THE YASH BIRLA GROUP

Draft Red Herring Prospectus
Dated: December 24,2007
Please read Section 60B of the Companies Act, 1956
100% Book Built Issue
(The Draft Red Herring Prospectus will be updated upon RoC filing)

BIRLA COTSYN (INDIA) LTD.

(The Company was incorporated on 24th September 1941 under the name and style of Jamod Ginning Company Private Ltd. Renamed on 8th October 1998 as Birla Agro Private Ltd and subsequently changed to Birla Cotsyn (India) Private Ltd on 9th December 2005. The Company was converted into a Public Limited Company and the name was changed to Birla Cotsyn (India) Limited on 30th May 2006)

Registered and Corporate Office: 1st Floor, Dalamal House, Nariman Point, Mumbai - 400 021.
Tel: +91-22-66168400, Fax: +91-22-2204 7835; Email: ipo@birlacotsyn.com **Web site**:www.birlacotsyn.com
Contact person: Mr.Tushar Dey, Company Secretary and Compliance Officer; **E-mail**: complianceofficer@birlacotsyn.com.

INITIAL PUBLIC OFFERING OF [●] EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PRICE OF Rs. [●] PER EQUITY SHARE AGGREGATING TO Rs. 14418 LAKHS (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE ISSUE COMPRISES PROMOTERS CONTRIBUTION OF [●] EQUITY SHARES OF Rs. 10/- EACH FOR CASH AT A PRICE OF Rs. [●] PER EQUITY SHARE AGGREGATING TO Rs. 3665 LAKHS (HEREINAFTER REFERRED TO AS PROMOTERS CONTRIBUTION) AND EMPLOYEE RESERVATION OF [●] EQUITY SHARES OF Rs. 10/- EACH FOR CASH ON COMPETITIVE BASIS AT A PRICE OF Rs. [●] PER EQUITY SHARE AGGREGATING Rs. 725 LAKHS (HEREINAFTER REFERRED TO AS THE "EMPLOYEE RESERVATION PORTION"). THE ISSUE LESS THE PROMOTERS CONTRIBUTION AND EMPLOYEE RESERVATION PORTION IS REFERRED TO AS NET ISSUE TO PUBLIC (HEREINAFTER REFERRED TO AS "THE NET ISSUE" OR "NET ISSUE TO THE PUBLIC")."THE NET ISSUE" WOULD CONSTITUTE [●] % THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY

PRICE BAND: RS. [●] TO RS. [●] PER EQUITY SHARE OF FACE VALUE RS.10/- EACH; THE FLOOR PRICE IS [●] TIMES OF THE FACE VALUE AND THE CAP PRICE [●] TIMES OF THE FACE VALUE

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

The Issue is being made through 100% Book Building Process wherein not more than 50% of the Net Issue to public shall be allotted on a proportionate basis to Qualified Institutional Buyers ("QIBs") (including 5% of the QIB Portion that would be specifically reserved for Mutual Funds on a proportionate basis) subject to valid bids being received at or above the issue price. Further upto 15% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional bidders and up to 35% of the Net Issue shall be available for allocation on a proportionate basis to retail individual bidders subject to valid bids being received at or above the issue price. Further up to (*) shares will be available for allocation on a proportionate basis to the employees subject to valid bids being received at or above the issue price.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the shares is Rs. 10 and the Floor Price is (●) times of the face value and the Cap Price is (●) times of the face value. The Price Band (as determined by our Company in consultation with the Book Running Lead Managers ("BRLMs") as stated herein under the paragraph titled "Basis for Issue Price" beginning on page (●) of this Draft Red Herring Prospectus on the basis of assessment of market demand for the Equity Shares by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares 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 our Company and this Issue including the risks involved. The Equity Shares issued in this Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the statements in the chapter III titled "Risk Factors" beginning on page (●) of this Draft Red Herring Prospectus.

COMPANY'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity shares of our Company will be listed on The Bombay Stock Exchange Limited, (BSE), National Stock Exchange of India Limited ("NSE"). Our Company has received in-principle approval from BSE and NSE for the listing of Equity Shares pursuant to their letter no. (●) and (●) respectively. For purposes of the Issue, BSE shall be the Designated Stock Exchange.

IPO GRADING

CARE Ltd has assigned "IPO Grade (●)" to the proposed IPO of our Company. For details please refer to page (●) of this Draft Red Herring Prospectus.

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
ALLBANK FINANCE LIMITED **(Wholly Owned subsidiary of Allahabad Bank)** SEBI Regn. No:INM00006609 Allhabad Bank Building, 2nd Floor 37, Mumbai Samachar Marg, Fort, Mumbai 400 023. **Tel:**+91-22 -22677552 **Fax:**+01-22- 22677552 **Website:** www.allbankfinance.com **Email:** birla_ipo@allbankfinance.com **Contact person:** Mr. K. Shiv Shankar/ Ms. Padma	**ADROIT CORPORATE SERVICES PVT LIMITED** SEBI Regn No: INR000002227 19/20, Jaferbhoy Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Andheri (Est), Mumbai- 400 059. **Tel :** 91 - 22 - 2859 6060/2589 4060 **Fax:** 91 - 22 - 2850 3748 **Website:** www.adroitcorporate.com **email:** veenashetty@adroit1.com **Contact person :** Ms. Veena Shetty

ISSUE PROGRAM

BID/ ISSUE OPENS ON	[●]	BID/ ISSUE CLOSES ON	[●]

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SECTION I - DEFINITIONS AND ABBREVIATIONS

I. CONVENTIONAL / GENERAL TERMS:

TERM	DESCRIPTION
Articles / Articles of Association / AoA	Articles of Association of our Company
BSE	Bombay Stock Exchange Limited, Mumbai
Companies Act	The Companies Act, 1956, as amended from time to time for the time being in force
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time for the time being in force
Depository Participant	A depository participant as defined under the Depositories Act
Eligible Employee	Permanent employees of our Company who are Indian nationals based in India as of [•] and are present in India on the date of submission of the Application Form. A director of our Compan, whether a whole time director, except any Promoters or members of the Promoter group, part time director or otherwise as of [•] and based and present in India as on the date of submission of Application Form
Employee Reservation portion	The portion of the issue being (*)Equity Shares of Rs 10 each for cash on competitive basis at a price of Rs (*) aggregating Rs 725lakhs , available for allotment to eligible employees
ESOP	Employee Stock Option Plan 2007 for the employees of the Company as approved by the shareholders by way of a resolution dated December 6,2007
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed there under for the time being in force
Financial Year/FY / 31st March	Period of twelve months ended March 31st of that particular year.
FIs	Financial Institutions
FII/ Foreign Institutional Investor	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
Indian GAAP	Generally Accepted Accounting Principles in India
IT Act	The Income-Tax Act, 1961, as amended from time to time and for the time being in force
Memorandum / Memorandum of Association / MoA	The Memorandum of Association of Birla Cotsyn (India) Limited
NRI / Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under FEMA (Transfer or Offer of Security by a Person Resident Outside India) Regulations, 2000.
NSE	The National Stock Exchange of India Limited,
OCB	Overseas Corporate Bodies
SCRR	Securities Contracts (Regulations) Rules, 1957 as amended
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI (DIP) Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time

II. OFFERING-RELATED TERMS:

Term	Description
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, issue of Equity Shares pursuant to this Issue.
Allottee	The successful applicant to whom the Equity Shares are being / or have been issued or transferred
Banker(s) to the Issue	ICICI Bank Ltd, Centurion Bank of Punjab, Axis Bank Ltd, HDFC Bank ltd and Standard Chartered Bank Ltd.
Basis of Allotment	The basis on which Equity Shares will be allotted to bidders under the issue and which is described in "Issue Procedure – Basis of Allotment" on page
Bid	An indication to make an offer, made during the Bidding Period by a prospective investor to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid for this Issue.
Bid/ Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper.
Bid/ Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for this Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper.
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Company and which will be considered as the application for allotment in terms of this Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid-cum-Application Form.
Book Building Process / Method	Book building mechanism as provided under Chapter XI of the SEBI Guidelines, in terms of which this Issue is made.
BRLM	Book Running Lead Manager to this Issue, in this case being 1 AllBank Finance Ltd and 2 NEXGEN Capitals Limited 3. Capital Advisors Private Limited 4.Chartered Capital and investment Limited
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of Issue Price in the Book Building Process.
Cap Price	The upper end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted.
CARE	Credit Analysis & Research Ltd with its office located at 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai – 400 022, being the IPO grading agency appointed pursuant to clause 2.5A of the SEBI Guidelines
Cut-off	The Issue Price finalised by our Company in consultation with the BRLM and it shall be any price within the Price Band. A Bid submitted at the Cut-off Price by a Retail Individual Bidder is a valid Bid at all price levels within the Price Band.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.

Term	Description
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the Registrar of Companies, Maharashtra, following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchange	In this case being the Bombay Stock Exchange Limited, Mumbai.
DRHP	Draft Red Herring Propospectus issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars on the price at which the equity shares are offered and the size (in terms of value) of the Issue
ECS	Electronic Clearing Service
Eligible NRI	NRI from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue
Equity Shares	Equity Shares of our Company of face value of Rs. 10 each unless otherwise specified in the context thereof.
Escrow Account	Account opened with Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into among our Company, the Registrar to this Issue, the Escrow Collection Banks and the BRLM in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders.
Escrow Collection Bank(s)/ Banker(s) to this Issue	The banks, which are registered with SEBI as Banker (s) to the Issue at which the Escrow Account for the Issue will be opened, in this case being ICICI Bank Ltd, Centurion Bank of Punjab, Axis Bank Ltd, HDFC Bank ltd and Standard Chartered Bank Ltd.
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.
Indian National	A citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.
Issue size	Initial Public Offering Of [•] Equity Shares Of Rs. 10/- Each For Cash At A Price of Rs. [•] Per Equity Share Aggregating To Rs. 14418 Lakhs (Hereinafter Referred To As The "Issue") .The Issue Comprises Promoters Contribution Of [•] Equity Shares Of Rs. 10/- Each For Cash At A Price Of Rs. [•] Per Equity Share Aggregating To Rs. 3665 Lakhs (Hereinafter Referred To As Promoters Contribution) And Employee Reservation Of [•] Equity Shares Of Rs. 10/- Each For Cash On Competitive Basis At A Price Of Rs. [•] Per Equity Share Aggregating Rs. 725 Lakhs (Hereinafter Referred To As The "Employee Reservation Portion"). The Issue Less The Promoters Contribution And Employee Reservation Portion Is Referred To As Net Issue To Public (Hereinafter Referred To As " The Net Issue" Or " Net Issue To The Public")."The Net Issue" Would Constitute [•] % The Fully Diluted Post Issue Paid-Up Capital Of Our Company.
Issue/ Bidding Period	The period between the Bid / Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Issue Price	The final price at which Equity Shares will be issued and allotted in

Term	Description
	terms of this Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the BRLM on the Pricing Date.
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, being 10% to 100% of the Bid Amount.
Mutual Funds	Means mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Mutual Fund Portion	5% of the QIB Portion of this issue available for allocation to Mutual Funds only ie. Issue of [•] equity shares of Rs 10 each for cash at a price of Rs [•] aggregating Rs 250.70 lakhs
NEFT	National Electronic Fund Transfer
Net Issue to public	The Issue Less The Promoters Contribution And Employee Reservation Portion Is Referred To As Net Issue To Public ie. Issue of Equity Shares of Rs. 10 each for cash at a price of Rs [•]aggregating Rs. 10028 Lakhs.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000.
Non Institutional Portion	The portion of this Issue being at least 15% of the Net Issue consisting of [•] Equity shares of Rs. 10 each aggregating Rs. 1504.20 Lakhs, available for allocation to Non Institutional Bidders.
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% margin money at the time of bidding, as applicable.
Pay-in-Period	Means: with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date; and) with respect to QIBs, whose Margin Amount is 10% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date.
Price Band	The price band of a minimum price ("Floor Price") of Rs [•] and the maximum price ("Cap Price") of Rs. [•] and includes revisions thereof.
Pricing Date	The date on which our Company in consultation with the BRLM finalises the Issue Price.
Prospectus	The Prospectus, filed with the Registrar of Companies, Maharashtra, Mumbai containing, *inter alia*, the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information.
Public Issue Account	Account opened with the Banker to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date.
QIB Margin Amount	An amount representing at least 10% of the Bid Amount.
QIB Portion	Consists of issue of [•] Equity Shares of Rs. 10 each at a price of Rs. [•] for cash aggregating upto Rs. 5014.00 Lakhs being up to 50% of the Net Issue, available for allocation to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only.
Qualified Institutional Buyers or QIBs	Public financial institution as defined in section 4A of the Companies Act, 1956, scheduled commercial banks, mutual funds registered with SEBI, foreign institutional investor registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors

Term	Description
	registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority (IRDA), provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million.
Red Herring Prospectus	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of this Issue. It carries the same obligtions as are applicable in case of a Prospectus and will be filed with the Registrar of Companies, Maharashtra, Mumbai at least three days before the opening of this Issue. It will become a Prospectus after filing with the Registrar of Companies, Maharashtra, Mumbai, after pricing and allocation.
Refunds through electronic transfer of funds	Means refunds through ECS, Direct Credit, NEFT or RTGS as applicable
Registrar/ Registrar to this Issue	Registrars to this issue being Adroit Corporate Services Pvt Ltd having its Registered Office as indicated on the cover page
Retail Individual Bidders	Individual Bidders (including HUFs) who have Bid for an amount less than or equal to Rs. 100,000 in any of the bidding options in this Issue.
Retail Portion	Consists of issue of Equity Shares of Rs. 10 each for cash at a price of Rs (*) aggregating Rs. 3509.80 lakhs , being at least 35% of the Net Issue, available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid price in any of their Bid-cum-Application Forms or any previous Revision Form(s).
RTGS	Real Time Gross Settlement
Stock Exchanges	Bombay Stock Exchange Limited and National Stock Exchange
Syndicate	The BRLM and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into between our Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Members	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate members are appointed by the BRLM and in this case being [•]
Transaction Registration Slip/ TRS	The slip or document issued by the Syndicate Members to the Bidders as proof of registration of the Bid.
Underwriters	The BRLM and the Syndicate Members.
Underwriting Agreement	The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date.

III. COMPANY/ INDUSTRY-RELATED TERMS:

TERM	DESCRIPTION
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
Auditors	The statutory and tax auditors of our Company is M/s Dalal & Shah, Chartered Accountants
Birla Cotsyn (India) Limited/ BCIL/We/ Us/ our Company/ the issue	Unless the context otherwise indicates or implies refers to Birla Cotsyn (India) Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 with its registered office at Maharashtra
Board of Directors	The Board of Directors of Birla Cotsyn (India) Limited or a committee thereof
Compliance Officer	Compliance Officer of our Company in this case being, Mr, Thushar Dey Company Secretary
CTM	Cotton Technology Mission
Director(s)	Director(s) of our Company unless otherwise specified
Equity Shares	Equity shares of face value of Rs.10 each of our Company unless otherwise specified in the context thereof
Equity Shareholders	Persons holding Equity shares of our Company unless otherwise specified in the context otherwise.
ESOP Scheme	Employees Stock Option Scheme 2007
Face Value	Value of paid-up Equity Capital per Equity Share, in this case Rs. 10/- each.
FVCI	Foreign Venture Capital Investor registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000
Non-Resident	An applicant who is not an NRI or FII and not a person resident in India.
Promoter(s)	Persons whose name have been inserted as promoters as referred on page [•]
Registered Office of our Company	Registered Office of our Company is situated at 1st Floor, Dalamal House, Nariman Point, Mumbai – 400 021. Maharashtra India
TUFS	Technology Upgradation Fund Scheme

In the section entitled "Main Provisions of Articles of Association of our Company", defined terms have the meaning given to such terms in the Articles of Association of our Company.

