



**Draft Prospectus Dated [●]
(To be updated upon filing with RoC)**

SOMI CONVEYOR BELTINGS LIMITED

(Our Company was incorporated on 16th June, 2000 as Omi Conveyor Beltings Limited under the Companies Act, 1956, with the Registrar of Companies, Rajasthan at Jaipur and subsequently, the name of the Company was changed to Somi Conveyor Beltings Limited w.e.f. 31st October, 2000.)

Registered Office: 4F-15, "Oliver House", New Power House Road, Jodhpur - 342 001

Tel.: +91 - 291- 2610472, 2637564/5 ; **Fax:** +91 - 291 - 2432307

Website: www.somiconveyor.com, **E-Mail:** ipo@somiconveyor.com

Contact Person: Mr. Amit Baxi, Company Secretary & Compliance Officer **E-Mail:** compliance@somiconveyor.com

ISSUE OF 62,27,860 EQUITY SHARES OF RS. 10/- EACH AT A PRICE OF RS. 35/- PER EQUITY SHARE (INCLUDING A PREMIUM OF RS. 25 PER EQUITY SHARE) OF SOMI CONVEYOR BELTINGS LIMITED FOR CASH AGGREGATING TO RS. 2179.75 LAKHS ("ISSUE"). THE ISSUE COMPRISES A CONTRIBUTION BY PROMOTERS, OF 14,99,286 EQUITY SHARES OF RS. 10/- EACH AT A PRICE OF RS. 35/- PER EQUITY SHARE FOR CASH AGGREGATING TO RS. 524.75 LAKHS ("PROMOTER'S CONTRIBUTION PORTION"), AND THE NET ISSUE TO THE PUBLIC OF 47,28,574 EQUITY SHARES OF RS. 10/- EACH AT A PRICE OF RS. 35/- PER EQUITY SHARE FOR CASH AGGREGATING TO RS. 1655.00 LAKHS ("NET ISSUE TO PUBLIC") INCLUDING AN ALLOCATION OF ATLEAST 10% OF THE NET ISSUE TO THE PUBLIC TO QUALIFIED INSTITUTIONAL BUYERS ("QIB PORTION"). THE NET ISSUE TO THE PUBLIC WOULD CONSTITUTE 40% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY. THE ISSUE PRICE IS 3.5 TIMES OF THE FACE VALUE OF THE EQUITY SHARE.

The Issue is being made in terms of clause 2.2.2 (a) (ii) & (b) (i) of SEBI (DIP) Guidelines, 2000, wherein the "Project" has at least 15% participation by Financial Institutions/Scheduled Commercial Banks, of which atleast 10% comes from the Appraiser(s). In addition to this, at least 10% of the Issue size shall be allotted to QIBs, failing which, the full subscription money shall be refunded. In case of delay, if any in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

RISK IN RELATION TO FIRST ISSUE

This being the first public issue of the Equity Shares of Somi Conveyor Beltings Limited ("the Company"), there has been no formal market for the Equity Shares of the Company. The Face value of the Equity Share is Rs.10/- per share and the Issue Price is 3.5 times of the face value. The Issue price (as has been determined and justified by the Lead Merchant Banker and the Issuer Company as stated under "Basis for Issue Price" on page no. 58 of the Draft Prospectus) 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 active or sustained trading in the shares of Somi Conveyor Beltings Limited or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue, unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI), nor does SEBI guarantee the accuracy or adequacy of this Draft Prospectus. **Specific attention of the investors is invited to the section titled 'Risk Factors' beginning on page no.8 of this Draft Prospectus.**

IPO GRADING

The Company has appointed CARE for IPO Grading and CARE has assigned 'CARE IPO Grade 2' to its proposed Initial Public Offer (IPO) vide their letter dated 25th September, 2007. Please refer page no..23 of this Draft Prospectus for the rationale furnished by the CARE.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

The Equity Shares offered through this Draft Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE), the Designated Stock Exchange. The in-principle approval of BSE for the listing of its Equity Shares has been received pursuant to letter dated [●].

LEAD MANAGER TO THE ISSUE		REGISTRAR TO THE ISSUE	
 <i>Growing & Sharing with You</i>	ASHIKA CAPITAL LIMITED 1008, Raheja Centre, 214, Nariman Point, Mumbai-400 021. Tel : +91 - 22 - 66111700; Fax: +91 - 22 - 66111710 Email: mbd@ashikagroup.com Website: www.ashikadirect.com SEBI Regn. No: INM 00010536		MONDKAR COMPUTERS PVT LIMITED 21, Shakil Niwas, Opp. Satya Sai Baba Temple, Mahakali Caves Road, Andheri (East), Mumbai - 400 093. Tel: +91- 22- 28257641, 28366620 Fax: +91 22- 28262920 Email: somi_ipo@mondkarcomputers.com Website: www. mondkarcomputers.com SEBI Regn. No: INR 000000114
	ISSUE SCHEDULE		
ISSUE OPENS ON		ISSUE CLOSES ON	
[●]		[●]	

INDEX

SECTION	CONTENTS	PAGE. NO.
I	GENERAL.....	3
	DEFINITIONS, ABBREVIATIONS & TECHNICAL TERMS.....	3
II	RISK FACTORS.....	6
	1. PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA	6
	2. FORWARD LOOKING STATEMENTS.....	7
	3. RISK FACTORS.....	8
III	INTRODUCTION.....	16
	1. SUMMARY.....	16
	2. THE ISSUE.....	18
	3. SUMMARY OF FINANCIAL/OPERATING DATA.....	19
	4. GENERAL INFORMATION.....	21
	5. CAPITAL STRUCTURE OF THE COMPANY.....	25
	6. OBJECTS OF THE ISSUE	38
	7. BASIC TERMS OF THE ISSUE.....	57
	8. BASIS FOR ISSUE PRICE.....	58
	9. STATEMENT OF TAX BENEFITS	60
IV	ABOUT THE COMPANY.....	65
	1. INDUSTRY OVERVIEW	65
	2. OUR BUSINESS.....	67
	3. REGULATIONS AND POLICIES.....	81
	4. HISTORY AND CERTAIN CORPORATE MATTERS.....	83
	5. OUR MANAGEMENT.....	85
	6. OUR PROMOTERS... ..	92
	7. INFORMATION ON THE PROMOTER GROUP COMPANIES.....	92
	8. CURRENCY OF PRESENTATION	93
	9. RELATED PARTY TRANSACTIONS.....	93
	10. DIVIDEND POLICY.....	94
V	FINANCIAL INFORMATION OF THE COMPANY.....	94
	1. FINANCIAL STATEMENTS OF THE COMPANY.....	95
	2. FINANCIAL INFORMATION OF GROUP COMPANIES.....	
	3. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS.....	111
VI	LEGAL AND OTHER INFORMATION.....	117
	1. OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS.....	117
	2. GOVERNMENT APPROVALS/LICENSING ARRANGEMENTS.....	119
VII	OTHER REGULATORY AND STATUTORY DISCLOSURES.....	121
VIII	ISSUE RELATED INFORMATION.....	128
	1. TERMS OF THE ISSUE.....	128
	2. ISSUE PROCEDURE.....	130
IX	MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION.....	140
X	MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION.....	150
XI	DECLARATION.....	152

I. GENERAL

DEFINITIONS, ABBREVIATIONS AND TECHNICAL TERMS

CONVENTIONAL/GENERAL TERMS

Term	Description
Articles/Articles of Association/AoA	The Articles/Articles of Association of Somi Conveyor Beltings Limited
Board of Directors	Board of Directors of the Company
Companies Act / Act	The Companies Act, 1956
DP	Depository Participant
FEMA	Foreign Exchange Management Act, 1999, as amended, and the Regulations framed there under.
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations 1995) registered with SEBI under the applicable laws in India
Financial Year/Fiscal/FY	Period of twelve months ended March 31 st of that particular year, unless stated otherwise
Government/GoI	The Government of India
I.T. Act	The Income Tax Act, 1961
Memorandum/MoA	Memorandum of Association of the Company
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.
SEBI	The Securities and Exchange Board of India, constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended.
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, including instructions, clarifications, press releases, circulars etc. issued by SEBI from time to time

ISSUE RELATED TERMS AND ABBREVIATIONS

Applicant	Any prospective investor who makes an application for shares in terms of the prospectus.
Application Form	The form in terms of which the investors shall apply for the equity shares of the Company
Auditors	The Statutory Auditors of the company i.e. M/s. P. Singhvi & Associates.
Bankers to the Issue	The Bankers with whom the escrow account for the Issue shall be opened.
Designated Stock Exchange	Bombay Stock Exchange Limited
Equity Shares	Equity Shares of the Company of face value Rs. 10 each, unless otherwise specified in the context thereof
Fresh Issue / Issue / Public Issue / Offer	Issue of 62,27,860 equity shares of Rs. 10/- each at a price of Rs. 35/- per equity share (including a premium of Rs.25 per equity share) of Somi Conveyor Beltings Limited for cash aggregating to Rs. 2179.75 Lakhs ("Issue"). The Issue comprises a contribution by promoters, of 14,99,286 equity shares of Rs. 10/- each at a price of Rs. 35/- per equity share for cash aggregating to Rs. 524.75 Lakhs ("Promoter's Contribution Portion") and the Net Issue to the public of 47,28,574 equity shares of Rs.10/- each at a price of Rs. 35/- per equity share for cash aggregating to Rs. 1655.00 Lakhs ("Net Issue To Public") including an allocation of atleast 10% of the Net Issue to the Public to Qualified Institutional Buyers ("QIB Portion"). The Net Issue to the public would constitute 40% of the fully diluted post issue paid up capital of the Company. The Issue Price is 3.5 times of the face value of the equity share.
Issue Opening Date	The date on which the issue opens for subscription from the public
Issue Closing Date	The date on which the issue closes for subscription from the public

Prospectus	The Prospectus filed with the RoC
Promoters	Mr. Om Prakash Bhansali, Mr. Vimal Bhansali and Mr. Gaurav Bhansali
Public Issue Account	In accordance with Section 73 of the Companies Act, 1956, an account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date.
Registrar/Registrar to the Issue	Registrar to the Issue, in this case being Mondkar Computers Private Limited
Stock Exchange/Designated Stock Exchange	Bombay Stock Exchange Limited.
Auditors	The Statutory Auditors of the Company ie. M/s. P. Singhvi & Associates.
Board/ Board of Directors	Board of Directors of Somi Conveyor Beltings Limited or a committee thereof
Directors	Director(s) of the Company unless otherwise specified
Company / SCBL / Our Company / The Issuer	Somi Conveyor Beltings Limited
Equity Shares	Equity Shares of the Company of Rs. 10/- each, unless otherwise specified in the context thereof.
Equity Shareholders	Persons holding Equity Shares of the Company, unless otherwise specified in the context thereof.
Face Value	Value of paid up equity capital per Equity Share, in this case being Rs. 10/- each
Registered Office of the Company	4F-15, "Oliver House", Near Bank of India, New Power House Road, Jodhpur-342 001
ROC	Registrar of Companies, Rajasthan situated at 132, Vijay Nagar, Kartarpura, Near Kartarpura Railway Crossing, Jaipur - 302 006.
"SCBL", "the Company", "our Company", "we" or "us"	Unless the context otherwise requires, refers to Somi Conveyor Beltings Limited having its Registered Office at 4F-15, "Oliver House", New Power House Road, Jodhpur 342 001.

ABBREVIATIONS

BSE	Bombay Stock Exchange Limited
A/c	Account
CDSL	Central Depository Services (India) Limited
CARE	Credit Analysis & Research Limited
D & B	Dun & Bradstreet
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e. profit after tax divided by outstanding number of Equity Shares.
EM Tyres	Earth Moving Tyres
FEMA	Foreign Exchange Management Act, 1999
FII(s)	Foreign Institutional Investors registered with SEBI
FY/Fiscal	Financial year ending March 31 st each year
HUF	Hindu Undivided Family
IPO	Initial Public Offer
JVVNL	Jodhpur Vidyut Vitran Nigam Limited
INR	Indian Rupee
NAV	Net Asset Value
NOC	No Objection Certificate
NRIs	Non-Resident Indians

NSDL	National Securities Depository Limited
P/E Ratio	Price/Earning Ratio
PAN	Permanent Account Number
RBI	The Reserve Bank of India
RIICO	Rajasthan Industrial Investment Corporation
RoC	Registrar of Companies, Rajasthan, Jaipur
RONW	Return on Net Worth
GAAP	Generally Accepted Accounting Principles
SSI	Small Scale Industries
Sec	Section
SIA	Secretariat for Industrial Assistance
Country	India

TECHNICAL GLOSSARY

Conveyor Belts	Conveyor belt is a solid band, made from one or more tough, long-lasting substances, upon which many different materials are conveyed. Conveyor belts are made from a variety of materials, ranging from rubber compounds and leather to urethane and PVC to wire mesh composed of assorted metals, including stainless steel and carbon steel.
Conveyor System	Conveyor system is a mechanical system installed for transportation and handling of materials.
FR	Fire Resistant
Tiger M-27	Rubber Conveyor Belt of super high tensile strength, which is superior in abrasion & cut resistance, mainly used in handling highly abrasive materials.
HR	Heat Resistant
KVA	Kilo Volt Amperes
MPA	Meters Per Annum
M-24	Rubber Conveyor Belt of high tensile strength, which is superior in abrasion & cut resistance, mainly used in handling high abrasive materials.
Rubber Conveyor Belts	Rubber Conveyor Belts are conveyor belts manufactured by using rubber, rubber chemicals and various kinds of fabric and steel wire mesh.
PHED	Public Health and Environment Department of the Government of Rajasthan
RFL	Resaval Formaldehyde Latex
SHR	Super Heat Resistant
SEHR-36, SEHR-72	Super Extra Heat Resistance
SEFR-81	Super Extra Fire Resistance
SOMIFLEX	Company's Product Brand Name
UHR	Ultra Heat Resistant
Unit – I	Factory situated at Sangaria Industrial Area, Jodhpur having an installed capacity of 167660 MPA for manufacturing rubber conveyer belts measuring upto 1200 mm width.
Unit – II \Project\New Unit	Setting up new unit with an installed capacity of 172080 MPA for manufacturing rubber conveyer belts of 2000 mm width at Village Tanawara, Jodhpur, Rajasthan.



II. RISK FACTORS

1. PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

In the Draft prospectus, unless the context otherwise requires, the terms Somi Conveyor Beltings Limited/ SCBL / Somi/Our Company means Somi Conveyor Beltings Limited, a company registered under the Companies Act, 1956 having its registered office at 4F-15, “Oliver House”, Near Bank of India, New Power House Road, Jodhpur -342 001.

Unless stated otherwise, the financial information used in this Draft Prospectus is derived from the Company’s restated financial statements as of and for the years ended March 31, 2003, 2004, 2005, 2006 and 2007 prepared in accordance with Indian GAAP and the Companies Act, 1956 and restated in accordance with SEBI Guidelines, as stated in the report of the Company’s Statutory Auditors, M/s. Singhvi & Associates, Chartered Accountants, included in this Draft Prospectus.

Our fiscal year commences on April 1 and ends on March 31. In this Draft Prospectus, any discrepancies, in any table between the total and the sums of the amounts listed are due to rounding-off.

The degree to which the Indian GAAP financial statements included in this Draft Prospectus will provide meaningful information, is entirely dependent on the reader’s level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Prospectus should accordingly be limited.

For additional definitions, see the section titled ‘Definitions and Abbreviations’ on page 3 of this Draft Prospectus. In the section titled ‘Main Provisions of Articles of Association of the Company’ beginning on page 140 of this Draft Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company.

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

All references to “India” contained in this Draft Prospectus are to the Republic of India, all references to the “US” or the “U.S.” or the “USA”, or the “United States” are to the United States of America and all references to “UK” are to the United Kingdom.

Currency of Presentation

All references to “Rupees” or “Rs.” or “INR” are to Indian Rupees, the official currency of the Republic of India.

2. FORWARD-LOOKING STATEMENTS

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

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

- General economic and business conditions in the markets in which the Company operates and in the local, regional and national economies;
- Changes in laws and regulations relating to the industry in which the Company operate;
- Price of raw materials the Company consumes and the products that the Company produces;
- Increased competition in this industry;
- Company’s ability to successfully implement its 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;
- Company’s ability to meet its capital expenditure requirements;
- Fluctuations in operating costs;
- Company’s ability to attract and retain qualified personnel;
- Changes in technology;
- The loss or shutdown of operations of the Company at any times due to strike or labour unrest;
- Changes in political and social conditions in India or in countries that the Company 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;
- The performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which the Company is or may be involved.

3. RISK FACTORS

An investment in equity shares involves a high degree of risk. Prospective investors, before making an investment decision should carefully consider all the information in this Draft Prospectus, including the risks described below, in addition to the other information contained in this Draft Prospectus. If any of the following risks actually occur, the Company's business, results of operations and financial condition could suffer, the trading price of the Company's Equity Shares could decline, and the investor may lose all or part of his investment.

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

Materiality:

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

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

The risk factors are as envisaged by the management along with the proposals to address the risk, if any. Wherever possible, the financial impact of the risk factors has been quantified.

A. INTERNAL RISK FACTORS

1. Risk arising out of Outstanding Litigations against our Company

Under the Factories Act, 1948

A complaint has been filed by the Government of Rajasthan through its Inspector of Factories and Boilers against Mr. Om Prakash Bhansali, Managing Director of the Company in the Court of Additional Civil Judge and Judicial Magistrate (First Class), Jodhpur (No. 731/03) alleging that Mr. Om Prakash Bhansali has not obtained requisite licenses pertaining to the maps of the Company's factory from the Chief Inspector, Factories and Boilers thereby violating Section 6 of the Factories Act and Rule 3A of Rajasthan Factory Rules, 1951. Mr. Om Prakash Bhansali has made an application for discharge from the complaint stating that he has not committed any violation. Section 92 of Factories Act provides for punishment with imprisonment or fine or with both for any contravention of this Act or of any rules made thereunder. The matter shall come up for hearing on October 10, 2007.

Under the Income Tax Act, 1961

Survey proceedings were conducted by the office of Assistant Commissioner of Income Tax, Circle-1, Jodhpur on September 21, 2006 against Mr. Om Prakash Bhansali, Managing Director of the Company including a survey at the office premises of the Company. Mr. Om Prakash Bhansali declared an undisclosed income of Rs. 2,65,00,356 in his personal capacity to the Income Tax authorities. Mr. Om Prakash Bhansali has paid tax on undisclosed income aggregating to Rs.88,00,000 and filed his income tax returns with the Department.

Under Companies Act, 1956

Our Company has allotted shares to more than 50 applicants on each occasion on 31st March, 2001, 28th February, 2002 and 28th March, 2006 thereby violating the provisions of Section 67(3) of Companies Act, 1956. The Company has filed the Return of Allotments for the said allotments, with the Registrar of Companies, Rajasthan and the same were duly registered. The Company has filed a petition on November 7, 2007 for compounding of Offence under Section 621A of Companies Act, 1956.

2. Our Company has entered into an agreement to purchase Land and Building owned by the Promoter Mr. Om Prakash Bhansali for which payment shall be made from the proceeds of the Issue. The Sale Deed for the purchase of this land and building is yet to be executed.

Our Company has entered into an Agreement for Sale dated 7th November, 2006 for the purchase of the Land and Building, presently being used as the registered office premises of the Company i.e. 4F-15, "Oliver House", New Power House Road, Jodhpur-342 001. The land on which the building is situated admeasures 305 square yards (equivalent to 2747 sq. ft.). The

four storey building along with basement constructed on the above plot is admeasuring 7,500 sq. ft. The purchase consideration agreed to be paid by our Company is Rs. 259.00 Lakhs. As per the terms of the agreement ninety percent (90%) of the purchase consideration amounting to Rs. 233.00 Lakhs was to be paid by the Company within 6 months of execution of Agreement and balance amount of Rs. 25.90 Lakhs is required to be paid within 90 days from the execution of the sale deed. The date for execution of the Sale Deed has been extended by a supplementary agreement dated September 15, 2007. The Company shall be paying the above purchase consideration of Rs. 259.00 Lakhs from the proceeds of the Issue and execute the sale deed with the Promoters. The Company is already in possession of the above Land and Building.

3. *We have been assigned CARE IPO Grade 2 for our proposed IPO*

The Company had appointed Credit Analysis and Research Limited (CARE), a premier credit rating institution for IPO Grading. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the Issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the Issuer. CARE has assigned an "IPO Grade 2" to the proposed Initial Public Offering of the Company which indicates "Below Average Fundamentals".

CARE has commented on our Company's grading as follows –

"The Grading reflects SCBL's relatively short track record of operations, relatively large size of proposed expansion project, as compared to existing level of operations and modest corporate governance practices. It also takes into account SCBL's profitable track record, experience of the promoter in the same line of business, good customer base and financial position characterized by low gearing level."

CARE's IPO Grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities.

4. *Restrictive covenants by the Appraising bank*

The Company has been sanctioned cash credit facility and term loan to the extent of Rs.500.00Lakhs and Rs. 350.00 Lakhs respectively by Punjab National Bank. The sanction letter issued by the said bank contains several restrictive covenants, some of which operate on a day to day basis and the others which operate on any default by the Company in meeting the repayment obligations or not complying with terms and conditions applicable to the said credit facilities.

These covenants require our Company to obtain the bank's permission in writing for undertaking certain activities and those which operate on default are restrictive and can affect the operations and future plans. The other main terms and conditions of the sanction letter of Punjab National Bank are as follows:

- Escalation in costs/ cost over run in the project, if any shall be met from the own sources of the Promoters.
- Mortgage/hypothecation of security/ asset to secure the Term Loan provided by PNB.
- Penal interest @ 2% over and above the normal rate will be recovered from the company for amount/period of default.

5. *There is a delay of 6 months in implementation of the Project, which can lead to escalation in cost of the project and may also have an adverse impact on the profitability of the Company.*

As per initial estimation, commercial production in the new factory was proposed to commence by September, 2007 which has now been revised to March, 2008. Any further delay may result in further costs and may adversely affect revenues and profitability of the Company.

- 6. Our Company has revalued its assets during the year 2006 and there is an increase in the reserves of our Company to the extent of Rs. 386.94 Lakhs on this account.**

The details of revaluation as follows:

In the year 2005-06, company has re-valued its land to reflect the fair market value whose details are as under:

Location	Date of Acquisition	Cost of Acquisition (Rs. in Lakhs)	Date of Valuation	Re-Valued Amount (Rs. in Lakhs)
Industrial Land at Sangaria, Jodhpur (Plot No.463 to 466)	January 3 , 2001 November 20 , 2003	8.62	February 16 , 2006	75.56
Industrial Land at K.No.58 & 58/5, Gram Tanawara Tehsil Luni, Jodhpur	March 25 , 2005	35.00	February 15 , 2006	355.00

- 7. Our Company has applied for registration of its product trade marks.**

The Company has filed applications with the Trade Marks Registry, Ahmedabad for registration of its product brand name “**SOMIFLEX**”, “**SEFR-81**”, “**SEHR-36**”, and “**TIGER-M-27**” in March 2007. In view of pending registration, our trademarks are vulnerable to unauthorized use by our competitors or potential competitors. Inability to protect our proprietary intellectual properties, may adversely affect our business and results of operations.

- 8. One of the objects of this Issue includes the completion and commissioning of our new factory at Jodhpur. We require certain registrations and licenses from the State Government and other regulatory authorities for the purpose of this factory. Any objection, rejection or delay in procuring these licenses may adversely affect the plans of our Company.**

In respect of the proposed manufacturing facility at Jodhpur, our Company has obtained certain approvals and licenses for the new factory. However, the following licenses and approvals are yet to be received from the respective authorities:

- ✓ Factory license for the new factory
- ✓ License from Rubber Board for enhanced procurement of natural rubber over the licensed limit of 500 tons.
- ✓ Final sanction for power from JVVNL.
- ✓ Water connection from PHED.

For more details on the registrations and approvals obtained, please the Section on “Government Approvals” see page 119 of this Draft Prospectus.

- 9. Our Promoters and Promoter Group will continue to retain majority control in our Company after this Issue.**

Prior to the Issue, our Promoters and Promoter Group owned eighty five percent (85.20%) of our equity share capital. Following this Issue, our Promoters will own approximately 53% of our post-Issue equity share capital. Accordingly, our Promoters will continue to have control over our business including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election, termination or appointment of our officers and directors. This control could delay, defer, or prevent a change in control in our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage potential acquirers from making an offer or otherwise attempting to obtain control over our Company even if it is in its best interest. Our Promoters may also influence our material policies in a matter that could conflict with the interests of our other shareholders.

10. Any further issue of Equity Shares by Our Company in future may dilute your holding in the Company.

To fund the future growth plans of our Company, we may be required to raise further capital by way of issuance of Equity Shares or convertible instruments in domestic or overseas market. Such further issuance of equity shares or convertibles could dilute your shareholding in our Company. Further, perception of such further issues may also affect the trading price of our Equity Shares.

11. Our Company is promoted by first generation entrepreneurs and the investors will be subject to all consequential risk associated with such ventures.

Our Promoters and management include persons who are first generation entrepreneurs and are new in carrying out business on a large scale. Pursuant to the Issue, our Promoters and management are required to comply with various statutory and regulatory filings and disclosures which expose them to risks which may lead to penal and other consequences.

12. The business of our Company is dependent on the manufacturing facilities at Jodhpur which are subject to operating risks, such as shortage of power supply, raw materials and government policies which may have a material adverse effect on our Company's operations.

The manufacturing facilities at Jodhpur are subject to operating risks, such as the breakdown of equipment, processes, shortage of power, performance below expected levels of output, obsolescence, labour disputes, strikes, lock-outs, industrial accidents, continued shortage of services of our external contractors, earthquakes and other natural disasters. The occurrence of any of these risks could significantly affect our operating results. Our Company also need to comply with the directives/guidelines of relevant government authorities, any adverse to the interests of the Company will have material impact on its operations..

13. Any major increase in the price of raw materials viz. rubber and rubber chemicals will raise our manufacturing costs and could adversely affect the profitability/financial position of our Company.

Any abrupt or large scale increase in the price of the raw materials used in the manufacturing process viz. rubber and rubber chemicals can adversely affect the profits of our Company. This increase may further impact us, in case if we are not able to pass on the same to our customers. Our Company is registered with the Rubber Board, Ministry of Commerce and Industry, Government of India, as a manufacturer and is also sourcing raw materials from a number of suppliers in domestic market. In case of disruption in supplies of raw materials from the domestic market, our Company has an option of procuring the same from overseas suppliers. However, the price of the rubber sourced from such overseas suppliers may be higher than the price at which the rubber is sourced from the domestic market.

14. Our inability to manage growth may lead to loss of opportunities and hamper future growth plans.

The success of our Company's business will depend greatly on its ability to effectively implement its business and growth strategies. While our Company has successfully executed its business strategy in the past, there can be no assurance that it will be able to execute its strategy on time and within the estimated budget. Our aggressive growth strategy may put immense pressure on the management and its resources. Consistent growth will require continuous development of operational, financial and other internal controls. Our inability to manage growth and business strategy could have a material adverse effect on our business, financial condition and profitability.

15. We are dependent on our management team for success of our Company, any changes could adversely impact our operations/future plans.

Our success largely depends on the continued services and performance of our management and other key employees. The need for capable senior management personnel is intense and we may not be able to retain our senior management or attract and retain new senior management in the future. Any loss of our senior management personnel could seriously impair our ability to manage and expand our business efficiently. Any failure or inability of our Company to efficiently manage human resources would adversely affect our ability to implement our projects and expand our business.

16. Risk Factors mentioned in the Appraisal Report of Punjab National Bank.

Punjab National Bank, the Appraising Institution, has identified and laid down certain risk factors to the Project in its Appraisal Report dated 14th June, 2007. The same are mentioned herein below:

- *The Company is going for a major expansion, whereas in the past it has achieved only 53% capacity utilization.*
- *The Products of the company is of order to stock nature and not of stock to order.*
- *The Indian rubber belt Industry is not globally competitive, as major component of product mix ie. natural rubber which is under commodity sector and is subject to huge price fluctuations. This has put them in a weaker position in comparison of the availability of imported belts at lower prices thereby, adversely affecting the performance of the domestic industry.*
- *Debt equity of the project depends upon the success of public issue, through which the Company has proposed to mobilize the funds to the tune of Rs.1655 Lakhs.*
- *Existing players like MRF Ltd. is having the capacity to manufacture rubber conveyor belts up to 2000mm at present, hence with no additional establishing cost, it can create price war in the market.*
- *As per CMIE Production of Rubber Belts during 2006-07 has not shown phenomenal growth and it has declined in the quarter ended December 2006 despite considerable over all growth of the industrial sector in the country.*

B. EXTERNAL RISK FACTORS

1. ***There has been no public market for the Equity Shares prior to this Issue and so the Issue Price may not be indicative of the value of the Equity Shares.***

Prior to this Issue, there has been no public market for the Equity Shares of the Company in India or elsewhere. After this Issue, there will be no public market for the Equity Shares in any country other than India. The Issue Price was determined by us, in consultation with the Lead Manager and could differ significantly, from the price at which the Equity Shares will trade subsequent to listing of Equity Shares of the Company. We cannot assure you that even after the Equity Shares have been approved for listing on the Stock Exchanges, that an active trading market for the Equity Shares will develop or be sustained after this Issue, or that the Issue Price will correspond to the price at which the Equity Shares will trade in the Indian public market subsequent to this Issue.

2. ***Conditions in stock exchanges may affect the price or liquidity of our Equity Shares.***

Indian stock exchanges are smaller and more volatile than stock markets in developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities.

Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies. These problems have included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and imposed margin requirements. Further, from time to time, disputes have occurred between listed companies and Indian stock exchanges and other securities regulatory bodies that, in some case, have had a negative effect on market sentiment. Similar problems could occur in the future and, if they do, they could negatively affect the market price and liquidity of our Equity Shares.

3. ***Economic developments and volatility in securities markets in other countries may cause the price of our Equity Shares to decline.***

The Indian stock markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. For instance, an economic downturn in the USA and European countries may adversely affect market prices in the world's securities markets, including the Indian stock markets. Negative economic developments in other emerging market countries, such as rising fiscal or trade deficits, or a default on national debt, may negatively affect investors' confidence, cause increased volatility in Indian stock markets and cause the price of our Equity Shares to decline.

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

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

5. ***A slowdown in economic growth in India could cause our business to suffer.***

Our performance is dependent on the health of the overall Indian economy. A slowdown in the Indian economy could adversely affect our business and results of operations including our ability to implement our strategy. India's economy could be adversely affected by a general rise in interest rates, weather conditions adversely affecting agriculture, deterioration of infrastructure or various other factors affecting the growth of industrial, manufacturing and services sector. In addition, the Indian economy is in a state of transition. The share of the services sector of the economy is increasing while that of the industrial, manufacturing and agricultural sectors is declining. It is difficult to gauge the impact of these fundamental economic changes on our business.

6. ***Political instability or changes in the government could delay further liberalisation of the Indian economy and adversely effect economic conditions in India generally, which could impact our business.***



Since 1991, successive Indian governments have pursued policies of economic liberalisation. The role of the Indian Central and State Governments in the Indian economy as producers, consumers and regulators has remained significant. The leadership of India has changed a number of times since 1996. The current central government, which came to power in May 2004, is led by the Indian National Congress in coalition with several political parties. Although the current government has announced policies and taken initiatives that support the economic liberalisation policies that have been pursued by previous governments, the rate of economic liberalisation has been affected by the coalition nature of the current government. If there were to be any slowdown in the economic liberalisation, or a reversal of steps already taken, it could have an adverse effect on our business and results of operations.

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

India has experienced natural calamities such as earthquakes, tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy and, if such impact were to have a material adverse affect on the Indian economy, it may lead to an adverse effect on our business and results of operations.

8. Our share prices could be volatile and may also decline. The price of our Equity Shares may fluctuate after this Issue as a result of several factors, including:

- Volatility in the Indian and Global securities market;
- The results of operations and performance;
- Change in perceptions about our future performance or the performance of other companies in the same industry;
- The performance of our competitors and market perception of investors in this sector;
- Adverse media reports on our performance or on the industry prospects and future outlook;
- Changes in the estimates of our performance or recommendation by financial analysts;
- Significant development in India's economic liberalization and deregulation policies;
- Significant development in India's fiscal and environmental regulations.

Notes to the Risk Factors:

- Issue of 62,27,860 equity shares of Rs. 10/- each at a price of Rs. 35/- per equity share (including a premium of Rs.25 per equity share) of Somi Conveyor Beltings Limited for cash aggregating to Rs. 2179.75 Lakhs ("Issue"). The Issue comprises a contribution by promoters, of 14,99,286 equity shares of Rs. 10/- each at a price of Rs. 35/- per equity share for cash aggregating to Rs. 524.75 Lakhs ("Promoter's Contribution Portion"), and the Net Issue to the public of 47,28,574 equity shares of Rs.10/- each at a price of Rs. 35/- per equity share for cash aggregating to Rs. 1655.00 Lakhs ("Net Issue To Public"), including an allocation of atleast 10% of the Net Issue to the Public to Qualified Institutional Buyers ("QIB Portion").The Net Issue to the public would constitute 40% of the fully diluted post issue paid up capital of the Company. The Issue Price is 3.5 times of the face value of the equity share.
- Pre-Issue Net Worth of the Company as on March 31st, 2006 was Rs.340.47 Lakhs and March 31st, 2007 is Rs. 487.49 Lakhs.
- The average cost of acquisition of Equity Shares of the Promoter as on the date of this Draft Prospectus is as under:

Name of our Promoters	Average cost of acquisition (Rs.)
Mr. Om Prakash Bhansali	9.74
Mr. Vimal Bhansali	15.75
Mr. Gaurav Bhansali	18.67

- Book Value per equity share of the Company as on March 31, 2006 is Rs. 18.18 and March 31st, 2007 is Rs. 12.80.
- Investors are advised to refer to the paragraph on "Basis for Issue Price" on page no.58 before making an investment in this Issue.
- 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.
- Related party transactions are given in Auditors Report on page no.93 of this Draft Prospectus.

8. The investors are advised to refer the Paragraph on promoter's background and past financial performance of the Company before making an investment in the proposed issue.
9. There is no relationship with the statutory auditors of our Company, other than auditing and certification of financial statements.
10. Investors may note that allotment and trading in shares of our Company shall be done only in dematerialized form.
11. Investors may contact the Lead Manager or the Compliance Officer for any complaint/ clarification/ information pertaining to the Issue, who will be obliged to attend to the same.
12. Except as disclosed in the sections titled "Our Management" and "Our Promoters " beginning on page no.85 and 92 of this Draft Prospectus, none of our Promoters, Directors or key managerial personnel have any interest, other than reimbursement of expenses incurred or normal remuneration or benefits.
13. Except, as disclosed in the section titled "Financial Statements of the Company" beginning on page no.95 of this Draft Prospectus, there are no subsisting loans or advances, that have been extended by our Company to any persons, firms or companies in which our Directors are interested.
14. Trading in Equity Shares of our Company shall be in dematerialised form only.
15. Over subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest integer.
16. All information shall be made available by our Company and the Lead Manager 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.
17. Applicants should note that on the basis of name of the Applicant, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository, demographic details of the Applicants such as address, bank account details for printing on refund orders and occupation. Hence, applicants should carefully fill in their Depository Account details in the Application Form and also update their demographic details with their respective depository participant.



SECTION III: INTRODUCTION

1. SUMMARY

This is only a summary and does not contain all information that you should consider before investing in our Equity Shares. You should read the entire Prospectus, including the information on "Risk Factors" beginning on page no. 8 and our financial information of the company and related notes on page no. 95 in this Draft Prospectus before deciding to invest in our Equity Shares.

Industry Overview

Our Company belongs to the genre of the manufacturing sector and is not a part of any specific industry. Our Company manufactures rubber conveyor belts, which are used by the cement, steel, power and other industries to transport materials and goods. In view of the nature of our business activity, we are unable to provide any industry data specific to our business activity.

Major units consuming Rubber Conveyor Belts are as under:

- Coal and lignite
- Iron ore and mining
- Cement
- Power
- Steel
- Fertilizer
- Sugar
- Others

Conveyor Systems form an integral part of a large factory or industry. Conveyor System is a mechanical system installed for transportation and handling of materials.

Conveyor Belt is a solid band, made from one or more tough, long-lasting substances, upon which many different materials are conveyed or transported. Conveyor belts are made from a variety of materials ranging from rubber compounds and leather to urethane and PVC to wire mesh composed of assorted metals, including stainless steel and carbon steel.

Rubber Conveyor Belts are conveyor belts manufactured by using rubber, rubber chemicals and various kinds of fabric and steel wire mesh. They form a part of the Conveyor System used by industries for material handling. The average life of a rubber conveyor belt varies from industry to industry and application to application. Generally, the life of a conveyor belt is around 6-12 months. Rubber Conveyor belts have a large replacement market. Industry wise data of demand for conveyor belts is not readily available.

Business Overview

Somi Conveyor Beltings Limited (SCBL) is a closely held public limited company. Our Company is in the business of manufacturing of Rubber Conveyor Belts of various sizes used for different applications.

Our Company was incorporated on 16th June, 2000 and commenced commercial production in February 2002 with an initial capacity of 36,000 MPA of conveyor belts. The production capacity was gradually increased to 72,000 MPA in 2003. Our Company initiated capacity expansion in the year 2004 and at present our operating capacity is 1,67,660 MPA. Depending upon the width of rubber conveyor belts to be manufactured, its capacity utilization can be stretched up to 2,00,000 MPA. Considering the potential for growth, we intend to raise our production capacity from 2,00,000 MPA to 4,00,000 MPA and also enlarge the belt width from the current 1200 mm to 2000 mm.

The Company sells its products under the brand name **"SOMIFLEX"**. The Company has installed state-of-the-art plant and machinery and other equipment to make efficient use of available resources as well as to maintain high quality standards.

Key Strengths

- Vast experience of Promoters in the industry.
- Registration of our Company with D&B.
- Development of new products through in-house R&D.
- Broad spectrum of existing customers; geographically as well as industry wise.
- Proximity to major market segment of cement and mining.
- Profit making Company since the last five years.

Our Business Strategy

Our Company's strategy is to leverage its reputation as an efficient, reliable, customer driven company providing a diversified range of rubber conveyor beltings of different width. The key elements of our business strategy are as follows:-

Expansion and Modernization Plans

Our Company is going for a major expansion of its operations through this project. Our Company proposes to expand its capacity from 1,67,660 MPA to 3,39,740 MPA. This expansion will not only increase the production capacity of the Company, but it will also enable the Company to manufacture the rubber conveyor belts of 2000 mm width. At present our Company can manufacture rubber conveyor belts upto a width of 1200 mm only. This will enable us to serve, overall rubber conveyor belt requirements of different industries.

Reduction of operational costs by adding new and latest technologies and processes

We have been continuously making efforts to reduce the operational costs so as to increase the margins and remain competitive in the market. The new Plant & Machinery being installed by the Company as a part of this expansion and modernization plan. This will enable our Company to manufacture superior quality rubber conveyor belts, reduce the wastage, and also reduce the Manpower requirements. All these factors will result into major savings for our Company and will add to our profit margins.

Timely delivery of quality products

Our product is of Order to Stock nature. We manufacture rubber conveyor belts as per the orders placed by our customers. We aim for optimization of the manufacturing facilities, thereby enabling us to make timely delivery of quality products. We believe that timely delivery of quality products will further enhance our reputation and thereby sales of our company.

Concentration on securing orders from the Public Sector Undertakings

Our Company is concentrating on securing orders from the public sector, which are issued on basis of bidding process. This will enable our Company access to large orders and will also enhance the image of our Company in the industry. Our Company has already secured orders from public sector undertakings such as Karnataka Power Corporation Limited, a Government of Karnataka undertaking and Andhra Pradesh Power Generation Corporation Limited, a Government of Andhra Pradesh undertaking.

Further strengthen our brand "SOMIFLEX"

Our company markets its products under the brand name "SOMIFLEX". We plan to take steps to further enhance our brand name. Our Company has already made an application for registration of its Brand Name with Trade Mark Registry. We feel that this along with our relations with existing customers in different industries will enable us to aggressively position our products in the market.

2. THE ISSUE

Present Issue by the Company	62,27,860 Equity Shares of face value of Rs.10/- each at a Issue Price of Rs.35/- per equity share (including a premium of Rs. 25 per equity share) aggregating to Rs. 2179.75 Lakhs
Of Which	
Contribution by Promoters	14,99,286 Equity Shares of face value of Rs.10/- each at a Issue Price of Rs.35/- per equity share (including a premium of Rs. 25 per equity share) aggregating to Rs. 524.75 Lakhs
Net Offer to the Public	47,28,574 Equity Shares of face value of Rs.10/- each at a Issue Price of Rs.35/- per equity share (including a premium of Rs. 25 per equity share) aggregating to aggregating to Rs. 1655.00 Lakhs.
Of Which:	
Qualified Institutional Buyers (atleast 10% of the Net Issue to Public)	Allocation of atleast 10% of Net Issue to Public to Qualified Institutional Buyers i.e. 4,72,860 equity shares of face value of Rs.10/- each at a Issue Price of Rs.35/- per equity share (including a premium of Rs. 25 per equity share) aggregating to Rs. 165.50 Lakhs. (“QIB Portion”)
Equity Shares outstanding prior to the Issue	55, 51,704 Equity Shares of face value Rs.10/- each.
Equity Shares outstanding after the Issue	1, 17, 79,564 Equity Shares of face value Rs.10/- each.
Use of Issue proceeds	Please see the section titled “ Objects of the Issue” on page no.38 of this Draft Prospectus

In case of under-subscription in the Qualified Institutional Buyers (QIB) portion, the same shall not be available to other categories and full subscription monies shall be refunded. Over subscription if any, in the QIB category, shall be utilized to meet the under subscription, if any, in the Issue.

