in the cost of raw materials that we use, our cost of production will shoot up.

**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.**

Increase in revenues is by and large linked to increase in volume of business activities carried on by our Company.

**6. Total turnover of our Company's major Industry segments**

Please refer to page 58 under the heading 'Industry Overview'

**7. Status of any publicly announced new products or business segments**

Our Company is setting up a new plant at Badarpur, Delhi for manufacture of "Electrical outlet System" for supply to Power and Data Corporation Pty Ltd (PDC). We have entered into an agreement with PDC, owner of the patent, by which it has granted us license to manufacture this product (Surface mounted, recessed or customized) for supply to the authorized distributors. The project shall be completed in 2 phases. In phase I, commercial production shall begin by January 2008. In Phase II, we will expand our capacity and the same shall be completed by the end of 2008. With exception to aforesaid production our Company has not announced any new products or business segments.

**8. Seasonality of business**

Our industry is not affected by changes in seasons. There are no significant variations in quarterly turnover.

**9. Over dependence on Single supplier/Customer**

Our Company sources its raw materials from various suppliers. Raw material is easily available in domestic as well as in international market. Therefore we are not under threat of excessive dependence on any single supplier/customer. Our top five customers contributed more than 90 % of our sales during FY 2006-07. Hence, we are dependent on our top five customers for our sales.

**10. Competitive conditions**

Our Company has been strengthening its position in the product lines in which it is operating by offering variety and quality consistently, through our in-house quality checks. These conditions

provide us an edge in the market over our competitors. For further details, see the section “Approach to marketing and proposed marketing set up” on page 81 of this Prospectus.

## SECTION VIII – LEGAL AND OTHER REGULATORY INFORMATION

### OUTSTANDING LITIGATIONS

Except as stated herein, there is no outstanding or pending litigation, suit, criminal or civil prosecution, proceeding initiated for offences (irrespective of whether specified in paragraph (I) of Part I of Schedule XIII of the Companies Act) or other litigation involving our Company, its Directors or its Promoters or Companies promoted by its Promoters and there are no defaults, non-payment or overdue of statutory dues, institutional/ bank dues or dues towards holders of any debentures, bonds and fixed deposits and arrears of preference shares, other than unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, Promoters or Directors.

#### A) Litigations involving our Company

##### i) Litigation filed against our Company:

| S.No                | Name of Parties<br>Authority                                                                                                                          | Brief of the Case                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Stage of Case<br>Next date of Hearing                                                                                                                             |
|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Labour Cases</b> |                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                   |
| 1.                  | Mr. Vijay Mohan Vijay v. Precision Pipes and Profiles Co. Ltd. (I.D No. 99 / 2001)<br><br>The Presiding Officer, Labour Court, Delhi                  | The claimant was working as a clerk in the Company. The Company terminated the services of Mr. Vijay, in light of his dismissal the claimant brought a suit before the Presiding Officer, Labour Court, Delhi, claiming compensation for wrongful termination of services.                                                                                                                                                                                                                                                                                                                                 | Matter is pending disposal<br><br>25.01.2008                                                                                                                      |
| 2.                  | Shri Pradeep Kumar v. Shri D.C Jain, Chairman (Precision Pipes and Profiles Co. Ltd.) (I.D No. 409 / 2005)<br><br>Labour Commissioner, Delhi          | The complainant joined the Company in the year 1999 as a casual labour on basis of daily wages. On 28.02.2001, the complainant became a permanent employee. On 20.03.2004, the complainant while working on a machine suffered serious injuries. The complainant was admitted to Holy Family Hospital where he was treated for his injuries. The complainant alleges that on 04.10.2004, without assigning any reasons the Company terminated his service. The complainant filed a suit under Section 25 f of Industrial Disputes Act, 1947.                                                               | The matter has been decided in the favour of the company by Ms. Mamta Tayal, Presiding Officer, Labour Court – I in its award dated 3 <sup>rd</sup> October, 2007 |
| <b>Civil Cases</b>  |                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                   |
| 3.                  | M/s. Midi Extrusions Ltd. v. U.P State Industrial Development Corpn. Ltd. (Civil Misc. Writ Petition 8197 of 2007)<br><br>The High Court at Allahabad | A writ petition has been filed by M/s Midi Extrusions Limited against UPSIDC & others in the High Court at Allahabad in respect of Plot at B-4, Surajpur Site V, Greater Noida, U P. This plot was originally allotted to M/s Midi Extrusions Limited by UPSIDC during 1989. Since Midi Extrusions Limited failed to set up the industry within the stipulated time period, UPSIDC after giving sufficient time & opportunity cancelled the allotment of plot and subsequently allotted the same to a new entrepreneur. Precision Pipes and Profiles Co. Limited (PPAP) purchased the said plot as a third | The High Court vide its order dated 1 <sup>st</sup> August, 2007 dismissed the petition.                                                                          |

|  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |
|--|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
|  |  | <p>purchaser from Mr. Rahul Mishra. The transfer of the plot in favour of PPAP was duly effected by UPSIDC vide Order dated 12-09-2006. PPAP also paid a consideration of Rs. 45,90,100/- on account of transfer and other charges levied by UPSIDC. Lease Deed for the land in question was also executed and registered with Registrar of Properties, Greater Noida on 12-12-06. That UPSIDC has already handed over the physical possession of the said land to the company (PPAP) vide possession memo dated 18.12.2006 and the Company had already started construction activity on the aforesaid land.</p> <p>In the aforesaid Writ Petition Midi Extrusions Limited has claimed that the Hon'ble High Court at Allahabad, in response to an earlier Writ Petition No. 52573 of 2002 ( Midi Extrusions Limited Vs. UPSIDC), had directed the parties to maintain status quo and the said stay Order is still in existence.</p> <p>Midi Extrusions Limited vide its latest Writ Petition No. s8197 of 2007 has prayed to the Hon'ble Court to restrain the Company and its employees from raising any construction over the property in question and from alienating the property during the pendency of the writ petition in the Court.</p> <p>However the High Court has vide its Order dated 14-02-2007, has ordered that "List the matter after four weeks for admission/final hearing along with the records of writ petition No. 53573 of 2002, Till then <i>status quo</i> as on date regarding the possession shall be maintained".</p> <p>The High Court vide its order dated 1<sup>st</sup> August, 2007 dismissed the petition.</p> |  |
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**ii) Securities and Economic Offences/Laws**

There is no litigation filed against our Company involving securities or economic offences.

**B) Litigation filed by our Company:**

| S.No                                    | Name of Parties and Authority                                                                                                                                                       | Brief of the Case                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Stage of Case<br>Next date of Hearing                         |
|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|
| <b>Companies Act, 1956 (Winding up)</b> |                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                               |
| 1.                                      | Precision Pipes and Profiles Co. Ltd. v. M/s. B.S Refrigeration Ltd., Bangalore<br>(Company Petition No. 30 / 2003)<br><br>Honourable High Court of Karnataka/ Board for Industrial | The Company had supplied to M/s. B.S Refrigeration, refrigeration parts and other related materials during the years 1999-2000, 2000-01 and 2001-02. Due to non-payment of the outstanding amount of Rs. 154.45 Lacs for the period from 1999 – 2002, the Company filed a winding up petition against M/s. B.S Refrigeration with the Honourable High Court of Karnataka. During the pendency of proceedings before the Honourable High Court of Karnataka, M/s. B.S Refrigeration filed an application for reference to the Board for Industrial Finance and Reconstruction (BIFR), New Delhi | Application pending before BIFR<br><br>Date yet to be decided |

|                     |                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                              |
|---------------------|------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
|                     | Finance and Reconstruction (BIFR)                                                                                            | (registered as Case No. 368/03). Accordingly, in light of the proceedings before the BIFR the High Court passed orders directing staying of all proceedings against M/s. B.S Refrigeration. The application before BIFR and accordingly the recovery of dues is still pending.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                              |
| <b>Civil Cases</b>  |                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                              |
| 2.                  | Precision Pipes and Profiles Co. Ltd v. B.S.E.S Rajdhani Power Ltd (Civil Suit No. 727 / 2002)<br><br>District Court, Delhi  | B.S.E.S Rajdhani Power Ltd served a notice to the Company informing the Company that they were in default of making payments for the use of electricity and imposed a fine of Rs. 10,41,067 and that the arrears should be deposited failing which the supply would be disconnected. In response to the above notice the Company filed a suit for permanent injunction seeking to restrain the defendant from disconnecting the electricity supply to the premises of the plaintiff situated at 70, Okhla Industrial Estate, Phase III, New Delhi.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Matter is pending disposal<br><br>03.01.2008                                                                                                 |
| <b>Excise Cases</b> |                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                              |
| 3.                  | Central Excise Commissioner, Noida v. Precision Pipes and Profiles Co. Ltd.<br><br>The Commissioner of Central Excise, Noida | An order No. 18/ Additional Commissioners/06 dated 16-10-2006 has been received by the Company from Additional Commissioner, Central Excise Commissionerate, Noida imposing a penalty of Rs. 42,10,670/- on the Company under Section 11 AC of the Central Excise Act, 1944 for contravention of Rule 7 of Cenvat Credit Rules 2002 and Rule 9 of Cenvat Credit Rules 2004. The Company was working under Cenvat Credit Scheme to avail the cenvat credit of the duty paid on inputs used in the manufacture of our final product under the provisions of Cenvat Credit Rules, 2002/2004. It was alleged that the Company had availed inadmissible Cenvat Credit of Rs.42,10,670/- (Rs.41,96,293/- CVD and Rs.14,377/- Ed. Cess) on the strength of such Bill of Entries on which CVD was not paid in cash but was adjusted through DEPB. Adjudicating officer disallowed the cenvat credit amounting to Rs. 42,10,670/- and ordered the Company to pay the same under Rule 14 of Cenvat Credit Rules, 2002 read with section 11A of Central Excise Act, 1944 along with interest under section 11 AB of Central Excise Act 1944 under proviso to section 11A and 11AB of the Act. Also, a penalty of Rs. 42,10,670/- was imposed upon the Company. Against the above order, the Company has filed an appeal (Appeal No. 191 / CE / APPL / N / 06) dated 12.12.2006 before the Commissioner of Central Excise, Noida.<br><br>The appeal filed by the Company has been rejected by the Commissioner Appeals in its order dated 20 <sup>th</sup> September, 2007.<br><br>The Company has filed an appeal before the Commissioner (Appeals), Central Excise, Noida on 20 <sup>th</sup> November 2007 against the order | The Company has filed an appeal before the Commissioner (Appeals), Central Excise, Noida on 20 <sup>th</sup> November 2007 against the order |
| 4.                  | Precision Pipes and Profiles Company Limited v. Asst.                                                                        | The Asst. Commissioner of Central Excise, Division V, Noida vide its order no. 12/AC/N-V/07 dated 17th October 2007 cancelled the central excise registration                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | The Company has filed an appeal before                                                                                                       |



|  |                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                            |
|--|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
|  | Commissioner of Central Excise (Appeal no. 127/CE/APPL/N/07) | <p>certificate no. AAACP5144PXM007 dated 21st February 2007 issued to the Company in terms of CBEC Circular no. 662/53/2002-CX dated 17th September 2002 for manufacture of excisable good. The certificate was cancelled on the ground of obtaining of certificate without completing of construction works on the property.</p> <p>The Company has filed an appeal before the Commissioner (Appeals), Central Excise, Noida on 20th November 2007 against the order.</p> | the Commissioner (Appeals), Central Excise, Noida on 20th November 2007 against the order. |
|--|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|

### C) Litigation involving the Promoters/Directors

#### i) Filed by the Promoters/Directors

| S.No         | Name of Parties and Authority                                                                                                              | Brief of the Case                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Stage of Case<br>Next date of Hearing                                                                                                                                                                                                                              |
|--------------|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Civil</b> |                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                    |
| 1.           | Rajeev Jain (Director & Promoter), and others v. State of UP and others (Writ Petition No. 10674 of 2002)*<br><br>The Allahabad High Court | <p>As per the provisions of Section 4 (1) of the Land Acquisition Act, the Government of Uttar Pradesh published a notification dated 18.12.2001. The said notification was published in the Official Gazette on 31.1.2002. As per the notification the Government acquired land which it proposed to use for development activities. The land belonging to the appellants was also acquired and given to Moser Baer. Aggrieved by the acquisition of land the appellants filed a petition before the Allahabad High Court.</p> <p>The petition has been allowed in part vide order of H'ble High Court dated 16th November 2007 in favour of the Company wherein the respondent has been directed to allot to the Company residential land equivalent to 10% of the land acquired by the respondent.</p> | The petition has been allowed in part vide order of H'ble High Court dated 16th November 2007 in favour of the Company wherein the respondent has been directed to allot to the Company residential land equivalent to 10% of the land acquired by the respondent. |

\*Others include Vinay Kumari Jain (one of our promoter), Abhishek Jain (Director) and Anuj Jain (Director)

**ii) Filed against the Promoters/Directors**

| <b>S.No</b>                 | <b>Name of Parties and Authority</b>                                                                                                                                           | <b>Brief of the Case</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Stage of Case</b><br><br><b>Next date of Hearing</b> |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| <b>Customs &amp; Excise</b> |                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                         |
| 1.                          | Deputy Commissioner of Customs, Mumbai v. Ajay Industrial Corporation (Mr. S C Jain, in his capacity as partner) (Case No. 151 / CS / 2001)<br><br>The Metropolitan magistrate | The case is filed under Sections 135 (1)(a) and 135 (1)(b) read with Sections 135 (1)(ii) of the Customs Act, 1962, which relates to evasion of duty. The Commissioner had imposed a penalty of Rs. 12,00,000 on Ajay Industrial Corporation (Mr S C Jain, who is a partner in Ajay Industrial Coproation is also party to the case by virtue of being a partner) and on non-payment of the penalty the case was filed before the Metropolitan Magistrate, Mumbai. In response to the above mentioned case Ajay Industrial Corporation filed an appeal (Appeal No. C / 425 / 00 Mum) before the Customs, Excise and Service Tax Appellate Tribunal, Mumbai. The said appeal was decided in favour of Ajay Industrial Corporation and the penalty imposed by the Commissioner of Customs was set aside. However, the case is still pending before the Metropolitan Magistrate. | Pending disposal                                        |

**C) Cases involving group Companies**

**i) Filed by Group Companies**

| <b>S.No</b>                             | <b>Name of Parties and Authority</b>                                                                                                       | <b>Brief of the Case</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>Stage of Case</b><br><br><b>Next date of Hearing</b> |
|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| <b>Companies Act, 1956 (Winding up)</b> |                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                         |
| 1.                                      | Ajay Industrial Corporation v. BPL Sanyo Utilities and Appliances (Company Petition No. 29 / 2003)<br><br>The High Court of Karnataka/BIFR | During the period 1999 – 2001, Ajay Industrial Corporation supplied pipes, tubes and other material to BPL Sanyo Utilities and Appliances, Bangalore. At the end of 2001, BPL Sanyo Utilities and Appliances owed Ajay Industrial Corporation a sum of Rs. 5.65 Lacs. On 07.02.2003 Ajay Industrial Corporation filed a petition under Sections 433(e) and 434 of the Companies Act, 1956 before the High Court of Karnataka, praying for the winding up of the Company and recovery of dues amounting to Rs. 7.38 Lacs (principal amount Rs. 5.65 Lacs + interest amount Rs. 1.72 Lacs). During the pendency of the dispute before the Honourable High Court of Karnataka, BPL Sanyo filed for reference to the Board for Industrial Finance and Reconstruction (BIFR), New Delhi. Accordingly, in light of the proceedings before the BIFR the High Court passed orders directing staying of all proceedings against BPL Sanyo. The application before BIFR and accordingly the recovery of dues is still pending.<br><br>The Company filed an application before the BIFR for inclusion of its name in the list of unsecured creditors. The same has been accepted by BIFR. | Application pending before BIFR                         |

|              |                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                     |
|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| 2.           | <p>Ajay Poly Pvt. Ltd., Delhi v. M/s. B.S. Refrigeration Ltd., Bangalore<br/>(Company Petition No. 32/2003)</p> <p>Honourable High Court of Karnataka/ Board for Industrial Finance and Reconstruction (BIFR)</p>     | <p>Ajay Poly Pvt. Ltd had supplied to M/s. B.S Refrigeration, refrigeration parts and other related materials during the years 1999-2000, 2000-01 and 2001-02. Due to non-payment of the outstanding amount of Rs. 30.56 Lacs for the period from 1999 – 2002, Ajay Poly Pvt. Ltd filed a winding up petition against M/s. B.S Refrigeration with the Honourable High Court of Karnataka. During the pendency of proceedings before the Honourable High Court of Karnataka, M/s. B.S Refrigeration filed for reference to the Board for Industrial Finance and Reconstruction (BIFR), New Delhi (registered as Case No. 368/03). Accordingly, in light of the proceedings before the BIFR the High Court passed orders directing staying of all proceedings against M/s. B.S Refrigeration.</p> <p>The Company filed an application before the BIFR for inclusion of its name in the list of unsecured creditors. The same has been accepted by BIFR.</p>                                                                    | <p>Application pending before BIFR</p>              |
| 3.           | <p>Ajay Poly Pvt. Ltd., Bangalore v. M/s. B.S. Refrigeration Ltd., Bangalore<br/>(Company Petition No. 31/2003)</p> <p>Honourable High Court of Karnataka/ Board for Industrial Finance and Reconstruction (BIFR)</p> | <p>The Company had supplied to M/s. B.S Refrigeration, refrigeration parts and other related materials during the years 1999-2000, 2000-01 and 2001-02. Due to non-payment of the outstanding amount of Rs. 29.64 Lacs for the period from 1999-2002, the Company filed a winding up petition against M/s. B.S Refrigeration with the Honourable High Court of Karnataka. During the pendency of proceedings before the Honourable High Court of Karnataka, M/s. B.S Refrigeration filed for reference to the Board for Industrial Finance and Reconstruction (BIFR), New Delhi (registered as Case No. 368/03). Accordingly, in light of the proceedings before the BIFR the High Court passed orders directing staying of all proceedings against M/s. B.S Refrigeration. The application before BIFR and accordingly the recovery of dues is still pending.</p> <p>The Company filed an application before the BIFR for inclusion of its name in the list of unsecured creditors. The same has been accepted by BIFR.</p> | <p>Application pending before BIFR</p>              |
| <b>Civil</b> |                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                     |
| 4.           | <p>M/s. A.I.C (Plastics) Pvt. Ltd v. M/s. Boxes and Cartons (Petition No. 106 / 2006)</p> <p>The Rent Controller, Delhi</p>                                                                                           | <p>On 17.03.2006 M/s. A.I.C (Plastics) Pvt. Ltd filed before the Rent Controller, Delhi a suit against M/s. Boxes and Cartons under the Delhi Rent Control Act, 1958, for recovery of Rs. 0.58 Lacs as excess payment.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <p>Matter is pending disposal</p> <p>19.03.2008</p> |
| 5.           | <p>Ajay Industrial Corporation v. M.P State Agro Industrial Development Ltd., Bhopal (First appeal No. 453 / 2003)</p> <p>Honourable High</p>                                                                         | <p>M.P State Agro Industrial Development Ltd. invited contract offers by way of publications in newspapers. In response to the said invitation Ajay Industrial Corporation submitted its offer, which was accepted and accordingly an agreement dated 25.11.1994 was executed between the parties. The contract related to supply of rigid PVC pipes. The last supply was made on 24.10.1996. However, as M.P State Agro Industrial Development Ltd. was not in a position to make the payments it requested. Ajay Industrial Corporation to take back the material and</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p>Suit is pending listing</p> <p>N.A.</p>          |

|                                         |                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                     |
|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
|                                         | Court of M.P                                                                                                                                                                                                           | promised release of all over due payments. M.P State Agro Industrial Development Ltd. failed to make payments for a sum amounting to Rs. 28.59 Lacs. After making the necessary calculations and interests the said amount came to about Rs. 78.28 Lacs as on 30 <sup>th</sup> November, 2000. After making repeated requests for the payment of the said amount Ajay Industrial Corporation filed a suit before the trial court, Bhopal for the recovery of a total of Rs. 121.59 Lacs. Vide its order dated 16.05.2003, the Trial Court allowed the claim of Ajay Industrial Corporation and ordered payment of Rs. 22.34 Lacs and security deposit amounting to Rs. 0.30 Lacs along with interest at the rate of 6% per annum on outstanding amount from the date of filing of the suit till payment. However, the trial court did not decide on the other claim of Ajay Industrial Corporation towards its claim for interest at the rate of 24% per annum. Ajay Industrial Corporation filed an appeal before the Honourable High Court of M.P against the order of the trial court seeking payment of amount of Rs. 98.95 Lacs. The suit is pending listing before the High Court. |                                                                                                                     |
| 6.                                      | Ajay Industrial Corporation v. Union of India through Secretary, Ministry of Horticulture & Director of Horticulture, Government of Rajasthan (S.B Civil Writ Petition No. 1993 / 2003)<br><br>High Court of Rajasthan | The Director of Horticulture, Jaipur had invited tenders for the supply of sprinklers and drip system. Ajay Industrial Corporation filed its tender which was accepted by the Director of Horticulture. On due completion of the work and repeated requests for payment by Ajay Industrial Corporation, the Union of India failed to make payments. Ajay Industrial Corporation filed the writ petition seeking payment of Rs. 55.75 Lacs being the price for the drip systems and its components for the period upto 31.03.2000. The writ petition was admitted by the High Court of Rajasthan, and as of 27.11.2006 is at final disposal at admission stage.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | The writ petition was admitted by the High Court of Rajasthan, and the matter is still pending adjudication.        |
| 7.                                      | M/s. Ajay Industrial Corporation v. M/s. Boxes and Cartons (Petition No. 107 / 2006)<br><br>The Additional Rent Controller, Delhi                                                                                      | M/s. Boxes and Cartons filed a suit under the Delhi Rent Control Act seeking eviction of M/s. Ajay Industrial Corporation from the property it. In response to the suit filed by M/s. Boxes and Cartons for eviction, Ajay Industrial Corporation filed before the Additional Rent Controller, Delhi a suit against M/s. Boxes and Cartons under the Delhi Rent Control Act, 1958, for refund of Rs. 0.38 Lacs and Rs. 0.25 Lacs as excess payments. As on 27 <sup>th</sup> November, 2006 the suit is pending disposal.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Matter is pending disposal<br><br>19.03.2008                                                                        |
| <b>Negotiable Instruments Act, 1881</b> |                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                     |
| 8.                                      | Ajay Industrial Corporation v. Ajay Goel (Proprietor of Adarsh Pipe Company) (Complaint Case No. 2218 / 1 / 2006)<br><br>District Court, Delhi                                                                         | The suit is filed under Section 138 read with Sections 141 and 142 of Negotiable Instruments Act. Adarsh Pipe Company had purchased CPVC pipes from Ajay Industrial Corporation. The case relates to bouncing of cheque of an amount of Rs. 0.74 Lacs out of total outstanding Rs. 0.80 Lacs issued by Adarsh Pipe Company as consideration for purchase of CPVC pipes.<br><br>A compromise has been reached between the parties and the matter is settled, wherein the Company has received a                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | A compromise has been reached between the parties and the matter is settled, wherein the Company has received a sum |

|                                      |                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                            |
|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
|                                      |                                                                                                                                                                                               | sum of Rs. 73,000 in full and final settlement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | of Rs. 73,000 in full and final settlement |
| <b>Consumer Protection Act, 1986</b> |                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                            |
| 9.                                   | Ajay Industrial Corporation v. Commercial Union Assurance Co. Ltd., Singapore and Tata Tea Ltd., Mumbai (First Appeal No. – 116 / 2006)<br><br>The national consumer disputes redressal forum | Ajay Industrial Corporation imported 100 pallets of PVC Resin. The consignment was insured by M/s. Commercial Union Co. Plc., Singapore. As per the insurance policy the settling and survey agent was M/s. Tata Tea Ltd., Mumbai. Ajay Industrial Corporation requested for settlement of claim as the consignment was damaged. The request was rejected by Commercial Union Assurance. On the refusal by the insurance company to settle the claim in full Ajay Industrial Corporation filed a case before the State Consumer Disputes Redressal Commission, New Delhi alleging deficiency in services. Vide its order dated 28.11.2005 the Commission decided the dispute in favour of Ajay Industrial Corporation and awarded a lump sum amount of Rs. 1.00 Lacs as compensation. Ajay Industrial Corporation aggrieved by the amount of compensation ordered filled an appeal before the national consumer disputes redressal forum. The case is still pending.                                                                                                                                                                                                                                                                                                                                                                                                                              | Pending for disposal<br><br>17.01.2008     |
| <b>Labour</b>                        |                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                            |
| 10.                                  | Ajay Poly Pvt. Ltd. v. Pintoo & Others<br><br>Deputy Commissioner of Labour                                                                                                                   | In the year 2005, Ajay Poly Pvt. Ltd. terminated the services of Pintoo and 31 other employees. The employees were paid retrenchment compensation. The retrenchment was paid under a compromise order which inter alia, also stated that in the event that Ajay Poly Pvt. Ltd. resumes business it would give preference to these 32 employees. Subsequently, Ajay Poly Pvt. Ltd. received certain small order and accordingly all the retrenched employees were called upon to resume their services. However, out of the 32 employees only 4 employees came back and the Ajay Poly Pvt. Ltd. hired 4 more additional employees to complete the orders. Thereafter, the remaining employees undertook agitations against Ajay Poly Pvt. Ltd and also filed a complaint with the labour department under section 29 of the Industrial Disputes Act. Against the complaint filed, Ajay Poly Pvt. Ltd. approached the High Court for quashing of the said complaint. During the hearing the High Court stated that the writ petition so filed is premature as there is no order from the deputy labour commissioner. Pursuant to the High Courts order the writ petition has been withdrawn. High Court also stated that as soon as an order is received from the deputy labour commissioner a fresh writ petition can be filed. The matter is still pending before the deputy labour commissioner. | Pending disposal                           |
| 11.                                  | Ajay Industrial Corporation v. Rahul Pandey, Proprietor of Kshitij                                                                                                                            | The suit is filed under Section 138 read with Sections 141 and 142 of Negotiable Instruments Act. Kshitij Enterprise had purchased CPVC pipes from Ajay Industrial Corporation. The cheque no. 122771 dated 11.06.2007                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Matter is pending disposal                 |

|     |                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                       |                                          |
|-----|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
|     | Enterprises                                                                           | drawn on Citizen Co-operative Bank Limited for a sum of Rs. 5.68 Lacs issued by Kshitij Enterprise as consideration for purchase of CPVC pipes was dishonoured.                                                                                                                                                                                                                       | 18. 01.2008                              |
| 12. | Ajay Industrial Corporation v. J. P. Sehrawat, Proprietor of Carewell Trading Company | The suit is filed under Section 138 read with Sections 141 and 142 of Negotiable Instruments Act. Carewell Trading Co. had purchased CPVC pipes from Ajay Industrial Corporation. The cheque no. 728803 dated 28.05.2007 drawn on Jammu and Kashmir Bank Limited for a sum of Rs. 1.00 Lac issued by Carewell Trading Co as consideration for purchase of CPVC pipes was dishonoured. | Matter is pending disposal<br>22.03.2008 |

**ii) Filed against Group Companies**

| S.No                        | Name of Parties and Authority                                                                                                                 | Brief of the Case                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Stage of Case<br>Next date of Hearing    |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| <b>Civil Case</b>           |                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                          |
| 1.                          | Smt. Chakresh Jain (Proprietor M/s. Boxes and Cartons) v. M/s. A.I.C (Plastics) Pvt. Ltd (Suit No. 262 / 2005)<br><br>District Court, Delhi   | The plaintiff filed a suit under the Delhi Rent Control Act for eviction from the property rented by the plaintiff to M/s. A.I.C (Plastics Ltd.). The suit is pending disposal.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Matter is pending disposal<br>03.01.2008 |
| 2.                          | Smt. Chakresh Jain (Proprietor M/s. Boxes and Cartons) v. M/s. Ajay Industrial Corporation (Suit No. 261 / 2005)<br><br>District Court, Delhi | On 15.09.2005 Smt. Chakresh Jain filed a suit for possession and eviction of Ajay Industrial Corporation from the property rented by Ajay Industrial Corporation from Smt. Chakresh Jain. The claimant also sought recovery of mense profits at the rate of Rs. 0.40 Lacs per month along with an interest of 24% per cent per annum from the date of the suit until recovery of possession.                                                                                                                                                                                                                                                                                                                                             | Matter is pending disposal<br>03.01.2008 |
| <b>Customs &amp; Excise</b> |                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                          |
| 3.                          | Deputy Commissioner of Customs, Mumbai v. Ajay Industrial Corporation (Case No. 151 / CS / 2001)<br><br>The Metropolitan magistrate           | The case is filed under Sections 135 (1)(a) and 135 (1)(b) read with Sections 135 (1)(ii) of the Customs Act, 1962, which relates to evasion of duty. The Commissioner had imposed a penalty of Rs. 12,00,000 on Ajay Industrial Corporation (Mr S C Jain, who is a partner in Ajay Industrial Coproation is also party to the case by virtue of being a partner) and on non-payment of the penalty the case was filed before the Metropolitan Magistrate, Mumbai. In response to the above mentioned case Ajay Industrial Corporation filed an appeal (Appeal No. C / 425 / 00 Mum) before the Customs, Excise and Service Tax Appellate Tribunal, Mumbai. The said appeal was decided in favour of Ajay Industrial Corporation and the | Pending disposal                         |

|  |  |                                                                                                                                      |  |
|--|--|--------------------------------------------------------------------------------------------------------------------------------------|--|
|  |  | penalty imposed by the Commissioner of Customs was set aside. However, the case is still pending before the Metropolitan Magistrate. |  |
|--|--|--------------------------------------------------------------------------------------------------------------------------------------|--|

**D) Cases Involving Company's Subsidiary**

Our Company has no subsidiary,

**In addition to above cases our Company has filed the following compounding applications under Companies Act, 1956 & is involved in the following tax cases:**

**Compounding Applications**

**1. Petition for Composition of default filed u/s 621A read with section 297 of the Companies Act, 1956**

We had not obtained prior approval from the central Government under section 297 of the Companies Act, 1956 before carrying out certain transactions in respect of purchase of raw material/License purchase, Job Work and Sale of goods with the our group companies Ajay Poly Pvt. Ltd and Ajay Industrial Corporation. As the paid up capital of our company is more than Rs. 1,00,00,000/- we come within the ambit of section 297.

Thus, we have filed a suo-moto petition before Company Law Board, Northern Region Bench under section 621 A of Companies Act for compounding of offence committed.

We had filed an application dated 20th February, 2007 for obtaining prior approval of government for the future transactions covered under section 297 of Companies Act and we have received central government approval dated 25<sup>th</sup> June 2007 as per Section 297 of Companies Act for entering into contract with (i) Ajay Industrial corporation (ii) Ajay Poly Private Limited. Both the approvals are valid till 31st March 2010.

In the event the application is rejected, there would be a penalty of Rs. 5,000/- with a further fine of Rs. 500/- per day during which the default continues.

The matter is yet to come for hearing.

**2. Petition for Composition of default filed u/s 621A read with section 292 A of the Companies Act, 1956**

Under section 292A(4) of the Companies Act, 1956, it is required to disclose the composition of the Audit Committee in its annual report for the company whose paid up capital is Rs. 5 crore or more. In view of the fact, we were required to disclose the composition of the Audit Committee in our Annual reports of the years 2004-05 and 2005-06 as our paid up capital was increased to Rs. 6 crores on 25<sup>th</sup> September, 2004. However, due to honest mistake, we had not disclosed the composition of the audit committee in our annual reports of the years 2004-05 and 2005-06.

Thus, we have filed a suo-moto petition before Company Law Board, Northern Region Bench under section 621 A of Companies Act for compounding of offence committed.

In the event the application is rejected, the company and the officer who is in default, shall be punishable with imprisonment for a term which may extend to one year, or with fine which may extend to Rs. 0.50 Lacs, or both.

**3. Petition for Composition of default filed u/s 621 A read with section 211 of the Companies Act, 1956**

Pursuant to the provisions of sub-section (1) and (2) of section 211 of the Companies Act, 1956 (hereinafter referred as 'Act'), every balance sheet and profit & loss account of a company shall give a true and fair view of the state of affairs of the company as at the end of the financial year and true & fair view of the profit & loss of the company for the financial year respectively and shall, subject to provisions of this section, be in the form set out in part I or part II of schedule VI respectively and in preparing Balance Sheet due regard shall be had, as far as may be, to the general instructions for preparation of balance sheet under the heading "Notes" at the end of the part. Further, according to sub-section (3A) of the said section it is required that every profit and loss account and balance sheet of the company shall comply with the accounting standards. It is observed from the Balance Sheet for the financial year ending 31st March 2004, 31st March 2005, 31st March 2006 that company has contravened the provision of Section 211 of the Act by not adhering either to schedule VI to the Act or accounting standards issued by Institute of Chartered Accountants of India. In light of these circumstances the Company filed a compounding application. The maximum punishment for the violation is imprisonment for a term which may extend to six months or with fine which may extend to Rs. 10,000/- or both. The matter is yet to come up for hearing.