IV. ABBREVIATIONS:

ABBREVIATION	FULL FORM
APFC	Assistant Provident Fund Commissioner
AY	Assessment Year
BRLM	Book Running Lead Manager
BIFR	Board For Industrial & Financial Reconstruction
BCIL	Birla Cotsyn (India) Limited
CAGR	Compounded Annual Growth Rate
Capex	Capital Expenditure
CEO	Chief Executive Officer
CIN	Company Identity Number
CIT	Commissioner Of Income Tax
CBRLM/CO-BRLM	Co -Book Running Lead Manager
DEPB	Duty Exemption Pass Book
DGM	Deputy General Manager
DPID	Depository Participant Identification
EBDITA	Earnings Before Depreciation, Interest, Tax and Amortization
EGM	Extraordinary General Meeting
EO	Executive Officer
EPCG	Export Promotion Capital Goods Scheme
EPS	Earnings Per Equity Share i.e. profit after tax divided by outstanding number of Equity Shares at the year end.
EXIM	Export & Import
FCNR Account	Foreign Currency Non Resident Account
FIPB	Foreign Investment Promotion Board
FOB	Free On Board
GAAP	Generally Accepted Accounting Principles
GIR Number	General Index Registry Number
GoI	Government of India
G.M.	General Manager
HOD	Head Of Department
HR	Human Resources
HUF	Hindu Undivided Family
INR/ Rs	Indian National Rupee
JV	Joint Venture
Ltd.	Limited
MNC	Multi National Company
Mkt.	Market
MoU	Memorandum of Understanding

N. A. / n.a.	Not Applicable
NAV	Net Asset Value being paid-up Equity Share Capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit & Loss account, divided by number of issued Equity Shares.
NRE Account	Non Resident External Account
NRI	Non-Resident Indian
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depositories Limited
OCB	Overseas Corporate Bodies
PBG	P.B.Bhardwaj Group
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
Pvt.	Private
Pvt. Ltd.	Private Limited
RBI	The Reserve Bank of India
RoC	The Registrar of Companies, 100, Everest Building, Marine Lines, Mumbai 400 020 Maharashtra,India.
RoNW	Return on Net Worth
SEBI	Securities & Exchange Board of India
SG	Sunflag Group
Sec.	Section
SRO	Sub Regional Office
UIN	Unique Identification Number
ULIP	Unit Linked Insurance Plans
VCF	Venture Capital Funds
YBG	Yash Birla Group

SECTION II – GENERAL

CERTAIN CONVENTIONS: USE OF FINANCIAL AND MARKET DATA

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

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

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practice and Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

For additional definitions used in this Draft Red Herring Prospectus, please refer to the section titled "Definitions and Abbreviations" beginning on page 1 of this Draft Red Herring Prospectus. In the section titled "Description of Equity Shares and Terms of the Articles of Association", defined terms have the meaning given to such terms in the Articles of Association of our Company.

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

FORWARD-LOOKING STATEMENTS

This Drat Red Herring Prospectus includes certain forward looking statements with respect to our financial condition, results of operations and business. These forward-looking statements can generally be identified by the fact that they do not relate to any historical or current facts. Forward-looking statements often use words such as “anticipate”,“expect”, “estimate”, “intend”, “plan”, “believe”, “will”, “may”, “should”, “would”, “could” or other words with similar meaning. Similarly, statements that describe our objectives, strategies, plans or goals are also forward looking statements. By their nature, forward looking statements are subject to risk and uncertainty and there are a number of factors that could cause actual results and developments to differ materially from those expressed in or implied by, such forward-looking statements.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which we have businesses and our ability to respond to them, our ability to successfully implement strategy, growth and expansion of our business, technological changes, exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industry.

For further discussions of factors that could cause our actual results to differ, please see the sections titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages and of this Draft Red herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we, nor the Selling Shareholders, nor the BRLM, the Co-BRLMs, nor the other Underwriters, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI requirements, the Company, the Selling Shareholders, the BRLM and the Co-BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges are received in relation to the Equity Shares.

SECTION III – RISK FACTORS

RISK FACTORS

An investment in equity shares involves a degree of financial risk. You should carefully consider all information in this Draft Red Herring Prospectus, including the risks described below, before making an investment in our Equity Shares. This section addresses general risks associated with the industry in which we operate and specific risks associated with our business. Any of the following risks, as well as the other risks and uncertainties discussed in this Prospectus, could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline. In addition, the risks set out in this Prospectus may not be exhaustive and additional risks and uncertainties, not presently known to us, or which we currently deem immaterial, may arise or become material in the future. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other risks mentioned herein.

.Note: Unless specified or quantified in the relevant risk factors below, our 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 have material impact 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. RISK FACTORS INTERNAL TO OUR COMPANY:

RISKS RELATED TO PROPOSED INTEGRATED TEXTILE PROJECT

Our Proposed Expansion Project is dependant on IPO Proceeds

Our expansion project is proposed to be funded partly from debt and partly from IPO proceeds. We have received final sanction letters from various banks aggregating Rs.16000 Lacks .. Any delay in IPO will have a negative impact on the expansion plans of our Company and may delay the commencement of the expansion project.

Failure to comply with the conditions of TUFS shall make us ineligible for interest subsidy

Out of the total project cost of Rs. 32020 lakhs for expansion project, the rupee term loan component is Rs. 15459 lakhswhich is being raised under Technology Upgradation Fund Scheme (TUFS/the Scheme). All of these loans are eligible for 5% Interest subsidy subject to conditions provided therein. We are also entitled to a 10% capital subsidy for investment in specified processing machineries. Such interest and capital subsidy are allowed subject to fulfillment of conditions such as investments in only eligible machineries as notified under the scheme, 20% equity contribution under the project cost, maximum loan period of 8-10 years including an initial moratorium of 1 to 2 years, security by way of first charge on all present and future assets etc. for availing the interest subsidy and investment in specified machineries etc. for availing the 10% capital subsidy. If we fail to comply with such conditions stipulated under TUFS, the interest or capital subsidy may be denied to us making our operations less cost effective.

We have planned capital expenditures, which may not yield the benefits intended

We are embarking upon a major expansion to meet the growing demand of domestic and international buyers in the textiles sector. We are incurring capital expenditure of Rs. 32020 lakhs as detailed in the section titled 'Objects of the Issue' starting on page [*] of this DRHP, for increasing our capacities of spinning, knitting, processing and proposed garmenting. In past, we have not undertaken capex of such size and our inability to manage capital expenditure may adversely affect our operations. We cannot assure that we will be able to get the benefits of the generally growing demand in the textile sector and accordingly the benefits accruing to us from the planned capacity expansion and proposed garmenting may be less than what is anticipated.

Delay in implementation of our Expansion Project may have an adverse impact on our business

Our capital expenditure plans are subject to a number of variables, including possible cost and time overruns non-availability of financing on acceptable terms, amongst others. In view of the same, we cannot assure that we will be able to execute our capital expenditure plans as contemplated. Delays, if any, in completing the Expansion Project due to any reason including those mentioned above may make our project less competitive and thereby may adversely effect our expectations of future earnings.

We operate in a highly competitive and fragmented industry and our failure to successfully compete could result in a loss of one or more significant customers

The textile industry is highly competitive and fragmented. In the recent past many companies in the textile industry have ramped up their capacities to en cash opportunities arising from abolition of the quota system with effect from January 1, 2005. Huge additional capacities coming up are expected to increase competition amongst players in the textile industry and we may face pressures on pricing, product quality, turnaround time, order size etc., which may reduce our profit margins.

Increase in cotton prices or decrease in supply of cotton may have a material adverse effect on our business

Raw material cost constitutes significant percentage of our total expenses. Our primary raw material is cotton, which we source from the domestic market. Cotton is an agricultural product and its supply and quality are subject to forces of nature. Any material shortage or interruption in the domestic supply or deterioration in the quality of cotton due to natural causes or other factors could result in increased production costs, which we may not successfully be able to pass on to customers, which in turn would have an material adverse effect on our business. Although domestic cotton prices have been lower than imported, there can be no assurance that the price levels of cotton will remain favorable. Any increase in cotton prices would have a material adverse effect on our business

We have Imported Second Hand Machinery for the Open End and weaving Units

We have imported second hand machineries for the open end and weaving units for Rs. 3134 lakhs and hence they need to be in well maintained condition so as to achieve the productivity comparable to that achieved in the industry on similar machines.

Management Perception We have taken complete care and obtained the machinery evaluation reports from Atkins Appraisal LLC, USA, dated 24th August 2006 with respect to the condition of the said imported machineries. According to the said evaluation report, the plants are stated to be in good condition and have a residual useful life of more than 15 years.

We are dependent on external suppliers for our raw materials requirement

We are dependant on external suppliers for the timely supply of our raw materials. Failure to supply or delay in supply of the raw materials or non conformance to quality requirements or fluctuations in the prices of the same can impact our ability to meet our customer requirements and thus impact our profitability.

The management opines that there is no dependence on limited number of suppliers for raw materials as our Company proposes to use mainly virgin cotton as raw material for its cotton spinning division which will be fully met from the state of Maharashtra itself as the plant is ideally located in the cotton belt of the State namely Vidharba region. Our Company has reliable suppliers of cotton. Hence there is no problem envisaged in the procurement of cotton. 60% of the Grey fabric produced will be utilized in-house as captive consumption in the dyeing and processing unit. For the synthetic division, the raw materials required are polyester and viscose and our Company does not visualize any difficulty in procurement of the same.

Exchange rate fluctuation risk for the new machineries to be imported

We intend to import equipment / machineries for the expansion of our integrated plant at a cost of Rs. 1690 Lakhs. For more details please refer to page no. in the section “objects of the issue” of this DRHP. Fluctuations in foreign exchange rates may adversely affect the cost of project. We have not entered into any hedging agreement for minimizing the exchange rate risk and in the event of rates changing adversely the project cost will rise.

Management Perception: As the Forex Market is favourable with Indian rupee becoming stronger in relation to the US Dollar there is likely to be no impact on the cost of the project due to exchange rate fluctuation.

RISK FACTORS RELATING TO APPARREL MANUFACTURING AND RETAIL OUTLETS :

Our funding requirements for setting up the apparel manufacturing unit as well as for establishing the retail outlets are based on management estimates and have not been independently appraised.

Our funding requirements *for setting up the apparel manufacturing unit and for establishing the retail outlets at a cost of Rs 3100 lakhs* are based on management estimates and have not been appraised by any bank, financial institution or other independent authorized agencies. The estimated costs towards rents and deposits for the lease/license arrangements for our proposed retail outlets and the cost towards holding the inventory may vary based on location, size and several other factors. In view of the highly competitive nature of the industry in which we operate, we may have to revise our management estimates from time to time and consequently our funding requirements may also change. This may result in the rescheduling of our project expenditure programmes or relocation of some of the aforesaid proposed retail outlets and our results of operations may be adversely impacted.

We have not entered into letters of intent / memorandums of understanding for our proposed retail outlets. Any difficulties in entering into definitive and binding agreements in relation to the deployment of the proceeds of the Issue may have a material adverse impact on our operations.

Our Company intends to use the net proceeds of the Issue to, among other things, to set-up its retail outlets. We have not yet entered into letters of intent/ memorandums of understanding for the said retail outlets, which we currently propose to fund from the net proceeds of the Issue. Non-availability or delay in availability of retail space at the desired place/ location or increase in prices of the proposed retail spaces, for which definitive agreements have not been entered, may adversely affect our estimates of project cost. There can be no assurance that we will be able to enter into such agreements on terms and conditions favorable to us. If we are not able to book/find the locations at the time and place that we desire, the same may have a material adverse impact on our results of operation.

Retail outlets are proposed to be opened in leased or licensed premises

Retail outlets are proposed to be opened in the properties which we intend to take on lease or license basis or under certain franchisee arrangements and the owners of the properties may or may not renew the agreements. The termination of our proposed leases or licenses or franchisee arrangement, or disputes that may arise with owners of such properties may result in closure of our proposed stores, thus adversely affecting our business and profitability.

Significant competition in the retail industry

The Indian retail industry is highly competitive. Competition is characterized by many factors, including assortment, advertising, price, quality, service, location, reputation and credit availability, availability of retail space etc. Prospective competitors are larger and better placed to take advantage of efficiencies created by size, and have better financial resources or greater access to capital at lower costs, and may be better known nationally. Moreover, as the industry is highly fragmented and we may also face competition from local stores, who may, for a variety of reasons such as easier to access and personal relationships with the customers, be able to cater to local demands better than us. Our inability to compete successfully in our proposed retail business would materially affect our business prospects and financial condition.

Our growth requires additional capital, which may not be available on terms acceptable to us.

The retail apparel business is capital intensive and requires significant expenditures for store establishment and brand building. We anticipate that we will need to obtain additional financing as we expand our operations. We may not be successful in obtaining additional funds in a timely manner, on favourable terms or at all.

We rely on our proposed manufacturing facilities and any loss of or shutdown of operations at any of our proposed manufacturing facilities may have a material adverse effect on our business, financial condition and results of operations.

Our proposed manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results. Although we take necessary initiatives to minimize the risk of any significant operational problems at our proposed facilities, our business, financial condition and results of operations may be adversely affected by any disruption of operations at our proposed facilities, including due to any of the factors mentioned above.

The entire inventory risk is proposed to be borne by us under our proposed franchisee model

Under the franchise model being planned by us we carry the inventory on our books till the sale of the apparel to the end customer and do not pass the inventory risk to the franchisee. This business model requires us to maintain high inventory levels and is highly working capital intensive. Inventory levels in excess of customer demand may result in inventory write-downs and have a material adverse effect on our operating results and financial condition.

Our inability to promptly identify and respond to changing customer preferences or evolving fashion trends and merchandise obsolescence may decrease the demand for our apparel among our customers, which would adversely affect our business.

The apparel business is characterized by constant product innovation due to changing consumer preferences and evolving fashion trends. Our ability to successfully compete will depend on our ability to effectively anticipate, gauge and respond to changing fashion trends. Changes in product mix may impact our operating results and our margins. We cannot assure that we will anticipate and respond to changing trends quickly, efficiently and effectively

COMPANY RELATED RISKS:

There is a revision in the implementation schedule of our expansion project which may result in significant cost overruns.

The original implementation schedule of our expansion project has been revised. Originally our company was planning to raised the funds through IPO in the month of March,2007. As the IPO has been deferred the implementation schedule has been delayed As a result, these projects may incur significant cost overruns and may not be completed in time which may have an adverse impact on operations and performance of our Company. For details, see the section "Objects of the Issue" on page no. [*] of this DRHP

Group companies under BIFR

The following two companies of the group are under BIFR:

1) Birla Transasia Carpets Ltd. and

2) Birla Peruchhini Ltd

Management Perception Our Company does not have any common pursuits with the above companies and hence the same shall not have any adverse impact on its performance.

Losses by promoter / group / associate company

The following promoter/group/associate companies have incurred losses during the previous years ended 31st March 2007, 2006, and 2005

(Rs.In Lakhs)

Sr.No	Name of the company	FY 2007	FY 2006	FY 2005
1	Birla International Private Limited	Profit	Profit	(31.03)
2	Shearson Investment & trading Company Pvt. Ltd.	Profit	Profit	(53.96)
3	Birla Transasia Carpets Limited	(360.56)	(258.40)	(263.17)
4	Birla Perucchini Limited	(268.08)	(26.94)	(64.68)
5	Birla Electricals Limited	Profit	(874.63)	(39.36)
6	Godavari Corporation Private Limited	(203.76)	(26.99)	(44.99)
7	Shloka Publication Private Limited	Profit	(43.18)	(30.94)
8	Birla Lifestyles Private Limited	Profit	Profit	(4.72)
9	BCI International Ltd.	Profit	(4.99)	Profit

Management Perception Our Company and its promoters have no common pursuits with these companies and hence the above will not affect its performance.