3. SUMMARY OF FINANCIAL/OPERATING DATA

The following table sets forth the selected historical financial information of Somi Conveyor Beltings Limited, derived from its restated audited financial statements for the financial year ended 31st March , 2003, 2004, 2005, 2006 and 2007, which are prepared in accordance with Indian GAAP, the Companies Act, and SEBI (DIP)Guidelines, and restated as described in the Auditor's Report of M/s. P. Singhvi & Associates, Chartered Accountants, included in the section titled "Financial Information of the Company" of this Draft Prospectus and should be read in conjunction with those financial statements and notes thereon.

STATEMENT OF ASSETS & LIABILITIES

Particulars	As at 31st March				
	2007	2006	2005	2004	2003
Gross Block	742.84	632.59	230.93	132.50	105.69
Less: Depreciation	94.24	66.30	41.02	24.46	14.06
Net Block	648.60	566.29	189.91	108.04	91.63
Less: Revaluation Reserve	386.94	386.94	-	-	-
Net Block after adjustment for Revaluation Reserve	261.66	179.35	189.91	108.04	91.63
Capital Work in Progress	572.36	-	-	33.11	-
TOTAL FIXED ASSETS (A)	834.02	179.35	189.91	141.15	91.63
INVESTMENTS (B)	0.03	0.03	0.03	0.03	0.03
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	137.45	89.05	104.93	69.95	54.40
Sundry Debtors	370.31	121.47	26.93	86.69	41.45
Security Deposits	59.77	9.54	7.82	2.01	1.86
Cash and Bank Balance	20.46	12.87	1.49	5.37	3.61
Loans and Advances	89.84	178.48	49.60	14.77	1.71
Total (C)	677.83	411.41	190.77	178.79	103.03
LIABILITIES AND PROVISIONS					
Secured Loans	432.14	106.28	100.71	111.41	69.24
Unsecured Loans	5.00	31.45	50.95	29.95	15.00
Current Liabilities	60.04	38.03	76.87	28.88	17.24
Share Application Money	435.30	-	-	-	-
Provisions	90.07	69.18	9.47	3.29	2.39
Deferred Tax Liability	1.87	5.38	4.97	0.65	0.58
Total (D)	1024.42	250.32	242.97	174.18	104.45
Net Worth (A+B+C-D)	487.46	340.47	137.74	145.79	90.24
REPRESENTED BY:					
Share Capital	381.05	187.28	20.00	20.00	18.00
Total Reserves and Surplus	525.29	540.13	117.93	107.10	72.77
Less: Revaluation Reserves	386.94	386.94	-	-	-
Net Reserves and Surplus	138.35	153.19	117.93	107.10	72.77
Miscellaneous Expenditure (To the extent not written off or Adjusted)	31.91	-	0.18	0.35	0.53
Net Worth	487.49	340.47	137.75	126.75	90.24

STATEMENT OF PROFIT & LOSS ACCOUNT
(Rs. in Lakhs)

Particulars	Year ended 31st March				
	2007	2006	2005	2004	2003
INCOME					
Turnover - Own Manufactured	1540.23	1225.83	735.50	364.40	91.32
- Job work	-	-	-	0.06	-
Increase/ (Decrease) in stocks	5.95	-20.95	11.35	-0.45	6.36
Other income	1.83	0.22	0.17	0.41	0.21
TOTAL	1548.01	1205.10	747.02	364.42	97.89
EXPENDITURE					
Material Cost	1131.70	900.70	611.40	292.63	59.38
Manufacturing & Other Expenses	142.63	110.23	83.72	40.58	13.71
Preliminary Expenses written off	-	-	0.18	0.18	0.18
TOTAL	1274.33	1010.93	695.30	333.39	73.27
Profit before Interest, Depreciation and Tax	273.68	194.17	51.72	31.03	24.62
Depreciation	27.94	25.27	16.56	10.40	11.72
Profit before Interest and Tax	245.74	168.90	35.16	20.63	12.90
Financial Expenses	43.34	16.08	17.95	13.70	11.42
Net Profit Before Tax	202.40	152.82	17.21	6.93	1.48
Provision for Taxation					
Current Tax	70.35	56.64	2.05	0.53	0.12
Deferred Tax	(3.51)	0.41	4.32	0.07	0.58
FBT	0.57	0.51	-	-	-
Net Profit after Tax	134.99	95.26	10.84	6.33	0.78
Brought Forward from Previous Year	113.20	17.94	7.10	0.77	-0.01
Transferred to General Reserve	109.83	-	-	-	-
Balance Carried to Balance Sheet	138.36	113.20	17.94	7.10	0.77
Earning Per Share *	3.88	4.12	0.47	0.28	0.03
*EPS Calculated according to AS-20					

4. GENERAL INFORMATION

Somi Conveyor Beltings Limited (SCBL) is a closely held public limited company and is in the business of manufacturing rubber conveyor belts. Our Company was incorporated on 16th June, 2000 as Omi Conveyor Beltings Limited. It commenced its business from 12th July, 2000. Subsequently the name of the company was changed to Somi Conveyor Beltings Limited, w.e.f. 31st October, 2000.

Name of the Company	Somi Conveyor Beltings Limited
Registered Office	4 F-15, "Oliver House", New Power House Road, Jodhpur-342001 Tel.: +91-0291-2610472, 2637565, 2637564 Fax: +91-0291-2432307 E-mail: ipo@somiconveyor.com Web site: www.somiconveyor.com
Works/Factory	H-2, 463-466, Sangaria Industrial Area, Jodhpur- 342005. & K.No-58, 58/5, 58/6, Village Tanawara, Tehsil Luni, District Jodhpur.
CIN	U24120AP1995PLC021888
Contact Person	Mr. Amit Baxi Company Secretary & Compliance Officer
Address of Registrar of Companies	132, Vijay Nagar, Kartarpura, Near Kartarpura Railway Crossing, Jaipur - 302006.

Board of Directors of the Company

Board of Directors	Designation	Status	DIN
Mr .Om Prakash Bhansali	Chairman & Managing Director	Executive	00351846
Mr. Vimal Bhansali	Whole Time Director	Executive	00351851
Mr. Gaurav Bhansali	Whole Time Director	Executive	00351860
Mr. Mahendra Rakecha	Director	Independent & Non-Executive	00648532
Mr. Yogesh Maheshwari	Director	Independent & Non-Executive	01202089
Mr. Ramesh Narayan Rathi	Director	Independent & Non-Executive	01202086

Mr. Om Prakash Bhansali- Chairman & Managing Director, about 53 years old, is the Chairman and Managing Director of the Company. He has played an important role in the formation and advancement of the company. He has total of 32 years of experience in various fields such as technical, administrative, marketing and finance. He is the main driving force behind the success of the Company.

Mr. Vimal Bhansali- Whole Time Director, son of Mr. Om Prakash Bhansali is about 28 years old and a Bachelor of Business Administration (BBA), with specialization in marketing from PIMR, Indore. He looks after marketing activities of the Company.

Mr. Gaurav Bhansali- Whole Time Director, son of Mr. Om Prakash Bhansali is about 27 years old and has completed post graduation in commerce from Jainarayan Vyas University, Jodhpur. He looks after the general administration of the Company.

For further details of other Board of Directors, Please refer to Chapter titled "Our Management" on page no. 85 of this Draft Prospectus.



COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Amit Baxi

4 F-15, "Oliver House",
New Power House Road, Jodhpur-342001
Tel.: +91-0291-2610472, 2637565, 2637564
Fax: +91-0291-2432307
E-mail: compliance@somiconveyor.com

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre- Issue or post- Issue related problems such as, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

LEAD MANAGER TO THE ISSUE

Ashika Capital Limited

SEBI Regn. No. INM 000010536
1008, Raheja Centre,
214, Nariman Point,
Mumbai - 400 021
Phone No.: 91-22-6611 1700
Fax No. : 91-22-6611 1710
E-Mail: mbd@ashikagroup.com
Contact Person: Mr. Hari Surya /
Mr. Nithin Kanuganti

REGISTRAR TO THE ISSUE

Mondkar Computers Pvt. Limited

21, Shakil Niwas, Opp. Satya Sai Baba Temple,
Mahakali Caves Road, Andheri (East),
Mumbai - 400 093
Tel: (+91 22) 28257641, 28366620
Fax: (+91 22) 28262920
Email: somi_ipo@mondkarcomputers.com
SEBI Regn. No: INR 000000114
Contact Person: Mr. Ravindra Utekar

BANKERS TO THE COMPANY

Punjab National Bank

Ratanada Colony Branch, Near Bhati Chowrah,
Ratanada, Jodhpur-342 006 (Rajasthan)
Phone No.: 91-291-2513949
Fax No. : 91-291-2513327
Email: bo0712@pnbindia.co.

BANKERS TO THE ISSUE

Punjab National Bank

Ratanada Colony Branch, Near Bhati Chowrah,
Ratanada, Jodhpur-342 006 (Rajasthan)
Phone No.: 91-291-2513949
Fax No. : 91-291-2513327
Email: bo0712@pnbindia.co.in
Contact Person: Mr. Vinod Joshi

IPO GRADING AGENCY**Credit Analysis & Research Limited (CARE)**

4th Floor, Godrej Coliseum,
Somaiya Hospital Road,
Off Eastern Highway Road,
Sion (East), Mumbai-400 022.

AUDITORS TO THE COMPANY**M/s. P. Singhvi & Associates**

D-166, Shastri Nagar,
Jodhpur-342 003.
Phone No.: 91-291-2624933
Fax: 91-291-2612933
E-mail: psinghvi1@rediffmail.com

LEGAL ADVISOR TO THE ISSUE**Rajani Associates**

Advocates & Solicitors,
F-4, Panchsheel, 53, 'C' Road,
Churchgate, Mumbai 400 020
Phone: 91-22-22021010
Fax: 91-22-22021011
Email: info@rajaniassociates.net
Contact Person: Mr. Sanjay Israni

APPRAISING ENTITY**Punjab National Bank**

Technical Cell, HO. New Delhi

Brokers to the Issue

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

Inter-se Allocation of Responsibilities of the Lead Manager

Since Ashika Capital Limited is the Sole Lead Manager for this Issue, all the Issue related activities are handled by Ashika.

Credit Rating

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

IPO Grading

The Company has appointed Credit Analysis and Research Limited (CARE) for Grading its Issue and CARE has assigned an "IPO Grade 2" to the proposed Initial Public Offering of the Company. CARE IPO Grade "2" indicates "Below Average Fundamentals".

CARE assigns IPO Grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the Issuer.

Rationale: CARE has commented on our company's grading as follows –:

The Grading reflects SCBL's relatively short track record of operations, relatively large size of proposed expansion project, as compared to existing level of operations and modest Corporate Governance practices. It also takes into account SCBL's profitable track record, experience of the promoter in the same line of business, good customer base and financial position characterized by low gearing level.

The concept of IPO Grading is relatively new and the investors should carefully consider all the information provided in this Draft Prospectus, including IPO Grading information and should make their own judgment before making any investment in this Issue. IPO Grading does not take cognizance of the issue price of our Equity Shares and it is not a recommendation to buy, sell or hold our Equity Shares.



Monitoring Agency

There is no requirement for appointing a monitoring agency in terms of Clause 8.17 of the SEBI DIP Guidelines. However, the use of the proceeds of the Issue shall be monitored by the Audit Committee.

Trustee

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

Underwriters to the Issue

Underwriting being optional, the Company does not propose to underwrite the issue.

5. CAPITAL STRUCTURE OF THE COMPANY

	Particulars	Nominal Value (Rs.)	Share Premium (Rs.)	Aggregate Value (Rs.)
A.	AUTHORIZED:			
	2,50,00,000 Equity Shares of Rs. 10/- each	25,00,00,000	--	25,00,00,000
B.	ISSUED, SUBSCRIBED & PAID UP SHARE CAPITAL			
	55,51,704 Equity Shares of Rs. 10/- each	5,55,17,040	2,61,18,000	8,16,35,040
C.	PRESENT ISSUE 62,27,860 Equity Shares of Rs.10/- each for cash at a premium of Rs.25/- per share	6,22,78,600	15,56,96,500	21,79,75,100
	Out of which			
D.	Promoter Contribution Portion 14,99,286 Equity Shares of Rs.10/- each for cash at a price of Rs. 35/- per share (a premium of Rs.25/- per share) to be allotted to the Promoters of the company	1,49,92,860	3,74,82,150	5,24,75,010
E.	Net Offer to the public 47,28,574 Equity Shares of Rs.10/- each for cash at a premium of Rs.25/- per share in terms of this Offer Document	4,72,85,740	11,82,14,350	16,55,00,090
F.	Out of 'E' above: QIB Portion: 4,72,860 Equity Shares of Rs.10/- each for cash at a premium of Rs.25/- per share to be allotted compulsorily to Qualified Institutional Buyers ("QIB") on competitive basis. i.e.10% of Net Offer to Public	47,28,600	1,18,21,500	1,65,50,100
G.	PAID-UP CAPITAL AFTER THE PRESENT ISSUE 1,17,79,564 Equity Shares of Rs.10/- each	11,77,95,640		11,77,95,640
H.	SHARE PREMIUM ACCOUNT Before the Public Issue After the Public Issue		2,61,18,000 18,18,14,500	

Changes in the Authorised Capital since inception are as follows:

S. No.	Particulars of Increase	Date of Meeting
1.	Rs. 1 Lakh	On Incorporation
2.	From Rs. 1 Lakh to Rs. 10 Lakhs	March 15, 2001
3.	From Rs. 10Lakhs to Rs. 20 Lakhs	August 10, 2001
4.	From Rs. 20 Lakhs to Rs. 1 Crore	July 19, 2005
5.	From Rs. 1 Crore to Rs. 2.5 Crores	October 17, 2005
6.	From Rs. 2.5 Crores to Rs.3 Crores	March 4, 2006
7.	From Rs. 3 Crores to Rs.6 Crores	September 30, 2006
8.	From Rs. 6 Crores to Rs.25 Crores	March 5, 2007

NOTES TO CAPITAL STRUCTURE
1. The Current Capital Structure of the Company has been built-up as under:

Date of Allotment	No. of Equity Shares	Face Value (Rs)	Issue Price (Rs)	Nature of Payment of Consideration	Issue wise paid-up Share Capital	Cumulative Share Capital (Rs)	Issue wise Share Premium (Rs)	Reasons for allotment
16 th June, 2000	7	10	10	Cash	70	70	Nil	Allotment to subscribers of Memorandum & Articles of Association
31 st March, 2001	77,800	10	50	Cash	7,78,000	7,78,070	31,12,000	Allotted to Promoters/Promoter Group/Others
15 th November, 2001	1,02,200	10	50	Cash	10,22,000	18,00,070	40,88,000	Allotted to Promoters/Promoter Group/Others
28 th Feb, 2004	19,993	10	150	Cash	1,99,930	20,00,000	27,99,020	Allotted to Promoters/Promoter Group/Others
27 th Feb, 2006	6,00,000	10	Nil	Bonus issue in the Ratio of 3:1	60,00,000	80,00,000	Nil	Allotted to Promoters/Promoter Group/Others
28 th March, 2006	10,72,780	10	10	Cash	1,07,27,800	1,87,27,800	Nil	Allotted to Promoters/Promoter Group/Others
15 th November, 2006	14,98,224	10	Nil	Bonus issue in the Ratio of 4:5	1,49,82,240	3,37,10,040	Nil	Allotted to Promoters/Promoter Group/Others
30 th December, 2006	4,39,500	10	10	Cash	43,95,000	3,81,05,040	Nil	Allotted to Promoters/Promoter Group/Others
28 th April, 2007	17,41,200	10	25	Cash	1,74,12,000	5,55,17,040	2,61,18,000	Allotted to Promoters/Promoter Group/Others
Total	55,51,704				5,55,17,040			



***Note:** The promoters and their friends, relatives and other persons have already brought in an amount of Rs. 479.25 Lakhs for the proposed Project as required under the Appraisal Report of Punjab National Bank and shares have been allotted on April 28, 2007 with respect to the same.

2. Promoters Capital Build up

Name of the Promoter	Date of Allotment/Transfer	Nature of Payment of Consideration	No. of shares	Face Value (Rs.)	Issue Price/Transfer Price (Rs.)
Mr. Om Prakash Bhansali	16.06.2000	Cash	1	10	10
	15.11.2001	Cash	16,500	10	50
	*17.11.2005	Cash	17,200	10	**10.38
	27.02.2006	Bonus	1,00,503	10	Nil
	28.03.2006	Cash	99,005	10	10
	*01.10.2006	Cash	10,65,208	10	10
	15.11.2006	Bonus	10,38,733	10	Nil
	30.12.2006	Cash	98,500	10	10
	28.04.2007	Cash	6,46,400	10	25
Total			30,82,050		
Mr. Vimal Bhansali	16.06.2000	Cash	1	10	10
	31.03.2001	Cash	2,300	10	50
	15.11.2001	Cash	15,320	10	50
	*17.11.2005	Cash	12,100	10	**10.59
	27.02.2006	Bonus	89,163	10	Nil
	28.03.2006	Cash	1,05,725	10	10
	*01.10.2006	Cash	(2,23,900)	10	10
	15.11.2006	Bonus	567	10	Nil
	*20.11.2006	Cash	2	10	10
	30.12.2006	Cash	85,000	10	10
	28.04.2007	Cash	98,000	10	25
Total			1,84,278		
Mr. Gaurav Bhansali	16.06.2000	Cash	1	10	10
	31.03.2001	Cash	2300	10	50
	15.11.2001	Cash	15980	10	50
	*17.11.2005	Cash	14,700	10	**10.49
	27.02.2006	Bonus	98943	10	Nil
	28.03.2006	Cash	109685	10	10
	*01.10.2006	Cash	(2,41,000)	10	10
	15.11.2006	Bonus	487	10	Nil
	30.12.2006	Cash	70000	10	10
	28.04.2007	Cash	1,37,800	10	25
Total			2,08,896		

* Shares purchased/sold through Transfers

** Weighted Average Transfer Price

Details of Shares purchased/sold by Promoters through Transfers
Mr. Om Prakash Bhansali

Transferee	Transferor	Date on which shares were purchased	Number of Shares purchased	Consideration	Face Value	Transfer Price
Om Prakash Bhansali	Kalyan Singh	17.11.2005	400	Cash	10/-	10.00
Om Prakash Bhansali	M S Khan	17.11.2005	400	Cash	10/-	11.00
Om Prakash Bhansali	Amar Singh	17.11.2005	300	Cash	10/-	10.00
Om Prakash Bhansali	Gopal	17.11.2005	300	Cash	10/-	10.50
Om Prakash Bhansali	Pooja Kothari	17.11.2005	400	Cash	10/-	11.00
Om Prakash Bhansali	Om Prakash	17.11.2005	400	Cash	10/-	12.00
Om Prakash Bhansali	Binja Ram	17.11.2005	400	Cash	10/-	11.00
Om Prakash Bhansali	Chutra Ram	17.11.2005	400	Cash	10/-	10.00
Om Prakash Bhansali	Gagan Singh	17.11.2005	400	Cash	10/-	12.00
Om Prakash Bhansali	Jagdip Bharti	17.11.2005	300	Cash	10/-	11.00
Om Prakash Bhansali	Pola Ram	17.11.2005	1000	Cash	10/-	10.00
Om Prakash Bhansali	Akash Bhati	17.11.2005	500	Cash	10/-	12.00
Om Prakash Bhansali	Chandra Prakash Vyas	17.11.2005	800	Cash	10/-	11.00
Om Prakash Bhansali	Jawari Lal Joshi	17.11.2005	800	Cash	10/-	10.00
Om Prakash Bhansali	Ajay Kumar Joshi	17.11.2005	500	Cash	10/-	12.00
Om Prakash Bhansali	Manish Laddha	17.11.2005	800	Cash	10/-	11.00
Om Prakash Bhansali	Hastimal Jain	17.11.2005	900	Cash	10/-	10.00
Om Prakash Bhansali	Mahaveer Baghrecha	17.11.2005	600	Cash	10/-	9.00
Om Prakash Bhansali	Champalal Baghrecha	17.11.2005	900	Cash	10/-	11.00
Om Prakash Bhansali	Sohan Lal Bhansali	17.11.2005	700	Cash	10/-	10.00
Om Prakash Bhansali	Mahaveer Lunkar	17.11.2005	800	Cash	10/-	11.00
Om Prakash Bhansali	Lalit Jain	17.11.2005	900	Cash	10/-	10.00
Om Prakash Bhansali	Arvind Kumar Ostal	17.11.2005	300	Cash	10/-	11.00
Om Prakash Bhansali	Bhikha Ram Prajapat	17.11.2005	300	Cash	10/-	10.00
Om Prakash Bhansali	C.P. Vyas	17.11.2005	300	Cash	10/-	10.00
Om Prakash Bhansali	C.S. Kalla	17.11.2005	200	Cash	10/-	11.00
Om Prakash Bhansali	Dama Ram Prajapat	17.11.2005	300	Cash	10/-	11.00
Om Prakash Bhansali	Manish Bafna	17.11.2005	300	Cash	10/-	10.00
Om Prakash Bhansali	Manish Mohnot	17.11.2005	300	Cash	10/-	12.00
Om Prakash Bhansali	Naveen	17.11.2005	300	Cash	10/-	11.00
Om Prakash Bhansali	Naveen Bohra	17.11.2005	300	Cash	10/-	10.00
Om Prakash Bhansali	P.M. Singhvi	17.11.2005	300	Cash	10/-	10.00
Om Prakash Bhansali	Praveen Kumar	17.11.2005	300	Cash	10/-	10.00
Om Prakash Bhansali	Ramesh Vyas	17.11.2005	300	Cash	10/-	8.00
Om Prakash Bhansali	Shyamlal Bhansali	17.11.2005	300	Cash	10/-	10.00
Om Prakash Bhansali	Sumermal Kataria	17.11.2005	300	Cash	10/-	8.00
Om Prakash Bhansali	Aditya Bhansali	01.10.2006	16600	Cash	10/-	10.00
Om Prakash Bhansali	Ajay Kumar Joshi	01.10.2006	3000	Cash	10/-	10.00
Om Prakash Bhansali	Akash Bhati	01.10.2006	3000	Cash	10/-	10.00
Om Prakash Bhansali	Amar Singh	01.10.2006	1800	Cash	10/-	10.00
Om Prakash Bhansali	Amarchand	01.10.2006	5400	Cash	10/-	10.00
Om Prakash Bhansali	Anita Bohra	01.10.2006	1800	Cash	10/-	10.00
Om Prakash Bhansali	Anita Jalani	01.10.2006	5400	Cash	10/-	10.00
Om Prakash Bhansali	Anuja Mehta	01.10.2006	6000	Cash	10/-	10.00
Om Prakash Bhansali	Arvind Kumar Ostwal	01.10.2006	1800	Cash	10/-	10.00
Om Prakash Bhansali	Atul Mathur	01.10.2006	4200	Cash	10/-	10.00



Transferee	Transferor	Date on which shares were purchased	Number of Shares purchased	Consideration	Face Value	Transfer Price
Om Prakash Bhansali	Atul Mehta	01.10.2006	6000	Cash	10/-	10.00
Om Prakash Bhansali	Bhanwar Choudhary	01.10.2006	4800	Cash	10/-	10.00
Om Prakash Bhansali	Bhanwar Lal Bhansali	01.10.2006	4800	Cash	10/-	10.00
Om Prakash Bhansali	Bhanwar Lal Shankhala	01.10.2006	6600	Cash	10/-	10.00
Om Prakash Bhansali	Binja Ram	01.10.2006	2400	Cash	10/-	10.00
Om Prakash Bhansali	Chand Kanwar	01.10.2006	4200	Cash	10/-	10.00
Om Prakash Bhansali	Chandra Prakash Vyas	01.10.2006	4800	Cash	10/-	10.00
Om Prakash Bhansali	Dinesh Baheti	01.10.2006	4800	Cash	10/-	10.00
Om Prakash Bhansali	Gaurav Bhansali	01.10.2006	241000	Cash	10/-	10.00
Om Prakash Bhansali	Gaurav Bhansali HUF	01.10.2006	35400	Cash	10/-	10.00
Om Prakash Bhansali	Gyan Kanwar	01.10.2006	5400	Cash	10/-	10.00
Om Prakash Bhansali	Hastimal Jain	01.10.2006	5400	Cash	10/-	10.00
Om Prakash Bhansali	Ina Mehta	01.10.2006	6000	Cash	10/-	10.00
Om Prakash Bhansali	J M Mehta	01.10.2006	1500	Cash	10/-	10.00
Om Prakash Bhansali	Jawari Lal Joshi	01.10.2006	4800	Cash	10/-	10.00
Om Prakash Bhansali	Jitendra Shankhala	01.10.2006	6600	Cash	10/-	10.00
Om Prakash Bhansali	Jora Ram	01.10.2006	12000	Cash	10/-	10.00
Om Prakash Bhansali	Jyoti C Abhyankar	01.10.2006	3000	Cash	10/-	10.00
Om Prakash Bhansali	K.P. Bissa	01.10.2006	3000	Cash	10/-	10.00
Om Prakash Bhansali	Kamala Lunkar	01.10.2006	5400	Cash	10/-	10.00
Om Prakash Bhansali	Kamlesh	01.10.2006	6600	Cash	10/-	10.00
Om Prakash Bhansali	Kiran Bhandari	01.10.2006	5400	Cash	10/-	10.00
Om Prakash Bhansali	Kiran Kankariya	01.10.2006	4200	Cash	10/-	10.00
Om Prakash Bhansali	Kusum	01.10.2006	3000	Cash	10/-	10.00
Om Prakash Bhansali	Lalit Jain	01.10.2006	5400	Cash	10/-	10.00
Om Prakash Bhansali	Lalit Tayal	01.10.2006	4800	Cash	10/-	10.00
Om Prakash Bhansali	Lalita Mehta	01.10.2006	3000	Cash	10/-	10.00
Om Prakash Bhansali	Madhu Kankariya	01.10.2006	4800	Cash	10/-	10.00
Om Prakash Bhansali	Madhu Mehta	01.10.2006	30004	Cash	10/-	10.00
Om Prakash Bhansali	Mahaveer Baghreacha	01.10.2006	3600	Cash	10/-	10.00
Om Prakash Bhansali	Mahaveer Lunkar	01.10.2006	4800	Cash	10/-	10.00
Om Prakash Bhansali	Mahendra Singh Mehta	01.10.2006	5400	Cash	10/-	10.00
Om Prakash Bhansali	Mamta Kothari	01.10.2006	5400	Cash	10/-	10.00
Om Prakash Bhansali	Manish Bohra	01.10.2006	3000	Cash	10/-	10.00
Om Prakash Bhansali	Manish Laddha	01.10.2006	4800	Cash	10/-	10.00
Om Prakash Bhansali	Mool Singh	01.10.2006	2400	Cash	10/-	10.00
Om Prakash Bhansali	Mukesh Sharma	01.10.2006	4000	Cash	10/-	10.00
Om Prakash Bhansali	Narayan Ram Patel	01.10.2006	6000	Cash	10/-	10.00
Om Prakash Bhansali	Neelam Bhandari	01.10.2006	4200	Cash	10/-	10.00
Om Prakash Bhansali	Neetu	01.10.2006	4200	Cash	10/-	10.00
Om Prakash Bhansali	Om Dagalia	01.10.2006	5400	Cash	10/-	10.00
Om Prakash Bhansali	Om Prakash Vyas	01.10.2006	2400	Cash	10/-	10.00
Om Prakash Bhansali	Paras Dagalia	01.10.2006	5400	Cash	10/-	10.00
Om Prakash Bhansali	Parasmal Baghreacha	01.10.2006	5400	Cash	10/-	10.00
Om Prakash Bhansali	Pep Singh	01.10.2006	1600	Cash	10/-	10.00
Om Prakash Bhansali	Phool Kaur Joshi	01.10.2006	4200	Cash	10/-	10.00



Transferee	Transferor	Date on which shares were purchased	Number of Shares purchased	Consideration	Face Value	Transfer Price
Om Prakash Bhansali	Pola Ram	01.10.2006	6000	Cash	10/-	10.00
Om Prakash Bhansali	Pooja Kothari	01.10.2006	2400	Cash	10/-	10.00
Om Prakash Bhansali	Pradeep Kumar	01.10.2006	1604	Cash	10/-	10.00
Om Prakash Bhansali	Priya Bhansali	01.10.2006	84900	Cash	10/-	10.00
Om Prakash Bhansali	Priyanka	01.10.2006	3000	Cash	10/-	10.00
Om Prakash Bhansali	Radha Paniya	01.10.2006	4800	Cash	10/-	10.00
Om Prakash Bhansali	Rajani Sharma	01.10.2006	10000	Cash	10/-	10.00
Om Prakash Bhansali	Rajendra Bhandari	01.10.2006	5400	Cash	10/-	10.00
Om Prakash Bhansali	Ruchi Bhansali	01.10.2006	68700	Cash	10/-	10.00
Om Prakash Bhansali	Sameer Vyas	01.10.2006	4200	Cash	10/-	10.00
Om Prakash Bhansali	Samita Bafna	01.10.2006	4200	Cash	10/-	10.00
Om Prakash Bhansali	Sandeep Mardha	01.10.2006	2400	Cash	10/-	10.00
Om Prakash Bhansali	Sandeep Mathur	01.10.2006	5400	Cash	10/-	10.00
Om Prakash Bhansali	Sanjay Baghrecha	01.10.2006	1200	Cash	10/-	10.00
Om Prakash Bhansali	Sarla Vyas	01.10.2006	4200	Cash	10/-	10.00
Om Prakash Bhansali	Shyam Lal Bhansali	01.10.2006	4800	Cash	10/-	10.00
Om Prakash Bhansali	Sohan Lal Bhansali	01.10.2006	4200	Cash	10/-	10.00
Om Prakash Bhansali	Sohan Prakash	01.10.2006	3000	Cash	10/-	10.00
Om Prakash Bhansali	Suraj Jain	01.10.2006	5400	Cash	10/-	10.00
Om Prakash Bhansali	Suraj Kishan Vyas	01.10.2006	4200	Cash	10/-	10.00
Om Prakash Bhansali	Sushil Harsh	01.10.2006	600	Cash	10/-	10.10
Om Prakash Bhansali	Sushila Lunawat	01.10.2006	4800	Cash	10/-	10.00
Om Prakash Bhansali	Usha	01.10.2006	4800	Cash	10/-	10.00
Om Prakash Bhansali	Vimal Bhansali	01.10.2006	223900	Cash	10/-	11.00
Om Prakash Bhansali	Vimal Bhansali HUF	01.10.2006	45000	Cash	10/-	10.00
Total			10,82,408			

Mr. Vimal Bhansali

Transferee	Transferor	Date on which shares were purchased/sold	Number of Shares		Consideration	Face Value	Transfer Price
			Purchased	Sold			
Vimal Bhansali	Mahendra Rakhecha	17.11.2005	400	--	Cash	10/-	10.00
Vimal Bhansali	Kala Ram	17.11.2005	400	--	Cash	10/-	9.00
Vimal Bhansali	Mamta Kothari	17.11.2005	900	--	Cash	10/-	12.00
Vimal Bhansali	Kiran Kankariya	17.11.2005	700	--	Cash	10/-	11.00
Vimal Bhansali	Suraj Jain	17.11.2005	900	--	Cash	10/-	11.00
Vimal Bhansali	Lakshpat Mehta	17.11.2005	800	--	Cash	10/-	12.00
Vimal Bhansali	Atul Mathur	17.11.2005	700	--	Cash	10/-	12.00
Vimal Bhansali	Amarchand	17.11.2005	900	--	Cash	10/-	9.00
Vimal Bhansali	Neelam Bhandari	17.11.2005	700	--	Cash	10/-	11.00
Vimal Bhansali	Bhanwar Lal Shankhala	17.11.2005	1100	--	Cash	10/-	10.00
Vimal Bhansali	Amit Chopara	17.11.2005	300	--	Cash	10/-	9.00
Vimal Bhansali	Dhreej Thanvi	17.11.2005	300	--	Cash	10/-	8.00
Vimal Bhansali	Jugta Ram Prajapat	17.11.2005	300	--	Cash	10/-	12.00
Vimal Bhansali	L.M. Marda	17.11.2005	300	--	Cash	10/-	12.00
Vimal Bhansali	M.S. Rawat	17.11.2005	300	--	Cash	10/-	11.00
Vimal Bhansali	Mahaveer Chand Lunker	17.11.2005	300	--	Cash	10/-	10.00
Vimal Bhansali	Manish Bohra	17.11.2005	300	--	Cash	10/-	10.00
Vimal Bhansali	Manju Bhandari	17.11.2005	300	--	Cash	10/-	9.00
Vimal Bhansali	Nishith	17.11.2005	300	--	Cash	10/-	9.00



Transferee	Transferor	Date on which shares were purchased/sold	Number of Shares		Consideration	Face Value	Transfer Price
			Purchased	Sold			
Vimal Bhansali	Prakash J. Patel	17.11.2005			Cash	10/-	11.00
Vimal Bhansali	Rajendra Vyas	17.11.2005	300	--	Cash	10/-	9.00
Vimal Bhansali	S.R. Bafna	17.11.2005	300	--	Cash	10/-	9.00
Vimal Bhansali	Shanti Lal Mandovar	17.11.2005	300	--	Cash	10/-	12.00
Vimal Bhansali	Sudarshan Mehta	17.11.2005	300	--	Cash	10/-	11.00
Vimal Bhansali	Suresh Mittal	17.11.2005	300	--	Cash	10/-	9.00
Vimal Bhansali	Usha Bohra	17.11.2005	100	--	Cash	10/-	10.00
Vimal Bhansali	Om Prakash Bhansali Trust	20.11.2006	2	--	Cash	10/-	10.00
Om Prakash Bhansali	Vimal Bhansali	01.10.2006	--	2,23,900	Cash	10/-	10.00
Total			12,102	2,23,900			

Mr. Gaurav Bhansali

Transferee	Transferor	Date on which shares were purchased/sold	Number of Shares		Consideration	Face Value	Transfer Price
			Purchased	Sold			
Gaurav Bhansali	Mool Singh	17.11.2005	400	--	Cash	10/-	9.00
Gaurav Bhansali	Manohar Lal	17.11.2005	300	--	Cash	10/-	12.00
Gaurav Bhansali	Sampatlal Kankariya	17.11.2005	400	--	Cash	10/-	9.00
Gaurav Bhansali	O P Puri	17.11.2005	1000	--	Cash	10/-	10.00
Gaurav Bhansali	Narayan Ram Patel	17.11.2005	1000	--	Cash	10/-	12.00
Gaurav Bhansali	Phool Kaur Joshi	17.11.2005	700	--	Cash	10/-	11.00
Gaurav Bhansali	Shyam Lal Bhansali	17.11.2005	800	--	Cash	10/-	10.00
Gaurav Bhansali	Chand Kanwar	17.11.2005	700	--	Cash	10/-	10.00
Gaurav Bhansali	Parasmal Baghreacha	17.11.2005	900	--	Cash	10/-	12.00
Gaurav Bhansali	Kamala Lunkar	17.11.2005	900	--	Cash	10/-	9.00
Gaurav Bhansali	Radha Paniya	17.11.2005	800	--	Cash	10/-	12.00
Gaurav Bhansali	Gyan Kanwar	17.11.2005	900	--	Cash	10/-	8.00
Gaurav Bhansali	Bhanwar Lal Bhansali	17.11.2005	800	--	Cash	10/-	12.00
Gaurav Bhansali	Sanjay Baghreacha	17.11.2005	200	--	Cash	10/-	12.00
Gaurav Bhansali	Poonam	17.11.2005	2000	--	Cash	10/-	10.00
Gaurav Bhansali	Mahendra Singh	17.11.2005	900	--	Cash	10/-	11.00
Gaurav Bhansali	Amar Mehta	17.11.2005	300	--	Cash	10/-	12.00
Gaurav Bhansali	Baga Ram Prajapat	17.11.2005	200	--	Cash	10/-	12.00
Gaurav Bhansali	Balwant Raj Singhvi	17.11.2005	300	--	Cash	10/-	12.00
Gaurav Bhansali	Kamal Pat Raj Bhandari	17.11.2005	300	--	Cash	10/-	9.00
Gaurav Bhansali	Madhu Lunker	17.11.2005	300	--	Cash	10/-	9.00
Gaurav Bhansali	Sekhar Lunia	17.11.2005	100	--	Cash	10/-	10.00
Gaurav Bhansali	Sunder Kanwar Purohit	17.11.2005	100	--	Cash	10/-	10.00
Gaurav Bhansali	Sunil Harsh	17.11.2005	100	--	Cash	10/-	11.00
Gaurav Bhansali	Viresh Tater	17.11.2005	300	--	Cash	10/-	10.00
Om Prakash Bhansali	Gaurav Bhansali	01.10.2006	--	2,41,000	Cash	10	10.00
Total			14,700	2,41,000			

**4. Aggregate Share Holding of Promoters as on the date of filing this Draft Prospectus**

Name of Promoter	Shares Allotted as per Table Above	Add: Shares purchased through Transfers	Less : Shares Transferred	Share Holding as on date
Om Prakash Bhansali	19,99,642	10,82,408	-	30,82,050
Gaurav Bhansali	4,35,196	14,700	2,41,000	2,08,896
Vimal Bhansali	3,96,076	12,102	2,23,900	1,84,278

5. The following shares will be locked in for a period of 3 years as part of the minimum promoter's contribution:

	Date of Allotment/ Transfer	Allotment/ Transfer	Consideration	No. of Shares	Face Value	Issue/ Transfer Price	% of Post-Issue Capital	Lock-in Period
Om Prakash Bhansali	27.02.2006	Allotment	Bonus	1,00,503	10/-	10/-	0.85	3 Years
	28.03.2006	Allotment	Cash	99,005	10/-	10/-	0.84	3 Years
	01.10.2006	Transfer	Cash	*2,41,000	10/-	10/-	2.046	3 Years
	01.10.2006	Transfer	Cash	* 2,23,900	10/-	10/-	1.90	3 Years
	15.11.2006	Allotment	Cash	16,500	10/-	10/-	0.14	3 Years
	15.11.2006	Allotment	Bonus	**1,80,000	10/-	--	1.53	
	Sub-Total			8,60,908			7.31	
***Promoters Contribution (Proposed Subscription)	To be Allotted	Allotment	Cash	14,99,286	10/-	35/-	12.73	3 Years
	Sub-Total			14,99,286			12.73	
	Grand Total			23,60,194			20.04	

*The shares acquired through transfer are eligible for minimum promoters' contribution under clause 4.6.2 of SEBI DIP Guidelines 2000 since shares were acquired through interse transfer among core promoters.

** 1,80,000 bonus shares locked in as minimum promoter contribution, includes 7,200 shares allotted as bonus shares on the above mentioned shares, acquired through interse transfers among the core promoters.

*** An Undertaking has been given by the Promoters that the promoter contribution of Rs. 524.75 Lakhs (entitling them to 14,99,286 equity shares under the promoters contribution portion) shall be brought in by the core promoters of the company, at least one day before opening of the public issue.

The above equity shares locked in are eligible for computation of minimum promoter's contribution of 20% of the post-issue capital pursuant to Clause 4.6 of SEBI (DIP) Guidelines. Lock-in period will commence from date of allotment in this public issue. Specific written consent has been obtained from the persons whose shares form part of minimum promoters' contribution for ensuring lock in of three years.

Besides this, entire pre-issue share capital, other than equity shares which are locked in as minimum promoter's contribution for a period of three years, shall be locked in for a period of one year from the date of allotment in this public issue.

Shares held by persons other than the Promoters, prior to Initial Public Offering, which are subject to lock in as per SEBI (DIP) Guidelines, may be transferred to any other person holding shares which are locked in, subject to continuation of lock- in the hands of the transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

Shares held by the promoter(s) which are locked in as per the relevant provisions of Chapter IV of the SEBI (DIP) Guidelines, may be transferred to and amongst promoter/promoter group or to a new promoter or persons in control of the Company, subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

The Company confirms that the Promoters contribution to the extent of minimum 20% of post- issue equity share capital does not consist of:

- Shares acquired for consideration other than cash and revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources.
- *Securities acquired during the preceding one year, at a price lower than the price at which equity shares is being offered to public.
- Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.
- Shares for which specific written consent has not been obtained from the respective shareholders for inclusion of their subscription in the minimum promoter's contribution subject to lock-in.
- Shares with a contribution less than Rs.25,000/- per application from each individual and contribution less than Rs.1,00,000/- from firms and companies.

* Our Company has availed exemption under clause 4.6.2 of SEBI DIP Guidelines 2000 to include shares acquired through interse transfer among core promoters at a price below the Issue Price in this IPO.

6. Pre-issue and post issue shareholding pattern

Name of the Shareholder	Pre- Issue		Post- Issue	
	No of Shares	% of Holding	No. of Shares	% of Holding
Promoters				
Om Prakash Bhansali	30,82,050	55.52	[●]	[●]
Gaurav Bhansali	1,84,278	3.32	[●]	[●]
Vimal Bhansali	2,08,896	3.76	[●]	[●]
Sub Total (A)	34,75,224	62.60	* 49,74,510	42.23
Promoters Group				
Om Kumari Bhansali	9,58,056	17.26	9,58,056	8.13
Om Prakash Bhansali HUF	1,35,000	2.43	1,35,000	1.14
Ruchi Bhansali	55,180	0.99	55,180	0.46
Priya Bhansali	56,064	1.01	56,064	0.48
J M Mehta	180	Negligible	180	Negligible
Madhu Mehta	50,000	0.90	50,000	0.42
Sub Total (B)	12,54,480	22.60	12,54,480	10.65
Others				
Body Corporates	8,22,000	14.80	8,22,000	6.98
Sub Total (C)	8,22,000	14.80	8,22,000	6.98
Shares allotted through IPO	---	---	47,28,574	40.14
Sub Total (D)	---	---	47,28,574	40.14
Total Shareholding =(A)+(B)+(C)+(D)	55,51,704	100.00	1,17,79,564	100

*The Equity Shares to be allotted to the Promoters as a part of promoter contribution of Rs. 524.75 Lakhs (i.e.14,99,286 equity shares) have been included in the post issue promoters share holding.