### **Notices against the Company**

#### **1. Show-cause notice from the office of Commissioner of Central Excise, Delhi-II**

A show cause notice has been issued to the Company by the Office of Commissioner of Central Excise, Delhi-II for incorrect availment of cenvat credit on imported inputs.

The matter is fixed for hearing before the additional commissioner, Central Excise Delhi-II on 3<sup>rd</sup> December 2007. On this hearing date the matter has been decided against the Company, further the Company intends to file appeal against the aforesaid order.

#### **2. Notice from the office of the Deputy Labour Commissioner, Uttar Pradesh**

Company's unit at B-206 A, Noida, Phase-II, Uttar Pradesh had received a notice dated 4th July, 2007 from the office of the Deputy Labour Commissioner, Uttar Pradesh alongwith a copy of the demand notice submitted by the five elected representatives of the labour provided by the contractor. As per the demand notice various facilities have been demanded for the workers. Individually the five elected representatives have withdrawn their complaint through an Affidavit filed.

The matter is pending before the authority.

#### **3. Notice from the labour department, Gautam Budh Nagar, Uttar Pradesh**

Company's unit at B-206A, Noida, Phase-II, Uttar Pradesh has received 79 notices from labour department, Gautam Budh Nagar, Uttar Pradesh under the Payment of Wages Act, 1936. The notice is addressed to labour contractor viz. Four S Security and Allied Services Private Limited and also to the Company. As informed by the Company, notices are in respect of those persons who are current or past contract labour provided by the said contractor. None of them is or has been an employee of the Company. Affidavits from the individual contract labour have been submitted to the labour officer stating that there is no complaint regarding the wages paid by the contractor.

The matter is pending before the said labour department.

### **Tax Related Cases**

| Particulars | Financial years to | Forum | Amount (Rs. in | Status |
|-------------|--------------------|-------|----------------|--------|
|-------------|--------------------|-------|----------------|--------|



| which the matter<br>pertains |                                                                                                             |                                      | Lacs) |         |
|------------------------------|-------------------------------------------------------------------------------------------------------------|--------------------------------------|-------|---------|
| Sales Tax                    | Assessment year 2000-01                                                                                     | Trade Tax Tribunal                   | 5.71  | Pending |
| Income Tax                   | Block Assessment from 01.04.1995 to 05.05.2002 and for regular assessment for the assessment year 2002-2003 | Settlement Commission                | 1.92  | Pending |
| Income Tax                   | Assessment year 2003-04                                                                                     | Commissioner of Income Tax (Appeals) | 3.91  | Pending |
| Service Tax                  | 17-08-2002 to 31-03-2004                                                                                    | Deputy Commissioner                  | 0.64  | Pending |

**Amount exceeding Rs. 1 Lac, due from SSIs and other creditors for a period of more than 30 days as on 30<sup>th</sup> June, 2007:**

| S.No         | Name of Party               | Amount (Rs. in Lacs) |
|--------------|-----------------------------|----------------------|
| 1.           | Kamal Polymers              | 24.53                |
| 2.           | Shiva Steel Impex           | 17.85                |
| 3.           | Shriram Polytech            | 2.64                 |
| 4.           | Ts Tech Sun [India] Limited | 16.21                |
| <b>Total</b> |                             | <b>53.21</b>         |

### Material Developments

There have been no material developments after the date of last audited balance sheet i.e. 30<sup>th</sup> June 2007.

### Adverse Events

Except for what is stated under section titled “Objects of the Issue” on page no. 26 of the Prospectus in respect of litigation involving land at Surajpur, there has been no adverse event affecting the operations of our Company occurring within one year prior to the date of filing of this Prospectus with the Registrar of Companies.

### Defaults

Our Company has not defaulted in meeting any statutory dues, institutional dues or bank dues. Our Company has not defaulted in making any payment/refunds for debentures, fixed deposits and interest on debentures and fixed deposits.

## STATUTORY APPROVALS AND LICENCES

Our Company has received all the necessary consents, licenses, permissions and approvals from the Government/RBI and various government agencies required for its present business and no further approvals are required for carrying on the present as well as the proposed business of our Company except the pending approvals as mentioned under this heading.

We have received the following Government and/or statutory approvals/ licenses/ permissions:

### EXISTING APPROVALS

We have received the following Government and/or statutory approvals/licences/permissions:

#### 1) Registered office approvals

| Sr.No. | Type of License/Approval                   | Issuing Authority                                                      | Covered under (name of the Act) | License/Approval No. | Valid upto |
|--------|--------------------------------------------|------------------------------------------------------------------------|---------------------------------|----------------------|------------|
| 1      | Certificate of Incorporation               | ROC NCT of Delhi & Harayana                                            | Companies Act, 1956             | 55-73281             | N.A.       |
| 2      | Certificate of Importer-Exporter Code      | Jt. Director General of Foreign Trade, Ministry of Commerce, New Delhi | Export Import Policy            | IEC No.0588040231    | N.A.       |
| 3      | Certificate of PAN                         | Income Tax                                                             | Income Tax Act, 1961            | AAACP5144P           | N.A.       |
| 4      | Certificate of TIN under the Delhi VAT Act | Sales Tax Officer, Sales Tax Deptt., New Delhi.                        | Delhi VAT Act                   | TIN 07280009145      | N.A.       |

#### 2) Factory related approval

##### a) Unit 54-56, Okhla Industrial Area, New Delhi

| Sr.No. | Type of License/Approval                                                                                                 | Issuing Authority                 | Covered under (name of the Act)                                                                      | License/Approval No. | Valid upto                    |
|--------|--------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------------------------------------------|----------------------|-------------------------------|
| 1      | Consent Order under Air (Prevention& Control of Pollution) Act,1981 and Water (Pollution& Control of Pollution) Act,1974 | Delhi Pollution Control Committee | Air (Prevention& Control of Pollution) Act,1981 and Water (Pollution& Control of Pollution) Act,1974 | O-004109             | 26 <sup>th</sup> March , 2009 |
| 2      | Licence to work a Factory by MCD                                                                                         | Municipal Corporation of Delhi    | DMC Act U/s 416/417                                                                                  |                      |                               |
| a)     | -Unit 54                                                                                                                 |                                   |                                                                                                      | FLCOCN05002463       | 31 <sup>st</sup> March , 2008 |
| b)     | -Unit 56                                                                                                                 |                                   |                                                                                                      | FLCOCN05002464       | 31 <sup>st</sup> March , 2008 |

|   |                                                                                          |                                                            |                                                 |                                     |                            |
|---|------------------------------------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------|-------------------------------------|----------------------------|
| 3 | Certificate of Registration under Sec. 69 of the Finance Act, 1994 (32 OF 1994)          | Superintendent, Service Tax, Delhi-II                      | Sec. 69 of the Finance Act, 1994 (32 OF 1994)   | DL-II/ST/ R-19/G.T.S/438/05         | N.A.                       |
| 4 | Central Excise Registration Certificate (Under Rule 9 of the Central Excise Rules, 2002) | Asstt. Commissioner, Central Excise                        | Under Rule 9 of the Central Excise Rules, 2002  | AAACP5144PXM003                     | N.A.                       |
| 5 | Licence to work a Factory under the Factories Act, 1948                                  | Chief Inspector of Factories, Govt. of NCT of Delhi        | Factories Act, 1948                             | Licence No.DFL-4977 Reg. No.FD-5233 | 31 <sup>st</sup> Dec, 2008 |
| 6 | Allotment of Code No. under E.S.I. Act                                                   | Regional Director, ESI Corporation, New Delhi              | E.S.I. Act                                      | 11-6074-24                          | N.A.                       |
| 7 | Allotment of Code No. under Employees Provident Fund & Misc. Provisions Act              | Regional Provident Fund Commissioner, New Delhi            | EPF Act, 1952                                   | Code No.DL/5839                     | N.A.                       |
| 8 | SSI Registration                                                                         | Secretariat for Industrial Approvals, Ministry of Industry | Industries (Development & Regulation) Act, 1951 | 14872                               | N.A.                       |

**b) 161, Okhla Industrial Area, New Delhi**

| Sr.No. | Type of License/Approval                                                                 | Issuing Authority                                     | Covered under (name of the Act)               | License/Approval No.                | Valid upto                 |
|--------|------------------------------------------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------|-------------------------------------|----------------------------|
| 1      | Licence to work a Factory by MCD                                                         | Municipal Corporation of Delhi                        | DMC Act U/s 416/417                           | No. 5520                            | 31th March 2008            |
| 2      | Certificate of Registration under Sec. 69 of the Finance Act, 1994 (32 OF 1994)          | Superintendent, Service Tax, Delhi-II                 | Sec. 69 of the Finance Act, 1994 (32 OF 1994) | DL-II/ST/BAS/R-17/PPP/857/04        | N.A.                       |
| 3      | Central Excise Registration Certificate (Under Rule 9 of the Central Excise Rules, 2002) | Asstt. Commissioner, Central Excise Mod-II, New Delhi | Rule 9 of the Central Excise Rules, 2002      | AAACP5144PXM004                     | N.A.                       |
| 4      | Licence to work a Factory under the Factories Act, 1948                                  | Chief Inspector of Factories, Govt. of Delhi          | Factories Act, 1948                           | Licence No.DFL-6998 Reg. No.FD-7258 | 31 <sup>st</sup> Dec, 2010 |
| 5      | Allotment of Code under E.S.I. Act                                                       | Regional Director, ESI Corporation, New               | E.S.I. Act                                    | Code No.11-17302-24                 | N.A.                       |

|   |                                                                             |                                                 |                                                 |                  |      |
|---|-----------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|------------------|------|
|   |                                                                             | Delhi                                           |                                                 |                  |      |
| 6 | Allotment of Code No. under Employees Provident Fund & Misc. Provisions Act | Regional Provident Fund Commissioner, New Delhi | Employees Provident Fund & Misc. Provisions Act | Code No.DL/12753 | N.A. |

**c) 70, Okhla Industrial Estate, New Delhi**

| Sr.No. | Type of License/Approval                                                                                               | Issuing Authority                                     | Covered under (name of the Act)                                                                          | License/Approval No.               | Valid upto                   |
|--------|------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------|
| 1      | Consent under Air (Prevention & Control of Pollution) Act, 1981 and Water (Pollution & Control of Pollution) Act, 1974 | Delhi Pollution Control Committee                     | Air (Prevention & Control of Pollution) Act, 1981 and Water (Pollution & Control of Pollution) Act, 1974 | O-001491                           | 22 <sup>nd</sup> Feb, 2008   |
| 2      | Licence to work a Factory by MCD                                                                                       | Municipal Corporation of Delhi                        | DMC Act U/s 416/417                                                                                      | No. C10561                         | 31 <sup>st</sup> March, 2008 |
| 3      | Certificate of Registration under Sec. 69 of the Finance Act, 1994 (32 OF 1994)                                        | Superintendent, Service Tax, Delhi-II                 | Sec. 69 of the Finance Act, 1994 (32 OF 1994)                                                            | DL-II/ST/BAS/R-17/PPP/858/04       | N.A.                         |
| 4      | Central Excise Registration Certificate (Under Rule 9 of the Central Excise Rules, 2002)                               | Asstt. Commissioner, Central Excise Mod-II, New Delhi | Under Rule 9 of the Central Excise Rules, 2002                                                           | AAACP5144PXM002                    | N.A.                         |
| 5      | Licence to work a Factory under the Factories Act, 1948                                                                | Chief Inspector of Factories, Govt. of Delhi          | Factories Act, 1948                                                                                      | Licence No.DFL-8441Reg. No.FD-8701 | 31 <sup>st</sup> Dec, 2010   |
| 6      | Allotment of Code under E.S.I. Act                                                                                     | Regional Director, ESI Corporation, New Delhi         | E.S.I. Act                                                                                               | Code No.11-23468-24                | N.A.                         |
| 7      | Allotment of Code No. under Employees Provident Fund & Misc. Provisions Act                                            | Regional Provident Fund Commissioner, New Delhi       | Employees Provident Fund & Misc. Provisions Act                                                          | Code No.DL/16546                   | N.A.                         |
| 8      | Acknowledgement of Industrial Entrepreneur Memorandum                                                                  | Section Officer, Deptt. of Ind. Policy & Promotion    | SIA Regulation, Ministry of Commerce & Industry, Lucknow                                                 | No. 07-009-1-2-00021               | N.A.                         |

**d) Unit B-45, Phase II, Noida**

| <b>Sr.No.</b> | <b>Type of License/Approval</b>                                                          | <b>Issuing Authority</b>                                   | <b>Covered under (name of the Act)</b>                                 | <b>License/Approval No.</b> | <b>Valid upto</b>          |
|---------------|------------------------------------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------------------|-----------------------------|----------------------------|
| 1             | Consent under Air (Prevention & Control of Pollution) Act, 1981                          | Uttar Pradesh Pollution Control Board, Noida               | Air (Prevention & Control of Pollution) Act, 1981                      | G-12/15/06                  | 31 <sup>st</sup> Dec, 2007 |
| 2             | Consent under Water (Prevention & Control of Pollution) Act, 1974                        | Uttar Pradesh Pollution Control Board, Noida               | Water (Pollution & Control of Pollution) Act, 1974                     | G-12/15/06                  | 31 <sup>st</sup> Dec, 2007 |
| 3             | Certificate of Registration under Sec. 69 of the Finance Act, 1994 (32 OF 1994)          | Dy. Commissioner, Customs & Central Excise, Div-IV, Noida. | Sec. 69 of the Finance Act, 1994 (32 OF 1994), Service Tax Rules, 1994 | AAACP5144PST001             | N.A.                       |
| 4             | Central Excise Registration Certificate (Under Rule 9 of the Central Excise Rules, 2002) | Dy. Commissioner, Customs & Central Excise, Div-IV, Noida. | Under Rule 9 of the Central Excise Rules, 2002                         | AAACP5144PXM001             | N.A.                       |
| 5             | Registration & Licence to work a Factory under Factories Act, 1948                       | Asstt. Director of Factory, Noida.                         | Factories Act, 1948                                                    | No.NDA-1595                 | 31 <sup>st</sup> Dec, 2007 |
| 6             | Certificate of Sales Tax under -UP Trade Tax Act CST Act                                 | Trade Tax Officer, Div-4, Noida                            | UP Trade Tax Act CST Act                                               | ND-0073891                  | N.A.                       |
| 7             | Allotment of Code under E.S.I. Act                                                       | Regional Director, ESI Corporation, Kanpur                 | E.S.I. Act                                                             | Code No.21-21795-67         | N.A.                       |
| 8             | Allotment of Code No. under Employees Provident Fund & Misc. Provisions Act              | Regional Provident Fund Commissioner, Meerut               | Employees Provident Fund & Misc. Provisions Act                        | Code No.UP/MT/21500         | N.A.                       |
| 9             | Acknowledgement of Industrial Entrepreneur Memorandum                                    | Section Officer, Deptt. Of Ind. Policy & Promotion         | SIA Regulation, Ministry of Commerce & Industry, lucknow               | 3279/SIA/IMO/1996           | N.A.                       |
| 10            | Certificate of Registration under Contract Labour (Regulation & Abolition) Act, 1970     | Dy. Labour Commissioner, U.P., Noida                       | Contract Labour (Regulation & Abolition) Act, 1970                     | 310/2003                    | N.A.                       |

e) **Unit B- 206 A, Sector- 81, Phase II, Noida**

| Sr.No. | Type of License/Approval                                                                 | Issuing Authority                                          | Covered under (name of the Act)                                       | License/Approval No.      | Valid upto                 |
|--------|------------------------------------------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------------------|---------------------------|----------------------------|
| 1      | Consent under Air (Prevention & Control of Pollution) Act, 1981                          | Uttar Pradesh Pollution Control Board, Noida               | Air (Prevention & Control of Pollution) Act, 1981                     | G-12/14/06                | 31 <sup>st</sup> Dec, 2007 |
| 2      | Consent under Water (Prevention & Control of Pollution) Act, 1974                        | Uttar Pradesh Pollution Control Board, Noida               | Water (Prevention & Control of Pollution) Act, 1974                   | G-12/14/06                | 31 <sup>st</sup> Dec, 2007 |
| 3.     | Authorisation for storage of hazardous waste under Environment(Protection) Act,1986      | Uttar Pradesh Pollution Control Board, Lucknow             | Hazardous Waste (Management and Handling) Rules, 1989                 | No.229/H.O.41240/06       | 31 <sup>st</sup> Dec, 2007 |
| 4      | License to Import and Store Petroleum in Installation                                    | Controller of Explosives, Central Circle Office, Agra.     | Petroleum Act, 1934                                                   | P/CC/UP/15/1210 (P157863) | 31 <sup>st</sup> Dec, 2008 |
| 5      | Certificate of Registration under Sec. 69 of the Finance Act,1994 (32 OF 1994)           | Superintendent, Customs & Central Excise, Div-IV, Noida.   | Sec. 69 of the Finance Act,1994 (32 OF 1994), Service Tax Rules, 1994 | AAACP5144PST001           | N.A.                       |
| 6      | Central Excise Registration Certificate (Under Rule 9 of the Central Excise Rules, 2002) | Dy. Commissioner, Customs & Central Excise, Div-IV, Noida. | Under Rule 9 of the Central Excise Rules, 2002                        | AAACP5144PXM005           | N.A.                       |
| 7      | Registration & Licence to work a Factory under Factories Act,1948                        | Asstt. Director of Factory, Noida.                         | Factories Act, 1948                                                   | No.NDA-2686               | 31 <sup>st</sup> Dec, 2007 |
| 8      | Certificate of Sales Tax under -UP Trade Tax Act CST Act                                 | Trade Tax Officer, Div-4, Noida                            | UP Trade Tax Act CST Act                                              | ND-073891                 | N.A.                       |
| 9      | Allotment of Code under E.S.I. Act                                                       | Regional Director, ESI Corporation, Kanpur                 | E.S.I. Act                                                            | Code No.21-34400-67       | N.A.                       |
| 10     | Allotment of Code No. under Employees Provident Fund & Misc. Provisions Act              | Asstt. Provident Fund Commissioner, Noida                  | Employees Provident Fund & Misc. Provisions Act                       | Code No.UP/33030          | N.A.                       |

|    |                                                                                      |                                                    |                                                          |                   |      |
|----|--------------------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------------|-------------------|------|
| 11 | Certificate of Registration under Contract Labour (Regulation & Abolition) Act, 1970 | Dy. Labour Commissioner, U.P., Noida               | Contract Labour (Regulation & Abolition) Act, 1970       | 352/2004          | N.A. |
| 12 | Acknowledgement of Industrial Entrepreneur Memorandum                                | Section Officer, Deptt. Of Ind. Policy & Promotion | SIA Regulation, Ministry of Commerce & Industry, lucknow | 6126/SIA/IMO/2006 | N.A. |

**f) B-4 Surajpur Industrial Area, Site V, Greater Noida, Uttar Pradesh**

| Sr.No. | Type of License/Approval                              | Issuing Authority                                  | Covered under (name of the Act)                          | License/Approval No. | Valid upto |
|--------|-------------------------------------------------------|----------------------------------------------------|----------------------------------------------------------|----------------------|------------|
| 1      | Acknowledgement of Industrial Entrepreneur Memorandum | Section Officer, Deptt. Of Ind. Policy & Promotion | SIA Regulation, Ministry of Commerce & Industry, lucknow | 5124/SIA/IMO/2006    | N.A.       |

**Applied for but Pending**

| Sr.No.                                       | Type of License/Approval                                                                                           | Issuing Authority                   | Covered under (name of the Act)                                                                      | Status of Application        | Date of Application           |
|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------|-------------------------------------|------------------------------------------------------------------------------------------------------|------------------------------|-------------------------------|
| <b>Registered office approvals</b>           |                                                                                                                    |                                     |                                                                                                      |                              |                               |
| 1                                            | Registratio for LOGO “PPAP”                                                                                        | Trade Mark Registry                 | Class XII                                                                                            | Applied for                  | 22 <sup>nd</sup> January 2007 |
| <b>161, Okhla Industrial Area, New Delhi</b> |                                                                                                                    |                                     |                                                                                                      |                              |                               |
| 1                                            | Consent under Air (Prevention& Control of Pollution) Act,1981 and Water (Pollution& Control of Pollution) Act,1974 | Delhi Pollution Control Committee   | Air (Prevention& Control of Pollution) Act,1981 and Water (Pollution& Control of Pollution) Act,1974 | Applied for renewal          | 23 <sup>rd</sup> Feb, 2005    |
| 2                                            | SSI Registration                                                                                                   | Department of Industries, New Delhi | Industries (Development & Regulation) Act, 1951                                                      | Applied for SSI registration | 23rd Jan, 2007                |
| <b>Unit B-45, Phase II, Noida</b>            |                                                                                                                    |                                     |                                                                                                      |                              |                               |

|                                                                     |                                                                                                                      |                                        |                                                                                                      |                     |                                 |
|---------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------------------------------------------------------------------------------------------------|---------------------|---------------------------------|
| 1                                                                   | Authrisation to store hazardous waste under envirmetal Pollution Act                                                 | Uttar Pradesh Pollution Board, Lucknow | Hazardous Waste (Management and Handling) Rules, 1989                                                | Applied for renewal | 2 <sup>nd</sup> November , 2006 |
| <b>B – II / 29, Mohan Co-operative Industrial Estate, New Delhi</b> |                                                                                                                      |                                        |                                                                                                      |                     |                                 |
| 1                                                                   | Consent under Air (Prevention & Control of Pollution) Act, 1981 and Water (Pollution& Control of Pollution) Act,1974 | Delhi Pollution Control Committee      | Air (Prevention& Control of Pollution) Act,1981 and Water (Pollution& Control of Pollution) Act,1974 | Applied for         | 22 <sup>nd</sup> January, 2007  |

**To be applied for**

For our new project we will be applying for respective statutory approvals as required under the environmental laws, factory and industry laws and labour laws.



## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

The issue of Equity Shares by our Company has been proposed by the resolution of the Board of Directors passed at their meeting held on 30<sup>th</sup> November, 2006. The shareholders of our Company have authorised and approved this Issue under section 81(1A) of the Act by a Special Resolution at our Extra Ordinary General Meeting held on 26<sup>th</sup> December, 2006.

### Prohibition by SEBI

Our Company, our Directors, our Promoters, the Directors of our Promoter Companies or persons in control of our Promoter Companies, the group companies, companies promoted by or Promoters and companies or entities with which our Company's Directors are associated as directors / promoters / partners have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. The listing of any securities of our Company has never been refused at anytime by any of the Stock Exchanges in India. Our Company, our Promoters, their relatives, group companies and associate companies has, not been detained as willful defaulters by RBI/government authorities and there are no violations of securities laws committed by them in the past or pending against them.

### Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Clause 2.2.1 of the SEBI DIP Guidelines 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% is held in monetary Assets and is compliant with Clause 2.2.1(a) of the SEBI Guidelines as under:

| Particulars                                  | (Rs. in Lacs)      |                  |                  |
|----------------------------------------------|--------------------|------------------|------------------|
|                                              | For the year ended |                  |                  |
|                                              | March 31st, 2007   | March 31st, 2006 | March 31st, 2005 |
| Fixed Assets (Net)                           | 5,128.83           | 3,759.15         | 2,849.56         |
| Trade Investments                            | 72.00              | 72.00            | 72.00            |
| Current Assets,<br>Loans & Advances          | 2,863.00           | 3,812.03         | 3,359.16         |
| Less: Current<br>Liabilities &<br>provisions | 2,140.17           | 2,408.85         | 2,358.11         |
| Net Tangible Assets                          | <b>5,923.67</b>    | <b>5,234.33</b>  | <b>3,922.61</b>  |
| Monetary Assets                              | <b>57.96</b>       | <b>34.31</b>     | <b>30.12</b>     |

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 (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 and is compliant with Clause 2.2.1(b) of the SEBI Guidelines.

(Rs. in Lacs)

| Particulars                                           | For the year ended |                  |                  |                  |                  |
|-------------------------------------------------------|--------------------|------------------|------------------|------------------|------------------|
|                                                       | March 31st, 2007   | March 31st, 2006 | March 31st, 2005 | March 31st, 2004 | March 31st, 2003 |
| <b>Net Profit after tax/<br/>Distributable Profit</b> | 1395.69            | 773.07           | 850.58           | 763.29           | 422.66           |

c) Our Company has a networth of atleast Rs.1 crore in each of the three preceding full years of 12 months each and is compliant with Clause 2.2.1(c) of the SEBI Guidelines.

(Rs. in Lacs)

| Particulars                                             | For the year ended |                  |                  |
|---------------------------------------------------------|--------------------|------------------|------------------|
|                                                         | March 31st, 2007   | March 31st, 2006 | March 31st, 2005 |
| Equity Share Capital(including share application money) | 900.00             | 600.00           | 600.00           |
| Reserves & Surplus                                      | 3297.62            | 2715.65          | 2455.70          |
| Less: Misc. Exp                                         | 37.27              | 8.04             | 10.71            |
| <b>Net Worth</b>                                        | <b>4234.89</b>     | <b>3323.69</b>   | <b>3066.42</b>   |

d) Our Company has not changed its name within the last one year.

e) 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.

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 THE SUBMISSION OF THE OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGERS, UTI SECURITIES LIMITED AND NEXGEN CAPITALS LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, UTI SECURITIES LIMITED AND NEXGEN CAPITALS LIMITED HAVE FURNISHED TO SEBI, DUE DILIGENCE CERTIFICATES DATED 7<sup>TH</sup> JULY, 2007 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

- I. 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 FINALIZATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.
- II. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY,

WE CONFIRM THAT:

- A. THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
- B. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY THE SEBI, THE 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 INVESTMENT IN THE PROPOSED ISSUE.
- III. BESIDE US, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT SUCH REGISTRATIONS ARE VALID TILL DATE.
- IV. WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.
- V. WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL 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.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 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 BOOK RUNNING LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.”**

**Disclaimer from the Issuer and the Book Running Lead Managers**

Investors may note that Precision Pipes and Profiles Company Limited, UTI Securities Limited and NEXGEN Capitals Limited accept no responsibility for statements made other than in this Prospectus or in the advertisement or any other material issued by or at the instance of the Issuer Company or Book Running Lead Managers and that any one, placing reliance on any other source of information would do so at their own risk.

The BRLMs UTI Securities Limited and NEXGEN Capitals Limited, do not accept any responsibility save to the limited extent as provided in terms of the Memorandum of Understanding entered into between our Company and the BRLMs and the Underwriting Agreement to be entered into between our Company and the Underwriters.

All information will be made available by the Book Running Lead Managers, 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 downloading the Bids due to faults in any software/hardware system or otherwise.

The BRLMs accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding dated 29<sup>th</sup> June, 2007 entered into between the BRLMs and our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

**Disclaimer in respect of Jurisdiction**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs, FIIs and Foreign Venture Capital Funds Registered with SEBI. This 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 this 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 Delhi 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 Prospectus has been filed with SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this 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 given vide its letter dated August 8, 2007 permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- 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 Exchange; 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 that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **Disclaimer Clause of National Stock Exchange of India Limited**

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref: NSE/LIST/55479-K dated September 7, 2007 permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized the Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document; nor does it warrant that Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of the Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

#### **Filing**

A copy of the Draft Red Herring Prospectus has been filed with the Corporate Finance Department of SEBI at: SEBI Bhawan, 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 has been delivered for registration to the Registrar of Companies, NCT of Delhi & Haryana at: B-Block, Paryavararan Bhavan, CGO Complex, Lodhi Road, New Delhi – 110 003, atleast 3 (three) days before the issue opening date. The final Prospectus would be filed with the Corporate Finance Department of SEBI and the ROC at the respective aforesaid addresses upon closure of this Issue and on finalization of the Issue Price.

## **Listing**

Application has been made to the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for permission to deal in and for an official quotation of our Equity Shares. Our existing Equity Shares are not listed on any Stock Exchanges in India.

Bombay Stock Exchange Limited shall be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB, Non Institutional and Retail portion.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the stock exchanges, we shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. If such money is not repaid within eight days after our Company become liable to repay it, (i.e., from the date of refusal or within 15 days from the date of Bid /Issue Closing Date, whichever is earlier), then our Company 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 and NSE are taken within seven working days of finalization of Basis of Allotment for the Issue.

## **Consents**

Necessary Consents for the Issue have been obtained from the following:

1. Directors of our Company
2. Promoters of the Company
3. No Objection from Bankers to our Company
4. Auditors to our Company
5. Book Running Lead Managers to the Issue
6. Legal Advisor to the Issue
7. Registrar to the Issue
8. Company Secretary
9. Compliance Officer
10. Escrow Collection Bankers to the Issue
11. Syndicate Members
12. Underwriters to Issue

The said consents would be filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, NCT of Delhi & Haryana at: B-Block, Paryavararan Bhavan, CGO Complex, Lodhi Road, New Delhi – 110 003, 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 Prospectus, for registration with the Registrar of Companies, NCT of Delhi & Haryana at: B-Block, Paryavararan Bhavan, CGO Complex, Lodhi Road, New Delhi – 110 003

CRISIL, the IPO grading agency, has given its written consent to the inclusion of their report in the form and context in which it is referred in this Red Herring Prospectus and such consent and report has not be withdrawn up to the time of delivery of this Red Herring Prospectus and the Prospectus to the Designated Stock Exchange.

## **Expert Opinion**

Except the report of CRISIL in respect of IPO grading of this Issue annexed herewith and except as stated in this Prospectus, we have not obtained any expert opinions.

### Public Issue Expenses

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

(Rs. in Lacs)

| Sr. No       | Particulars                                                                             | Amount        | % of total Issue Expenses | % of total Issue size |
|--------------|-----------------------------------------------------------------------------------------|---------------|---------------------------|-----------------------|
| a)           | Book Running Lead Manager's fees including Underwriting commission & Selling commission | 262.50        | 41.15                     | 3.50                  |
| b)           | Registrar's fees                                                                        | 10.50         | 1.65                      | 0.14                  |
| c)           | Advertisement and Marketing expenses                                                    | 300.00        | 47.03                     | 4.00                  |
| d)           | SEBI fees and Stock Exchange fees                                                       | 21.00         | 3.29                      | 0.28                  |
| e)           | Other Miscellaneous expenses (listing fees, Legal Advisor's fees etc)                   | 43.85         | 6.87                      | 0.58                  |
| <b>Total</b> |                                                                                         | <b>637.85</b> | <b>100.00</b>             | <b>8.50</b>           |

### Fees Payable to the BRLMs

The total fees payable to the BRLMs will be as per the Memorandum of Understanding signed between us and the BRLMs, UTI Securities Limited and NEXGEN Capitals Limited, a copy of which is available for inspection at our Registered Office and forms part of Material Contracts & Documents.

### Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue, Intime Spectrum Registry Limited, will be as per the Memorandum of Understanding signed with our Company, a copy of which is available for inspection at our Registered Office and forms part of Material Contracts & Documents.

The Registrar will be reimbursed for all relevant out-of-pocket expenses including such as cost of stationery, postage, stamp duty, communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allocation advice by registered post/ Speed Post. Refund Orders up to Rs. 1,500/- would be send under certificate of posting.

### Underwriting Commission, Brokerage and Selling Commission

An underwriting commission, as set out in the underwriting agreement, is payable to the underwriters on the offer price of the Equity Shares offered through this Prospectus to the public for subscription and underwritten in the manner mentioned in this Prospectus.

Brokerage for the issue, as set out in the underwriting agreement, would be paid by our Company on the basis of the allotments made against the applications bearing the stamp of a member of any recognized Stock Exchange in India in the 'Broker' column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of the allotments made against applications procured by them provided the respective forms of application bear their respective stamp in the Broker column. In case of tampering or over-stamping of Brokers'/Agents' codes on the application form, our Company's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

**Previous Public or Rights Issues in the last 5 years**

Our Company has not made any public or rights issue of Equity Shares/Debentures in the last 5 years.

**Previous Issue of Shares otherwise than for Cash**

Our Company has not issued any Equity Shares for consideration other than cash except as detailed in the section entitled 'Capital Structure' on page 19 in this Prospectus.

**Commission or Brokerage on Previous Issues**

Since this is the initial public offering of our Company 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.

**Promise vis-à-vis Performance – Last 3 issues**

Our Company has not made any Public Issue.

**Listed ventures of Promoters**

There are no listed ventures of our Promoters.

**Promise vis-à-vis Performance – Last One Issue of Group Companies**

There are no listed ventures of our Promoters.

**Outstanding debentures or bonds and redeemable preference shares and other instruments issued and outstanding as on the date of this 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 this Prospectus.

**Stock Market Data**

This being an initial public offering of our Company, the Equity Shares of our Company are not listed on any stock exchange.

**Mechanism for redressal of Investor's 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 under the head 'Corporate Governance' on page 109 of this Prospectus. To expedite the process of share transfer, our Company has appointed Intime Spectrum Registry Limited as the Registrar and Share Transfer Agents of our Company vide MoU dated 4<sup>th</sup> June 2007

**Disposal of Investors' Grievances and Redressal Mechanism**

We have appointed Intime Spectrum Registry 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.