We had contingent liabilities amounting to Rs. 1.02 Lakhs as on 30th June 2007

As on 30th June 2007, there are claims of Rs. 1.02 Lakhs against us which are not acknowledged as debts. For complete details of contingent liabilities, see the section titled 'Financial Statement' beginning on page [*] of this DRHP.

Management Perception: As the amount involved is nominal, the same should not materially affect our performance.

We may face strikes, lockouts and other labour unrests which could adversely affect our operations

Our performance as a manufacturing company is largely dependent on the efforts and abilities of the laborers engaged by us. Whilst we have not faced any strikes or lock out by our workmen in the past, any strikes, lockouts or other form of labour unrest, any strikes or other form of labour unrest could adversely affect our business, financial position, results of operations and cash flows. If we are unable to negotiate with the workmen or the contractors, it could result in work stoppages or increased operating costs as a result of higher than anticipated wages or benefits.

Deployment of funds pending utilisation

Pending utilization of funds, the investors may incur opportunity cost for their funds

Management Perception: Pending utilization, the proceeds of the issue will be invested in less productive and risk free assets such as bank deposits and / or Gilt Edged Government securities, either directly or through Mutual Funds.

We have had negative cash flows in the recent five years period, as indicated in the table below

(Amount in Rs lakhs)

	For the Year Ended 31st March					Quarter ended June 2007
	2003	**2004**	**2005**	**2006**	**2007**	
Net cash from (used in) operating activities			**(874.08)**			**(101.94)**
Net cash from (used in) investing activities	**(22.19)**	**(27.89)**	**(1041.89)**	**(139.73)**	**(227.28)**	**(588.77)**
Net cash from (used in) financing activities	**(12.88)**					

Management Perception The negative cash flow from the investment activity is due to the implementation of the projects as per the objects of the issue , pending IPO, from out of the funds raised from the Banks and also infusion of promoters contribution. For details please refer to section objects of the issue on page no.

Negative covenants imposed by our financing agreements could adversely affect our ability to conduct business and operations

We have entered into agreement with Banks and institutions for term loans and working capital facilities. For details of borrowings, please refer to section titled Financial Information- beginning on page no [*] of this DRHP. Loan/credit facilities having agreements with lenders contain certain restrictive covenants relating to disbursement of loan, carrying of certain activities or taking decisions, requiring prior written approval/consent of the lenders. Non-availability of requisite permission/approvals may delay the disbursement of loan or may revoke the loan and thereby delay the implementation of the project. For details of restrictive covenants please refer to section objects of the issue on page no.

Management Perception: The restrictive covenants are general terms and conditions stipulated by the lenders and we have obtained No Objection letters from the respective banks / institutions for the proposed IPO.

Our business could be harmed if key management personnel with significant experience and expertise terminate their employment with us.

Our performance and success depends largely on our management team and skilled personnel and our ability to attract and retain such persons. In order to sustain our business, we need to attract and retain such key managerial personnel. We face a continuing challenge to recruit and retain a sufficient number of suitably skilled personnel, particularly as we continue to grow. The loss of services of one or more members of our key management team could adversely affect our business and results from operations.

Internal Audit of Our Company not carried out prior to financial year 2006-07

Our Internal audit report is available only for the financial year 2006-07 after we became a Public Limited Company and our acquisition of the synthetic unit at Khamgaon. As we did not have a formal internal audit system prior to 2006-07 in view of its limited business activities, our internal audit reports for years prior to 2006 – 07 could not be ascertained.

We rely on our information technology systems and any failures in our systems could adversely impact our business.

1. We rely extensively on our information technology systems to provide us connectivity across our business functions through our software, hardware and connectivity systems. We are in the process of upgrading our information technology infrastructure and any disruptions in the implementation or functioning thereafter could adversely affect our business operations.

We have entered into certain related party transactions

We have entered into certain related party transactions with our Promoters and Promoter Group entities. For details, see the section titled "Financial Statements" beginning on page [*] of this DRHP.

Our Promoters and Directors have interests in our Company other than reimbursement of expenses incurred or normal remuneration or benefits.

Our Promoters and some of our Directors are interested in our Company to the extent of their shareholding in our Company. Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or allotted under ESOP ,that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. All of the Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares. For more details, see the sections, "Capital Structure"," Our Management" and "Financial Statements – Related Party Transactions" beginning on pages [*], [*], and [*] respectively of this DRHP

Our insurance coverage may not be adequate to protect us against all potential losses to which we may be subject to and this may have a material adverse effect on our business.

While we believe that the insurance coverage that we maintain is reasonably adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. Accordingly, to the extent that we suffer loss or damage that is not covered by insurance or which exceeds our insurance coverage, our results of operations or cash flows may be affected. Although we intend to maintain adequate insurance against losses, there is a risk that our insurance policies may not be sufficient in covering all losses which we or any third parties may suffer. If we suffer an event for which we are not adequately insured, there is a risk that it could have a material adverse effect on our business, results of operations and financial condition

There are outstanding legal proceedings against our Company and certain promoter group companies. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals.

For further details, see the section "Outstanding Litigation and Material Developments" beginning on page [*] of this DRHP

Should any new developments arise in respect of any of these proceedings, such as change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements, which could adversely impact our business and results of operations.

Cases/Notices	**Particulars of the cases**	**No.of cases**	**Amount involved where quantifiable (Rs. In Lakhs)**
Cases filed against the Company	There are labour cases filed against the company by the workers. These are regular litigation and there are no risk factors pertaining to the civil cases	28	Rs. 8,99,728/-
Criminal cases against the company	NIL	--	--
Criminal cases filed by the company	NIL	--	--

Cases filed by the Company	There are labour cases and recovery cases filed by the Company. These are regular litigation and there are no risk factors involved.	6	Rs. 17,28,223/-
Cases against the promoters, Directors	NIL	--	--
Criminal cases against the promoters/directors	NIL	--	--
Civil Cases filed against Group Companies	There are labour cases and recovery cases filed against the Company. These are regular litigation and there are no risk factors involved.	53	Rs. 72554841/-
Criminal Cases filed against the Group Companies	There are cases filed under Section 420 of the Indian Penal Code and under Section 138 of the Negotiable Instruments Act. These are regular litigation matters and there are no risk factors involved.	98	Rs. 65680000/-
Civil Cases filed by Group Companies	There are labour cases and recovery cases filed by the Company. Theses are regular litigation and there are no risk factors involved.	35	Rs. 44497001/-
Criminal Cases by Group Companies	There are cases filed under Section 420 of the Indian Penal Code and under Section 138 of the Negotiable Instruments Act. These are regular litigation matters and there are no risk factors involved.	80	Rs. 59073863/-
Litigations against the Company	The Company has been served with notices from the Maharashtra Pollution Control Board and Employee State Insurance Corporation.	3	NIL
Litigations against Group Companies	There are cases pertaining to income tax, sales tax, excise and custom related matter. There are also cases filed in the consumer forum.	61	Rs. 132754846/-

RISKS RELATING TO THE ISSUE

You will not be able to sell immediately on an Stock Exchanges any of the Equity Shares you purchase in the Issue.

Under the SEBI Guidelines, we are permitted to allot equity shares within 15 days of the closure of the public issue. Consequently, the Equity Shares you purchase in this Issue may not be credited to your demat account, with the Depository Participants until approximately 15 days after the Bid/Issue Closing Date. You can start trading in the Equity Shares only after they have been credited to your demat account and final listing and trading approvals are received from the Stock Exchanges. Further, there can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence, within the specified time periods or at all.

An active market for the Equity Shares may not develop, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.

The Equity Shares are new issues of securities for which there is currently no trading market. Application has been made to BSE and NSE for the Equity Shares to be admitted for trading on the same. No assurance can be given that an active trading market for the Equity Shares will develop or be sustained after the Issue. The market price of our Equity Shares may vary from the Issue Price after the Issue and may fluctuate significantly due to factors beyond our control, including, but not limited to: volatility in the Indian and global securities markets; external factors affecting our operating results, including the risks outlined in this section; investor perceptions of our future performance; announcements by us or others of significant contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments; political developments or other governmental action or regulation in India or other countries; and additions or departures of key personnel. In addition, the shares listed on the BSE and NSE may experience significant price and volume fluctuations, which may have a material adverse effect on the market price of our Equity Shares. There is a risk that you will not be able to sell your Equity Shares at a price at or above the Issue Price.

Future sales of Equity Shares by shareholders or any future equity offerings by us may adversely affect the market price of the Equity Shares.

If we do not have sufficient internal resources to fund our working capital or capital expenditure needs in the future, we may need to raise funds through further equity offerings. As a purchaser of the Equity Shares, you may experience dilution

to your shareholding to the extent that we conduct future equity or convertible equity offerings. Such dilutions can adversely affect the market price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares.

Post-issue volatilty in prices of the scrip:

The price of our Company's equity shares in Indian stock exchanges 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 of our Company;
- Perceptions about our Company's future performance or the performance of other Indian companies in the same industry;
- Performance of our Company's competitors in the industry and market perception of investments in the textile sector;
- Adverse media reports on our Company or on the industry;
- Change in the estimates of our Company's performance or recommendations by financial analysts;
- Significant development in India's economic liberalization and deregulation policies; and
- Significant development in India's fiscal and environmental regulations

RISK FACTORS EXTERNAL TO OUR COMPANY:

Any changes in regulations or applicable government incentives could materially adversely affect our operations and growth prospects.

We are subject to various regulations and policies. For details see section titled "Regulations and Policies" beginning on page [*] of this DRHP. Our business and prospects could be materially adversely affected by changes in any of these regulations and policies, including the introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations. The Government of India has instituted several policies to promote the growth of the Indian textile sector. These include interest rate subsidies, duty / tax reimbursement schemes like duty drawback / DEPB. The non availability or alteration of such policies could adversely impact company's profitability.

Our Company's performance is linked to the performance of the Indian Economy in general and Textile Industry in particular.

Any adverse incident happening in Indian economy affecting GDP and per capita income will have its own impact on demand in textile industry which in turn may adversely affect our profitability.

Emergence of competition from other manufacturing countries having Free Trade Agreements, ("FTAs"), and Preferential Trade Agreements, ("PTAs"), with major importing countries

While quantitative restrictions stand eliminated with the removal of quotas, certain countries which enjoy FTAs / PTAs with major importing countries may have an advantage (by way of lower or zero import tariffs) over exporters from countries that do not have such agreements. India currently is not a party to such agreements which does adversely affect our competitiveness and concurrently our operations and profitability.

If financial instability occurs in certain countries, particularly emerging market countries in Asia and other countries, our business and the price of our Equity Shares may be adversely affected.

Indian markets and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia and certain other countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause exchange rate instability and increased volatility in Indian financial markets, and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and may harm our business, our future financial performance and the price of our Equity Shares.

Increase in the cost of raw material

Our raw material being mainly agro based and seasonal, there may be shortage in its supply due to any natural calamity which will in turn push up its cost which will have negative impact on our financials. However, we do not foresee any impact of increase in raw material prices on our profitability as we will be able to have an efficient inventory planning in view of our prolonged experience in the cotton industry.

Globally competitive environment:

We operate in a globally competitive business environment. Especially China poses a threat more so in the post quota period. China's scale, infrastructure and cost advantage give it an edge over India's infrastructure score. However India is gaining advantages in the areas of technology, economies of scale etc and the promoters are confident of overcoming any threat posed by the Chinese in this regard. With the dismantling of the Quota system with effect from 1st Jan 2005, the Global Market has been thrown wide open and the promoters hope to capitalise on it.

Our proposed expansion plant would have the flexibility to process a wide range of yarns and we are confident of being able to meet the varied and changing requirements of the customers.

Instability of economic policies and the political situation in India could adversely affect the fortunes of the industry

There is no assurance that the liberalization policies of the government will continue in the future. Protests against privatization could slow down the pace of liberalization and deregulation. The Government of India plays an important role by regulating the policies and regulations governing the private sector. The current economic policies of the government may change at a later date. The pace of economic liberalization could change and specific laws and policies affecting the industry and other policies affecting investment in our Company's business could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect our Company's business. Unstable internal and international political environment could impact the economic performance in both the short term and the long term. The Government of India has pursued the economic liberalization policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced polices and taken initiatives that support continued economic liberalization. The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company's business, and the market price and liquidity of the Equity Shares, may be affected by changes in interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

Terrorist attack, war, natural disaster or other catastrophic events may disrupt or otherwise adversely affect the markets, in which we operate, and our business and profitability.

Our business may be adversely affected by a war, terrorist attack, natural disaster or other catastrophe. A catastrophic event could have a direct negative impact on us or an indirect impact on us by, for example, affecting our customers, the financial markets or the overall economy. In recent times, terrorist attacks in India have become more prevalent. Such attacks may have a material adverse effect on the Indian and global financial markets. Events of this nature in the future could have a material adverse effect on our ability to develop our business. As a result, our business, results of operations and financial condition may be materially adversely affected. The occurrence of a natural disaster in the areas in which we operate or near these areas could also materially adversely affect our business, results of operations and financial condition.

NOTES TO RISK FACTORS

1) Initial public offering of [•] equity shares of Rs. 10/- each for cash at a price of Rs. [•] per equity share aggregating to Rs. 14418 lakhs (hereinafter referred to as the "issue") .the issue comprises promoters contribution of [•] equity shares of Rs. 10/- each for cash at a price of Rs. [•] per equity share aggregating to Rs. 3665 lakhs (hereinafter referred to as promoters contribution) and employee reservation of [•] equity shares of Rs. 10/- each for cash on competitive basis at a price of Rs. [•] per equity share aggregating Rs. 725 lakhs (hereinafter referred to as the "employee reservation portion"). The issue less the promoters contribution and employee reservation portion is referred to as net issue to public (hereinafter referred to as " the net issue" or " net issue to the public")."The net issue" would constitute [•] % the fully diluted post issue paid-up capital of our company

2) The net worth of our Company was Rs 3139.83 lakhs and Rs.3434.11 Lakhs, as per our restated audited financial statements as on March 31, 2007 and June 30, 2007 respectively.

3) The average cost of acquisition of Equity Shares by our Promoters/ Promoter Group, is as under:

Name of the Promoter	Average Cost(Rs.)
Mr. Yashovardhan Birla	0.47
Yash Society	0.00
Yashvardhan Birla (Karta of Ashok.V.Birla HUF)	3.08
Birla Industries Group Charity Trust: (Medical Institution) With Mr. Yashovardhan Birla and Mrs. Avanti Birla as trustees	0.00
Nirved Traders Pvt. Ltd. (Formerly in the name of Birla International Pvt. Ltd)	4.69
Shearson Investment & Trading Co. Pvt. Ltd	3.94
Sunanda Medical Institute	0.00
Polytex Limited (NRI)	10.00
Mr. G.L. Lath and Shearson Investment & Trading Co. Pvt. Ltd	0.00
Mr. K.P. Chokhani and Shearson Investment & Trading Co. Pvt. Ltd	0.00

4) Book value per Equity Shares (of face value Rs.10/-)of our Company, as per our restated audited financial statements as on March 31, 2007 and June 30, 2007 was Rs.23.06 and Rs. 25.22 respectively.

5) Trading in equity shares of our Company for all the Investors shall be in Dematerialised form only.

6) For details on Related Party Transactions refer to the chapter titled "Related Party Transactions" on page of this Draft Red Herring Prospectus.