Particulars of top ten shareholders as on the date of filing of the draft Prospectus with SEBI

Sl. No.	Name	No. of Shares	% of Issued capital
1	Om Prakash Bhansali	30,82,050	56.02%
2	Om Kumari Bhansali	9,58,056	17.41%
3	Sina Chemtrade Private Limited	2,98,000	5.42%
4	Joshna Trading Private Limited	2,86,000	5.20%
5	Sajoy Rubber Private Limited	2,38,000	4.33%
6	Gaurav Bhansali	2,08,896	3.80%
7	Vimal Bhansali	1,84,278	3.35%
8	Om Prakash Bhansali HUF	1,35,000	2.45%
9	Priya Bhansali	56,064	1.02%
10	Ruchi Bhansali	55,180	1.00%

7. Particulars of top ten shareholders as on ten days prior to the date of filing of the Draft Prospectus with SEBI

Sl. No.	Name	No. of Shares	% of Issued capital
1	Om Prakash Bhansali	30,82,050	56.02%
2	Om Kumari Bhansali	9,58,056	17.41%
3	Sina Chemtrade Private Limited	2,98,000	5.42%
4	Joshna Trading Private Limited	2,86,000	5.20%
5	Sajoy Rubber Private Limited	2,38,000	4.33%
6	Gaurav Bhansali	2,08,896	3.80%
7	Vimal Bhansali	1,84,278	3.35%
8	Om Prakash Bhansali HUF	1,35,000	2.45%
9	Priya Bhansali	56,064	1.02%
10	Ruchi Bhansali	55,180	1.00%

8. Top ten shareholders two years prior to the date of filing of the draft Prospectus with SEBI

No.	Name	No. of Shares	% of Issued capital
1	Om Kumari Bhansali	43,501	21.75%
2	Gaurav Bhansali	18,281	9.14%
3	Vimal Bhansali	17,621	8.81%
4	Om Prakash Bhansali	16,501	8.25%
5	Shanti Devi	5,500	2.75%
6	Ram Das Lohiya	3,800	1.90%
7	Sashi Devi	3,200	1.60%
8	Madhu Mehta	3,001	1.50%
9	Pooja Lohiya	3,000	1.50%
10	Aditya Bhansali	2,100	1.05%

9. As on date, promoters including promoter group holds 85.20% of total outstanding Equity Shares. The Promoter Group/ Directors of the Company have not purchased and or sold/ financed any shares of the Company during the past six months.



10. The Company, its promoters, its directors and the Lead Manager to this Issue has not entered into any buy back and/ or stand by arrangements for purchase of equity shares of the company from any person in respect of this Issue.
11. There are no outstanding warrants, options or rights to convert debentures or other instruments into equity shares as on date.
12. The Company currently does not have any Employee Stock Option Plan.
13. The Company has not raised any bridge loan against the proceeds of this Issue.
14. The Company has 12 members/shareholders as on date.
15. No single applicant can make an application for number of securities, which exceeds the securities offered through this Issue.
16. The Company has not issued any shares out of revaluation reserves.
17. The equity shares of the Company shall be available in dematerialized mode and the market lot is one equity share. The Company undertakes that, at any given time there shall be only one denomination for the shares of the Company and it shall comply with such disclosures and accounting norms specified by SEBI from time to time.
18. The Company has not issued any shares for consideration other than cash (other than by way of capitalization of reserves).
19. The Company undertakes that there would 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 the Draft Prospectus with SEBI until the equity shares offered through this Draft Prospectus have been listed.
20. If the Company goes in for acquisitions and joint ventures in future, the Company might consider raising additional capital to fund such activity, through issue of shares as consideration for acquisition and/or participation in such joint venture.
21. In case the Issue is oversubscribed, the allotment of shares shall be subject to the reservation for small individual applicants as described below:
 - (i) A minimum of 50% of the Net Offer to the Public shall initially be made available for allotment to retail individual investors as the case may be.
 - (ii) The balance of Net Offer to the Public, shall be made available for allotment to a) individual applicants other than retails individual investors and b) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
 - (iii) The unsubscribed portion of the net offer to any one of the categories specified in (i) or (ii) shall/may be made available for allocation to applicants in the other category, if so required.
22. An over-subscription to the extent of 10% of the net offer to public can be retained for the purpose of rounding off to the nearest integer subject to a minimum allotment being equal to [●], which is the minimum application size in this Issue, while finalizing the allotment.
23. Post-issue, the Promoters/Promoter Group holding will be 62,28,990 equity shares.
24. The equity shares to be held by our Promoters under the lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, inter se transfers among the Promoters and Promoter Group as such would be permitted, provided that the requirement of lock-in period guidelines continues to apply, to the extent initially prescribed.
25. The locked-in equity shares held by our Promoters can be pledged only with Banks/Financial Institutions, provided the pledge of shares is one of terms of sanction letter and the same are pledged for one or more of the Objects of the Issue.

26. The Issue is being made in terms of clause 2.2.2 (a) (ii) & (b) (i) of SEBI (DIP) Guidelines, 2000, wherein the “Project”, has at least 15% participation by Financial Institutions/Scheduled Commercial Banks, of which atleast 10% comes from the Appraiser(s). In addition to this, at least 10% of the Issue size shall be allotted to QIBs, failing which, the full subscription money shall be refunded. In case of delay, if any in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.
27. In case of Under-subscription in the Qualified Institutional Buyers portion (i.e. subscription less than 10% mandatory of the issue size), full subscription monies shall be refunded.
28. In case of under subscription in the net Offer to the Public portion, spillover to the extent of under subscription shall be permitted from the reserve category to the net offer to the Public.

6. OBJECTS OF THE ISSUE

The objects of this Issue are to raise fresh capital and to achieve the benefits of listing our Equity Shares on the Stock Exchange.

Our Company intends to use the net proceeds of the issue, for the following purposes:

- Setting up of new manufacturing unit.
- Purchase of Land and Building from the promoter (s) of the company for office purpose.
- Meeting margin money required for the enhanced working capital.
- Meeting the interest cost during the construction period.
- Meeting the Expenses of the Issue.

The main objects clause and objects incidental or ancillary to the main objects clause of our Memorandum of Association enables us to undertake our existing activities and the activities for which the funds are being raised by us, through this Issue.

Project Appraisal

The Project of our Company includes the setting up of new factory unit with an installed capacity of 172080 MPA for manufacturing rubber conveyer belts of 2000 mm width at Village Tanawara, Jodhpur, Rajasthan.

The Project has been appraised by Punjab National Bank, Technical Cell, New Delhi. Pursuant to the appraisal, Punjab National Bank, Ratanada Colony Branch, Jodhpur issued a sanction letter dated 14th June, 2007 confirming its participation in the Project. In terms of the Project, Punjab National Bank has approved two Term Loans of Rs. 550 Lakhs and Rs. 300 Lakhs. The amounts sanctioned by Punjab National Bank vide its sanction letter dated September 29, 2006 and June 14, 2007 for Rs. 550 Lakhs and Rs.300 Lakhs respectively.

For Risk Factors as per the Appraisal Report of the Punjab National Bank, Please refer page no. 8 section titled “Risk Factors”

Out of the initially sanctioned limit, an amount of Rs. 450.15 Lakhs has already been disbursed by Punjab National Bank as on 31.08.2007.

AS PER THE APPRAISAL REPORT OF THE PUNJAB NATIONAL BANK DATED 28TH MARCH 2007, THE BREAK UP OF THE PROJECT COST UNDER THE VARIOUS HEADS HAS BEEN ESTIMATED AS UNDER:

Break Up of the Project Cost:

Cost of the Project

Particulars	Rs. in Lakhs
Land & Land Development	141.00
Civil Construction (Factory Unit – II)	714.11
Purchase of Land & Building for Office Purpose	259.00
Plant & Machinery	1656.42
Misc. Fixed Assets	51.37
Public Issue Expenses	280.00
Interest during construction	24.19
Contingency@5 %	82.80
Margin for working capital	300.00
Total	3508.89
(Rounding Off)	3509.00

Means of Finance

Particulars	Rs. in Lakhs
Promoters Contribution*	1004.00
Proceeds from IPO	1655.00
Term Loan from Punjab National Bank	850.00
Total	3509.00

***Note:** Out of Promoter participation in the Project, an amount of Rs.479.25 Lakhs has already been brought in by the Promoters/Promoters Group and others, for which shares were allotted on 28th April, 2007. The balance shall be brought in by the core Promoters by way of Promoters Contribution in this Issue.

Term Loan from Punjab National Bank

The details of the Term Loans sanctioned by PNB are as under:-

Facility	TERM LOAN – I
Amount	Rs.550.00 Lakhs
Purpose	Purchase of Plant and Machinery.
Rate of Interest	BPLR + 0.50 % term premia – 2% relaxation i.e. 10.00% p.a. payable monthly at present, subject to change from time to time as per Bank/RBI guidelines.
Re-Payment	Term loan is to be re-paid in 33 monthly installments of Rs.16.67 Lakhs each plus interest w.e.f. April 2007 after moratorium period of 6 months. Interest is to be paid as and when charged.
Margin	25% Minimum
Security	✓ Equitable Mortgage of Factory Land and Building situated at H-2, 463 to 466, Sangaria Ind. Area, Jodhpur, Land area 2424 Sq. Meter allotted in the name of company by RIICO vide lease deed issued by RIICO dated 03.01.2001 and 20.11.2003. ✓ Hypothecation by way of first charge on Plant and Machinery proposed to be purchased.

Facility	TERM LOAN – II
Amount	Rs.300.00 Lakhs
Purpose	Purchase of Plant and Machinery.
Rate of Interest	BPLR + 1.5% + 0.50 % term premia i.e. 15.00% p.a. payable monthly at present, subject to change from time to time as per Bank/RBI guidelines.
Re-Payment	Re-Payment of term loan is to be made in 33 monthly installments of Rs.9.09 Lakhs each plus interest after a moratorium period of 6 months from the first disbursement.
Margin	25% Minimum
Security	1) Hypothecation by way of first charge on Plant and Machinery proposed to be purchased. 2) Equitable Mortgage of Factory Land and Building constructed or to be constructed thereon at an estimated cost of Rs.714.11 Lakhs as per project report.

Other terms of the Term Loan:

- The company shall make payments directly to the supplier as far as possible. Original bills/ cash memos in the joint names of banks and the company for all fixed assets/machinery financed by the banks shall be submitted by the company/borrower to the bank.
- The borrower shall get the above assets insured against all possible risks at their own cost in the joint name of the bank, and borrow with bank clause.
- Penal interest @ 2% over and above the normal rate will be recovered from the company for amount/period of default.

4. Bank's name plate evidencing hypothecation of security/ asset has to be prominently displayed, where security/ asset charged to the bank has been kept.
5. Escalation in costs/ cost over run in the project, if any shall be met from the own sources of the Company.
6. The company has to undertake that all the necessary statutory approvals / permissions including approval from pollution control board shall be obtained before the release of loan.

DETAILS OF THE PROJECT:

Land:

The Company has acquired additional land for the proposed expansion at Village Tanawara, Luni Tehsil Dist. Jodhpur, Rajasthan for which an amount of Rs. 141.00 lakhs have been earmarked. The area of the land is 2,09,088 sq. ft. (12 Bigha) situated at Khasra No. 58/6, 58/5, & 58. The land has been taken on lease basis for a period of 22 years at a nominal rent of Rs.1800 per annum with a provision to get the lease renewed for a further period of 99 years; the lease has been awarded by the Dist. Collector, Jodhpur on behalf of the Governor of Rajasthan. The land has been valued at around Rs. 41.00 Lakhs in terms of lease rent and stamp duty etc. An amount of Rs. 100.00 Lakhs has been provided for the development of the site. The operational area found to be sufficient and suitable for the proposed set up of the plant.

Location Advantages:

The Company is already operating a Conveyor Belt manufacturing unit with a capacity of 1,67,660 MPA at RIICO industrial area at village Sangaria, Jodhpur. It is fully equipped with all infrastructure facilities. For the proposed new plant, the Company has already started developing the new site at Village Tanawara. The land is well connected through approach roads which lead to the main city. Further, there are many existing as well as upcoming cement plants in the state, requiring conveyor belts in their manufacturing process, which will add to the location advantage of the new site.

Civil Construction (Factory Unit –II) /Building/Civil Structure:

The Company's existing manufacturing activity have sufficient super structure comprising of factory building, auxiliary services, administrative building and other miscellaneous civil works to meet its present requirements. The existing operational area is sufficient and suitable to carry out day to day manufacturing activities and the work space is sufficient for easy movement of material & labour. The additional building and civil structures shall comprise of Main Plant Building having a covered area of 36000 sq.ft.; Building for Auxiliary Services, Administrative Building, and Godown for raw material as well as for finished goods having area of 22364 sq.ft. The total cost towards civil construction has been estimated at Rs. 714.11 Lakhs by the Consultant, on analyzing the same it comes to Rs.1223 per sq.ft. approximately. The estimates are reasonable considering the height of the Factory Building and RCC structure of other buildings.

The break-up of the civil construction cost is given as under:

S. No.	Particulars	(Rs in Lakhs)
1	Main plant and building (36000 Sq. Ft.)	114.11
2	Factory building for civil works and other related buildings, roads & basic amenities. (22364 Sq. ft.)	553.43
3	Electricity Installations. (Lump sum)	27.17
4	Contingencies	19.40
	Total	714.11

The plant layout and construction of building / civil work shall be under supervision of the consultant. The Company has appointed M/s Joraram Builders Private Limited as Contractor for the construction vide appointment letter dated 9th May, 2006 and M/s Shree Ganesh Enterprises as Contractor for the construction vide letter dated 4th December, 2006 for carrying out the construction activity.

The following are the terms of the appointment of M/s Joraram Builders Private Limited:

- 1) The Company will give advance on the basis of work progress after deducting the necessary TDS.
- 2) Any additional work will be taken in hand, with the permission of the Company owner, failing which payment will not be released.

- 3) In the event if work is stopped by the factory owner due to any reason, the payment will be made on the work done, as per the agreed rates.
- 4) The factory owner has full right to get the works done from one or more contractors. The contractor has agreed to the said arrangement.
- 5) The entire work is to be completed within 12-16 months from the date on which work begins.
- 6) The estimates are in accordance with the estimates given by the Architect, which are mutually agreed by the parties.
- 7) Drawings approved by the Architect has to be adhered by the contractor.
- 8) The total cost of the project for civil work will be Rs.389 Lakhs.
- 9) Any other additional work done by the contractor, which is not included in this contract, but essential for the project, will be paid extra as per the agreed rates.

As per the terms of the appointment of M/s Shree Ganesh Enterprises, a advance of Rs.10 Lakhs shall be paid and the balance payments will be released on pro-rata basis every 15 days. Sales Tax, service tax, entry tax, octroi shall be paid by the company.

The Appraisal Report requires the Company to undertake the following:

- Soil testing of the land should also be carried as the Company proposes to install heavy machinery in the unit.
- To get the building plans approved from the local civic authorities.

The Company has already obtained the approval of the building plan from the local authority i.e. Sarpanch, Panchayat, Sangariya. Soil testing shall be undertaken by the Company before the installation of the machinery.

Purchase of Land and Building for Office Purpose

Our Company has entered into an Agreement for Sale with one of the Promoters of the Company, namely Mr. Om Prakash Bhansali on 7th November, 2006 for the purchase of Land and Building, presently being used as the Registered Office premises of the Company i.e. 4F-15, "Oliver House", New Power House Road, Jodhpur-342 001. The Land on which the building is situated admeasures 305 square yards (equivalent to 2747 sq. ft.). The four storey building along with basement constructed on the above plot is admeasuring 7,500 sq. ft. The total cost towards purchase of Land and Building is Rs. 259.00 Lakhs as against the valuation undertaken by N. K .Moondra, a Chartered Engineer and Registered Valuer at Rs. 275.00 Lakhs.

As per the Agreement for Sale, 90% of sale consideration (i.e. Rs.233.00 Lakhs) shall be payable within 6 months of executing the Agreement to Sale and the balance amount of 10% of purchase consideration shall be payable within 90 days of initial payment. However, due to delay in the initial public offering, the Company has entered into a supplementary agreement on September 15, 2007 extending the date of payment.

On payment of the purchase consideration of Rs. 259.00 Lakhs from the proceeds of this Issue, the Promoter and the Company shall execute a sale deed which shall be duly stamped and registered with the sub-registrar of assurances. The Company is already in possession of the land and building and the same is being used as its registered office.

Plant & Machinery

The section wise details of equipments for the proposed Plant are as under. The broad sectional views of the plant are given as under:

No.	Particulars	Rs. in Lakhs
1.	Mixing section	168.06
2.	Calendar section	172.43
3.	Building Table section	132.40
4.	Press section	501.22
5.	Repair section of cured belts	55.34
6.	Belt cutting section	33.52
7.	Packing section	3.60
8.	EOT Crane	77.94
9.	Mechanical Work shop	11.94
10.	Electrical & DG sets	145.95
11.	Boiler section	32.58
12.	Lab & Testing Equipments	54.10
12.a	Assorted Equipments	20.65
	Cost of plant & Machinery	1409.72
	Add: Transportation@ 6.5%	91.63
	Add : Handling Charges @5%	70.49
	Add: Erection Charges	84.58
	Total	1656.42

Our Company proposes to procure plant and machinery/equipments and has already placed orders for majority of the machines. The quotations of all items from the manufacturers /vendors and price of these machineries/equipment are set out herein below:

Mixing Section:

The details of the machineries having cost of Rs. 2.00 Lakhs and above are given hereunder:

(Rs in Lakhs)

Sl. No.	Name of Supplier	Description of Machinery	Total Cost	Quotation No.	Quotation Date	Status
1	M/s Suman Enterprises	Intermix 75 Ltr. capacity with 120 HP Motor along with reduction gear box and electronic panel box	21.28	PI No. 0010	15.12.06	Order Placed on 28.12.06
2	M/s Sant Rubber Machines Private Ltd.	Mixing mill size 22 X 60 With Chilled cast iron rolls, with Anti Friction Bearing lined in steel casted housings, with side plates of cast iron, with bull gear & pinion both side gear covers, tray, safety trip rod, with M.S. fabricated common base plate, with Helical Gear Box of Greaves/ Elecon/Shanthi make, but without Electric Motor, without Switch & Starter.	22.88	SRM/179/20 06-07	20.06.06	Order Placed on 15.09.06
3	M/s G Engineering Works	Mixing mill size 22 X 60	11.05	53/06-07	13.12.2006	Order Placed on 23.12.06
4	M/s GM Industries	Triple Stage Reduction Gear Box For 22 X 60 Mill	5.59	41/2006-07/GMI	10.12.06	Order Placed on 23.12.06
5	M/s Multi -Serve Rolls Ltd.	22 Dia X 60 Inc. Rolls (Two) for 22 X 60 Mill	6.05	MSRL:06-07/279	13.12.2006	Order Placed on 23.12.06
6	M/s M B Rubber Pvt. Ltd.	Mixing mill Rolls size 22 X 66 (One Set of 2 Rolls)	5.20	PF No. 166	25.05.2006	Order Placed on 08.06.06
7	M/s M B Rubber Pvt. Ltd.	Complete Mixing mill size 16" X 42" with all Related Accessories	6.24	PF No. 163	25.05.2006	Order Placed on 08.06.06
8	M/s M B Rubber Pvt. Ltd.	Warming mill size 22" X 60" with small bull gear bush type without electric motor and Accessories	7.28	PF No. 162	25.05.2006	Order Placed on 08.06.06
9	Anant Engineering Works	Complete Mixing mill size 18" X 48" with all Accessories without electrical motor	9.27	AEW/06-07/269	31.05.06	Order Placed on 26.09.06
10	Sant Rubber Machines Pvt. Ltd.	Breaker Mill size 18" X 18" X 24" with gear box without 75 HP motor and Electronic Panel Box	9.36	SRM/179/20 06-07	20.06.06	Order Placed on 28.09.06
11	M/s Pragati Engineers and Consultants	Batch off Unit for 22" X 60" mill complete With Electronic Panel Box, Electrical Motors	16.12	Pec/qtn/06/0 7-08	14.04.07	Order Placed on 15.05.07
12	M/s Shree Balaji Engineering Works	Feeding Conveyor Belt Systems from mixing mill to Calendar with panel box, Pulley Drums & Rollers	5.88	Bill No. 1057	12.07.06	Order Placed on 28.09.06



12a	M/s Jagdamba Trolley Repairing Works	Hand driven material handling trolley (for feeding of Mixed Raw Material Batches to All Mixings Mills, Kneaders and Intermix [Size = 3 ft x 2 ft]	2.91	Nil	01.07.06	Order Placed on 30.09.06
14	Ruby International India	Trolley System for Shifting the material from Ground Floor up to Ist Floor [Capacity – 1000 Kg. (01 Tons) Platform Size: 8' X 4', Winch of 03 ton Capacity of 3 H.P. Motor & Panel	3.63	Nil	06.06.06	Order Placed on 22.03.07
15	Reynolds India Pvt. Ltd.	Microprocessor Based, Air Cooled Scroll Chiller of 40 TR for Cooling of All Mixings Mills, Kneaders and Intermix	10.60	REY/AF-8596	12.05.06	Order Yet to be Placed (quotation valid till 31.12.2007)
16	Shree Balaji Engineering Works	Feeding Conveyor Belt Systems from mixing mill Order Yet to Place. – 1 to mixing mill Order Yet to Place. – 2 with panel box, Pulley Drums & Rollers	4.08	1057	12.07.06	Order Placed on 01.10.06
17	Shree Balaji Engineering Works	Feeding Conveyor Belt Systems from intermix to Mill Order Yet to Place.1	8.01	1057	12.07.06	Order Placed on 01.10.06
18	M/s Amber Steels	Rubber Process Oil Storage Tank Capacity – 33000 kilo ltrs.	2.19	521	08.05.06	Order Placed on 02.10.06
Miscellaneous (Machineries Having Costing Less Than Rs.2.00 Lakhs)			10.44			
Total Cost (Mixing Section)			168.06			

Calendar Section:

(Rs in Lakhs)

S No.	Name of Supplier	Description of Machinery	Total Cost	Quotation No.	Quotation Date	Status
1	Super Polymers	3 Roll Calendar size 28" x 83" with gear box, DC motor 175 KW & auto NIP adjustment & accessories but without one friction gear & foundation bed plate.	51.81	PI	02.06.06	Order Placed on 28.06.06
2	Sant Rubber Machinery Pvt. Ltd.	Bed Plate for Calendar Size 28" X 83"	12.10	SRM/2006-07	15.07.06	Order Placed on 28.07.06
3	Sant Rubber Machinery Pvt. Ltd.	Bush for Calendar Size 28 X 83 @ Rs.600/- Per KG Total 2500 Kgs (Set of 3 Pair)	18.15	SRM/2006-07	15.07.06	Order Placed 30.07.2006
4	Controls & Instruments	Fully automatic electronic control panel box for full calendar line suitable for 175 KW DC motor.	13.50	C&I/QT/SCBL/3 08/06-07	27.09.06	Order Placed on 02.10.06
5	Sant Rubber Machinery Pvt. Ltd.	Friction Gear for calendar size 28" X 83"	6.76	SRM/2006-07	15.07.06	Order Placed on 03.10.06



6	Sant Kripa Appliances Pvt. Ltd. Mumbai	Pre & Post Calendar Equipment for 28" X 83" Calendar along with pre-calendar line (4 Drum) and post calendar line (Six Drum), with winder and let off.	21.35	Invoice No.: SSKA/DEC/125	16.12.06	Order Placed on 28.12.06
7	Shree Jagdamba Agriculture Works	Material Handling Trolley for loading of Calendaring fabric in 03 rows (8' X 6' X 9.5')	9.57	Nil	12.07.06	Order Placed on 03.10.06
8	Reyonlds India Pvt. Ltd.	Microprocessor Based, Air Cooled Scroll Chiller of 40 TR for Cooling Drums	10.34	REY/AF-8596	12.05.06	Order Yet to be Placed (quotation valid till 31.12.2007)
9	Sant Rubber Machinery Pvt. Ltd.	Commissioning Charges for Heavy duty three roll Calendar size 28" X 83" with auto nip adjustment with 175 KW motor	7.50	SRM/196/2006-07	15.07.06	Order Placed on 04.10.06
10	M/s Erhardt + Leimer (India) Pvt. Ltd.	Cutter guid System and Post Calendaring winder guid system	8.47	92 EL. QTN.SOM.REV 2	23.02.07	Order Placed on 15.05.07
11	M/s Precifab Engineers	Cooling Drums complete with motor, gear box	12.88	PF/SCB/30/2006/07	24.01.07	Order Placed on 15.05.07
Total Cost (Calendaring Section)			172.43			

Building Table Section:
(Rs in Lakhs)

S No.	Name of Supplier	Description of Machinery	Total Cost	Quotation No.	Quotation Date	Status
1	Ashoka Machinen Fabrics (India)	Building Table 100' Long X 2.4 Meter wide along with 4 Trolley winders and 3 Ply jointing machine, one belt cutting device, 2 Set of heavy duty let off and winders with magnetic disc break system DC drive along with electronic panel box	105.25	AMFI/SRD/2006-07	15.07.06	Order Placed on 14.07.07
2	Ashoka Machinen Fabrics (India)	Commissioning & erecting charges for building table 100' long with winder, four Order Yet to Places. trolley winder, three Order Yet to Places. ply jointing machine, two set of heavy duty let off & winder.	7.80	AMFI/SRD/2006-07	15.07.06	Order Placed on 14.07.07
3	Shree Jagdamba Agriculture Works	Material handling trolley for green belt	14.35	Nil	12.07.07	Order Placed on 07.10.06
4	Control Instruments	Belt Building line Control Panel	4.99	C&I/QT/SCBL/089/06-07	23.07.06	Order Placed on 01.01.07
Total Cost (Belt Building Section)			132.39			

Press /Curing Section:
(Rs in Lakhs)

S No.	Name of Supplier	Description of Machinery	Total Cost	Quotation No.	Quotation Date	Status
1	M/s Yi Yang Rubber & Plastics Machinery Group Company Limited, China	Liner winder Hydraulic operated, reduction gear box along motor	445.04	SM-0601	31.12.2004	Machinery have been delivered
		Heavy duty winder for pre-press, reduction gear box, Hydraulic operated, along with HP Motor				
		Fully Automatic computerized HYDRAULIC heavy DUTY conveyor belt manufacturing PRESS size 2200 X 10000 mm with Power Pack and accessories as under				
		A) Heavy duty Pre-stretching clamping unit Hydraulic Operated With Power Pack				
		B) Uncured Conveyor Belt Inspection table				
		C) Heavy duty Post-stretching clamping unit Hydraulic Operated With Power Pack				



		D) Heavy duty winder for post-press, reduction gear box, Hydraulic operated, along with 7.5 HP Motor				
		E) Cured Conveyor Belt Inspection table				
		F) Side Edge Iron Device Hydraulic Operated				
2	Shree Jagdamba Agriculture Works	Material handling trolley for loading of Green Belt for Main Press Size : 8' X 6' X 8'	14.35	Nil	12.07.06	Order Placed on 05.10.06
3	Reyonld India Pvt. Ltd.	Microprocessor Based, Air Cooled Scroll Chiller of 40 TR for Cooling Drums	10.34	REY/AF-8596	12.05.06	Order Yet to be Placed (quotation Valid till 31.12.2007)
4	Ramdev Industries	Special Alloy Steel Fabricated Moulds for Making Special Purpose Conveyor Belts Size 1250mm X 2550mm	10.14	Nil	12.07.06	Order Placed on 09.10.06
5	Christopher Fabricators	Heavy Duty Fully Automatic Hydraulic Press for making endless conveyor belt size 1600mm X 2000 mm with Power Pack and Electronic Penal alongwith related accessories.	21.35	CHFAB/SAN/589B	12.07.06	Order Placed on 10.10.06
Total Cost(Press /Curing Section)			501.22			

Repair Section of Cured Belt:

The details of the machineries having cost of Rs. 2.00 Lakhs and above are given hereunder:

(Rs in Lakhs)

S No.	Name of Supplier	Description of Machinery	Total Cost	Quotation No.	Quotation Date	Status
1	Ramdev Industries	Repair Press table for Cured Belt Heavy duty Size 2400mm X 5000mm	4.97	Nil	12.07.06	Order Placed on 11.10.06
2	Ramdev Industries	Heavy duty winder with 15 HP AC Motor, Variable drive, torque controller operated by reduction gear box. Hydraulic operated reduction gear box	8.63	Nil	Nil	Order Placed on 11.10.06
3	M/s Yi Yang Rubber & Plastics Machinery Group Company Limited, China	Main Repair press size 2200 mm X 1500 mm Hydraulic Operated With Power Pack and Digital Automatic Control Panel Box	10.54	Nil	30.03.06	Order Yet to be Placed
4	Christopher Fabricators	Spot Repair Press Hydraulic Operated With Hand pump Power Pack and Digital Automatic Temp. Control Panel Box	21.42	CHFAB/SAN/589B	12.07.06	Order Placed on 12.10.06
5	Shree Jagdamba Agriculture Works	Material handling trolley for loading of cured Repair belt	9.57	Nil	12.07.06	Order Placed on 12.10.06
Machineries Having Costing Less Than Rs.2.00 Lakhs			0.21			
Total Cost (Repair Section of Cured Belt)			55.34			

**Belt Cutting Section:**

The details of the machineries having cost of Rs. 2.00 Lakhs and above are given hereunder:

(Rs in Lakhs)

S No.	Name of Supplier	Description of Machinery	Total Cost	Quotation No.	Quotation Date	Status
1	Ramdev Industries	Belt Cutting Table for Cured Belt, Heavy Duty with auto adjustment of Belt. Size 2400mm X 25 Feet Long	4.94	Nil	12.07.06	Order Placed on 14.10.06
2	Ramdev Industries	Heavy duty winder with 15 HP AC Motor with variable drive and Torque Controller operated reduction gear box.	8.63	Nil	Nil	Order Placed on 15.10.06
3	Christopher Fabricators	Belt Cutting Machine Size 2400mm X 500mm, along with Pressure Rollers Size 2400mm X 12" Dia with reduction gear box and 7.5 HP Electric Motor	7.26	CHFAB/SAN/589B	12.07.06	Order Placed on 15.10.06
4	Shree Jagdamba Agriculture Works	Material handling trolley for loading of Finished belt	9.57	Nil	12.07.06	Order Placed on 16.10.06
5	Shree Jagdamba Agriculture Works	Material handling trolley for loading of Side Edge Cuttings of Belt	2.91	Nil	12.07.06	Order Placed on 16.10.06
Machineries Having Costing Less Than Rs.2.00 Lakhs			0.21			
Total Cost (Cured Belt Cutting)			33.52			

Packing Section:

(Rs in Lakhs)

S No.	Name of Supplier	Description of Machinery	Total Cost	Quotation No.	Quotation Date	Status
1	Maganlal Govindji	Weighing machine for Packed Roll of Conveyor Belt – Capacity - 0 – 20,000 kg (20 Tons)	3.60	Nil	Nil	Order Placed
Total Cost (Packing Section)			3.60			

EOT Crane:

The details of the machineries having cost of Rs. 2.00 Lakhs and above are given hereunder:

(Rs in Lakhs)

S No.	Name of Supplier	Description of Machinery	Total Cost	Quotation No.	Quotation Date	Status
1	Chatrabhuj Engineering Works.	Complete Design, Engineering, Procurement, Shop Manufacturing, Shop Assembly,, Shop testing, internal inspection, Dismantling & supply of 15 Tons X 19.5000 Meters Span EOT/Indoor Crane fitted with 15 T electric wire Rope Hoist complete with crane mechanicals, crane structures & Crane electricals and hoist with 1 : 3.33 creep speed (for 15T)	22.92	Nil	24.07.06	Order Placed on 28.01.07



2	Chatrabhuj Engineering Works.	Complete Design, Engineering, Procurement, Shop Manufacturing, Shop Assembly,, Shop testing, internal inspection, Dismantling & supply of 10 X 19.5000 Meters Span EOT/Indoor Crane fitted with 15 T electric wire Rope Hoist complete with crane mechanicals, crane structures & Crane electrical and hoist with 1 : 3.33 creep speed (for 15T)	15.79	Nil	24.07.06	Order Placed on 28.01.07
3	Chatrabhuj Engineering Works.	DSL System for 140 Meters Bay	3.59	Nil	24.07.06	Order Placed on 28.01.07
4	Chatrabhuj Engineering Works.	Erection and commissioning of EOT Crane of 15 Tons and 7.5 Tons	5.94	Nil	24.07.06	Order Placed on 30.01.07
5	Chatrabhuj Engineering Works.	Fabrication of bay gentry Length 460 feet (approx) x 2 sides. Including Material, cutting, welding & Painting etc	29.70	Nil	24.07.06	Order Placed on 28.01.07
Total Cost (EOT Cranes)			77.94			

Mechanical Work Shop:

The details of the machineries having cost of Rs. 2.00 Lakhs and above are given hereunder:

(Rs in Lakhs)

S No.	Name of Supplier	Description of Machinery	Total Cost	Quotation No.	Quotation Date	Status
1	Amar Engineering Works	Heavy duty 12 ft long leath machine with Motor, Chuck & Gears	3.02	LC/105/082143/0961	Nil	Order Yet to be Placed
Machineries Having Costing Less Than Rs.2.00 Lakhs			8.93			
Total Cost (Mechanical Maintenance Section)			11.95			

Electricals & DG Set:

The details of the machineries having cost of Rs. 2.00 Lakhs and above are given hereunder:

(Rs in Lakhs)

S No.	Name of Supplier	Description of Machinery	Total Cost	Quotation No.	Quotation Date	Status
1	Everest Traders & Engineers Pvt. Ltd.	Kirloskar L.T.Transformer 800 KVA (2 No's) 11000/433V 3 Phase. 50 Cycles copper wound with H.T. & L.T. Bushling & First fill of Oil and standard accessories	10.47	ETPL/	12.05.06	Order Yet to be Placed (quotation Valid till 30.12.2007)
2	Sudhir Gensets Limited	Cummins Make 750 KVA 415 Volt Gen Set	111.67	PC/2006-2007/3051/JDR	17.02.07	Order Yet to be Placed (quotation Valid till 30.12.2007)



3	Karam Veer Enterprises	Main Electrical Panel Box (Factory) Fitted with all Necessary Equipments & MCB'S	12.48	Nil	12.05.06	Order Place on 18.10.06
4	Karam Veer Enterprises	Main Electrical Panel Box for TRANSFORMER	4.16	Nil	12.05.06	Order Place on 18.10.06
5	Manish Electronics	Digital Voltage Controller for Transformer	2.08	Nil	01.07.06	Order Yet to be Placed (quotation Valid till 30.12.2007)
6	Manish Electronics	Power Factor Electrical controller Panel Box	3.64	Nil	01.07.06	Order Yet to be Placed (quotation Valid till 30.12.2007)
Machineries Having Costing Less Than Rs.2.00 Lakhs			1.46			
Total Cost (Electrical)			145.96			

Boiler Section:

(Rs in Lakhs)

S No.	Name of Supplier	Description of Machinery	Total Cost	Quotation No.	Quotation Date	Status
1	Crystal Chemicals & Engineers (Thermax Channel Associate)	Supply of Thermo Pack Heat Out-Put 400000 KCL /Hour	9.19	CCE/06-07/596	30.01.07	Order Placed on Date 01.02.07
2	Crystal Chemicals & Engineers (Thermax Channel Associate)	Steam Boiler of Capacity upto 2 tons	17.73	CCE/05-06/27	09.05.06	Order Yet to be Placed (quotation Valid till 30.12.2007)
3	Crystal Chemicals & Engineers (Thermax Channel Associate)	Erection Charges for IFB - 20 D	0.43	CCE/05-06/27	09.05.06	Order Yet to be Placed (quotation Valid till 30.12.2007)
4	Shree Jagdamba Trolley Repairing Works	Trolley for Feeding of Wooden Pieces into Boiler	2.62	Nil	01.07.06	Order Placed on 18.10.06
5	Shree Jagdamba Trolley Repairing Works	Trolley for Ash Handling of Boiler	2.62	Nil	01.07.06	Order Placed on 18.10.06
Total Cost (Chilling Unit & Boiler Section)			32.59			

Lab Equipments & Testing Section:

The details of the machineries having cost of Rs. 2.00 Lakhs and above are given hereunder:

(Rs in Lakhs)

S No.	Name of Supplier	Description of Machinery	Total Cost	Quotation No.	Quotation Date	Status
1	G Engineering Works	Lab Mill 6" x 12"	5.67			Order Placed



2	Santosh Rubber Machinery P Ltd. (China)	Laboratory Hydraulic Press	4.98	SRM/18759/06	21.01.06	Order Yet to be Placed (quotation Valid till 30.12.2007)
3	Star Testing Systems	Computerized Universal Testing Machine , Twin Ball Screw Bearing Nut (Imported Make) & PTFE Bush Guide [Capacity : 10,000 Kgs. (10 Tons)]	7.24	STS/0116	16.01.06	Order Yet to be Placed (quotation Valid till 30.12.2007)
4	Star Testing Systems	Computerized Rheometer ODR type	4.18	STS/0116	16.01.06	Order Yet to be Placed (quotation Valid till 30.12.2007)
5	Micro Vision	Mooney Viscometer	4.03	Nil	26.03.07	Order Placed on 02.04.07
6	Future Foundation	Dispersion Analyzer	2.33	Nil	Nil	Order Yet to be Placed (quotation Valid till 12.04.08)
8	Future Foundation	Ozone Test Chamber	7.50	Nil	Nil	Order Yet to be Placed (quotation Valid till 12.04.08)
9	Prolific Engineers	Drum Friction Tester with Air Compressor with ½ H.P. Motor and pressure Switch	2.37	Price List	Nil	Order Yet to be Placed (quotation Valid till 30.12.2007)
10	Prolific Engineers	Tensile Testing Machines (for Full Thickness Specimens) with self tightening roller type grip, and traverse speed of 100 mm/min [I] Model TE – CB 10000 kgs. (10 Tons Capacity)	2.13	Price List	Nil	Order Yet to be Placed (quotation Valid till 30.12.2007)
Machineries Having Costing Less Than Rs.2.00 Lakhs			13.67			
Total Cost (Lab Equipments & Testing Section)			54.10			

Assorted Equipments List:

The details of the machineries having cost of Rs. 2.00 Lakhs and above are given hereunder:

(Rs in Lakhs)

S No.	Name of Supplier	Description of Machinery	Total Cost	Quotation No.	Quotation Date	Status
1	Swastik Trading Company	Assorted Fire fighting equipment (as per list)	4.65	STC/2006/04/28	09.05.06	Order Yet to be Placed (quotation Valid till 30.12.2007)
2	Kailash Industries	Liner Treatment Machine Complete with Steam heated, driving Unit with Motors and reduction gear box, Wind ups arrangement and Accessories	12.04	KAILESH/SN/7/SZ/009	12.7.06	Order Yet to be Placed (quotation Valid till 30.12.2007)
3	Shree Jagdamba Trolley Repairing Works	Heavy Duty Material handling trolley for Pick Up of Raw Material Bags, Bundles and Drums for stores department	2.29	Nil	Nil	Order Placed
Machineries Having Costing Less Than Rs.2.00 Lakhs			1.67			
Total Cost (Assorted Equipments List)			20.65			

Out of the above requirement, our Company as on 31st August, 2007 has already incurred Rs. 507.78 Lakhs towards advances and purchase of Plant & Machinery.

Misc. Fixed Assets:

Misc. Fixed Assets mainly comprises of furniture & fixture, Vehicles and other assets required for the smooth operation of the unit. The details are as under:-

S. No.	Particulars	(Rs in Lakhs)
1.	Vehicles (Tata 407 Bus, Mahendra Pick Up van, Cars)	27.36
2.	Furniture & Fixture	24.00
	Total	51.36

Our Company will purchase these assets at the prevailing market rates. The above estimates of the Company have been included in the Appraisal Report of Punjab National Bank.

Public Issue Expenses

The Company has set aside an amount of Rs.280.00 Lakhs as Public Issue and related expenses.
The break-up of Public Issue Expenses are as under:

Activity	Rs. in Lakhs
Fees to intermediaries	[●]
Advertising and marketing expenses	[●]
Printing and Stationary & Distribution	[●]
Others	[●]
Total	280.00

Interest cost during the construction period

The Company has set aside an amount of Rs.24.19 Lakhs out of the Project Cost for the purpose of interest expenses during the construction period. Our Company has already incurred interest expenses to the amount of Rs.1.74 Lakhs as on 31st August, 2007.

Contingency

Our Company has set aside 5.00% towards contingency amounting to Rs.82.80 Lakhs of the total cost of Plant and Machinery i.e. Rs.1656.42 Lakhs.

Margin for Working Capital

Tentative margin for additional working capital requirement for our Company has been estimated at Rs.300 Lakhs as per the Appraisal Report of PNB. The Computation of Margin for Working Capital is as under:-

SL No.	Particulars	Projections for Financial Year 2007-08
A	Estimated Chargeable Current Assets	
	Raw Material	407.27
	Stock In Process	90.87
	Finished Goods	226.57
	Receivables	689.15
	Total A	1413.86
B	Estimated Other Current Assets	
	Cash & Bank Balance	18.92
	FDR with Bank	100.00
	Advance to suppliers	50.00
	Advance Payment of Tax	69.75
	Other Current Assets	6.81
	Total B	245.48
C	Total C = (A + B)	1659.34
D	Estimated Current Liabilities	
	Sundry Creditors	91.76
	Advance from Customers	9.21
	Other Current Liabilities	84.49
	Total D	185.46
	Net Working Capital GAP (C-D)	1473.88
	Minimum Stipulated Net Working Capital (25% of total Current Assets)	414.84
	Actual / Projected Net Working Capital GAP	1059.05
	Working Capital Sanctioned By Bank	600.00
	Net Working Capital Margin	459.05
	Already deployed as Margin for its Existing Operations	159.05
	Margin for Projected Working Capital	300.00

PNB has sanctioned Working Capital Limits of Rs. 200 Lakhs (Fund based – Rs. 150 Lakhs and Non-fund based Rs. 50 Lakhs) by their letter dated 7th November, 2006 for meeting the requirement of the proposed new manufacturing unit.