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. Rama Kant as the Compliance Officer who would directly liaison 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. Rama Kant**

**Precision Pipes and Profiles Company Limited**

13<sup>th</sup> Floor, Gopal Das Bhawan,

28, Barakhamba Road,

Connaught Place, New Delhi-110 001.

Tel No: (011) 2373 0505

Fax No: (011) 2332 4113

Website: [www.precisionpipes.com](http://www.precisionpipes.com);

Email: [ipo@precisionpipes.com](mailto:ipo@precisionpipes.com)

**Changes in Auditors during the last three years and reasons thereof**

There has been no change in the auditors of our Company during the last 3 years.

**Capitalization of Reserves or Profits during last five years**

There has been no capitalization of reserves or profits during the last five years, except as stated in section titled "Capital Structure" on page no. 19 of this Prospectus.

**Revaluation of Assets during the last five years**

There has not been any revaluation of Assets during the last five years.

## **SECTION IX - ISSUE RELATED INFORMATION**

### **TERMS OF THE ISSUE**

The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI (DIP) Guidelines, our Memorandum and Articles of Association, the terms of the Draft Prospectus, this 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 (including dividend), voting rights or any other corporate benefits, if any, declared by us after the date of Allotment.

### **Mode of Payment of Dividend**

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. We shall pay dividends as per the provisions of the Companies Act.

### **Face Value and Issue Price per Share**

The Equity Shares having a face value of Rs. 10/- each are being offered in terms of this Prospectus at a price of Rs. 150/- per Equity Share. The issue price will be determined by our Company in consultation with the BRLMs on the basis of assessment of market demand for the equity shares offered by way of book building. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

### **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, etc., see the section entitled 'Main Provisions of Articles of Association' beginning on page 248 of this Prospectus.

### **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 Guidelines, 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 45 Equity Shares to the successful bidders.

#### **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 allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale 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.

#### **Minimum Subscription**

If our Company does not receive the minimum subscription of 90% of the Net Issue to the Public, including devolvement of underwriters, if any, within 60 days from the Bid/Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight (8) days, we and every director of our Company who is an officer in default, becomes liable to repay the amount with interest as per Section 73 of the Companies Act. 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**

There are no restrictions on the transfers and transmission of our Equity Shares and on their consolidation / splitting except as provided in our “article 84 –article 95” as appearing on page 270 of this Prospectus.

**Compliance with SEBI Guidelines**

Our Company shall comply with all requirements of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time. Our Company shall comply with all disclosure norms as specified by SEBI from time to time.

**Withdrawal of the Issue**

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at any time including after the Bid/Issue closing Date but before the Board meeting for Allotment, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. In terms of the SEBI Guidelines, the QIBs shall not be allowed to withdraw their Bids after the Bid/Issue Closing Date.

## ISSUE STRUCTURE

This Issue is being made through a 100% Book Building Process. The present Issue of 5,000,000 Equity Shares of Rs.10/- each at a price of Rs. 150 for cash aggregating Rs. 7500 Lacs The Issue would constitute 14,000,000 of the fully diluted post issue paid up capital of our Company. The details of the issue structure are as follows:

|                                                                     | <b>QIBs</b>                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Non Institutional Bidders</b>                                                                                           | <b>Retail Individual Bidders</b>                                                                                                                                  |
|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Number of Equity Shares*</b>                                     | Allotment of upto 2,500,000 Equity Shares                                                                                                                                                                                                                                                                                                                                                                                                  | Not less than 7,50,000 Equity Shares or Net Issue less allocation to QIB Bidders and Retail Individual Bidders.            | Not less than 17,50,000 Equity Shares or Net Issue less allocation to QIB Bidders and Non Institutional Bidders.                                                  |
| <b>Percentage of Issue Size available for allocation</b>            | Upto 50% of the Net Issue to the public (of which 5% shall be reserved for Mutual Funds) or Net Issue to the public less allocation to Non-Institutional Bidders and Retail Individual Bidders.*<br><br>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 Net issue to the public or Net Issue size less allocation to QIBs and Retail Individual Bidders.* | Not less than 35% of the Net issue to the public or Net Issue size less allocation to QIBs and Non Institutional Bidders.*                                        |
| <b>Basis of Allocation if respective category is oversubscribed</b> | Proportionate                                                                                                                                                                                                                                                                                                                                                                                                                              | Proportionate                                                                                                              | Proportionate                                                                                                                                                     |
| <b>Minimum Bid</b>                                                  | Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000/- and in multiples of 45 Equity Shares.                                                                                                                                                                                                                                                                                                                              | Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000/- and in multiples of 45 Equity Shares.              | 45 Equity Shares.                                                                                                                                                 |
| <b>Maximum Bid</b>                                                  | Not exceeding the size of the issue, subject to regulations as applicable to the Bidder                                                                                                                                                                                                                                                                                                                                                    | Not exceeding the size of the issue, subject to regulations as applicable to the Bidder                                    | 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 45 |

|                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                             |                                                                                                                                                                |
|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                             | Equity Shares.                                                                                                                                                 |
| <b>Mode of Allotment</b>      | Dematerialized mode                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Dematerialized mode                                                                                                                                                                                         | Dematerialized mode                                                                                                                                            |
| <b>Trading Lot/Market lot</b> | One (1) Equity Share                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | One (1) Equity Share                                                                                                                                                                                        | One (1) Equity Share                                                                                                                                           |
| <b>Who can apply**</b>        | Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, Foreign Institutional Investor 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 in accordance with applicable law. | Companies, Corporate Bodies, Scientific Institutions, Societies, Trusts, Eligible NRIs, Resident Indian individuals, HUF (in the name of Karta), and NRIs (applying for an amount exceeding Rs. 1,00,000/-) | Individuals (including Eligible 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. |
| <b>Terms of payment</b>       | Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application form to the members of the syndicate                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application form to the members of the syndicate                                                                 | Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application form to the members of the syndicate                    |
| <b>Margin Amount</b>          | At least 10% of the Bid amount in respect of bids placed by QIB bidder on bidding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Full amount on bidding                                                                                                                                                                                      | Full amount on bidding                                                                                                                                         |

\* 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 BRLMs subject to applicable provisions of SEBI Guidelines.

\*\* In case the Bid Cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid Cum Application Form.

**Note:**

**Equity Shares being offered through this Prospectus can be applied for in dematerialized form only.**

## ISSUE PROCEDURE

### Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Net 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 Net Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net 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. We, in consultation with the BRLMs, reserve the right to reject any Bid procured from QIBs, by any or all members of the Syndicate, for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons therefor shall be disclosed to the bidders. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds. The primary responsibility of building the book shall be that of the lead book runner.

**Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.**

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

The Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs. 60/- to Rs. 72/- per Equity Share, Issue size of 5,400 Equity Shares and receipt of five Bids from the Bidders. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the Bidding/Issue Period. The illustrative book as set forth below shows the demand for the Equity Shares of the Company at various prices and is collated from Bids from various investors.

| Bid Quantity | Bid Price (Rs.) | Cumulative Quantity | Subscription |
|--------------|-----------------|---------------------|--------------|
| 1,500        | 72              | 1,500               | 27.78%       |
| 3,000        | 69              | 4,500               | 83.33%       |
| 4,500        | 66              | 9,000               | 166.67%      |
| 6,000        | 63              | 15,000              | 277.78%      |
| 7,500        | 60              | 22,500              | 416.67%      |

The price discovery is a function of demand at various prices. The highest price at which our Company is able to issue the desired quantity of Equity Shares is the price at which the book cuts off, i.e., Rs.66 in the above example. Our Company, in consultation with the BRLMs, will finalize the Issue Price at or below such cut off price, i.e., at or below Rs.66. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective category.

### Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allotment of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is

deemed to have authorized us to make the necessary changes in this 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.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

| <u>Category</u>                                                                                           | <u>Colour of<br/>Bid-cum-Application Form</u> |
|-----------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| Indian Public including QIBs, Non-Institutional Bidders or NRIs :<br>applying on a non-repatriation basis | White                                         |
| Non-residents, NRIs or FIIs applying on a repatriation basis :                                            | Blue                                          |

#### **Who Can Bid?**

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
2. Indian nationals resident in India who are majors, in single or joint names (not more than three);
3. HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
4. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity shares;
5. Indian mutual funds registered with SEBI;
6. Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and Regulations, as applicable);
7. Venture capital funds registered with SEBI;
8. Foreign venture capital investors registered with SEBI;
9. State Industrial Development Corporations;
10. Insurance companies registered with the Insurance Regulatory and Development Authority;
11. Provident funds with minimum corpus of Rs. 2500 lakhs and who are authorized under their constitution to invest in Equity Shares;
12. Pension funds with minimum corpus of Rs. 2500 lakhs and who are authorized under their constitution to invest in Equity Shares;
13. Multilateral and bilateral development financial institutions;
14. Trusts/Societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/Societies and who are authorized under their constitution to hold and invest in equity shares;
15. Eligible Non-residents including NRIs and FIIs on a repatriation/non- repatriation basis subject to applicable local laws; and
16. Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares.

As per existing regulations, Overseas Corporate Bodies (OCBs) cannot bid/participate in this Issue.

#### **Participation by Associates of the BRLMs and Syndicate Members:**

The BRLMs shall not be entitled to participate in this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and Syndicate Members may subscribe to Equity Shares in the Issue 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.



**Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law, rules, regulations, guidelines and approvals.**

#### **Bids by Mutual Funds**

In accordance with the current regulations, no mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

The Bids made by the asset management companies or custodians of mutual funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

#### **Bids by FIIs**

In accordance with the current regulations, 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 the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital of our Company in case such sub-account is a foreign corporate or an individual

#### **Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Funds**

*As per the current regulations, the following restrictions are applicable for investments by SEBI registered VCFs and FVCI's:*

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investors) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 33.33% of the corpus of the venture capital fund/foreign venture capital investor. The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go up to 100% of our Company's paid-up equity capital.

#### **Bids by NRIs**

Eligible NRI Bidders to comply with the following:

- Individual NRI Bidders can obtain the Bid-cum-Application Forms from our registered office or from members of the Syndicate or the Registrars to the Issue.
- NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (white in colour)

As per the existing policy of the government of India, OCBs cannot participate in this Issue.

The above information is given for the benefit of the Bidders. The Bidders are advised to make to their own enquiries about the limits applicable to them. Our Company and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

#### Maximum and Minimum Bid size

- a) **For Retail Individual Bidders:** The Bid must be for minimum 45 Equity Shares and in multiples of 45 Equity Shares thereafter subject to maximum bid amount of Rs. 1,00,000/-. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000/-. In case the Bid Amount is over Rs. 1,00,000/- due to revision in bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allotment under the Non-Institutional Bidders category. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- 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 payable by the Bidder exceeds Rs. 1,00,000/- and in multiples of 45 Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.**

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1,00,000/- for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000/- or less due to a revision in Bids or revision of Price Band, the same would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

#### Information for the Bidders

1. We will file this Prospectus with the Registrar of Companies, at least 3 (three) days before the Bid/Issue Opening Date.
2. The Company and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Prospectus with the RoC and also publish the same in two widely circulated newspapers (one each in English and Hindi, which is also the regional newspaper) (Hindi in this case). newspaper of wide circulation in the place where our Registered Office is situated. This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX-A of the SEBI Guidelines, as amended vide SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 dated January 25, 2005.
3. The members of the Syndicate will circulate copies of this Prospectus along with the Bid-cum-Application Form to their potential investors.
4. Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of this Prospectus along with the Bid-cum- Application Form can obtain the same from our registered office or from the BRLMs, or from a member of the Syndicate.
5. Investors who are interested in subscribing for our Company's Equity Shares should approach any of the BRLMs or Syndicate Member or their authorized agent(s) to register their Bid.

6. The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the members of the Syndicate. Bid-cum-Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.
7. We in consultation with the BRLMs, reserve the right to revise the Price Band, during the Bidding/Issue Period, in accordance with SEBI Guidelines. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in this Prospectus.
8. We in consultation with the BRLMs, can finalise the Issue Price within the Price Band, without the prior approval of, or intimation, to the Bidders.

#### **Method and Process of bidding**

- a) We, with the BRLMs, shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and the Price Band at the time of filing of this Prospectus with RoC and also publish the same in two widely circulated newspapers (one each in English and Hindi, which is also the regional newspaper) (Hindi in this case). This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX–A of the SEBI DIP Guidelines, as amended vide SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 dated 25<sup>th</sup> January 2005. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
- b) Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.
- c) The Bidding Period shall be a minimum of 3 working (three) days and not exceed 7 working (seven) days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be informed to the Stock Exchanges and published in two national newspapers (one each in English and Hindi) and one regional newspaper and the Bidding Period may be extended, if required, by an additional 3 working (three) days, subject to the total Bidding Period not exceeding 10 working (ten) days.
- d) During the Bidding Period, the Bidders may approach the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.
- e) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled 'Bids at Different Price Levels' on page 223) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.
- f) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate 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 of time prior to the allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph 'Build up of the Book and Revision of Bids' on page 226.

- g) The members of the Syndicate will enter each option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (“TRS”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRS’s for each Bid cum application Form. **It is the responsibility of the bidder to obtain the TRS from the Syndicate Member.**
- h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph ‘Terms of Payment and Payment into the Escrow Collection Account’ on page 224.

#### **Bids at Different Price Levels**

- a) The Price Band has been fixed at Rs. 140 to Rs. 150 per Equity Share of Rs. 10 each, Rs. 140 being the Floor Price and Rs. 150 being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re 1.
- b) In accordance with SEBI Guidelines, our Company in consultation with the BRLMs in accordance with this clause, without the prior approval of, or intimation, to the Bidders, can revise the Price Band. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band. In case of a revision in the Price Band, the Issue will be kept open for a further period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days.
- c) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall be suitably revised, if necessary such that the minimum application is in the range of Rs. 5,000/- to Rs. 7,000/-.
- d) Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by informing the Stock Exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper (Hindi in this case), and also indicating the change on the relevant websites of the BRLMs and the terminals of the members of the Syndicate.
- e) We, in consultation with the BRLMs, can finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.
- f) The Bidders can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders applying for a maximum bid in any of the bidding options not exceeding Rs. 1,00,000/- may bid at ‘Cut-off’. However, bidding at ‘Cut-off’ is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.**
- g) Retail Individual Bidders who bid at the ‘Cut-Off’ agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at ‘cut-off’ shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders shall receive the refund of the excess amounts from the Refund Account.
- h) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at ‘cut-off’ Price could either
  - i) revise their Bid
  - ii) make additional payment based on the cap of the revised Price Band, 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. 1,00,000/-, the Bid will be considered for allocation under the Non Institutional category in terms of this Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut off

- i) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut Off price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account

### **Option to Subscribe**

Equity Shares being issued through this Prospectus can be applied for in dematerialized form only.

### **Escrow Mechanism**

Our Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms of this Prospectus and an Escrow Agreement. The monies in the Escrow Account of our Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer an amount equivalent to Issue proceeds (Final Issue price multiplied by the number of Equity Shares allotted through this issue) from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement with our Company and the balance amount shall be transferred to the Refund Account, from where payment of refund to the Bidders shall be made.

The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between our Company, the Syndicate, Escrow Collection Bank(s) and the Registrars to the Issue to facilitate collections from the Bidders.

### **Terms of Payment and Payment into the Escrow Collection Account**

In case of Non-institutional Bidders and Retail Individual Bidders, each Bidder shall, with the submission of the Bid-cum- Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (For further details, see 'Issue Procedure - Payment Instructions' on page 233) and submit the same to the members of the Syndicate to whom the Bid is being submitted. In case of QIB Bidders, the Margin Amount has to be submitted along with the Bid to the members of the Syndicate. Bid-cum-Application Forms accompanied by cash and stock invests shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account and Refund Account. Not later than 15 days from the Bid/Issue Closing Date, our Company will instruct the Refund Banker to refund all amount payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation to the Bidders, failing which our Company shall pay interest @15% per annum for any delay beyond the period mentioned above.

Each category of Bidders i.e. QIBs, Non-Institutional Bidders, and Retail Individual Bidders would be required to pay their Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Amount payable by each category of Bidders is mentioned under the heading 'Issue Structure' on page 216 and shall be uniform across all the bidders in the same category. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the Registrar to the Issue. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid-Cum-Application Form.

### **Electronic Registration of Bids**

- a) The members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one BSE / NSE on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.
- b) BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the BSE and NSE.
- c) BSE and NSE will aggregate demand and price for Bids registered on their electronic facilities on a regular basis and display graphically the consolidated demand at various price levels. This information can be assessed on BSE's website at [www.bseindia.com](http://www.bseindia.com) or on NSE's website at [www.nseindia.com](http://www.nseindia.com). The online, real-time graphical display of demand and bid prices at the bidding terminals, shall be made. The BRLMs shall ensure the availability of adequate infrastructure for data entry of the bids on a real time basis. At the end of each day of the bidding period the demand shall be shown graphically on the terminals for information of the syndicate members as well as the investors.
- d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
  - Name of the investor (Investors should ensure that the name given in the bid cum application form is exactly the same as the Name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, investors 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, NRI, FII, Mutual Fund, etc
  - Numbers of Equity Shares bid for
  - Bid price
  - Bid Amount
  - Bid-cum-Application Form number
  - Whether payment is made upon submission of Bid-cum-Application Form
  - Margin Amount and
  - Depository Participant Identification Number and Client Identification Number of the demat account of the Bidder.
- e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.

- f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- g) Consequently, all or any of the members of the Syndicate may reject QIB Bids provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of such rejection. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed on Page 237.
- h) It is to be distinctly understood that the permission given by BSE and NSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or BRLMs are cleared or approved by BSE and NSE; 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, its promoters, its management or any scheme or project of our Company.
- i) It is also to be distinctly understood that the approval given by BSE and NSE for the use of their online IPO system should not in any way be deemed or construed that this Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

#### **Build Up of the Book and Revision of Bids**

- a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.
- b) The book gets build up at various price levels. This information will be available with the BRLMs on a regular basis.
- c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- d) Revisions can be made in both the desired numbers of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- f) Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- g) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Prospectus. In case of QIBs, the members of the Syndicate shall collect the payments in the form of cheque or demand draft for the incremental amount

in the QIB Margin Amount, 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.

- h) When a Bidder revises 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 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.
- i) Only Bids that are uploaded on the online IPO system of the BSE and NSE shall be considered for allocation/allotment. In case of discrepancy of data between BSE or NSE and members of the Syndicate, the decision of the BRLMs based on the physical records of Bid cum Application forms shall be final and binding to all concerned.

#### **Price Discovery and Allocation**

- a) After the Bid/Issue Closing Date, the BRLMs will analyze the demand generated at various price levels and discuss pricing strategy with us.
- b) Our Company, in consultation with the BRLMs shall finalise the “Issue Price”, the number of Equity Shares to be allotted in each category of Bidders.
- c) The allocation for QIBs for up to 50% of the Net Issue to public, of which 5% shall be reserved for Mutual Funds, would be on a proportionate basis, subject to valid bids being received at or above the Issue Price in the manner as described in the section titled ‘Basis of Allotment’ on page 240 of this Prospectus. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and 35% of the Net Issue to public, respectively, would be on proportionate basis, in the manner specified in the SEBI Guidelines, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- d) Under subscription, if any, in QIBs, Non-Institutional and Retail categories would be allowed to be met with spill over from any of the other categories at the discretion of our Company and the BRLMs. However, if the aggregate demand by Mutual Funds is less than 1,25,000 Equity Shares, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.
- e) Allocation to NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI applying on repatriation basis will be subject to the terms and conditions stipulated by the FIPB and RBI while granting permission for Issue/Allocation of Equity Shares to them.
- f) The BRLMs, in consultation with us, shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- g) **Our Company in consultation with the BRLMs, reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before allocation, without assigning reasons whatsoever.**
- h) In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after Bid/Issue closing date.
- i) The allotment details shall be uploaded on the website of the Registrar to the Issue.

#### **Signing of Underwriting Agreement and RoC Filing**

1. Our Company, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) to the Bidders.



2. After signing the Underwriting Agreement, we will update and file the updated Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

#### **Filing of the Prospectus with the RoC**

A copy of the 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, NCT of Delhi & Haryana at: B-Block, Paryavararan Bhavan, CGO Complex, Lodhi Road, New Delhi – 110 003**. A copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with Registrar of Companies, NCT of Delhi & Haryana at: B-Block, Paryavararan Bhavan, CGO Complex, Lodhi Road, New Delhi – 110 003.

#### **Announcement of Pre-Issue Advertisement**

Subject to Section 66 of the Companies Act, our Company shall after receiving final observations, if any, on the Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI DIP Guidelines in an English national daily with wide circulation, one Hindi National newspaper which is also regional language newspaper.

#### **Advertisement regarding Issue Price and Prospectus**

We will issue a statutory advertisement at the time of/after filing of Prospectus with RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Prospectus and the date of Prospectus will be included in such statutory advertisement.

#### **Issuance of Intimation Note and Confirmation of Allocation Note to bidders, other than QIBs**

The Registrar to the Issue shall send Confirmation of Allocation Note/Allotment Advice-cum-Refund Orders to all the Bidders intimating the number of shares allotted and the amount refunded.

#### **Issuance of Intimation Note and Confirmation of Allocation Note to QIB bidders**

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/ NSE system. Based on the electronic book, if so required, QIBs may be sent an Intimation Note, indicating the number of Equity Shares that may be allocated to them and the additional margin required which shall be payable by the QIBs within the pay-in date specified therein. This Intimation Note is subject to the Basis of Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciled book and basis of allotment as approved by the Designated Stock Exchange. In addition, there are foreign investment limitations applicable to our Company, which may result in a change (including a potential decrease) in the number of Equity Shares being finally allotted to non-resident investors (including FIIs). As a result, a CAN may be sent to QIBs and the allocation of Equity Shares in such CAN, may be different from that specified in the earlier Intimation Note. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract for the QIB for all the Equity Shares allocated to such QIB.

#### **Designated Date and Transfer of Funds to Public Issue Account**

- a) Our Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, we would allot the Equity Shares to the allottees and would ensure the credit to

the successful Bidders depository account within two working days from the date of finalization of the basis of allotment with the Designated Stock Exchange. In case, our Company fails to make allotment or transfer within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.

- b) In accordance with the SEBI DIP Guidelines, Equity Shares will be issued and allotment shall be made only in the dematerialized form to the allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, 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.**

#### **General Instructions**

##### **Do's:**

- a) Check if you are eligible to apply;
- b) Complete the bid-cum-application form after reading all the instructions carefully;
- c) Ensure that the details about Depository Participant and beneficiary account are correct as Equity Shares will be allotted in the dematerialized form only;
- d) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects.
- e) Ensure that the Bids are submitted at the Bidding Centres only on forms bearing stamp of the Syndicate Member;
- f) Ensure that you have been given a TRS for all your Bid options;
- g) Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
- h) Ensure that the Bid is within the Price Band;
- i) 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, investors 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.
- j) Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act; and
- k) If you have mentioned "Applied For" or "Not Applicable" in the Bid cum Application Form in the section dealing with PAN number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof.

##### **Don'ts:**

- a) Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
- b) Do not Bid for lower than minimum Bid size;
- c) Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;

- d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- e) Do not pay bid amount in cash, through stock invest, by money order or by postal order.
- f) Do not provide your GIR number instead of PAN number;
- g) Do not Bid at cut off price (for QIB Bidders and Non-Institutional Bidders for whom the Bid Amount exceeds Rs. 1,00,000/-);
- h) Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable law.
- i) Do not send Bid cum Application Form by post; instead submit the same to a member of the Syndicate only.
- j) Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB.

#### **Instructions for completing the Bid-Cum-Application Form**

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from our corporate office, or from the Syndicate Members or from the BRLMs.

#### **Bids and Revisions of Bids**

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians and blue colour for NRI or FII or foreign venture capital fund registered with SEBI applying on repatriation basis)
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- (c) The Bids from the Retail Individual Bidders must be for a minimum of 45 Equity Shares and in multiples of 45 thereafter subject to a maximum of Rs. 1,00,000/-.
- (d) For non-institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid amount exceeds Rs. 1,00,000/- and in multiples of 45 Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulations.
- (e) In single name or in joint names (not more than three and in the same order as their Depository Participant details).
- (f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

#### ***Bidder's Bank Account Details***

Bidders should note that on the basis of name of the Bidders, Depository Participants Name, Depository Participants 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. **These bank account details would be printed on the Refund Orders/Refund Advices, if any, to be sent to the Bidders and for giving refund through any of the mode namely ECS or Direct Credit or RTGS or NEFT. 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 at the Bidder's sole risk and neither the BRLMs nor our Company shall have any responsibility and undertake any liability for the same.

#### ***Bidder's Depository Account Details***

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S 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.**

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, occupation, bank account details for printing on refund orders / refund advices or and for giving refund through any of the mode namely ECS or Direct Credit or RTGS or NEFT (hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ refund advice / ECS credit for refunds/ Direct Credit of refund/CANs/Allocation Advice and printing of Bank particulars on the refund order / refund advice, and the Registrar would not use the Demographic Details given by Bidders in the Bid-cum-Application Form for these purposes.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic details as available on its records.

Refund Advice / Refund Orders/ Allocation Advice/ CANs would be mailed at address of the first Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ refund advice/ 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 Bidders in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected. Investors should note that the refund cheques/allocation advice/refund advice would be overprinted with details of bank account as per the details received from the depository.

#### **Bids under Power of Attorney or by Limited Companies, Corporate Bodies or Registered Societies**

In case of bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum & Article of Association and/or Bye Laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any bid in whole or in part.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part.

1. In case of Bids made by mutual fund registered with SEBI, Venture Capital Fund registered with SEBI and Foreign Venture Capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part.

#### **Bids by Insurance Companies**

In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part.

#### **Bids by Provident Funds**

In case of Bids made by provident fund with the minimum corpus of Rs. 2,500 Lacs and pension fund with the minimum corpus of Rs. 2,500 Lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions as our Company/BRLMs may deem fit.

#### **Bids by NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI on a repatriation basis**

NRI, FIIs and Foreign Venture Capital funds Bidders to comply with the following:

- Individual NRI Bidders can obtain the Bid-cum-Application Forms from our registered office or from members of the Syndicate or the Registrars to the Issue.
- NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (white in colour).

**Bids and Revision to Bids must be made:**

- On the Bid cum Application Form or Revision Form, as applicable and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three)
- **By NRIs:** For a minimum of 45 Equity Shares and in multiples of 45 thereafter subject to a maximum Bid amount of Rs. 1,00,000/- for the Bid to be considered as part of the Retail Portion. Bids for Bid Amount more than Rs. 1,00,000/- would be considered under Non Institutional Category for the purposes of allocation. For further details see 'Maximum and Minimum Bid Size' on page 221.
- **By FIIs:** For a minimum of 45 Equity Shares and in multiples of 45 Equity Shares thereafter so that the Bid Amount exceeds Rs. 1,00,000/-. For further details see sub-section titled 'Maximum and Minimum Bid Size' on page 221.
- In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into 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/speed post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. We 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 Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.**

**Payment Instructions**

We along with BRLMs and Syndicate Member(s) shall open an Escrow Account of our Company with the Escrow Collection Banks for the collection of the Bid Amounts 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:

**Payment into Escrow Account to the Issue**

1. The applicable Margin Amount for Non Institutional Bidders, Retail Individual Bidders is equal to 100% whereas for QIBs it is 10% and while submitting the Bid cum Application Form, shall be drawn as a payment instrument for the Bid Amount in favour of the Escrow Account and submitted to the members of the Syndicate.
2. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of our Company within the period specified in the Intimation Note/CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.
3. The payment instruments for payment into the Escrow Account of our Company should be drawn in favour of:

- |      |                                     |   |                                               |
|------|-------------------------------------|---|-----------------------------------------------|
| i.   | In case of Resident Bidders         | : | Escrow Account – PPAP- Public Issue           |
| ii.  | In case of Non Resident Bidders     | : | Escrow Account – PPAP -Public Issue – NR      |
| iii. | In case of Resident QIB Bidders     | : | Escrow Account – PPAP- Public Issue – QIB – R |
| iv.  | In case of Non Resident QIB Bidders | : | Escrow Account – PPAP – QIB – NR              |
4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
  5. Payment will not be accepted out of a Non Resident Ordinary (NRO) Account of a Non Resident bidder bidding on a repatriation basis.
  6. 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 drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
  7. Where a Bidder has been allocated a lesser number of Equity Shares than what 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 of our Company.
  8. The monies deposited in the Escrow Account of our Company will be held for the benefit of the Bidders till the Designated Date.
  9. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of our Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue and Refund Account with the Refund Bankers.
  10. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Refund Banker shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

**Payments should be made by cheque, or demand drafts 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 cheque/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash / Stockinvest / Money Orders / Postal Orders will not be accepted.**

#### **Payment by Stockinvest**

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 dated 05<sup>th</sup> November, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest will not be accepted.

#### **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. Each member of the Syndicate may at its sole discretion waive the requirement of payment at the time of

submission of the Bid-cum-Application Form and Revision Form. However, for QIB Bidders, the members of the Syndicate member shall collect the Margin Amount.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

## **Other Instructions**

### **Joint Bids in the case of Individuals**

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her 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.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- i. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.
- ii. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
- iii. The Registrar will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.
- iv. The addresses of all the applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.
- v. The applications will be scrutinised for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
- vi. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/ husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be



treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. The applications made by the asset management companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

We reserve the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

#### **Permanent Account Number (PAN)**

For all Bid(s), the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. Applications without this information will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration.

**It may be noted that Form 60 and Form 61 have been amended vide a notification issued on 01<sup>st</sup> December 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.**

#### **Unique Identification Number – MAPIN**

With effect from 01<sup>st</sup> July 2005, SEBI has decided to suspend all fresh registrations for obtaining Unique Identification Number (MAPIN) and the requirement to quote MAPIN under MAPIN Regulations/Circulars vide its circular MAPIN/Circular-13/2005.

However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs. 1,00,000/- to Rs. 5,00,000/- or more. The limit will be reduced progressively. For trade order value of less than Rs. 5,00,000/- an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Prospectus as SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN regulations.

#### **Right to Reject Bids**

Our Company, in consultation with the BRLMs, reserves the right to reject any Bid procured from QIBs, by any or all members of the Syndicate for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons therefor shall be disclosed to the Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders our Company, we would have a right to reject the Bids only on technical grounds. Consequent refunds shall be made by Cheque/Pay Order/Demand Draft/ECS/Direct Credit/RTGS/NEFT, as the case may be, and will be sent to the bidder's address at the bidder's risk.

### **Grounds for Technical Rejections**

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:-

1. Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;
2. Age of First Bidder not given;
3. In case of partnership firms Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
4. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons
5. PAN photocopy/PAN communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given;
6. GIR Number given instead of PAN Number;
7. Bids for lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than the lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Bids at cut-off price by Non-Institutional and QIB Bidders;
11. Bids for number of Equity Shares, which are not in multiples of 45;
12. Category not ticked;
13. Multiple bids as defined in this Prospectus;
14. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
15. Bids accompanied by Stockinvest/money order/ postal order/ cash;
16. Bids not duly signed by the sole /joint Bidders;
17. Bid-cum-Application Form does not have the stamp of the BRLMs/Syndicate Member;
18. Bid-cum-Application Form does not have Bidder's depository account details;
19. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Prospectus and as per the instructions in this Prospectus and the Bid-cum-Application Form; or
20. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
21. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity;
22. Bids by OCBs;
23. Bids by US persons other than "qualified institutional buyers" as defined in Rule 144A of the Securities Act;
24. Bids by NRIs not disclosing their residential status;
25. Any other reason which the BRLMs or our Company deem necessary.

### **Equity Shares in Dematerialized Form with NSDL or CDSL**

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among our Company, the Depositories and the Registrar:

1. An Agreement dated July 27, 2007 among NSDL, our Company and Intime Spectrum Registry Limited;
2. An Agreement dated July 13, 2007 among CDSL, our Company and Intime Spectrum Registry Limited

**All bidders can seek allotment only in dematerialized mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected. All Bids from any Bidder without the following 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 either of the Depository Participants of NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).
5. Non-transferable allocation advice or refund orders will be directly sent to the Bidder by the Registrar to the Issue.
6. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
7. The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his/her Depository Participant.
8. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. BSE and NSE, where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
9. The trading of our Equity Shares would only be in dematerialized form for all investors in the demat segment of BSE and NSE.
10. Investors are advised to instruct their Depository Participants to accept the Equity Shares that may be allocated to them, pursuant to the issue.