7) Investors are free to contact the BRLMs for any complaints/ information/ clarification pertaining to this Issue. For contact details of the BRLMs, please refer to the cover page of this Draft Red Herring Prospectus.

8) All information shall be made available by the BRLMs and our Company to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.

9) Investors are advised to refer to the paragraph on "Basis of Issue Price" on page [*] of this Draft Red Herring Prospectus before making an investment in this Issue.

10) The Issue is being made through the 100% Book Building Process where up to 50% of the Net Issue to the public shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, at least 15% of the Net Issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Net Issue to the public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price

11) Bidders should note that on the basis of name of the Bidders, Depository Participant's name, DepositoryParticipant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation. Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form and also update their demographic details with their respective depositary participant

12) Our Company/ Promoter / Directors/ Lead Merchant Bankers have not entered into buyback or similar arrangements for purchase of securities issued by our Company.

13) An over-subscription to the extent of 10% of this Issue size can be retained for the purpose of rounding off to the nearer multiple of minimum allotment lot.

14) Investors are advised to refer to the paragraph 'Basis for issue price' on page [●] before making an investment in this issue.

15) In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis to QIBs, Retail Individual Bidders and Non-Institutional Bidders. For details, refer to the chapter titled "Issue Procedure" on page [*] of this Draft Red Herring Prospectus

16) Under-subscription, if any, in any category except in the QIB portion, will be added back to the Net Issue and the proportionate allocation of the same would be at the sole discretion of our Company in consultation with the BRLMS.

17) Our Company was incorporated on 24th September 1941 under the name and style of Jamod Ginning Company Private Ltd. Renamed on 8th October 1998 as Birla Agro Private Ltd and subsequently changed to Birla Cotsyn (India) Private Ltd on 9th December 2005. Our Company was converted into a Public Limited Company and the name was changed to Birla Cotsyn (India) Limited on 30th May 2006

18) Our Promoters/ Directors/ key managerial personnel are interested to the extent of the normal remuneration, allotment of Shares under Employee Stock option Plans(ESOP), reimbursement of the expenses incurred, or benefits such as sitting fees and those relating to their respective shareholdings in our company.

19) Our Company and the BRLM will update the Offer Document in accordance with the Companies Act and the SEBI DIP Guidelines and our Company and the BRLM will keep the public informed of any material changes relating to our Company till the listing of our shares on the stock exchanges

20) We have not issued any shares in the last six months prior to the date of filing of the DRHP:

21) The details regarding transactions in our Equity Shares during the past six months undertaken/financed directly or indirectly by our promoter, his relatives and associates and our directors are mentioned under notes to the capital structure beginning on page – of this DRHP.

22) No part of the Issue proceeds will be paid as consideration to promoters, directors, key managerial personnel, associate or Group Company.

23) For details of liens and hypothecation on the properties and assets of our Company please see Annexure – of the 'Financial Information' on page of this DRHP.

24) There are no other contingent liabilities as on June 30, 2007 except as mentioned in Annexure IV 0f the Auditor's report on page -of this DRHP.

SECTION IV – INTRODUCTION

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" and our "Financial Statements" and related notes beginning on page and respectively of this Draft Red herring Prospectus, before deciding to invest in our Equity Shares.

INDUSTRY SUMMARY

The Indian textiles industry, which already has an overwhelming presence in the economic life of the country, has been given a further thrust with the scrapping of quotas in world trade of textiles and clothing. In the post quota period, the industry size has expanded from US$ 37 billion in 2004-05 to US$ 49 billion in 2006-07. In this period, while the domestic market increased from US$ 23 billion to US$ 30 billion, exports increased from around US$ 14 billion to US$ 19 billion.

A leading sector in the Indian economy, textiles contributes 14 per cent to industrial production, 4 per cent to the GDP and around 17 per cent to the total export earnings. It is, in fact, the largest foreign exchange earning sector in the country. In addition, it provides direct employment to over 35 million. And with continuing growth momentum, its role in the Indian economy is bound to increase.

India Advantage

India has certain natural advantages which has propelled the growth of its textiles industry.

- India is the third largest producer of cotton in the world and second largest producer of cotton yarn and textiles.
- It accounts for 61 per cent of global loomage.
- It has 22 per cent of the global spindleage.
- It accounts for 12 per cent of the world's production of textile fibres and yarn.
- India also has 25 per cent share in the total world trade in cotton yarn.

Exports

Textiles exports, which were growing at a moderate pace till 2004-05, registered a sharp growth of 21.77 per cent in 2005-06 to touch US$ 17 billion from US4 14 billion in 2004-05, due to the scrapping of quotas. The growth has continued with total exports increasing to US$ 19.62 billion in 2006-07. Currently India has a 3.5-4 per cent share in world export of textiles and 3 per cent in clothing exports.

While Europe continues to be India's major export market with 22 per cent share in textiles and 43 per cent in apparel, the US is the single largest buyer of Indian textiles and apparel with 10 per cent and 32.6 per cent share respectively. Other significant countries in the export list include the UAE, Saudi Arabia, Canada, Bangladesh, China, Turkey and Japan.

Readymade garments (RMG) are the largest export segment, accounting for 45 per cent of total textile exports and 8.2 per cent of India's total exports. This segment has benefitted significantly with the termination of the Multi-Fibre Arrangement (MFA) in January 2005. Readymade garments exports from India are expected to touch US$ 14.5 billion by 2009-10 with a cumulative annual growth of 18 to 20 per cent, according to Apparel Export Promotion Council.

Another segment in which India has excelled in the export market is carpets. Exports of carpets have increased from US$ 654.32 million in 2004-05 to US$ 930.69 million in 2006-07, showing a growth rate of 42.23 per cent. During April-October 2007, carpet exports totalled US$ 404.74 million. This makes India the world leader in carpet exports with 36 per cent of the global market share.

Investment

The increase in the domestic market and exports has led to increased investment inflows into the sector. During the three years 2004-05 to 2006-07, investments in the textile sector has increased from US$ 2.94 billion to US$ 7.85 billion. In fact, the total investment in the textiles and clothing industry during this period amounted to a whopping US$ 16.32 billion.

By 2012, investment in the textiles and clothing industry is estimated to touch US$ 38.14 billion. Even the Government has increased the plan allocation for textiles by 66.27 per cent in 2007-08 over that of 2006-07, making it one of the only two ministries that have seen such a high level of increase in budgetary support.

Textile and Apparel Sourcing

India with its abundant multi-fibre raw material base, well established production bases, design capability and skilled labour force, is well placed to emerge as a global textile and apparel sourcing hub.

According to the Confederation of Indian Industry-Ernst & Young Textiles and Apparel Report 2007, the Indian sourcing market is estimated to grow at an annual average rate of 12 per cent from an expected market size of US$ 22-25 billion in 2008 to US$ 35-37 billion by 2011.

Global apparel giants such as Diesel, Hugo Boss and Liz Claiborne, Kanz, Baird McNutt and Ahlstorm among others have evinced a keen interest in increasing their Indian operations. Diesel, for example, has split its Asian sourcing operations, hitherto headquarters in Hong Kong, in a bid to focus independently on India.

Simultaneously, the textiles industry has also been witnessing increased collaboration between Indian and foreign companies. Such collaborations include Armani, Arvind Brands, Barbara, Benetton, De Witte Lietaer, Esprit, Gokaldas, Jockey, Levi Strauss, Marzotto, Rajasthan Spinning & Weaving Mills, Raymond, Vardhman Group, Vincenzo Zucchi, and Welspun.

Government Initiatives

In an effort to increase India's share in the world textiles market, the Government has introduced a number of progressive steps.

- Technology Mission on Cotton has been launched to make available quality raw material at competitive prices.
- Technology Up gradation Fund Scheme (TUFS) has been launched to facilitate the modernisation and up gradation of the textiles industry.
- Scheme for Integrated Textile Park (SITP) has been started to provide world class infrastructure facilities for setting up their textile units through the Public Private Partnership model.
- The Apparel International Mart is coming up at Gurgaon to provide a world class facility to apparel exporters to showcase their products and to serve as a one stop shop for reputed international buyers.
- An Indian textile plaza is being built in Ahmedabad. to encourage exports to overseas markets.
- 100 per cent FDI allowed through the automatic route.
- De-reservation of readymade garments, hosiery and knitwear from the SSI sector
- 50 textile parks are being established to enhance manufacturing capacity and increase the industry's cost competitiveness.

Looking Ahead

The Indian textiles and apparel industry is estimated to grow from US$ 37 billion in 2004-05 to US$ 85 billion by 2010, says a study by CRISIL. While the domestic market is likely to account for US$ 45 billion, exports will account for the rest (US$ 40 billion).And about 60 per cent of the total exports are likely to be contributed by garments.

Another estimate expects the industry to grow at the rate of 16 per cent to reach US$ 115 billion by 2012. Within this, the clothing and apparel sub-sector is estimated to grow by 16 per cent in volume terms and 21 per cent in value terms. Simultaneously, textile exports are expected to reach US$ 5 billion to attain 7 per share in world textile trade.

[Source: Annual Report 2006-07 of Ministry of Textiles, GOI]

REVIEW NOTE ON GROWTH & INVESTMENT IN TEXTILES DURING 2006-2007

Highlights

- All India Index of Industrial Production (IIP) registered an increase of 11.3% during 2006-07 as against the corresponding period of last year. The index of Industrial production for the textiles group of industries showed a surge except for Jute & other vegetable fibre textiles. The significant increase was recorded in respect of Cotton Textiles (14.8%); Textiles products (11.2%); and in Wool, Silk & Manmade fibre textiles (8.2%).
- Spun yarn production has increased by 10.3%.
- Cloth production was more by 8.7%. In cloth sector, the Hosiery sector recorded the highest growth at 10.1% followed power loom sector (8.8%).
- While the All India Wholesale Price Index rose by 5.4%, the textile group registered modest increase of 2.2%.

- Textile exports increased by 10.53%. Significant increase was recorded in Cotton Textiles (21.47%), Man-made Textiles (19.03%), and RMG (5.80%) during April-February 2006-07 as against corresponding period of previous year**.**
- Textile import increased by 7.81%. Imports RMG witnessed the highest increase (35.95%) followed by Made-ups (16.61%), and Semi-raw material (7.68%) during April-February 2006-07 as against corresponding period of previous year.
- Under TUFS, during April-February 2006-07, the overall increase was recorded in terms of total number of applications sanctioned (414.39%), the amounts sanctioned (192.32%) and disbursed (284.63%).The performance in respect of the power loom sector has also increased in terms of total amount disbursed (816.19%).

[Source: Ministry of Textiles, GOI]

Foreign Direct Investment Policy in Textiles

Indian textile and apparel industry is one of the largest in the world with US$ 19 billion of export and US$ 30 billion of domestic textile and apparel during 2006-07 (P). The industry has, over the years, contributed significantly to national output, employment and exports. At present, industry accounts for about 14% of our total industrial production and contributes to nearly 15% of total exports. It provides direct employment to about 35 million people and another 56 million are engaged in allied activities. The textile export has registered a growth of 10 percent to 19.24 billion during 2006-07 (P) from US$ 17.85 billion during 2005-06. The Industry has a potential to reach a size of US$ 85 billion by 2010. With its consistent growth performance and abundant cheap skilled manpower, there are enormous opportunities both for domestic and foreign investors to make investments in textile sector in India.

[Source: Ministry of Textiles, GOI]

OUR COMPANY

Back Ground

About the Group:

YashBirla Group is one of India's leading industrial groups.

The group has diversified interest in industries like steel pipes, machine tools, cutting tools, tool holders, iron castings, power solution products, multipurpose engines pumps, electrical appliances, textiles, carpets, furnishing, lifestyle, InfoTech, publication, travel, electricity , property development, cotton ginning etc.

The major companies in the group includes Zenith Birla (India) Ltd, Birla Power Solutions Ltd, Dagger Forst Tools Ltd, Birla Precision Technologies Limited (formerly Birla Kennametal Ltd), Birla Transasia Carpets Ltd, Birla Perucchini Ltd, Birla Electricals Ltd, Birla Lifestyle Ltd, Birla Concepts (India) Pvt. Ltd, Shloka Infotech Ltd.

About our Company & its Business:

Our company belongs to the Yash Birla Group (YBG) of companies and was incorporated on 24th September, 1941 by Mr. R.D. Birla under the name and style of M/s. Jamod Ginning Company Private Limited. It was renamed on 8th October 1998 as M/s Birla Agro Private Limited. Our company's name has been subsequently changed to Birla Cotsyn (India) Pvt. Ltd on 9th December 2005 and consequent to the conversion of our company into a Public Limited Company the name of our company has been modified to Birla Cotsyn (I) Ltd with effect from 30 May 2006.

Our company is having its units located at the following places.

- Sheagaon Road, Khamgaon, Dist. Buldhana, Maharashtra
- MIDC, Khamgaon, Dist. Buldhana, Maharashtra (acquired under business transfer agreement from Khamgaon Syntex (India) Ltd.
- Ghatanji, District Yavat mal, Maharashtra
- Parola Road, Dhule District, Maharashtra and
- MIDC Area, Malkapur, District Buldhana, Maharashtra, (under implementation).

Our Company which has been engaged in Cotton Ginning, Pressing and Oil expelling at its facilities in Khamgaon, Ghatanji and Dhulia is presently in the process of implementing the expansion project which has been **appraised by SBI Capital Markets Ltd.** as Phase I in January 2006 and Phase II & III together in February 2007 at a total estimated cost of Rs.28919 lakhs for the following:

- Acquisition of the assets of Khamgaon Syntex (I) Ltd at MIDC, Khamgaon with a spindle capacity of 18,304 for the manufacture of synthetic yarn. This is envisaged to be enhanced to 19,040 spindles along with modernization and up-gradation of facilities with part replacement of existing machinery at Khamgaon.

- Setting up of a 36,000 cotton spindle yarn manufacturing unit as Phase I at Malkapur.

(As per the appraisal report, this was originally planned to be set up at MIDC Khamgaon)

- Manufacture of Open End rotor based Cotton yarn, with an installed capacity of 1,728 Rotors as Phase II at Khamgaon and Weaving of Grey Fabric with 114 Looms as phase II at Malkapur

(As per the appraisal report, this open end unit was originally proposed to be set up at Malkapur)

- Manufacture of finished cloth (with installed capacity of 50,000 meters per day) by setting up a Dyeing and Processing unit as phase II at Malkapur

In addition to the above we plan as a step towards forward integration to set up facilities for garment and apparel manufacturing and also to establish retail outlets in few select cities of the country for marketing our resultant products. Based on an internal estimate of our management, we may require about Rs.3100 Lakhs to start with. However this portion of the project which will be funded out of the proceeds of the Public issue is not appraised by any outside agency.

MEGA PROJECT:

The Government of Maharashtra had decided to offer the status of 'Mega Project' to our proposed project. On 21st August 2007, the Government of Maharashtra and our company had entered into a Memorandum of understanding in this regard. In accordance with the MOU, our company will be eligible to receive the following incentives/benefits:

1) Electricity duty exemption for a period of seven years from the date of commencement of the project
2) 100% exemption from payment of stamp duty
3) Industrial promotion subsidy equivalent to 100% of the eligible investments made and
4) 75% reimbursement of expenditure incurred on account of employer's contribution towards ESI and EPF for a period of 5 years but limited to 25% of Fixed Capital Investment

The above incentives will be admissible only after we invest Rs. 10000 lakhs in Fixed Capital Investment at the site

JOINT VENTURE

In order to ensure success in their expansion plans, on the 9th December 2006, a Joint Venture Agreement (JVA) was entered into between the YBG through its chief promoter Mr. Yash Birla and the P.B.Bhardwaj Group (PBG) through its chief promoter Mr. P.B.Bhardwaj .