Schedule of Implementation

The Implementation schedule as envisaged as per Appraisal Report is as under:

Activity	Commencement	Completion
Land acquisition	Already acquired	
Civil construction	May 2006	February 2007
Placement of order for Plant & Machinery	July 2006	February 2007
Delivery of Plant & Machinery	January 2007	July 2007
Electrical Engineering	January 2007	March 2007
Erection Activity	March 2007	July 2007
Test Runs	July 2007	August 2007
Commercial production	September 2007	-

As per Appraisal Report the company was proposed to start commercial production by September, 2007. As there is a delay, revised implementation schedule as envisaged by us is as under:

Activity	Commencement	Completion
Land acquisition	Already acquired	
Civil Construction	May 2006	December 2007
Purchase of Office Building	November, 2006	February, 2008
Placement of order for Plant & Machinery	July 2006	December 2007
Delivery of Plant & Machinery	January 2007	January 2008
Electrical Engineering	January 2007	January 2008
Erection Activity	November 2007	February 2008
Test Runs	February 2008	February 2008
Commercial production	March 2008	

Deployment of Funds

Our Company has deployed Rs. 934.40 Lakhs upto 31st August, 2007. A certificate dated 19th September, 2007 issued by M/s P. Singhvi & Associates, Chartered Accountants, Statutory Auditors of the Company stating the sources and deployment of the funds is set out below:

(Rs. in Lakhs)

Sources Of Funds			
1	**Share Capital	218.07	
2	Premium Account	261.18	
3	Un Secured Loan	5.00	
4	Disbursement of Term Loan	450.15	
	Total		934.40
Deployment Of Funds			
A.	Building		
a)	Work in Progress		
1	Godowns, Stores And Other Administrative Buildings	45.74	
b)	Advances For Factory		
1	M/s Shree Ganesh Enterprises, Jamnagar	20.01	
2	M/s Jora Ram Builders Pvt. Ltd.	120.00	
3	Advance To Kirby Building Sys	1.55	
4	Advance To Kishan Builders	0.57	
c)	Advance for Purchase of Office Building	74.75	
			262.63
B.	Plant and Machinery		
a)	Purchase of Plant and Machinery stands as CWIP	139.76	
	Machinery Erection Expenses	6.33	146.09
b)	Advances for Imported Machinery		
1	M/s Yiyang Rubber Machinery, China	262.80	
2	Customs Duty Paid (for Imported Machinery)	93.23	
3	Port Clearance Charges (Paid to Interline Global Logistics)	4.89	
4	Transportation Charges (From Mumbai to Jodhpur through Thar Dry Port)	8.80	
5	M/s Hunan Haotian International Transportation Agent Co. Ltd.	12.11	381.83
c)	Advances for Indigenous Plant and Machinery		
1	M/s Amar Enterprises	1.65	
2	M/s Baljit Engineering Works	6.21	
3	M/s Bhandari Electricals	1.50	
4	M/s Chatrabhuj Engineering Works	12.14	
5	M/s Choriadia Electricals	1.50	
6	M/s Eartardt + Leimer (India) Pvt Ltd.	8.48	
7	M/s Elecon Engineering Co. Limited.	0.08	
8	M/s G.Engineering	9.71	
9	M/s G.M.Industries	5.04	
10	M/s J.P.Alloys	0.59	

11	M/s Kiran Electricals	0.17	
12	M/s KM Trivedi Engineering Works	2.84	
12A	M/s Multi Serve Rolls	1.25	
14	M/s Nav Bharat Machine Tools	0.50	
15	M/s Power Build Ltd.	0.24	
16	M/s R.K.Steels	0.67	
17	M/s Rajasthan Steel	0.80	
18	M/s Rubi International	2.40	
19	M/s Sant Rubber Machinery	15.00	
20	M/s Super Polymers	48.36	
21	M/s The Sun Enterprises	5.33	
22	M/s Thermax Limited	1.48	125.95
C	Other Advances and Payments to Intermediaries		
1	Fees to Lead Manager	5.00	
2	Fees to Legal Advisor	3.00	
3	Payment Of Punjab National Bank as Processing Fee	7.50	
4	Payment Of Registrar To The Issue	0.11	
5	Payment for IPO Grading	0.50	16.11
D	Interest on Term Loan		1.74
	Difference amount due to rounding off		0.06
	Total		934.40

***Note:** Pursuant to the above 4,39,500 equity shares and 1,741,200 equity shares have been allotted to the Promoters/Promoters Group and Others on 30th December, 2006 and 28th April, 2007 respectively.

Year-wise break-up of expenditure proposed to be incurred on the project:

(Rs in Lakhs)

Particulars	Expenditure		Total
	Already incurred up to 31.08.2007	To be incurred	
Land and Site Development	60.00	81.00	141.00
Main plant and building	67.88	46.23	114.11
Factory building for civil works and other related buildings, roads & basic amenities. (22364 Sq. ft.	60.00	493.43	553.43
Purchase of Land and Building for Office Purpose	74.75	184.25	259.00
Electricity Installations. (Lump sum)	3.00	24.17	27.17
Contingencies @ 3% on civil work	-	19.40	19.40
Plant and Machinery	650.87	1005.55	1656.42
Contingencies @ 5% on Plant and Machinery	-	82.80	82.80
Misc. Fixed Assets	-	51.37	51.37
Issue related Expenses	16.11	263.89	280.00
Margin for Working Capital	-	300.00	300.00
Interest During construction Period	1.74	22.56	24.30
Total	934.34	2574.66	3509.00

Interim use of funds

The management, in accordance with the policies set up by the Board, shall have flexibility in deploying the proceeds received from the Issue. Pending utilization of proceeds, for the purposes mentioned above, we intend to temporarily invest the funds in high quality interest bearing liquid instruments including deposits with banks, for necessary duration or for reducing overdraft to save interest costs. Such investments would be in accordance with investment policies, approved by our Board of Directors from time to time.

7. BASIC TERMS OF ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of the Company, the terms of this Draft Prospectus, Application Form and other terms and conditions as may be incorporated in the allotment advice, and other documents/certificates that may be executed in respect of the issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, RoC and/or other authorities, as in force on the date of the issue and to the extent applicable.

8. BASIS FOR ISSUE PRICE

The issue price of Rs. 35/- (including premium of Rs.25/- per share) has been determined by the company in consultation with the Lead Manager to the Issue. The face value is Rs.10/- per equity share. The issue price is 3.5 times of the face value.

Investors should read the following the summary along with the Risk Factors included in this Draft Prospectus from page no. 8 to 14 and the details of the Issuer Company and its financial statements included in this Draft Prospectus. The trading price of the Equity Shares of the Company could decline due to these risks and the investor may lose all or part of his investment.

Qualitative Factors:

1. Profit making Company since last Five years.

Our company has been earning profits since Last Five Years, the details of which are as under:-

(Rs. in Lakhs)	
Year	Net Profit after Tax
2006-07	134.99
2005-06	95.26
2004-05	10.84
2003-04	6.33
2002-03	0.78

2. Promoters have wide experience of the industry.

Our Promoters and Management have extensive experience and expertise in manufacturing of conveyor beltings.

Mr. Om Prakash Bhansali, Promoter -Managing Director of the Company has more than 30 years experience of conveyor beltings.

3. **Proximity to major market segment of cement and mining.**

Rajasthan is known for its rich reserves of chemicals and stones, which form the basic raw material for cement and mining industry. This has led to establishment and growth of these industries in this area, and to name a few: Shree Cement, J.K.Cement, Ambuja Cement, Laxmi Cement, Birla Cement, Mangalam Cement, ACC, Hindustan Zinc, Chambal Fertilizers, etc. All these industries require conveyor belts for their material handling. This enhances the scope for demand of our products, all these factors add to the locational advantage of the company.

4. Proven Technology & continuous development of new products through in house R&D.

We adhere to and follow all the quality standards, guidelines and specifications as specified by the customers for our products and processes. We are ISO 9001:2000 Company.

5. Broad spectrum of the existing customers; geographical as well as Industry wise.

6. Established client relationship

Over the years our Company has supplied our products to very big companies. We have received repeated orders from our major clients. Our Company has also been awarded Annual maintenance contracts (AMC) by many of our clients.

Quantitative factors:
1. Earning per Share (EPS)

Year	EPS (Rs.)	Weights
2004-05	0.47	1
2005-06	4.12	2
2006-07	3.88	3
Weighted Average	3.39	

2. P/E Ratio in relation to the Issue Price of Rs. 35/- per share

Particulars	At Issue Price of Rs. 35/- per equity share
Based on the adjusted EPS for the year ended March 31, 2007 of Rs.3.88	9 Times

3. Return on Net Worth (RONW)

Year	RONW (%)	Weights
2004-05	7.86	1
2005-06	27.98	2
2006-07	27.69	3
Weighted Average RONW	24.48	

Minimum Return on Increased Net Worth required to maintain Pre-Issue EPS (FY 2006-2007) of Rs. 3.88/- is 17.10% at the issue price of Rs.35/- per equity share.

4. Net Asset Value per Share

NAV (Before issue) (As on 31/03/2007)	Rs. 12.80
NAV (After issue)	Rs.26.34
Issue Price	Rs.35/-

Comparison of accounting ratios of the Company with industry average and accounting ratios of peer group for financial year 2007

The Company cannot be compared with other listed companies, as it does not have any direct competitor in the segment, in which it operates.

The Issue Price is 3.5 times of the face value of the Equity Shares.

The Lead Manager is of the opinion that the Issue Price of Rs. 35/- is justified in view of the above qualitative and quantitative parameters. The investors may refer to the risk factors and financials of the Company including important profitability and return ratios, as set out in the Auditor's report to have a more informed view of the investment proposition.



9. STATEMENT OF TAX BENEFITS

The Board of Directors
Somi Conveyor Beltings Limited
4F-15 “Oliver House”
Near Bank of India
Jodhpur

Sub: Initial Public Offer of the Company: Possible Tax benefits to Company & Shareholders.

Dear Sir,

With Reference to above, we are enclosing herewith “Annexure” regarding possible tax benefits available to the company and its shareholders under current tax laws presently in force. These Benefits will be available subject to fulfilling the conditions specified in relevant sections of law.

The statement regarding benefits given in “annexure” is intended to provide general information to investors and it is not a substitute of professional advice. Each Investor is advised to consult his or her own advisor with respect to specific tax implications arising out of their participation in the IPO.

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

The Company or its shareholders will continue to obtain these benefits in future, or

The Conditions prescribed for availing the benefits have been/would be met with

The contents of this “Annexure” are based of information’s, representations and explanations obtained from the company and on the basis of our understanding of business activities of the company.

This report is solely for your information and for inclusion in offer document related to IPO and is not to be used in any way for any purpose without your prior written consent.

FOR P SINGHVI & ASSOCIATES
CHARTERED ACCOUNTANTS

PLACE: JODHPUR
DATED: 27TH JUNE, 2007

(PRAVEEN SINGHVI)
PARTNER
M.NO. 71608

“ANNEXURE”

As per existing provision of Income Tax Act 1961 and other Laws applicable for time being in force, following tax benefits are available to the SOMI CONVEYOR BELTINGS LIMITED & its shareholders but subject to conditions prescribed in relevant Laws.

BENEFITS REGARDING INCOME TAX ACT 1961**➤ Benefits to the Company**

Dividend Income: As per section 10(34) dividend distributed by any other domestic company is exempt in hands of company.

Depreciation: Besides depreciation available u/s 32 Company is eligible for additional depreciation @20% on new Plant & Machinery acquired & installed during the year subject to conditions prescribed in clause (iia) of 32(1).

Preliminary Expenditure: Company is entitled to get deduction for 1/5th of expenditure incurred of the nature specified u/s 35D including expenditure of current issue in successive 5 years beginning with the previous year in which new unit commences production, subject to prescribed conditions therein.

Long term Capital Gain: As per section 10(38) long term capital gain is exempt if it is arising from transfer of equity shares or units of equity oriented mutual fund subject to covering of transaction under Securities transaction Tax. Besides this lower rate of tax@10% can be applicable if benefit of indexation is not obtained. Rest of the provision regarding capital gain is applicable as per act @20% which is concessional rate.

Short Term Capital Gain: As per section 10(38) short term capital gain is chargeable @10%.

Deductions: As per Act company is eligible for deduction u/s 80G, 80GGA, 80GGB, 80IAB, 80IB & 80JJA subject to provisions & conditions specified in relevant sections.

All above benefits are just for example. In fact provisions of Act will be applicable as per diversification of business of the company. For different situations different provisions will be applicable, those will be considered accordingly.

➤ Benefits to the Resident Shareholders of the Company

Dividend Income: As per section 10(34) dividend declared, distributed or paid by the domestic company is exempt in hands of shareholders of the company.

Business Income from Trading in Securities: As per provision of section of 88E if business income of a assessee includes income from trading in securities ,a rebate is available to the assessee equal to the securities transaction tax paid on such transaction but on average basis calculated according the provision of the section..

Long term Capital Gain: As per section 10(38) long term capital gain is exempt if it is arising from transfer of equity shares or units of equity oriented mutual fund subject to covering of transaction under Securities transaction Tax. Besides this lower rate of tax@10% can be applicable if benefit of indexation is not obtained.

Short Term Capital Gain: As per section 10(38) short term capital gain is chargeable @10%.

Exemption from Capital Gain:

Under section 54EC of the Act, the shareholder would be eligible to exemption from capital gain arising on transfer of shares, if such gain is invested in any long term specified asset which is prescribed in the section and subject to further compliance of provision of the section.

Under section 54F of the Act, the shareholder being an individual or Hindu Undivided Family is entitled to get exemption from the long term gain arising from transfer of the shares by investing in residential house and further compliance of the provision of the section.

Income of Minor: If shareholder is minor than income derived from the company by minor is taxable in the hands of parent and it is exempt from tax to the extent of Rs. 1500 per minor child per year

➤ **Benefits to the Non Resident Shareholders of the Company**

Dividend Income: As per section 10(34) dividend declared, distributed or paid by the domestic company is exempt in hands of shareholders of the company.

Business Income from Trading in Securities: As per provision of section of 88E if business income of a assessee includes income from trading in securities ,a rebate is available to the assessee equal to the securities transaction tax paid on such transaction but on average basis calculated according the provision of the section..

Long term Capital Gain: As per section 10(38) long term capital gain is exempt if it is arising from transfer of equity shares or units of equity oriented mutual fund subject to covering of transaction under Securities transaction Tax. Besides this lower rate of tax@10% can be applicable if benefit of indexation is not obtained.

Short Term Capital Gain: As per section 10(38) short term capital gain is chargeable @10%.

Exemption from Capital Gain: Under section 54EC of the Act, the shareholder would be eligible to exemption from capital gain arising on transfer of shares, if such gain is invested in any long term specified asset which is prescribed in the section and subject to further compliance of provision of the section.

Income of Minor: If shareholder is minor than income derived from the company by minor is taxable in the hands of parent and it is exempt from tax to the extent of Rs. 1500 per minor child per year.

For the Non Residents provision of Double Taxation Avoidance Agreement override the provision of the Act, to the extent these agreements are more favorable to the assessee.

Benefits to the Non Resident Indian Shareholders of the Company

Dividend Income: As per section 10(34) dividend declared, distributed or paid by the domestic company is exempt in hands of shareholders of the company.

Business income from trading in securities: As per provision of section of 88E if business income of a assessee includes income from trading in securities, a rebate is available to the assessee equal to the securities transaction tax paid on such transaction but on average basis calculated according the provision of the section..

Long term Capital Gain: As per section 10(38) long term capital gain is exempt if it is arising from transfer of equity shares or units of equity oriented mutual fund subject to covering of transaction under Securities transaction Tax. Besides this lower rate of tax@10% can be applicable if benefit of indexation is not obtained.

Short Term Capital gain: As per section 10(38) short term capital gain is chargeable @10%.

Exemption from Capital Gain:

Under section 54EC of the Act, the shareholder would be eligible to exemption from capital gain arising on transfer of shares, if such gain is invested in any long term specified asset which is prescribed in the section and subject to further compliance of provision of the section.

Under section 54F of the Act, the shareholder being an individual or Hindu Undivided Family is entitled to get exemption from the long term gain arising from transfer of the shares by investing in residential house and further compliance of the provision of the section.

Special Provisions:

Long Term Capital Gain arising on transfer of shares which was subscribed in convertible foreign exchange, in accordance with section 115D read with section 115F of the Act will be subject to tax at the rate of 10% without any benefit of indexation.

As per section 115F exemption from long term capital gain can be availed if net consideration is invested in modes specified in the section.

As per section 115G, Non resident Indians are not liable to file return if their only source of income is income from investments or long term capital gains earned on transfer of such investments.

Income of Minor: If shareholder is minor than income derived from the company by minor is taxable in the hands of parent and it is exempt from tax to the extent of Rs. 1500 per minor child per year.

For the Non Residents provision of Double Taxation Avoidance Agreement override the provision of the Act, to the extent these agreements are more favorable to the assessee.

➤ **Benefits to the Foreign Institutional Investors(FII)**

Business income from trading in securities: As per provision of section of 88E if business income of assessee includes income from trading in securities, a rebate is available to the assessee equal to the securities transaction tax paid on such transaction but on average basis calculated according to the provision of the section..

Long term Capital Gain: As per section 10(38) long term capital gain is exempt if it is arising from transfer of equity shares or units of equity oriented mutual fund subject to covering of transaction under Securities transaction Tax. Besides this lower rate of tax@10% can be applicable if benefit of indexation is not obtained.

Short Term Capital gain: As per section 10(38) short term capital gain is chargeable @10%.

Exemption from Capital Gain: Under section 54EC of the Act, the shareholder would be eligible to exemption from capital gain arising on transfer of shares, if such gain is invested in any long term specified asset which is prescribed in the section and subject to further compliance of provision of the section.

Special Provision: As per section 115AD of the Act, tax on Long term capital gain (not covered by sections 10(36) & 10(38) will be 10% and on short term capital gain will be 30%.

For the Non Residents provision of Double Taxation Avoidance Agreement override the provision of the Act, to the extent these agreements are more favorable to the assessee.

➤ **Benefits to the Mutual Funds**

In case a shareholder being a Mutual fund, as per the provision of section 10(23D) of the Act, any income of Mutual Funds registered under the SEBI Act, 1992 or regulation made there under, Mutual Funds set up by public sector banks or public financial institutions and mutual funds authorized by the RBI would be exempt from Income Tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

➤ **Benefits to the Venture Capital companies/funds**

In case of a shareholder being a Venture Capital company/Fund, as per the provisions of section 10(23FB) of the Act, any income of Venture Capital company/Fund registered with SEBI, would exempt from Income Tax, subject to conditions specified.



BENEFITS REGARDING WEALTH TAX ACT, 1957

As per Wealth Tax Act, 1957 no wealth tax shall be levied on value of shares of the company.

Notes:

All above benefits are as per the current tax laws.

All above tax rates are exclusive of surcharge & education cess.

All above benefits are available to first name holder in case of joint holders,

In view of the individual nature of tax consequences, each investor is required to consult its own tax advisor. The tax implication of an investment in the equity shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefits which an investor can avail.

SECTION IV: ABOUT THE ISSUER COMPANY

1. INDUSTRY OVERVIEW

Industrial production in India is growing at a rapid pace. India is the third largest producer and fourth largest consumer of natural rubber in the world. Besides that, India is the world's largest manufacturer of reclaimed rubber. The rubber industry in India has performed well over the years. There are around 6000 industries manufacturing rubber products. This includes 30 large and 300 medium scale industries whose annual turnover is estimated to be around of Rs. 20,000 crores. The availability of natural resources and growing domestic markets have contributed significantly to the growth of rubber based industry.

Conveyor Belt is a solid band, made from one or more tough, long-lasting substances, upon which many different materials are conveyed or transported. Conveyor belts are made from a variety of materials ranging from rubber compounds and leather to urethane and PVC to wire mesh composed of assorted metals, including stainless steel and carbon steel.

Rubber Conveyor Belts are conveyor belts manufactured by using rubber, rubber chemicals and various kinds of fabric and steel wire mesh. They form a part of the Conveyor System used by industries for material handling. The average life of a rubber conveyor belt varies from industry to industry and application to application. Generally, the life of a conveyor belt is around 6-12 months. Rubber Conveyor belts have a large replacement market. Industry wise data of demand for conveyor belts is not readily available.

Conveyor Systems form an integral part of any large manufacturing unit. Conveyor system is mainly used for transportation of various raw materials. It is an efficient and economic system of material handling. Apart from being easy and uninterrupted means of transporting materials, it reduces the cost of over heads, thus enabling the end user to remain competitive, with their product in the market.

Major industries requiring Conveyor systems are as under:

- Coal & Lignite
- Iron ore and mining
- Cement
- Power
- Steel
- Fertilizer
- Sugar

Coal & Lignite

Coal is the most important and abundant fossil fuel in India. It accounts for 63% of energy need. Coal is a eco-friendly alternative in power generation. Its production is approximately 383 million tons, and has a growth rate of 5%, which is expected to increase at 7% in the years to come.

Cement

As per CMI, the cement sector continued to report good growth during the quarter ended September, 2006 due to strong demand and improved realizations. Aggregate sales continued to grow over 40% in the current financial year. The cement consumption in the country grew by healthy 9% during the first half of 2006-07. The cement demand has been able to absorb the incremental 4.4 million ton capacity commissioned during the first half of the current financial year. With the construction activity expected to gain full momentum, it is expected that there will be a further incremental growth in this industry.

Power

Power sector companies have got a boost from the budget since the govt. has decided to give support of Rs. 11 billion in FY 2006 for the rural distribution, which would be the first step towards 100% rural electrification. Every village would have at least one distribution transformer and every block would have an 11/33 KV sub-station. Power sector has lot of positive factors building up for it and there is an all-round emphasis on establishment of additional capacity and efficient utilization of installed capacity. There is a big scope for additional capacity requirement in the power sector.

Steel

This sector is expected to sustain the momentum due to post monsoon pick up in the construction sector. The growth in steel production in India is expected to be at 8.5% for the current financial year and the International Iron & Steel Institute estimates

steel consumption to rise by 8.5% and 5.2% in the years 2006-07. This will also accelerate mine development; the iron ore and steel production are expected to grow by 8%.

Sugar

Sugar Mills in India have capacities ranging from 1250 ton crushed per day (TCD) of sugar cane to 10000 TCD. The production now is approx. 127 Lakhs tons with a growth rate of 5% which is expected to continue.

Since, product of the unit is from unorganized sector, hence the demand-supply position of Conveyor Belt industry is not available. So to arrive at the market position, the Company has appointed M/s Fourth Vision a consultancy firm to carry out market survey, which is based upon the data from Rubber Board, about the consumption of natural rubber in the belt manufacturing industries but this sector includes V-belt and other flat rubber belts also so it is difficult to determine the position of demand & supply of Conveyor Belts in the country. As per the Rubber Board the consumption of natural rubber in the last three years under the category of Belts & Hoses is as under:

(In MT tons)			
Year	2003-04	2004-05	
Consumption	40662	41443	47245

Further, as per CMIE (Data) the production of rubber conveyor belts in the year 2005-06 was 25,178 MT (50,35,600 meters) and from April 2006 to December 2006 was 18,023 MT (36,04,600 meters) reflecting that despite of rapid industrialization in the country the production of rubber belts has not increased significantly. SCBL in the year 2005-06 has sold 83,507 meters of conveyor belts which is approximately 1.66 % of the total production of the industry as a whole. Considering a nominal industrial growth of 5% in the current financial year total production of rubber belts shall be around 52,87,380 meters hence, in view of the fact that there are not many players in the field total production capacity of SCBL i.e. 2,71,792 meters will be approximately 5.14% of the total market share.

(Source: PNB Appraisal Report)



2. OUR BUSINESS

Our Company was incorporated on June 16, 2000, in the name of Omi Conveyor Beltings Limited. Subsequently the name of the company was changed to Somi Conveyor Beltings Limited (SCBL) w.e.f. October 31, 2000 by passing the necessary resolution, in terms of Companies Act and same was approved by the Registrar of Companies, Rajasthan. Our Company is into manufacturing of Conveyor Belts. Natural rubber, nylon fabric and other chemicals are our main raw materials. The Company's unit is located at RIICO, Sangaria Industrial Area, District Jodhpur, Rajasthan. The Company commenced its commercial production in February 2002 with an initial capacity of 36,000 running meters of conveyor belts per annum, which was gradually increased to 72,000 meters per annum. Over the years, the capacity of the unit has increased to 1,67,660 meters. The costs of expansion project was met through term loans availed from State Bank of India (SBI), Jodhpur which was subsequently repaid by the Company.

We are now setting up a new unit for manufacturing of rubber conveyor beltings, with an installed capacity of 1,72,080 running meters per annum at Village Tanawara, Tehsil Luni, Dist. Jodhpur, Rajasthan. The new unit will enable us to manufacture Rubber Conveyor Belts of a width ranging from 1400mm to 2000mm instead of the 1200mm manufactured in the existing plant.

Location

Unit-I

The existing unit of the Company is located at H-2, 463-466 Sangaria Industrial Area, Jodhpur on a land admeasuring 2424 sq. meters. The Company has entered into a Lease agreement on January 3rd, 2001 with RIICO for plot no's- 464, 465 and 466 and on November 20th, 2003 for plot no.463. The land is acquired on lease hold basis, from RIICO for a period of 99 years at a rent of Rs. 310 per annum.

Unit-II

Setting up new unit with an installed capacity of 172080 MPA for manufacturing rubber conveyer belts of 2000 mm width at Village Tanawara, Jodhpur, Rajasthan.

The registered office of the Company is situated at 4 F-15, "**Oliver House**", New Power House Road, Jodhpur-342001.

Power

For existing unit, our Company has been sanctioned contracted load of 150 KVA from Rajasthan State Electricity Board (RSEB). Our company has estimated that the power requirement of the proposed new unit shall be 2500/1500 KVA, for which our company has already applied to Rajasthan State Electricity Board. Besides that, our company has also proposed to purchase two DG sets of 1500 KVA each as stand by source of power.

Fuel

Fuel is required for generation of steam in the boiler, which is used in calendaring section of the unit for curing of the belt.

The high pressure boiler shall be adaptable to operate with wood as well as Coal as a fuel.

Since, the near by State of Haryana is pre-dominantly a rice growing area, our Company does not foresee any problem regarding availability of adequate quantity of rice husk, however, considering the seasonality of the product, our Company will also be using wood as alternative fuel.

Effluent Treatment

The proposed project would not generate any hazardous effluent. The only discharge will be waste rubber portion of the belt and few other chemicals which do not require any specific treatment. Our Company has taken necessary measures to avoid air pollution as per the stipulations of the pollution control board.

Man Power

Manpower required for running the new unit shall be recruited from nearby areas, whereas other technical / administrative personnel shall be employed on the basis of merit/qualification & similar experience.

Our Company proposes to add the following staff after expansion and shall take the necessary steps for recruitment of additional manpower:

Executives	
Top Level Management	2
Senior Level Management	6
Middle Level Management	6
Non-Executives	
Skilled/ Staff	16
Non Skilled	10
Total	40

Human Resources

For human resources to keep the pace with our growth plans, the main tasks are recruitment and retention of the manpower. We recognize the fact and accordingly steps have been taken. Industrial relations remained cordial in all the plants in the past.

Water

Our Company shall require around 10,000 liters of water per day for production and drinking purposes. The Company is yet to apply to the Public Health & Engineering Department, Government of Rajasthan, for supply of water for its new unit.

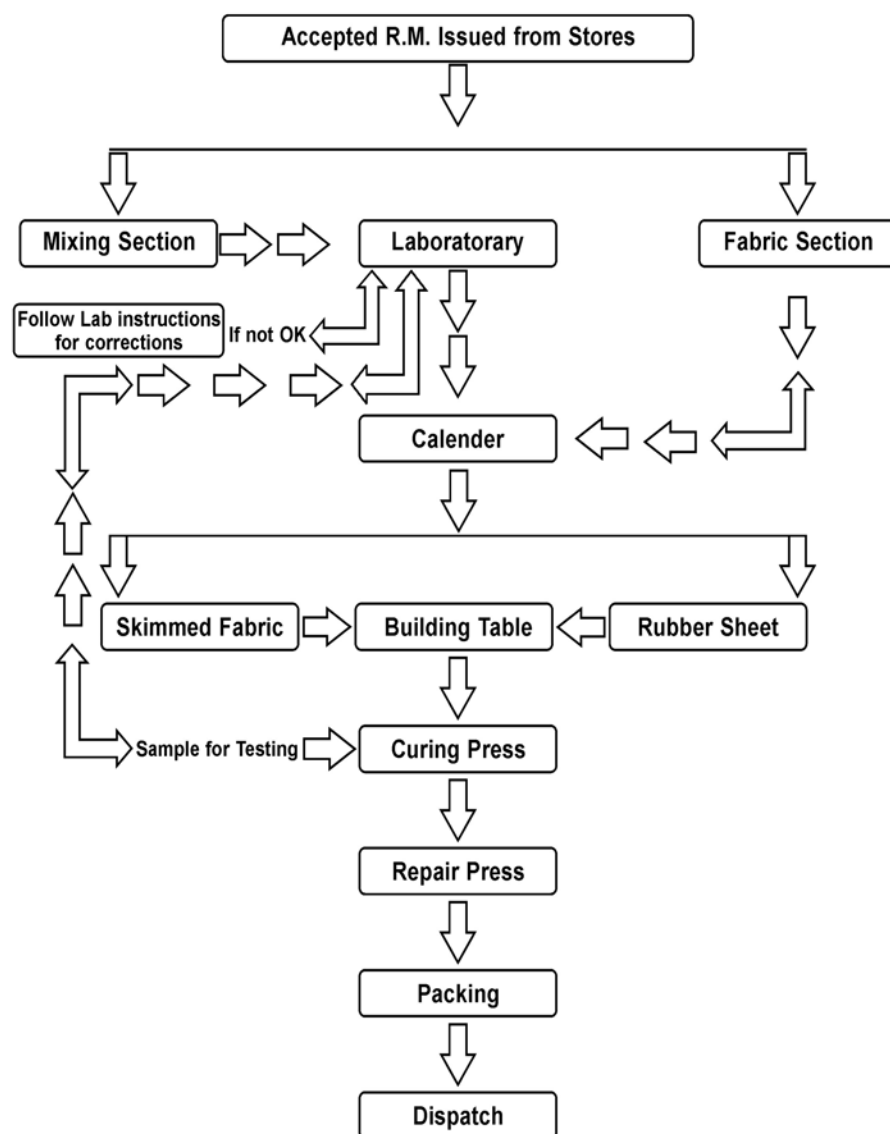
Transport

Raw materials would be brought in and finished goods would be taken out, through surface transport. Our Company would hire vehicles from transporters in Jodhpur for carrying its raw material and finished goods.

The Rubber Conveyor Belt is manufactured through a continuous process. The individual components (carcass, plies, covers) are joined on the building table and then cured continuously, step by step in a curing press. Any defect in the belt is repaired and cured using repairing press.

The Rubber Conveyor Belt manufacture process is as follows.

PRODUCTION FLOW CHART



Mixing Section

Skim compound and cover compounds are prepared by mixing elastomer, with various additives like curing agents, fillers, antioxidants, plasticizers, retarders etc.

Compound preparation is divided in three steps.

- A) Mastication of elastomer
- B) First Stage Mixing
- C) Final Stage Mixing

A). Mastication of Elastomer

Mastication is defined as mechanical-chemical degradation of elastomer and it is done for proper mixing of additives. Mastication is done by two roll open mill. Additives are mixed in the masticated rubber for compound preparation.

B). First Stage Mixing

In the first stage mixing Fillers, Activators, Plasticizers and Antioxidants are mixed with the rubber. Normally natural rubber is used as the elastomer, but some amount of reclaimed rubber (rubber obtained from worn out tyres etc., which contains about 50% polymer) and SBR is also added to reduce the cost and to obtain better properties. A Kneader Machine does first stage mixing. Two kneader machines are used for first stage mixing. Details of the machine are as follows:

Kneader Machine	Capacity	Power of Driving Motor
I	70 kg	80 HP
II	35 kg	40 HP

Mixing in the kneader is done at a temperature between 100-110⁰ C. Fillers and other additives are added after elastomer has been kneaded for 2 minutes (approx.). This enhances the mixing of fillers and other additives. A kneader takes about 10 minutes to process a batch.

Compound obtained after first stage mixing goes to two roll open mill for final stage mixing.

C). Final Stage Mixing

In final stage mixing, Accelerators and agent (Sulphur) are mixed with a compound obtained by First Stage mixing. Accelerators and curing agents are not added during first stage mixing because the working temperature of a kneader is high and it may lead to scorching i.e. primitive cross linking during mixing. Final stage mixing is done by two roll open mill.

Two such mills are used for Final stage mixing and warming of compound. Details of mills are:

Mill	Diameter of Roll	Length of Roll	Speed of Slower roll	Speed of faster roll	Power of motor
I	16 inches	42 inches	24-30 rpm	30-32 rpm	60 HP
II	18 inches	36 inches	15-20 rpm	18-22 rpm	40 HP
III	18 inches	36 inches	15-20 rpm	18-22 rpm	40 HP

Temperature of the rolls of the open mill is kept between 70-80⁰ C. The rolls are covered and water is circulated in to these rolls to keep the temperature of the rolls at the desired level. If the temperature of the rolls rises above the specified temperature, it may lead to scorching.

Speed of the two rolls of a mill is different. The compound is cut from the two-roll roll open mill and these sheets are kept for maturation. The maturation is done for a period of 24 hours. In a open roll mill, the ratio of speed of the two rolls is 1:12. In a open roll mill, the mixing is very even and kneader is used for obtaining large volume in short times.

The matured compound is warmed to a temperature of 70-80⁰ C, before sending it to the calendar.

Fabric Dipping

Both Cotton and Synthetic fabrics are used in the carcass of the belt. The surface of cotton fabric is rough and skim compound can be coated on the cotton fabric. The surface of the cotton fabric allows impregnation of the skim compound. In case of synthetic fabrics, the surface is very smooth and the skim compound does not adhere to the fabric surface. To improve the

adhesion between the fabric and the rubber compounds, the fabric is dipped in a solution of Resaval Formaldehyde Latex (RFL). The dipping is carried out as follows:

The fabric to be dipped is let off from a roll and fed into a tank containing a RFL solution, by means of rollers. The dipped fabric is then passed through heated chamber. The hot air circulated in the chamber evaporates the volatile solvent; an exhaust system removes the solvent vapour from the chamber. The fabric is then winded up. This dipped fabric is then sent to the calendar.

Dipping is done in case of synthetic fibers only. Dipping is done to increase bonding strength and adhesion strength.

Calendaring

Calendaring is the process used for making polymeric sheets and for coating a fabric by a compound. Basic machine for calendaring is known as 'CALENDAR'. In the manufacturing of conveyor belts, a calendar is used for skimming of fabrics with rubber compounds and for calendaring out rubber sheet for top and bottom cover.

A three roll vertical calendar is being used. The details of calendar is as follows:

No. of Rolls	3
Type of Roll	Cored
Arrangement of Rolls	Vertical (One above the other)
Diameter of Rolls	23 inches
Width of Rolls	52 inches
Temperature of Rolls	
Upper Roll	58-60°C
Middle Roll	65-70°C
Lower Roll	63-65°C
Speed of Calendar	9m/min

The three rolls of the calendar do not rotate with same speed. The speed of middle roll is slightly higher than the speed of the upper and lower roll. For the three rolls of the calendar, there are two nip areas. First nip area is between upper and middle roll and second between middle and lower roll. The nip area is adjustable.

The functions of the Calendar machine are described below.

A). Skimming

The process of impregnating the skim compound on the fabric is known as skimming. Dipped synthetic fabric or cotton fabric is a coated fabric with the skim compound to form a ply. The skim compound is placed at the nip between upper and middle roll. The nip is adjusted according to the thickness of skim compound desired. The fabric to be skimmed is fed into the calendar between the middle and lower roll. The nip between the upper and middle rolls determines the thickness of skimmed compound impregnated on the fabric while the nip between middle and lower roll presses the skim compound against the fabric resulting in the impregnation of the compound on the fabric. About 0.1mm of the compound goes into the fabric. Both sides of the fabric have to be coated and in one go only one side is coated. So, fabric is passed twice through the calendar. Knives attached to the middle roll are used to cut out the compound sheet on the roll to the required width.

During skimming, fabric is stretched. Stretching of fabric is very important because if the fabric is not stretched properly, it would contract, a 100m length shrink to 90m. Proper stretching is done by let off and takes up winders and also by drum stands. Different fabrics shrink by different amounts. Shrinkage of some important fabrics has been as mentioned below:

Nylon	5% Shrinkage
Polyester	No Shrinkage
Cotton	8-10% Shrinkage

Cotton fabric is heated by using steam heated drum set prior to skimming. It is done because the size of cotton increases on heating and this increase in size is used for economy.

When the skimmed fabric is winded on take up winder, a polyester liner is used for separating two layers of skimmed fabric. Polyester is used as lining because it does not stick to tuber coating, it is easy to handle, highly flexible and has long life. Repeated winding and unwinding does not break the fabric.

B). Calendaring of Cover

Rubber sheets for top and bottom cover are calendared out from the calendar. The cover compound is placed at the nip between upper & middle roll. The nip is adjusted according to the required thickness of cover. Blades attached to the middle roll are used to maintain the required width of the cover. Fabric liner is passed between the middle and lower roll. Fabric liner is used to support the sheet and act as separator between two layers of cover during winding.

Before winding, the cover sheet is cooled using a under cooled drum set. The liner used for cover is also polyester lining.

Belt Building

Belt building is the most important step in the manufacture of conveyor belts. This step involves laying and joining of the different layers of the conveyor belt. The process of belt building is carried out on building table.

Building table consists of a smooth surface with a number of small diameter idle rolls. Two sets of rolls are attached to the table at tandem. The first sets of rolls are of 3 inch diameter & 6.5 feet breadth, while the second set is of 8 inch diameter & 7 feet breadth. Both set of rolls are power driven. Building table has D.C. drive. So, building table has variable speed. Length of building table to 26 feet and breadth is 6.5 feet and the maximum speed of table is 7.5 feet/sec.

The first step of belt building is carcass building i.e. joining to form the carcass of the conveyor belt. Each skimmed fabric forms one ply. The required numbers of skimmed fabrics are joined to build the carcass. One ply is joined in each pass and one additional ply is joined to obtain the carcass with required number of plies. Any foreign particle from the surface to be joined is removed by cleaning it with petrol.

Two rolls of skimmed fabric are placed on let off winders. The rolls unwind at the same time. Skimmed fabric from the one is placed directly above the other and is made to pass through the two sets of rolls at tandem. The first sets of rolls (small diameter rolls) are used for properly adjusting the plies to be joined. Plies are adjusted so that they lie exactly above each other. The joined plies (carcass) are winders on take up winder with polyester lining between two layers. If another ply is to be joined, then it needs to be moved from the take up under to the let off winder and a roll of skimmed fabric is placed on other lot off winder and the entire process is repeated.

After the carcass building, the top and bottom covers of the conveyor belts are joined. The process for cover joining is similar to building except that during cover joining, the upper roll of the first set of rolls (small diameter rolls) is replaced by a roll which has nails protruding from the surface. As the belt moves through the table, the nails pierce the cover and help in efficient holding. The nails do not allow the cover to get displaced and maintain proper alignment.

If the belt is cut edge, the edges are cut by attaching a cutting system (Knives) just after its small dia rolls. Final cutting is done after curing. If the Belt is mold edge, the cover compound is folded over the carcass. The belt obtained from the building table is known as green belt. The green belt is sprayed with talc. Green belt is then winded on take up roll with polyester lining between two layers and is taken to the press for curing.

Curing Press

Curing of conveyor belt is done continuously step-by-step using two curing presses. Details of these presses are:

Press	Length	Cured Length	Width	Capacity (Max. pressure)	Temp.	No of RAMs
I	23 fts	21.5 fts	56 inches	2400 pounds	145+5°C	12
II	10 ft	8.5 ft	59 inches	1600 pounds	145+5°C	6

Hydraulic system is used for opening and closing the mold and for applying pressure. Hydraulic pressure applied depends on the width of the belt and the temperature depends on the thickness. Actually, temperature is kept constant and time is varied to obtain the same effect as obtained by changing the temperature. Three hydraulic clamps are provided for stretching the belt and for perfect alignment and placement of the green belt. Two of the clamps are moveable and one clamp is attached before the press and two after the press. The green belt is supplied from a let off winder and cured belt is wound on take up winder. The curing of the Rubber Conveyor Belt is carried out as follows.

The mould is opened, Silicon based lubricant is applied to both halves of the mould and metal plates are placed on the sides of mould to adjust mould gauge and the distances between plates is adjusted according to the width of the belt. Mould gauge is kept 0.5 mm less than the thickness of the belt. The belt is clamped by the hydraulic clamps and is stretched to remove any wrinkles or folds present in the belt. The mould is closed and required pressure is applied. The press plates are steam heated. The pressure and temperature are applied for specified time so that the curing is complete. Both ends of the press platens are kept cold by circulating cold water. This is to prevent over curing of this part during the continuous curing. After curing, the belt moves so as to remove the cured part from the press and bring uncured part into the press. The cured part is stretched by 10% before cooling. This is done to avoid any elongation during further use. In this manner the whole length of conveyor belt is cured, step by step. If the belt is mould edge, any extra cover material present at the sides is cut before curing.

Repair Press

After curing the belt is inspected for defects. Any air entrapment etc. is cut and the cover portion is removed from that part. This part is then repaired and closed with a fast curing compound but with same physical properties. The repaired portion is cured with two repair presses (which is a small press), one for each curing press. The repaired belt is sent to inspection table. Before that 50 cm of front and 50 cm length of last end of the conveyor belt is cut off and sent to lab for testing of the properties of the conveyor belt.