#### **Communications**

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, Bidders Depository account details, number of Equity Shares applied for, date of Bid-cum-Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Our Company has appointed Mr. Rama Kant, as the Compliance Officer for the purpose of this IPO. The Compliance Officer can be contacted at Precision Pipes and Profiles Company Limited, 13<sup>th</sup> Floor, Gopal Das Bhawan; 28, Barakhamba Road, Connaught Place, New Delhi-110 001  
Tel No: +91 11 2373 0505, Fax No: +91 11 2332 4113, Email: [ipo@precisionpipes.com](mailto:ipo@precisionpipes.com)

**The Investors can contact the Compliance Officer or the Registrar to the Issue in case for any complaints/clarifications/information pertaining to this Issue, such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders, etc.**

#### **Disposal of Applications and Application Money**

Our Company shall give credit of Equity Share allotted to the beneficiary account with Depository Participants within 15 working days of the Bid/Issue Closing Date. Applicants residing at 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through ECS (subject to availability of all information for crediting the refund through ECS) except where applicants are otherwise disclosed as eligible to get refunds through Direct Credit, NEFT or RTGS.

In case of other applicants, the Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post, except for Bidders who have opted to receive refunds through Direct Credit, NEFT, RTGS or ECS.

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 15 working days of closure of the Issue.

Our Company shall ensure dispatch of refund orders, if any, by "Under Certificate of Posting" or registered post or speed post or Direct Credit, NEFT, RTGS or ECS, as applicable, only at the sole or First Bidder's sole risk within 15 days of the Bid/Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer. Our Company shall ensure dispatch of allotment advice, refund orders and shall give credit of Equity Shares allotted, if any to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 2 (two) working days of date of Allotment.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 7 (seven) working days finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, we further undertake that:

- allotment of Equity Shares shall be made only in dematerialised form within 15 (fifteen) days of the Bid /Issue Closing Date;
- Refunds shall be made within 15 days from the Bid/Issue closing date at the sole or First Bidder's sole risk, except for Bidders who have opted to receive refunds through Direct Credit, NEFT, RTGS or ECS; and
- Our Company shall pay interest at 15% (fifteen) per annum if allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or ECS, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the Bid/Issue Closing Date.
- Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received, except where the refund or portion thereof is made in electronic manner as described above. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

### **Impersonation**

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68(A) of the Companies Act, 1956, 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."**

### **Interest on Refund of Excess Bid Amount**

We shall pay interest at the rate of 15% per annum on the excess Bid Amount received by us if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated 31<sup>st</sup> July 1983, as amended by their letter No. F/14/SE/85 dated 27<sup>th</sup> September 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated 27<sup>th</sup> October 1997, with respect to the SEBI Guidelines.

### **BASIS OF ALLOTMENT**

#### **I) For Retail Individual Bidders**

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the successful Retail individual Bidders will be made at the Issue Price.
- The Net Issue size less allocation to Non-Institutional Bidders and QIBs shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 17,50,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 17,50,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 45 Equity Shares (being the minimum bid quantity) or in multiples of one Equity Share. For the method of proportionate basis of allocation, refer below.

#### **II) 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 allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net Issue size less allocation to QIBs and Retail Portion shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 7,50,000 Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 7,50,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 45 Equity Shares (being the minimum bid quantity) or in multiples of one Equity Share. For the method of proportionate basis of allotment refer below.

#### **III) For QIB Bidders**

- Bids received from the QIB bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the 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 5% of the QIB Portion shall be determined as follows:
    - i. In the event that Mutual Fund Bids exceed 5% of the QIB portion, allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB portion.
    - ii. In the event that the aggregate demand for Mutual Funds is less than 5% of the QIB portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.
    - iii. Equity shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
  - (b) In the second instance allocation to all QIB's shall be determined as follows:
    - i. In the event that the oversubscription in the QIB portion, all QIB bidders who have submitted bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB portion.
    - ii. Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Share on a proportionate basis along with other QIB Bidders.
    - iii. Under-subscription below 5% of the QIB portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB bidders on a proportionate basis.
  - (c) The aggregate allocation to QIB Bidders shall be up to 25,00,000 Equity Shares.

#### **Procedure and Time Schedule for Allotment and Issue of Certificates**

The Issue will be conducted through a “100% book building process” pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on December 17, 2007 and expire on December 20, 2007. Following the expiration of the Bidding Period, our Company, in consultation with the BRLMs, will determine the issue price, and, in consultation with the BRLMs, the basis of allocation and entitlement to allotment based on the bids received and subject to the confirmation by the Stock Exchanges. Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The Prospectus will be filed with Registrar of Companies, NCT of Delhi & Haryana at: B-Block, Paryavaran Bhavan, CGO Complex, Lodhi Road, New Delhi – 110 003 and with SEBI, Mumbai. SEBI Guidelines require our Company to complete the allotment to successful bidders within 15 days from the Bid/Issue Closing Date. 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 Exchanges, the Equity Shares will be listed and traded on BSE and NSE.

#### **Method of Proportionate Allotment**

In the event of the Issue being over-subscribed, we shall finalize the basis of allotment to Retail Individual Bidders and Non-Institutional Bidders, and QIBs in consultation with the Designated Stock Exchange. The Executive Director/Managing Director of the Bombay Stock Exchange Limited (Designated Stock Exchange) along with the post Issue Lead Merchant Banker and the Registrars to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner.

The allotment shall be made in marketable lots, on a proportional basis as explained below:

- (a) Bidders will be categorized according to the number of Equity Shares applied for,

- (b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (c) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio, in that category subject to a minimum allotment of 45 Equity Shares. The allotment lot shall be the same as the minimum application lot irrespective of any revisions to the price band.
- (d) In all Bids where the proportionate allotment is less than 45 Equity Shares per Bidder, the Allotment shall be made as follows:
  - Each successful Bidder shall be allotted a minimum of 45 Equity Shares; and
  - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
- (e) If the proportionate Allotment to a Bidder is a number that is more than 45 but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If the decimal is less than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

#### **Letters of Allotment or Refund Orders**

Our Company shall give credit of Equity Shares allotted, if any, to the beneficiary account with Depository Participants within two working days from the date of the finalisation of basis of allocation. Our Company shall ensure despatch of refund orders, if any, of value up to Rs.1,500 by “Under Certificate of Posting”, and shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post or Direct Credit, NEFT, RTGS or ECS at the sole or First Bidder’s sole risk within 15 days of the Bid/ Issue Closing Date.

#### **Dispatch of Refund Orders**

Bidders should note that on the basis of name of the Bidders, Depository Participant’s name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details including 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 at the sole or Bidder’s sole risk and neither the BRLMs nor the Company shall have any responsibility and undertake any liability for the same. The payment of refund, if any, would be done through various modes in the following order of preference:

#### **I. Direct Credit**

Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by Our Company.

## **II. NEFT**

Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.

## **III. RTGS**

Applicants having a bank account at any of the abovementioned 15 centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-Application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by such applicant opting for RTGS as a mode of refund. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

## **IV. ECS**

Payment of refund shall be undertaken through ECS for applicants having an account at any of the following 15 centres: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. One of the methods for payment of refund is through ECS for applicants having a bank account at any of the abovementioned 15 centres.

Note: We expect that all payments including where refund amounts exceed Rs. 1,000,000 (Rupees One Million) shall be made through NEFT, however in some exceptional circumstances where refund amounts exceed Rs. 1,000,000 (Rupees One Million), refunds may be made through RTGS.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders shall be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

**Please note that applicants having a bank account at any of the 15 centres where the clearing houses for ECS are managed by the RBI are eligible to receive refunds through the modes detailed in I, II, III and IV above. For all the other applicants, including applicants who have not updated their bank particulars alongwith the nine digit MICR Code, prior to the Bid/Issue Opening Date, the refund orders would be dispatched under "Under Certificate of Posting" for refund orders less than Rs. 1,500 and through speed post/registered post for refund orders exceeding Rs. 1,500.**

## **Interest in case of delay in Dispatch of Allotment Letters/Refund Orders or delay in Refund instructions**

Our Company agrees that allotment of securities offered to the public shall be made not later than 15 days of the closure of public issue. Our Company further agrees that it shall pay interest @ 15% per annum if the allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the Bid/Issue closing date.

## **Bid/Issue Program**



**Bid/Issue Opens on:** December 17, 2007

**Bid/Issue Closes on:** December 20, 2007

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 3.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted **not later than 3.00 p.m.** (Indian Standard Time) or such time as may extended by us in consultation with BRLMs and uploaded till such time as permitted by the BSE and the NSE on the Bid/Issue Closing Date.

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 Guidelines. 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 and can move up or down to the extent of 20% of the floor of the price band.

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 public notice in two national newspapers one in English and other in Hindi, being the regional newspaper and also by indicating the change on the web sites and at the terminals of the members of the Syndicate.

#### **Undertaking by our Company**

We undertake as follows:

1. That the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;
2. That all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the Equity Shares are to be listed are taken within 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.
  - a. 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, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
4. that the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time.
5. that no further issue of securities shall be made till the Equity Shares offered through this Prospectus are listed or till the Bid / application moneys are refunded on account of non-listing, under-subscription etc.

The Company shall not have recourse to the Issue proceeds until the trading of the Equity Shares from the Stock Exchanges where listing is sought has been received.

#### **Utilization of Issue Proceeds**

The Board of Directors of our Company certifies that:

- a. All monies received out of this issue of 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 Act;
- b. Details of all monies utilized out of the Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies had been utilized;
- c. Details of all unutilized monies out of the Issue of shares, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested;
- d. The utilization of monies received from reservations shall be disclosed under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized; and
- e. The details of all unutilized monies, out of the funds received from reservations, shall be disclosed under a separate head in the balance sheet of our Company indicating the manner in which such unutilized monies have been invested.

## **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, FDI in the Auto Ancillary Industry is allowed up to 100% under the automatic route.**

RBI, vide its circular A.P.(DIR Series) Circular No. 53 dated 17<sup>th</sup> December 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 is available to individuals of Indian nationality or origin residing outside India (“NRIs”). These facilities permit NRIs to make portfolio investments in shares and other securities of Indian companies on a basis not generally available to other foreign investors. Under the portfolio investment scheme, NRIs are permitted to purchase and sell equity shares of our Company through a registered broker on the stock exchanges. NRIs collectively should not own more than 10% of the post-issue paid up capital of our Company. No single NRI may own more than 5% of the post- issue paid up capital of our Company. NRI investment in foreign exchange is now fully repatriable whereas investments made in Indian Rupees through rupee accounts remains non repatriable.

### **Investment by Foreign Institutional Investors**

Foreign Institutional Investors (“FIIs”) including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI’s general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

### **Ownership restrictions of FIIs**

Under the portfolio investment scheme, the overall issue of equity shares to FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of our Company. However, the limit of 24% can be raised up to the permitted sectoral cap for that Company after approval of the board of directors and shareholders of our Company. The issue of equity shares to a single FII should not exceed 10% of the post-issue paid-up capital of our Company. In respect of an FII investing in equity shares of a Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that Company.

### **Registration of Equity Shares under US Laws**

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S of the U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

**The above information is given for the benefit of the Bidders and neither our Company nor the BRLMs are liable for any changes in the regulations after the date of this Prospectus.**

## **SECTION X - DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION**

### **MAIN PROVISION OF ARTICLES OF ASSOCIATION OF OUR COMPANY**

The main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting as detailed below

#### **CAPITAL**

- |                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Amount of Capital        | <p>5 (a) <b>The Authorised Share Capital of the Company shall be as per paragraph V of the Memorandum of Association of the Company with rights to alter the same in whatever way as deemed fit by the Company.</b></p> <p>(i) <b>The Company may increase the Authorised Capital which may consist of Equity and/or Preference Shares as the Company in General Meeting may determine in accordance with the law for the time being in force relating to Companies with power to increase or reduce such capital from time to time in accordance with the Regulations of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the Capital for the time being into Equity Share Capital or Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions and to vary, modify and abrogate the same in such manner as may be determined by or in accordance with these presents.</b></p> <p>(ii) <b>Subject to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the equity shares in the event of winding up of the Company, the holders of the equity shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such equity shares and all surplus assets thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid up in such equity shares respectively at the commencement of the winding up.</b></p> |
| Preference Share Capital | <p>(b) Subject to the provisions of the Act, the company shall have the power to issue preference shares carrying a right of redemption subject to the following terms and conditions:</p> <p>(i) The preference share shall confer on the holders thereof the right to a fixed cumulated preference divided at the rate of 15% per annum or such other rate as may be notified by the Central Government or such other authorities from time to time (free of company's income tax but subject to deduction of income tax at source in accordance with the provisions of any laws for the time being in force at the rate prescribed from time to time) on the capital for the time being paid up thereon in priority to the equity shares and in winding up to the payment of such capital and all arrears of such fixed dividend accrued upto the commencement of the winding up, irrespective of whether or not such dividend has been declared or earned. The holder of the preference shares shall not be entitled to any further of other participation in the profits or assets of the company.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

- (ii) The Preference Shares shall be redeemable at any time within a period not exceeding ten years in the terms of Section 80 of the Act, from the date of allotment on six months previous notice in writing and apply any profits or money of the company which may lawfully be applied for the purpose in the redemption of preference shares at par, together with a sum equal to arrears of the fixed dividend thereon down to the date of redemption irrespective of whether or not such dividend thereon has been declared or earned. In case of partial redemption, the shares to be redeemed shall be determined by means of a drawing or drawings to be made in the presence of such person or persons and at such time and place as may be fixed by the directors of the company. The said Redeemable Preference Shares shall be redeemed only out of the profits of the company which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of redemption. No such shares shall be redeemed unless they are fully paid.
- (iii) At any time after giving notice of redemption the company may by the agreement with the holder or holders of any shares to be redeemed prior to the expiration of the notice all or any of the shares in respect of which notice shall have been given by payment to each holder concerned of the money due on redemption including dividend down to the date fixed for redemption or such less amounts as he may be willing to accept.
- (iv) The Preference Shares shall be redeemed on each occasion by drawing lots to be made at such time and place and in such manner as the Director may determine but in the presence of at least one of the directors and representatives of the Auditors or Solicitors of the Company for the time being.
- (v) Forthwith after every such drawing, the Company shall give the holders of the shares drawn for redemption notice in writing of the Company's intention to redeem the same and fixing the time and place for the redemption and surrender of the shares to be redeemed.
- (vi) At the time and place to be fixed, each holder shall be bound to surrender to the Company the certificate for his shares to be redeemed and the Company shall pay to him the amount payable in respect of such redemption and where any such certificate comprises any shares which have not been drawn for redemption, the Company shall issue to the holder thereof a fresh certificate thereof.
- (vii) The dividend on any Preference Shares becoming liable to redemption under the foregoing provision shall cease to accrue as from the due date for redemption thereof, unless upon the holder demanding on or after the date & at the place fixed for redemption payment of the redemption money payable in respect thereof and tendering the certificate for such shares and a receipt for the redemption money's duly signed and authenticated in such manner as the Company may reasonably require, payment of the redemption moneys is refused.
- (viii) Subject to the provisions of Section 86 of the Act, the Preference Shares shall not entitle the holders thereof to vote at any General Meeting of the Company unless either

1. The business of the meeting includes the consideration of a resolution varying or abrogating any of the special rights or, privileges attached to the Preference Shares in which case they shall only be entitled to vote on any such resolution ; or
2. At the date of the notice convening the meeting the dividend thereon is in arrears for at least two years.

The company shall in the event of its creating and/or issuing Preference Shares in future ranking *pari passu* with or subsequent to the Preference Shares would do so only with the consent in writing of the holders of not less than three-fourths of the Preference Shares or such of them as are then outstanding or with the sanction of a special resolution passed at a separate meeting of the holders of the Preference Shares or such of them as are then outstanding.

- (ix) Subject to the provisions of Section 89 and Sub-section (2) of Section 92 of the Act-
  1. The preference shares may be issued from time to time on such terms as may be determined by the directors.
  2. Every member of the company and holding any equity share capital therein shall have a right to vote in respect of such capital on every resolution placed before the Company; and
  3. His voting on a poll shall be in proportion to his share of the paid up equity capital of the Company.
- (x) Subject as aforesaid and save as provided in clause (b) of this sub-clause, every member of the company holding any preference share capital therein shall, in respect of such capital, have a right to vote only on resolutions placed before the company which directly affect the right attached to his Preference Shares.

**Explanation :**

- (a) Any resolution for winding up the company or for the repayment or reduction of its share capital shall be deemed directly to affect the right attached to preference Share within the meaning of this clause.
- (b) Subject as aforesaid, every member of the Company holding any Preference Share capital therein shall, in respect of such capital be entitled to vote on every resolution placed before the company at any meeting, if the dividend due on such capital or any part of such dividend has remained unpaid (in the case of cumulative Preference Shares) in respect of an aggregate period of not less than two years preceding the date of commencement of the meeting.

Explanation : For the purpose of this clause, dividend shall be deemed to be due on Preference Shares in respect of any period, whether a dividend has been declared by the Company on such shares for such period or not :

- (i) On the last day specified for the payment of such dividend for such period, in the articles or other instrument executed by the Company in that behalf, or
- (ii) In case no day is so specified, on the day immediately following such

period.

- (iii) Where the holder of any preference share has a right to vote on any resolution in accordance with the provisions of this sub-section his voting right on a poll as the holder of such share, shall, subject to the provisions of section 89 and subsection (2) of section 92 of the Act, be in the same proportion as the capital paid-up in respect of the Preference Shares bears to the total paid up Equity capital of the Company.

Directors may allot shares as fully paid-up or partly paid up

- 8 Subject to the provisions of the Act and these presents, the directors may allot and issue shares in the capital of the Company on full payment or part payment or for any property sold or transferred, goods or machinery supplied or for services tendered to the Company or amount spent for the purpose of the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up shares and, if so issued shall be deemed to be fully paid-up or partly paid-up shares.

Allotment of shares

- 9 Subject to provisions of these Article, the share shall be under the control of the Board who may allot or otherwise dispose of the same to such persons, on such terms and consideration, at such times, either at par, or at premium and for such, conditions as the Board may think fit. Provided that where at any time it is proposed to increase the subscribed capital of the Company by the allotment of the Shares, then, subject to the provisions of Section (81-A) of the Act, the Board shall issue such share in the manner set out in Section 81 (2) of the Act. (save that the Board may determine whether or not any offer to shares made in such manner shall include a right exercisable to him in favour of any other person)

Acceptance of Shares

- 10 Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these presents; and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purpose of these presents, be a member.

Allotment

- 11 (a) As regards all allotment from time to time made, the Directors shall duly comply with the provisions of sections 69 to 74 of the Act.

Restriction on allotment

- (b) The Board of Directors shall observe the restrictions as to allotment of share to public contained in Section 69 of the Act, and shall cause to be made the returns as to allotment provided for in Section 75 of the Act.

Uniform Conditions as to call etc.

- 12 Where any calls for further share capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class. For the purpose of this Article, shares of the same nominal value on which different amounts have been paid-up shall not be deemed to fall under the same class.

Installments of Shares to be duly paid

- 13 If by the conditions of allotment of any shares, the whole or part of the amount or issue there if be payable by installments, every such installments shall, when due, be paid to the Company by the person



who for the time being shall be registered holder of the share.

|                                                                              |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|------------------------------------------------------------------------------|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Deposit and calls etc. to be a debt payable immediately.                     | 14        | The money (if any) which the Board of Directors shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit call or otherwise in respect of any shares allotted by them, shall immediately on the insertion of name of the allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be payable by such allottees accordingly.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Who may be Members                                                           | 15        | Share may at the discretion of the Directors be registered in the name of any limited company or other corporate body or in any other corporate body or in any other collective name                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Register and Index of Members                                                | 16        | The Company shall cause to be kept a Register and Index of members in accordance with the Sections 150 and 151 of the Act.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Register and Index of debenture holders.                                     | 17        | <p>The company shall keep in one or more books a register of the</p> <p>(1) holders of its debentures and enter therein the following particulars, namely.</p> <p>(a) name and address, and the occupation, if any, of each debenture holder;</p> <p>(b) the debentures held by each holder, distinguishing each debenture by its number, and the amount paid or agreed to be considered as paid on those debentures;</p> <p>(c) the date at which each person was entered in the register as debenture holder; and</p> <p>(d) the date at which any person ceased to be a debenture holder.</p> <p>(2) (a) The Company having more than fifty debenture holders shall, unless the register of debenture holders is in such a form as in itself to constitute an index, keep an index (which may be in the form of a card index) of the names of the debenture holders of the company and shall, within fourteen days after the date on which any alteration is made in the register of debenture holders make the necessary alteration in the index.</p> <p>(b) The index shall, in respect of each debenture holder contain a sufficient indication to enable the entries relating to the holder in the register to be readily found.</p> <p>(3) Article (1) and (2) shall not apply with respect to debentures the benefits whereof ex-facie, are payable to the bearer thereof.</p> |
| Power to close register of members or debenture holders                      | 18        | The directors shall have power on giving not less than seven days previous notice by advertisement as required by Section 154 holders of the Act to close the register of members or the register of debenture holders for such period or periods of time not exceeding in the whole 45 days in each year but not exceeding 30 days at a time as to them may seem fit.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Power of the company to keep foreign register of members or debenture holder | 19<br>(1) | The company may keep in any State or country outside India a branch register of members or debenture holders resident in that state or country (here called a "foreign register")                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

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|                                                                                                  | (2)    | The company shall, within thirty days from the date of the opening of any foreign register, file with the registrar notice of the situation of the office where such register is kept; and in the event of any change in the situation of such office or of its discontinuance, shall within thirty days from the date of such change or discontinuance as the case may be, file notice with the Registrar of such change or discontinuance.                                                                                                                         |
| Provisions as to foreign register                                                                | 20 (1) | A foreign register shall be deemed to be part of the company's register (in this article called the "principal register") of members or of debenture holder, as the case may be.                                                                                                                                                                                                                                                                                                                                                                                     |
|                                                                                                  | (2)    | A foreign register shall be kept open for inspection and may be closed and extracts may be taken therefrom and copies thereof may be required in the same manner, mutatis mutandis as is applicable to the principal register under this Act, except that the advertisement before closing the register shall be inserted in some newspaper circulating in the district wherein the foreign register is kept.                                                                                                                                                        |
| Shares to be numbered progressively and no share to be subdivided                                | 21 (i) | The shares in the capital of the Company shall be numbered progressively according to their several denominations and except in the manner herein before mentioned, no share shall be subdivided.                                                                                                                                                                                                                                                                                                                                                                    |
| Liability of Members                                                                             | (ii)   | Every member, his executors, administrators or other legal representatives shall pay to the Company the proportion of the capital represented by his share or shares, which may, for the time being remain unpaid thereon, in such amounts at such time or times, and in such manner, as the Directors shall from time to time, in accordance with the Company's regulations, require or fix for the payment thereof.                                                                                                                                                |
| <b>INCREASE AND REDUCTION OF CAPITAL</b>                                                         |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Company not bound to recognize any interest in shares other than that of the registered holders. | 22     | Except as required by law, no person shall be recognised by the company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way, to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share (except only as by these Articles or by law otherwise provided any other rights in respect of any share or except an absolute right to the entirety thereof in the name of registered holder.)                     |
| Company's funds may not be applied in purchase of or lent on share of the company                | 23     | The Company shall not have power to buy its own shares, unless the consequent reduction of capital is affected and sanctioned in pursuance of Section 100 to 104, or of Section 402 of the Act or otherwise so allowed by the Act. The Company shall not give, whether directly or indirectly and whether by means of loan, guarantee, the provisions of security or otherwise any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of any shares in the Company or in its holding Company. |
|                                                                                                  |        | Provided that nothing in this sub-clause shall be taken to prohibit:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|                                                                                                  | (a)    | the provisions in accordance with any scheme for the time being in force or money for the purchase of or subscription for, fully paid shares in the Company or its holding Company being a purchase or subscription by Trustees of or for shares to be held by or for the benefit                                                                                                                                                                                                                                                                                    |

of employees of the Company including any Directors holding a salaried office or employment in the Company.

- (b) Or  
the making by the Company of loans with in the limit laid down in Sub Section (3) of Section 77 of the Act to persons (other than Managing or whole time Directors or Managers) bonafide in the employment of the Company with a view to enabling those persons to purchase or subscribe for fully-paid shares in the Company or its holding Company to help them by way of beneficial ownership.

No loan made to any person in pursuance of Clause (b) of the forgoing provision shall exceed the amount of his salary or wages at that time for a period of six months.

Nothing in this clause shall affect the right of a Company to redeem any shares issued under Section 80 of the Act.

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| Trusts not recognised                              | <p>24 Save as herein otherwise provided, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not except as ordered by a Court of competent jurisdiction or by law required be bound to recognise any trust, benami or equitable or other claim to or interest in such share on the part of any other person or any interest in any fraction as part of share whether or not it shall have express or other notice thereof. No notice of any trust express, implied or constructive shall be entered on the registers of members or of debenture holders or be receivable by the Registrar.</p> <p>(b) And notwithstanding anything contained in Clause (a) above, where shares in or debentures of the Company are held in Trust by any person (hereinafter referred up as the Trustee), the Trustee shall in case where such holding of shares is affected by Section 153 B of the Act within such time and in such form as may be prescribed by the Company on this behalf make a declaration to the Public Trustees. A copy of the declaration so made to the Public Trustee shall be sent by the Trustee to the Company within 21 days after the declaration has been sent to the Public Trustee.</p> |
| Application of premium received on issue of shares | <p>25 Where a company issues shares at a premium, whether for cash or otherwise a sum equal to the aggregate amount of value of premium on those shares shall be transferred to an account to be called "the share premium account", and the provisions of the Act relating to the reduction of the share capital of a Company shall, except as provided in this Section, apply as if the share premium account was paid-up share capital of the Company.</p> <p>(1)</p> <p>(2) The share premium account may, not withstanding anything in sub-section (1), be applied by the company.</p> <p>(a) in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares:</p> <p>(b) In writing off the preliminary expenses of the Company;</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

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|                                   |     | (c) in writing off the expenses of or the commission paid or discount allowed on any issue of shares of the Company;<br>or                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                   |     | (d) in providing for the premium payable on the redemption of any Redeemable Preference shares or of any debentures of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Power to issue shares at discount | 26  | A company shall not issue shares at discount except as provided in this Article.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|                                   | (1) | A Company may issue at a discount shares in the Company of a class already issued, if the following conditions are fulfilled namely :                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|                                   | (2) | (i) the issue of the shares at a discount is authorised by Company of a class passed by the Company in general meeting and sanctioned by the Company Law Board;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|                                   |     | (ii) the resolution specifies the maximum rate of discount at which the shares are to be issued;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|                                   |     | (iii) not less than one year has at the date of the issue elapsed since the date on which the Company was entitled to commence business; and                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                   |     | (iv) the shares to be issued at a discount are issued within two months after the date on which the issue is sanctioned by the Company Law Board or within such extended time as Company law Board may allow. Provided that no such resolution shall be sanctioned by the Company Law Board if the maximum rate of discount specified in the resolution exceeds ten percent unless the Board is of opinion that a higher percentage of discount may be allowed in the special circumstances of the case.                                                                                                                                           |
|                                   | (3) | Where a Company has passed a resolution authorising the issue of shares at a discount, it may apply to the Company Law Board for an order sanctioning the issue and on any such application, the Company Law Board if having regard to all the circumstances of the case, it thinks proper so to do, may make an order sanctioning the issue on such terms and conditions as it thinks fit.                                                                                                                                                                                                                                                        |
|                                   | (4) | Every prospectus relating to the issue if the shares shall contain particulars of the discount allowed on the issue of the shares or of so much of that discount as has not been written off at the date of the issue of the prospectus.                                                                                                                                                                                                                                                                                                                                                                                                           |
| Increase in Capital               | 27  | The Company may from time to time by Special Resolution increase its share capital by the creation of new shares of such amount as it thinks expedient. Subject to the provisions of the Act the new shares 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 assets of the Company, provided always that any Preference Shares |

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|                                                           |    | may be issued on the terms that they are or at the option of the Company are to be liable to be redeemed. Notwithstanding anything in this clause contained, the right or privileges attached to the Preference Shares in the capital for the time being of the Company shall not be modified, except in manner herein provided.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| On what condition new shares may be issued                | 28 | Subject to the provisions of any special rights or privileges for the time being attached to any issued shares, the new shares shall be issued upon such terms and conditions and with such rights and privileges attached thereto, as the Company in the General Meeting or the Board of Directors, (as the case may be) resolving upon the creation thereof shall direct and on particular such shares may be issued with a preferential or qualified right to dividends and subject to the provisions of Section 85 of the Act in the distribution of the Assets of the Company and subject to the provisions of Section 87 of the Act without any right of voting.                                                                                                                                                                                                                                               |
| New shares subject to same provisions as original capital | 29 | Except so otherwise provided by the conditions of issue or by these presents any capital raised by the creation of new shares shall be considered part of the original and shall be subject to the provisions herein contained with reference to the payment of calls and installment, transfer and transmission, forfeiture, lien, surrender, voting and otherwise.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Sale of fractional shares                                 | 30 | If and whenever as the result of issue of new shares, of any consolidation or sub-division of shares, any shares become held by members in fractions, the directors shall, subject to the provisions of the Act and the Articles and to the directions of the Company in general meeting, if any, sell those shares which members hold in fractions for the best price reasonably obtainable and shall pay and distribute to and amongst the members entitled to such shares in due proportion, the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the directors may authorise any person to transfer the shares sold to the purchaser thereof comprised in any such transfer and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceeding in reference to sale. |
| Reduction of capital                                      | 31 | The Company may, by special resolution, reduce in any manner and subject to any incident authorised and consent required by law : <ul style="list-style-type: none"> <li>(a) its share capital,</li> <li>(b) any capital redemption reserve account, or</li> <li>(c) any shares premium account.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Division and sub division                                 | 32 | The company may in General Meeting alter the clauses of its Memorandum as follows : <ul style="list-style-type: none"> <li>(a) Consolidate and divide all or any of its share capital into shares of large amount than its existing shares.</li> <li>(b) Sub-divide its shares or any of them into shares of smaller amounts than originally fixed by the Memorandum subject nevertheless to the Provisions of the Act and of these Articles.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

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|                                                                                      |     | (c) | Cancel shares which at the date of such General Meeting have not been taken or agreed to be taken by any person and diminish the amounts of its share capital by the amount of the shares so cancelled.                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Issue or further pari passu, shares not to affect the right of shares already issued | 33  |     | The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise expressly provided by the terms of the issue of shares of that class be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.                                                                                                                                                                                                                                                                                                                                     |
| Power to issue share warrants                                                        | 34  |     | The Company may issue share warrants subject to and in accordance with the provisions of Sections 114 and 115 of the Act and accordingly the Board may, in its discretion with respect to any share which is fully paid up, on application in writing signed by the persons registered as a holder of the share and authenticated by such evidence (if any) as the Board may, from time to time, require to identify the persons signing the application and on receiving the certificate (if any) of the share and the amount of stamp duty on the warrant and such fee as the Board may from time to time require issue a share warrant. |
| Deposit of Share warrant                                                             | 35  | (1) | The bearer of share warrant may at any time deposit the warrant at the office of the Company and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the company and of attending and voting and exercising the other privileges of a member at any meeting held after the expiry of the two clear days from the time of deposit as if his name were inserted in the register of members as the holder of the share included in the deposited warrant.                                                                                                  |
|                                                                                      |     | (2) | Not more than one person shall be recognised as depositor of the share warrant.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|                                                                                      |     | (3) | The company shall on two days written notice return the deposited share warrant, to the depositor.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Privileges and disabilities of holders of share warrants                             | 36  | (1) | Subject as herein otherwise expressly provided, no person shall; as bearer of a share warrant sign requisition for calling a meeting of the company or attend or vote or exercise any other privilege of a member at a meeting of the company or be entitled to receive any notice from the company.                                                                                                                                                                                                                                                                                                                                       |
|                                                                                      |     | (2) | The bearer of share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of members as the holder of shares included in the warrant and he shall be a member of the company.                                                                                                                                                                                                                                                                                                                                                                                          |
| Issue of new share warrant or coupon                                                 | 37  |     | The Board may from time to time make rule as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Buy Back of Shares                                                                   | 37A |     | Subject to the provisions of Section 77 A, 77B and any amendments made in the Companies Act, 1956, the company shall have the power to buy back its own shares, whether or not there is any consequent reduction of capital. If and to the extent permitted by-law, the company                                                                                                                                                                                                                                                                                                                                                            |

shall also have the power to reissue the shares so bought back.

Dematerialisation of Securities

- 37B(a) The provisions of this Article shall apply only in respect of Securities held in Depository mode and the provisions of the other Articles shall be construed accordingly:  
(b) for the purpose of this Articles

"Beneficial Owner" :

"Beneficial Owner" means the beneficial owner as defined in Clause (a) of Subsection 1 of Section 2 of the Depositories Act, 1996.

"Depository"

"Depository" means a Depository as defined under Clause (e) of Sub-section 1 of Section 2 of the Depositories Act, 1996.

"Depositories Act, 1996".

"Depositories Act, 1996" shall include any Statutory modification(s) or reenactment(s) thereof, for the time being in force.

"SEBI"

"SEBI" means Securities and Exchange Board of India established under Securities and Exchange Board of India Act, 1992.