The main purpose of this JV is to enable the JV partners to combine their resources and expertise and carry on the business of manufacturing, marketing and distribution of the products in India as well as other places.
As per the JVA, the total promoter's equity of BCIL would be taken up in a ratio of **50:50** between the PBG and YBG.

Our Competitive Strength

Well established Industrial House and rich experience in textile sector
Our company belongs to well established Yashovardhan Birla Group which has rich experience in Textile sector. The promoters are well established in the market and their existing distribution & marketing network will ensure that the finished goods of our company are sold easily with minimum efforts.

Company's operations are extended to cover spinning of synthetic yarn
Our Company has acquired the business of Khamgaon Syntex India Ltd, which is a part of project proposed for this IPO, vide Business Transfer Agreement dated 1st August 2006 and subsequently our Company's operations were extended to cover spinning of synthetic yarn as well.

Joint Venture Agreement entered into between our Company, Yash Birla Group (YBG) and the P.B.Bhardwaj Group (PBG)

In order to ensure success in their expansion plans, a Joint Venture Agreement was entered into between our Company, Yash Birla Group (YBG) and the P.B.Bhardwaj Group (PBG), which is having rich experience and expertise in the manufacturing and marketing of textile goods. The main purpose of this JV is to enable the JV partners to combine their resources and expertise and carry on the business of manufacturing, marketing and distribution of the products in India as well as in other places.

Company is into complete forward integration

Our Company is into complete forward integration, i.e. right from ginning and pressing up to manufacture of fabrics, readymade garments and also to opening of retail outlets of its own which is the unique feature in textile industry.

The status of "Mega Project" granted by the Government of Maharashtra

The Government of Maharashtra had decided to offer the status of 'Mega Project' to our proposed project. On 21st August 2007, the Government of Maharashtra and our company had entered into a Memorandum of understanding in this regard. In accordance with the MOU, our company will be eligible to receive the following incentives/benefits:

1) Electricity duty exemption for a period of seven years from the date of commencement of the project
2) 100% exemption from payment of stamp duty
3) Industrial promotion subsidy equivalent to 100% of the eligible investments made, and
4) 75% reimbursement of expenditure incurred on account of employer's contribution towards ESI and EPF for a period of 5 years but limited to 25% of Fixed Capital Investment

Experience of Promoters

Our company is headed by key executives who have long experience in the field of textile industry and are confident of implementing the project within the estimated cost and time.

Locational Advantage

Khamgaon is the centre of cotton production and there are about 35 ginning units in and around this place. Hence, good quality raw materials like cotton are easily available to our Company.

Efficient marketing and selling capabilities

Our company has got wide network through out India in major textile centers namely Hilary, Indore, Mumbai, Surat, Ahemedabad, Solapur, Kanpur Meerut, Delhi, Amritsar, Ludhiana,.Paniput, Ichalkaranji, Bhagalpur, Calcutta etc. Our company exports its products to Yeman and Turkey. In Surat , Bhagalpur and Calcutta our company is the leading Supplier of 100% Viscose fancy yarn.like Neps, Slubs, and Slub Neps. In Kanpur and Meerat our company is selling P/V dyed fancy yarn like Vardhan Khadi and silky base.In Bhilwara and Indore markets our company is selling mainly suiting yarn, P/V grey and dyed poly propelene yarn used in filter fabric. In Amritsar, Ludhiana, and Paniput, 100% staple yarn is being sold which is used in Furnishing Fabrics and home textiles. In Delhi, 100% staple and P/V yarn , used in shoe Lining fabric and fancy decorative fabrics is marketed. Our company was the first to introduce P/V yarn in the Towel segment of the Solapur market.

Our company sells its products through reputed agents with strong net work in India and in overseas markets like Yeman and Turkey.

THE ISSUE

Equity Shares Offered: Public Issue of Equity Shares by our Company	**[●]** Equity Shares of Rs.10 each for cash at a price of Rs **[●]** aggregating Rs 14418.00 lakhs.
Of which : Promoters' contribution in the issue	**[●]**Equity Shares of Rs.10 each for cash at a price of Rs **[●]** aggregating Rs 3665.00 lakhs.
Reservation for Employees	**[●]**Equity Shares of Rs.10 each for cash on competitive basis at a price of Rs **[●]** aggregating Rs 725.00 lakhs . (Allocation on proportionate basis)
Net Issue to the Public	**[●]**Equity Shares of Rs.10 each for cash. At a price of Rs **[●]** aggregating Rs 10028.00 Lakhs
Of which **A)** Qualified Institutional Buyers Portion	**Upto [●]** Equity Shares of Rs.10 each for cash at a price of Rs **[●]** aggregating upto Rs 5014.00 lakhs. Constituting upto 50% of the net issue to the Public (allocation on proportionate basis)
Of which reservation for Mutual Funds	**[●]**Equity Shares of Rs.10 each for cash at a price of Rs **[●]** aggregating Rs 250.70 lakhs. constituting atleast 5% of the QIB portion (allocation on proportionate basis)
B) Non-Institutional Portion	**At least [●]**Equity Shares of Rs.10 each for cash at a price of Rs **[●]** aggregating Rs 1504.20.Lakhs. Constituting minimum of 15% of the net issue to the Public . (allocation on proportionate basis)
C) Retail Portion	**At least [●]**Equity Shares of Rs.10 each for cash at a price of Rs **[●]** aggregating Rs 3509.80 Lakhs. Constituting atleast 35% of the net issue to the Public (allocation on proportionate basis)
Equity Shares outstanding prior to the Issue	1,36,18,080 Equity Shares of Rs.10 each
Equity Shares outstanding after the Issue	**[●]**Equity Shares of Rs.10 each
Objects of the Issue	Please refer to chapter titled "Objects of the Issue" on page (*) of this Draft Red Herring Prospectus

Note:

1. Under-subscription, if any, in the Employees Reservation Portion will be added to the Net Issue to Public.
2. Under-subscription, if any, in any of the categories, would be allowed to be met with spill over from any of the other categories including from over subscription at our sole discretion in consultation with the BRLMs.
3. Allocation to QIBs is proportionate as per the terms of this Draft Red Herring Prospectus, 5% of the QIB portion shall be available for allocation to mutual funds. Mutual Funds participating in the 5% reservation in the QIB portion will also be eligible for allocation in the remaining QIB portion.

SUMMARY OF FINANCIAL INFORMATION

The following summary financial data has been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and restated as described in the Auditor's Report of our statutory auditor's M/s Dalal & Shah, Chartered Accountants dated [•] in the section titled "Financial Information" of this DRHP. You should read this financial data in conjunction with our financial statements for each of 31st March 2003, 2004, 2005, 2006, 2007 and quarter ended 30th June, 2007 including the Notes thereto and the Reports thereon, which appears under the paragraph on "Financial Information" in this Draft Red Herring Prospectus, and "Management's Discussion and Analysis of Financial Condition and Results of Operations as Reflected in the Financial Statements" on page [•].

SUMMARY STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED

Amount in Rupees

	For the year ended 31st March					For the quarter ended 30th June,2007
	2003	2004	2005	2006	2007	
INCOME						
Sales:						
Of products manufactured by our Company (net of Excise duty)	22,229,480	33,181,818	26,517,018	26,864,809	468,193,294	140,562,170
Of products traded in by our Company	-	-	7,858,032	11,302,993	66,947,812	43,065,154
Sub-total	22,229,480	33,181,818	34,375,050	38,167,802	535,141,106	183,627,324
Other Income	659,232	803,643	652,130	1,627,034	12,086,774	1,970,386
Increase/(Decrease) in Stock	361,231	1,512,588	(2,505,682)	639,530	14,260,143	(5,102,104)
Total	23,249,943	35,498,049	32,521,498	40,434,366	561,488,023	180,495,606
EXPENDITURE						
Purchase of goods traded	6,434,340	6,545,623	7,510,052	10,263,723	60,934,744	36,643,525
Raw materials Consumed	2,738,935	9,837,605	1,305,579	6,244,847	310,164,496	87,373,566
Staff Costs	4,553,505	6,183,135	6,613,202	5,871,611	57,052,415	20,059,617
Other Manufacturing expenses	6,164,775	7,725,542	11,007,793	10,571,325	60,115,998	15,544,949
Administration expenses	1,380,907	1,384,785	2,432,337	2,380,826	12,265,795	2,670,552
Selling & Distribution expenses	52,817	11,295	10,133	64,955	10,805,846	5,187,087
Interest	1,026,538	1,403,245	1,628,216	1,407,233	3,659,880	1,041,921
Total Expenditure	22,351,817	33,091,230	30,507,312	36,804,520	514,999,174	168,521,217
Profit before Depreciation, extraordinary items & Taxes	898,126	2,406,819	2,014,186	3,629,846	46,488,849	11,974,389

Gross Depreciation	**999,281**	**1,149,923**	**1,498,838**	**1,630,806**	**7,284,242**	**2,954,446**
Less:Transfer from Revaluation reserve	**162,354**	**162,354**	**99,924**	**42,924**	**42,924**	**10,706**
Net Depreciation	**836,927**	**987,569**	**1,398,914**	**1,587,882**	**7,241,318**	**2,943,740**
Net Profit/ (loss) before extraordinary items and Taxes	**61,199**	**1,419,250**	**615,272**	**2,041,964**	**39,247,531**	**9,030,649**
Add: Extraordinary items	**-**	**-**	**-**	**-**	**-**	**-**
Net Profit/ (loss) before Tax	**61,199**	**1,419,250**	**615,272**	**2,041,964**	**39,247,531**	**9,030,649**
Less: Provision for current tax (including Wealth tax)	**5,000**	**112,000**	**49,000**	**580,000**	**10,312,049**	**850,000**
Less: Provision for deferred tax (net)	**2,654,946**	**108,598**	**19,758**	**(1,330,968)**	**2,877,956**	**162,152**
Less : Provision for Fringe Benefit tax	**-**	**-**	**-**	**76,900**	**360,123**	**89,863**
Effect of adjustments on tax						
Net Profit/ (loss) after tax	**(2,598,747)**	**1,198,652**	**546,514**	**2,716,032**	**25,697,403**	**7,928,634**

Summary Statement Assets & Liabilities, As Restated

(Amount in Rupees)

		For the year ended 31st March					**For the quarter ended 30th June, 2007**
		2003	**2004**	**2005**	**2006**	**2007**	
A.	**Fixed Assets :**						
(i)	Gross Block	20,323,068	23,824,306	37,145,899	39,501,344	316,304,972	323,327,308
	Less: Accumulated Depreciation	7,443,381	8,406,699	9,324,461	10,955,267	17,810,343	20,764,793
	Net Block	12,879,687	15,417,607	27,821,438	28,546,077	298,494,629	302,562,515
	Less: Revaluation Reserve	3,827,337	3,664,983	3,565,059	3,522,135	156,388,905	156,378,199
	Net Block after adjustment for Revaluation Reserve	9,052,350	11,752,624	24,256,379	25,023,942	142,105,724	146,184,316
(ii)	Capital work in Progress	898,492	-	-	11,748,724	164,292,510	216,147,455
	TOTAL (A)	**9,950,842**	**11,752,624**	**24,256,379**	**36,772,666**	**306,398,234**	**362,331,771**
B	**Investments (B)**	**1,700,110**	**1,700,110**	**91,700,110**	**91,699,810**	**50,035**	**50,035**
C	**Current Assets , Loans & Advances:**						
	Inventories	1,642,242	3,333,138	1,391,881	1,626,665	101,314,348	101,455,937
	Sundry Debtors	1,890,500	2,459,761	5,858,142	8,075,807	87,630,021	100,961,185
	Cash & Bank Balances	932,382	1,599,066	1,562,555	591,791	83,341,587	39,844,839

	Loans & Advances	753,868	822,386	92,654,153	91,281,116	89,845,312	108,285,524
	TOTAL ©	**5,218,992**	**8,214,351**	**101,466,731**	**101,575,379**	**362,131,268**	**350,547,485**
	TOTAL (A+B+C)	**16,869,944**	**21,667,085**	**217,423,220**	**230,047,855**	**668,579,537**	**712,929,291**
D	**Less :Liabilities & Provisions:**						
	Secured Loans	564,830	1,264,140	10,930,179	10,556,058	200,781,217	204,747,679
	Unsecured Loans	10,897,016	13,028,711	2,495,750	10,630,796	1,000,000	1,000,000
	Net Deferred Tax liabilies	2,654,946	2,763,544	2,783,302	1,452,334	4,330,290	4,492,442
	Current Liabilities & provisions	710,425	1,369,311	3,397,296	6,848,416	148,484,254	159,278,435
	TOTAL (D)	**14,827,217**	**18,425,706**	**19,606,527**	**29,487,604**	**354,595,761**	**369,518,556**
	Networth (A+B–C - D)	**2,042,727**	**3,241,379**	**197,816,693**	**200,560,251**	**313,983,776**	**343,410,735**
	Represented By:						
(i)	Share Capital	618,000	618,000	22,696,800	22,696,800	136,180,800	136,180,800
(ii)	Share Application Money	-	-	-	-	92,126,911	113,625,238
	Reserves & Surplus	5,252,064	6,288,362	178,684,952	181,385,586	242,064,970	249,982,898
	Less: Revaluation Reserve	3,827,337	3,664,983	3,565,059	3,522,135	156,388,905	156,378,199
(iii)	Reserves (net of Revaluation Reserve)	1,424,727	2,623,379	175,119,893	177,863,451	85,676,065	93,604,699
	Networth (i+ –i - iii)	**2,042,727**	**3,241,379**	**197,816,693**	**200,560,251**	**313,983,776**	**343,410,735**

GENERAL INFORMATION

Our Company was incorporated on 24th September 1941 under the name and style of Jamod Ginning Company Private Ltd. Renamed on 8th October 1998 as Birla Agro Private Ltd and subsequently changed to Birla Cotsyn (India) Private Ltd on 9th December 2005. Our Company was converted into a Public Limited Company and the name was changed to Birla Cotsyn (India) Limited on 30th May 2006

Registered Office and Corporate Office

1st Floor, Dalamal House,
Nariman Point, Mumbai – 400 021.
Tel: +91-22-2282 1173/74,
Fax: +91-22-2204 7835.
Registration No.: 3429 dated 24th Sep 1941
CIN No : U17110MH1941PLC003429
Website : Birlacotsyn.com
Contact Person : Mr.Tushar Dey, Company Secretry & Compliance Officer

The Registered office was shifted from Industry House, 159, Churchgate Reclamation, Bombay -20.to Queens Mansion, Prescot Road, Fort, Bombay-1 on 28th June 1969 and was later shifted to the present address on 13th March 2006

Address of Registrar of Companies :

REGISTRAR OF Companies, Mumbai, Maharashtra
100 Everest Building, Marine Lines,
Mumbai – 400002,
Maharashtra,
India

BOARD OF DIRECTORS:

Our Company is currently managed by Board of Directors comprising of 6 directors. The Board of Directors consists of the following persons:

NAME OF THE DIRECTOR	DESIGNATION	STATUS
Mr. P.B. Bhardwaj	Chairman	Non- Independent and Non-Executive
Mr. Yashovardhan Birla	Co-Chairman	Non- Independent and Non-Executive
Mr. P.V.R .Murthy	Director	Non- Independent and Non-Executive
Mr.Sanjay K.Agarwal	Director	Non- Independent and Non-Executive
Mr Y. P. Trivedi	Director	Additional Director, Independent and Non- Executive
Mr. Mohan Jayakar	Director	Additional Director, Independent and Non- Executive
Mr.Mohandas Shenoy Adige	Director	Additional Director, Independent and Non- Executive
Mr.Navinchandra Chhaganlal Shah	Director	Additional Director, Independent and Non- Executive
Mr. Alok Bhardwaj	Alternate Director to Mr. . P.B. Bhardwaj	Non- Independent and Non-Executive

PROFILE OF THE DIRECTORS

CHAIRMAN

Mr. P.B. Bhardwaj aged 70, is the founder of the P.B.Bhardwaj Group (PBG). He has been nominated by the PBG to be the Chairman of our Company. PBG consists of Polytex Ltd, Haryana Television Ltd, Divit Textiles Pvt Ltd, Spinweave Textiles Pvt Ltd (India) and Ridge Farm Developers Pvt. Ltd. He has been the Chairman of Sunflag Iron & Steel Ltd, Nagpur, Maharashtra, since its inception in 1988 which presently has an annual capacity of 200,000 MTPA of alloy steel.. Mr P.B.Bhardwaj played a key role in the activities of various companies founded by his father Shri Satyadev Bhardwaj. In the 1960's, Mr. P.B. Bhardwaj took responsibility for their activities in Kenya. He was actively involved in expanding their single knitting plant into a completely integrated textile player from spinning operations to garment manufacturing. In the 1970's, he was associated with setting up a textile unit in Nigeria and within ten years had established the most modern open end and ring cotton spinning plant in Africa. He played a key role in the establishment of Sunflag, Thailand, a polyester chip manufacturing plant. in 1992.