Inspecting and Packing

Inspection of the conveyor belt is done on an inspection table which is very similar to the building table, except that it has only one set of rolls which is used to move the belt on the table. Inspection table has AC drive and its speed is 0.5 inches/sec. Whole of the belt is inspected for any defect. Any unevenness of the surface is removed by grinding. If any defects like entrapped air, blister etc. is present, the belt is sent back to repairing press. Silicon polish is also applied on the surface of the belt to give gloss to the surface. The belt is then wound, covered with polythene sheet and packed in wooden bobbins.

After packing, the belt is sent to the dispatch or ready material store for dispatching or delivering.

Proximity to the source of raw material:

Proposed unit is located on the main connecting road which is leading to Jodhpur city. As the raw material required by the unit has to be carried through surface transport, hence no such problem is anticipated in this regard.

Main Raw materials

Raw materials mix of the unit consists of natural rubber, synthetic rubber, fillers such as carbon black, silica, clay or whiting, other vulcanizing agents and cotton & synthetic fabric.

Natural Rubber: Major component of the raw material is natural rubber which constitutes around 47 % of the product mix. Main source of the rubber in India is Kerala, from where the company is currently procuring the raw material. Kerala Rubber Board controls the trading of natural rubber and the end users, are required to obtain a License from the Board, the company is holding the same. Other Countries producing natural rubber are Thailand, Indonesia, and Malaysia.



As per CMIE (Data) rubber production has registered accelerated growth in each month of financial year 2007. In the year 2006-07(April to July) total production was 2,34,165 tons. The peak tapping months are October– January, so it is expected that the production will be quite high.

Total requirement for the year of the company shall be around 2100 tons which is merely 3.23% of the monthly rubber production as such the company is not likely to face any problem in this regard.

Carbon Black: Carbon black is made from crude oil or gas is used to reinforce the rubber compound. This accounts to around 28% of the product mix. There are many units engaged in the production of carbon black so the availability is ensured.

Fabric: Other major component of the conveyor belt is cotton or synthetic fabric which constitutes around 18% of the product mix depending upon the specification. Since, so many traders of indigenous and imported fabric exist in near by states and the fabric is available on competitive rates, the company does not foresee any problem in this regard.

Other Rubber Chemicals: Zinc oxide, process oil, whitening clay, silica, other vulcanizing agents are also part of the product mix of which the availability is ensured.

Raw Material Suppliers

The Company secures Raw Materials from different suppliers, some of them includes:

S.No.	Name of the Suppliers	Location
1.	Jay Vijay Enterprises	Cochin
2.	Mabros International Trading	China
3.	Shree Balaji Rubber	Rajasthan
4.	Bonded Textiles Pvt Ltd	Kolkata
5.	Meen Been Elastomers Pvt. Ltd	Mumbai
6.	Shree Textiles	Kota, Rajasthan
7.	Goel Minerals and Chemicals	Bhivadi
8.	True Chem Industries	Baroda/Durgapur
9.	Cochin Rubber Centre	Cochin
10.	Samir Supply Private Limited	Cochin
11.	Trigon Gulf FZCO	Dubai
12.	Samir Supply Pvt Ltd	Mumbai
13.	Victor Corporation	Jaipur
14.	Deepak Textiles	Mumbai
15.	Phillips Carbon Black Limited	New Delhi

Products of the Company

Our Company is manufacturing Rubber Conveyor Belts, according to the requirement of the individual customers. They are graded into different categories such as M-24, HR, SHR & UHR, FR, which are as per Indian standards IS 1891 (1994). The main user industries for Rubber Conveyor Belts are cement, steel, power, fertilizer, coal mines, mineral mines, chemicals and recently, food grade belts have been introduced, which are being used by tea gardens and salt manufacturers. These belts are also used for material handling of finished goods in packaging lines.

Our Company has also developed its own grade products like Tiger M-27, SA-54, SC-36, SEHR –36, SEFR-81 and SEAFR-36. These Rubber Conveyor Belts are developed for special purposes as required by the industries to increase the belt life and reduce cost of power.

In each grade, depending on the requirement of the client, different sizes of belt in terms of width, number of plies, thickness of top and bottom and type of top are manufactured.

A. Width

It ranges from 100mm to 1200mm in existing plant and up to 2000mm in the proposed new project.

B. Number of Plies

The number of plies in a conveyor belt is between single ply to 6 plies. However, there is no limit on number of plies, they can be increased/decreased as per the requirements of the customer.

C. Thickness

Normally, the thickness of conveyor belt at top is 5mm and at bottom is 2mm.

D. Reinforcement material

Different types of fabrics, nylon to nylon, EP and Kevlar are used for reinforcement.

E. Special Utility of Beltings:**i. Rough Top Conveyor Belt**

The rough top conveyor belt enables the transportation of material, especially bags etc. to the desired destination without any slippage. The rough surface embossed on the top of the belt ensures proper holding of the material on the conveyor belt, till it is offloaded.. This helps the customer in economic and efficient handling of the material as it avoids the slippage of material, falling of bags from the running conveyor belt, re-lifting and placing on the conveyor belt.

ii. Wavy Top Conveyor Belt

As the name denotes, the top surface of the conveyor belt is embossed, giving it a look of waves in the ocean. This zigzag embossing holds the materials in its hollow and cleated places. This gives anchoring effect to the material and is thus very good for transportation of material without causing any slippage, falling of bags etc.

iii. Broad Wavy Top Conveyor Belt

The waves created on the conveyor belt are bigger than the Wavy Top Conveyor Belt. This is more suitable for transportation of heavy materials and those materials being conveyed on higher angles of elevation.

iv. Chevron Conveyor Belt

The Chevrons are created on the top portion of the belt, by a special dye fabricated for the purpose. Its uses are almost identical to the above belts.

v. Hygienic Conveyor Belt

The conveyor belts being used in pharmaceutical companies, their laboratories, tea gardens and other industries producing food or medicine items. These industries invariably use food grade belts. These belts do not have any toxic content. The material being conveyed on Food Grade belts remains safe from any toxic, chemical reaction from the belt and does not pose any hygienic hazards.

vi. Pipe Conveyor Belt

Pipe conveyor belt is a unique substitute to the conventional conveyor belt . The major benefits of Pipe conveyors are:-

- a. Environment pollution is minimized, as spillage on both carrying & return route is eliminated.
- b. The material conveyed is protected from wind carry over, contamination, rain (moisture) and particle size degradation.
- c. Pipe conveyor is significant energy saving device as compared to present pneumatic conveying system.
- d. The return side of the pipe conveyor could also be utilised for conveying materials in the opposite direction if required.

The details of grade application characteristics and usages of conveyor belts are as mentioned below:

Grade	Application Characteristics	Recommended for
M-24	High tensile strength, superior in abrasion & cut resistance. They are used for transporting highly abrasive materials.	Limestone, metallic ores, granite, quartz, sand, BF clinker & slag, stone chips, slate, coke, sinter gravel etc.
Tiger M-27	Super High tensile strength, superior in abrasion & cut resistance. They are used for transporting highly abrasive materials.	Rubble, sand (sharp), cement (ground), clay slacked lime, charcoal, super phosphate (lump & powder), coal, ashes, soda earth, sand (smooth), pulp (dry)etc
HR	Heat and abrasion resistant: Lump 125deg C (max), Fines 100deg C(max)	Very good for general hot & moderately abrasive materials
SHR & UHR	Super Heat Resistant: Lump 150deg C (max), Fines 125deg C(max); Ultra Heat & Abrasion Resistant: Lump 180deg C (max), Fines 150deg C(max)	Suitable for general hot materials & services such as steel clinker, hot sintered ores, steel pellets & others
FR	Areas prone to fire hazards	Coal, Coke and other fire prone materials

Somiflex Special Belts

Grade	Application Characteristics	Recommended for
SA-54	Super Tensile Strength & Cut preventive belts	High abrasive ores e.g. copper, iron, bauxite, manganese etc., gravel quartz, dry and bank etc.
SC-36	Resistance to chemically activated materials in Fertilizer and Chemical Industries	Ammonium sulphate, acid phosphate, common salt powdered urea etc.
SEHR-36	Extra resistance to Heat & abrasion materials: Lump 250deg C (max), Fines 200deg C(max)	The Best for general high temperature and high abrasive materials
SEFR-81	Extra resistance to fire	General hot & fire prone materials
SEAFR-36	100% Fire Resistance and Antistatic Conveyor Belt	General hot & fire prone materials, the best for all type of mines due to its antistatic characteristic.

Capacity & Capacity Utilisation

The details of the existing capacity and capacity utilization of our Company for past 3 years are as under:

Year	Installed Capacity (MPA)	Utilized Capacity (MPA)	%
2005	1,51,200	76,495	50.59
2006	1,51,200	78,207	51.72
2007	1,51,200	98,078	64.87

Our company is proposing the manufacturing of higher width size rubber conveyor belts and therefore the proposed setting up of new unit is justified.

Business Strategy

Our Company's strategy is to leverage its reputation as an efficient, reliable, customer driven company providing a diversified range of rubber conveyor beltings of different width. The key elements of our business strategy are as follows:-

Expansion and Modernization Plans

Our Company is going for a major expansion of its operations through this project. Our Company proposes to expand its capacity from 1,67,660 MPA to 3,39,740 MPA. This expansion will not only increase the production capacity of the Company, but it will also enable the Company to manufacture the rubber conveyor belts of 2000 mm width. At present our Company can manufacture rubber conveyor belts upto a width of 1200 mm only. This will enable us to serve, overall rubber conveyor belt requirements of different industries.

Reduction of operational costs by adding new and latest technologies and processes

We have been continuously making efforts to reduce the operational costs so as to increase the margins and remain competitive in the market. The new Plant & Machinery being installed by the Company as a part of this expansion and modernization plan. This will enable our Company to manufacture superior quality rubber conveyor belts, reduce the wastage, and also reduce the Manpower requirements. All these factors will result into major savings for our Company and will add to our profit margins.

Timely delivery of quality products

Our product is of Order to Stock nature. We manufacture rubber conveyor belts as per the orders placed by our customers. We aim for optimization of the manufacturing facilities, thereby enabling us to make timely delivery of quality products. We believe that timely delivery of quality products will further enhance our reputation and thereby sales of our company.

Concentration on securing orders from the Public Sector Undertakings

Our Company is concentrating on securing orders from the public sector, which are issued on basis of bidding process. This will enable our Company access to large orders and will also enhance the image of our Company in the industry. Our Company has already secured orders from public sector undertakings such as Karnataka Power Corporation Limited, a Government of Karnataka undertaking and Andhra Pradesh Power Generation Corporation Limited, a Government of Andhra Pradesh undertaking.

Further strengthen our brand "SOMIFLEX"

Our company markets its products under the brand name "SOMIFLEX". We plan to take steps to further enhance our brand name. Our Company has already made an application for registration of its Brand Name with Trade Mark Registry. We feel that this along with our relations with existing customers in different industries will enable us to aggressively position our products in the market.

Other infrastructural support

The location is quite suitable concerning other infrastructure facilities required by our Company such as transport facilities, availability of skilled labour etc.

Marketing Strategy

Our Company is having a direct network for marketing its Rubber Conveyor Belts in various states. However, since market segment of big size Rubber Conveyor Belts is different from the existing one, Our Company will have to strengthen its in-house marketing set up, to cater directly to the institutional and bulk buyers.

Competition

Our Company is facing competition from other established players like MRF which has the capacity to manufacture Rubber Conveyor Belts of width up to 2000 mm.

Property

At present our Company has the following properties:

No.	Purpose of the Property	Address	Area	Ownership/Lease Basis and brief description about the document.
1.	Registered Office	4F-15, New Power House Road, Near Bank of India, Jodhpur, Rajasthan, India	2747 square feet (area of the land) 7,500 square feet (constructed area for the office)	Ownership Sale Deed is to be executed after the payment of full purchase consideration on or before 7 th November, 2007. The possession of the premises is with the Company. The Company has already entered into supplementary agreement with the promoters on September 15, 2007 granting additional time to the Company for payment of purchase consideration.
2.	Factory Premise	Plot number H2- 464 to 466, Jodhpur, Rajasthan, India	19077.48 square feet.	Leased Lease agreement dated January 3, 2001 entered into between Rajasthan State Industrial Development and Investment Corporation Limited, Jaipur (RIICO) and our Company under which, our Company has been granted lease over the land for a period of 99 years from the date of the agreement, for an annual rent of Rs. 310.00
3.	New Factory/ Unit – II	Village Tanawara, Jodhpur, Rajasthan, India.	209,088 Square feet	Leased A Lease Deed dated November 3, 2006 entered between the Company and Governor of State of Rajasthan. The Company has already paid the lease rentals to the Government aggregating to Rs. 1800 for 10 years (from 2006 to 2015). Our Company has the option to extend the term of agreement for a further period of 99 years after expiry of the term of present agreement.

4.	Land at Ratanada	A/1, B/1 and C/1 Panch Bhatti Chowrah, Ratanada, Jodhpur, Rajasthan, India.	15761.25 square feet	Ownership A Sale Deed dated January 16, 2006 is entered between the Company as a purchaser and Mrs. Supriya Kanwar, Mr. Karan Singh, Mr. Jaswant Singh, Mrs. Asu Kanwar, Mr. Ranjit Singh & Mr. Narendra Singh as sellers, for the purchase of the property. The Sale Deed has been stamped and registered with the Sub-registrar, Jodhpur (Third). The purchase consideration for the property was Rs. 83,50,000.
----	------------------	---	----------------------	--

Purchase of Property

Our Company has entered into an agreement to purchase Land and Building owned by the Promoter, Mr. Om Prakash Bhansali for which substantial payment shall be made from the proceeds of the Issue. Our Company has entered into an Agreement for Sale dated 7th November, 2006 with the Promoters for the purchase of the Land and Building, presently being used as the registered office premises of the Company i.e. 4F-15, "Oliver House", New Power House Road, Jodhpur-342 001. The Land and Building is situated at Plot No. 15, Sector F, Section 4, Shastri Nagar, Jodhpur. The land on which the building is situated admeasures 305 square yards (equivalent to 2747 sq. ft.). The four storey building along with basement constructed on the above plot is admeasuring 7,500 sq. ft.

The purchase consideration agreed to be paid by our Company is Rs. 259.00 Lakhs. As per the terms of the agreement ninety percent (90%) of the purchase consideration amounting to Rs. 233.00 Lakhs was to be paid by the Company within 6 months of execution of Agreement and balance amount of Rs. 25.90 Lakhs is required to be paid within 90 days from the execution of the sale deed. The date for execution of the Sale Deed has been extended by a supplementary agreement dated September 15, 2007. The Company shall be paying the above purchase consideration of Rs. 259.00 Lakhs from the proceeds of the Issue and execute the sale deed with the Promoters. The Company as on 31st August, 2007 has already paid Rs.74.75 Lakhs to Promoters as consideration for purchase of Office Building. The Company is already in possession of the Land and Building.

Financial Indebtedness

For details of financial indebtedness please refer Financial Statement on page no.107 of this Draft Prospectus.

Insurance Cover taken by the Company

The Company has availed the following insurance policies with:

A. NEW INDIA ASSURANCE COMPANY LIMITED

From 03:30 hours on 12/10/2006 to Midnight on 11/10/2007



(Rs. in Lakhs)

Type of Policy and Insurance Perils	Sum Insured	Annual Premium
Standard Fire and Special Perils Policy-Buildings		
Buildings	89.00	0.315
Stock(s)/Content(s)	350.00	1.225
Earthquake (Fire and Shock)	439.00	0.043

B. IFFCO-TOKIO

From 15:30 hours 29/12/2006 to Midnight on 28/12/2007

(Rs. in Lakhs)

Type of Policy and Insurance Perils	Sum Insured	Annual Premium
Toyota Innova Engine No-2KD9760628 Chassis No-MBJ11JV4007062212 IDV:10,39,110/-	9.87	0.379

C. NEW INDIA ASSURANCE COMPANY LIMITED

From 11/02/2007 to Midnight on 10/02/2008

(Rs. in Lakhs)

Type of Policy and Insurance Perils	Sum Insured	Annual Premium
Mahindra Bolero Engine No-79277 Chassis No-73952 IDV:2,70,000/-	2.70	0.093

3. REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice.

Introduction

The Company is engaged in the business of manufacturing Rubber Conveyor Belts at its two factory units at Jodhpur, Rajasthan. Although there are no specific regulations governing our industry, we set forth below certain legislations and regulations that generally govern our business:

Environment Regulation

The Company must ensure compliance with Environmental Legislation such as the Water (Prevention and Control of Pollution) Act 1974 (Water Pollution Act), the Air (Prevention and Control of Pollution) Act, 1981 (Air Pollution Act) and the Environment Protection Act, 1986 (Environment Act).

The Water Pollution Act aims to prevent and control water pollution. This legislation provides for the constitution of a Central Pollution Control Board and State Pollution Control Boards. The functions of the Central Board include coordination of activities of the State Boards, collecting data relating to water pollution and the measures for the prevention and control of water pollution and prescription of standards for streams or wells. The State Pollution Control Boards are responsible for the planning for programmes for prevention and control of pollution of streams and wells, collecting and disseminating information relating to water pollution and its prevention and control; inspection of sewage or trade effluents, works and plants for their treatment and to review the specifications and data relating to plants set up for treatment and purification of water; laying down or annulling the effluent standards for trade effluents and for the quality of the receiving waters; and laying down standards for treatment of trade effluents to be discharged. This legislation debars any person from establishing any industry, operation or process or any treatment and disposal system, which is likely to discharge trade effluent into a stream, well or sewer without taking prior consent of the State Pollution Control Board.

The Central and State Pollution Control Boards constituted under the Water Pollution Act are also to perform functions as per the Air Pollution Act for the prevention and control of air pollution. The Air Pollution Act aims for the prevention, control and abatement of air pollution. It is mandated under this Act that no person can, without the previous consent of the State Board, establish or operate any industrial plant in an air pollution control area.

The Environment Act has been enacted for the protection and improvement of the environment. The Act empowers the Central Government to take measures to protect and improve the environment such as by laying down standards for emission or discharge of pollutants, providing for restrictions regarding areas where industries may operate and so on. The Central Government may make rules for regulating environmental pollution.

Trademarks

Trademarks have been defined by TRIPS as any sign, or any combination of signs capable of distinguishing the goods or services of one undertaking from those of other undertakings. Such distinguishing marks constitute protect-able subject matter under TRIPS. TRIPS provide that initial registration and each renewal of registration shall be for a term of not less than ten years and the registration shall be renewable indefinitely. Compulsory licensing of trademarks is not permitted. In light of the changes in trade and commercial practices, globalisation of trade, the need for simplification and harmonization of trademark registration systems etc., the Indian Parliament undertook a comprehensive review of the Trade and Merchandise Marks Act, 1958 and replaced the same with the Trade Marks Act, 1999. This Act makes the trademarks law in India compatible with TRIPS and also harmonises it with international systems and practices.

Labour laws***Labour Legislations***

The primary central labour-related legislations with which compliance is required include the Payment of Wages Act, 1956, the Minimum Wages Act, 1948, the Employees Provident Funds & Miscellaneous Provisions Act, 1952, Workmen's Compensation Act, 1923, Inter State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979, and the Contract Labour (Regulation and Abolition) Act, 1970.

Our Country has stringent labour legislations protecting the interests of employees. There is a clear distinction between (i) employees who are 'workmen' (as defined under various enactments including the Industrial Disputes Act, 1947 (the "IDA") and (ii) employees who are not 'workmen'.

Workmen who have been provided several benefits and are protected under various labour laws, whilst those persons who have not been classified as workmen are generally not afforded statutory benefits or protection, except in relation to bonus, provident fund and gratuity. Employees are usually subject to the terms of their employment contracts with their employer, which are regulated by the provisions of the Indian Contract Act, 1872.

Termination of a non-workman is governed by the terms of the relevant employment contract. As regards a 'workmen', the IDA sets out certain requirements in relation to the termination of the workman's services. This includes detailed procedures prescribed for the resolution of disputes with labour between employers and employees in the areas of termination and severance obligations of the employee. The applicability of such laws depends on the number of workers employed and their monthly remuneration.

Other Laws and Regulations

Certain other laws and regulations that may be applicable to the Company include the following:

- Contract Labor (Regulation and Abolition) Act, 1970;
- Factories Act, 1948;
- Payment of Wages Act, 1936;
- Payment of Bonus Act, 1965;
- Employees' State Insurance Act, 1948;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Equal Remuneration Act, 1976;
- Payment of Gratuity Act, 1972;
- Minimum Wages Act 1948;
- Industrial Disputes Act, 1947;
- Workmen's Compensation Act, 1923;

4. HISTORY AND CERTAIN CORPORATE MATTERS

SOMI CONVEYOR BELTINGS LIMITED (SCBL) is a closely held Public Limited Company. It is into manufacturing of Rubber Conveyor Belts. Our Company was incorporated on 16th June, 2000 as Omi Conveyor Beltings Limited and it commenced its business from 12th July, 2000. The name of our Company was subsequently changed to Somi Conveyor Beltings Limited, w.e.f. 31.10.2000.

Our Company started its commercial production from February 2002. Initially, our Company began with a manufacturing capacity of 72,000 meters per annum (MPA) of Rubber Conveyor Beltings. Our Company initiated a capacity expansion in 2004. At present SCBL can manufacture belts up to 1200-mm width.

The Promoters of our Company are Mr. Om Prakash Bhansali, Mr. Vimal Bhansali, and Mr. Gaurav Bhansali. Mr. Om Prakash Bhansali is the key promoter and Chairman cum Managing Director of our Company.

Our Company markets its products under the brand name “SOMIFLEX”. Our Company has installed state-of-the-art plant and machinery and other equipments to make most efficient use of available resources as well as to maintain highest quality standards.

Major events in the history of Our Company:

2000	Incorporation of the Company
2001	Factory Unit at 463-466, H2, Sangaria Industrial Area, Jodhpur commenced trial production in November, 2001 and commercial production in February 2002.
2003	The Company launched SOMIFLEX special utility belts “SEHR-36” and “TIGER-M-27” which can resist high temperatures upto 250 Celsius and high abrasion.
2004	The Company increased its production capacity by 100% by installing new production line in the existing unit.
2004	ISO 9001:2000 Certification issued to the Company in relation to “Quality Management System”.
2005	Supply of Rubber Conveyor Belts to the Andhra Pradesh Power Corporation Limited, a Government of Andhra Pradesh undertaking.
2006	Supply of Rubber Conveyor Belts to the Karnataka Power Corporation Limited, a Government of Karnataka undertaking.
2007	Secured an order worth Rs.3.08 Crores from Andhra Pradesh Power Generation Corporation Limited, a Government of Andhra Pradesh undertaking.

Main Objects

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

To carry on the business of manufacturers, buyers, sellers, contractors, maintenance agents, designers, importers, exporters, buying and selling agents, fitters, repairers, installers, assemblers of and dealers in all types of products of conveyor beltings, pulley legging, jointing material, conveyor beltings, maintenance products including cold vulcanizing, self vulcanizing patches, belt-o-cleaner and other allied products for material handling.

To, carry on the business of hotel, restaurant, boarding and lodging house, café, club, casino, health club, gymnasium, fast foods center, ice cream parlor, bar, carting services, event management and other allied services.

**Changes in the Memorandum of Association**

Year	Particulars
March 15 th , 2001	Increase in the Authorized Capital from Rs. 1 Lakh to Rs. 10 Lakhs.
October 31 st , 2000	Change in the name of the Company from OMI CONVEYOR BELTINGS LIMITED to SOMI CONVEYOR BELTINGS LIMITED
August 10 th , 2001	Increase in the Authorized Capital from Rs.10 Lakhs to Rs.20 Lakhs.
July 19 th , 2007	Increase in the Authorized Capital from Rs. 20 Lakhs to Rs. 1 Crore.
October 17 th , 2005	Increase in the Authorized Capital from Rs.1Crore to 2.5 Crores.
March 4 th , 2006	Increase in the Authorized Capital from Rs.2.5 Crores to 3 Crores.
September 30 th , 2007	Company has amended its Objects Clause, new Articles of Association was adopted.
September 30 th , 2007	Increase in the Authorized Capital from Rs3 Crores to Rs. 6 Crores
March 5 th , 2007	Increase in the Authorized Capital from Rs. 6 Crores to Rs. 25 Crores.

Subsidiaries of our Company

Our Company does not have any subsidiary.

Shareholder's Agreements

There is no Shareholders' Agreement existing as on date.

Strategic & Financial Partners

Our Company has no strategic/ financial partner.

Other Agreements

Our Company has not entered into any contracts, except the contracts/agreements specified in the Draft prospectus and in the terms of Annual Supply Contracts with Customers/suppliers which are carried out in the ordinary course of business.



5. OUR MANAGEMENT

As per the Articles of Association, our Company must have a minimum of three (3) and a maximum of twelve (12) Directors. As on date our Company has Six Directors out of which, one is a Managing Director, and two are Whole Time Directors.

Board of Directors

S. No.	Name, Designation, Address and Occupation	Date of Appointment	Age (years)	Other Directorship
1.	Mr. Om Prakash Bhansali Chairman & Managing Director S/o Shri Kishore Mal ji Bhansali 4F-8, New Power House Road, Jodhpur- 342001, Rajasthan Occupation: Industrialist DIN: 00351846	Director, since Incorporation. Appointed as MD w.e.f.30/11/2005	53	NIL
2.	Mr. Vimal Bhansali Whole Time Director S/o Mr.Om.Prakash Bhansali 4F-8, New Power House Road, Jodhpur- 342001, Rajasthan Occupation: Industrialist DIN: 00351851	Director, since Incorporation. Appointed as WTD w.e.f.30/11/2005	28	NIL
3.	Mr. Gaurav Bhansali Whole Time Director S/o Mr.Om.Prakash Bhansali 4F-8, New Power House Road, Jodhpur- 342001, Rajasthan Occupation: Industrialist DIN: 00351860	Director, since Incorporation. Appointed as WTD w.e.f.30/11/2005	27	NIL
4.	Mr. Mahendra Rakecha Independent Director S/o Dualal Rakecha, C-36, Shastri Nagar, Jodhpur-342003, Rajasthan Occupation : Business DIN: 00648532	30/09/2006	39	NIL
5.	Mr. Yogesh Maheshwari Independent Director S/o Shyam Babu Maheshwari 46, Digvijay Nagar, Khema ka Kaun, Jodhpur- 342001, Rajasthan Occupation: Industrialist DIN: 01202089	10/01/2007	48	NIL
6.	Mr.Ramesh Narayan Rathi Independent Director S/o Murli Manohar Rathi 14, Arihant Tower, 477, Sardarpura, 5 th A Road, Jodhpur- 342003, Rajasthan Occupation: Business DIN: 01202086	10/01/2007	60	NIL

Brief Profile of the Directors

Mr. Om Prakash Bhansali, Mr. Vimal Bhansali, Mr. Gaurav Bhansali, being the Promoter Directors of the Company, their profiles are mentioned under the head 'Our Promoters' on page no.92 of this Draft Prospectus for further details.



Directors other than Promoters

Mr. Mahendra Rakecha, 38 years of age, is Post Graduate in Commerce and has 15 years of business experience. His business interests are in trading of computer hardware & software.

Mr. Yogesh Maheshwari, 48 years of age, is Mechanical Engineer by profession and has 24 years of business experience in the manufacturing of heavy Earth Moving Machinery. He was previously working with M/s. Surface Finishing Equipments.

Mr. Ramesh Narayan Rathi, aged 60 years, is a diploma holder in Mechanical Engineering. He has 37 years of experience in various areas such as plant designing, commissioning, erecting, and operations etc.. He previously worked with M/s. Digvijay Cement Co. Limited.

Borrowing Powers

The shareholders vide a resolution pursuant to section 293(1) (d) of the Companies Act, 1956 passed at the Extra-Ordinary General Meeting of the Company held on 22nd March, 2007 had approved and delegated powers to the Board for borrowing up to a sum of Rs 50 Crores (Rupees Fifty Crores Only) apart from temporary loans obtained or to be obtained from Company's bankers in the ordinary course of business not withstanding that it is over and above the aggregate of the paid-up share capital and free reserves.

TERMS OF APPOINTMENT & COMPENSATION OF MANAGING DIRECTOR/WHOLETIME DIRECTOR

MANAGING DIRECTOR

Mr. Om Prakash Bhansali was originally appointed as Director of the Company on June 16th, 2000 (i.e. Since Incorporation). He was subsequently appointed as Managing Director of the Company in the Extra-ordinary General Meeting held on November 30th, 2005, for a term of 5 years, w.e.f, 1/12/2005. The Company, through an ordinary resolution passed at the Extra-ordinary General Meeting held on November 30th, 2005 approved to pay the Managing Director during the continuance of the agreement, as a consideration of the performance of his duties:

- (I) **Basic Salary: Rs. 36,000/- Per Month.**
- (II) **Perquisites:**

In addition to basic salary the following perquisites not exceeding the overall ceiling prescribed under Schedule XIII, annexed to the Companies Act, 1956 will be provided to the Managing Director:

- Reimbursement of Petrol expenses
- Bonus
- Gratuity
- PF Contribution

WHOLETIME DIRECTOR

Mr. Vimal Bhansali was originally appointed as Director of the Company on June 16th, 2000 (i. e. Since Incorporation). He was subsequently appointed as Whole Time Director of the Company in the Extra-ordinary General Meeting held on November 30th, 2005 w.e.f, 1/12/2005 for a term of 5 years. The Company, through an ordinary resolution passed at the Extra-ordinary General Meeting held on November 30th, 2005 approved to pay him during the continuance of the agreement as consideration of the performance of his duties:

- (I) **Basic Salary: Rs. 19,000/- Per Month.**
- (II) **Perquisites:**

In addition to Basic Salary the following perquisites not exceeding the overall ceiling prescribed under Schedule XIII, annexed to the Companies Act, 1956 will be provided to him as Whole Time Director:

- Reimbursement of Petrol expenses
- Bonus
- Gratuity
- PF Contribution

- Leave travel concession

WHOLETIME DIRECTOR

Mr. Gaurav Bhansali was originally appointed as Director of the Company on June 16th, 2000 (i. e. Since Incorporation) and was subsequently appointed as Whole Time Director of the Company in the Extra-ordinary General Meeting held on November 30th, 2005 w.e.f, 1/12/2005 for a term of 5 years. The Company, through an ordinary resolution passed at the Extra-ordinary General Meeting held on November 30th, 2005 approved to pay him during the continuance of the agreement as consideration of the performance of his duties:

(I) **Basic Salary: Rs. 19,000/- Per Month.**

(II) **Perquisites:**

In addition to Basic Salary the following Perquisites not exceeding the overall ceiling prescribed under Schedule XIII, annexed to the Companies Act, 1956 will be provided to the Whole Time Director:

- Reimbursement of Petrol expenses
- Bonus
- Gratuity
- PF Contribution
- Leave travel concession

The terms & conditions, as above, may be altered/ varied from time to time by the Board of Directors as it may, in its absolute discretion, deem fit within the maximum amount payable to the appointee in accordance with Schedule XIII annexed to the Companies Act, 1956 as may be amended from time to time or any other relevant Statutory enactment(s) thereof in this regard.

CORPORATE GOVERNANCE

The provisions of the listing agreements to be entered into with the Stock Exchanges, with respect to corporate governance shall be applicable to us immediately, upon listing our shares on the Stock Exchanges. The Issuer Company has already appointed three independent directors on its Board.

Audit Committee

The Audit Committee was constituted at a Board Meeting held on 2nd April, 2007. The Audit Committee provides directions to and review functions of the Audit Department. The Audit Committee oversees the Company's financial reporting process, disclosure of its financial information and recommends the appointment and removal of external auditors. It reviews the annual financial results, considers and discusses observations of the statutory and internal auditors, investigates any matter referred to it by the board and reports to the board, of their recommendations on areas for attention and has the authority to investigate into any matter prescribed by section 292A of the Companies Act, 1956.

The Audit committee consists of:

S. No.	Name of the Director	Designation	Nature of Directorship
1.	Mr. Mahendra Rakecha	Chairman	Independent Director
2.	Mr. Ramesh Narayan Rathi	Member	Independent Director
3.	Mr. Gaurav Bhansali	Member	Whole Time Director

Mr. Amit Baxi, the Company Secretary of the Company shall act as Secretary to the Audit Committee.

Share Transfer-cum-Investors Grievance Committee

The Remuneration Committee was constituted at a Board Meeting held on 2nd April, 2007. The committee will specifically look into matters pertaining to redressal of the shareholder and investor complaints like transfer of shares, non-receipt of the declared dividends etc.

The Share Transfer -cum-Investors Grievance Committee consists of:

S. No.	Name of the Director	Designation	Nature of Directorship
1.	Mr. Vimal Bhansali	Chairman	Whole Time Director
2.	Mr. Mahendra Rakecha	Member	Independent Director
3.	Mr. Ramesh Narayan Rathi	Member	Independent Director

Mr. Amit Baxi, the Company Secretary of the Company shall act as Secretary to the meeting.

Remuneration Committee:

The Remuneration Committee was constituted at a Board Meeting held on 2nd April, 2007. The function of Remuneration Committee is to recommend the remuneration of all Executive Director(s) of the company after reviewing their performance. The quorum for the meetings of Remuneration Committee should be two independent directors or 1/3 of the total strength of the Committee, whichever is higher.

The Remuneration Committee consists of:

S. No.	Name of the Director	Designation	Nature of Directorship
1.	Mr. Yogesh Maheshwari	Chairman	Independent Director
2.	Mr. Mahendra Rakecha	Member	Independent Director
3.	Mr. Ramesh Narayan Rathi	Member	Independent Director

The shareholding of our directors on the date of the issue of the Draft Prospectus is as follows:

Sr. No.	Name of Director	Designation	No of Shares
1.	Mr. Om Prakash Bhansali	Chairman & Managing Director	30,82,050
2.	Mr. Vimal Bhansali	Whole Time Director	1,84,278
3.	Mr. Gaurav Bhansali	Whole Time Director	2,08,896
4.	Mr. Mahendra Rakecha	Director	Nil
5.	Mr. Yogesh Maheshwari	Director	Nil
6.	Mr. Ramesh Narayan Rathi	Director	Nil

Interest of Directors and Promoters

All the Directors may be deemed to be interested to the extent of remuneration and/or sitting fees payable to them for attending the meeting of the Board or Committee thereof apart from reimbursement of traveling/incidental expenses, if any, as per the Articles of Association of the Company.

The Promoters/ Directors of the Company shall be deemed to be interested to the extent of shares held by them and/or their friends and relatives and which may be allotted to them out of the present issue and are also deemed to be interested to the extent of remuneration and perquisites being drawn by them from the Company.

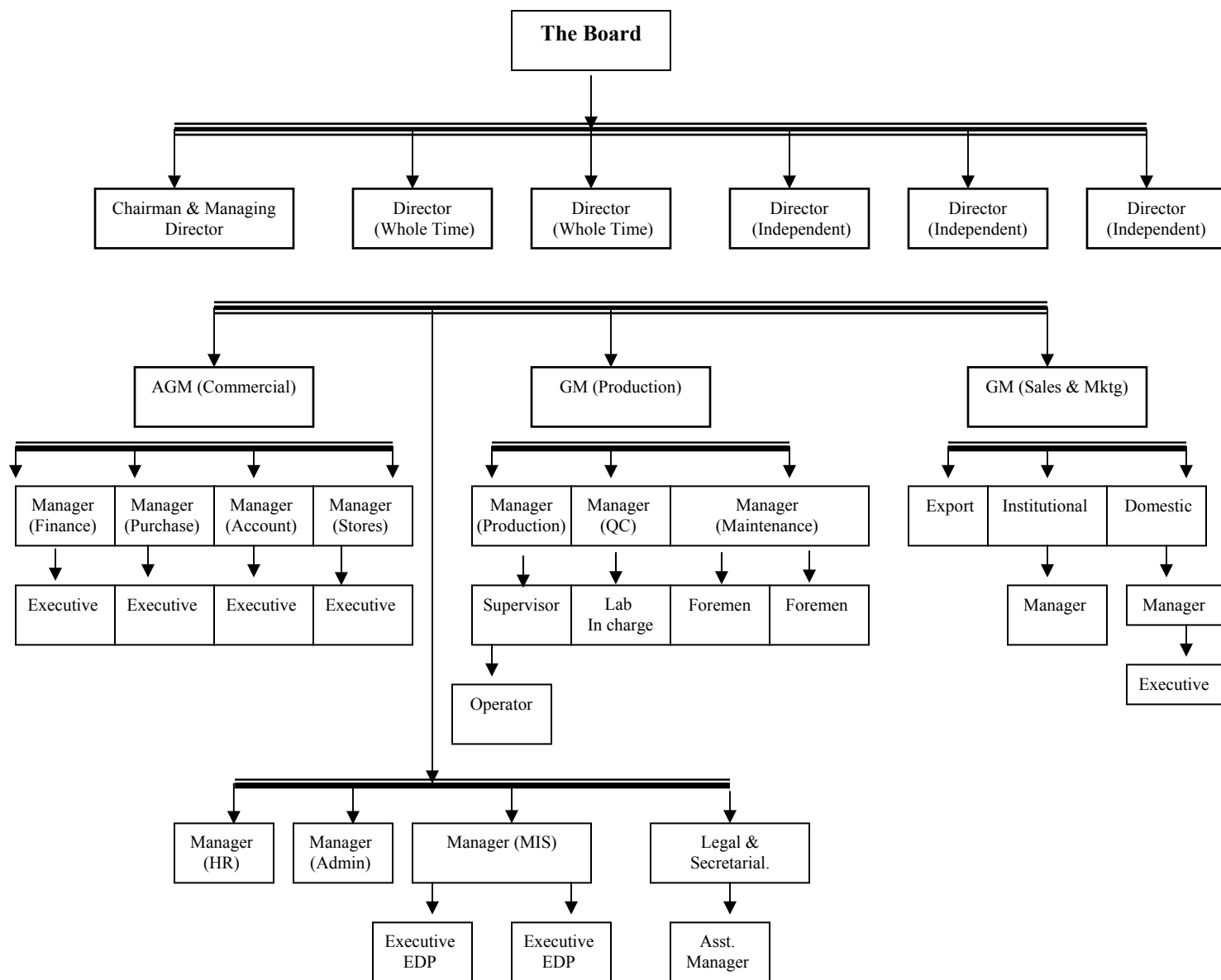
Except as stated otherwise, in this Draft Prospectus, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Draft Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect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

Changes in Directors during last three years:

Name of Director	Date of Appointment	Date of Cessation	Reason
Mrs. Ruchi Bhansali	05.03.2005	26.08.2006	Pre-occupation
Mrs. Priya Bhansali	10.03.2005	26.08.2006	Pre-occupation
Mrs. Om Kumari Bhansali	16.06.2000	26.08.2006	Pre-occupation
Mr. B.L.Dagalia	30.09.2006	15.02.2007	Pre-occupation
Mr. Mahendra Rakecha	30.09.2006	N.A	Broad base
Mr. Kistur Chand Chopra	30.09.2006	15.02.2007	Pre-occupation
Mr. Yogesh Maheshwari	10.01.2007	N.A	Broad base
Mr. Ramesh Narayan Rathi	10.01.2007	N.A	Broad base

ORGANISATION STRUCTURE

The Organization Structure of Somi Conveyor Beltings Limited is as follows:



KEY MANAGEMENT PERSONNEL

The Company is managed by its Board of Directors, assisted by competent staff, with vast experience in the field of production/finance/ distribution/marketing and corporate laws. The following key personnel assist the Management:

Name of Employee	Designation	Date of Joining	Age (years)	Qualification	Total Experience	Previous Employment	Remuneration (Per Annum)
Mr. Amit Baxi	Company Secretary	02.05.2007	31	B.Com (Hons), ACS, LLB, PGDBM, PGD MSM	6 Years	Iscon Surgicals Limited, Jodhpur	Rs. 1.50 Lakhs
Mr. Manish Bohra	AGM -Commercial	04.12.2002	34	B.Com	15 Years	Rajashree Cement (A Unit of Grasim Industries), Gulbarga	Rs. 1.80 Lakhs
Mr. G.N.Singh	G.M. Production	2001	52	Bsc (Chem)	29 Years	Nirlon Ltd, Mumbai	Rs. 2.16 Lakhs
Mr. K P Bissa	Manager (Accounts)	01.01.2004	44	M.Com	20 Years	Saboo Group of Companies, Jodhpur	Rs. 0.95 Lakhs
Mr. Sanjeev Bhanot	G.M. (Admin)	29.12.2006	34	Bsc (Bio) CCST	8 Years	Golcha Group of Industries, Jaipur	Rs. 1.44 Lakhs
Mr. Bhanwar Lal Bishnoi	Manager (Marketing)	01.07.2006	36	Diploma (Mech Engg)	8 Years	Gannon & Duckerly Co Ltd	Rs. 2.04 Lakhs
Mr. Hemander Paliwal	Dy. Manager (Production & Customer Relations)	26.02.2007	23	Msc (Polymer) DIRI-IIT Kharagpur	1 Year	J.K.Tyres	Rs. 1.20 Lakhs
Mr. Kamlesh Hundia	Manager (Finance)	20.04.2007	23	Chartered Accountant.	-	-	Rs. 1.32 Lakhs

All the above Key Managerial Personnel are in the permanent rolls of the company.

Shareholding of our Key Managerial Personnel

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

Bonus or Profit Sharing Plan for the Key Managerial Personnel

There is no Profit Sharing Plan for the Key Managerial Personnel. Our Company makes bonus Payments to the employees based on their performances, which is as per their terms of appointment.

Changes in the Key Managerial Personnel

There has been no change in the key managerial personnel of our Company during the last one-year except those mentioned below.