"Security"

"Security" has the meaning assigned to it in Section 2 of the Securities Contracts (Regulation) Act, 1956 or any statutory modification or reenactment thereof for the time being in force.

Power to dematerialize:

Notwithstanding anything contained in these articles, the Company shall be entitled to dematerialise its existing shares, debentures and other securities as also rematerialize its shares, debentures and other securities held in Depository Mode and/or offer securities in dematerialised form pursuant to the Depositories Act, 1996 and the rules framed there under:- **Options for investors** : Every person subscribing to or holding securities of the Company shall have the option to receive security certificates in accordance with provisions of the other Articles or to hold the same with a Depository. Such a person who is the beneficial owner of the securities may/can at any time opt out of the 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 therein, issue to the beneficial owner the required certificates of securities.

If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details- of allotment of security, and on the receipt of the information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Securities in Depositories to be in fungible form :

- (a) All the Securities held by a Depository shall be dematerialized and be in fungible form.  
(b)

Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the said Act shall apply to a Depository in respect of the Securities held by it on behalf of the beneficial owners.

**Rights of Depositories and Beneficial Owners of Securities:**

- (a) Notwithstanding anything to the contrary contained in the said Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company.
- (d) The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities of a member in respect of his securities, which are held by a Depository.

**Furnishing of information by Depository :**

- (a) Notwithstanding anything contained in the said Act or these Articles where securities are held in a depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs or in such other manner as may be practicable.

**Transfer of Securities:**

- (a) Nothing contained in Section 108 of the said Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a Depository.
- (b) In the case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

**Distinctive numbers of Securities Held in a Depository:**

Nothing contained in the said Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to the Securities held with a Depository. Every forfeited or surrendered share held in a material form shall continue to bear the number by which the same was originally distinguished.

**Register and index of Beneficial owners**

The Register and Index of beneficial owners maintained by a



Depository under the Depositories Act, 1996, 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.

## **VARIATION OF SHARE HOLDERS RIGHTS**

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| Alteration of right of holders of special classes of shares | 38  | Where the share capital of a company is divided into different classes of shares, the rights attached to the shares of any class may be varied with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class :                                                                                                                               |
|                                                             |     | (a) if provision with respect to such variation is contained in the memorandum or articles of the company; or                                                                                                                                                                                                                                                                                                                                                                                                           |
|                                                             |     | (b) in the absence of any such provision in the memorandum or articles, if such variation is not prohibited by the terms of issue of the shares of that class.                                                                                                                                                                                                                                                                                                                                                          |
| Rights of dissenting share holders                          | 39  | If, in pursuance of any provision such as is referred to in Section 106, the rights attached to any such class of shares are at any time varied, the holders of not less than in aggregate ten percent of the issued shares of the class, being persons who did not consent to or vote in favour of the resolution for the variation, may apply to the court to have the variation cancelled and where any such application is made, the variation shall not have effect unless and until it is confirmed by the Court. |
|                                                             | (1) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                             |     | (2) an application under this article shall be made .within twenty-one days after the date on which the consent was given or resolution was passed as the case may be, made on behalf of the shareholders entitled to make the application by such one or more of their number as they may appoint in writing for the purpose.                                                                                                                                                                                          |
|                                                             |     | (3) The company shall comply with the provisions of sub-sections 3 to 5 as provided in section 107 of the Companies Act, 1956.                                                                                                                                                                                                                                                                                                                                                                                          |

## **DEBENTURES**

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| Bonds, debenture etc. to be subject to control of directors | 40 | Any bonds, debentures stock or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.                                                                                                                                                                                     |
| Securities may be assignable free from equities             | 41 | Debentures, debentures stock, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued                                                                                                                                                                                                                                                                                                            |
| Terms of issue of debentures                                | 42 | Subject to the provisions of the Act and these Articles, any bonds, debentures, debentures stock or other securities may be issued at a discount, premium or otherwise and with any privileges and conditions as to redemption, surrender, drawings, allotment of shares, appointment of Directors and otherwise. Provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the consent of the Company in General Meeting. |
| Debentures with voting                                      | 43 | No company, shall after the Commencement of this Act issue any                                                                                                                                                                                                                                                                                                                                                                                                                     |

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| rights not be issued hereafter                         |           | debentures carrying voting rights at any meeting of the company, whether generally or in respect of particular class of business.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Right to obtain copies and inspect Trust Deed          | 44<br>(1) | <p>A copy of any Trust Deed of securing any issue of debentures shall be forwarded to the holder of any such debentures or any members of the Company at his request and within seven days of the making their request thereof on payment :</p> <p>(a) in the case of a printed Trust Deed of the sum of Rs. 1 /- (Rupee one); and</p> <p>(b) in the case of a Trust Deed which has not been printed of, 37 paise for every one hundred words or fractional part thereof required to be copied.</p> <p>(2) The Trust Deed referred to in sub-clause (1) shall also be open for inspection by any members or debenture-holders of the Company in the same manner, to the same extent and on payment of the same fees, as if it were the Register of members of the Company.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Liability of trustees for debenture holders            | 45<br>(1) | <p>Subject to the provisions of Sections 119 of the Companies Act, 1956, any provision contained in a trust or securing an issue of debentures or in any contract with the holders of debentures secured by a trust deed, shall be void in so far as it would have the effect of exempting a trustee thereof from or indemnifying him against, liability for breach of trust where he fails to show the degree of care and diligence required by him as trustee having regard to the provisions of the trust deed conferring on him any power, authorities or discretions.</p> <p>(2) While any trustee of a trust deed remains entitled to the benefit of a provision saved by sub-section (3) of section 119 of the Companies Act, 1956, the benefit of that provision may be given either</p> <p>(a) to all trustees of the deed, present and future: or</p> <p>(b) to any named trustees or proposed trustees thereof by a resolution passed by a majority of not less than three-fourths in value of the debenture holders present in person or where proxies are permitted, by proxy, at a meeting called for the purpose in accordance with the provisions of the deed or if the deed makes no provision for calling meetings at a meeting called for the purpose in any manner approved by the Court.</p> |
| Perpetual debentures                                   | 46        | A condition contained in any debentures or in any deed for securing any debentures, whether issued or executed before or after the commencement of this Act, shall not be invalid by reason only that thereby, the debentures are made irredeemable or redeemable only on happening of a contingency, however remote or on the expiration at a period, however long.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Power to re-issue redeemed debentures in certain cases | 47        | The company shall comply with the provisions of section 121 of the Companies Act, 1956, in respect of re-issue of redeemed debentures.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Specific performance of                                | 48        | A contract with a company to take up and pay for any debentures of the                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

contract to subscribe for debentures

company may be enforced by a decree for specific performance.

#### UNDERWRITING AND BROKERAGE

Commission for placing shares, debentures etc.

- 49
- (1) The Company may at any time pay a commission to any person in consideration of :
- (a) his subscribing or agreeing to subscribe; whether absolutely or conditionally, for any shares in or debentures of the Company; or
  - (b) his procuring or agreeing to procure subscription, whether absolute or conditional, for any shares in or debentures of the Company if the following conditions are fulfilled namely :
    - (i) the commission paid or agreed to be paid does not exceed, in the case of shares, five percent of the price at which the shares are issued and in the case of debentures two and a half percent of the price at which the debentures are issued;
    - (ii) the amount or rate percent of the commission paid or agreed to be paid is in the case of shares or debentures offered to the public for subscription, disclosed in the Prospectus and, in the case of shares or debentures not offered to the public for subscription disclosed in the Statement in lieu of Prospectus or in statement in the form prescribed in the Act signed in like manner as a Statement in lieu of Prospectus and filed before the payment of the commission with the Register and where a circular or notice, not being Prospectus inviting subscription for the shares or debentures is issued also disclosed in that circular or notice;
    - (iii) the number of shares or debentures which person have agreed for a commission to subscribe absolutely or conditionally is disclosed in the manner aforesaid; and
    - (iv) a copy of the contract for the payment of the commission is delivered to the Registrar at the time of delivery of the Prospectus or the Statement in lieu of Prospectus for registration.
- (2) Save as aforesaid and save as provided in section 79 of the Act, the Company shall not allot any of its shares or debentures or apply any of its moneys, in payments of any commission, discount or allowance to any person in consideration of :
- (a) his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in or debentures of the Company; or
  - (b) his procuring or agreeing to procure subscriptions whether absolutely or conditionally, for any shares in or debentures of the Company, whether the shares, debentures or money be so allotted or applied by being added to the purchase money for any property acquired by the Company or to be contract price or any work to be executed for the Company or the money be paid out or the nominal purchase money or contract price or otherwise.
- (3) A vendor to, promoter of or other person who receives payment in

shares, debentures or money from the Company shall have and shall be deemed always to have had power to apply and part of the shares debentures or money so received in payment of any commission, the payment of which, if made directly by the Company would have been legal under this Article.

- (4) For removal of doubt it is hereby declared that no commission shall be paid under sub-clause (a) of clause (1) above to any person on shares or debentures which are not offered to the public for subscription, provided that where a person has subscribed or agreed to subscribe under clause 1 (a) above for any shares in or debentures of the company and before the issue of prospectus or Statement in lieu thereof other person or persons has or have subscribed for any or all of those shares or debentures and that fact together with the aggregate amount of commission payable under this Article in respect of such subscription is disclosed in such Prospectus or Statement, then the Company may pay commission to the first mentioned person in respect of such subscription.

|           |    |                                                                                      |
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| Brokerage | 50 | The Company may also, on issue of shares, pay reasonable brokerage as may be lawful. |
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#### INTEREST OUT OF CAPITAL

|                                    |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
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| Payment of interest out of capital | 51 | Where any shares are issued for the purpose of raising money, to defray the expenses of the construction of any works or building or the provision of any plant, which cannot 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 the rate and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to the capital as part of the cost of construction of the work or building or the provision of plant. |
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#### CERTIFICATES

|                                       |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
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| Certificates of shares and debentures | 52 | Every member shall be entitled, without payment, one certificate of title to shares or debentures for all shares of each class or debentures registered in his name. If the Directors so approve and upon payment of such fee, if any, not exceeding Rs1 /- (Rupee one) per certificate as the Directors may from time to time determine in respect of each class of shares or debentures, a member shall be entitled to more than one certificate for shares of each class. Every certificate of title to share shall specify the number and distinctive numbers of the shares in respect of which it is issued and the amount paid thereon and shall be in such form as the directors shall prescribe or approve provided that in respect of a share or shares held jointly by several persons the company shall not be bound to issue more than one certificate and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all. Where a member has transferred a part of the shares comprised in his holding, he shall be entitled, to a certificate for the balance without charge. The certificates of title to shares shall be issued under the seal of the Company which shall be affixed in the presence of and signed by (i) two Directors or persons acting on behalf of the Directors under a duly registered Power of Attorney; and (ii) the Secretary , or some other person appointed by the Board for the purpose, "PROVIDED that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other |
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than a Managing Director or Whole time Director. A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means such as engraving in metal or lithography." PROVIDED ALWAYS that not with standing anything contained in this Article, the certificates of the title to shares may be executed and issued in accordance with such other provisions of the Act or the rules made there under, as may be in force for the time being and from time to time.

|                                                                           |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
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| Limitation of time for issue of certificate                               | 53 | The Company shall within three months after the allotment of any of its shares or debentures and within two months after the application for the registration of the transfer of any such shares or debentures deliver the certificate of all shares and debentures allotted or transferred in accordance with the procedure laid down in section 53 of the Act. The expression " transfer " for the purpose of this Article means a transfer duly stamped and otherwise valid and does not include any transfer which the Company is for any reason entitled to refuse to register and does not register.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Debenture holder's right to debenture certificates                        | 54 | Every debenture holder shall be entitled without payment to one certificate for all debentures of each class or denomination in his name or, if the directors so approve (upon paying such fee or fees at the discretion of directors or without payment as the Directors may from time to time determine), to several certificates each for one or more debentures of each class. Every certificate or debentures shall specify the number and distinctive numbers of the debentures in respect of which it is issued and the amount paid thereon and shall be in such form as the directors shall prescribe or approve provided that in respect of a debentures held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate for a debenture to one of the several joint holders shall be sufficient delivery to all. Where debenture holders has transferred a part of the debenture comprised in his holding, he shall be entitled to a certificate for the balance without charge.                                                                                                                                                                                                                                                                   |
| As to issue of new certificate in place of one defaced, lost or destroyed | 55 | (a) "If any certificate of any share or shares be surrendered to the Company for sub-division or consolidation or if any certificate be defaced, torn or old, decrepit, worn-out or where the pages on the reverse for recording transfer have been duly utilised, then upon surrender thereof to the Company, the Board, may order the same to be cancelled and may issue new certificate in lieu thereof, and if any certificate be lost or destroyed, then upon proof thereof to the satisfaction of the Board, and on such indemnity as the Board thinks fit being given a new certificate in lieu thereof; shall be given to party entitled to the shares to which such lost or destroyed certificate relates. Where a new certificate has been issued as aforesaid it shall state on the face of it and against the stub or counterfoil that it is issued in lieu of a share certificate or is a duplicate issued for the one so replaced and, in the case certificate issued in place of one which has been lost or destroyed, the word "duplicate" shall be stamped or punched in bold letters across the face thereof. For every certificate issued under this Article, there shall be paid to the Company such out of pocket expenses incurred by the Company in investigating evidence as the Board may determine. |

(b) No fee shall be charged for sub-division and consolidation of share

and debenture certificates and for sub-division of letters of allotment and split, consolidation, renewal and pucca transfer receipts into denominations corresponding to the market units of trading, for sub-division of renounceable letters of rights; for issue of new certificate in replacement of those which are old, decrepit or worn out, or where the pages on the reverse for recording transfers have been fully utilised. Provided that the Company may charge such fees as may be agreed by it with the Stock Exchange with which its shares may be enlisted for the time being for issue of new certificates in replacement of those that are torn, defaced, lost or destroyed, and for sub-division and consolidation of share and debenture certificates and for sub-division of letter of allotment and split, consolidation, renewal and pucca transfer receipts into denominations other than those fixed for the market units of trading.

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| New certificate in place of one not surrendered | 56 | When any shares under the power in that behalf in these Articles herein contained are sold by the Directors and the certificates thereof has not been surrendered to the Company by the former holder of the said shares, the Directors may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificates not so delivered up. |
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#### **CALLS**

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| Board may make calls                                       | 57 | The Board may from time to time, but subject to the- conditions herein after mentioned, make such calls upon the members in respect of all moneys for the time being unpaid on their shares as the Board thinks fit, and every member shall be liable to pay the amount of every call to the persons and at the time and place appointed by the Board. Provided that no call shall exceed one fourth of the nominal value of share or be payable at less than one month from the date fixed for payment of the last preceding call. |
| Calls on shares of same class, to be made on uniform basis | 58 | Where after the commencement of the Act, any calls for further share capital are made on shares, such call shall be made on a uniform basis on all shares falling under the same class. For the purpose of this Article, shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.                                                                                                                                                                            |
| Notice of call                                             | 59 | Each member shall, subject to receiving at least fourteen days notice, specifying the time and place appointed by the Board for the payment of every call made payable otherwise than on allotment, pay to the company at the time and place so specified, the amount called on his shares.                                                                                                                                                                                                                                         |
| Call to date from resolution                               | 60 | A call shall be deemed to have been made at the time when the resolution of the Directors authorising such calls was passed and may be made payable by the members whose names appear on the Register of Members on such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Directors.                                                                                                                                                                                                     |
| Directors may extend time.                                 | 61 | The Directors may from time to time at their discretion extend the time fixed for the payment of any call, and may extend such time as to all or any of the member who was away from residence or for other cause for which the Directors may deem fairly entitled to grant such extensions, but no member shall be entitled to such extension save as a matter of grace and favour.                                                                                                                                                |

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| Amount payable at fixed time or by installments as calls | 62 | If by terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed times whether on account of the nominal amount of the share or by way of premium every such amount or installment shall be payable by the person who for the time being shall be registered holder of the share or his legal representative as if it were a call duly made by the directors and payable on the date on which by terms of issue such sums become payable and of which due notice have been given and all the provisions herein contained in respect of call shall relate to such amount or installment accordingly.                                                                                                                                                                                                                                                                                           |
| Calls to carry interest                                  | 63 | 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 for the same at such rate, not exceeding 12% (twelve percent) per annum from the day appointed for the payment thereof to the time to actual payment as shall from time to time, be fixed by the Board. But nothing in this Article shall be deemed to make it compulsory upon the Board to demand or recover any interest from any such member.                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Proof on trial or suit for money due on shares.          | 64 | Subject to the provisions of the Act, and these Articles, on the trial or hearing of any action or suit brought by the Company against any member or his representatives to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the dependent is or was, when the claim arose, on the Register of Members of the company as a holder of the number of shares in respect of which such claim is made and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Directors who made any calls, nor that a quorum of Directors was present at the Board at which any call was made, nor the meeting at which any call was made was duly convened, or constituted, nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt. |
| Partial payment not to preclude forfeiture               | 65 | Neither a judgement nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of the payment of any money shall preclude the forfeiture of such shares as herein provided                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Payment in anticipation of calls may carry interest      | 66 | The Board may, if it thinks fit, receive, from any of the members willing to advance the same, all or any part of the amounts of their respective shares beyond the sum actually called up, and upon the money so paid in advance; or upon so much thereof from time to time and at any time thereafter, as exceeds the amounts of the calls then upon and due in respect of the shares on account of which such advances are made, the Company may pay or allow interest, at such rate as the number paying the sum in advance and the Board agree upon, but shall not in respect thereof confer a right to dividend or right in profits; provided always that if at any time after the payment of any such money so paid in advance, the rate of interest agreed to be                                                                                                                                                                             |

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|                                                     |     | paid to any such member appears to the Board to be excessive, it shall be lawful for the company from time to time to repay to such member so much as shall then exceed the amount of the call made upon such shares unless, there be an express agreement to the contrary, and after such repayment, such member shall be liable to pay, and such shares shall be charged with the payment of all future calls, as if no such advance had been made.                                                                                                                                                                                                        |
| Board may revoke calls                              | 67  | A call made under Article 57 may be revoked or postponed at the discretion of the Board.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Evidence in action for call                         | 68  | On the trial or hearing of any action for the recovery or any amount due for any call it shall be sufficient to prove that the name of the member used is entered in the Register as the holder or one of the holders of the shares in respect of which such debt accrued that the resolution making a call is duly recorded in the minute book; and that notice of such call was duly given to the member used in pursuance of those presents and it shall not be necessary to prove the appointment of the directors who made such call nor any other matter whatsoever but the proof of the matter as aforesaid shall be conclusive evidence of the debt. |
|                                                     |     | <b>JOINT HOLDERS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Joint Holders                                       | 69  | Where two or more persons are registered as holders of any shares, 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 :                                                                                                                                                                                                                                                                                                                                                                                                                          |
| How many persons be registered as joint holders     | (a) | Shares may be registered in the name of any person company or other body corporate but not more than four persons shall be registered jointly as members in respect of any shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| To which of joint holder certificate to be issued   | (b) | The certificate of share registered in the names of two or more persons shall be delivered to the persons first named on the register                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Several liabilities of joint holders                | (c) | The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| The first name of joint holder deemed share holder. | (d) | If any share stands in names of two or more persons, the person first named in the register shall as regards receipt of the share certificates, 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 the sole holders thereof but the joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share and for all incidents thereof according to Company's regulations.                                                                                     |
| Death of one or more joint holders of shares        | (e) | In the case of death of any one or more of the persons named in the register of members as the joint holders of any shares, the survivors shall be the only persons recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.                                                                                                                                                                                                                                         |
| Votes of joint members                              | (f) | If there be joint registered holders of any shares any one of such persons may vote at any meeting either personally or by proxy in respect of such shares, as if he were solely entitled thereto, provided                                                                                                                                                                                                                                                                                                                                                                                                                                                  |



that if more than one of such joint holders be present at any meeting either personally or by proxy, that one of the said persons so present whose name stands higher on the register of members shall alone be entitled to vote in respect of such shares, but other or others of the joint-holder shall be entitled to be present at the meeting. Several executors or administrators of a deceased member in whose names share stand shall for the purpose of these articles be deemed joint holders thereof.

Service of notices on joint holders

- (g) A document or notice may be served or given by the Company on or to the joint holders of a share by serving or giving the document or notice on or to the joint holder named first in the register of members in respect of the share

#### **FORFEITURE, SURRENDER AND LIEN**

If call or installment not paid, notice must be given.

If any member fails to pay the whole or any part of any call or installments or any money due in respect of any shares either by way of principle or interest on or before the day appointed for the payment of the same, the Directors may at any time thereafter during such time as the call or installment or any part thereof or other moneys remain unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part serve a notice on such member or on the person (if any) entitled to the share by transmission requiring him to pay such call or installments or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses (legal or otherwise) that may have been incurred by the Company by reason of such non-payment.

Terms of notice

- 71 The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which the money is to be paid and the notice shall also state that in the event of the non-payment of such money at the time and place appointed, the shares in respect of which the same is owing will be liable to be forfeited.

In default on payment of Shares to be forfeited

72 If the requirement of any such notice shall not be complied with, every or any share in respect of which the notice is given, may at any time there after before payment of all calls or installments, interest and expenses due in respect thereof, be-forfeited by a resolution of the directors. Such forfeiture shall include all dividends declared, in respect of the forfeited shares and not actually paid before forfeiture.

Notice of forfeiture to member entered in Register

- 73 When any share is so declared to be forfeited, notice of the forfeiture shall be given to the holder of the share and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members.

Forfeited shares to property of the be Company and may be sold etc.

- 74 Every share which shall be so declared forfeited, shall thereupon be the property of the company and may be sold, re-allotted or otherwise disposed off either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.

Power of annul forfeiture

- 75 The directors may, at any time before any share is so forfeited shall have been sold, re-allotted or otherwise disposed off, annul the forfeiture thereof upon such conditions as think fit.

Arrears to be paid not withstanding forfeiture

- 76 (1) A person whose shares have been forfeited, shall cease to be a member in respect of the forfeited shares but shall not withstanding forfeiture remain liable to pay to the Company all calls, installments, interest, and

expenses owing upon or in respect of such shares at the date of forfeiture with interest thereon at such rate not exceeding twelve percent per annum, as the Directors may determine.

- (2) The liability of such persons shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares.
- (3) The Company may receive the consideration, if any, given for the shares on any sale or disposal thereof and execute a transfer of the share in favour of the persons to whom the share is sold or disposed off.
- (4) The transferee shall thereupon be registered as the holder of the share.
- (5) The transferee shall not be bound to see the application of the purchase money, if any, nor shall his title to share be affected by any irregularity or invalidity in the proceedings in references to the forfeiture, sale or disposal of the share.
- (6) The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

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| Effect of forfeiture                               | 77        | The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against 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.                                                                                                                                                                                                                                              |
| Certificate <i>of</i> forfeiture                   | 78        | A certificate in writing under the hands of two Directors and counter signed by the Managing Director that the call in respect of a share was made, and notice thereof given and that default in payment of the call was made by a resolution of the Directors to that effect, shall be conclusive evidence of the fact stated therein as against all persons entitled to such share.                                                                                                                                      |
| Title of purchaser and allottee of forfeited share | 79        | The company may receive the consideration, if any given, for the share on any sale; reallocation or other disposition thereof and the person to whom such share is sold, re-allotted or disposed off, may be registered as the holders of the share and he shall not be bound to see to the application of the consideration, if any, -nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal to the same. |
| Application of forfeiture provisions               | 80        | The provisions of these presents as to forfeiture shall apply to the case <i>of</i> nonpayment of any sum which by the terms of issue of share become payable at a fixed time whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.                                                                                                                                                                                       |
| Directors may accept surrender of shares           | 81        | The Directors may at any time, subject to the provisions of the Act, accept the surrender of any share from or by any member desirous of surrendering on such terms as the Director may think fit.                                                                                                                                                                                                                                                                                                                         |
| Company's lien on shares                           | 82<br>(a) | The company shall have no lien on its fully paid shares. In the case of partly paid up shares the company shall have a first and paramount lien only for all moneys called or payable at a fixed time in respect of such shares. Any such lien shall extend to all dividend and bonuses from time to time declared in respect of such shares. Unless otherwise                                                                                                                                                             |

agreed, the registration of a transfer of shares shall operate as a waiver of the company's lien, if any, on such shares. The Directors may at any time declare any shares to be wholly or in part exempt from the provisions of this Article.

- (b) For the purpose of enforcing such lien, the Company may sell in such manner as the Board thinks fit; the shares which are subject thereto but no sale shall be made unless the sum in respect of which the lien exists is presently payable and until a notice in writing of the intention to sell, shall have been served on the registered holder for the time being of the shares or the person, if any, entitled by transmission to the shares and default

shall have been made by him in payment of the sum payable as aforesaid for seven days after 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 aforesaid, the certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a new certificates in lieu thereof to the purchasers concerned.

- (c) The net proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable together with the Company's costs, charges and expenses and the residue, if any, shall be paid to the person entitled to the shares at the date of the sale.

Validity of sale

- 83 Upon any sale for enforcing a lien in exercise of the powers by these presents given, the Directors may cause the purchaser's name to be entered in the Register in respect of the shares sold and the purchaser shall not be bound to see the regularity of the proceedings nor to the application of the purchase money, and after his name has been entered in the Register in respect of such shares, his title to such shares shall not be affected by any irregularity or invalidity in the proceedings in reference to such sale or disposition nor impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Execution of transfer etc. 84(a)

## **TRANSFER AND TRANSMISSION OF SHARES**

Save as provided in section 108 of the Act, no transfer of a share shall be registered 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 of the transferee has been delivered to the company along with the certificate relating to the share, if no such certificate is in existence along with the letter of allotment of the share, in accordance with the provisions of Section 108 of the Act. The transferor shall be deemed to remain a member in respect of such shares until the name of the transferee is entered in Register in respect thereof. Each signature to such transfer shall be attested by the signature of one credible witness, who shall add his address and occupation, 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 instrument of transfer signed by or on behalf of the transferee has been lost, the company may register the transfer on such term as to indemnity as Board may think fit.

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| Fees for registration of transfer                   | (b)       | The company shall not charge any fees for registration of any power of attorney, probate, letters of administration, certificate of death or marriage, or other similar documents.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Application for registration of transfer            | 85        | Application for the registration of the transfer of a share may be made either by the transferor or by the transferee provided that where such application is made by the transferor, no registration, shall, in the case of the partly paid shares, be affected unless the Company gives notice of the application to the transferee in the manner prescribed by Section 110 of the Act and subject to the provisions of these Articles, the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of transfer was made by the transferee. |
| Form of transfer                                    | 86        | Every instrument of transfer of shares shall be in the form prescribed under the Act and shall be in accordance with the provisions of Section 108 of the Act as amended from time to time. There shall not be charged any fee or fees in respect of transfer or transmission of any number of shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Board may refuse to register transfer of shares     | 87<br>(1) | Subject to the provisions of Section 111 of the Act, the Board may, in their discretion and without assigning any reason, decline to register any proposed transfer of shares or transmission of shares whether or not the transferee is a Member of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|                                                     | (2)       | The Board may refuse to register any transfer of shares upon which the Company has lien, and in the case of shares not fully paid up, and also may refuse to register a transfer of shares to a transferee of whom the Board does not approve. Provided that the registration of transfer of a share shall not be refused on the grounds of the transferor being either alone or jointly with any other person indebted to the company on any account whatsoever.                                                                                                                                                                                                                                                                                     |
| Instrument of transfer to be left with the company. | 88        | Every instrument of transfer shall be left at the office of the company for registration, accompanied by the certificate of the share to which such instruments relates or if no such certificate is in existence, by the Letter of Allotment of the shares and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share. Every instrument of transfer shall be retained by the company, but any instrument of transfer which the Board may refuse to register shall be returned to the person depositing the same.                                                                                                                                                                       |
| Transfer books when closed                          | 89        | The Board shall have power on giving not less than seven day's previous notice by advertisement in newspaper circulating in the district in which the registered office of the company is situated to close the                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

transfer books, the register of members or register of debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and exceeding not in aggregate forty-five days in each year, as it may seem expedient.

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| Notice of refusal to register transfer                                | 90 | If the Board refuses, whether in pursuance of Article 87 or otherwise, to register the transfer of, or the transmission by operation of law of the right to any share, the company shall within two months from the date on which the instrument of transfer or the intimation of such transmission as the case may be was lodged with the Company, send to the transferee and the transferor or to the person giving intimation of such transmission as the case may be, notice of such refusal.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Title of shares of deceased Member                                    | 91 | The executors or holders of a Succession Certificate or the legal representative of a deceased Member (not being one or two or more joint holders) shall be the only person recognized by the Company as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognize such executors or administrators or successors or the legal representative unless such executors or administrators or legal representative shall have first obtained Probate or letter of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India; provided that in any case where the Board in its absolute discretion thinks fit, it may dispense with the production of Probate of letters of Administration or Succession Certificate, upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and under Article 92 register the name of any person who claim to be absolutely entitled to the share standing in the name of a deceased Member as a Member. |
| Registration of persons entitled to share otherwise than by transfer  | 92 | Subject to the provisions of Article 91, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy, or insolvency of any member, or by any lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board (which it 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 his title as the board thinks sufficient, either register himself as the holder of the shares or elect to have some person nominated by him and approved by the Board to be registered as shareholder; provided nevertheless that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee -an instrument of transfer in accordance with the provisions herein contained and until he does so he shall not be freed from any liability in respect of the shares.                                                                                               |
| Persons entitled may receive dividend without being registered Member | 93 | A person entitled, to a share by transmission shall, subject to the right of the Directors to retain such dividends or money as herein provided, be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the share.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Election by persons becoming entitled to share                        | 94 | <p>(a) If the person becoming entitled to a share under Article 91 shall elect to be registered as a member in respect of a share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.</p> <p>(b) If the person aforesaid shall elect to transfer the share, he shall testify</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

his election by executing any instrument of transfer of the share.

- (c) All the limitations, restrictions and provisions of these Articles relating to the right transfer and the registration of transfers of share, shall be applicable to any such notice or transfer as aforesaid as if the death, insanity, bankruptcy or insolvency of the member had not occurred and the notice of transfer was signed by that member.

A person becoming entitled to a share by reason of the death, insanity, bankruptcy, or insolvency of the member shall, subject to the provisions of Article 91 and Section 206 of the Act, be entitled to the same dividends and other advantages to which he would 'be entitled as if he were the registered member in respect of the share.

Provided that the Board may at any time give notice requiring any such person to elect either to register himself or to transfer the share, and if the notice is not complied within ninety days, the Board may thereafter withhold payment of all dividends, bonus or other moneys payable in respect of the share, until the requirements of the notice have been complied with.

Company not liable for disregard of a notice purporting to prohibit registration of transfer

- 95(1) (1) The company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of share made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares notwithstanding that the company may be having notice of such equitable right, title or interest or notice purporting to prohibit registration of such transfer, and may have entered such notice or referred to it in any books of the Company and Company shall not be bound or required to regard or attend or give effect to a notice which may be given to it of any equitable right, title or interest or be under any liability what so ever for refusing or neglecting so to do though it may have been entered or referred to in some books of the Company.

Delegation of Power to OTCEI to approve transfer upto .5% of the issued capital

- (2) The Board of Directors will have power to delegate power to OTCEI or any of its agencies or of any other bodies duly authorised by it/them in that behalf to approve and process any transfer upto .5% of the issued Capital of the Company or such other percentage as may be specified by the OTCEI or other bodies from time to time.

## MEETING OF MEMBERS

Annual General meeting

- 96 The company shall in each year hold a General meeting as its Annual General Meeting Meeting in addition to any other meetings in the year. All General meetings other than Annual General Meeting shall be called a Extra-ordinary General Meeting. The first Annual General Meeting shall be held within eighteen months from the date of incorporation of the Company and the next Annual General Meeting shall be held within six months after the expiry of the financial year in which the first Annual General Meeting was held and thereafter an Annual General Meeting of the Company shall be held within six months after the expiry of the each financial year provided that not more than fifteen months shall elapse between the date of one annual General Meeting and that of the next. Every Annual General Meeting shall be called for at a time during business hours, on a day that is not a public holiday, and shall be held at the office of the Company or at some other place within the city in which the office of the Company is

situated as the Board may determine and the notices calling the Meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditors of the Company shall have the right to attend and to be heard at any General Meeting which they attend or any part of the business which concerns them as Auditors. At every Annual General Meeting of the Company there shall be laid on the table the Director's Report and Audited Statements of Accounts and Auditors' Report (if not already incorporated in the Audited Statement of Accounts.)