CO- CHAIRMAN

Mr. Yashovardhan Birla aged 40 years is the Co- Chairman of our Company. He is the Chairman of the diversified Yash Birla Group for well over 16 years. He is the Great-grandson of late Shri R.D.Birla. Mr. Yashovardhan Birla is M.Com. LLB by academic qualifications. He took over the reins of the group in 1990 at a very young age of 23 years and has successfully steered the group to its present position of eminence. He has been credited with the integration of various group companies, infusing a strong sense of global vision and taking an integrated approach to the group. Mr. Birla is also on the Board of Directors of 15 other Group companies. These companies include Zenith Limited, Birla Kennametal Limited, Birla Power Solutions Limited, Dagger Forst Tools ltd, Shloka Infotech etc.

OTHER DIRECTORS

Mr. P.V.R .Murthy aged 54 years, is a Chartered Accountant and MBA by academic qualification. He has almost 30 years of experience in the finance sector. He has worked as a part of the Top Management with various companies over a span of 16 years in the capacity of Managing Director, Director, CEO and Advisor prior to joining the Yash Birla Group of Companies. At YBG, he is looking after Financial Resource Management of all the group companies, Business restructuring, Disinvestments, Merger & Acquisitions, MIS, Management, Internal and Statutory audit, Integrated ERP systems across group companies, Corporate Governance, Investments in new projects, expansion/diversification of the existing Group companies etc.

Mr. Sanjay K Agarwal, aged 39, is a graduate from St. Xavier's College, Calcutta, where he obtained his B.Com degree with honours in 1987. He is also a Chartered Accountant since 1989 and is also an Associate of the Chartered Certified Accountants of United Kingdom. Mr. Agarwal, started his career as a Credit and Finance Officer with SBI Home Finance in India and subsequently moved on to become the General Manager, Finance, with Afprint Nigeria Plc. He has wide ranging experience in trade, industry and service sectors in different parts of the world. He possesses extensive accounting, MIS, treasury, change management and corporate strategy skills. He has played a key role in many restructuring, merger integration, MIS, cost savings, turnarounds, new investments – projects and divestment programs. In the PBG, Mr. Agarwal is responsible for the global management information systems, monthly operations reviews and cost reduction plans. He has also participated in negotiations with suppliers, financials institutions, as well as governments

Mr Y.P Trivedi , aged 78 years , B.Com., LL.B , is an advocate of Hon. Supreme Court of India .He was President of the Chamber of Income Tax Consultants,Income Tax Applelate Tribunal Bar Association and he was Mmember of Direct Taxes Advisory committee for Western region of India . He is Hon consul of Federal Republic of Ethipoia , He was president o Indian Merchants Chmber and was Chairman of Taxation Committee , Indian Merchant Chamber,Taxation Committee, All India Manufacturers Association ,Mr Trivedi is Member of Managing Committee and Co ordination Committee of ASSOCHEM Presently he is in the Board of Directors of several prestigious companies like Relaince Industries, Reliance Petroleum, Zodiac Clothing,Birla power Solution, Sai Service Station,Supreme Industries . He was on the Board of Directors of several Reputed companies/ Banks like Central Bank, Raymond Synthetics , Shree Raj Traves , Hindustan Latex ,Dena Bank, Welspun Syntex , Muller & Phipps . He has been very active in the Social, Sports, Educational and Medical fields, He was conferred with prestigious Gurjar Ratna, Kala Gurjar etc He has traveled widely in India and abroad.

Mr. Mohan M. Jayakar, aged 57 years**,** is presently the Senior Partner in M/s. Khaitan, Jayakar, Sud and Vohra and heads the entire operations of the Mumbai branch of the Firm. He obtained his Solicitors Degree in the year 1975, in the Last Examinations conducted under this aegis of the High Court of Bombay. He was a partner with M/s. Gagrat & Co., for 23 years, having attended to all the aspects of Law and specialized in Customs, Central Excise and Foreign Exchange matters including Writs and Criminal Procedures. He was a member of the Shipping Committee of the Bombay Chamber of Commerce and has attended to International Commercial Commodity Arbitrations and Shipping and other Maritime Arbitrations

Mr. Mohandas Shenoy Adige, aged 63 years**,** has 40 years of cross functional experience in metal industry with exposure to various functional areas including techno-commercial areas of project management. He is a member of regionl council of Confedaration of Indian Industry (CII). Specialist in revival and turnaround of ailing units through re-engineering and reorganization. He has retired as the Manging Director of Nagpur Power and Industries Limited. Member of All India Management Association/ Bombay Management Association (BMA), Indian Institute of India Foundrymen and Indian Institute of Materials Management.

Mr.Navinchandra Chhaganlal shah, aged 69 years**,** has graduated from London School of Economics and is a Fellow member of the Institute of Chartered Accountant of India and also of England and Wales. He is also a member of the Institute of Taxation, London. He has to his credit an extensive and rich experience of working in PriceWaterhouse & Co, He was the president of the Uganda Chamber of Commerce & Industry and had worked in Uganda Govt. sub- committees on Timber Industry and Uganda Metrication .He had been the Secretary of Overseas Indian Jaambo Association. Since 2002 practicing as a Financial Consultant specializing in estate and succession planning.

Mr. Alok Bhardwaj aged 34, obtained a Bachelor of Science degree in Mechanical Engineering from City University, London in 1990. In 1990, he joined Ijora Textiles where his primary responsibility was to re-organize production and utility activities. From 1992 to 1996 he was managing the SG in Nigeria. During his stint with SG, Nigeria, he was responsible for the acquisition of the manufacturing facility and the setting up of a composite weaving and finishing plant as well as a garment manufacturing plant. In 1996, Mr. Alok Bhardwaj was appointed as the Managing Director of the Sunflag Iron and Steel, India, a Public Company. His main accomplishments include the implementing of a cost control program, improving product quality and expanding the capacity of the plant from 200,000 tonnes to 250,000 tonnes. Under his direction, our Company was awarded ISO 9002 certification and became the approved supplier for Toyota, Mitsubishi, General Motors and Mercedes. He plays an important role in corporate development worldwide and his efforts have firmly put the SG amongst the top five textile manufacturers in Africa.

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Tushar Dey
Company Secretary & Compliance Officer
Birla Cotsyn (India) Limited,
1st Floor, Dalamal House,
Nariman Point, Mumbai – 400 021.
Tel: +91-22-2282 1173/74,
Fax: +91-22-2204 7835

Investors can contact the Compliance Officer in case of any pre-issue or post-issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc**.**

BOOK RUNNING LEAD MANAGER

ALLBANK FINANCE LIMITED
(Wholly Owned subsidiary of Allahabad Bank)
SEBI Regn. No:INM00006609
Allhabad Bank Building,2nd Floor
37, Mumbai Samachar Marg, Fort, Mumbai 400 023.
Tel:+91-22 -22677552 Fax:+01-22- 22677552
Website: www.allbankfinance.com
Email: birla_ipo@allbankfinance.com
Contact person: Mr :K.Shiv Shankar/ Ms Padma

CO-BOOK RUNNING LEAD MANAGERS

SAFFRON CAPITAL ADVISORS PRIVATE LIMITED
SEBI Regn . No: INM 000011211

Ground floor, VILCO Centre,
Subhash Road, Behind Garware,
Vile Parle (East) Mumbai – 400057
Tel: +91-22 26820654 Fax: +91-22 26820502
Email: bcil.ipo@saffronadvisor com
Website: www.saffronadvisor.com
Contact Person: Mr. Neeraj Khandelwal

NEXGEN CAPITALS LIMITED

SEBI Regn. No: INM000010999
9-B, Netaji Subhash Marg,
Daryaganj, New Delhi-110 002
Tel: 91 11 3011 1333 Fax: 91 11 3088 8866
Email: bcil.ipo@nexgencapitals.com
Website: www.nexgencapitals.com
Contact Person: Sanjeev Barnwal

CHARTERED CAPITAL AND INVESTMENT LIMITED ,
SEBI Regn . No: INM000004018
711,Mahakant, Opp.V.S. Hospital
Ellis Bridge, Ahmedabad -380006
Tel: 91 79-26577571,26575337
Fax: 91 79 26575731
Website: www.charteredcapital.net
Email: info@charteredcapiital .net
Contact Person: Mr Manoj Kumar Ramrakhyani

LEGAL ADVISORS TO THE ISSUE

Crawford Bayley & Co.,
Advocates & Solicitors,
State Bank Building,
N.G.N. Vaidya Marg, Mumbai – 400 023.
Tel: +91-22-2266 3713/0699
Fax: +91-22-2266 0355/0986
Contact Person: Mr Anoj Menon
Email:anoj.menon@crawfordbaylee.com

BANKERS TO OUR COMPANY

STATE BANK OF INDIA
Nariman Point Branch
Dalamal House, J. B. Marg
Mumbai – 400 021

Tel : +91-22 2285 6763 /2202 8789
Fax : +91-22 2283 0121
E mail : sbi.06945@sbi.co.in

AXIS BANK LIMITED
Lokhandwala Complex Branch
Royal Accord IV
Lokhandwala Complex
Andheri (W)
Mumbai – 400 053
Tel : +91-22 2635 2646 /
+91-22-2639 5950
Fax : +91-22- 2632 8008

PUNJAB NATIONAL BANK
Raheja Chambers
Nariman Point
Mumbai 400 021.

Tel : +91-22-2279 0025 / 0012
Fax : +91-22-2282 3033

CENTURION BANK OF PUNJAB
Modern Centre, C Wing
Ground Floor
Sane Guruji Marg
Mahalakshmi (East)
Mumbai – 400 011
Tel : +91-22- 6754 0000
Fax : +91-22- 6754 0011/22

REGISTRAR TO THE ISSUE

Adroit Corporate Services Pvt Ltd
SEBI Regn No: INR000002227
19/20, Jaferbhoy Industrial Estate, 1st Floor,
Makwana Road, Marol Naka, Andheri (Est),
Mumbai- 400 059.
Tel : Ph: –91 - 22 - 2859 6060/2589 4060 Fax: 91 - 22 - 2850 3748
Website: www.adroitcorporate.com
email: veenashetty@adroit1.com
contact person: Ms Veena Shetty

BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS

ICICI BANK LIMITED
SEBI Regn No. INBI00000004
Capital Markets Division
30, Mumbai Samachar Marg
Mumbai 400 001
Tel: –1 - –2 - 2262 7600
Fax: 91- –2 - 2261 1138
Website: www.icicibank.com
Email:
venkataraghavan.t@icicibank.com
Contact Person: Venkataraghavan

CENTURION BANK OF PUNJAB LIMITED
SEBI Regn No. INBI00000085
Modern Centre, C – Wing
Ground Floor
Sane Guruji Marg
Mahalaxmi (E)
Mumbai – 400 011
Tel: 91- 22- 67540000
Fax: 91- –2 - 67540011/ 0022
Website: www.centurionbop.co.in
Email:
harpal.singh@centurionbop.co.in
Contact Person: Mr. Harpal Singh

HDFC BANK LTD
SEBI Regn
No.INB100000063
2nd Floor, Process
House,
Kamala Mills
Compound,
Senapati Bapat Marg,
Lower Parel,
Mumbai 400 013.
Tel : 91 22 2498 8484
Fax : 91 22 2496 3871
Website: hdfcbank.com

AXIS BANK LIMITED
SEBI Regn. No. IBNI00000017
Royal Accord IV
Lakhandwala Complex
Andheri (W)
Mumbai – 400 053
Tel: 91- –2 - 2635 2646
Fax: 91- –2 - 2632 8008
Website: www.axisbank.com
Email:
rajiv.agrawal@axisbank.com
Contact Person: Rajiv Agrawal

STANDARD CHARTERED BANK
SEBI Regn No. INBI00000885
Client Relationships
270, D.N. Road, Fort
Mumbai – 400 001
Tel: 91- 22- 2219 8609
Fax: –1 - –2 - 2201 9208
Website:
www.standardchartered.co.in
Email:
rajesh.malwade@in.standardchartered.com
Contact Person: Mr Banhid Bhattacharya / Mr Rajesh Malwade

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

AUDITORS

Statutory and Tax Auditor

M/s Dalal & Shah
Chartered Accountants,
The Regency, 1st Floor,
Office # 11 & 12,
National Library Road,
Bandra (West),
Mumbai – 400 050.
Tel : 91 22 2266 2110 / 0115
Fax : 91 22 22266 1503

CREDIT RATING

As this is an Issue of Equity Shares, there is no requirement of credit rating for this Issue.

IPO GRADING
CREDIT ANALYSIS & RESEARCH LIMITED (CARE*)*
4th Floor, Godrej Coliseum,
Somaiya Hospital Road,
Off Eastern Express Highway,
Sion (E), Mumbai – 400 022.
Tel : 91 22 6754 3456
Fax : 91 22 6754 3457
Email : care@careratings.com
Website : www.careratings.com

M/s CARE**,** the rating Agency has awarded **[.]**. grading for the Issue indicating **[.]** The rational shall be included at the time of filing the RHP with ROC.

MONITORING AGENCY

In terms of Clause 8.17.1 of the SEBI DIP Guidelines, 2000, as amended from time to time, there is no requirement of Monitoring Agency. However, our Board will monitor the utilization of the proceeds of the Fresh Issue. Pursuant to Clause 49 of the listing agreement, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the proceeds of the Fresh Issue. We will disclose the utilization of the proceeds of the Fresh Issue under a separate head in our balance sheet till such time the proceeds of the Fresh Issue have been utilized fully , clearly specifying the purpose for which such proceeds have been utilized. We will also, in our balance sheet till such time the proceeds of the Fresh Issue have been utilized provide details, if any, in relation to all such proceeds of the Fresh Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Fresh Issue. Our company has constituted Project Monitoring Committee for the purpose.