Name	Designation	Date of Appointment	Reason for change
Mr. Bhanwar Lal Bishnoi	Manager-Marketing	01.07.2006	Appointment
Mr. Sanjeev Bhanot	G.M-Adminstration	29.12.2006	Appointment
Mr. Hemander Paliwal	Dy. Manager (Production &	26.02.2006	Appointment



	Customer Relations)		
Mr. Kamlesh Hundia	Manager- Finance	20.04.2007	Appointment
Mr. Amit Baxi	Company Secretary	02.05.2007	Appointment

Family relation with Key Managerial Personnel

There exists no family relation with the key managerial personnel.

Manpower

The Company at present has 41 employees, and it proposes to appoint another 40 employees, details of whom are as under:

Particulars	Number of Employees (Existing)	Number of Employees (Proposed)	Total
Executive			
Top Management	3	2	5
Senior Management	7	6	13
Middle Management	7	6	13
Non-Executive			
Skilled/ Staff	10	16	26
Non Skilled	14	10	24
Total	41	40	81

Disclosures Regarding Employees Stock Option Scheme / Employees Stock Purchase Scheme

Till date, the Company has not introduced any Employees Stock Option Scheme / Employees Stock Purchase Scheme.

Payment or Benefit to Officers of the Company

In the last two years the Company has not paid or given any amount or benefit to any of its officers, except the normal remuneration for services rendered as Directors, officers or employees.

6. OUR PROMOTERS

	Mr. Om Prakash Bhansali, 53 years old, is the Chairman and Managing Director of our Company. He has played an important role in the formation and advancement of our company. He has total of 32 years of experience in various fields such as technical, administrative, marketing and finance. Being avid learner and a innovator in a true sense, he is the main driving force behind the success of our Company. DIN: 00351846 Voter ID Number: KFH/1894369 Driving License Number: RJ-19/DLC/2004/149689 Permanent Account Number: AAYPB9950G Passport Number: E-7712946 Name of Bank: Bank of India, Industrial Area Branch, Jodhpur. Bank Account Number: 6625
	Mr. Vimal Bhansali, son of Mr. Om Prakash Bhansali is about 28 years old and a Bachelor of Business Administration (BBA) with specialization in marketing from PIMR, Indore. He looks after marketing activities of the Company. DIN: 00351851 Voter ID Number: RJ-24/184/284382 Driving License Number: NT-99629 Permanent Account Number: ADDPB0794Q Passport Number: F 03444334 Name of Bank: Bank of India, Industrial Area Branch, Jodhpur. Bank Account Number: 6555
	Mr. Gaurav Bhansali, son of Mr. Om Prakash Bhansali is about 27 years old and has completed Post Graduation in Commerce from Jainarayan Vyas University, Jodhpur. He looks after the general administration of the Company. DIN: 00351860 Voter ID Number: Not Applied Driving License Number: RJ-19/DLC/98/3644 Permanent Account Number: ADDPB0795 R Passport Number: A-6292498 Name of Bank: Bank of India, Industrial Area Branch, Jodhpur. Bank Account Number: 6554

We undertake that the Permanent Account Number, Bank Account Number and Passport Number of the Promoters being submitted to the BSE at the time of filing this Prospectus with the Stock Exchanges.

The details of HUF which are promoted by our promoters are as follows:

(a).O P Bhansali (HUF)

The Om Prakash Bhansali HUF was formed on 20th February, 1978 is engaged in the business of investment and money lending and has Mr. Om Prakash Bhansali, as its Karta. The members of the HUF are Mr. Om Prakash Bhansali and Mrs. Om Kumari Bhansali.

The HUF has generated income of Rs.74,559/- by means of interest and Rs.1,16,750/- by means of interest during the year 2005-06 and 2006-07 respectively.

Permanent Account Number: AAAHO7932H
Bank Account No: SB GEN/8538, Dena Bank, Jodhpur.



(b) Vimal Bhansali (HUF)

The Vimal Bhansali, HUF was formed on 26th December, 2002, is engaged in the business of investment and money lending and has Mr. Vimal Bhansali as its Karta.

The members of the HUF are Mr. Vimal Bhansali and Mrs. Priya Bhansali.

The HUF has generated income of Rs.32,130/- by means of interest and Rs.36,918/- through other income during the year 2005-06. and Rs.40,150/- by means of interest and other income of Rs.50,515/- during the year 2006-07.

Permanent Account Number: AAEHV99UK
Bank Account No: SB GEN/8537, Dena Bank, Jodhpur.

(c) Gaurav Bhansali (HUF)

The Gaurav Bhansali HUF was formed on 15th January, 2005, is engaged in the business of investment and money lending and has Mr. Gaurav Bhansali as its Karta.

The members of the HUF are Mr. Gaurav Bhansali and Mrs. Ruchi Bhansali.

The HUF has generated income of Rs.37,189/- by means of interest and Rs.31,830/- through other income during the year 2005-06 and Rs.40,250/- by means of interest and other income of Rs.40,189/- during the year 2006-07.

Permanent Account Number: AAEHG3596D
Bank Account No: SB GEN/8536, Bank of India, Jodhpur.

Common Pursuits

As on date there are no common pursuits, which may lead to conflict of interest amongst the group companies/entities of the issuer company.

Interest of Promoters

The Promoters may be deemed to be interested to the extent of shares held by them and benefits arriving from their holding directorship in the company.

Our Promoter/Managing Director, Mr. Om Prakash Bhansali, may be deemed to be interested to the extent of the consideration payable by the Company with respect to purchase of Land and Building owned by him.

The Promoters are not interested in any loan or advance given by the Company; neither are they beneficiaries of any such loans or advances.

Payment or benefit to Promoters of the Company

The Promoters of the Company have not enjoyed any benefit/payment other than reimbursement of expenses incurred or normal remuneration, if any.

8. CURRENCY OF PRESENTATION

In this Draft Prospectus all references to 'Rupees' and 'Rs.' are to legal currency of India.

9. RELATED PARTY TRANSACTIONS

Please refer "Related Party Disclosures" as mentioned in the Auditors report given in this Draft Prospectus page no.102

10. DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and such declaration will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The company has not paid any dividends till date.

SECTION V: FINANCIAL INFORMATION

1. FINANCIAL STATEMENTS OF THE COMPANY

TO,
THE MEMBERS,
SOMI CONVEYOR BELTINGS LTD.,
JODHPUR (RAJASTHAN)

Reg : Initial Public offer of Somi Conveyor Beltings Limited – auditors Report as required by Part – II of Schedule II of the Companies Act, 1956

We have examined the financial information Somi Conveyor Beltings Limited (“the company”) annexed to this report that has been prepared in accordance with requirements of:

Clause B (1) of part II of Schedule II of the companies Act, 1956 (“the Act”)

The Securities and Exchange Board of India (Disclosures and Investor Protection) Guidelines 2000 (‘the SEBI Guidelines’) issued by Securities and Exchange Board of India (SEBI) in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments, and

The terms of reference received from the Company, requesting us to carry out the work proposed to be included in the Prospectus of the Company in connection with its public issue.

We have examined the attached restated summary statement of assets and liabilities as at 31st March 2002, 31st March 2003, 31st March 2004, 31st March 2005 and 31st March 2006 and as at 31st March 2007 and the attached restated summary statement of Profit & Loss for each of the years ended on those dates (“summary statement”) (See **Annexure-I** and **II**) as prepared by the Company and approved by the Board of Directors. These profits/loss have been arrived at after making such adjustments and regroupings as in our opinion are appropriate. These profits statements have been extracted from the financial statement for the year ended 31st March 2002, 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006 and 31st March 2007 audited by us and approved by the Board of Director for the respective years.

Significant accounting policies adopted by the Company and the notes pertaining to the audited financial statements and enclosed as **Annexure-III**.

We have examined the following other financial information of the Company proposed to be included in the Prospectus as approved by the Board of Directors and annexed to this report.

Cash flow statement for the five financial year ended on 31st March 2002, 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006 and on 31st March 2007 as per **Annexure-IV**

Accounting ratios based on restated profits relating to earning per share, Net Asset Value and return on net worth are enclosed in annexure V ”Capitalization Statement and tax shelter statement ‘for the year ended on 31st March 2007 are enclosed in **Annexure VI & VII** respectively.

Details of sundry Debtors as at 31st March 2002, 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006 and on 31st March 2007 appearing in **Annexure – VIII**.

Details of loans and advances as at 31st March 2002, 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006 and as at 31st March 2007 appearing in **Annexure – IX**.

Details of Secured and Unsecured loans for the year ended 31st March 2002, 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006 and for the year ended on 31st March 2007 appearing in **Annexure – X**.

We confirm that the Other Income does not exceed 20% of total income.



This report is intended solely for your information for inclusion in the prospectus for the proposed public issue of equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

FOR P SINGHVI & ASSOCIATES
CHARTERED ACCOUNTANTS

PLACE: JODHPUR
DATED: 19TH SEPTEMBER, 2007

(PRAVEEN SINGHVI)
PARTNER
M.NO. 71608

STATEMENT OF ASSETS & LIABILITIES
Annexure - I

The assets and liabilities of the Company as at the end of each five financial years ended on 31st March, 2003, 2004, 2005, 2006 and 2007 are set out below. The assets and liabilities read with Significant accounting policies and notes to accounts annexed hereto have been arrived after making such regroupings as are, in our opinion, appropriate.

(Rs. in Lakhs)

Particulars	As at 31st March				
	2007	2006	2005	2004	2003
Gross Block	742.84	632.59	230.93	132.50	105.69
Less: Depreciation	94.24	66.30	41.02	24.46	14.06
Net Block	648.60	566.29	189.91	108.04	91.63
Less: Revaluation Reserve	386.94	386.94	-	-	-
Net Block after adjustment for Revaluation Reserve	261.66	179.35	189.91	108.04	91.63
Capital Work in Progress	572.36	-	-	33.11	-
TOTAL FIXED ASSETS (A)	834.02	179.35	189.91	141.15	91.63
INVESTMENTS (B)	0.03	0.03	0.03	0.03	0.03
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	137.45	89.05	104.93	69.95	54.40
Sundry Debtors	370.31	121.47	26.93	86.69	41.45
Security Deposits	59.77	9.54	7.82	2.01	1.86
Cash and Bank Balance	20.46	12.87	1.49	5.37	3.61
Loans and Advances	89.84	178.48	49.60	14.77	1.71
Total (C)	677.83	411.41	190.77	178.79	103.03
LIABILITIES AND PROVISIONS					
Secured Loans	432.14	106.28	100.71	111.41	69.24
Unsecured Loans	5.00	31.45	50.95	29.95	15.00
Current Liabilities	60.04	38.03	76.87	28.88	17.24
Share Application Money	435.30	-	-	-	-
Provisions	90.07	69.18	9.47	3.29	2.39
Deferred Tax Liability	1.87	5.38	4.97	0.65	0.58
Total (D)	1024.42	250.32	242.97	174.18	104.45
Net Worth (A+B+C-D)	487.46	340.47	137.74	145.79	90.24
REPRESENTED BY:					
Share Capital	381.05	187.28	20.00	20.00	18.00
Total Reserves and Surplus	525.29	540.13	117.93	107.10	72.77
Less: Revaluation Reserves	386.94	386.94	-	-	-
Net Reserves and Surplus	138.35	153.19	117.93	107.10	72.77
Miscellaneous Expenditure (To the extent not written off or Adjusted)	31.91	-	0.18	0.35	0.53
Net Worth	487.49	340.47	137.75	126.75	90.24

Notes:

Term Loan from Bank is secured by way of equitable mortgage of Land & Building of the Company by deposition of title deeds & hypothecation of all plant & machinery, miscellaneous fixed assets & movable properties including computers, furniture both present & future & personal guarantee of the directors.

Cash Credit from Bank is secured by way of Hypothecation of book debts, raw materials, finished goods, Stock in process, stores & spares, packing material etc & mortgage over fixed assets & personal guarantee of directors.



In the year 2005-06 company has re-valued its land to reflect the fair market value. The Approved valuer Mr Anil Kumar Mathur (Chartered Engineer) as under has done valuation: -

Location	Date of Acquisition	Cost of Acquisition (Rs in Lakhs)	Date of Valuation	Re-Valued Amount (Rs in Lakhs)
Industrial Land at Sangaria, Jodhpur (Plot No.463 to 466)	03.01.2001 20.11.2003	8.62	16.02.2006	75.56
Industrial Land at K.No.58 & 58/5, Gram Tanawara Tehsil Luni, Jodhpur	25.03.2005	35.00	15.02.2006	355.00

During the year 2005-06 the company has issued 6,00,000 equity shares as bonus to the existing shareholders in the ratio of 1:3 and during the year 2006-07, our company has issued 14,98,224 equity shares as bonus to the existing shareholders of the company, in the ratio of 5 : 4

STATEMENT OF PROFIT & LOSS ACCOUNT

Annexure – II

We report that the profits of the Company for the financial years ended on 31st March, 2003, 2004, 2005 2006 and 2007 are as set out below. The profit and loss account, read with significant accounting policies and notes annexed hereto have been arrived at after charging all expenses of manufacture working, and management including depreciation and after making such adjustments and regroupings as are, in our opinion, appropriate.

PARTICULARS	(Rs. in Lakhs)				
	Year ended 31st March				
	2007	2006	2005	2004	2003
INCOME					
Turnover - Own Manufactured	1540.23	1225.83	735.50	364.40	91.32
- Job work	-	-	-	0.06	-
Increase/ (Decrease) in stocks	5.95	-20.95	11.35	-0.45	6.36
Other income	1.83	0.22	0.17	0.41	0.21
TOTAL	1548.01	1205.10	747.02	364.42	97.89
EXPENDITURE					
Material Cost	1131.70	900.70	611.40	292.63	59.38
Manufacturing & Other Expenses	142.63	110.23	83.72	40.58	13.71
Preliminary Expenses written off	-	-	0.18	0.18	0.18
TOTAL	1274.33	1010.93	695.30	333.39	73.27
Profit before Interest, Depreciation and Tax	273.68	194.17	51.72	31.03	24.62
Depreciation	27.94	25.27	16.56	10.40	11.72
Profit before Interest and Tax	245.74	168.90	35.16	20.63	12.90
Financial Expenses	43.34	16.08	17.95	13.70	11.42
Net Profit Before Tax	202.40	152.82	17.21	6.93	1.48
Provision for Taxation					
Current Tax	70.35	56.64	2.05	0.53	0.12
Deferred Tax	(3.51)	0.41	4.32	0.07	0.58
FBT	0.57	0.51	-	-	-
Net Profit after Tax	134.99	95.26	10.84	6.33	0.78



Brought Forward from Previous Year	113.20	17.94	7.10	0.77	-0.01
Transferred to General Reserve	109.83	-	-	-	-
Balance Carried to Balance Sheet	138.36	113.20	17.94	7.10	0.77
*Earning Per Share (EPS)	3.88	4.12	0.47	0.28	0.03
*EPS Calculated according to AS-20					

Annexure – III**ACCOUNTING POLICIES AND NOTES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT****Statement on Significant Accounting Policies****1. Accounting Convention**

The financial statements have been prepared in accordance with applicable Accounting Standards in India and in accordance with the historical cost convention.

2. Fixed Assets and Depreciation

Fixed Assets are stated at their original cost (net of CENVAT where applicable) including freight, duties, customs and other incidental expenses relating to acquisition and installation.

Depreciation has been provided on straight-line method at the rates and in the manner specified under Schedule XIV of the Companies Act, 1956, except for hardware and software, which are being depreciated over a period of three years.

Capital work in progress comprise of cost of Fixed Assets that are not ready for their intended use as at the Balance Sheet date and Advances against Fixed Assets.

3. Investments

Long-term investments are stated at cost. Provision, if any, is made for permanent diminution in the value of investments. Current investments are stated at cost or fair value, whichever is lower.

4. Inventories

Raw material and stores and spares are valued at cost. Other inventories are valued at lower of cost or net realizable value. Cost is arrived on a first in first out basis and includes applicable manufacturing overheads.

5. Revenue and Expense Recognition

Revenue from sale of goods is accounted on the basis of dispatch of goods. Sales are inclusive of excise duty and net of sales return and trade discounts.

Expenses are accounted for on an accrual basis.

6. Taxation**a) Income tax provision**

The provision for taxation is based on assessable profits of the company as determined under the Income Tax Act, 1961.

b) Deferred Tax

The Company provides for deferred tax using the liability method, based on the tax effect of timing differences resulting from the recognition of items in the financial statements and in estimating its current income tax provision.

Deferred Tax Assets arising from temporary timing differences are recognised to the extent there is reasonable certainty, that the assets can be realised in future.

8. Foreign Currency Transactions

Foreign currency transactions, other than those covered by forward contracts, are accounted for at the exchange rate prevailing on the transaction date. Gain / loss arising out of fluctuation in rate between transaction date and settlement date in respect of revenue items are recognized in the Profit and Loss Account.

In respect of transaction covered by forward exchange contracts the difference between the contract rate and the spot rate on the date of the transaction is amortized as expense or income over the life of the contract.

9. Research and Development

Equipment purchased for research and development is capitalised when commissioned and included in the gross block of fixed assets. Revenue expenditure on research and development is charged in the period in which it is incurred.

10. Retirement Benefits

Regular contributions are made to Provident fund and charged to revenue.

The gratuity will be paid as and when employee leaves.

11. Borrowing Cost

Borrowing Costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised till the month in which the asset is ready to use as part of the cost of that asset. Interest on working capital is charged to revenue accounts.

Notes to Accounts:

1. Working Capital

The Working capital facilities amounting to Rs. 327.86 Lakhs (Previous year Rs.106.28 Lakhs) are secured by hypothecation of stocks, spares and book debts.

2. Contingent Liabilities are in respect of:

Year	(Rs. in Lakhs)		
	31.03.2007	31.03.2006	31.03.2005
Letters of Credit	298.50	31.58	NIL
Bank guarantees	18.18	8.35	0.53

3. Foreign Currency Transaction

The amount of exchange rate difference in respect of forward exchange contract has been recognized in the Profit and Loss Account amounting to Rs.42,593/- (previous year Rs.78,757/-.)

4. Pre-Operative Expenses

During the year 2006-07 the company has made expenditure on new project, it will be written off in 5 years after commencement of production.

5. Share Application Money

During the year 2006-07 the company has accepted share application money of Rs.435.30 Lakhs, for which allotment is yet to be made.

6. Related Party Disclosures

In accordance with the Accounting Standard on “Related Party Disclosures” (AS 18), the disclosure In respect of transactions with the Company’s related parties are as follows:

A. List of Related parties with whom transaction have taken place and relationship

Particulars	Financial Year ended 31.03.2003	Financial Year ended 31.03.2004	Financial Year ended 31.03.2005	Financial Year ended 31.03.2006	Financial Year ended 31.03.2007
Nature of Relationship	Name of Party	Name of Party	Name of Party	Name of Party	Name of Party
Key Management Personnel (‘KMP’)	Om Prakash Bhansali Vimal Bhansali Gaurav Bhansali	Om Prakash Bhansali Vimal Bhansali Gaurav Bhansali	Om Prakash Bhansali Vimal Bhansali Gaurav Bhansali	Om Prakash Bhansali Vimal Bhansali Gaurav Bhansali	Om Prakash Bhansali Vimal Bhansali Gaurav Bhansali
Relatives of Key Management Personnel (‘RKMP’)	OM Kumari Bhansali Priya Bhansali Ruchi Bhansali	OM Kumari Bhansali Priya Bhansali Ruchi Bhansali	OM Kumari Bhansali Priya Bhansali Ruchi Bhansali	OM Kumari Bhansali Priya Bhansali Ruchi Bhansali Madhu Mehta	OM Kumari Bhansali Priya Bhansali Ruchi Bhansali Madhu Mehta
Related parties where KMP / RKMP exercise Significant influence	Oliver Micon Inc Earth Movers Enterprises	Oliver Micon Inc Earth Movers Enterprises	Oliver Micon Inc Earth Movers Enterprises	Oliver Micon Inc Earth Movers Enterprises	Oliver Micon Inc Earth Movers Enterprises OM Prakash Bhansali HUF Vimal Bhansali HUF Gaurav Bhansali HUF

B. TRANSACTION WITH RELATED PARTIES: -

(Rs. In Lakhs)

B. TRANSACTION WITH RELATED PARTIES: -							(Rs. in Lakhs)
Particulars	Nature of Relationship	Financial Year Ended					
		31.03.2003	31.03.2004	31.03.2005	31.03.2006	31.03.2007	
Purchases & Sales							
Sale of Goods	Related parties where KMP / RKMP exercise Significant influence	3.83	1.75	14.33	33.90	17.57	
Purchases	Related parties where KMP / RKMP exercise Significant influence	9.20	1.35	--	--	7.00	

Expenses						
Managerial Remuneration	Key Management Personnel ('KMP')	--	5.52	5.60	8.88	8.88
Sitting Fee	Key Management Personnel ('KMP')	--	--	--	2.04	--
Interest Paid	Key Management Personnel ('KMP')	--	1.85	1.99	1.71	--
	Relatives of Key Management Personnel ('RKMP')	--	1.81	2.01	1.64	--
Sales incentive	Key Management Personnel ('KMP')	--	--	14.50	--	--
Finance						
Subscription to Purchase of Equity shares	Key Management Personnel ('KMP')	--	--	--	31.44	245.70
	Relatives of Key Management Personnel ('RKMP')	--	2.24	--	42.06	27.85
Loan Received	Key Management Personnel ('KMP')	7.50	13.45	--	52.30	4.50
	Relatives of Key Management Personnel ('RKMP')	7.50	12.00	--	28.50	--
Loan Paid	Key Management Personnel ('KMP')	--	5.50	--	34.45	22.35
	Relatives of Key Management Personnel ('RKMP')	--	5.00	--	42.10	13.60
Out Standing Balances						
Sale of Goods	Related parties where KMP / RKMP exercise Significant influence	9.38	12.75	0.01	2.42	26.89
Loan	Key Management Personnel ('KMP')	7.50	15.45	22.45	17.85	--



	Relatives of Key Management Personnel ('RKMP')	7.50	14.50	28.50	13.60	--
--	--	------	-------	-------	-------	----

6. Earning Per Share (EPS): -

Particulars	2007	2006	2005	2004	2003
Net Profit After Tax (Rs. In Lakhs)	134.98	95.26	10.83	6.33	0.79
No. of Equity Shares Weighted Average	3481782	2307041	2298224	2280039	2278231
Earning Per Share (Rs.)	3.88	4.12	0.47	0.28	0.03
Face Value	10	10	10	10	10

7. Deferred Tax Liabilities

The Calculation of Deferred Tax is as under:

(Rs. in Lakhs)

Particulars	Deferred Tax Asset/(Liability) As on 31.12.2006	Deferred Tax Asset/(Liability) As on 31.03.2006	Deferred Tax Asset/(Liability) As on 01.04.2005
Depreciation	(1.86.00)	(5.38.00)	(7.48.00)
Brought forward Loss	Nil	Nil	2.51.00
Net	(1.86.00)	(5.38.00)	4.97.00

8. Additional information pursuant to Part- II of schedules VI to the Companies Act, 1956.

LICENSED CAPACITY			Not Applicable					
			31.03.07		2006		2005	
A	Capacity Production	Mtrs	151200 *		151200 *		216000	
B	Production (Conveyor Belt)	Mtrs	98078		78207		76495	
			Qty.	Value	Qty.	Value	Qty.	Value
C	Turnover	Mtrs/Rs.	94642	1,793.09	83643	1425.81	71090	854.66
D	Opening Stock	Mtrs/Rs.	563	12.28	5999	33.99	594	10.69
E	Closing Stock	Mtrs/Rs.	3999.	18.00	563	12.27	5999	33.99
F	Purchases of Raw Material	Kgs/Rs.	1723253.	1,174.15	1504635	900.28	1533167	630.20
G	Consumption of Raw Material	Kgs/Rs.	1713687	1,131.70	1547920	895.22	1421265	597.40
H	Consumable Stores	Rs.	--	0.45	--	5.76	--	2.18
I	CIF Value of Imports	Rs.	--	189.19	--	--	--	--
J	Expenditure in Foreign Currency	Rs.	--	253.16	--	--	--	--
K	Earnings in Foreign Currency	Rs.	--	Nil	--	3.46	--	0.82
L	Amount Remitted in foreign currency on account of Dividend	Rs.	--	Nil	--	Nil	--	Nil

* The Installed Capacity has been re-assessed to 151200 meters per annum in 2006 by The National Small Industries Corporation Ltd, Jaipur.

9. Previous year figures have been re - cast, regrouped & re-arranged wherever necessary

Annexure-IV
CASH FLOW STATEMENT
(Rs. in Lakhs)

PARTICULARS	Year ended 31 st MARCH				
<i>A. Cash Flow from Operating Activities</i>					
	2007	2006	2005	2004	2003
<i>Net Profit before Tax</i>	202.39	152.82	17.20	6.94	1.48
Depreciation Charge	27.94	25.27	16.56	10.40	11.72
Preliminary Expenses written off	-	0.18	0.18	0.18	0.18
Interest Charge	30.12	12.04	16.32	12.29	10.95
Interest Received	(1.83)	(0.22)	(0.17)	-	-
<i>Operating Profit Before Working Capital Changes</i>	258.62	190.09	50.09	29.81	24.33
Trade and Other Receivable	(248.85)	(94.54)	59.76	(45.24)	(5.86)
Inventories	(48.40)	15.88	(34.98)	(15.55)	(15.71)
Trade Payables	1.91	(2.60)	54.59	12.12	(0.09)
Loans & Advances and Other Current Assets	61.35	(97.25)	(33.32)	(12.64)	1.30
Advance Income tax paid	27.28	(31.63)	(1.51)	(0.43)	-
<i>Cash Generated from Operations</i>	51.91	(20.05)	94.63	(31.93)	3.97
Direct Taxes paid	(29.95)	(33.68)	(2.47)	(0.12)	-
Prior period and extraordinary items	-	-	-	-	-
<i>Net Cash from Operating Activities</i>	21.96	(53.73)	92.16	(32.05)	3.97
<i>B. Cash flow From Investing Activities</i>	-	-	-	-	-
Purchase / Acquisition of Fixed Assets	(682.61)	(14.72)	(84.37)	(40.87)	(1.03)
Security Deposit for use of Intellectual Property	(3.59)	(1.02)	(0.29)	(0.95)	(0.06)
Purchase of Investment	-	-	-	-	-
Pre-operative Expenses	(31.91)	-	-	-	-
Interest Received	1.83	0.22	0.17	-	-
<i>Net Cash used in Investing Activities</i>	(716.28)	(15.52)	(84.49)	(41.82)	(1.09)
<i>C. Cash Flow from Financing Activities</i>	-	-	-	-	-
Proceeds from issuance of shares	43.95	107.28	-	2.00	-
Share Premium Received	-	-	-	27.99	-
Share Application Money	435.30	-	-	-	-
Secured Loans	325.86	5.58	(10.71)	42.17	(3.82)
Unsecured Loans	(26.45)	(19.50)	21.00	14.95	15.00
Interest Paid	(30.12)	(12.04)	(16.32)	(12.29)	(10.95)
<i>Net cash from Financing Activities</i>	748.54	81.32	(6.03)	74.82	0.23
Net Increase / (Decrease) in Cash & Cash Equivalents	54.22	12.07	1.64	0.95	3.11
Opening Balance of Cash & Cash Equivalent	19.08	7.01	5.37	4.42	1.31
Closing Balance of Cash & Cash Equivalent	73.30	19.08	7.01	5.37	4.42

*(Figures in bracket represent outflow)

STATEMENT OF ACCOUNTING RATIOS
Annexure-V

Accounting Ratios	2007	2006	2005	2004	2003
Earnings per share (Rs)	3.88	4.12	0.47	0.28	0.03
Return on net worth %	27.69%	27.98%	7.86%	5.00%	0.87%
Net asset value per share (Rs)	13.86	18.18	68.88	63.37	50.13
No. of equity shares of Rs. 10/- (Weighted Average)	3481782	2307041	2298224	2280039	2278231

Annexure-VI
CAPITALISATION STATEMENT
(Rs. in Lakhs)

Particulars	Pre issue as at 31.03.2007	Post Issue (at an offer Price of Rs. 35/-)
Short Term Debt	327.86	327.86
Long Term Debt	104.28	850.00
Total Debt	432.14	1177.86
Shareholders' Fund		
Share Capital	381.05	1128.21
Reserves & Surplus	138.35	2006.24
Sub-Total	519.40	3134.45
Total Shareholders Fund	519.40	3134.45
Long Term Debt/Equity	0.201	0.271

Annexure-VII
TAX SHELTER STATEMENT
(Rs. in Lakhs)

Particulars	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Tax rate (including Surcharge)	33.66%	33.66%	36.59%	35.88%	36.75%
Profits	202.39	152.82	17.20	6.94	1.48
Tax at Notional Rate	68.13	51.44	6.30	2.49	0.54
Difference Between income Tax	10.44	6.25	(9.07)	(2.93)	(3.78)
Other Adjustments					
Carry Forward Losses	-	-	(2.74)	(4.01)	2.30
Disallowance of Expenses	0.14	0.51	-	-	-
Net Adjustments	10.58	6.76	(11.81)	(6.94)	(1.48)
Tax (saving) /expense thereon	3.56	2.27	(4.32)	(2.49)	(0.54)
Taxation	71.69	53.71	1.98	-	-
Tax Adjustments*	-	-	-	0.53	0.12
Total Taxation	71.69	53.71	1.98	0.53	0.12

Annexure - VIII
DETAILS OF SUNDRY DEBTORS
Age Wise Break-Up of Sundry Debtors
(Rs. in Lakhs)

Particulars	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Less than six months	370.31	115.11	20.46	72.02	21.92
More than six months	--	6.36	6.47	14.67	19.55
Total	370.31	121.47	26.93	86.69	41.45

Annexure - IX
(Rs. in Lakhs)
DETAILS OF LOANS & ADVANCES

(Unsecured, Considered good)	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Advances- recoverable in cash or in kind					
For Capital Goods	0.75	101.66	4.46	7.04	-
For Expenses	4.77	0.90	0.84	0.66	-
For Others	22.42	2.00	-	-	-
Security & Other Deposits	-	0.01	-	-	-
Balances with Excise Department	-	0.49	0.27	1.88	-
Cenvat Credit Receivable	15.10	0.70	3.02	1.63	0.39
Advance to Suppliers	39.14	38.56	39.07	3.13	1.32
Advance Income Tax	6.29	33.57	1.94	0.43	-
Prepaid Expenses	1.39	0.59	-	-	-
Total	89.86	178.48	49.60	14.77	1.71

Annexure-X
Statement of Secured & Unsecured Loans
Details of Secured Loans
(Rs. in Lakhs)

Particulars	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
Secured Loans					
(A) Term Loans from Banks					
Punjab National Bank, Ratanada Branch, Jodhpur	104.28	-	-	-	-
State Bank of India, Commercial Branch Jodhpur	-	-	-	23.04	22.80
Total (A)	104.28	-	-	23.04	22.8
(B) From Banks For Working Capital					
Punjab National Bank, Ratanada Branch, Jodhpur	327.86	-	-	-	-
State Bank of India, Commercial Branch Jodhpur	-	106.28	99.58	85.55	46.44
Total (B)	327.86	106.28	99.58	85.55	46.44
(C) Loans for Purchase of Motor Cars					
1. Kotak Mahendra	-	-	1.13	2.82	-
Total (C)			1.13	2.82	
Total (A+B+C)	432.14	106.28	100.71	111.41	69.24

Details of Unsecured Loans
(Rs. in Lakhs)

Particulars	31.03.07	31.03.06	31.03.05	31.03.04	31.03.03
From Directors		31.45	50.95	29.95	15.00
From Others	5.00	-	-	-	-
Total	5.00	31.45	50.95	29.95	15.00

PRINCIPAL TERMS OF LOANS SANCTIONED BY THE BANKS

The brief terms of sanctions from Punjab National Bank are mentioned hereunder:

Facility-I

Nature of facility	Cash Credit (Stocks & Book Debts)
Amount	Rs.600.00 Lakhs Only (CC-BD not to Exceed Rs.250 Lakhs)
Margin	Inventory - 25 % Book debts – 40 % (Age of book debts not to exceed 90 days.)
Interest Rate	BPLR – 1.5 % Relaxation i.e. 10.00% at present subject to change from time to time as per bank/RBI guidelines.
Security	Hypothecation of entire current assets at present and future including entire stock, RM. Consumables, stores spares, SIP & FG as synthetic rubber, Natural Rubber Carbon, silica and other chemicals, and book debts, loans and advances etc.
Basis of Valuation	Raw Materials, Consumable, Stores Spares & SIP shall be valued at cost price, market rate or releasable value whichever is lower. Finished Goods: shall be valued at cost of production, market rate or contracted rate or releasable value whichever is lower. Book debts: At realizable value with financing restricted to book-debts not older than 90 days.
Validity Period	One year from the date of sanction.
Repayment	On demand
Documents	Bank's standard documents has been executed

Facility-II

Facility	TERM LOAN – I
Amount	Rs.550.00 Lakhs
Purpose	Purchase of Plant and Machinery.
Rate of Interest	BPLR + 0.50 % term premia – 2% relaxation i.e. 10.00% p.a. payable monthly at present, subject to change from time to time as per bank/RBI guidelines.
Re-Payment	Term loan is to be re-paid in 33 monthly installments of Rs.16.67 Lakhs each plus interest wef April 2007 after moratorium period of 6 months. Interest is to be paid as and when charged.
Margin	25% Min.
Security	EM of Factory Land and Building situated at H2-463 to 466, Sangria ind. Area, Jodhpur, Land area 2424 Sq. Meter allotted in the name of company by RIICO vide lease deed issued by RIICO dated 03.01.2001 and 20.11.2003. Hypothecation by way of first charge on Plant and Machinery proposed to be purchased.

Facility	TERM LOAN – II
Amount	Rs.300.00 Lakhs (In addition to existing Rs.550.00 Lakhs)
Purpose	Purchase of Plant and Machinery.
Rate of Interest	BPLR + 1.5% + 0.50 % term premia i.e. 15.00% p.a. payable monthly at present, subject to change from time to time as per bank/RBI guidelines.
Re-Payment	Re-Payment of term loan is to be made in 33 monthly installments of Rs.9.09 Lakhs each plus interest after a moratorium period of 6 months from the first disbursement.
Margin	25% Min.
Security	Hypothecation by way of first charge on Plant and Machinery proposed to be purchased. EM of Factory Land and Building constructed or to be constructed thereon at an estimated cost of Rs.714.11 Lakhs as per project report.

Facility-III

Facility	ILC / FLC
Amount	Rs.100.00 Lakhs
Commission	As per bank guidelines
Security	FCL – Shipping documents (DA/DP) including bill of lading / covering imported raw materials, stores spares etc. along with insurance and other usual documents. ILC – DP/DA bills accompanied by RRs/MTRs of approved transport companies covering purchase of raw material/stores/spares. Security available in CC-(H) & PC(H) shall also be available to cover this facility.
Margin	10% Min.

Facility-IV

Facility	ILG (Performance)
Amount	Rs.50.00 Lakhs
Commission	As per bank guidelines
Security	Counter indemnity from borrower Security available in CC-(H) shall also be available as security for this facility as well along with other non fund base limits.
Margin	10% Min. (Shape of FDR)

Facility-V

Facility	One time FLC for Capital Goods (DP)
Amount	Rs.260.00 Lakhs
Commission	As per bank guidelines
Security	Security available in CC-(H) shall also be available as security for this facility as well along with other non fund base limits.
Margin	10% Min. (Shape of FDR)

Facility	One time FLC for Capital Goods (DP)
Amount	Rs.240.00 Lakhs (In addition to existing Rs.260 lakhs)
Commission	As per bank guidelines
Security	Security available in CC-(H) shall also be available as security for this facility as well along with other non fund base limits.
Margin	10% Min. (Shape of FDR)

Security (Common for All the abovementioned Facilities)

Primary	Hypothecation of existing & future plant and machinery and misc. fixed assets of the Company.
Collateral	I) Hypothecation / Mortgage of block Assets Immovable Properties as under. Factory Land and building at H2- 463 to 466, Sangaria Industrial Area, Jodhpur. 4F-15 Oliver House, New Power House Road, Jodhpur EM of factory land and proposed building at Village Tanawara, Tehsil Luni, Dist Jodhpur Hypothecation of existing P & M and other Misc. assets value, Existing Rs. 57.23 Lakhs. Personal Guarantee of 1. Shri O P Bhansali 2. Shri Vimal Bhansali 3. Shri Gaurav Bhansali

2. FINANCIAL INFORMATION OF GROUP ENTITIES

The following are the brief details of our group entities:

1. Earth Mover Enterprises (EME), Jodhpur – The unit was setup as a sole proprietorship at Jodhpur, in the year 1988 and is engaged in the production of EM tyre valves, accessories & tools. The proprietress of the unit is Smt. Om Kumari Bhansali, wife of Shri. Om Prakash Bhansali and the operations of the unit are being looked after by Shri Gaurav Bhansali. The unit has achieved sales of Rs. 28.35 Lakhs in the year 2005-06.

Certified Financial Information for the past 3 years:

(Rs. in Lakhs)			
Year	2003-04	2004-05	2005-06
Net sales	30.33	25.05	28.35
PBDIT	1.20	1.56	1.65
PAT	0.89	1.09	1.36

2. Oliver Micon Inc. (OMI), Jodhpur – The unit was setup as a sole proprietorship at Jodhpur, in the year 1994 and is producing high strength cold vulcanizing solutions, which are used for joining of rubberized conveyor belts. This unit is also under the proprietorship of Smt. Om Kumari Bhansali. In the year 2005-06, the unit achieved sales of Rs. 57.10 Lakhs.

Certified Financial Information for the past 3 years:

(Rs. in Lakhs)			
Year	2003-04	2004-05	2005-06
Net sales	48.02	54.05	57.10
PBDIT	1.91	2.75	2.75
PAT	0.95	1.24	1.47

3. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN FINANCIAL STATEMENTS

You should read the following discussion and analysis of our financial condition and results of operations together with financial statements included in this Draft Prospectus. You should also read the section titled “Risk Factors” beginning on page no.8 of this Draft Prospectus, which discusses a number of factors and contingencies that could impact our financial condition and results of operations.

The following discussions are based on restated financial statements of our Company, for the financial year ended March 31, 2003; March 31, 2004; March 31, 2005; March 31, 2006 and March 31, 2007 which have been prepared in accordance with Indian GAAP, the Companies Act, 1956 and the SEBI (DIP) Guidelines.

The Directors confirm that there have been no events or circumstances since the date of the last financial statements, which materially and adversely affect or are likely to affect the profitability of the Company or the value of its assets or its ability to pay its liabilities within the next twelve months.

Overview

SOMI CONVEYOR BELTINGS LIMITED (SCBL) is a closely held public limited company. It is into manufacturing of rubber conveyor belts of various sizes and applications. The Company was incorporated on 16th June, 2000 as Omi Conveyor Beltings Limited. It commenced its business from 12th July, 2000. The name of the company was subsequently changed to Somi Conveyor Beltings Limited, w.e.f. 31.10.2000. The promoters of our company are Mr. Om Prakash Bhansali, Mr. Vimal Bhansali and Mr. Gaurav Bhansali.

Our company started commercial production in February 2002. Initially, the Company was setup with a manufacturing capacity of 72,000 MPA of conveyor beltings. The Company initiated a capacity expansion in the year 2004 and presently it is operating at a capacity of 1,67,000 MPA. Depending upon the grade and user specification, it can be stretched upto 2,00,000 MPA. At present, we can manufacture belts up to 1200-mm width.

There are several factors which may affect our results of operations, financial condition and cash flows. These factors may include:

- ✓ Economic conditions, business cycles and capital market trends
- ✓ Ability to control cost and attain high productivity
- ✓ Pricing Pressure due to competition / competitive bidding.
- ✓ Ability to hire, train and retain people
- ✓ Our relationship with clients - companies, banks, institutions, individuals, etc.
- ✓ Volatility in commodities market and foreign exchange markets
- ✓ Capital expansion and capital expenditure

These factors and a number of future developments may have impact on our results of operations, financial condition and cash flow in future periods.

For more information on these and other factors/developments, which have or may impact us financially, please refer to the other parts of this section as well as the section titled “Risk Factors” on page no. 8 and the section titled “Our Business” on page no. 51 of this Draft Prospectus.

Our Significant Accounting Policies

Preparation of financial statements in accordance with Indian Generally Accepted Accounting Principles, applicable Accounting Standards issued by, the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956, require our management to make judgments, estimates and assumptions regarding uncertainties that affect the reported amounts of our assets and liabilities, disclosures of contingent liabilities and the reported amounts of revenues and expenses. These judgments, assumptions and estimates are reflected in our accounting policies, which are more fully described in “Financial Statements of the Company – Significant Accounting Policies” Section of the Auditor’s Report appearing on page no.100 of this Draft Prospectus.

Results of Operations:

A summary of the past financial results based on the restated is given below: -

(Rs. in Lakhs)

PARTICULARS	Year ended 31st March		
	2007	2006	2005
INCOME			
Turnover - Own Manufactured	1540.23	1225.83	735.50
- Job work	-	-	-
Increase/ (Decrease) in stocks	5.95	-20.95	11.35
Other income	1.83	0.22	0.17
TOTAL	1548.01	1205.10	747.02
EXPENDITURE			
Material Cost	1131.70	900.70	611.40
Manufacturing & Other Expenses	142.63	110.23	83.72
Preliminary Expenses written off	-	-	0.18
TOTAL	1274.33	1010.93	695.30
Profit before Interest, Depreciation and Tax	273.68	194.17	51.72
Depreciation	27.94	25.27	16.56
Profit before Interest and Tax	245.74	168.90	35.16
Financial Expenses	43.34	16.08	17.95
Net Profit Before Tax	202.40	152.82	17.21
Provision for Taxation			
Current Tax	70.35	56.64	2.05
Deferred Tax	(3.51)	0.41	4.32
FBT	0.57	0.51	-
Net Profit after Tax	134.99	95.26	10.84
Brought Forward from Previous Year	113.20	17.94	7.10
Transferred to General Reserve	109.83	-	-
Balance Carried to Balance Sheet	138.36	113.20	17.94
Earning Per Share	3.88	4.12	0.47

Comparison of Performance and Analysis of Development for Financial Year Ended 31st March 2007 vis-a-vis 31st March 2006**Sales**

During the year ended 31st March 2007 our sales stood at Rs. 1540.23 Lakhs, which translated into growth of 25.64% compared to sales of 1225.83 Lakhs during the financial year 2005-06. The main reason for the growth, was our aggressive market positioning of our products, through reasonable prices, shorter delivery period and better quality products. The rapid growth in infrastructure industries like cement, steel and power, etc, who constitute major part of our customer list, has enabled us to grow our sales.