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| Extra-ordinary General Meeting                                                                | 97  | The Board may, whenever it thinks fit, call an Extra-Ordinary General Meeting and it shall do so upon a requisition in writing by any Member or Members holding in the aggregate not less than one -tenth of such of the paid-up capital as at that date carries the right of voting in regard to the matter in respect of which the requisition has been made.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Requisition of Members to state objectives of meeting                                         | 98  | Any valid requisition so made by Members must state the object of the meeting proposed to be called and must be signed by the requisitionist and be deposited at the office. Provided that such requisition may consist of several documents in like from each signed by one or more requisitionists.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| On receipt of requisition, Directors to call meeting and in default requisitionists may do so | 99  | Upon the receipt of any such requisition, the Board shall forthwith call an Extra-Ordinary General Meeting, and if they do not proceed within twenty-one days from the date of the requisition being deposited at the office to cause a meeting to be called in a day not later than forty-five days from the date of deposit of the requisition, the requisitionists or such of their number as represent either a majority in value of the paid-up share capital held by all of them or not less than one tenth of such of the paid-up share capital of the company as is referred to in Section 169 (4) of the Act, whichever is less, may themselves call the meeting, but in either case any meeting so called shall be held within three months from the delivery of the requisition as aforesaid.                                                                                                                                                                                                                                                                                       |
| Meeting called by requisitionists                                                             | 100 | Any meeting called under the foregoing Articles by the requisitionists shall be called in the same manner as nearly as possible, as that in which meeting are to be called by the Board.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Twenty-one days notice of meeting be given                                                    | 101 | At least Twenty-one days notice of every General Meeting either Annual or Extra-Ordinary or by whosoever called, specifying the day, place and hour of meeting and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided to such persons as are under these Articles entitled to receive notices from the Company provided that in the case of an Annual General Meeting with the consent in writing of all the members entitled to vote thereat and in case of any other meeting, with the consent of Members holding not less than 95 percent of such part of the paidup share capital of the company as gives a right to vote at the meeting, a meeting may be convened by a short notice. In the case of an Annual General Meeting, if any business other than (i) the consideration of the Accounts, Balance sheet, Profit and Loss Account and Reports of the Board of Directors and Auditors; (ii) the declaration of dividend; (iii) appointment of Directors in place of those retiring; and (iv) appointment of, and fixing |

of the remuneration of the Auditors is to be transacted, and in the case of any other meeting in any event there shall be annexed to the notice of the meeting, a statement setting out all material facts concerning each such item of business.

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| Omission to give notice not to invalidate a resolution passed | 102    | The accidental omission to give any such notice as aforesaid to any of the Members or the non-receipt thereof, shall not invalidate any resolution passed at any such meeting.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Notice of business to be given                                | 103    | No General Meeting, Annual or Extra-ordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Quorum at General Meeting                                     | 104    | Two 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| If quorum not present meeting be dissolved or adjourned       | 105    | If at the expiration of half-an-hour from the time appointed for holding a meeting of the Company, a quorum shall not be present, the meeting, if convened, by or upon the requisition of Members, shall stand dissolved, but in any other case the meeting shall stand adjourned to the same day in the next week or if that day is a public holiday at the same time and place or to such other day and at other time and place as the Board may determine, and if at such adjourned meeting a quorum is not present at the expiration of half-an-hour from the time appointed for holding, then at the meeting, the Members present shall be a quorum and may transact the business for which the meeting was called. |
| Chairman of General Meeting                                   | 106    | The Chairman (if any) of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there be no such Chairman of the Board of Directors, or if at any meeting he shall not be present within thirty minutes of the time appointed for holding such meeting or if he shall be unable or unwilling to take Chair, then the members present shall elect another Director as Chairman and if no Director is present or if all the Directors present decline to take the Chair then the Members present shall elect one of their members to be the chairman.                                                                                                    |
| Business confined to election of Chairman whilst chair vacant | 107    | No business shall be discussed at any General Meeting except the election of a chairman while the Chair is vacant and the election of the Chairman shall be carried out in accordance with section 175 of the Act.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Chairman may adjourn meeting                                  | 108(1) | The Chairman of a General Meeting may adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                                                               | (2)    | When a meeting is adjourned, it shall not be necessary to give any notice of the adjournment or of the business to be transacted at the adjourned meeting. Provided that when a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.                                                                                                                                                                                                                                                                                                                                                                                                      |



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| Question at General Meeting how decided? | 109.   | At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by at least five members having the right to vote on the resolution in persons or by proxy or by the Chairman of the meeting or by any member or members holding not less than one-tenth of the total voting power in respect of the resolution or any member or members present or by proxy and holding shares in the company conferring a right to vote on the resolution being shares on which an aggregate sum has been paid-up which is not less than one-tenth of the total sum paid up on all the shares conferring that right, and unless a poll is determined, a declaration by the Chairman that a resolution has, on a show of hands, been carried unanimously or by a particular majority or lost, and an entry to the effect in the Minute Book of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against that resolution. In the case of an equality of votes, the Chairman shall both on a show of hands and at a poll (if any), have a casting vote in addition to the vote or votes to which he may be entitled to as a member. |
| Poll to be taken if question demanded    | 110(a) | <p>If a poll is demanded as aforesaid, it shall be taken forthwith on a of adjournment or election of a Chairman of a meeting and on any other question it shall be taken at such time, not being later than forty-eight hours from the time when the demand was made as the chairman may direct.</p> <p>(b) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.</p> <p>(c) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers, at least one shall be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed, to scrutinise the votes given on the poll and to report thereon to him.</p> <p>(d) The results of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                   |

#### VOTES OF MEMBERS

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| Votes of members | 111(a) | <p>Upon a show of hands, every member entitled to vote and present in person or by attorney or proxy shall have one vote.</p> <p>(b) Upon a poll every member entitled to vote and present in person or by attorney or by proxy shall have one vote for every share held by him.</p> <p>Provided that the holders of preference shares shall have no right to vote either in person or by proxy, at any General Meeting by virtue of or in respect of their holding of preference shares, unless the preferential dividend due on such preference shares or any part of such dividend remained unpaid in respect of an aggregate period of not less than two years preceding the date of commencement of the meeting or unless a resolution is proposed directly affecting the</p> |
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rights or privilege attached to such preference shares.

For the purpose of this Article :

- (a) Any resolution for winding up of the Company, for the payment or reduction of its share capital shall be deemed directly to affect the rights attached to preference shares.
- (b) Dividend shall be deemed to be due on preference shares in respect of any period whether a dividend has been declared by the Company on such shares for such period or not-
  - (i) on the last day specified for the payment of such dividend for such period in these presents or other instrument executed by the Company on that behalf; or
  - (ii) in case no day is specified, on the day immediately following such period.

Votes may be  
given by proxy or  
attorney

- 112 Subject of the provisions of the Act and these Articles, votes may be given either personally or by an attorney or by proxy or in the case of a body corporate also by a representative duly authorised under Section 187 of the Act and Article 115.  
In every notice calling a meeting of the Company 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.

No member to vote  
unless calls are

113. Subject to the provisions of the Act, no member shall be entitled to be present or to vote at any General Meeting either personally or by proxy or attorney or paid-up be reckoned in a quorum unless all calls or other sum presently payable by him in respect of shares in the Company have been paid.

Number or votes to  
which members entitled

- 114 (1) Subject to the provision of the Act and these Articles, upon a show of hands every member entitled to vote and present in person (including a body corporate present by a representative duly authorised in accordance with the provisions of Section 187 of the Act and Article 115) shall have one vote.
- (2) Subject to the provisions of the Act and these Article upon a poll every member entitled to vote and present in person (including a body corporate present as aforesaid) or by attorney or by proxy shall be entitled to vote and shall have the following voting rights:
- (a) in respect of every Ordinary Share (whether fully paid or partly paid) his voting right shall be in the same proportion as the paid up share capital of the shares he holds bears to the paid-up capital of the Company.
  - (b) in respect of every first Preference Shares, his voting right shall be in the same proportion as half the capital paid-up on such first Preference Shares bears to the total paid-up on ordinary capital of the company.
  - (c) in respect of every Second Preference Shares his voting right shall be in the same proportion as three-twentieth of the capital paid upon such second preference shares bears to the capital paid up on ordinary

capital of the company.

- (3) A member holding less than five Preference Shares and no shares of any other class (notwithstanding any provisions of Sub-clause (1) and (2) above) shall not be entitled to vote in respect of such holding either on a show of hands or on a poll.
- No voting by proxy on show of hands 115 No member not personally present shall be entitled to vote on a show of hands unless such member is a body corporate present by a representative duly authorised under section 187 of the Act in which case such representative may vote or show of hands as if he were a member of the company.
- Right of member to use his votes differently 116 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.
- Qualification of attorney 117 Subject to the provisions of the Act, an attorney shall not be entitled to be present and vote on behalf of his appointer unless the attorney is himself a member qualified to vote at the time of his being present at the meeting at which he proposed to vote as such attorney.
- Instrument appointing proxy 118 Every proxy shall be appointed by an instrument in writing signed by the appointer or his attorney duly authorised in writing or if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.
- Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in usual common form.
- An instrument appointing a proxy, if in any of the forms set out in Schedule IX to the Act shall not be questioned on the ground that it fails to comply with any special requirements specified for such instrument by these Articles.
- Custody of the instrument 119 If any such instrument of appointment be confined to the object of appointing an attorney or proxy, it shall remain permanently or for such times as the Directors may determine in the custody of the Company, if embracing other objects, a copy thereof, examined with the original shall be delivered to the Company to remain in their custody
- Deposits of instrument of appointment 120 The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notariably certified copy thereof shall be deposited at the office of the Company not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution except in the case of the adjournment of any meeting first held previously to the expiration of such time. An attorney shall not be entitled to vote unless the power of attorney or other instrument appointing him or a notariably certified copy thereof has either been registered in the records at any time not less than forty-

eight hours before the time for holding the meeting at which the attorney proposes to vote or is deposited at the office of the company not less than forty-eight hours before the time fixed for such meeting as aforesaid. Notwithstanding that a power of attorney or other authority has been registered in the records of the Company, the Company may give notice in writing addressed to the member or the attorney given at least fourteen days before the meeting requiring him to produce the original power of attorney and unless the same is thereon deposited with the company not less than forty-eight hours before the time fixed for the meeting, the attorney shall not be entitled to vote at such meeting unless the Directors in their absolute discretion excuse such non-production and deposit.

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| Inspection of proxies                                                        | 121  | Every member entitled to vote at a meeting of the Company according to the provisions of these Articles on any resolution to be moved thereat shall be entitled during the period beginning twenty four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged, at any time during the business hours of the Company provided not less than three day's notice in writing, of the intention so to inspect is given to the Company.                                                                                                                                                                                     |
| Validity of votes given by proxy notwithstanding death of member             | 122  | A vote given in accordance with the terms of an instrument of proxy or by an attorney shall be valid, notwithstanding the previous death of the principal or revocation of the proxy or power of attorney as the case may be or of any power of attorney under which such proxy was signed or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the office before the meeting.                                                                                                                                                                                                        |
| Member paying money in advance not to be entitled to vote in respect thereof | 123. | A member paying the whole or a part of the amount remaining unpaid on any shares held by him, although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the money paid by him until the same would but for such payment become presently payable.                                                                                                                                                                                                                                                                                                                                                                                                         |
| How members non-compos mentis and minors may vote                            | 124  | If any member be luanatic, idiot, or non-composmentis in respect of whom any order has been made by any court having jurisdiction in Lunacy, the vote in respect of his share shall be exercised by his committee or the legal guardian and if any member be a minor, the vote in respect of his share shall be exercised by his guardian or any one of his guardian or as one of his guardians, if more than one, to be selected, then in case of dispute by the Chairman of the meeting. Such evidence as the Board may require of authority of the person claiming to vote shall be deposited at the office of the Company not less than forty-eight hours before the date fixed for holding the meeting. |
| Votes in respect of shares of deceased, insolvent or insane member           | 125  | Subject to the provisions of Articles, any person entitled under the Transmission Article to transfer any shares 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 48 hours at least before holding the meeting or adjourned meeting, as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to transfer such shares, or the Director shall have previously admitted his right to vote at such meeting in respect thereof. If any member be a lunatic, idiot or a person is a non-composemntis he may vote whether                                                              |

on a show of hands or at a poll by his committee curator bonis or other person recognised by the Company as entitled to represent such member and such last mentioned person may give his vote or proxy.

Vote for joint holders 126

Where there are joint registered holders of any shares, any one of such persons 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 either personally or by proxy than that one of the said persons so present whose name stands, prior in order on the Register in respect of such shares alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands for the purpose of this Article be deemed joint-holders thereof.

Representation of Corporation at meetings of Company and of creditors

- 127(A) (1) A body corporate (whether a Company within the meaning of the Act or not) if it is a member of the Company, by resolution of its board of directors may authorise such person as it thinks fit, to act as its representative at any meeting of the Company or at any meeting of any class of members of the Company. If such body corporate be a creditor (including a holder of debentures) of the Company, it may by resolution of the Board of Directors authorise such person as it thinks fit to act as its representative at any meeting of any creditor of the Company held in pursuance of the Act or any rules made thereunder or in pursuance of the provisions contained in any Debentures or Trust Deed, as the case may be.
- (2) A person authorised by a resolution as aforesaid, shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were a member, creditor or holder of debentures of the Company. He shall be counted for the purpose of ascertaining whether a quorum of members is present.
- (3) The production at the meeting of a copy of such resolution duly signed by one director of such body corporate or other duly authorised officer thereof and certified by him or them as being a true copy of the resolution may for production at the meeting be accepted by the Company as sufficient evidence as to the validity of the appointment.
- (B)(1) The President of India or the Governor of a state, if he is a member of the Company, may appoint such persons as he think fit to act as his representative at any meeting of the Company or at any meeting of any class of member of the Company.
- (2) A person appointed to act as aforesaid shall, for the purpose of the Act be deemed to be a member of the Company and shall be entitled to exercise the same right and powers (including the right to vote by proxy) as the President or, as the case may be, the Governor could exercise as a member of the Company.
- (C)(1) Save as otherwise provided in Section 153B of the Companies Act, notwithstanding anything contained in any other provisions of the Act or any other Law or Contract or Memorandum or Article, where any shares in the Company are held in Trust by a person (hereinafter referred to as Trustee) in respect of which a declaration under Section

153B of the Act as been filed with the Public Trustee, the rights and powers (including the right to vote by proxy) exercisable at any meeting of the Company or at any meeting of any class of members of the company by the trustee as a member of the Company shall :

- (1) cease to be exercisable by the Trustee as such member and become exercisable by the Public Trustee.
- (2) The Public Trustee may instead of himself attending the meeting and exercising the rights and powers as aforesaid, appoint as his proxy an officer of Government or the Trustee himself to attend such meeting and to exercise such rights and powers in accordance with the direction of the Public Trustee. Provided that where the Trustee is appointed by the Public Trustee as his proxy, the trustee shall be entitled, not withstanding anything contained in any other provisions of the Act to exercise such rights and powers in the same manner as they would have been but for the provisions of this Article.
- (3) In order to enable the Public Trustee to exercise the rights and powers aforesaid the Public Trustee shall also be entitled to receive and inspect all books and paper under the Act, which a member is entitled to receive and inspect.

|                                                                      |     |                                                                                                                                                                                                                                                                                                                                                                                 |
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| Time of objections to vote                                           | 128 | Subject to the Act and these Articles, no objection shall be made to the validity of any vote, except at the meeting or poll at which such vote shall be tendered and every vote, whether given personally or by proxy or by any means hereby authorised and not disallowed at such meeting, or poll, shall be deemed valid for all purpose of such meeting or poll whatsoever. |
| Chairman of any meeting to be the sole judge of validity of any vote | 129 | Subject to the provisions of the act and these Articles, the Chairman of any meeting shall be sole judge of the validity of every vote tendered at such meeting, subject as aforesaid the Chairman present at the taking of a poll shall be the sole judge of the Validity of every vote tendered at such poll.                                                                 |

#### **DIRECTORS**

|                     |     |                                                                                                                                                                                                                                                                                                                |
|---------------------|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Number of Directors | 130 | Subject to Section 252 of the Act, the number of Directors shall not be less than 3 and not more than 12 including ex-officio directors and nominees of lending institutions. Any increase beyond the said limit shall not have any effect unless approved by Central Government under Section 259 of the Act. |
|                     | (1) |                                                                                                                                                                                                                                                                                                                |
|                     | (2) | Following shall be the first directors of the company :                                                                                                                                                                                                                                                        |
|                     | (1) | Shri Devendra Chandra Jain                                                                                                                                                                                                                                                                                     |
|                     | (2) | Mrs. Asha Jain                                                                                                                                                                                                                                                                                                 |
|                     | (3) | Mrs. Vinay Kumari Jain                                                                                                                                                                                                                                                                                         |
|                     | (4) | Mr. Ajay Kumar Jain                                                                                                                                                                                                                                                                                            |
|                     | (5) | Mrs. Anuradha Jain                                                                                                                                                                                                                                                                                             |
|                     | (6) | Mr. Akhil Jain                                                                                                                                                                                                                                                                                                 |
|                     | (7) | Mr. Nitin Jain                                                                                                                                                                                                                                                                                                 |

- 131 (1) Whenever the directors enter into a contract with any person or persons for borrowing any money, for providing any guarantee or security or for technical collaboration or assistance or enter into any other arrangement, the

Directors shall have, subject to the provisions of Section 255 of the Act, the power to agree that such person or persons shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such conditions as may be mentioned in the Arrangement and that such Director or Directors may not be liable to retire by rotation nor be required to hold any qualification shares. The Directors may also be removed, from time to time, by the person or persons aforesaid who may appoint another or others in his or their place and also, fill in any vacancy, which may occur as a result of a Director or Directors ceasing to hold that office for any reason whatever. The Directors appointed or nominated under this Article, shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the Directors of the Company including the payment of remuneration and traveling expenses to such Director as may be agreed by the Company with such person or persons aforesaid.

- (2) Notwithstanding anything to the contrary contained in the preceding para, so long as any money remain owing by the company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), or the Industrial Credit and Investment Corporation of India Limited (ICICI), or Life Insurance Corporation of India (LIC) or Unit Trust of India (UTI), or to any other Finance Corporation or Credit Corporation or to any Financial Institution or Body owned or controlled by the Central Government or a State Government or Reserve Bank of India or two or more of them or by Central Government by themselves in respect of any loan advanced by them to the company or so long as IDBI, IFCI, ICICI, LIC or UTI and its subsidiaries or any other Finance Corporations (hereinafter in this Article referred to as "the Corporations") continue to hold debentures in the Company or as long as the corporation holds shares in the company as a result of underwriting or so long as any liability of the Company rising out of any guarantee furnished by the Corporation on behalf of the Company remain outstanding, the Corporation shall have a right in accordance with the terms and conditions of agreement, if any, between the Company and the Corporation to appoint from time to time any person or persons as a Director or Directors (which Director or Directors is/are hereinafter referred to as "nominee Directors") on the Board of the Company and to remove and replace from such office any person or persons so appointed and to appoint any person or persons in his or their places
- (3) The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Directors/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors/s subject as aforesaid, the Nominee Director shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.
- (4) The Nominee Directors shall be entitled to the same right and privileges and be subject to the same obligations as any other Director of the Company. The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the corporation or so long as the Corporation holds Debentures or shares in the Company or the Liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate

such office immediately when the moneys owing by the Company to the Corporation is paid off or on the Corporation ceasing to hold Debentures/shares acquired in the manner referred herein above in the Company or on the satisfaction of the liability of the Company arising out of any guarantee furnished by the Corporation.

- (5) The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings of the committee, of which the Nominee Director/s is/are member/s and shall also been entitled to receive the minutes of such meetings. The corporation may also be entitled to receive the minutes of such meetings.
- (6) The company shall pay to the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled but if any other fees, commission, moneys or remuneration in any form is payable to the Directors of the Company, the fees, commission, moneys and the remuneration in relation to such Nominee director/s shall accrue to the Corporation and the same shall accordingly be paid by the company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s.
- (7) Provided that if any such Nominee Director/s is/are Officers of the Corporation, the sitting fees in relation to such Nominee Director/s shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.
- (8) Provided also that in the event of the Nominee Director/s being appointed as whole-time Director/s, such Nominee Director/s shall exercise such powers and duties as may be approved by the Corporation and have such rights as are usually exercised by or available to the whole-time Director/s in the Management of the Company. Such Nominee Director(s) shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation.

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| Appointment of<br>Alternate Director | 132 | The Board of Directors of the Company may subject to the provisions of the act appoint an Alternate Director to act as a Director (hereinafter called the original Director) during the absence of the original Director for a period of not less than three months from the state in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee whilst he holds office as an Alternate Director shall be entitled to notice of meetings of the Directors and to attend and vote thereat accordingly. An alternate Director appointed under this Article shall not hold office as such for a period longer that permissible to the original Director in whose place he has been appointed and shall vacate office of the meetings of the Board as are ordinarily held. If the term of office of the original Director is determined before he so returns to the state aforesaid, any provision in the Act or these Articles for the automatic re-appointment of retiring Director in default of another appointment shall apply to the original Director and not the Alternate Director. |
| Casual Vacancy                       | 133 | Subject to the provisions of Article 35 and Section 261,262 and 284 (6) and other applicable provisions (if any) of the Act, any casual vacancy occurring                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |



in the office of a Director whose period of office is liable to determine retirement by rotation may be filled up by the Directors if two-third of the Directors concur in the appointment but the person so chosen shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected as a Director.

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| Appointment of Additional Director                                      | 134        | Subject to the provisions of Article 135 and Section 260,261 and 284 (6) and other applicable provisions (if any) of the Act, the Directors shall have power at any time, and from time to time, to appoint a person as an Additional Director, provided two-third of them concur in the appointment. The Additional Director shall retire from office at the next following Annual General Meeting but shall be eligible for election by the Company at that meeting as a Director.                                                                                                                                                                |
| Qualification shares not required                                       | 135        | The Director shall not be required to hold any Qualification shares in the capital of the company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Remuneration of Directors                                               | 136(1)     | The remuneration of a Director for his services shall be such sum as may be fixed by the Directors, not exceeding such sum as may be prescribed by the Central Government from time to time for each meeting attended by him/ them.                                                                                                                                                                                                                                                                                                                                                                                                                 |
|                                                                         | (2)        | The Directors may from time to time fix the remuneration to be paid to any member or members or their body constituting a committee appointed by the Directors in terms of these Articles not exceeding such sums as may be prescribed by the Central Government from time to time per meeting attended by him/them. The Directors may further be paid compensation for expenses incurred by them in attending meetings.                                                                                                                                                                                                                            |
|                                                                         | 137        | The Directors may allow and pay to Director for the purpose of attending a meeting of the Board or of a Committee such sum as the Directors may consider fair compensation for traveling and hotel and other expenses incurred in consequence of his attendance in addition to his fees for attending such meeting as specified above.                                                                                                                                                                                                                                                                                                              |
| Special remuneration to Directors                                       | 138        | Subject to the provisions of Section 198, 309 and 314 of the Act, if any Director shall be called upon to go or reside out of his usual place of residence for the company's business or otherwise perform extra services; the Board may<br><br>arrange with such Director for such special remuneration for such services, either by way of salary, commission, or the payment of a stated sum of money as they shall think fit in addition to or in substitution for his remuneration above provided and all the Directors shall be entitled to be repaid any traveling or other expenses incurred in connection with the business of the company |
| Directors not accountable for remuneration received from other Company. | 139<br>(A) | A Director of the Company may be or become a director or other officer of, or otherwise interested in any Company promoted by the Company or in which the Company may be interested as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of or from his interest in such other company not being a subsidiary of the Company unless the Company otherwise directs.                                                                                                                                                                  |
| Payment of pension etc. to director who                                 | 140        | The Board, on behalf of the Company, may pay a gratuity or pension or or allowance on retirement to any director who has held any other salaried office or                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

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| held salaried office etc. with the Company                                                     |         | place of profit in the company or to his widow or dependants and may make contribution to any fund for provision of any such gratuity, pension or allowance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| No increase in the remuneration without permission of Central Government and/ or Schedule XIII | 141     | Any amendment of any provision relating to the remuneration of any Director including a Managing or whole-time Director which purports to increase or has the effect of increasing whether directly or indirectly the amount thereof shall not have any effect unless approved by the Central Government and the amendment shall become void, if and in so far it is disapproved by the Central Government provided further that no such approval will be necessary if the remuneration falls within the limits laid down in Schedule XIII of the Act.                                                                                                                                                                                                                                                                                                                                                                                                           |
| Resignation                                                                                    | 142     | Subject to the provisions of the Act, a Director may resign from his office at any time by notice in writing addressed to the Company or to the Board of Directors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Directors may contract with Company                                                            | 143 (1) | Subject to the provisions of sub-clauses (2), (3), (4), (5) and (6) of this Article and the restrictions imposed by Article 148 and the other Articles hereof and the Act, and the observance and fulfillment thereof, no director shall be disqualified by his office from contracting with the Company either as vendor, purchaser, agent, broker or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Directors holding that office or of the fiduciary relation thereby established, but it is declared that the nature of his interest must be disclosed by him as provided by sub-clauses (2), (3) and (4) hereof.                     |
| Disclosure of Interest                                                                         | (2)     | Every Director who is in any way whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into by or on behalf of the company shall disclose the nature of his concern or interest at a meeting of the Board of Directors or as provided by sub-clause (4) hereof.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|                                                                                                | 3 (a)   | In the case of a proposed contract or arrangement, the disclosure required to be made by a Director under sub-clause (2) above, shall be made at the meeting of the Board at which the question of entering the contract or arrangements is first taken into consideration or if the Director was not at the date of the meeting concerned or interested in the proposed contract or arrangement at the first meeting of the Board held after he becomes so concerned or interested.                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                                                                                                | (b)     | In the case of any contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| General notice of Interest                                                                     | (4)     | For the purpose of this Article, a general notice given to the Board of Directors to the effect that he is a Director or member of a 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 with that body corporate or firm shall be deemed to be sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for further period of one financial year in which it would have otherwise expired. The general notice aforesaid and any renewal thereof shall be given at a meeting of the Board of Directors and the director concerned shall take reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given. |

Abstract of contents  
or contracts in certain  
cases

- (5) Whenever the company enters into contract for the appointment of Managing or whole-time Director of the Company in which any Director of the Company is directly or indirectly concerned or interested, or varies any such existing contract, the Company shall in accordance with Section 302 of the Act, within 21 days from the date of entering into the contract or the varying of such contract send an abstract of the terms of such contract or the variations as the case may be, together with a memorandum clearly indicating the nature of the interest of the Director in such contract or in such variation to every member of the Company and the contract shall be open to the inspection of any member at the office and in this connection all the other provisions of Section 302 of the Act shall be duly complied with.
- (6) Nothing in the sub clauses (2), (3) and (4) shall apply to any contract or arrangement entered into or to be entered into between the Company and any other Company where any one of the Directors of the Company or two or more of them together holds or hold not more than 2 per cent of the paid-up share capital in the other Company.

Interested Directors  
not to participate or  
vote in Board's  
proceedings

- (7) An interested Director shall not take part in the discussion of or vote on, any contract or arrangement entered into or to be entered into, by or on behalf of the Company, if he is in any way, directly or indirectly concerned or interested in the contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time of any such discussions or vote and if he does vote, his vote shall be void.

Provided that the prohibition shall not apply :

- (i) to 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.
- (ii) to any contract or arrangement entered into with a public company or a private company which is subsidiary or a public company in which the interest of the Director consists solely in his being a Director of such company and the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by the Company or in his being a member holding not more than two percent, of the paid-up share capital of such Company.
- (iii) in case a notification is issued under sub-section (3) of Section 300 of the Act, to the extent specified in the notification.

Register of contracts  
in which Directors  
are interested

- 144(1) The company shall keep one or more Registers in which shall be entered separately particulars of all contracts or arrangements to which Section - 297 or Section 299 of the Act applies including the following particulars to the extent they are applicable in each, namely:
  - (a) the date of the contract or arrangement;
  - (b) the names of the parties thereto;
  - (c) in the case of a contract to which Section 297 of the Act applies or in the case of a contract or arrangement to which Section 299 of the Act applies, the date on which it was placed before the Board;
  - (d) the names of the Directors voting for and against the contract or arrangement and the names of those remaining neutral.

Particulars of every such contract or arrangement to which Section 297 of the Act,

|                                                                     |            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
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|                                                                     |            | <p>(2) or as the case may be, sub-section (2) of Section 299 of the Act applies shall be entered in the relevant Register aforesaid :</p> <p>(a) in the case of a contract or arrangement requiring the Board's approval, within seven days (exclusive of public holidays) of the meeting of the Board at which the contract or arrangement is approved;</p> <p>(b) in the case of any other contract or arrangement within seven days of the receipt at the Registered Office of the Company of the particulars of such other contract or arrangement or within thirty days of the date of such other contract or arrangement, whichever is later; and the Register shall be placed before the next meeting of the Board and shall then be signed by all the Directors present at the meeting.</p> <p>(3) The Register aforesaid shall also specify, in relation to each Director of the Company, the name of the firms and bodies corporate of which notice has been given by him under subsection (3) of Section 299 of the Act.</p> <p>(4) Nothing in the foregoing sub-clauses (1), (2) and (3) shall apply to any contract or agreement for the sale, purchase or supply of any goods, materials or services if the value of such goods and materials or the cost of such services does not exceed One Thousand Rupees in the aggregate in any year.</p> |
| Directors may be directors of the companies promoted by the Company | 145        | A director may become a director of any company promoted by the Company or in which it may be interested as a vendor, shareholder or otherwise and subject to the provisions of the Act and these Articles no such Director shall be accountable for any benefits received as Director or shareholder of such company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Disclosure by Director of appointments.                             | 146        | A director of the Company shall within thirty days of his appointment to or relinquishment of his office as Director, Managing Director, Manager or Secretary in any other body corporate disclose to the Company the particulars relating to his office in the other body corporate which are required to be specified under-section 303(1) of the Act. The company shall enter the aforesaid particulars in a register kept for that purpose in conformity with Section 303 of the Act.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Directors shareholding                                              | 147        | A Director shall give notice in writing to the Company of his holding of shares and debentures of the Company or its subsidiary together with such particulars of, as may be necessary to enable the company to comply with the provisions of Section 307 of the Act. If such notice be not given at a meeting of the Board, the Director shall take all reasonable steps to secure that it is brought up and read at the meeting of the Board next after it is given. The Company shall enter particulars of Directors holding of shares and debentures as aforesaid in a register kept for that purpose in conformity with Section 307 of the Act.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Board's Resolution at a meeting necessary for certain contract      | 148<br>(1) | Except with the consent of the Board of Directors of the Company, a Director of the company or his relative, a firm in which such a director or relative is a partner, any other partner in such a firm or a private company of which the Director is a member or Director, shall not enter into any contract with the Company (a) for the sale, purchase or supply of any goods, materials or services; or (b) for underwriting the subscription of any shares in or debentures of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

- (2) Nothing contained in the foregoing sub-clause (1) shall affect:
- (a) the purchase of goods and materials from the company or the sale of goods and materials to the company, by any Director, relative, firm, partner or private company as aforesaid for cash or at prevailing market prices; or
  - (b) any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private company on the other for sale, purchase or supply of any goods, materials and services in which either the company or the Director, relative, firm, partner or private company as the case may be, regularly trades or does business.

Provided that such contract or contracts do not relate to goods and materials the value of which, or services, the cost of which exceeds Five Thousand Rupees in the aggregate in any year comprised in the period of the contract or contracts.

- (3) Notwithstanding any thing contained in the foregoing sub-clauses (1) and (2), any Director, relative, firm, partner or private company as aforesaid may in circumstances of urgent necessity, enter without obtaining the consent of the Board, into any contract with the Company for sale, purchase or supply of or supply any goods, materials or services even if the value of such goods or cost of such services exceeds Five Thousand Rupees in the aggregate in any year comprised in the period of the contract; but in such a case, the consent of the Board shall be obtained at a meeting within three months of the date on which the contract was entered into.
- (4) Every consent of the Board required under the clause shall be accorded by a Resolution passed at a meeting of the Board and not otherwise and the consent of the Board required under sub-clause (1) above shall not be deemed to have been given within the meeting of that sub-clause unless the consent is accorded before the contract is entered into or within three months of the date on which it was entered into.
- (5) If consent is not accorded for any contract under this clause, anything done in pursuance of the contract shall be voidable at the option of the Board.
- (6) The director so contracting or being so interested shall not be liable to the Company for any profit realised by any such contract by reason only of such directors holding that office or the fiduciary relation thereby established.

Restriction on powers of the Board

- 148A The Board of Directors shall not, except with the consent of the Company in general meeting and subject to the provision of Articles of Association of the Company :
- (a) sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking.
  - (b) remit, or give time for the repayment of any debt due by a Director.
  - (c) invest, otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition alter

the commencement of this Act, of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it can not be carried on or can be carried on only with difficulty or only after a considerable time.

- (d) borrow monies where the moneys to be borrowed, together with the moneys already borrowed by the company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose.
- (e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five percent, of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding whichever is greater.