APPRAISING AGENCIES

Financial Appraisal :

SBI CAPITAL MARKETS LIMITED
202, Maker Tower 'E',
Cuffe Parade, Mumbai 400 005
Tel : 91 – 22 – 2218 9166 / 9169
Fax; 91 – 22 - 2218 8332

Technical Feasibility Study :

AHMEDABAD TEXTILE INDUSTRY'S RESEARCH ASSOCIATION (ATIRA)
P.O. Ambawadi Vistar,
Ahmedabad – 380 015.
Tel : 91 – 79 – 2630 7921 / 7922
Fax : 91 – 79 – 2630 2874

TRUSTEES

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

STATEMENT OF INTER- SE ALLOCATION OF RESPONSIBILITIES AMONG THE BRLMs FOR THE ISSUE

The following table sets forth the inter-se allocation of responsibilities for various activities between All Bank Finance Limited (ABFL) and Capital Advisors Private Limited (SCAPL) NEXGEN Capitals Limited(NEXGEN**)** and Chartered Capital and Investment Limited (CCIL) as Book Running Lead Managers for the Issue:

Sr. No	Activities	Responsibility	Co-Ordinator
1	Capital Structuring with the relative components and formalities such as composition of debt and equity, type of instruments.	ABFL	ABFL
2	Drafting and design of Offer Document.	ABFL	ABFL
3	The Lead Managers shall ensure conduct of due diligence and ensure compliance with the Guidelines for Disclosure and Investor Protection and other stipulated requirements and completion of prescribed formalities with Stock Exchange, Registrar of Companies and SEBI.	ABFL	ABFL

4	Designing Statutory advertisements including Red Herring Prospectus advertisement cover of the Red Herring Prospectus and memorandum containing salient features of the Offer Document (Form 2A). The designated Lead Managers shall ensure compliance with the applicable regulatory provisions in respect of such Statutory Advertisements.	ABFL	ABFL
5	Other non-statutory Advertisements / publicity material including brochures and newspaper materials, corporate campaigns, product advertisement. The designated Lead Manager shall ensure compliance with stipulated code of advertisements with the Guidelines for Disclosure and Investor Protection and other stipulated requirements and completion of prescribed formalities with Stock Exchange and SEBI.	ABFL	ABFL
6	Selection of various agencies connected with the issue viz;', i. Registrars to the issue ii. printers iii. Advertising agencies iv) Bankers to the Issue v) Brokers vi) Underwriters and underwriting arrangements	ABFL	ABFL
7	Institutional Marketing Strategies Finalization of the list and division of investors for one to one meetings, and institutional allocation in consultation with the Bank Preparation of Road show Presentation	ABFL/SCAPL/NEXGEN/CCIL	SCAPL
8	Retail/HNI Marketing Strategies Preparation of Road show Presentation Finalize centers for holding conference for brokers etc. Finalize media, marketing and PR strategy Follow up on distribution of publicity and issue material including application form, offer document, brochures and deciding on the quantum of the issue material Finalize Collection orders	ABFL/NEXGEN/SCAPL/CCIL	NEXGEN
9	Managing the Book and Co-ordination with Stock Exchange	ABFL	ABFL
10	Pricing and QIB allocation	ABFL	ABFL
11	Follow-up with Bankers to the issue to get quick estimates of collection and advising the issuer about closure of the issue, based on the correct figures.	ABFL	ABFL
12	The post bidding activities including management of escrow accounts, co-ordination of non-institutional allocation, intimation of allocation and dispatch of refunds to bidders	ABFL	ABFL
13	The post-issue activities of the Issue will involve essential follow up steps, which will include finalization of basis of allotment/ weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refunds business. Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable arrangements with the Issuer Company.	ABFL	ABFL

Book Building Process

Book Building refers to the process of collection of bids from investors on the basis of this Draft Red Herring Prospectus. The Issue Price is fixed after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

(1) Our Company;

(2) Book Running Lead Manager, in this case being AllBank Finance Ltd, Nexgen Capitals Ltd, Saffron Capital Advisors Private Limited. And Chartered Capital and Investment Limited.

(3) Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as underwriters, in this case being (●)

(4.) Registrar to the Issue, in this case being Adroit Corporate Services Pvt Ltd

The securities are being offered to the public through the 100% Book Building Process in accordance with the SEBI Guidelines wherein: (i) upto 50% of the Net Issue to the public shall be available for allocation on a proportionate basis to QIBs, of which 5% shall be available for allocation to mutual funds on proportionate basis and the remaining QIB portion shall be available for allocation to the QIB bidders including mutual funds (ii) not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, and (iii) not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to the Non-Institutional Bidders subject to valid Bids being received at or above the Issue Price in accordance with the Draft Red Herring Prospectus.

QIBs are not allowed to withdraw their Bid after the Bid/ Issue Closing Date and are required to pay 10% Margin Amount upon submission of their Bid as per the provisions of the DIP Guidelines. For details see the chapter titled "Terms of the Issue" on page in this Draft Red Herring Prospectus.

Steps to be taken by a Bidder to make a Bid:

(1) Check eligibility (please see the section titled "Issue Procedure—Who can bid?" beginning on page of this Prospectus);

(2) Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;

(3) If your Bid is for Rs. 50,000 or more, ensure that you have mentioned your PAN and attached copies of your PAN card to the Bid cum Application Form. In case the PAN has not been allotted, mention "Applied for" or Not applicable" in the appropriate places and submit Form 60 or Form 61 as the case maybe together with permissible documents as proof of address. (see the section titled "Issue Procedure – Permanent Account Number ("PAN")" beginning on page of this Prospectus);

(4) Ensure that the Bid cum Application Form is duly completed as per the instructions given in the Draft Red Herring Prospectus, Prospectus and in the Bid cum Application Form;

(5) Bids by QIBs will only have to be submitted to the BRLM and Co-BRLM; and

(6) The Bidder should ensure the correctness of his or her Demographic details (as defined in the section titled "Issue Procedure" beginning on page of this Draft Red Herring Prospectus) given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.

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

The Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs. 60/- to Rs. 72/- per Equity Share, Issue size of 5,400 Equity Shares and receipt of five Bids from the Bidders. A graphical representation of the onsolidated demand and price will be made available at the websites of the BSE (www.bseindia.com) and the NSE (www.nseindia.com) during the during the Bidding/Issue Period. The illustrative book as set forth below shows the demand for the Equity Shares of our Company at various prices and is collated from Bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
1,500	72	1,500	27.78%
3,000	69	4,500	83.33%
4,500	66	9,000	166.67%
6,000	63	15,000	277.78%
7,500	60	22,500	416.67%

The price discovery is a function of demand at various prices. The highest price at which our Company is able to issue the desired quantity of Equity Shares is the price at which the book cuts off, i.e., Rs.66 in the above example. Our Company, in consultation with the BRLMs, will finalize the Issue Price at or below such cut off price, i.e., at or below Rs.66. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective category.

Bids and any revision in Bids will **only be accepted between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bid/ Issue period as mentioned above at the bidding centres mentioned in the Bid cum Application Form **except that on the Bid/Issue Closing Date, Bids and any revision in Bids will only be accepted between 10 a.m. and 1 p.m. (Indian Standard Time)** and uploaded until (i) 5.00 p.m. in case of Bids by QIB Bidders, Non-Institutional Bidders and Employees bidding under the employee Reservation Portion where the Bid Amount is in excess of Rs. 100,000 and (ii) until such time as permitted by the BSE and the NSE, in case of Bids by Retail Individual Bidders and Employees Bidding under the Employee Reservation Portion where the Bid Amount is up to Rs. 100,000. **Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1.00 p.m (Indian Standard Time) on the Bid/ Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only on working days, i.e. Monday to Friday (excluding any public holiday).**
The Company and the Selling Shareholders reserve the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI Guidelines provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down up to a maximum of 20% of the Floor Price advertised at least one day before the Bid/Issue Opening Date.
In case of revision of the Price Band, the Issue Period will be extended for three additional days after revision of the Price Band, subject to the total Bid/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release and also by indicating the changes on the websites of the BRLM and Co-BRLM and on the terminals of members of the Syndicate.

Bid/Issue Period
BID/ISSUE OPENED ON :
BID/ISSUE CLOSED ON

Withdrawal of the Issue

The Company and the Selling Shareholders, in consultation with the BRLM, reserves the right not to proceed with the issue any time after the Bid/Issue Opening Date but before the Allotment of Equity Shares without assigning any reason thereof.

Underwriting Agreement

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

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

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. Lakhs)
Allbank Finance Ltd SEBI Regn. No:INM00006609 Allhabad Bank Building,2nd Floor 37, Mumbai Samachar Marg, Fort, Mumbai 400 023. Tel:+91-22 -22677552 Fax:+01-22- 22677552 Website: www.allbankfinance.com Email: birla_ipo@allbankfinance.com	[•]	[•]
NEXGEN Capitals Limited SEBI Regn. No: INM000010999 9-B, Netaji Subhash Marg, Daryaganj, New Delhi-110 002 Tel: 91 11 3011 1333 Fax: 91 11 3088 8866	[•]	[•]
Saffron Capital Advisors Private Limited SEBI Regn . No: INM 000011211 Ground floor, VILCO Centre, Subhash Road, Behind Garware, Vile Parle (East) Mumbai – 400057 Tel: +91-22 26820654 Fax: +91-22 26820502	[•]	[•]
Chartered Capital And Investment Limited SEBI Regn . No: INM000004018 711,Mahakant, Opp.V.S. Hospital Ellis Bridge, Ahmedabad -380006 Tel: 91 79-26577571,26575337 Fax: 91 79 26575731 **Website: www.charteredcapital.net** Email: info@charteredcapiital .net	[•]	[•]
Total	[•]	[•]

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

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLMs and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount. Allocation to QIB Bidders is proportionate as per the terms of this Draft Red Herring Prospectus.

CAPITAL STRUCTURE

Share Capital as on date of filing the Draft Red Herring Prospectus with SEBI:

SHARE CAPITAL	IN RUPEES	
	FACE VALUE	AGGREGATE VALUE AT ISSUE PRICE
1. AUTHORISED CAPITAL		
15,00,00,000Equity shares of Rs.10/- each	150,00,00,000	
2. ISSUED SUBSCRIBED AND PAID-UP CAPITAL		
136,18,080Equity shares of Rs.10 /- each fully paid up	13,61,80,800	
3. PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS		
Public Issue of [●] equity shares of Rs. 10/- each for cash at a price Rs. [●] aggregating Rs 14418.00 lakhs.	[●]	[●]
I Promoters Contribution	[●]	[●]
[●] Equity Shares of Rs.10/- each f**or cash at a price Rs. [●] aggregating Rs 3665.00 lakhs.**		
II Reservation for Employees		
(*) Equity shares of Rs.10/- each for cash at a price Rs. [●] aggregating Rs 725.00 lakhs On proportionate basis		
III Net Offer to the Public	[●]	[●]
[●] Equity Shares of Rs.10/- each for cash at a price Rs. [●] aggregating Rs 10028.00 lakhs On proportionate basis Of which Qualified Institutional Buyers portion of upto [●] equity shares Rs.10/- each for cash at a price Rs. [●] aggregating Rs 5014.00 lakhs Non Institutional Portion of at least [●] equity shares Rs.10/- each for cash at a price Rs. [●] aggregating Rs 1504.20 lakhs Retail portion of at least [●] equity shares Rs.10/- each for cash at a price Rs. [●] aggregating Rs 3509.80 Lakhs		
4. PAID-UP EQUITY CAPITAL AFTER THE ISSUE		
[●] Equity Shares of Rs. 10/- each	[●]	**[●]**
5. SHARE PREMIUM ACCOUNT		
• Before the Issue	5,84,66,000	5,84,66,000
• After the Issue	[●]	[●]

Details of Increase in Authorised Capital:

Our Company was incorporated on 24th September 1941 with an initial Authorised Capital of Rs.100000 divided into 1000 ordinary shares of Rs.100 each. The subsequent changes are given below.

Date	Authorised Capital	Face value	No . of shares	Particulars	AGM/EGM
24/09/1941				**Incorporation**	AGM
	100000	**100**	**1000**		
30/08/1948	From **100000 to** 200000	100	2000	Increase	EGM
16/12/1975	From 200000 to 1500000	100	15000	Increase	EGM
30/09/2004	From 1500000 to 20000000	100	200000	Increase	AGM
29/12/2004	From 20000000 to 50000000	100	500000	Increase	EGM
13/03/2006		10	5000000	Splitting of shares	EGM
23/06/2006	From 50000000 to 150000000	10	15000000	Increase	EGM
30/10/2007	1500000000	10	150000000	Increase	EGM

Note: The Equity Shares of our Company having face value of Rs 100/- were split into 10 Equity Shares having face value of Rs 10/- each vide a resolution passed in the Extra ordinary General Meeting held on 13th March, 2006

NOTES TO THE CAPITAL STRUCTURE.

1.Share Capital History

The following is the history of the equity share capital of the Company up to the date of this Prospectus.

Date of Allotment	**Number of Equity Shares Allotted**	**Face Value (Rs.)**	**Issue Price (Rs.)**	**Consideration (Rs.)**	**Nature of Allotment (Bonus, Rights Etc.)**	**Cumulative Number of Equity Shares**	**Cumulative paid up capital**	**Cumulative Share Premium (Rs.)**
20/12/1941	250	100	100	**Cash**	Subscription to MOA	250	25000	NIL
27/12/1948	800	100	100	Cash	Further Allotment of shares to Promoters and promoter group	1050	105000	NIL
03/05/1966	630	100	NIL	Bonus	Bonus in the ratio of 3:5 to all share holders	1680	168000	NIL
14/11/1974	4500	100	100	Amalgamation	In terms of Amalgamation Scheme sanctioned by Bombay High Court by its order dt.28/7/1975	6180	618000	NIL
29/11/2004	130288	100	100	cash	Further Allotment of	136468	13646800	NIL

					shares to Promoters and promoter group			
7/3/2005	90500	100	2000	cash	Further Allotment of shares to Promoters and promoter group	226968	22696800	17195000
1/6/2006	2042712	10	NIL	Share split	Split of FV from Rs.100 to Rs.10 in terms of Resolution passed in EGM held on 13.03.2006	2269680	22696800	17195000
16/8/2006	11348400	10	NIL	Bonus	Bonus in the ratio of 5:1 to all share holders	13618080	136180800	58466000

Note:
Our Company has made a Bonus Issue of Equity Shares in the ratio of 3 Equity Share for every 5 Equity Shares held as on the record date i.e. 3rd May 1966. Our Company has made another Bonus Issue of Equity Shares in accordance with a resolution passed at the Board meeting held on 23rd June 2006, in the ratio of 5 Equity Shares for every 1 Equity Shares held as on the record date i.e. 24th June 2006 .These bonus Issues were made through capitalization of Reserves & Surplus. The allotment of these Equity Shares was made on 8th June 1966 & 28th June 2006 respectively.