Other Income

The other income of Rs.1.83 Lakhs is from interest on Fixed Deposits. During the year company has taken additional Fixed Deposits for pledging it with our bankers as security margin for Bank Guarantees and Letter of Credits.

Material Consumed

The raw material cost, during the year ended on 31st March 2007 stood at Rs.1131.70 Lakhs (which comes to 73.48% of the total sales) as compared to previous year cost of Rs.900.70 Lakhs (73.48% of total sales). In spite of the increase in the raw material prices, the material cost in terms of percentage to the total sales has remained same, due to proper and timely purchases made by the company.

Manufacturing and Other Expenses

During the financial year ended on 31st March 2007, the manufacturing and other expenses stood at Rs.142.63 Lakhs as compared to Rs.110.23 Lakhs during the previous year i.e. 31st March 2006. There is slight increase in manufacturing and other expenses as a percentage of sales, which has increased from 8.99% to 9.26% of the Sales.

Financial Expenses

During the financial year the company has availed additional working capital from banks, for bulk purchase of raw material. This has led to rise in the interest expenses from Rs.16.08 Lakhs to Rs.43.34 Lakhs during the year ending on 31st March 2007. The increase in interest rates and additional cost for switching over to PNB from SBI has also resulted increase in financial cost to the company.

Depreciation

Depreciation has increased from Rs.25.27 Lakhs to Rs.27.94 Lakhs, because of depreciation charged on additional fixed assets purchased during the year.

PAT

There is an increase in profit after tax from Rs.95.26 Lakhs in 2005-06 to Rs.134.99 Lakhs in 2006-07, which translates into an increase of 41.70% over the previous year.

Revaluation of Assets

During the year our Company has revalued its Industrial Land at Sangaria, Jodhpur and Industrial Land at Gram Tanwara, Jodhpur to reflect the Fair Market Value of the said assets. This has led to a rise in the Revaluation reserves to the extent of Rs.386.94 Lakhs.

The details of the Revaluation are as under:

Location	Date of Acquisition	Cost of Acquisition (Rs. in Lakhs)	Date of Valuation	Re-Valued Amount (Rs. in Lakhs)
Industrial Land at Sangaria, Jodhpur (Plot No.463 to 466)	January 3 , 2001 November 20 , 2003	8.62	February 16 , 2006	75.56
Industrial Land at K.No.58 & 58/5, Gram Tanawara Tehsil Luni, Jodhpur	March 25 , 2005	35.00	February 15 , 2006	355.00

Comparison of Performance and Analysis of Development for Financial Year Ended 31st March 2006 vis-a-vis 31st March 2005

Sales

During the year ended 31st March 2006 our sales stood at Rs. 1225.83 Lakhs, which translated into growth of 66.67% compared to sales of Rs.735.50 Lakhs during the financial year 2004-05. This growth is mainly due to aggressive marketing efforts, increase in demand for our products from new sponge iron industries, increase of user confidence in our products and due to reasonable prices, shorter delivery period and better quality of our products. The increase in sales can be mainly attributed to our commencement of supply of our products to government thermal power projects.

Other Income

The other income of Rs.0.22 Lakhs is from interest on Fixed Deposits. The same is slightly higher during the year due to increase in interest rates on fixed deposits.

Material Consumed

The material consumption for the financial year ended on 31st March 2006 stood at Rs.900.70 Lakhs as against Rs.611.40 Lakhs during the previous year. The material cost in terms of percentage of sales has come down from 83.12% to 73.48% during the current year. The reduction is on account of reduction of prices of raw materials, which was due to bulk purchases made by the Company, and long term contracts entered by the Company with raw material suppliers.

Financial Expenses

During the financial year, the interest cost has come down from Rs. 17.95 Lakhs to Rs. 16.56 Lakhs. During the year company has taken additional measures for recovery of sale consideration and the company has also started taking advances from its customers on orders placed, which has helped the company to reduce the borrowing cost.

Depreciation

Depreciation has increased from Rs.16.56 Lakhs in financial year 2005 to Rs.25.27 Lakhs in the financial year 2006. This was mainly due to full depreciation charged by the company for additions to the fixed assets made at the end of financial year 2005.

PAT

There has been an exponential rise in the profit of the Company during the Current year. The profit after tax of the Company has increased from Rs.10.84 Lakhs in 2004-05 to Rs.95.26 Lakhs in 2005-06 due to phenomenal rise in the sales of the Company. The reduction in material cost, borrowing cost, and other overheads aided by growing demand for our products, especially that of SOMIFLEX special utility belts which have more margin compared to other traditional belts, has helped the Company achieve phenomenal growth during the year.



Comparison of Performance and Analysis of Development for Financial Year Ended 31st March 2005 vis-a-vis 31st March 2004

Sales

During the year ended 31st March 2005, our sales were Rs. 735.50 Lakhs, which translated into growth of 101.81% against sales of Rs.364.40 Lakhs during the financial year 2003-04. This growth was mainly due to increase of user confidence in our products, and launching of special utility rubber conveyor belts, increase in demand from new sponge iron plants in Orissa and booking of Annual Supply Orders from big industrial houses like Hindalco Industries, ACC Limited ect.

Material Consumed

The material cost stood at Rs.611.40 Lakhs during the financial year 2005 as against Rs.292.63 Lakhs during the financial year 2004. There was a increase in the material cost from 80.30% of sales during the financial year 2004 to 83.12% for the year 2005. The increase is due to abnormal increase in raw material prices especially that of natural rubber which forms a major part of our input cost.

Financial Expenses

During the financial year 2005 borrowing cost has increased from Rs.13.70 Lakhs in 2004 to Rs. 17.95 Lakhs, due to increase in utilization of working capital limits on account of increased sales turnover.

Depreciation

Depreciation has increased from Rs.10.40 Lakhs in 2004 to Rs.16.56 Lakhs in 2005 during the year, due to additions to the fixed assets amounting to Rs.117.48 Lakhs.

PAT

The profit after tax has increased from Rs.6.33 Lakhs in year 2004 to Rs.10.84 Lakhs in year 2005, which translates into a growth of 71.25% over the previous year. The huge increase in the sales volume and decrease in the total material costs as a percentage of sales have fuelled the phenomenal rise in the profits of the Company.

Information required as per clause 6.10.5.5(a) of the SEBI Guidelines

- **Unusual or infrequent events or transactions:**
There have been no unusual or infrequent transactions that have taken place.
- **Significant Economic changes that materially affected or likely to affect income from continuing operations:**
Volatility in foreign exchange rates may have an inflationary effect on cost of imports. However, considering the low amount of exports and imports, the effect of foreign exchange rate variations on our business is limited. Except the above, there are no significant economic changes that materially affect or likely to affect income from continuing operations.
- **Known trends or uncertainties:**
Apart from the risks as disclosed in this Draft Prospectus, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income.
- **Future relationship between cost and revenue:**
The expansion of the current operations would enable the company to procure raw materials in bulk locally from the direct manufacturers. This would in turn result in negotiating for competitive prices and help the company to achieve economies of scales.
- **Reason for increase in Sales / Revenue:**
The increase in sales is mainly due to increased volume.
- **New products introduced in 2006-07:**
We have not introduced any new products.
- **Seasonality of the business:**
None of the companies products sold are seasonal in nature.
- **Over dependence on a single supplier / customer:**
The company sources raw materials from number of suppliers and is not under threat from excessive dependence on any single supplier. Although the company supplies excessively to a few customers, it does not foresee any major threat in the near future.
- **Competitive conditions:**
The company has been strengthening its position in the product in which it is operating. The company also has been expanding its market and its customer base. All these things have been helping the company to stand against competition.

VI. LEGAL AND OTHER INFORMATION

1. OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

There are no outstanding litigations, suits or criminal or civil prosecutions, proceedings or tax liabilities against our Company and there are no defaults, non-payment or overdue of statutory dues, institutional/bank dues and dues payable to holders of any debentures, bonds and fixed deposits other than unclaimed liabilities against our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company. There are no litigations pending against our Directors, our Promoters and group entities except for those mentioned herein below:

(A) Litigation by and against the Company

(i) *Litigation filed by the Company* **Under Companies Act, 1956**

Our Company has allotted shares to more than 50 applicants on each occasion on 31st March, 2001, 28th February, 2002 and 28th March, 2006 thereby violating the provisions of Section 67(3) of Companies Act, 1956. The Company has filed the Return of Allotments for the said allotments, with the Registrar of Companies, Rajasthan and the same were duly registered. The Company has filed a petition on November 7, 2007 for compounding of Offence under Section 621A of Companies Act, 1956.

There are no other litigations filed by the Company.

(ii) *Litigation filed against the Company*

There is no litigation filed against the Company.

(B) Litigation by and against the Promoters

(i) *Litigation filed by the Promoters*

There is no litigation filed by our Promoters.

(ii) *Litigation filed against the Promoters*

Under the Factories Act, 1948

A complaint has been filed by the Government of Rajasthan through its Inspector of Factories and Boilers against Mr. Om Prakash Bhansali, Managing Director of the Company in the Court of Additional Civil Judge and Judicial Magistrate (First Class), Jodhpur (No. 731/03) alleging that Mr. Om Prakash Bhansali has not obtained requisite licenses pertaining to the maps of the Company's factory from the Chief Inspector, Factories and Boilers thereby violating Section 6 of the Factories Act and Rule 3A of Rajasthan Factory Rules, 1951. Mr. O.P. Bhansali has made an application for discharge from the complaint stating that he has not committed any violation. Section 92 of Factories Act provides for punishment with imprisonment or fine or with both for any contravention of this Act or of any rules made thereunder. The matter shall come up for hearing on October 10, 2007.

Under the Income Tax Act, 1961

Survey proceedings were conducted by the office of Assistant Commissioner of Income Tax, Circle-1, Jodhpur on September 21, 2006 against Mr. Om Prakash Bhansali, Managing Director of the Company including a survey at the office premises of the Company. Mr. Om Prakash Bhansali declared an undisclosed income of Rs. 2,65,00,356 in his personal capacity to the Income Tax authorities. Mr. Om Prakash Bhansali has paid tax on undisclosed income aggregating to Rs.88,00,000 and filed his income tax returns with the Department.

(C) Litigation by and against the Group Entities

- (i) ***Litigation filed by the Group Entities***
viz., Earth Mover Enterprise, Jodhpur; Oliver Micon., Inc; O.P.Bhansali HUF; Vimal Bhansali HUF; Gaurav Bhansal HUF

There are no litigations filed by any of the Promoter Group entities of the Company.

- (ii) ***Litigation filed against the Promoter Group Entities***

There is no litigation filed against any of the above Promoter Group entities of the Company.

(D) Litigation by and against the Directors of the Company

- (i) ***Litigation filed by the Directors of the Company***

There are no litigations filed by our Company's Directors.

- (ii) ***Litigation filed against the Directors of the Company***

There are no litigations filed against any of our Directors except for those initiated against our Promoter Directors as mentioned further below. Further, neither has any disciplinary action been taken against any of our Directors nor any notice been served upon any of the Directors by SEBI/RBI. Also none of the Directors have been subjected to any criminal proceedings or any economic offences.

There are no small scale undertakings to whom our Company owes a sum exceeding Rs. 1.00 Lakh which is outstanding for more than 30 days.

Material Developments

There are no material developments after the date of the last audited balance sheet as on March 31, 2007, which may materially affect the performance, or prospects of the Company.

As per the opinion of the Directors, no circumstances have arisen since the date of last financial statement disclosed in the Draft Prospectus that materially and adversely affect or are likely to effect the trading or profitability of the Company, the value of its assets, or its ability to pay liabilities within the next twelve months.

2. GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities.

(A) Approvals for the Issue

The Board of Directors has, pursuant to resolutions passed at its meeting held on February 24, 2007 authorised the Issue, subject to the approval by the shareholders of our Company under section 81(1A) of the Companies Act.

The shareholders have, pursuant to a resolution dated March 26, 2007 under Section 81(1A) of the Companies Act, authorised the Issue.

(B) Approvals related to the Issue

- ✓ Approval from the Bombay Stock Exchange Limited dated [●] admitting the listing of the equity shares of our Company.

(C) Company Specific Approvals

- ✓ Certificate of Incorporation dated June 16, 2000 was issued by Registrar of Companies, Jaipur certifying incorporation of Omi Conveyor Beltings Limited as a public limited company.
- ✓ Certificate for Commencement of Business dated July 12, 2000 was issued by Registrar of Companies, Jaipur entitling Omi Conveyor Beltings Limited to commence business.
- ✓ Fresh Certification of Incorporation dated October 31, 2000 was issued by Registrar of Companies, Jaipur consequent on change of company's name from Omi Conveyor Beltings Limited to Somi Conveyor Beltings Limited.
- ✓ Our Company has obtained a licence from State of Rajasthan for the premises situated at 464-66, H2, Sangariya Industrial Area, Jodhpur as its factory. The licence is valid till March 31, 2007 and the Company has applied on March 30, 2007 for its renewal. The license is renewed annually by the Government.
- ✓ Our Company has obtained permanent registration certificate dated January 15, 2002 from the Registering Authority of the District Industries Centre, Government of Rajasthan for manufacturing of conveyor belts at its factory located at 464-66, H2, Sangariya Industrial Area, Jodhpur. The Consent of the Rajasthan State Pollution Control Board is extended uptill 31 January, 2008 by the Letter of the Regional Officer of the Rajasthan State Pollution Control Board.
- ✓ Our Company has obtained consent from Rajasthan State Pollution Control Board dated February 22, 2007 under the provisions of Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention & Control of Pollution) Act, 1981 to establish a conveyor belt unit at Khasra number 58, 58/5 & 58/6, village Tanawara in Jodhpur.
- ✓ Our Company has obtained Central Excise Registration Certificate dated May 14, 2003 for manufacturing of excisable goods at its factory located at 464-66, H2, Sangariya Industrial Area, Jodhpur.
- ✓ Our Company has obtained Central Excise Registration Certificate dated November 11, 2006 for manufacturing of excisable goods at its factory located at Khasra No. 58/6, 58, 58/5, Tanawara, Salawas, Jodhpur.
- ✓ Our Company has obtained licence dated March 31, 2006 from Rubber Board to acquire rubber from registered estates/licensed dealers in India. The licence is valid till March 31, 2007 and the Company has applied for its renewal on February 26, 2007.
- ✓ Our Company has obtained a certificate namely Government Purchase Enlistment Certificate dated April 28, 2006 from the National Small Industries Corporation Limited valid for a period of two (2) years from the date of issue.

This enables the Company to participate in the Central Government Store Purchase programme, as per the Single Point Registration Scheme for Rubber Conveyor Belts. The Monetary Limit for the supply of the product is Rs. 199 Lakhs.

- ✓ Our Company has obtained registration certificate dated August 4, 2000 from notified authority under the Central Sales Tax Act, 1956 for manufacturing and wholesale goods specified therein. The Central Sales Tax number of the Company is 1949/03978 and the registration certificate is valid until cancelled.
- ✓ Our Company has been allotted a permanent account number under the provisions of Income Tax Act, 1961. The permanent account number of the Company is AAFCS2085P.
- ✓ Our Company has obtained certificate of registration dated January 6, 2005 from Central Excise Department for its business premises at 464-66, H2, Sangariya Industrial Area, Jodhpur in relation to taxable services of goods transport agency.
- ✓ Our Company has obtained certificate of registration dated November 20, 2006 from Central Excise Department for its business premises at Khasra Number 58/6, 58, 58/5, 59/8 in relation to taxable services of transport of goods by road.
- ✓ Our Company has obtained a registration as a member with the Engineering Promotion Council in the financial year 2005-2006 and the same, is valid till financial year 2008-2009. The Company has obtained Importer Exporter Code dated June 4, 2001 as a type 1 Merchant Exporter. The Importer Exporter Code of the Company is 1302002309.
- ✓ Our Company has obtained registration dated January 2, 2006 from the Regional Office of Employees' State Insurance Corporation, Jaipur under the provisions of Employees' State Insurance Act, 1948. The registration code of the Company is 15/2048/23.
- ✓ Our Company has obtained requisite registration dated February 28, 2005 from the Regional Provisional Fund Commissioner, Jaipur under the provisions of Employees' Provident Fund and Miscellaneous Provisions Act, 1952. The establishment code number of the Company is R.J.17130.

(D) Applications made for certain pending Approvals

- ✓ **Factory & Boiler Registration:** Our Company has applied for the registration of its new unit to the Inspector, Factory & Boiler Department, Jodhpur, State of Rajasthan for the new unit situated at Khasara No. 58, 58/5 & 58/6, Village Tanawara at Jodhpur, Rajasthan. The application has been made for the Financial Years 2007-2008 and 2008-2009.
- ✓ **Water – For drinking and washing:** Our Company has yet to apply to the Public Health & Engineering Department, Government of Rajasthan, for supply of water for its new unit to be used for drinking and washing of the workmen.
- ✓ **Power:** Our Company already received power connection from the Jodhpur Vidyut Nigam Limited for power supply upto 40HP for its new unit. The Company has applied for an extension of the load upto 1500 KVA.
- ✓ **Renewal of Rubber Board License:** License from the Rubber Board for enhanced procurement of natural rubber over the licensed limit of 500 tons.

Our Company can undertake all the present activities in view of the present approvals for its existing unit. No further approvals from any government authorities/ RBI are required by the Company to undertake the present activities except those approvals that may be required to be taken in the normal course of business from time to time.

It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.



SECTION VII: OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue of Equity Shares pursuant to this Issue by our Company has been authorised by the resolution of the Board of Directors passed at their meeting held on February 24th, 2007, subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act. The shareholders approved the resolution, at the Extra-Ordinary General Meeting of the shareholders of the Company held on 26th March, 2007 at the Registered Office of the Company.

Prohibition by SEBI

The Company, its Directors/Promoters and persons in control, its associates, its directors, its promoters, other companies/entities promoted by the promoters of Somi Conveyor Belting Limited, and companies/entities with which the Company's directors are associated as directors, have not been prohibited from assessing/operating in the capital markets or restrained from buying /selling/dealing in securities under any order or discretion passed by SEBI.

Eligibility of the Company to come out with Public Issue

This issue is being made in terms of clause 2.2.2 (a) (ii) and (b) (i) of SEBI (DIP) Guidelines, 2000, wherein:

- The "Project" has at least 15% participation by Financial Institutions/Scheduled Commercial Banks, of which at least 10% comes from the appraiser (s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded.
- The minimum post issue face value capital of the Company shall be Rs.10 crores.

The Company fulfils the criteria as stated in clause 2.2.2 (a) (ii) of SEBI (DIP) Guidelines 2000 as amended from time to time, as the participation from the Scheduled Banks/Financial Institutions is above the required limits of 15% and the participation from the Appraising Entity (ie. PNB) is in excess of 10% of the project cost as required.

Appraising Bank	Amount Sanctioned	% of Total Project Cost
Punjab National Bank	Rs. 850.00 Lakhs	24.15

The participation of Appraising Bank is in excess of 10% of the project cost and further the participation of the bank in the project is in excess of 15% of the Project Cost.

The Company undertakes that the number of allottees in the proposed Issue shall be atleast 1,000 Shareholders; otherwise, we shall forthwith refund the entire subscription amount received. In case of delay, if any, in refund, we shall pay interest on the application money at the rate of 15% per annum, for the period of delay.

The Company has reserved 4,72,860 Equity shares being 10%, of the Total Issue Size of 47, 28,570 Equity Shares to QIBs.

As per clause 2.2.2B of SEBI (DIP) Regulations:

- "Project" means the object for which the monies are proposed to be raised to cover the objects of the issue.
- As per Section 2.2.2 B (v) of SEBI (Disclosure and Investors' Protection) Guidelines, inserted vide SEBI/CFD/DIL/DIP/Circular No 11 dated August 14, 2003, 'Qualified Institutional Buyer' shall mean:
 - Public financial institution as defined in section 4A of the Companies Act, 1956;
 - Scheduled Commercial Banks;
 - Mutual Funds;
 - Foreign Institutional Investor registered with SEBI;
 - Multilateral and Bilateral development financial institutions;
 - Venture Capital Funds registered with SEBI;
 - State Industrial Development Corporations;
 - Insurance Companies registered with the Insurance Regulatory and Development Authority (IRDA);

- i) Provident Funds with minimum corpus of Rs 25 crores;
- j) Pension Funds with minimum corpus of Rs 25 crores;

SEBI DISCLAIMER CLAUSE

AS REQUIRED A COPY OF THIS PROSPECTUS HAS BEEN SUBMITTED TO THE SEBI, MUMBAI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS PROSPECTUS 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 THIS PROSPECTUS. LEAD MANAGER, M/S ASHIKA CAPITAL LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE 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 THIS DRAFT PROSPECTUS, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, M/S ASHIKA CAPITAL LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 7TH NOVEMBER, 2007, IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS :

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THIS PROSPECTUS PERTAINING TO THE SAID ISSUE;
2. 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, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.
WE CONFIRM THAT:
 - a) THIS PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPER RELEVANT TO THE ISSUE;
 - b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AND ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - c) THE DISCLOSURES MADE IN THIS PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.
3. WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THIS PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. 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 WILL NOT BE DISPOSED / SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT PROSPECTUS.

THE FILING OF THIS PROSPECTUS DOES NOT, HOWEVER ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENTS 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 LEAD MANAGER (S) ANY IRREGULARITIES OR LAPSES IN THIS DRAFT PROSPECTUS.

General Disclaimer

Investors may note that the Company and the Lead Manager accepts no responsibility for statements made otherwise than in this Draft Prospectus or in the advertisements or any other material issued by or at the instance of the Company or the Lead Manager and that anyone placing reliance on any other source of information would be doing so at his/her own risk. All information shall be made available by the Lead Manager and the Issuer to the members at large and no selective or additional information would be made available for a section of the members in any manner whatsoever.

The Lead Manager accepts no responsibility, save to the limited extent, as provided in the Memorandum of Understanding entered into between the Lead Manager and the 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, Hindu Undivided Families, 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, or under any other trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs, and FIIs as defined under the applicable Indian laws. This Draft Prospectus does not, however, constitute an Issue to sell or 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 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 Jodhpur, Rajasthan only. No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been submitted to the 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.

Investors may please note that Central Government / RBI does not take any responsibility for the financial soundness or correctness of the statements disclosed in the Draft Prospectus.

Disclaimer clause of the Stock Exchanges**Bombay Stock Exchange Ltd., Mumbai (BSE/ Designated Stock Exchange)**

As required, a copy of this Draft Prospectus has been submitted to BSE. The BSE has given vide their letter dated [●], 2007 permission to the Company to use the BSE's name in this Draft Prospectus as one of the stock exchanges on which the Company's securities are proposed to be listed. The BSE has scrutinized this Draft Prospectus for its limited internal purpose of deciding the matter of granting the aforesaid permission to the Company.

The BSE does not in any manner:

- i) Warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Prospectus; or
- ii) Warrant that the Company's securities will be listed or will continue to be listed on the exchange;
- 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 Prospectus has been cleared or approved by the BSE. 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 BSE 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 CARE

CARE's IPO Grading is a one-time assessment and the analysis draws heavily from the information provided by the Issuer as well as information obtained from the sources believed by CARE to be accurate and reliable. However, CARE does not guarantee the adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO Grading does not take cognizance of the price of the security and it is not a recommendation to buy/sell/ hold shares/ securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospect of the Issuer; also it does not indicate compliance/ violation of various statutory requirements. CARE shall not be liable for any losses incurred by the users from any use of the IPO Grading.

UNDERTAKING FROM PROMOTERS AND DIRECTORS

The Company accepts full responsibility for the accuracy of the information given in this Draft Prospectus and confirms that to the best of their knowledge and belief, there are no other facts, their omissions of which make any statement in the Draft Prospectus misleading and they further confirm that they have made all reasonable inquiries to ascertain such facts. The company further declares that the Stock Exchange to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of this Public offer or for the price at which the Equity Shares are offered or for the correctness of the statements made or opinions expressed in this offer document.

The Promoters / Directors declare and confirm that no information / material likely to have a bearing on the decision of investors in respect of the shares offered in terms of the Draft Prospectus has been suppressed, withheld and/or incorporated in the manner that would amount to mis-statement, misrepresentation and in the event of its transpiring at any point of time till allotment / refund, as the case may be, and that of any information/material has been suppressed / withheld and / or amounts to a mis-statement / mis-representation, the Promoters/Directors undertake to refund the entire application monies to all the subscribers within 7 days thereafter without prejudice to the provisions of Section 63 of the Companies Act.

The Issuer shall update this Draft Prospectus and keep the Public informed of any material changes in the document till the listing and trading.

Filing

A copy of the Draft Prospectus, along with the documents required has been filed with **The Securities and Exchange Board of India (SEBI)**, SEBI Bhavan, Plot No. C-4A, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051

A copy of this Prospectus has been filed with BSE having attached thereto the Material Contracts and Documents. All the legal requirements applicable till the date of filing the Prospectus with the Stock Exchanges and SEBI have been complied with.

A copy of the Prospectus, along with the material contracts and documents required to be filed under Section 60 of the Companies Act would be delivered for registration to the Registrar of Companies, Rajasthan at 132, Vijay Nagar, Kartarpura, Near Railway Crossing, Jaipur - 302 006.

Listing

An Application has been made to the Bombay Stock Exchange Limited ("BSE") for permission to deal in and for an official quotation of our Equity Shares. BSE shall be the Designated Stock Exchange.

The company has received in principle approval from BSE for the listing of Equity Shares pursuant to their letter no. [●] dated [●]. If the permission to deal in and for an official quotation of our Equity Shares is not granted the Stock Exchange mentioned above, the Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Offer Document. If such money is not repaid within eight days after the Company becomes liable to repay it from the date of refusal or within 70 days from the Issue Closing Date, whichever is earlier, then the Company, and every Director of the Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act 1956.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above, will taken within seven working days of finalization and adoption of the Basis of Allotment for this Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

- a) **Makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or**
- b) **Otherwise induces a company to allot or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”**

Consents

Consents in writing of the Directors, Auditors, Lead Managers to the Issue, Bankers to the Company, Banker to the Issue, Company Secretary and Compliance Officer, Legal Advisors to the Issue, Registrars to the Issue to act in their respective capacities have been obtained and filed along with Copy of Prospectus with the Registrar of Companies, Rajasthan as required under Section 60 of the Act, and none of them have withdrawn the said consents up to the time of delivery of a copy of this prospectus for Registration with the said Registrar of Companies, Rajasthan.

M/s. P.Singhvi & Associates, Chartered Accountants, the Statutory Auditors of the Company has also given their consent to the inclusion of his report as appearing hereinafter in the form and context in which it appears in this Draft Prospectus and also of the tax-benefits accruing to the company and to the members of the company and such consent and report has not been withdrawn upto the time of delivery of this Draft Prospectus for Registration with the Registrar of Companies, Rajasthan.

Expert Opinion

Except for the various tax benefits available to the Company and its members as stated by the Statutory Auditors of the Company given elsewhere in the Draft Prospectus, the Company has not obtained any other expert opinion.

Public Issue Expenses

The Public Issue Expenses, to be incurred by the Company, inclusive of fees payable to the Lead Managers, Fees of Legal Advisors, Stamp Duty, Printing, Publication, Advertising and Distribution expenses, Bank charges, Fees payable to the Registrars to the Issue, Listing Fees, Brokerage and other Miscellaneous Expenses are estimated to be approximately Rs. 280.00 lakhs and will be met out of the proceeds of the Issue.

Fees Payable to the Lead Managers to the Issue

The total fees payable to the Lead Managers will be as per the Memorandum of Understanding signed with the Lead Managers, a copy of which is available for inspection at the Registered Office of the Company.

The Lead Managers will be reimbursed for all relevant out-of-pocket expenses including such as cost of travel, stationery, postage & communication expenses.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding signed with the Company, a copy of which is available for inspection at the Registered Office of the Company.

The Registrar will be reimbursed for all relevant out-of-pocket expenses including such as cost of travel, 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 allotment advice by registered post.

Underwriting Commission

The issue is not proposed to be underwritten. Hence, no underwriting commission is payable

**Brokerage**

Brokerage will be paid by the Company at the rate up to 1.5 % on the Issue Price of Equity Shares offered to the Public on the Basis of Allotment made against applications bearing the stamp of the members of any recognized Stock Exchanges in India in the broker's column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of allotments made against applications procured by them provided the relevant forms of applications bear their respective stamps in the Broker's column.

In case of tampering or over-stamping of Brokers/Agent's codes on the application form, the 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

The Company has not made any Public or Rights issues in the last 5 years.

Previous Issues of shares otherwise than for cash.

The Company has issued 6,00,000 Equity Shares on 27.02.2006 and 14,98,224 Equity Shares on 15.11.2006 by way of Bonus, by capitalization of free reserves. Except for the above, no shares were issued for consideration other than cash.

Commission and Brokerage on Previous Issue

The Company has not made any Public or Rights Issue, since inception and has not paid any commission or brokerage.

Issues made by the Companies under the same management under Section 370(1B) of the Companies Act, 1956

There are no listed Companies under the same management with the meaning of Section 370(1B) of the Companies Act, 1956, which made any capital issue during the last three years.

Outstanding debentures or Redeemable Preference shares

The Company has not issued any outstanding debentures or preference shares.

Stock Market Data

This being the Initial Public Offer of the Company, the equity shares are not listed on any Stock Exchanges.

Redressal of Investor Grievances

The Company has appointed the Registrar to the Issue, to handle the investor grievances in coordination with the Compliance Officer of the Company. All grievances relating to the present Issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and details of bank and branch. The company would monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the issue, namely, **M/s Mondkar Computers Private Limited** will handle investor grievances pertaining to the issue. A fortnightly Status Report of the complaints received and redressed by them would be forwarded to the company. The Company would also be co-coordinating with the Registrar to the issue in attending to the grievances to the investor. The Company assures that the Board of Directors shall adhere to the following schedules in resolving such investor grievances:

S.No.	Nature of the Complaint	Time taken
1	Non-receipt of the refund warrants or share certificates	Within 7 days of receipt of complaint, subject to production of satisfactory evidence.
2	Intimation of change of address	Within 7 days of receipt of intimation.
3	Any other complaint in relation to public issue	Within 7 days of receipt of complaint with all relevant details.

The Company has appointed Mr. Amit Baxi as Compliance Officer who would directly deal with SEBI office with respect to implementation 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. The Compliance Officer will be available at the following address:

**Mr. Amit Baxi**

4F-15, Near Bank of India, New power House Road, Jodhpur-342 001

Tel.: +91-0291-2610472, 2637564/5

Fax: +91-0291-2432307

E-Mail: ipo@somiconveyor.com

Web site: www.somiconveyor.com

Changes in Auditors during the last three years and reasons there for

There has been no change in the Auditors of the Company during the last three years.

Capitalisation of reserves or profits

The Company has issued 6,00,000 Equity Shares in the ratio of three shares for every one share held by way of Bonus by capitalization of free reserves on 27th February, 2006, and 14,98,224 equity shares in the ratio of four shares for every five shares held on 15th November, 2006.. Except for the above, no shares were issued for consideration other than cash.

Date	No of Shares Issued	Bonus Ratio
27.02.2006	6,00,000 Equity Shares	3:1
15.11.2006	14,98,224 Equity Shares	4:5

Revalu
ation
of**Assets**

In the year 2005-06, company has re-valued its land to reflect the fair market value whose details are as under:

Location	Date of Acquisition	Cost of Acquisition (Rs. in Lacs)	Date of Valuation	Re-Valued Amount (Rs. in Lakhs)
Industrial Land at Sangaria, Jodhpur (Plot No.463 to 466)	03.01.2001 20.11.2003	8.62	16.02.2006	75.56
Industrial Land at K.No.58 & 58/5, Gram Tanawara Tehsil Luni, Jodhpur	25.03.2005	35.00	15.02.2006	355.00

Note: No shares have been issued from the revaluation reserve.

SECTION VIII: ISSUE RELATED INFORMATION

1. TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles of the Company, the terms of this Draft Prospectus, Application Form, and other terms and conditions as may be incorporated in the Allotment Advice, and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable Guidelines, Notifications and Regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Reserve Bank of India, Stock Exchanges, 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 issued shall be subject to the provisions of our Memorandum and Articles and shall rank pari passu in all respects with the other existing shares of the Company including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of Allotment save and except the lock in provision applicable as per SEBI (DIP) Guidelines in respect of existing Equity Shares as mentioned in the “Notes to Capital Structure” on page no. 27.

Mode of payment of Dividend

The declaration and payment of dividends will be recommended by our Board of Directors and will be subject to approval of shareholders. Such declaration of dividend will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition.

Face Value and Issue Price

The Face Value of the Equity Shares is Rs.10/- per Equity Share and the Issue Price of Rs.35/- is 3.5 times of the Face Value.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- ✓ Right to receive dividend, if declared;
- ✓ Right to attend general meetings and exercise voting powers, unless prohibited by law;
- ✓ Right to vote on a poll either in person or by proxy;
- ✓ Right to receive offers for right shares and be allotted bonus shares, if announced;
- ✓ The right of free transferability;
- ✓ Right to receive surplus on liquidation; and
- ✓ Such other right as may be available to the shareholder of a Public Limited Company under the Companies Act and Memorandum and Articles of Association of the Company.

Marketable Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall be only in dematerialized for all investors.

As trading in the Equity Shares is compulsorily in dematerialized form, the market lot is one Equity Share. Allotment of Equity Shares will be done in multiples of one Equity Share, subject to a minimum allotment of [●] Equity Shares.

Nomination Facility to Investor

In accordance with Section 109A of the Act, the sole or First Applicant, along with other joint Applicants, may nominate any one person to whom, in the event of death of Sole Applicant or in case of Joint Applicants, death of all the Applicants, 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 death of the original holder(s), shall in accordance with Section 109A of the 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 the Registered Office of the Company or at the Registrar and Share Transfer Agent of the Company. In accordance with Section 109B of the Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- 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 us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Minimum subscription

"If the company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the Issue, or if the subscription level falls below 90%, after the closure of issue, on account of cheques having being returned unpaid or withdrawal of applications, the company shall forthwith refund the entire subscription amount received. Incase if there is a delay beyond 8 days after the company becomes liable to pay the amount, the company shall pay interest as per Section 73 of the Companies Act, 1956."

Arrangements for Disposal of Odd Lots

The Company's shares will be traded in dematerialized form only and the marketable lot is one share. Therefore there is no possibility of odd lots

Restrictions, if any, on Transfer and Transmission of Shares and on their Consolidation/Splitting

For details of restrictions, if any, on transfer and transmission of shares and on their consolidation/splitting, please refer sub-heading "Main Provisions of the Articles of Association" appearing on page no. 141 of this Draft Prospectus.

2. ISSUE PROCEDURE

In terms of section 68B of the Companies Act, 1956, the equity shares in this Public offer shall be allotted only in dematerialized form (i.e. not in the form of physical certificates but the fungible and be represented by the statement issued through electronic mode). Investors shall have an option to hold the shares post allotment in physical or demat form.

HOW TO APPLY

AVAILABILITY OF APPLICATION FORMS AND OFFER DOCUMENT

Application forms with Memorandum containing salient features of the Draft Prospectus and copies of the Draft Prospectus under Section 56(3) of the Act may be obtained from the Registered Office of the Company, the Lead Manager to the Public Issue, Brokers to the Public Issue and the Bankers to the Public Issue, named herein or from their branches as stated on the reverse of the application form. The minimum application value shall be Rs. [●].

TERMS OF PAYMENT

a) For Indian Public including eligible NRIs/FIs

The application (**WHITE** in colour) must be for a minimum of [●] equity shares and thereafter in multiples of [●] shares. The entire amount of Rs.35/- per share is payable on application.

b) For Qualified Institutional Buyers

The application (**GREEN** in colour) must be for such number of Equity Shares so that application amount exceeds Rs. 1,00,000 and the shares so applied are in the multiples of [●] Equity Shares.

WHO CAN APPLY

1. Indian National Resident of India.
2. Hindu Undivided Families (HUF) through the Karta of the HUF. (Applications by HUF would be given the same treatment as that to applications by individuals)
3. Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorised to invest in the shares.
4. Scientific and/or Industrial Research Organisations, which are authorised to invest in the equity shares.
5. Indian Mutual Funds registered with SEBI.
6. Indian Financial Institutions & Banks.
7. Trusts who are registered under the Societies Registration Act, 1860 or any other Trust Law and are authorised under their constitution to hold and invest in shares subject to provisions of Section 3A of the Bank Nationalisation Act.
8. Commercial Banks and Regional Rural Banks. Co-operative Banks may also apply subject to permission from Reserve Bank of India.
9. Venture Capital Funds registered with SEBI.
10. Foreign Venture Capital Investors registered with SEBI.
11. State Industrial Development Corporation.
12. Provident Funds with minimum corpus of Rs. 25 crore and who are authorised under their constitution to hold and invest in equity shares.
13. Pension Funds with minimum corpus of Rs. 25 crore and who are authorised under their constitution to hold and invest in equity shares.
14. Multilateral and Bilateral Development Financial Institutions.
15. Permanent and Regular Employees/Working Directors of the Bank.
16. Non Resident Indians (NRIs)/FII's on non repatriation basis.

Pursuant to the existing regulations, OCB's are not eligible to participate in the issue.

PROCEDURE FOR APPLICATION**APPLICATION BY INDIAN PUBLIC INCLUDING ELIGIBLE NRIS APPLYING ON NON-REPATRIATION**

1. Application must be made only:
 - a. On the prescribed Application Form (**WHITE** in colour) accompanying this Offer Document and completed in full in BLOCK LETTERS in English, except signature(s) in accordance with the instructions contained herein and in the application forms, then such application forms are liable to be rejected.
 - b. For a minimum of [●] Equity Shares and in multiples of [●] thereafter, in single name or joint names (not more than three);
 - c. By Indian Nationals resident in India and Eligible NRIs on Non- Repatriation basis, and
 - d. In the names of individuals, Limited Companies or Statutory Corporations/institutions and NOT in the names of Minors, Foreign Nationals, Non-Residents (except for those applying on non-repatriation), trusts, (unless the Trust is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorised under its constitution to hold shares and debentures in a Company), Hindu Undivided Families, partnership firms or their nominees. In case of HUF's application shall be made by the Karta of the HUF.
2. An applicant in the Net Public Category cannot make an application for that number of securities exceeding the number of securities offered to the public. Payment should be made in cash or by Cheque/Bank Draft drawn on any bank (including a Co-operative Bank) which is situated at and is a Member or Sub-member of the Banker's Clearing House located at the place where the application is submitted.
3. A separate Cheque or Bank Draft should accompany each application form. Applicants should write the Share Application Number on the back of the Cheque /Draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders/Postal Orders will not be accepted.
4. All Cheques or Bank Drafts must be payable to any of the Bankers to the Public Issue with whom the application is lodged and marked "Name of the **Bank A/c- Somi Conveyor – Public Issue**" and crossed "Account Payee Only"
5. All application forms duly completed, together with Cash/ Cheque/Bank Draft for the amount payable on application must be delivered before the closing of the subscription list to any of the Bankers to the Public Issue named herein or to any of their branches mentioned on the reverse of Application Form, and NOT to the Company or to the Lead Managers to the Public Issue or to the Registrars to the Public Issue.
6. No receipt will be issued for the application money. However, bankers to the Public Issue and/or their branches, the applicant or in the case of application in joint names, each applicant should mention his/her Permanent Account Number (PAN) allotted under the Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the IT Circle, Ward, District. In case neither PAN, GIR Number has been allotted, it should be mentioned as "Not Allotted" in the place provided. Application Form without this information will be considered incomplete and is liable to be rejected. Cheques/Bank Drafts accompanying the application form should contain the Application Form Number on the reverse of the instrument.
7. The applicant should fill in the details of his/her bank account in the space provided in the application form, failing which the application is liable to be rejected.
8. Having regard to the provisions of Section 269 (SS) of the Income Tax Act, 1961, subscriptions against applications for securities should not be effected in cash and must be effected only by 'Account Payee' cheques or 'Account Payee' bank drafts, if the amount payable is Rs. 20,000/- or more. In case payment is effected in contravention of this provision, the application is liable to be rejected.
9. Applicants residing at places where the designated branches of the Banker to the Issue are not located may submit/mail their applications at a their sole risk alongwith Demand Draft payable at **Jodhpur** only payable to "**Somi Conveyor - Public Issue**"



For further instructions please read Application Form carefully.