**Explanation :** Every resolution passed by the Company in general meeting in relation to the exercise of the power referred to in clause (d) or in clause (e) shall specify the total amount upto which money may be borrowed by the Board of Directors under clause (d) or as the case may be, the total amount which may be contributed to charitable and other funds in any financial year under clause (e).

|                                           |      |                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
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| Conditions on which money may be borrowed | 148B | The Directors may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of bonds, perpetual or redeemable, debenture or debenture stocks or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being. |
|-------------------------------------------|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## RETIREMENT AND ROTATION OF DIRECTOS

|                                               |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------------|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Retirement by rotation                        | 149 (1) | Not less than two-third of the total number of Directors of the Company shall be persons whose period of office is liable to determine by retirement by rotation and save as otherwise expressly provided in the Act and these Articles, be appointed by the Company in General Meeting.                                                                                                                                                                                                                  |
|                                               | (2)     | The remaining Directors shall be appointed in accordance with the provisions of these Articles and the Act.                                                                                                                                                                                                                                                                                                                                                                                               |
| Directors to retire annually how determined   | 150     | 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 a multiple of three, the number nearest to one-third shall retire from office.                                                                                                                                                                                                                                                          |
| Ascertainment of Directors retire by rotation | 151     | Subject to the provisions of the Act and these Articles, the Directors to retire by rotation under the foregoing Article at every Annual General Meeting shall be those who have been longest in office since their last appointment but as between persons who became Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot. Subject to the provisions of the Act, retiring Director shall retain office until the |

|                                                  |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
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|                                                  |     | dissolution of the meeting at which his re-appointment is decided or his successor is appointed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Eligible for re-appointment                      | 152 | Subject to the provisions of the Act and these Articles, a retiring Director shall be eligible for re-appointment.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Company to fill up vacancy                       | 153 | Subject to the provisions of Section 261 and other applicable provisions (if any) of the Act and these Articles, the Company, at the Annual General Meeting at which a Director retires in 'the manner aforesaid may fill up the vacated office by electing the retiring Director or some other person thereof.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Provisions in default of appointment             | 154 | <p>(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.</p> <p>(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;</p> <p>(a) at the meeting or at the previous meeting a resolution for the re-appointment of such Directors has been put to the meeting and lost;</p> <p>(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;</p> <p>(c) he is not qualified or is disqualified for appointment;</p> <p>(d) a resolution, whether special or ordinary, is required for the appointment or re-appointment by virtue of any provisions of the Act;</p> <p>(e) Article 156 or sub-section (2) of Section 263 of the Act is applicable to the case.</p> |
| Notice of candidature for office of Directors    | 155 | Subject to the provisions of the Act and these Articles any person who is not a retiring Director shall be eligible for appointment to the office of Director at any General Meeting if he or some member intending to propose him at least fourteen clear days before the meeting left at the office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidate for that office, as the case may be.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Individual resolution for Director's appointment | 156 | <p>At a General Meeting of the company, a motion shall not be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against. A resolution moved in contravention of this Article shall be void whether or not objection was taken at the time to its being so moved.</p> <p>Provided that where a resolution so moved is passed no provision for the automatic re-appointment of retiring Directors by virtue of these Articles or the Act in default of another appointment shall apply.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Non retiring                                     | 157 | The Managing Director or the Joint Managing Director or whole-time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

Directors

Directors or Nominee Directors shall not retire by rotation under this Articles of Association.

#### **REMOVAL OF DIRECTORS**

Removal of Directors

- 158 (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 meeting.
- (4) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the company (not exceeding a reasonable length) and requests their notification to members of the company, the company shall, unless the representations are received by it too late for it to do so (a) in the notice of the resolution given to members of the company state the fact of the representations having been made; and (b) send a copy of the representations to every member of the Company and if a copy of the representations is not sent as aforesaid because they are received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representations shall be read out at the meeting.

Provided that copies of the representation need not be sent or read out at the meeting if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by 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 Section 262 of the Act, be filled by the appointment of another Director in his seat by the meeting at which he is removed: Provided special notice of the intended appointment has been given under sub-clause (2) thereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.
- (6) If the Vacancy is not filled under sub-clause (5), it maybe filled as a casual vacancy in accordance with provisions in so far they are applicable of Section 262 of the Act, and all the provisions of that Section shall apply accordingly.
- (7) A Director who was removed from office under this Article shall not be reappointed as a Director by the Board of Directors.
- (8) Nothing contained in this Article shall be taken :
- (a) as depriving a person removed there under of any compensation or



damages payable to him in respect of the termination of his appointment as director or of any appointment terminating with that as director; or

- (b) a derogating from any power to remove a director which may exist apart from this Article.

#### **PROCEEDINGS OF MEETINGS OF THE BOARD OF DIRECTORS**

|                                                                 |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
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| Meeting of Directors                                            | 159 | The Directors may meet together as a Board for the despatch of business from time to time and shall so meet at least once in every three months and at least four such meetings shall be held in every year and they may adjourn and otherwise regulate their meetings and proceedings as they deem fit.                                                                                                                                                                                                                                                                                                                                                                                                                                |
| When meeting to be convened and notice thereof                  | 160 | A Director or the Managing Director may at any time and the Managing Director upon the request of a Director shall convene a meeting of the Directors. Notice of every meeting of the Directors of the Company shall be given in writing to every Director for the time being in India and at his usual address in India to every other Director.                                                                                                                                                                                                                                                                                                                                                                                       |
| Accidental omission to give notice not to invalidate resolution | 161 | The accidental omission to give notice to or the non-receipt of notice of any such meeting by a Director to whom it should be given shall not invalidate any resolution passed at any such meeting.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| When Directors not entitled to notice                           | 162 | A Director who is at any time not in India shall not during such time be entitled to notice of any such meeting.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Quorum                                                          | 163 | Subject to the provisions of Section 287 and other applicable provisions (if any) of the Act, the quorum for a meeting of the Board of Directors shall be one-third of the total strength of the Board of Directors (excluding Directors, if any whose place may be vacant at the time and the fraction contained in that one third being rounded off as one) or two Directors, whichever is higher.<br>Provided that where at any time, the number of interested directors exceeds or is equal to two thirds of total strength of the number of the 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 the quorum during such time. |
| Procedure where meeting adjourned for want of Quorum            | 164 | If a meeting of the Board could not be held for want of quorum, then unless the Directors present at such meeting otherwise decide, the meeting shall automatically 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.                                                                                                                                                                                                                                                                                                                                                            |
|                                                                 | 165 | The provisions of Article 159 shall not be deemed to have been contravened merely by reason of the fact that a meeting of the Board which had been called in compliance with the terms of that Article could not be held for want of a quorum.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Voting at meeting                                               | 166 | Subject to the provisions of the Act, question arising at any meeting shall be decided by a majority of votes, each Director having one vote and in case of an equality of votes, the Chairman shall have a second or casting vote.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Directors may appoint Chairman                                  | 167 | The Board from time to time may elect a Chairman and Vice Chairman of its meetings and determine the period for which he is to hold office. If                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

the Chairman and Vice-Chairman has notified the Company of his inability to be present at the Board meeting or if at any meeting the Chairman and Vice-Chairman is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as Chairman and Vice-Chairman or if no such Chairman is elected, the Vice-Chairman and if he also is not present the Director present may choose one of the number to be Chairman of the meeting.

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| Vice-Chairman                              | 168 | The Directors may appoint a Vice-Chairman of the Board of Directors to preside at meetings of the Directors at which the Chairman shall not be present.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Who is to preside the meeting of the Board | 169 | All meetings of the Directors shall be presided over by the Chairman, if present, but if at any meeting of Directors the Chairman be not present at the time appointed for holding the same. the Vice-Chairman, if present, shall preside and if he is also not present at such time, then and in that case the Directors shall choose one of the Directors then present to preside at the meeting.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Acts of meeting                            | 170 | A meeting of Directors at which quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Articles of the Company for the time being vested in or exercisable by the Directors generally. In the exercise of any such authorities and powers and discretions, the Directors shall have regard to the restrictions imposed on the powers of the Board by Section 293 of the Act.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Directors may appoint committee            | 171 | Subject to the provisions of Section 292 of the Act, the Directors may delegate any of their powers to committees consisting of such member or members of their body, as they think fit and they may from time to time revoke and discharge any such Committee either wholly or in part, and either as to persons or purposes; but every Committee so formed shall, in the exercise of the powers so delegated conform to any regulations that may, from time to time, be imposed on it by the Directors. All acts done by any such Committee in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board. Subject to the provisions of the Act, the Board may, from time to time, fix the remuneration to be paid to any member or members of their body constituting a Committee appointed by the Board in terms of these Articles and may pay the same. |
| Meeting of Committees how to be governed   | 172 | The meetings and proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Cessation of Committee of Directors        | 173 | In the event of such committee of Directors ceasing to function in respect of the business of the Company and/or the business and affairs of the Company ceasing to be managed by any other Committee of Directors appointed under section 298 of the Act, the Company shall be entitled to arrange for the conduct and management of its affairs by such person or persons to be employed for the said purpose, subject to the superintendence, control and directions of the Board of Directors of the company.<br>The remuneration payable to such person or persons and other terms and                                                                                                                                                                                                                                                                                                                                                                                |

conditions of his or their services shall be in accordance with the provisions of the Act or such modification thereof as may be authorised by law. The powers to be exercised by such person or persons shall be specified in an agreement to be made between the company and the person or persons authorised to manage and conduct the affairs of the Company. The exercise of such powers shall be subject to such limitations and restrictions as may be prescribed in such agreement.

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| Resolution by circular                                                                    | 174(1)  | A resolution passed by circular, without a meeting of the board or a Committee of the board appointed under Article 171 shall subject to the provisions of sub-clause (2) hereof and the Act be as valid and effectual as a resolution duly passed at a meeting of the Directors or of a Committee duly called and held.                                                                                                                                                                                                                                                                                                                            |
|                                                                                           | (2)     | A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, if the resolution has been circulated in draft together with the necessary papers if any, to all the Directors or to all the members of the Committee then in India (not being less number than the quorum for a meeting of the Board or Committee as the case may be), and all other Directors or members of the Committee at their usual address in India and has been approved by such of the Director or members of the Committee as are then in India or by a majority of such of them as are entitled to vote on the resolution. |
| Acts of Board or Committee valid notwithstanding informal appointment                     | 175     | Subject to the provisions of the Act and these Articles, all acts done by any meeting of the Directors, or by a Committee or Directors or by any person acting as a Director shall; notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or persons acting aforesaid or that they or any of them were or was disqualified, be as valid as if every such persons had been duly appointed and was qualified to be a Director.                                                                                                                                                       |
| Minutes of proceeding of the meeting of the Board of Directors and Committees to be kept. | 176 (1) | The company shall cause minutes of all proceedings of every meeting of its board or of every committee of the Board to be kept by making within thirty days of the conclusion of every such meeting concerned entries thereof in books kept for that purpose with their pages consecutively numbered.                                                                                                                                                                                                                                                                                                                                               |
|                                                                                           | (2)     | Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|                                                                                           | (a)     | in the case of minutes of proceedings of a meeting of the Board or of a committee thereof, by the Chairman of the said meeting or by the Chairman of the next succeeding meeting;                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|                                                                                           | (b)     | in the case of minutes of proceedings of a general meeting by the chairman thereof subject to section 193 of that.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|                                                                                           | (3)     | The minutes of each meeting shall contain fair and correct summary of the proceedings thereat.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|                                                                                           | (4)     | All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meetings.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|                                                                                           | (5)     | In the case of a meeting of the Board or of Committee of the Board, the minutes shall also contain :                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

- (a) the name of the Directors present at the meeting; and
- (b) all orders made by the Board of Directors or committee of the Board;
- (c) all resolutions and proceedings of meetings of the Board of Directors and the Committees of the Board;
- (d) in the case of each resolution passed at a meeting of the Board of Directors or committees of the Board, the names of the Directors, if any dissenting from or not concurring in the resolution.
- (6) Nothing contained in this Article shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the chairman of the meeting:
  - (a) is or could reasonably be regarded as, defamatory of any persons;
  - (b) is irrelevant or immaterial to the proceedings; or
  - (c) is detrimental to the interests of the Company.

**EXPLANATION :** The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the ground specified in this sub-article.

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| Board Minutes to be evidence | 177 | All minutes of the meetings of the Board shall be signed by the Chairman of the meeting as recorded or by the person who shall preside as Chairman at the next succeeding meeting and all minutes purported to be so signed shall for all purposes whatsoever be prima facie evidence of the regular transactions or occurrences of the proceedings so recorded and of the regularity of the meeting at which the same shall appear to have taken place. Where minutes of proceedings of any meeting of its Board or of a committee of the Board have been kept in accordance with the provisions of Section 193 of the Act, then, until the contrary is proved, the meeting shall be deemed to have been duly called and held and all proceedings thereat to have duly taken place, and in particular all appointments of directors or liquidators made at the meeting shall be deemed to be valid. |
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#### **POWERS OF DIRECTORS**

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| General powers of the Board | 178<br>(1) | Subject to the provisions of the Act and these Articles, the Board of Directors of the company shall be entitled to exercise all such powers, and to do all such acts and things, as the company is authorised to exercise and do. |
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Provided that the Board shall not exercise any power or do any act or things which is directed or required, whether by the Act or any other Act or by the Memorandum or these Articles or otherwise to be exercised or done by the Company in General Meeting. Provided further that in exercising any such power or doing any such thing the Board shall be subject to the provisions contained in that behalf in the Act or in the Memorandum or in these Articles or in any regulations not inconsistent therewith duly made there under including regulations made by the Company in General Meeting.

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| Validity of the Acts of the Board | (2) | 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. |
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| Restriction on powers of the Board        | 178A    | <p>The Board of Directors shall not, except with the consent of the Company in general meeting and subject to Article 178 of the Association of the Company :</p> <p>sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking.</p> <p>remit, or give time for the repayment of any debt due by a Director.</p> <p>invest, otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition after the commencement of this Act, of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it can not be carried on or can be carried on only with difficulty or only after a considerable time.</p> <p>borrow monies where the moneys to be borrowed, together with the moneys already borrowed by the company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose.</p> <p>contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five percent, of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding whichever is greater.</p> <p><b>Explanation :</b> Every resolution passed by the Company in general meeting in relation to the exercise of the power referred to in clause (d) or in clause (e) shall specify the total amount upto which money may be borrowed by the Board of Directors under clause (d) or as the case may be, the total amount which may be contributed to charitable and other funds in any financial year under clause (e).</p> |
| Conditions on which money may be borrowed | 178 B   | <p>The Directors may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of bonds, perpetual or redeemable, debenture or debenture stocks or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Special borrowing power                   | 179 (1) | <p>Subject to the provisions of the Act and these Articles but without prejudice to the general powers conferred by the last preceding Article, and so as not in any way to limit or restrict those powers and without prejudice to the other powers conferred by these Articles, the Directors shall have power from time to time at their discretion to accept deposits from the members of the Company either in advance of calls or otherwise and generally to raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. Provided that the total amount raised, borrowed or secured and outstanding at any time together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not without the consent of the Company in General</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

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|                                                              |     |  | Meeting exceed the aggregate of the paid-up capital of the company and its free reserves that is to say, reserves not set apart for any specific purpose.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|                                                              | (2) |  | Subject to the provisions of the Act and these Articles, the payment or repayment of any sum or sums of money borrowed by the Company may be raised or secured in such manner and upon such terms and conditions in all respects as the Directors may think fit and in particular by the issue of bonds, perpetual or redeemable debentures or debenture stock or any mortgage or charge or other security of the Company (both present and future) including its uncalled capital for the time being.                                                                                                                                                                                                     |
| Bonds, debentures Etc. to be subject to control of Directors | (3) |  | Any bonds, debentures, debenture stock or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefits of the company.                                                                                                                                                                                                                                                                                                                                                                                                 |
| Securities may be assignable free from equities              | (4) |  | Debentures, debenture stock, bonds or other securities may be made assignable free from equities between the company and the person to whom the same may be issued.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Mortgage of uncalled capital                                 | 180 |  | If any uncalled capital of the company is included in or charged by any called mortgage or other security, the Directors may by instrument under the company seal authorise the person in whose favour such mortgage or security is executed or any other person in trust for him to make calls on the members in respect of such uncalled capital and the provisions here in before contained in regard to calls shall mutatis-mutandis apply to calls made under such authority and may be made exercisable either conditionally or unconditionally and either presently or contingently and either to the exculsion of the Director's power or otherwise and shall be assignable if expressed so to be. |
| Indemnity may be given                                       | 181 |  | If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person to becoming liable as aforesaid for any loss in respect of such liability.                                                                                                                                                                                                                                                                     |
| Express powers of the Board                                  | 182 |  | Without prejudice to the powers conferred by Articles 178 and 179 so as not in any way to limit or restrict those powers and without prejudice to the other powers conferred by these Articles, it is hereby declared that the Directors shall have the following powers that is to say,                                                                                                                                                                                                                                                                                                                                                                                                                   |
| To pay commission and interest                               | (1) |  | To pay and charge to the capital account of the Company any commission or interest lawfully payable thereat under the provisions of Section 76 and 208 of the Act, and Articles 50 and 51.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| To acquire property                                          | (2) |  | Subject to the provisions of Sections 292 and 297 of the Act and Article 148 to purchase or otherwise acquire for the company any property, rights or privileges which the Company is authorised to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably                                                                                                                                                                                                                                                      |

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| To pay for property in debentures and otherwise | (3)  | satisfactory.<br>At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures, mortgages or other securities of the Company, and any such shares may be issued either as fully paid-up or with such amount credited as paid up thereon as may be agreed upon, and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company or on its uncalled capital or not so charged. |
| To secure contracts by mortgage                 | (4)  | To ensure the fulfillment of any contracts; agreements or any arrangements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.                                                                                                                                                                                                                                                                                                                                                                     |
| To purchase movable or immovable property etc.  | (5)  | To purchase or otherwise acquire for the Company any property movable or immovable rights or privileges at or for such price or consideration and generally on such terms and conditions as they may think fit.                                                                                                                                                                                                                                                                                                                                                                                                                    |
| To accept surrender of shares                   | (6)  | To accept from any member, so far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| To appoint trustees                             | (7)  | To appoint any person (whether incorporated or not) to accept and hold in trust for the company any property belonging to the company or in which it is interested or for any other purposes and to execute and do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees.                                                                                                                                                                                                                                                                    |
| To bring and defend actions etc.                | (8)  | To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due or of any claims or demands by or against the company or any differences to arbitration and observe and perform any awards made thereon.                                                                                                                                                                                                                                    |
| To act in insolvency matters                    | (9)  | To act on behalf of the Company in all matters relating to bankrupts and insolvency.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| To give receipts                                | (10) | To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demand of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| To invest moneys                                | (11) | Subject to the provisions of Sections 292, 293(1) (c), 295, 369, 370, 372 and 373 of the Act to invest and deal with moneys of the Company not immediately required for the purposes thereof, upon such security (not being 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. Provided that save as permitted by Section 49 of the Act, all investments shall be made and held in the Company's own name.                                                                                                                           |
| To execute mortgages                            | (12) | To execute in the name and on behalf of the company in favour of any director or other who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company such mortgage of the Company's property (present and future) as they think fit; and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed                                                                                                                                                                                                   |

upon.

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| To authorise acceptances                   | (13) | To determine from time to time as to who shall be entitled to sign on the Company's behalf, bills, notes, receipts, acceptance, endorsements, cheques, dividend warrants releases, contracts and documents and to give the necessary authority for such purpose.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| To distribute bonus                        | (14) | To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the company and give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction and to charge such bonus or commission as part of the working expenses of the company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| To provide for welfare of employees.       | (15) | To provide for the welfare of Directors or employees or ex-employees of the Company or its predecessors in business and the wives, windows and families or the dependants or connections of such persons by building or contributing to the building of houses or dwellings or quarters or by grant of money, pensions, gratuities, allowances, bonuses, profit sharing bonuses or benefits or any other payment or by creating and from time to time subscribing or contributing to provident fund and other associations, institutions, funds, profits shares or other schemes, or trusts and by providing or subscribing on contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as, the Directors shall think fit.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| To subscribe to charitable and other funds | (16) | Subject to applicable provisions of Section 293(1)(e) of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent religious, scientific, national, public or any other institutions, objects or purpose or for any exhibition.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| To create depreciation and other funds     | (17) | Before recommending any dividend to set aside out of the profits of the Company, such sums as they may think proper for depreciation, to a Depreciation Fund, General Reserve, a Reserve Fund, Sinking Fund, or accounts to meet contingencies, to repay redeemable preference shares, debenture stock, for special dividends for equalising dividends, for repairing, improving, extending and maintaining any part of the property of the Company and/or for such other purposes, (including the purposes referred to in the last two preceding sub-clause) as the Directors may, in their absolute discretion, think conducive to the interests of the Company and to invest the several sums so set aside or subject (so much thereof as is required to be invested upon such investments to the restrictions imposed by the Act) as the Directors may think fit; and from time to time deal with and every such investments and dispose off and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Directors (subject to such restrictions as aforesaid) in their absolute discretion think conducive to the interests of the company notwithstanding that the matters to which the Directors apply or upon which they expend the same or any part thereof may be matters to or upon which the capital moneys of the Company might rightly be applied or expended and to divide the Reserve, General Reserve or the Reserve Fund into such special funds as the Directors may think fit, and to employ the assets constituting all or any of the above funds or accounts including the Depreciation Fund in the business of the Company or in the purchase or repayment of Redeemable Preference Shares, debenture or debenture stock or otherwise and that without being bound to keep the same separate from the other assets and without being bound to pay or allow interest on the same, with power |



however to the Directors at their discretion to pay or allow to the credit of such fund interest at such rate as the Directors may think proper.

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| To appoint employees    | (18) | To appoint and at their discretion remove or suspend such managers, secretaries, officers, assistants, clerks, agents and employees for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties and fix their salaries, emoluments or remuneration and required security in such instance and to such amount as they may think fit.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Comply with local laws  | (19) | To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Local Board             | (20) | From time to time and at any time to establish any Local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of such Local Boards or any managers or agents and to fix their remuneration.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Delegation              | (21) | Subject to the provisions of Section 292 of the Act, from time to time to delegate to any such Local Board or any member or members thereof or any managers or agents so appointed any of the Powers, authorities and discretion for the time being vested in the Board of Directors and to authorise the members for the time being of any such Local Board or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation under Sub-clause (20) may be made on such terms and subject to such conditions as the Board of Directors may think fit and the Board of Directors may at any time remove any person so appointed and may annul or vary any such delegation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Power of attorney       | (22) | At any time and from time to time by power of attorney to appoint any person or persons as attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Board of Directors under these presents and excluding the powers which may be exercised only by the Board of Directors under the Act or these Articles) and for such period and subject to such conditions as the Board of Directors may from time to time think fit; and any such appointment may (if the Board of Directors 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 members, directors, nominees or managers of any Company or firm or otherwise in favour of the members of any fluctuating body of persons whether nominated directly or indirectly by the Board of Directors and any such power of attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board of Directors may think fit and may contain powers enabling any such delegates or Attorneys as aforesaid to subdelegate all or any of the powers, authorities and discretion for the time being vested in them. |
| To delegate             | (23) | Generally subject to the provisions of the Act and these Articles to delegate the powers, authorities and discretions vested in the Directors to any person, firm, company or fluctuating body of the persons as aforesaid.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| May make contracts etc. | (24) | Subject to the provisions of the Act and these Articles for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into any such negotiation and contracts, rescind and vary any 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 in relation to any of the matters aforesaid or otherwise for the purpose of the Company.

- (25) The Managing Director and/or any of the Managing Directors or Directors or Secretary of the Company as the case may be, shall jointly and severally have power to commence, prosecute or enforce and to defend, answer or oppose any suit or legal proceedings in any Court (whether civil, criminal, tax or revenue) or Tribunal or any Authority both in India or abroad and they jointly and severally are empowered to sign, execute, present any file and applications, complaints, petitions or written statements, vakalatnamas or any other document expedient or necessary in their opinion with authority either to delegate any such power to any other person or persons as they or either of them may deem proper.
- (26) Generally to do all such other acts and things as are necessary, incidental or conducive to the attainment of all or any of the objects of the Company and to sanction and to authorise all such matters and things as may be necessary to be done, authorised or sanctioned in or about the general business and affairs of the Company or in and about the execution of all or any of the powers conferred upon the Directors.

#### **MANAGEMENT**

|                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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| Power to appoint Managing Director | 183(1) Subject to the provisions of Section 269, 316 and 317 of the Act, the Board may, from time to time, appoint one or more Directors to be the Managing or Managing Directors of the Company, for a term not exceeding five (5) years a time and may, from time to time, remove or dismiss him or them from office and appoint another or others in his place or their places. The Managing Directors shall not be liable to retire by rotation. |
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| Power to appoint Whole-time Director(s), Joint Managing Director(s), or Manager | (2) Subject to the provisions of Section 259, 316 and 317 of the Act, the Board of Directors may at any time appoint one or more of themselves to be Whole-time Director or Manager of the Company for such period not exceeding five (5) years at a time and on such remuneration, terms and conditions as the Board may in the interest of the Company deem fit. The Manager can also be any person other than a Director. |
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| Remuneration of Managing Director/whole-time Director(s) or Managers | (3) Subject to the provisions of Section 198 and 309 of the Act, and any contract between him and the Company, the remuneration of the Managing Director, Joint Managing Director, Whole-time Director or Manager, if any, shall from time to time be fixed by the Board which may be by way of monthly payment or at a specified percentage of the net profits of the Company, or partly by one way and partly by the other. |
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#### **POWERS OF MANAGING DIRECTOR**

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| Powers of Managing Director | 184 (A) Subject to the provisions of the Act and to the general supervision and control of the Board, the Managing Director shall have the general management and superintendence of the business of the Company with power to do all acts, matters and things deemed necessary, proper and expedient for carrying on the business and concerns of the Company including, subject to such changes as the Board may decide from time to time, and generally to exercise all such powers and authorities of the Company as are not by the Companies Act for the time being in force or by these articles expressly directed to be exercised by the Board of Directors or by the Company in General Meeting and it is hereby expressly declared that the Directors may entrust and empower the Manag- |
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ing Director to exercise and perform all or the following powers and duties:

- (1) To build, erect and maintain warehouse and factories with tanks, chawls and other buildings and to erect, maintain and work engineering factories of the Company.
- (2) To buy machinery for the factories of the Company.
- (3) To provide facilities for the storing of the raw materials, stores, machinery spare parts, and packing.
- (4) To purchase the machinery, spare parts, stores etc. either in India or in any other country whatever, and to sell and replace same or any portion thereof.
- (5) To buy, sell and pledge raw materials, finished, semi-finished materials, stores, machinery spare parts and other articles and other materials for and to manufacture, process articles and things of whatsoever nature and kind and to sell the same anywhere in India or abroad all or any of the above-mentioned articles and things and also to sell the same on credit or future delivery or otherwise, however.
- (6) To buy and sell raw materials, stores, spare parts, required for the business of the Company.
- (7) To make advances upon for the purchase of raw materials, goods, machineries, stores and other articles required for the purposes of the Company, upon such terms as the Managing Director may deem expedient.
- (8) To consign or ship for sale to any place within India or outside all or any of the goods and articles or portions or parts thereof and to appoint agents or sub-agents for such sale at such place or places and on such terms and conditions as the Managing Directors may deem fit.
- (9) To raise or borrow from time to time, in the name or otherwise on behalf of the Company such sums of money as the Managing Director may from time to time think expedient either, by Bonds, Deposits, Receipts, Promissory Notes or opening current accounts or otherwise with or without securities or in any other manner as he deems best, and for the purpose of securing the payment of any money so borrowed with interest to make and carry into effect such arrangements as he deemed expedient, subject to and in accordance with Section 292 of the Act.
- (10) To draw, make, accept, endorse, negotiate and sell Notes, Bill of Exchange, Hundi and other Negotiable instruments with or without securities and also to receive advance of any sum or sums of money upon such terms and conditions as the Managing Director may deem expedient.
- (11) To enter into all such negotiations and contract and to make all necessary arrangements and rescind and vary all such contracts and execute and do all such acts, deeds and all such things in the name and on behalf of the Company as he may consider expedient for or in relation to any of the matter aforesaid and otherwise for the purpose of the Company.
- (12) To execute and sign all agreements, contracts, receipt, pronotes, bonds,

bill of exchange, hundies and other instruments and documents including legal ones that may be necessary or expedient for the purpose of the Company.

Receipts so signed shall be an effectual discharge on behalf of and against the company for the money, funds or property which in such receipts shall be acknowledged to have been received and the person paying or delivering any such moneys, funds, or property shall not be bound to see the application or be answerable for any misappropriation thereof.

- (13) To enter into all pecuniary arrangements and to advance money of the Company either with or without security and to execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient to in relation to such matters connected with or in any way relating to the Company.
- (14) To insure and keep insured loss or damage by fire or otherwise for such period and to such extent as he may think proper for all or any part of the buildings, machinery goods, stores, produce and other movable property of the Company either separately or jointly, also to ensure all or any portion of the goods, produce, machinery and other articles imported and exported by the company and to sell or assign, surrender or discontinue any policies by the assurance effected in presence of his powers.
- (15) To commence, institute, prosecute and defend all such actions and suits either at law or equity as it may in the opinion of the Managing Director, be necessary or proper to bring or defend on the part of the Company and submit actions and suits to compromise or submit to arbitration as he may in his discretion deem expedient. The Managing Director for the time being or any person duly authorised by him being hereby empowered to make, give sign and execute all and every warrants to use, or defend on behalf of the Company and all and every submission to arbitration as may be requisite and for the purpose aforesaid, the Managing Director shall be empowered to use his name on behalf of the said company or the name or names of any other persons connected with the said company and such Managing Director or such persons whose names shall be so used shall be saved harmless, and indemnified out of the funds and property of the Company from all costs and damages which he or they may incur or be liable to by reason of his or their names being so used as aforesaid.
- (16) To refer to arbitration any question or disputes arising out of or connected with the property, assets, liabilities or general business of the Company and to compromise or entirely release any debt or claim and to give time to any debtor for payment of his debt.
- (17) To open accounts, current or fixed and otherwise allowed with any Bank or Banks, shop or shops merchants or with any company, firm or firms, individual or individuals and pay money into and draw money from any such account from time to time as he may think fit.
- (18) To incur from time to time such expenses and to pay out such sum or

sums of moneys as the Managing Director may deem expedient for the office, establishment of the Company and for the purpose of working in the mills or factories or for improving the business of the company from time to time, erect and fix new machinery or plant on or in any of the lands, buildings and premises for the time being the property or in the possession of the Company and from time to time to remove all or any of the machineries plant and stores of the company being in or upon any lands, buildings or premises wherever situated of the Company and also to spend from time to time such sums of moneys as may be necessary or expedient for the purpose of improving, adding, altering, repairing and maintaining, the buildings, machinery and properties for the time being of the Company.

(19) The Managing Director shall have power and authority to appoint and employ in or for the purposes of management of affairs and business of the company or otherwise for the purposes thereof and from time to time to remove or suspend agents, sub-agents, Managers, Bankers, Solicitors, Vakils, Engineers, retailed commission dealers, clerks, brokers, mukadams, or any other officers and servants, employees as he shall think proper with such powers and duties and upon such terms as to duration of office, remuneration and otherwise as he shall think fit and generally to appoint and employ any person in the service or for the purposes of the Company as he shall think fit upon such terms and conditions as he shall think fit and proper.

(20) Subject to the provisions of the Act and subject to the control of the Directors to exercise for and on behalf of the Company in the name of the Board, all the powers and to do all acts and things which are required to be done by the Board.

(21) Generally to do all such other acts and things as are necessary, incidental or in the opinion of the Managing Director conducive to the attainment of all or any of the objects of the company.

(B) The Managing Director, however, shall not exercise the power to:

(a) make calls on shareholders in respect of money unpaid on their shares in the Company;

(b) issue debentures and except to the extent mentioned in the resolution passed at the Board meeting under Section 292 of the Act, the Managing Director shall also not exercise the powers to;

(i) borrow money;

(ii) invest the funds of the company ;and

(iii) make loans.

Compensation of  
Managing Director  
for loss of office

185 Subject to the provisions contained in Section 318 and 319 of the Act, no payment shall be made by the Company to the Managing Director by way of compensation for loss of office or as compensation for retirement from office or in connection with the loss or retirement from office except in the cases specified in the sub-section (3) of Section 318 and such payment shall be subject to the limit specified in Sub-section (4) of Section 318 of the Act.

## REGISTERS, BOOKS AND DOCUMENTS

Registers, books and 186 The Company shall maintain Registers, Books and Documents as required

documents  
maintained by the  
Company

- (1) by the Act or these Articles including the following namely:
- (a) Register of investments not kept in the Company's name according to Section 49 of the Act.
  - (b) Register of Mortgages, Debentures and Charges according to Section 143 of the Act.
  - (c) Register of Members and an Index of Members according to Sections 150 and 151 of the Act.
  - (d) Register and Index of debenture holders according to Section 152 of the Act.
  - (e) Register of contracts, companies and firms in which Directors are interested according to Section 301 of the Act.
  - (f) Register of Director, Managing Directors and Secretary according to Section 307 of the Act.
  - (g) Register of Loans to Body Corporate under the same management according to Section 370 of the Act.
  - (h) Register of Investments in shares or debentures of bodies corporate according to Section 372 of the Act.
  - (i) Books of Account in accordance with the provisions of Section 209 of the Act.
  - (j) Copies of Instruments creating any charge requiring registration according to Section 136 of the Act.
  - (k) Register indicating companies under the same management as required by Section 370 (1-C) of the Act.
  - (l) Copies of Annual Returns prepared under Section 159 of the Act together with the copies of Certificates required under Section 161 of the Act.
  - (m) Register of Renewal and Duplicate Certificates according to rule 7(2) of the Companies (Issue of Share Certificate) Rules, 1960.

Inspection of Reg-  
isters etc.

- (2) The said Registers, Books and Documents shall be maintained in conformity with the applicable provisions of the Act and shall be kept open for inspection by such persons as may be entitled thereto respectively under the Act on such days and during such business hours as may, in that behalf, be determined in accordance with the provisions of the Act or these Articles and extracts shall be supplied to the persons entitled thereto in accordance with the provisions of the Act or these Articles.

Foreign Registers

- (3) The Company may keep a Foreign Register of Members in accordance with Section 157 and 158 of the Act. Subject to the provisions of Section 157 and 158, the Directors may from time to time make such provisions as they may think fit in respect of keeping such Branch Registers of Members and/or Debenture-holders.

## ACCOUNTS

|                                                          |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
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| Books of account to be kept                              | 187 | <p>Subject to Section 209 of the Act, the company shall keep proper books of account and other books and papers with respect to :</p> <ol style="list-style-type: none"> <li>(1) <ol style="list-style-type: none"> <li>(a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place ;</li> <li>(b) all sales and purchases of goods by the Company; and</li> <li>(c) the assets and liabilities of the Company.</li> </ol> </li> <li>(2) If the Company shall have a branch office, whether in or outside India, proper books of account relating to the transactions effected at that office shall be kept at that office and proper summarised returns made up to date at intervals of not more than three months shall be sent by the branch office to the Company at its Registered Office or other place in India as the Board thinks fit, where the main books of the Company are kept.</li> <li>(3) All the aforesaid books shall give a fair and true view of the affairs of the Company or of its branch office, as the case may be, with respect to the matters aforesaid and explain its transactions.</li> <li>(4) The books of account and other books and papers shall be open to inspection by any Director during business hours.</li> <li>(5) The books of account of the Company relating to a period of not less than eight years immediately preceding the current year together with the vouchers relevant to any entry in such books of account, shall be preserved in good order.</li> </ol> |
| Where books of account to be kept                        | 188 | The books of account shall be kept at the office or at such other place as the Directors think fit provided that when all or any of the books of account aforesaid are kept at such other place in India as the Board of Directors may decide, the Company shall within seven days of such decision of the Board, file with the Registrar a notice in writing giving the full address of that other place.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Inspection by Member                                     | 189 | The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books and documents of the Company or any of them shall be open to the inspection of the members and no member not being a Director shall have any right of inspecting any account or book or document of the Company except as conferred by statute or authorised by the Directors or by a resolution of the Company in General Meeting.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Statement of Accounts to be furnished to General Meeting | 190 | The Board of Directors shall lay before each Annual General Meeting a Profit and Loss Account for the financial year of the Company and a Balance Sheet made up at the end of the financial year which shall be a date which shall not precede the day of the meeting by more than six months or where an extension of time has been granted by the Registrar under the provisions of the Act, by not more than six months and the extension so granted.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Profit and Loss                                          | 191 | The Profit and Loss Account shall be annexed to the Balance Sheet and                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

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| Account to be annexed and Auditors Report to be attached to the Balance Sheet | the Auditors Report (including the Auditor's separate, special or supplementary Report, if any) shall be attached thereto. |
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| Right of Members for copies of Balance Sheet and Auditors' Report | 192 | A copy of each such Profit and Loss Account and Balance Sheet so audited and of Auditor's Report and the Report of the Board and every other document required by law to be annexed or attached to the Balance Sheet shall not be less than twenty-one days before the date of the meeting at which the same are to be laid before the members, be served on the members and other persons (if any) entitled thereto under section 219 of the Act in the manner in which notices are hereinafter directed to be served, and a copy of these documents shall be deposited at the office for the inspection of the members during a period of at least twenty-one days before the said meeting. |
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| Accounts when audited and approved to be conclusive except as to errors discovered within three months | 193 | Every account when audited and approved by a General Meeting shall be conclusive except as regards any error discovered therein within three months next after approval thereof. Whenever any such error is discovered within that period, the amount shall forthwith be corrected and henceforth shall be conclusive. |
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#### AUDIT

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| Account to be Audited | 194. | Every Balance Sheet and Profit and Loss Account shall be audited by one or more Auditors to be appointed as hereinafter mentioned. |
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| Appointment of Auditors | 195<br>(1) | The Company at the Annual General Meeting in each year shall appoint an Auditor or Auditors to hold office from the conclusion of that meeting until the conclusion of the next Annual General Meeting and shall, within seven days of the appointment give intimation thereof to every Auditor so appointed unless he is retiring Auditor. Provided that before any appointment or re-appointment of auditor or auditors is made by the Company at any annual general meeting, a written certificate shall be obtained by the Company from the auditor or auditors proposed to be so appointed to the effects that the appointment or re-appointment if made, will be in accordance with the limit specified in sub-section (1 -B) of Section 224 of the Act. |
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(2) Every auditor appointed under sub-article (1) shall within thirty days of the receipt from the company of the intimation of his appointment inform the Registrar in writing that he has accepted or refused to accept, the appointment.

(3) A person, other than a retiring Auditor shall not be capable of being appointed at an Annual General Meeting unless special notice of a resolution for appointment of that person to the office of Auditor has been given by a member to the Company not less than fourteen days before the meeting in accordance with Section 190 of the Act, and the Company shall send a copy of any such notice to the retiring Auditor and shall give notice thereof to the members in accordance with Section 190 of the Act, and all the other provisions of Section 225 of the Act shall apply in the matter. The provision of sub-clause shall apply to a resolution that a retiring Auditor shall not be re-appointed.

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| Remuneration of | (4) | The remuneration of the Auditors shall be fixed by the Company in General |
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| Auditors |  | Meeting and the share-holders in General Meeting may delegate the same power to the Board to fix the same. |
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**THE SEAL**

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| The seal, its custody and use | 196. | The Directors shall provide a Seal for the purpose 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 Directors 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 Directors or a Committee of the Directors previously given. |
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| Deeds how executed | 197 | The Seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf and except in the presence of at least two directors and of the secretary or such other persons as the Board may appoint for the purpose, and those two directors and the secretary or other persons aforesaid shall sign every instrument to which the seal of the company is affixed in their presence. |
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| Seals abroad | 198 | The Directors may be provided an official seal for use in any Territory, district or place not situated in India where the Company may at any time carry on business which shall be a facsimile of the Seal with the additions on its face of the name of the Territory, district or place where it is to be used and the directors shall have power from time to time to destroy the same and substitute a new official Seal in lieu thereof and the directors may in writing under the Seal authorise any person or persons to affix the official Seal to any deed or document to which the Company is a party in that territory, district or place. |
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**DIVIDENDS**

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| Dividends | 199 | Subject to the provisions of these Articles, the profits of the Company which it shall from time to time, be determined to divide in respect of any year or other period shall be applied first in paying the fixed cumulative preferential dividends at the rate of 15% or at such other rates as may be applicable per annum on the capital paid-up and the balance of such profit shall be divisible among the holders of Equity shares in proportion to the amount of capital paid up on the shares held by them respectively at the close of such year or other period provided always that any capital paid up on a share during the period in respect of which a dividend is declared, shall unless the terms of issue otherwise provide only entitle the holder of such share to an apportioned amount of such dividend proportionate to the capital from time to time paid up during such period on such share. |
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| Capital paid up in advance at interest not to earn dividend | 200 | Where capital is paid-up in advance of calls upon the footing that the same may carry interest, such capital shall not while carrying interest or otherwise confer a right to participate in profits. |
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| Dividends in proportion to amount Paid | 201 | The company may pay dividends in proportion to the amount paid up or credited as paid up on each share, where a larger amount is paid up or credited as paid up on some shares than on others. |
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| The Company in General Meeting may declare dividend | 202 | The company in General Meeting may subject to Section 205 of the Act declare a dividend to be paid to the members according to their respective rights and interests in the profits and subject to the provisions of the Act may fix the time for payment. When a dividend has been so declared, the warrant in respect thereof shall be posted within thirty days from the date of declaration to the shareholder entitled to the payment of the same. |
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| But not larger than recommended by Directors                                                               | 203    | No large dividend shall be declared than is recommended by the Directors but the Company in General Meeting may declare a smaller dividend. No dividend shall be payable except out of the profits of the year or any other distributed profits or otherwise than in accordance with the provisions of Section 205,206.206A and 207 of the Act and no dividend shall carry interest as against the Company. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.                                                                                                                  |
| what is to be deemed net profit                                                                            | 204    | The declaration of the Directors as to the amount of the net profits of the Company in any year shall be conclusive and final.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Interim dividend                                                                                           | 205    | Subject to the provisions of the Act, the Directors may from time to time pay to the members on account of the next forthcoming dividend such interim dividends as in their judgement the position of the Company justifies.                                                                                                                                                                                                                                                                                                                                                                                                          |
| Retention of dividend until completion of transfer                                                         | 206    | Subject to the provisions of the Act, the Directors may retain the Dividends payable upon shares in respect of which any person is entitled to become a member of 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.                                                                                                                                                                                                                                                                                                    |
| No member to receive dividend while indebted to the company and company's right of reimbursement there out | 207    | No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever, either alone or jointly with any other person or persons; and the Directors may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company                                                                                                                                                                                                      |
| To whom dividend be paid                                                                                   | 208(1) | No dividend shall be paid by the Company in respect of any share except: <ul style="list-style-type: none"> <li>(a) To the registered holder of such share or to his order his bankers; or</li> <li>(b) in case a share warrant has been issued in respect of the share in presence of these pursuance to the bearer of such warrant or to bankers.</li> </ul> <p>(2) Nothing contained in clause (1) above shall be deemed to require the bankers of a registered member to make a separate application to the Company for the payment of dividend</p>                                                                               |
| Transfer of shares must be registered                                                                      | 209.   | A Transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Dividends how remitted                                                                                     | 210.   | Unless otherwise directed, dividend may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled or in case of joint holders to that one of them first named in the Register in respect of the joint holding. Every such cheque shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant lost on transmission, or for and dividend lost to the member or person entitled thereto, by the forged endorsement of any cheque or warrant or the fraudulent recovery thereof by any other means. |
| Dividend and call together and set off                                                                     | 211    | Any General Meeting declaring a dividend may make a call on the members for such amount as the Meeting fixes, but so that the call on each member                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

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| Allowed                                                       |     | shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend, and that the dividend may if so arranged between the Company and the members, be set off against the calls.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Dividend in specie                                            | 212 | Any General Meeting declaring a dividend may upon the recommendation of the Directors resolve that such dividend be paid wholly or in part in fully paidup bonus shares or be utilised in paying up any amount for the time being unpaid on any shares held in the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Notice of dividends                                           | 213 | Notice of declaration of any dividend whether interim or otherwise shall be given to the holder of registered shares in the manner hereinafter provided.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Dividend to be paid within 30 days                            | 214 | Where the company has declared any dividend, it shall pay or send the warrant in respect thereof to the persons entitled to the payment of dividend within thirty days from the date of declaration of dividend unless :<br>(a) the dividend could not be paid by reason of operation of any law;<br>(b) member has given directions regarding the payment of dividend and those directions cannot be complied with ;<br>(c) there is a dispute regarding the right to receive any dividend;<br>(d) the dividend has been lawfully adjusted by the Company against any sum due from the member; or<br>(e) for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company. |
| Any one of joint holders can give Receipts                    | 215 | Any one of several persons who are registered as joint-holders of-any share may give effectual receipts, for all dividend and payments on account of dividends in respect of such shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| When payment be a goods discharge                             | 216 | The payment of every cheque or warrant sent under the provisions of the last preceding Article, shall if such cheque or warrant purports to be duly endorsed, be a good discharge to the Company in respect thereof ; provided nevertheless that the Company shall not be responsible for the loss of any cheque, dividend warrant or postal money order which shall be sent by post to any member or by his order to any other persons in respect of any dividend.                                                                                                                                                                                                                                                                                                       |
| Unpaid dividend to be transferred to special dividend Account | 217 | (1) Any dividend remaining unpaid or unclaimed after having been declared shall be dealt in accordance with Sections 205A and 205B of the Companies Act, 1956 and rules made thereunder and that the unclaimed dividend shall not be forfeited unless the claim becomes barred by law.<br><br>(2) Unpaid/ Unclaimed dividend within 30 days from the date of declaration shall be transferred to a special account to be opened by the Company in that behalf in any scheduled bank to be called “ Unpaid Dividend Account” with in 7 days from the date of expiry of the said period. Pursuant to Section 205A (5) of the Companies Act, 1956, the Company shall transfer the balance lying in “Unpaid Dividend Account” which remains unpaid or unclaimed for a period  |
| Payment of unpaid or unclaimed                                | 218 | Any person claiming to be entitled to any money transferred under Sub-Article (2) of Article 217 to the General revenue account of the Central                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

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| dividend | Government, may apply to the Central Government for an order for payment of the money claimed; and the Central Government may, if satisfied, whether on a certificate by the company, or otherwise, that such person is entitled to the whole or any part of the money claimed, make an order for the payment to that person of the sum due to him after taking such security from him as it may think fit. |
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## CAPITALISATION

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| Capitalisation | 219 | <p>(1) Any general meeting may resolve that any amount 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 or (including profit or surplus money 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 or any Reserve Fund or any other fund of the Company or in the hands of the Company and available for dividend or otherwise may be capitalised. Any such amount excepting the amount standing to the credit of the Share Premium Account and/or the Capital Redemption Reserve Account may be capitalised:</p> <ul style="list-style-type: none"> <li>(a) by the issue and distribution as fully paid shares, debentures, debenture stock, bonds or obligations of the Company; or</li> <li>(b) by crediting the 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 thereon.</li> </ul> <p>Provided that any amounts standing to the credit of the Share Premium Account may be applied in.</p> <ul style="list-style-type: none"> <li>(i) Paying up un-issued shares of the Company to be issued to members of the Company as fully paid bonus shares;</li> <li>(ii) in writing off the preliminary expenses of the Company;</li> <li>(iii) in writing off the expenses of, or the commission paid or discount allowed on any issue of shares or debenture of the Company; or</li> <li>(iv) in providing for the premium payable on the redemption of any redeemable preference share or of any debentures of the company.</li> </ul> <p>Provided further that any amount standing to the credit of the capital redemption reserve account shall be applied only in paying up un-issued shares of the Company to be issued to the members of the Company as fully paid bonus shares.</p> <p>(2) Such issue and distribution under sub-clause (1)(a) above and such payment to the credit of unpaid share capital under sub-clause (1)(b) above shall be made to, amongst and in favour of the members 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 distribution under subclause (1 )(a) or payment under sub-clause (1 )(b) above shall be made on the footing that such members become entitled thereto as capital.</p> <p>(3) The Directors shall give effect to any such resolution and apply portion</p> |
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of the profits, General Reserve Fund or any other fund 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 obligation of the Company so distributed under sub-clause (1)(A) above or (as the case may be) for the purpose of paying in whole or in part the amount remaining unpaid on the shares which may have been issued and are not fully paid-up under sub-clause (1)(b) above provided that no such distribution or payment shall be made unless recommended by Directors and if so recommended 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 or coupons and fix the value for distribution of any specific assets and may determine that such payment be made to any members on the footing of the value so fixed and may vest in any such case share, fractional certificate or coupon, debenture, debenture-stock, bond or other obligation 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, debenture, debenture-stock, bonds or other obligation and fractional certificates or coupons or otherwise as they may think fit.
- (5) When deemed requisite a proper contract shall be filed with the Registrar of Companies 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.

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| Capitalisation in respect of fully paid and partly paid shares | 220 | Subject to the provisions of the Act and these Articles in cases where some of the shares of the Company are fully paid and other are partly paid only such capitalisation may be affected by the distribution of further shares in respect of the fully paid shares and by crediting the partly paid shares with the whole or part of the unpaid liability thereon but so that as between the holders of the fully paid shares and the partly paid shares the sums so applied in the payment of such further shares and in the extinguishments 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 shares respectively. |
| Capitalisation of Reserves                                     | 221 | Any General Meeting may upon the recommendation of the Board resolve that any moneys, investments or other assets forming part of the undivided profits of the company and standing to the credit of the Reserve Fund or in the hand of the Company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the Share Premium Account or the Capital redemption reserve fund be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend or to their nominees if so resolved by the General Meeting and in the same proportions on the footing that they become entitled thereto as capital and that all or               |

any part of such capitalised fund be applied on behalf of such shareholders in paying up in full any un-issued shares or debentures of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum.

#### **DOCUMENTS AND SERVICE OF DOCUMENTS**

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| How documents is to be served on members                           | 222<br>(1) | A document (which expression for his purpose shall be deemed to include and shall include any summons, notices, requisition, processes, order judgement or any other documents in relation to in the winding up of the Company) may be served or sent by the Company on or to any member either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address if any within India supplied by him to the Company for the giving of notices to him.                                                                                  |
|                                                                    | (2)        | Where a document is sent by post                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|                                                                    | (a)        | Service thereof shall be deemed to be effected by properly addressing, pre-paying and posting a letter containing the notice provided that where member has intimated to the Company in advance that documents should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the company a sum sufficient to defray the expenses of doing so and service of the document shall not be deemed to be effected unless it is sent in the manner intimated by the member; and                                                        |
|                                                                    | (b)        | Such service shall be deemed to have been effected :                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|                                                                    | (i)        | in the case of a notice of meeting at the expiration of forty-eight hours after the letter containing the notice is posted; and                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                                    | (ii)       | in any other case, at the same time at which the letter would be delivered in the ordinary course of post.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Service on members having no registered address                    | 223        | If a member has no registered address in India, and has not supplied to the Company an address within India for-giving notices to him a document advertised in the newspaper circulating in the neighborhood of the registered office of the Company shall be deemed to be duly served on him on the day on which the advertisement appears.                                                                                                                                                                                                                                                            |
| Notice of joint holders                                            | 224        | A document may be served by the Company on the joint-holders of a share by serving it on the joint-holder named first in the Register in respect of the share.                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Service on person acquiring share on death or insolvency of member | 225        | A document may be served by the Company to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in prepaid letter addressed to them by name or by the title of representatives of the deceased, of assignee of the insolvent or by any like description at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied, by serving the document in any manner in which the same might have been served if the death or insolvency had not occurred. |

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| Persons entitled to notice of General Meetings      | 226 | <p>Subject to the provisions of the Act and these Articles, notice of General Meeting shall be given :</p> <p>(i) to members of the Company in any manner authorized by Article 222 or 223 as the may be or as authorised by the Act;</p> <p>(ii) to the persons entitle to a share in consequence of the death or insolvency of a member as provided by Article 225 or as authorised by the Act;</p> <p>(iii) to the Auditor or Auditors for the time being of the Company, in any manner authorised by Article 222 or of the Act as in the case of any member or members of the company.</p>                                                                                                                  |
| When notice may be given by advertisement           | 227 | Any notice required to be given by the Company to the members or any of them and not expressly provided for by these presents shall be sufficiently given if given by advertisement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| How to be advertised                                | 228 | Any notice required to be or which may be given by advertisement shall be advertised once in one or more daily newspapers circulating in the neighborhood of the office.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| When notice by advertisement deemed to be serviced  | 229 | Any notice by advertisement shall be deemed to have been given on the day on which the advertisement shall first appear.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Days of service                                     | 230 | Where a given number of day's notice or notices extending over any other period is required to be given in computing such number of days or other period the day on which service is made or deemed to have been made, whichever is earlier, shall be excluded but the day of which notice is given shall be included.                                                                                                                                                                                                                                                                                                                                                                                          |
| Members bound by document given to previous holders | 231 | Every person, who by operation of law, transfer, or other means whatsoever shall become entitled to any share, shall be bound by every document in respect of such share which previously to his name and address being entered on the Register shall have been duly served on or sent to person from who he derives his title to such share.                                                                                                                                                                                                                                                                                                                                                                   |
| Notice valid though member is deceased              | 232 | Any notice or document delivered or sent by post to or left at the Registered address of any member in pursuance of these presents shall, notwithstanding such member be than deceased and whether or not the company have notice of his death, be deemed to have been duly served in respect of any registered shares, whether held solely or jointly with other person by such member, until some other person be registered in his stead as the holder or joint-holder thereof, such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his heirs, executors, or administrator and all persons if any, jointly interested with him by such share. |
| Service of documents on Company                     | 233 | A document may be served on the Company or an officer thereof by sending it to the company or at the Registered Office of the Company by post under certificate of posting or registered post or by leaving it at the                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

Registered Office.

Service of documents on Registrar 234 A document may be served on a Registrar by sending it to him at his office by post under certificate of posting or by registered post or by delivering it to or leaving it for him at his office.

How notice to be signed 235 Any notice to be given by the Company shall be signed by the Managing Director or by such Director or Officer or Secretary of the Company as the Directors may appoint. The signature to any notice to be given by the Company may be written or printed or lithographed.

#### **WINDING UP**

Distribution of assets 236 If the Company shall be wound up, and the assets available for distribution among the members of winding up shall if not sufficient to repay the whole of the paid-up capital be distributed so that as nearly as may be, the losses shall be borne by the members in proportion to the capital paid-up or which ought to have been paid-up, at the commencement of the winding up, on the shares held by them respectively. And if such assets shall be more than sufficient to repay the whole paid-up capital, the excess shall be distributed among the members in like proportion. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

Distribution of assets in specie by special Resolution and vesting trustees for contributories 237 (i) Subject to the provisions of the Act, if the Company shall be wound up whether voluntarily or otherwise, the Liquidator may with the sanction of a Special Resolution divide amongst the contributories in specie or kind, any part of the assets of the Company and, may with the like sanction vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories or any of them, as Liquidators with the like sanction shall think fit.

Division other than as per legal rights (ii) if thought expedient any such division may be otherwise than in accordance with the legal rights of the contributories (Except where unalterably fixed by the Memorandum of Association) and in particular any class may be given preferential or special rights or may be excluded altogether or in part. But in case any division otherwise than in accordance with the legal rights of the contributories shall be determined, any contributory who would be prejudiced thereby shall have right to dissent and ancillary rights as if such determination were a Special Resolution passed pursuant to Section 494 of the Act.

Division of partly paid shares (iii) If in any case, any shares to be divided as aforesaid involve a liability to calls or otherwise, any persons entitled under such division to any of the said shares, may within seven days after the passing of the Special Resolution 5y notice in writing direct the Liquidators to sell his proportion and pay him the net proceeds and the Liquidator shall, if practicable act accordingly.

Rights of shareholder in case of sale 238 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 among the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subjects to the rights conferred by the said Section.

#### **RECONSTRUCTION**



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| Reconstruction | 239 | The Board on any sale or transfer of the whole or any portion of an undertaking of the Company or the liquidator on a winding up may, it authorised by a special resolution, accept fully paid or partly paid-up shares, debentures or securities of any other company, whether incorporated in India or not, either existing or to be formed, for the purchase in whole or in part of the property of the Company, and the Board (if the profits of the Company permit or the liquidator on a winding up), may distribute such shares or securities without realisation or vest the same in trustees for them and any special resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefit or property otherwise than in accordance with the strict legal right of the members of contributories of the Company and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall subject to the provisions of Section 395 of the Act, be bound to accept and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto, save only such statutory rights, if any, under Section 494 of the Act as are incapable of being varied or excluded by these Articles in case the Company is proposed to be or is in course of being wound up. |
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#### **INDEMNITY AND RESPONSIBILITY**

- 240 Subject to the provisions of Section 201 of the Act, every Director, Managing Director, Joint Managing Director, Manager, Whole time Director, Secretary, Auditor and other officer or employee of the Company shall be indemnified by the Company out of the funds of the company to pay all costs, losses including travelling expenses against any liability incurred by them or him in defending any proceeding whether civil or criminal in which judgement is given in their or his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is granted to him or them by the Court.
- 241 Subject to Section 201 and other provision of the Act, no Director of the Company shall be liable for the act, receipts, neglects or default of any other Director or other Officer of the Company or for joining in any receipt or other act for the sake of conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for and on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damages arising from the bankruptcy, insolvency, or tortuous act of any person with whom and moneys, securities or effects shall be deposited or for any loss, occasion by any error of Judgement or oversight on his part or for any other loss, damage or misfortune which shall happen in the execution of the duties of his office or in relation thereto unless the same happens through his own negligence or dishonesty.

#### **SECRECY**

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| Secrecy Clause | 242 | Every Director, Manager, Secretary, Accountant, Auditor, Trustee, Member of a committee, Officer Servant, Agent or other person employed in or dealing with the affairs of the Company shall observe strict secrecy respecting all its affairs including transaction with its Customers and the state of accounts with any person and shall not reveal any of the matters which may come to his knowledge in the discharge of his duties, except when required so to do by the Board or by a Court of Law or as be necessary in order to comply with any of the provisions contained in the Articles or the Act |
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- (i)
- (ii) No member shall be entitled to require disclosure of any information respecting any of the Company's affairs save and except as required to be

furnished by the Company to the members under the Act or considered expedient by the Board in the absolute discretion of the Directors.

- (iii) No member shall be entitled to visit or inspect the Company's works without the permission of the Directors 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 a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company and which, in the opinion of the Directors, it will be inexpedient in the interest of the members of the Company to communicate to the public.

#### **ARBITRATION**

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| Arbitration<br>clause | 243 | <ul style="list-style-type: none"><li>(i) Whenever any differences arise between the company on the one hand and any of the members, their executors, administrators or assigns on the other hand touching the true indent or construction of the incident or consequences of these presents, or of the statutes or enactments of the legislature or touching anything then or thereafter done, executed omitted, or suffered in pursuance of these presents or of the statutes or enactments, or touching any breach or alleged breach or otherwise relating to these presents, or to the statute or to any of the affairs of the officers of the company, every such difference shall be referred to the arbitration of two arbitrators, one appointed by each party, or in the event of the disagreement of the arbitrators, to that of an umpire appointed by them (i.e. arbitrators) before entering on the reference or to the arbitration of a single arbitrator if the parties to the difference agree to such reference. Such arbitration shall be under the provisions of Arbitration Act.</li><li>(ii) If either party to the difference makes default in appointing the arbitrator for fifteen days after the other party has given him notice to appoint the same, such other party may appoint an arbitrator to act in the place of the arbitrator of the defaulting party.</li><li>(iii) The cost of, or incidental to any such reference and award shall be in the discretion of the arbitrator, arbitrators or umpire as the case may be who may determine the amount thereof, and may award by whom, and in what manner the same shall be borne and paid.</li></ul> |
|-----------------------|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

#### **GENERAL**

- |                      |     |                                                                                                                                                     |
|----------------------|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| Knowledge<br>implied | 244 | Each member of the company, present or future is to be deemed to have joined the company with full knowledge of all the contents of these presents. |
|----------------------|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------|

## **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 entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which will be attached to the copy of the Prospectus, delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the corporate office of our Company situated at 13<sup>th</sup> Floor, Gopal Das Bhavan, Barakhamba Road, Connaught Place, New Delhi-110 001, India from 11.00 hours to 15.00 hours on any working day, excluding Saturday and Sunday from the date of this Prospectus until the Bid/Offer closing date.

#### **Material Contracts**

1. Copy of the Memorandum of Understanding dated June 29, 2007 between our Company and the BRLMs.
2. Memorandum of Understanding dated June 4, 2007 signed with Intime Spectrum Registry Limited, appointing them as Registrars to the Issue.
3. The Escrow Agreement dated December 12, 2007 among our Company, the BRLMs, Escrow collection Bank and the Registrar to the Issue.
4. The Syndicate Agreement dated December 15, 2007 among our Company, the BRLMs and Syndicate Members.
5. The Underwriting Agreement dated December 27, 2007 among us, the BRLMs and Syndicate Members.
6. Tripartite Agreement dated July 27, 2007 between our Company, Intime Spectrum Registry Limited and NSDL.
7. Tripartite Agreement dated July 13, 2007 between our Company, Intime Spectrum Registry Limited and CDSL.

#### **Documents for Inspection**

1. The Memorandum and Articles of Association as amended from time to time.
2. Our Certificate of Incorporation dated October 18, 1995 and the Certificate of Commencement of Business dated 1<sup>st</sup> November, 1995 issued by the Registrar of Companies, Delhi & Haryana.
3. Certified true copy of Shareholders Resolution passed under Section 81 (1A) of the Act, at the Extra Ordinary General Meeting of our Company held on December 26, 2006.
4. Certified true copy of the Board resolution dated 30<sup>th</sup> November, 2006 in relation to this Issue and other related matters.
5. Report of the Auditors dated 29<sup>th</sup> October 2007 being Dharam Taneja Associates, Chartered Accountants, on restated unconsolidated Financial Statements for five years ended March 31, 2007, 2006, 2005, 2004, 2003 and quarter ended 30<sup>th</sup> June 2007 prepared as per the Companies Act and restated as per the SEBI Guidelines and mentioned in this Prospectus.
6. Copies of our Annual Reports for the Past five Financial Years.

7. Consents of the Auditors being Dharam Taneja Associates Chartered Accountants, for the inclusion of their report on accounts in the form and context in which they appear in this Prospectus.
8. Consents of Auditors, Bankers to the Company, BRLMs, Syndicate Members, Registrar to the Issue, Escrow Collection Bank, Banker to the Issue, Legal Advisor, Underwriters, the Directors, Company Secretary and the Compliance Officer, to act in their respective capacities.
9. Certificate dated from the statutory auditors, Dharam Taneja Associates, Chartered Accountants, detailing the tax benefits.
10. Copy of the Certificate from the statutory auditors, Dharam Taneja Associates, Chartered Accountants, dated 29<sup>th</sup> October, 2007 regarding the sources and deployment of funds as on 15<sup>th</sup> October, 2007.
11. Copy of the Statutory Auditors Certificate dated Dharam Taneja Associates, Chartered Accountants regarding the Capacity and Capacity Utilization for the past 3 years.
12. Copy of in-principle listing approval dated August 8, 2007 and September 7, 2007 from the BSE and NSE respectively.
13. Due Diligence Certificates dated July 7, 2007 from UTI Securities Limited and NEXGEN Capitals Limited to SEBI.
14. SEBI observation letter dated October 11, 2007 bearing no. CFD/DIL/ISSUES/NB/EB/105913 /2007.
15. Certificate from the Company Secretary and Compliance Officer that all observations/changes/modifications as suggested by SEBI vide their observation letter no. CFD/DIL/ISSUES/NB/EB/105913 /2007 dated October 11, 2007.
16. Manufacturing Agreement with Power and Data Corporation Pty Ltd, Australia.
17. Requirements Agreement with Construction Specialities International Inc., USA.
18. Technical Collaboration and License Agreement with Tokai Kogyo Co. Ltd, Japan.
19. Tooling Supply Agreement with Honda SIELCars India Ltd.
20. Purchase Agreement with Toyota Kirloskar Motor Pvt. Ltd.
21. Consignment Agreement with General Motors India Pvt. Ltd
22. Basic Purchase Agreement with Maruti Udyog Limited.
23. Basic Purchase Agreement with M/s. Araco Automotive India Pvt. Ltd.
24. Automotive Parts Licensing Agreement with Nissen Chemitec Corporation
25. Agreements for purchase of Cars with Maruti Udyog Limited
26. IPO Grading report dated 4<sup>th</sup> September, 2007 by CRISIL Limited.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the

shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

## DECLARATION

We, hereby declare that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the government or the guidelines issued by the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956 or the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all statements in this Prospectus are true and correct.

### SIGNED BY THE DIRECTORS

Mr. Devendra Chandra Jain

*Devendra Chandra Jain*

Mr. Sharat Chand Jain

*Sharat Chand Jain*

Mr. Ajay Kumar Jain

*Ajay Kumar Jain*

Mr. Kaushal Kumar Mathur

*Kaushal Kumar Mathur*

Mr. Brij Bihari Tandon

*Brij Bihari Tandon*

Mr. Satish Lal Tandon

*Satish Lal Tandon*

Mr. Surender Kumar Tuteja

*Surender Kumar Tuteja*

Mr. Vinod Vaish

*Vinod Vaish*

Mr. Sudarshan Kumar Duggal

*Sudarshan Kumar Duggal*

Mr. Rajeev Jain

*Rajeev Jain*

Mr. Anuj Jain

*Anuj Jain*

Mr. Abhishek Jain

*Abhishek Jain*

### SIGNED BY THE CHIEF FINANCIAL OFFICER

Mr. Dinesh Gupta

*Dinesh Gupta*

### SIGNED BY THE COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Rama Kant

*Rama Kant*

Date : 28/12/2007

Place : Delhi