APPLICATION BY NON RESIDENT INDIANS (NRIs)

1. Applications by Non-Resident Indians/FIIs must be made only:
 - a. In the prescribed Application Form (**Pink** in colour) and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected.
 - b. For a minimum of [●] shares and in multiples of [●] thereof, in single or joint names (not more than three).
 - c. In the names of individuals, (not in the names of minors or their nominees) of Indian nationality/origin.
2. Under the Foreign Exchange Management Act, 1999 (FEMA) general permission is granted to the companies vide notification no. FEMA/20/2000-RB dated 03/05/2000 to issue and securities to NRI's subject to the terms and conditions stipulated therein. The Companies are required to file the declaration in the prescribed form to the concerned Regional Office of RBI within 30 days from the date of issue of shares for allotment to NRI's on repatriation basis.
3. Application forms properly completed together with cheques/bank drafts for the amount payable on application at the rate of Indian Rs. [●] per equity share or equivalent of Indian Rs[●]- per equity share remitted through normal banking channels or funds held in Non- Resident External (NRE) Accounts/Foreign Currency Non-Resident (FCNR) Accounts maintained with banks authorised to deal in foreign exchange in India along with documentary evidence in support of the remittance, must be delivered before the close of the subscription list to those branches of the Bankers to the Public Issue at places mentioned against their names in the application forms.
4. NRIs wishing to pay through NR (O) Accounts shall not use the form meant for NRIs and must apply only in the form meant for Resident Indian Public.
5. All cheques/bank drafts should be made payable to the Bankers to the Issue with whom the application forms are lodged. All cheques or bank drafts should be crossed "A/c Payee Only". All cheques/bank drafts should be marked "**Name of the Bank - A/c Somi Conveyor - Public Issue - NRIs/FIIs**". A separate cheque/bank draft must accompany each application form. NRI application forms can be obtained, on request, from the Registered Office of the Company and the Lead Managers to the Issue.
6. Allotment of Equity Shares to Non-Resident Indians shall be subject to the prior approval of the Reserve Bank of India.
7. Applicants are requested to mention the application form number on the reverse of the instrument to avoid misuse of instrument submitted along with the application for shares. Applicants are advised in their own interest, to indicate the name of the bank and the savings or current a/c no in the application form. In case of refund, the refund order will indicate these details after the name of the payee. The refund order will be sent directly to the payee's address.

APPLICATIONS BY QUALIFIED INSTITUTIONAL BUYERS

1. Application by Qualified Institutional Buyers shall be made only in the prescribed Application Form i.e. GREEN COLOUR form marked "QIBs".
2. Allocation has been made in the public issue for the QIBs in terms of clause 2.2.2 (a) (ii) & (b) (i) of SEBI (DIP) Guidelines, 2000 as amended from time to time
3. In case of Mutual funds, a separate application must be made in respect of each scheme of a Mutual Fund registered with SEBI and such applications will not be treated as multiple applications. The applications made by the Asset Management Company or Trustee / Custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.
4. Eligible Qualified Institutional Buyers should apply in this Public Issue based on their own investment limits and approvals.
5. Application must be for minimum of such number of Equity Shares so that application amount exceeds Rs. 1,00,000 and in multiples of [●] Equity Shares thereafter.



6. All cheques/bank drafts should be made payable to the Bankers to the Issue with whom the application forms are lodged. All cheques or bank drafts should be crossed "A/c Payee Only". All cheques/bank drafts should be marked "**Name of the Bank - A/c Somi Conveyor -Public Issue-QIB**". A separate single cheque / bank draft must accompany each application form.
7. The maximum application size in this category can be of [●] Equity Shares, full allotment shall be made to QIBs to the extent of their demand.

If the number of shares applied for in this category is greater than 4,72,860 Equity Shares, the allotment shall be made on a proportionate basis subject to a minimum of [●] Equity Shares. For the method of proportionate basis of allotment, please refer paragraph "Basis of Allotment" on page no.137 of this Offer Document

As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

For further instructions please read Application Form carefully.

APPLICATIONS WHICH ARE NOT COMPLETE IN EVERY RESPECT OR ARE IN CONTRAVENTION OF ANY PROVISIONS/INSTRUCTIONS CONTAINED IN THIS OFFER DOCUMENT OR IN THE MEMORANDUM CONTAINING SALIENT FEATURES OF OFFER DOCUMENT ARE LIABLE TO BE REJECTED.

GENERAL INFORMATION

The applicant seeking allocation of shares in the electronic form must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's ID Number) appearing under the heading "Request for shares in electronic form".

An applicant who wishes to apply for shares in the electronic form must have atleast one Beneficiary Account with any of the Depository Participant (DP) of NSDL/CDSL registered with SEBI, prior to the application.

Shares allotted to an applicant in the electronic form will be credited directly to the respective Beneficiary Account (with a Depository Participant).

For subscription in electronic form, names in the share application form should be identical to those appearing in the account details in the Depository. In case of joint holders, the name should necessarily be in the same sequence as they appear in the account details in the Depository.

Non-transferable allotment letters/ refund orders will be directly sent to the applicant by the Registrar to the present Public Issue.

The applicant is responsible for the correctness of his demographic details given in the share application form vis-à-vis those with his/her DP.

It may be noted that electronic shares can be traded only on the stock exchange s having electronic connectivity with NSDL/CDSL.

The applicant should note that on the basis of the name of the Applicant, Depository Participant's name, Depository Participants Identification Number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Offer may obtain applicant's correspondence address from the said Depository Account of the Applicant. Therefore the applicants are advised to update the correct correspondence address in their respective DP A/c's.

INVESTORS SHOULD NOTE THAT TRADING IN SECURITIES OF THE COMPANY SHALL BE IN DEMATERIALISED FORM ONLY.

JOINT APPLICATIONS:

An application may be made in single or in joint names (not more than three). In the case of joint application, refund/pay order (if any), dividend/interest warrants etc., will be made out in the name of the first applicant and all communications will be addressed to the applicant whose name appears first and at his/her address stated in the Application.

MULTIPLE APPLICATIONS:

An applicant should submit only one application (and not more than one) for the total number of Equity shares applied by him. Two or more applications in single and/or joint names will be deemed to be multiple applications if the sole and/or first applicant is one and the same. The Board of Directors reserves the right to reject in its absolute discretion all or any multiple applications without assigning any reason.

In case of applications by Mutual Funds, a separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications, provided that the applications made by the Asset Management Company/Trustees/Custodian clearly indicate their intention as to the scheme for which the application has been made.

APPLICATION UNDER POWER OF ATTORNEY OR BY LIMITED COMPANIES:

In the case of applications under Power of Attorney or by Limited Companies or Corporate Bodies, the relevant power of attorney or the relevant authority as the case may be, or a duly certified copy thereof must be attached to the application form or must be lodged separately at the office of the Registrars to the Issue, simultaneously with the submission of the application form mentioning the serial number of the application form and the bank branch where the application has been submitted, failing which the application is liable to be rejected.

Thumb impression or signature in languages other than the languages specified in the eighth schedule must be attested by Magistrate or Notary Public or a special Executive Magistrate under his official seal.

APPLICATION (S) WILL NOT BE ACCEPTED BY THE LEAD MANAGER OR REGISTRAR TO THE PUBLIC ISSUE SECTION 269 SS OF INCOME TAX, 1961

In respect of all the categories eligible to apply in this Issue, and having regard to the provisions of Sec 269SS of the Income Tax Act, 1961 the subscriptions against these applications should not be effected in cash and must be effected by an Account Payee Cheques/Draft, if the amount payable is Rs. 20000/- or more. In case the payment is effected in contravention of this provision, the applications are liable to be rejected.

DISCLOSURE OF P.A.N. / G.I.R. NUMBER:

The applicant or in case of application in joint names, each of the applicants, should mention his / her permanent account number allotted under the Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the Income Tax Circle / Ward / District. In case where neither the permanent account number nor GIR Number has been allotted, the fact of non-allotment should be mentioned in the application form. Application forms without this information will be considered incomplete and will be liable to be rejected.

PARTICULARS RELATING TO SAVING BANK / CURRENT ACCOUNT NUMBER:

The applicant shall have to mention particulars relating to his saving bank / current account number and the name of the bank with whom such account is held, in the respective spaces provided in the application form, so as to enable the Registrar to print the said details in the refund orders, after the names of the payee, to prevent fraudulent encashment of refund order(s). Application forms without this information will be considered incomplete and will be liable to be rejected.

The Applicant should note that on the basis of the name of the Applicant, Depository Participant's (DP) name, Depository Participants identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Issue, will obtain from the Applicant's DP A/c, the Applicant's Bank Account details. The investors are advised to ensure that bank account details are updated in their respective DP A/c's as these bank account details would be printed on the refund order(s), if any.

GROUND FOR TECHNICAL REJECTIONS

Applicants are advised to note that Applications are liable to be rejected on among others on the following technical grounds:

1. Amount paid doesn't tally with the amount payable for the Equity Shares applied for;
2. Bank account details (for refund) are not given;
3. Age of First Applicant not given;

4. Application by minors;
5. PAN or GIR Number not given;
6. Application for lower number of Equity Shares than specified for that category of investors;
7. Application at a price less than the offer price;
8. Application at a price higher than the stated price;
9. Application for number of Equity Shares, which are not in multiples of [.]
10. Category not ticked;
11. Multiple applications;
12. In case of application under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
13. Application Form does not have Applicant's depository account details;
14. Application Forms are not delivered by the applicant within the time prescribed as per the Application Form, Issue Opening Date advertisement and this Offer Document and as per the instructions in this Offer Document and Application Form; or
15. Applications for amounts greater than the maximum permissible amounts prescribed by the regulations.
16. Applications not duly signed by the sole/joint Applicants;
17. Applications by OCBs; or
18. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the applicant (including the sequence of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity except for Permanent Employees.

DEMATERIALISATION

As per the provisions of the Depositories Act, 1996, the shares of a body corporate may be held in dematerialized form i.e. not in the form of physical certificates but in fungible form and be represented by the statement issued through electronic mode. The Company has entered into a tripartite agreement dated [●] with the National Securities Depository Services Ltd. (NSDL) and Mondkar Computers Private Limited (Registrar and Transfer Agent) for dematerialization of the equity shares of the company. The Company has also entered into a tripartite agreement dated [●] with the Central Depository Services Limited (CDSL) and Mondkar Computers Private Limited for dematerialization of the equity shares of the Company. The ISIN No. granted to the equity shares of the Company is [●]. Please note that trading in shares of the company upon listing will only be in dematerialised form, although investors have an option to hold shares in the physical form or dematerialized form.

COMMUNICATION

All future communications in connection with Application made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, number of Equity Shares applied for, date, bank and branch where the application was submitted and cheque/draft number and issuing bank thereof.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEY:

No receipt will be issued for the application money. However, the bankers/collection centre to the Issue and/or their branches receiving the applications, will acknowledge the receipt of the applications by stamping and returning to the applicant the acknowledgment receipt at the bottom portion of each application form. The Company will inform the applicants in respect of allotments made or applications rejected by despatch of allotment letter or regret letter and/or pay orders of value over Rs.1500/-, if any, by Registered Post within 10 weeks of the date of closure of the subscription list. Refunds of value not over Rs.1500/- will be dispatched under Certificate of Posting. Such Cheques or Demand Drafts will be payable at par at all centers where the applications were received. Bank Charges, if any, for en-cashing refund pay orders/cheques at any other place will be payable by the applicant.

The Board of Directors reserves, at its sole, absolute and unqualified discretion, the right to reject any application in full or in part without assigning any reason. If an application is rejected in full, the whole of the application money will be refunded to the applicant and in case of Joint applications, to the first named applicant. Where an application is rejected in part, the excess application money will be refunded to the applicant in accordance with the provisions of Section 73 of the Act. In case of any delay in sending the refund orders by more than eight days beyond 10 weeks from the date of closing of the subscription list, interest will be paid at the rates prescribed under Section 73 of the Act, to such applicants. However the Company shall as far as possible dispatch the Share Certificates & Refund Orders within 30 days.

The Company undertakes to make available to the Registrars to the issue, adequate funds for allotment letters/share certificates to be sent by registered post.



The sums received in respect of the Public Issue will be kept in separate Bank account(s) and the Issuer will not appropriate the funds unless approval of the Designated Stock Exchange (i.e. BSE) is obtained for allotment and no utilization shall be made till listing and trading approval is obtained from BSE where the shares are proposed to be listed.

BASIS OF ALLOTMENT

Allotment will be made in consultation with BSE (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

- a. Applicants will be categorised according to the number of Shares applied for.
- b. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the oversubscription ratio (number of applicants in the category x number of Shares applied for).
- c. The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis (i.e. Total number of Shares applied for into the inverse of the oversubscription ratio).
- d. For applications where the proportionate allotment works out to less than [●] Shares the allotment will be made as follows:
 - i) each successful applicant shall be allotted [●] Shares; and
 - ii) the successful applicants out of the total applicants for that category shall be determined by the drawal of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (b) above.
- e. If the proportionate allotment to an applicant works out to a number that is not a multiple of [●], the applicant would be allotted Shares by rounding off to the nearest integer subject to a minimum allotment of [●] equity shares.
- f. If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares
- g. If as a result of the process of rounding off to the nearest integer results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, upto 110% of the size of the offer specified under the Capital Structure mentioned in the Offer Document.
- h. The above proportionate allotment of shares in an Issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below:
 - i) A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.
 - ii) The balance net offer of shares to the public shall be made available for allotment to a) individual applicants other than retails individual investors and b) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
 - iii) The unsubscribed portion of the net offer to any one of the categories specified in (i) or (ii) shall/may be made available for allocation to applicants in the other category, if so required.

‘Retail Individual Investor’ means an investor who applies for shares of value of not more than Rs. 1,00,000/-.

Investors may note that in case of oversubscription allotment shall be on proportionate basis and will be finalized in consultation with BSE. The drawal of lots (where required) to finalize the basis of allotment shall be done in the presence of a public representative on the governing board of the BSE.

The Executive Director / Managing Director of the Designated Stock Exchange in addition to Lead Merchant Banker and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in



accordance with the SEBI Guidelines.

ALLOTMENT / REFUNDS

The Company shall give credit to the beneficiary account with Depository Participants within two working days from the date of the allotment of Equity Shares. Applicants having bank accounts at any of the 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through Electronic Credit Service (ECS) only, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or Real Time Gross Settlement (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 of Rs. 1,500 and above, if any, by registered post or speed post. Applicants to whom refunds are made through Electronic transfer of funds will be sent a letter (refund advice) through “Under Certificate of Posting” intimating them about the mode of credit of refund within 30 days of closure of Issue.

In accordance with the requirements of the Stock Exchanges and SEBI Guidelines, Somi Conveyor Beltings Limited has undertaken that:

- Allotment shall be made only in dematerialised form within 30 days from the Issue Closing Date;
- Dispatch of refund orders/ refund advice shall be done within 30 days from the Issue Closing Date; and
- The Company shall pay interest at 15.0% per annum (for any delay beyond the 30-day time period as mentioned above), if allotment is not made, refund orders/ credit intimation are not dispatched and in case where a refund is made through electronic mode, the refund instructions have not been given to the clearing system, and demat credit within the 30-day time prescribed above, provided that the beneficiary particulars relating to such Applicants as given by the Applicants is valid at the time of the upload of the electronic transfer.

The Company will provide adequate funds required for the cost of dispatch of refund orders/ refund advice/ allotment advice to the Registrar to the Issue.

Save and except refunds effected through the electronic mode i.e. ECS, direct credit or RTGS, refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Applications are received. The bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants



PAYMENT OF REFUND

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant-Identification (DP ID) number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository, the Applicant's bank account details including the nine digit Magnetic Ink Character Recognition (MICR) code as appearing on a cheque leaf. Hence, Applicants 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 Applicants at the Applicants sole risk and neither the Lead Manager nor our company nor the Refund Banker nor the Registrar shall have any responsibility and undertake any liability for the same.

Interest in Case of Delay in Dispatch of Allotment Letters/ Refund Orders in Case of Public Issues

The company agrees that as far as possible allotment of securities offered to the public shall be made within 30 days of the closure of public issue. The 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 30 days from the date of the closure of the issue. However applications received after the closure of issue in fulfillment of underwriting obligations to meet the minimum subscription requirement, shall not be entitled for the said interest.

MODE OF MAKING REFUNDS

The payment of refund, if any, would be done through various modes in the following order of preference

- (i) **ECS** - Payment of refund would be done through ECS for applicants having an account, at any of the 15 centers where clearing houses for ECS are managed by Reserve Bank of India, namely Ahmedabad, Bangalore, Bhubneshwar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, 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 nine digit Magnetic Ink Character Recognition (MICR) code as appearing on a cheque leaf, from the depository. The payment of refund through ECS is mandatory for applicants having a bank account at any of the 15 centers named hereinabove, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or RTGS.
- (ii) **Direct Credit** – Applicants having their bank account with the Refund Banker shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any would be credited directly to the eligible applicant's bank account with the Refund Banker.
- (iii) **RTGS** – Applicants having a bank account at any of the 15 centers detailed above, and whose application amount exceeds Rs. 1 million, shall be eligible to exercise the option to receive refunds, if any, through RTGS. All applicants eligible to exercise this option shall mandatorily provide the IFSC code in the Application form. In the event of failure to provide the IFSC code in the Application form, the refund shall be made through the ECS or direct credit, if eligibility disclosed

Please note that only applicants having a bank account at any of the 15 centres where clearing houses for ECS are managed by the RBI are eligible to receive refunds through the modes detailed in I, II and III hereinabove. For all the other applicants, including applicants who have not updated their bank particulars along with the nine digit MICR Code, the refund orders would be dispatched "Under Certificate of Posting" for refund orders of value up to Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above.

ACCESS TO THE FUNDS

Subscription received in this Issue would be kept in a separate bank account and the Company will not have access to these funds, unless it has received approval for allotment and listing and trading permission from BSE.

UNDERTAKINGS BY THE ISSUER COMPANY

The Board of Directors of Somi Conveyor Beltings Limited state that: -
We undertake as follows:

1. The complaints received in respect of the captioned Public Issue shall be attended to by the Company expeditiously and satisfactorily
2. All steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the shares are to be listed are taken within 7 working days of finalisation of basis of allotment

3. The 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 the issuer.
4. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 30 days or 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.
5. The certificates of the shares/ refund orders to the non-resident Indians shall be dispatched within the specified time
6. No further issue of securities shall be made till the shares offered through this draft prospectus are listed or till the application moneys are refunded on account of non –listing, under subscription etc.

UTILISATION OF ISSUE PROCEEDS

The Board of Directors of Somi Conveyor Belting Limited states that:

- ii. All monies received against this Public Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956.
- iii. Details of all monies utilised out of Public Issue referred to in sub-item(i) shall be disclosed under an appropriate separate head in the Balance Sheet of the company indicating the purpose for which such monies had been utilised; and
- iv. Details of all unutilised monies out of the present Public Issue, if any, referred to in sub-item(i), shall be disclosed under an appropriate separate head in the Balance Sheet of the company indicating the form in which such unutilised monies have been invested.

The Board of Directors of the company further certifies that:

- i. the utilization of monies received under reservations shall be disclosed under an appropriate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized;
- ii. 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 the Company indicating the form in which such unutilized monies have been invested.

The Company shall not have any recourse to the Issue proceeds until the approval for trading the Equity Shares is received from the Stock Exchange where listing is sought is received. Pending utilisation of the proceeds of the Issue as specified under the heading “Objects of the Issue”, the net proceeds from the Issue may be invested by the Company in high quality interest bearing liquid instruments including but not limited to deposits with banks for the necessary duration.

IX. MAIN PROVISION OF ARTICLES OF ASSOCIATION OF THE COMPANY

Article 4	Capital
	The Authorized Share Capital of the Company will be as stated in clause V of the Memorandum of Association of the Company. The Company shall have power to increase, reduce, sub-divide or to repay the same or to divide the same into several classes and to attach there to any rights to consolidate or sub-divide the shares and to vary such rights as may be determined in accordance with the regulations of the Company.
Article 5	Preference Shares
	Subject to the provision of Section 80 of the Act, the Board shall be empowered to issue and allot redeemable preference shares carrying a right to redemption out of profit or out of the proceeds of fresh issue of shares.
Article 5A	Provisions to apply on issue of Redeemable Preference Shares
	On the issue of redeemable preference shares under the provisions of Article 6 hereof, the following provisions shall take effect. a) No such shares shall be redeemed except out of profits of the Company, which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purposes of the redemption. b) No such shares shall be redeemed unless they are fully paid. c) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the company's Share Premium Account, before the shares are redeemed. d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits, which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account" a sum equal to the nominal amount of the shares redeemed and the provisions of the Act, relating to the reduction of the shares capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company e) Subject to the provisions of Sections 80 and 80A of the Act, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions in that behalf, in such manner as the Directors may think fit."
Article 6	Consideration
	The Directors may allot and issue shares in the capital of the company as payment or part payment for any property goods or machinery supplied or sold or transferred or for services rendered to the company in or about formation or promotion of the company, for the conduct of its business and any shares so allotted may be issued as fully paid up or as partly paid up shares.
Article 7	Discretions in calls
	The Directors may, at their discretion at the time of issue, make such different arrangement with different shareholders in the amounts and times of payments of calls on their shares, may accept from any member who assents thereto, the whole or part of the amount remaining unpaid on any shares held by him although no part of that amount has been called up and may pay divided in proportion to the amount paid up on each shares or may pay interest on the amount so received in excess of calls.
Article 8A	Consolidation, division, sub- division and cancellation of Shares
	Subject to the provisions of Section 94 of the Act, the Company in General Meeting may from time to time by an ordinary resolution alter the conditions of its Memorandum as follows: a) Consolidate and divide all or any of its share capital into shares of large amount than its existing shares. b) Sub-divide its shares or any of them into shares of smaller amount than fixed by the Memorandum so however that in the sub-division the proportion between the

	amount paid and the amount, if any, unpaid on such reduced share shall be the same as it was in the case of the share from which the reduced share is derived. c) Cancel any shares, which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled. A cancellation of shares in pursuance of this sub-clause shall not be deemed to be reduction of share capital within the meaning of the Act. Whenever the Company shall do any one or more of the things provided for in the foregoing sub clauses (a), (b) and (c), the Company shall within thirty days thereafter give notice thereof to the Registrar as required by Section 95 of the Act, specifying, as the case may be, the shares consolidated, divided, sub-divided or cancelled.”
Article 9	Shares to be numbered progressively and no shares to be sub divided
	The shares in the capital shall be numbered progressively according to their several denominations and except in the manner herein before mentioned no shares shall be sub-divided. Every forfeited or surrendered shares shall continue to bear the number by which the same was originally distinguished.
Article 10	Further issue of shares
	1. Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares whether out of un-issued share capital or out of increased share capital then: a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date. b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined. c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub-clause (b) hereof shall contain a statement of this rights. PROVIDED THAT the Directors may decline, without assigning any reason, to allot any shares to any person in whose favour any member may renounce the shares offered to him. d) After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the persons to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person (s) as they may think, in their sole discretion, fit. 2. Notwithstanding anything-contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any person (whether or not those persons include the persons referred to in clause (a) sub-clause (1) hereof) in any manner whatsoever. a) If a special resolution to that effect is passed by the Company in General Meeting: or b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person or where proxies are allowed, by proxy, exceed the votes, if any, cast against the

	proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company c) Nothing in sub-clause (c) of clause (1) hereof shall be deemed; a) To extent the time within which the offer should be accepted; or b) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has decline to take the shares comprised in the renunciation. 4. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company: a. To convert such debentures or loans into shares in the Company; or II. To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise) PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term: a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by that Government in this behalf; and b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or the raising of the loans.
Article 12	Deposit and calls to be a debt payable immediately
	i. The money (if any) which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them shall immediately on the inscription of the 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 there of and shall be paid by him on such terms as the Board may deem fit from time to time. ii. Every member or his heirs, executors or administrators shall pay to the Company the portion of the capital represented by his shares which may for the time being, remain unpaid thereon in such amounts, at such times and in such manner, as the board shall, from time to time in accordance with the Company 's regulations require or fix for the payment there of.
Article 13	Certificates
	The certificate of title to shares and duplicate there of when necessary shall be issued under the seal of the Company, subject to section 113 of the Act.
Article 14	Member's right Certificates
	Every member shall be entitled to one or more certificate in marketable lot for all the shares registered in his name or if the Directors so approve to several certificates each for one or more of such shares but in respect of each additional certificate, there shall be paid to the Company a fee of Rs. 2/- or such less sum as the Directors may determine. Every certificate of share shall specify the number and denoting number of the shares in respect

	of which it is issued and the amount paid up thereon. The Directors may waive the charging of such fees.
Article 15	As to issue of new certificates in place of one defaced lost or destroyed
	If any certificate be worn out or defaced then, upon production thereof to the directors they may order the same to be cancelled and may issue a new certificate in lieu thereof and if any certificate lost or destroyed, then upon proof thereof to the satisfaction of the directors and on such indemnity as the directors deem adequate being given a new certificate in lieu thereof shall be given to the registered holder of the shares to which such lost or destroyed certificate shall relate.
Article 16	Fees
	For every certificate issued under the last preceding Article there shall be paid to company the sum of Rs.2/- or such smaller sum as the Director may determine. The Directors may waive the charging of such fees.
Article 17A	Sweat Equity Shares
	(I) Notwithstanding anything contained in section 79 and subject to section 79A of the Act, the Company may issue Sweat Equity Shares of a class of shares already issued if the following conditions are fulfilled namely: I. The issue of Sweat Equity Shares is authorised by a special Resolution passed by the Company in the General Meeting: II. The Resolution specifying the number of shares, current market price, consideration, if any, and the class or classes of Directors (s) or Employees to whom such Equity Shares are to be issued: III. The Sweat Equity Shares of the Company are issued in accordance with regulations made by the Securities and Exchange Board of India or any other authority under any Act, as may be applicable for the time being in force: (IV) All the limitations, restrictions and provisions relating to the Equity Shares shall be applicable to such Sweat Equity Shares issued as in sub clause (I) herein above
Article 17B	Funds of Company not to be applied in purchase of shares of the Company
	No funds of the Company shall, except as provided by Section 77 of the Act, be employed in the purchase of its own shares, unless the consequent reduction of capital is effected and sanction in pursuance of Sections 78, 80 and 100 to 105 of the Act and these Articles or in giving either directly or indirectly and whether by means of a loan, guarantee, the provisions of security or otherwise, any financial assistance for the purpose of or in connection with purchase or subscription made or to be made by any person of or for any share in the Company, in its holding Company.
Article 17C	Buy-Back Of Shares
	Notwithstanding anything contained in these Articles, the Company may, when and if thought fit, by the Board of Directors, purchase its own shares or other specified securities (hereinafter referred to as "BUY-BACK" as it may think necessary in the manner prescribed in section 77A, 77AA and 77B of the Act.
Article 17D	Dematerialization of Securities:
	Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its securities and to offer securities in a dematerialized form pursuant to Depositories Act, 1996 and Rules framed there under.
Article 17E	Securities in depository to be in fungible form:
	i. All securities held by a depository shall be dematerialised and shall be in fungible form.

	ii. Nothing contained in Section 153, 153A, 153B, 187B and 373A of the iii. Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
Article 17F	Section 83 of the Act Not to Apply:
	Notwithstanding anything to the contrary contained in the Articles. i. Section 83 of the Act shall not apply to securities held with a depository. ii. Nothing contained in the Act or these articles regarding the necessity of having distinctive number for securities issued by the Company shall apply to securities held in a depository.
Article 17G	Option to receive security certificate or hold securities with depository
	i. Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or hold securities with a depository. ii. Where a person opts to hold a security with a depository, the Company shall intimate such depository the details of allotment of the security and on receipt of such information the depository shall enter in its record the name of the allottee as the beneficial owner of that security.
Article 17H	Rights of Depositories and Beneficial Owners:
	i. Notwithstanding any thing to the contrary contained in the Articles, a depository shall be deemed to be registered owner for the purposes of effecting transfer of ownership of security on behalf of a beneficial owner. ii. Save as otherwise provided in clause (I) above, the depository as registered owner shall not have any voting rights or any other rights in respect of securities held by it. iii. Every person holding securities of the Company and whose name is entered as beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a depository.
Article 17I	Depository to Furnish Information:
	i. Every depository shall furnish to the Company information about the transfer of Securities in the name of the beneficial owners at such intervals and in such manner as may be specified by the laws and the Company in that behalf. ii. Notwithstanding anything to the contrary contained in the Articles, where securities are held in a depository, the records of beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.
Article 17J	Option to opt out in Respect of Any Security:
	i. If a beneficial owner seeks to opt out of a depository in respect of any security, he shall inform the depository accordingly. ii. The depository shall, on receipt of such intimation, make appropriate entries in its records and shall inform the Company iii. The Company shall, within thirty (30) days of the receipt of intimation from a depository and on fulfillment of such conditions and on payment of such fees as may be specified by the Regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.”

Article 18	If notice not complied with shares may be forfeited.
	The Directors may, from time to time, subject to the terms on which any shares may be issued, make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotments thereof made payable at fixed times and each members shall pay the amount of every calls so made on him to the person and at the time and place appointed by the Directors. A call may be made by installment.
Article 19	When call deemed to have been made and notice to call
	A call shall be deemed to have been made at the time when the resolution of the directors authorising such call was passed. Not less than fourteen days notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.
Article 20	Extension of time for payment of calls
	The Board may, from time to time, at its discretion extend the time fixed for the payments of any call and may extend such time as to call of any of the members who from residence at distance or other cause the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour.
Article 21	Calls to carry interest
	If any members fails to pay any call, due from him on the day appointed for payment thereof or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member and the Board shall be at liberty to waive payment of such interest either wholly or in part.
Article 22	Amount payable at fixed times or by installments payable as calls
	If by the terms of issue of any shares or otherwise any amounts is made payable on allotment or at any fixed date or installments at times, whether on account of the amount of the share or by way of premium every such amount or installment shall be payable as if it was a call duly made and provisions here in contained in respect of calls shall relate to such amount or installment accordingly.
Article 25	Joint holders
	Where two or more persons are registered as holders of any shares, they shall be deemed to hold the same as joint-holders with benefits of survivorship subject to the following and other provisions contained in the articles. Joint holders (a) Shares may be registered in the name of any person, company joint holders or other body corporate but not more than three 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 shares registered in the names of two or more persons shall be delivered to the person 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 call in respect thereof. The first named joint holder deemed

	(d) If any share stands in the names of two or more person, the person first named in the register shall, as regards receipt of share certificates, dividends or bonus or service or notice and all or any other matter connected with the company, except voting at meeting and the transferee of the shares be deemed the sole holder thereof but the joint holders of a share shall be severally as well as jointly for the payment of all installments and calls due in respect of such share and for all incidents thereof according to the Company's regulations Death of one or more joint holders of share (e) In the case of death any one or more of the persons named in the register of members as the joint holders of any share, the survivors shall be the only persons recognized by the company as having any title to or interest in such share, but nothing herein contained shall be taken to release the state of a deceased joint-holder from any liability on shares held by him jointly with any other person. Votes of joint member's (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 was solely entitled thereto, provided that if more than one of such joint holders be present at any meeting either personally or by proxy, then 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 the other of others or of the joint holders shall be entitled to be present at the meeting and several executors or administrators of a deceased member in whose names shares stand shall for the purpose of these articles be deemed joint holders thereof. 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 and Lien	
Article 26	If call or instalment not paid notice must be given
	If any member fails to pay any call or installment on or before the day appointed for the payment of the same the directors may at any time there after during such time as the call or installment remains unpaid serve a notice on such member requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
Article 27	Form of notice
	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 call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of nonpayment of at or before the time and at the place appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited.
Article 28	If notice not complied with shares may be forfeited.
	If the requisitions of any such notice as aforesaid be not complied with any shares in respect of which such notice has been given, may at any time there after before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited by a resolution of the directors to that effect.
Article 29	Notice after forfeiture
	When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by any commission or neglect to give such notice or to

	make such entry as aforesaid.
Article 30	Forfeited share to become property of the company
	Any share so forfeited shall be deemed to be property of the Company and the directors may re-allot or otherwise dispose of the same in such manner as they think fit.
Article 35	Company's lien on shares
	The Company shall have first and paramount lien upon all the shares (not being fully paid up) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for moneys called or payable at a fixed time in respect of such shares solely or jointly with any other person to the company whether the period for the payment thereof shall have actually arrived or not and no equitable interest in any share shall be created except upon the footing and condition that Article 11 hereof is to have full effect and such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.
Article 39	Cancellation old Certificate and issue of new certificate
	Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respects of the relative share shall (unless the same shall on demand by the company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect and the directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto distinguishing it or them in such number as they think fit from the old certificate or certificates.
Article 40	Execution of transfer
	The instruments of transfer shall be in writing and all the provisions of Section 108 of the Companies Act and any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and the registration thereof.
Article 41	Application by transferor
	a) Application for the registration of the transfer of a share may be made either by the transferor or the transferee, provided that where such application is made by the transferor on registration shall, in the case of a partly paid share, be effected unless the Company gives notice of the application to the transferee in the manner prescribed by Section 101 of the Act, and subject to provisions of these Articles of 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 the transfer was made by the transferee. Form of transfer b) The instrument of transfer shall be in the form prescribed by the Act or the rules framed hereunder or where no such form is prescribed in the usual common form or any other form approved by the stock exchange in India or as near thereto as circumstances will admit.
Article 44	Registered instruments to remain with the company
	Every instrument of transfer, which is registered, shall remain in the custody of the Company until destroyed by order of the Board.
Article 47A	Nomination Facility
	i) Every holder of shares in, or holder of debentures of, the Company may, at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of, the Company shall vest in the event of his death. ii) Where the shares in or debentures of, the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in shares or debentures of the Company shall vest in

	the event of death of all joint holders. iii) Notwithstanding anything contained in any other law for the time being in force or in nay disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of, the Company the nominee shall, on the death of the shareholder or holder of debenture of the Company or, as the case may be, on the death of the joint holders, become entitled to all the rights in the shares or debentures of the Company or as the case may be, all the joint holders, in relation to such shares in, or debentures of, the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner. iv) Where the nominee is a minor, it shall be lawful for the holder of the shares or holder of the debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in, or debentures of the Company, in event of his death, during the minority.
Article 47B	Transmission By Nominee:
	i) Any person who become a nominee by virtue of the previsions of section 109A of the Act, upon the production of such evidence as may be required by the Board or any committee thereof and subject as hereinafter provided, elect either. a) To be registered himself as holder of the shares or debentures, as the case may be; or b) To make such transfer or the shares or debentures, as the case may be, as the deceased shareholder or debenture holder, as the case may be, could have made, in accordance with the provisions of and the manner prescribed by section 109B of the Companies Act, 1956 and any amendments thereto from time to time. Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or transfer the shares or debentures, and if the notice is not complied with within ninety (90) days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the shares or debentures, until the requirements of the notice have been complied with. ii) A person, being a nominee, become entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the shares or debentures except that he shall not, before being registered as a member in respect of his shares or debentures, be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the Company.
Article 47C	Power to issue warrants
	The Company may issue 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 upon application in writing signed by the persons registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time, require as to the indemnity of the person singing the application and on receiving the certificates (if any) of the share and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time require to issue a share warrant.
Article 67	Members in arrears not to vote
	No member shall be entitled to vote either personally or by proxy for another member at

	any General Meeting or meeting of a class of shareholders registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has any right or lien and has exercised the same.
Article 68	Voting rights of members
	On a show of hands, every holder of equity shares entitled to vote and present in person or by proxy shall have one vote and on a poll the voting right of every holder of equity shares whether present in person or by proxy, shall be in proportion to his share of the paid up equity capital of the Company.
Article 114	Declaration of dividends
	The Company in General Meeting may declare dividends to be paid to the members according to their rights and interest, the profits and may fix the time for payment.
Article 125	Capitalisation of reserves
	Any General meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of any reserves or any capital redemption reserve fund or in the hands of the Company and available for dividend or representing premium received on the issue of shares and standing to the credit of share premium account be capitalised and distributed amongst such of the share holders as would be entitled to receive the same if distributed by way of dividend and in the same proportion 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 share holders in paying up in full any un issued shares, debentures or debenture-stock 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 share holders in full satisfaction of their interest in the said capitalised sum provided that any some standing to the credit of a share premium account or a capital redemption reserve fund may for the purpose of this Article only be applied in the paying up un-issued shares to be issued to members of the Company as fully paid bonus shares.
Article 127	Fractional Certificate
	For the purpose of giving effect to any resolution under the preceding two Article the Board may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payment shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalised fund as may seem expedient to the Board where required a proper contract shall be filed in accordance with Section 7b of the Act and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund and such appointment shall be effective.
Article 142	Statements of accounts to be furnished to General Meeting
	Save as otherwise expressly provided in the Act or these Articles, documents or proceeding requiring authentication by the Company may be signed by a Director or an authorised officer of the Company and need not be under its seal.
Article 144	Indemnity
	Subject to the provisions of Section 201, every director, manager, officer or servant of the Company or any person (whether an officer of the company or not) employed by the company as auditor shall be indemnified out of the funds of the Company against all claims and it shall be the duty of the directors out of the funds of the Company, to pay all costs, charges, losses and damages which any such person may incur or become liable to by reason of any contract entered into or act or thing done, about the execution or discharge of his duties or supposed duties (except such, if any, as he shall incur or sustain through or by his own willful act, neglect or default) including expenses and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such director, manager, officer or auditor in defending any proceeding whether civil or criminal in which judgment is given in his favor or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

X. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following material contracts and documents (not being contracts entered into in the ordinary course of business carried on by the Company within 2 years preceding the date of this Draft Prospectus) which are /or may be deemed to be material have been entered into by or on behalf of the Company. The Copies of these contracts, together with copies of documents referred below, all of which have been attached to the copy of this Draft Prospectus, have been delivered to the Registrar of Companies, Rajasthan at Jaipur for registration and may be inspected at the Registered Office of the Company, between 11.00 a.m. to 4.00 p.m. on any working day from the date of this Draft Prospectus until the date of closure of this Public Issue.

A. MATERIAL CONTRACTS

1. A Copy of Memorandum of Understanding (MOU) dated 30th July, 2007 entered between the Company and Ashika Capital Limited, the Lead Manager to the Issue.
2. A Copy of Memorandum of Understanding (MOU) dated 1st August, 2007 entered between the Company and Mondkar Computers Private Limited, Registrar to the Issue.
3. A Copy of Tripartite agreement dated [•] entered between the Company, Central Depository Services Ltd. (CDSL) and Mondkar Computers Private Limited, Registrar to the Issue.
4. Copy of Tripartite agreement dated [•] between the Company, National Depository Services Ltd. (NDSL) and Mondkar Computers Private Limited, Registrar to the Issue.

B. DOCUMENTS FOR INSPECTION

1. Certified True Copy of Memorandum and Articles of Association of the Company.
2. Copy of Certificate of Incorporation of the Company.
3. Fresh Certificate of Incorporation, issued consequent upon change of name of the Company from Omi Beltings Limited to Somi Conveyor Beltings Limited.
4. Copies of Annual Reports of our Company for the years ended 31st March 2003, 31st March 2004, and 31st March 2005, 31st March 2006 and 31st March 2007.
5. Consent Letters received from the Lead Manager to the Issue, Registrar to the Issue, Legal Advisor to the Issue, Directors, Compliance Officer, Auditors to the Company, Bankers to the Company, Bankers to the Issue, as referred to in the Draft Prospectus to act in their respective capacities.
6. Copy of Auditor's Statement dated 27th June, 2007 advising the Company about the tax benefits available to the Company and its members.
7. Copy of Certificate dated 19th September, 2007 issued by M/s P. Singhvi & Associates, the Statutory Auditors of the Company certifying the deployment of the funds by the Company towards the proposed project.
8. Auditor's Report dated 19th September, 2007 about financial Information included in the Draft Prospectus.
9. Copies of Resolution passed under Sections 81(1A) in Annual General Meeting dated 26th March, 2007 and the resolution passed at the meeting of the Board of Directors on February 24th, 2007.
10. Copies of resolutions passed at the General Meeting of the company for the appointment of Managing Director and Whole Time Directors.
11. Appraisal Report & Sanction Letters dated June 14th, 2007 received from Punjab National Bank, the Appraising Entity.
12. Copy of due Diligence Certificate dated November 7, 2007 issued by the Lead Manager, Ashika Capital Limited.

13. Copy of the in-principle approval letter obtained from BSE vide letter reference no [•]
14. Copy of the observation Letter received from SEBI vide its Letter No. [•] dated [•] and compliance thereof.
15. Copy of IPO Grading Report dated September 25th, 2007 issued by CARE.
16. Agreement for Sale dated November 7, 2006 and Supplementary Agreement dated September 15, 2007 entered between the Promoters and the Company for purchase of the Land and Building, presently being used as the registered office premises of the Company i.e. 4F-15, “Oliver House”, New Power House Road, Jodhpur-342 001.

Any of the contracts or documents mentioned in this Draft Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

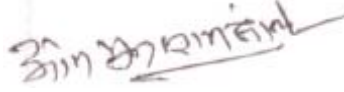
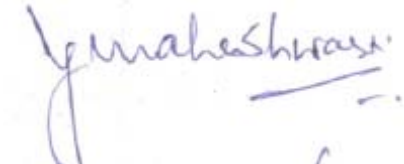
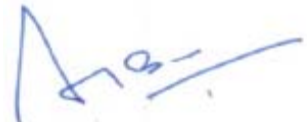
SECTION XI: DECLARATION

We the Directors of Somi Conveyor Beltings Limited, 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, as the case may be, have been complied with and no statement made in this Draft 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, the directors of Somi Conveyor Beltings Limited further declare and confirm that no information / material likely to have a bearing on the decision of the investors in respect of the equity shares issued in terms of this Draft Prospectus has been suppressed / withheld and / or incorporated in the manner that would amount to misstatement / misrepresentation. The Company accepts no responsibility for statements made otherwise than in the Draft Prospectus or in the advertisements or any other material issued by or at the instance of the Company and that anyone placing reliance on any other source of information would be doing so at his/her own risk.

We further certify that all the disclosures and statements made in this Offer Document are true and correct.

SIGNED BY THE DIRECTORS & COMPANY SECRETARY

S. no.	Name & Designation	Signature
1.	Mr. Om Prakash Bhansali (Chairman & Managing Director)	
2.	Mr. Vimal Bhansali (Whole Time Director)	
3.	Mr. Gaurav Bhansali (Whole Time Director)	
4.	Mr. Mahendra Rakecha (Independent Director)	
5.	Mr. Yogesh Maheshwari (Independent Director)	
6.	*Mr. Ramesh Narayan Rathi (Independent Director)	
7.	Mr. Amit Baxi (Company Secretary)	

(* Through their constituted power of attorney Mr. Om Prakash Bhansali)

Place: Jodhpur

Date: 07th November, 2007.