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

2) Details of Allotment to Promoters/Transfer by Promoters, Promoters Holding and Lock-in-

a) Allotment / Transfer of Equity Shares to Promoters

:Name of the Promoter	**Date of allotment/ Transfer**	**Nature of payment or consideration**	**Number of Equity Shares**	**Face Value (Rs.)**	**Issue/ Transfer Price per Share (Rs.)**	**% of Post Issue Paid – Up Capital**	**Lock in**
Mr.Yash Birla	24.8.95	Cash – Purchase	391	100	100		1 year
	24.8.95	Shares received from Sujata Birla & Ashok.V.Birla	500	100	-		1 year
	24.8.95	Shares received from Ashok.V.Birla & Sunanda Birla	620	100	-		1 year
	30/8/96	Cash – Purchase	46	100	100		1 year
	01/06/06	Sub Division of Face Value from Rs.100 to Rs.10	15,570	10	-		1 year
	28/06/.06	Bonus in the ratio of 5:1	77,850	10	-		1 year

:Name of the Promoter	Date of allotment/ Transfer	Nature of payment or consideration	Number of Equity Shares	Face Value (Rs.)	Issue/ Transfer Price per Share (Rs.)	% of Post Issue Paid – Up Capital	Lock in
		Total	**93,420**	10		[•]	1 year
Yashvardhan Birla (Karta of Ashok.V.Birla HUF)	22.06.79	Cash – Purchase	350	100	185		1 year
	1/6/2006	Sub Division of Face Value from Rs.100 to Rs.10	3,500	10			1 year
	28.06.06	Bonus in the ratio of 5:1	17,500	10			1 year
		Total	21,000	10			1 year
Yash Society (Previously known as Birla Vidya Vihar Society)	20/9/85	Donation received from Matri seva sadan Charity Trust (Hospital and Medical Unit)	1,000	100	-		1 year
	18/3/86	Donation received from Ashok.V.Birla & Sunanda Birla	84	100	-		1 year
	1/6/2006	Sub Division of Face Value from Rs.100 to Rs.10	10,840	10	-		1 year
	16/8/06	Bonus in the ratio of 5:1	54,200	10	-		1 year
		Total	**65,040**				1 year
Birla Industries Group Charity Trust (Medical Institution) Trustees : 1. Mr.Yash Birla 2. Mrs. Avanti Birla.	20/9/85	Donation received from Matri seva sadan Charity Trust (Hospital and Medical Unit)	1,000	100	-		1 year
	1/6/06	Sub Division of Face Value from Rs.100 to Rs.10	10,000	10	-		1 year
	16/8/06	Bonus in the ratio of 5:1	50,000	10	-		1 year
		Total	**60,000**	10	-		1 year
Sunanda Medical Institute	17/7/01	Donation received from Matri seva sadan Charity Trust (Hospital and Medical Unit)	1,440	100	-		1 year
	1/6/06	Sub Division of Face Value from Rs.100 to Rs.10	14,400	10	-		1 year
	28/06/06	Bonus in the ratio of 5:1	72,000	10	-		1 year
		Total	**86,400**		-		1 year
Capricorn Leasors & Distributors Private Limited	25/11/04	Cash	13,029	100	100		1 year
	20/1/06	Transfer to Shearson Investment & Trading Co. Pvt. Ltd under Scheme of Amalgamation	(13,029)	100	Refer Note No.b		1 year
		Total	**Nil**				1 year

:Name of the Promoter	Date of allotment/ Transfer	Nature of payment or consideration	Number of Equity Shares	Face Value (Rs.)	Issue/ Transfer Price per Share (Rs.)	% of Post Issue Paid – Up Capital	Lock in
Hallmark Leasors & Distributors Private Limited	25/11/04	Cash	13,029	100	100		1 year
	20/1/06	Transfer to Shearson Investment & Trading Co. Pvt. Ltd under Scheme of Amalgamation	(13,029)	100	Refer Note No.b		1 year
		Total	**Nil**				1 year
Birla International Pvt. Ltd	25/11/04	Cash	52,115	100	100		1 year
	20/3/06	Bought from Godavari Corporation	7136	100	10		1 year
	19/4/06	Bought from Dalal and Family	749	100	16.50		1 year
	01/6/06	Sub Division of Face Value from Rs.100 to Rs.10	6,00,000	10	Nil		1 year
	16/8/06	Bonus in the ratio of 5:1	30,00,000	10	-		
	18/12/06	Bought from Cherville Capital Invest AG	30,00,000	10	8.30		
	9/3/07	As per Scheme of Arrangement – Transferred to Nirved Traders Pvt.Ltd – vide note no. b given below.	(66,00,000)	10	4.69		
		Total	**Nil**				
Chervill Capital Investment Ltd.	7/3/05	Cash	90,500	100	2000		
	1/6/2006	Sub Division of Face Value from Rs.100 to Rs.10	8,14,500	10	Nil		
	16/8//06	Bonus in the ratio of 5:1	45,25,000	10	Nil		
	18/12/06	Sold to Birla International Pvt. Ltd	(30,00,000)	10	8.30		
	18/12/06	Sold to Shearson Investment & Trading Co. Pvt. Ltd	(24,30,000)	10	8.30		
		Total	**Nil**				
Godavari Corporation Limited	25/11/04	Cash	52,115	100	100		
	1/6/2006	Sub Division of Face Value from Rs.100 to Rs.10	4,69,035	10	Nil		
	20/3/06	Sold to Shearson Investment & Trading Co. Pvt. Ltd	(4,49,790)	10	10		
	20/3/06	Sold to Birla International Pvt. Ltd.	(71,360)	10	10		
		Total	**Nil**				

:Name of the Promoter	Date of allotment/ Transfer	Nature of payment or consideration	Number of Equity Shares	Face Value (Rs.)	Issue/ Transfer Price per Share (Rs.)	% of Post Issue Paid – Up Capital	Lock in
Shearson Investment & Trading Co. Pvt. Ltd	20/1/06	Transfer from Capricorn Leasors & Distributors Private Limited Pvt. Ltd under Scheme of Amalgamation Vide note no. **b** given below	13,029	100	65.63		1 year
	20/1/06	Transfer from Hallmark Leasors & Distributors Private Limited Pvt. Ltd under Scheme of Amalgamation Vide note no. **b** given below	13,029	100	65.63		1 year
	1/6/2006	Sub Division of Face Value from Rs.100 to Rs.10	2,34,522	10	Nil		
	20/3/06	Bought from Godavari Corporation	4,49,790	10	10		
	16/8/06	Bonus in the ratio of 5:1	35,51,850	10	-		
	18/12/06	Bought from Cherville Capital Invest AG	24,30,000	10	8.30		
		To KP Chokhani	(100)	10	-		
		To GL Lath	(100)	10	-		
	20/07/07	Sold to Polytex Limited	(26,47,500)	10			
	6/09/07	Sold to Polytex Limited	(7,61,540)	10	10.00		
		Total	**32,82,980**	10			1 year
Polytex Limited (NRI)	20/07/07	Bought from Shearson Investment & Trading Co. Pvt. Ltd.	26,47,500	10	10.00		1 year
	6/09/07	Bought from Shearson Investment & Trading Co. Pvt. Ltd.	7,61,540	10	10.00		1 year
	6/09/07	Bought from Nirved Traders Pvt. Ltd	34,00,000	10	10.00		1 year
		Total	68,09,040	10	10.00		1 year
Mr.K.P.Chokhani	18/12/06	Transfer from Shearson Investment & Trading Co. Pvt.Ltd.	100	10	-		
		Total	**100**	10			1 year
Mr.G.L.Lath	18/12/06	Transfer from Shearson Investment & Trading Co. Pvt.Ltd.	100	10	-		1 year
		Total	**100**	10			1 year
Nirved Traders Pvt. Ltd	6/9/07	As per Scheme of Arrangement – transferred from Birla International Pvt. Ltd. Vide note no.**c** given below	66,00,000	10	4.69		
	6/9/07	Sold to Polytex Limited	(34,00,000)	10	10.00		
		Total	**32,00,000**	**10**	**4.69**	[•]	1 year
			1,36,18,080	10			1 year

Note on allotment to promoters/transfer by promoters:

a) Mr. Yashovardhan Birla through a will executed in his favour by Late Mr. Ashok Birla (H.U.F.), Late Mr. Ashok Birla, Late Ms. Sunanda Birla and Late Ms. Sujata Birla is the rightful owner of shares held by Late Mr. Ashok Birla (H.U.F.), Late Mr. Ashok Birla, Late Ms. Sunanda Birla and Late Ms. Sujata Birla.

b) The High Court of Judicature at Mumbai vide its order dated 20th January, 2006 approved Scheme of Amalgamation of Opus Investment and Trading Private Limited, Hallmark Leasors & Distributors Private Limited and Capricorn Leasors & Distributors Private Limited with Shearson Investment Trading & Company Pvt. Ltd. The Scheme of Amalgamation was approved under Section 391 – 394 of the Companies Act, 1956. By virtue of this scheme, Opus Investment & Trading Private Limited, Hallmark Leasors & Distributors Private Limited & Capricorn Leasors and Distributors Private Limited were merged with Shearson with effect from 01st April, 2005 and the shares of Birla Agro Pvt. Limited. Held by Hallmark Leasors & Distributors Private Limited & Capricorn Leasors and Distributors Private Limited were transferred to Shearson Investment & Trading Company Private Limited.

c) The High Court of Judicature at Mumbai vide its order dated 2nd February 2007 approved a Scheme of Arrangement of Birla International Pvt Limited and Nirved Traders Pvt Limited. . The Scheme of Arrangement was approved under Section 391 – 394 of the Companies Act, 1956. By virtue of this scheme, the investments held by the demerged undertaking Viz. Birla International Pvt. Limited be transferred to the transferee company at book value with effect from the Appointed date. Accordingly the shares of our Company held by Birla International were transferred to Nirved Traders Pvt. Limited on 6/9/07.

ESOP : Grant of options to employees was authorised by the EGM in its meeting held on December 6, 2007 under ESOP Plan 2007 .

b) **PROMOTERS CONTRIBUTION AND LOCK IN**

:Name of the Promoter	**Date of allotment/ Transfer**	**Nature of payment or consideration**	**Number of Equity Shares**	**Face Value (Rs.)**	**Issue/ Transfer Price per Share (Rs.)**	**% of Post Issue Paid – Up Capital**	**Lock in**
Nirved Traders Pvt. Ltd *	**Proposed IPO**	**CASH**	[•]	10	[•]	[•]	[•] shares for 3 years and [•] shares for 1 year
Polytex Limited *	**Proposed IPO**	**CASH**	[•]	10	[•]	[•]	[•] shares for 3 years and [•] shares for 1 year
Shearson Investment & Trading Co. Pvt. Ltd*	**Proposed IPO**	**CASH**	[•]	10	[•]	[•]	[•] shares for 3 years and [•] shares for 1 year

* Three promoters viz.. **Nirved Traders Pvt. Ltd ,** Shearson Investment & Trading Co. Pvt. Ltd* and Polytex Limited, have brought in Rs 795.00 lakhs, Rs 1045.00 and Rs 1825.00 lakhs respectively aggregating Rs 3665 .00 lakhs as promoters contribution for the present IPO , It is proposed issue[•] equity shares of Rs 10 each at a price of [•] determined through book building process . In terms of clause 4.1.1 of the SEBI DIP guidelines, the promoters will ensure atleast 20% of the post issue capital including options granted and outstanding , is held by them which shall be locked-in for a period of three years based on Last In First Out (LIFO) basis . The lock-in period shall commence from the date of allotment of Equity Shares in the present Issue or the date of commencement of commercial production, whichever is later. Written consent has been obtained from the persons whose shares form part of promoters' contribution and are subject to lock in period. Other than the above and other than the Equity Shares allotted under our ESOP Plans and held by

employees the entire pre-issue capital of our Company shall be subject to lock in of one year from the date of allotment of shares in this issue.

NOTES :

- The Equity Shares allotted / held by the Promoters of our Company are fully paid- up.
- Further all the Equity Shares, which are being locked in for three years, are not ineligible for computation of promoter's contribution and lock in as per clause 4.6 of SEBI Guidelines.
- In terms of clause 4.16.1 (b) of the SEBI DIP Guidelines, locked in Equity Shares held by the Promoters may be transferred to and amongst the Promoters/ Promoter group or to a new promoter or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.
- Further, in terms of clause 4.16.1 (a) of the SEBI DIP Guidelines, locked in Equity Shares held by shareholders other than the Promoters may be transferred to any other person holding shares which are locked-in as per Clause 4.14 of the SEBI DIP Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.
- In terms of clause 4.15 of the SEBI DIP Guidelines, locked-in securities held by promoters may be pledged only with banks or Financial Institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of loan.

Our Company confirms that the Promoter contribution 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 issued 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 promoters contribution subject to lock-in.
- Shares issued to promoters on conversion of partnership firms into limited company.
- 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

3. Details of Shares of our Company Pledged by Promoter Companies:

Sr. No.	Name of the Company	No. of Shares Pledged	With whom pledged	Date when pledged
1	Nirved Traders Pvt. Ltd.	600000	SICOM Ltd.	17.11.2006
2	Shearson Investment & Trading Co. Pvt. Ltd.	557537	SICOM Ltd.	17.11.2006
	Total	**1157537**		

4. Shareholding pattern :

The table below presents the shareholding pattern of the Company before and after the proposed issue:

5. **Equity Shares held by top TEN Shareholders**

Sr. No.	Shareholder	Pre Issue		Post Issue	
		No of shares	**% of holding**	**No of shares**	% of **holding**
A	**PROMOTERS**				
1	**I. Indian Promoter**			[●]	[●]
i	**Individuals**				
	Mr. Yashovardhan Birla	93420	0.69		
	Yashuvardhan Birla (Karta of Ashok V. Birla HUF)	21000	0.15	Nil	Nil
	Sub Total (i)	**1,14,420**	**0.84**		
ii.	**Companies / Trusts**				
	Yash Society	65,040	0.48	[●]	[●]
	Birla Industries Group Charity Trust	60,000	0.44	[●]	[●]
	Sunanda Medical Institute	86,400	0.63	[●]	[●]
	Shearson Investment & Trading Co. P. Ltd	32,82,980	24.11	[●]	[●]
	Nirved Traders Pvt. (ltd.)	32,00,000	23.50	[●]	[●]
	Mr.K.P.Chokhani and Shearson Investment & Trading Co. Pvt. Ltd.	100		[●]	[●]
	Mr.G.L.Lath and Shearson Investment & Trading Co. Pvt. Ltd.	100		[●]	[●]
	Sub Total	**66,94,620**	**49.16**	[●]	[●]
	Sub Total (i+ii)	**68,09,040**			
2	**Foreign Promoter**			[●]	[●]
i	**Individuals**	Nil	Nil	[●]	[●]
	Sub Total (i)	**Nil**	**Nil**		
ii	**Companies**			[●]	[●]
	Polytex Limited	68,09,040	50.00	[●]	[●]
	Sub Total (ii)	**68,09,040**	50.00	[●]	[●]
	Total promoters (1+2)	**136,18,080**	**100.00**	[●]	[●]
3	**Others**				
	Empoyees ESOP Holders			[●]	[●]
	NON ESOP Holders			[●]	[●]
	Institutional Investors	Nil	Nil	[●]	[●]
	Other Director	Nil	Nil	[●]	[●]
	Private Corporate Bodies	Nil	Nil	[●]	[●]
	NRI/OCB	Nil	Nil	[●]	[●]
	Indian Public	Nil	Nil	[●]	[●]
	Total Holding of Institutional Investor & Others	Nil	Nil	[●]	[●]
4.	**Grand Total (1+2+3)**	**1,36,18,080**	**100.00**	[●]	**100**

i)Top ten shareholders two years prior to the date of filing of the Offer Document with SEBI

Sr. No	Name of the shareholders	No. Of shares	% age
1	Chervil Capital Invest Ltd.	90,500	39.88
2	Godavari Corporation Pvt. Limited	52,115	22.96
3	Birla International Pvt. Limited	52,115	22.96
4	Capricorn Leasors Distributors Pvt. Ltd	13,029	5.74
5	Hallmark Leasors & Distributors Pvt. Limited	13,029	5.74
6	Mr.Yashovardhan Birla	1,557	0.69
7	Sunanda Medical Institute	1,440	0.63
8	Yash Society	1,084	0.48
9	Birla Industries Group Charity Trust	1,000	0.45
10	Mr Yashovardhan Birla as Karta of Ashokvardhan Birla (HUF)	350	0.15
	Total	**226219**	**99.68**

ii) Top ten shareholders 10 days prior to the date of filing of the DRHP with SEBI

Sr. No	Name of the shareholders	No. Of shares	% age
1	Polytex Limited	68,09,040	50.00
2	Shearson Investment & Trading Co. Pvt. Ltd.	32,82,980	24.11
3	Nirved Traders Pvt. Ltd.	32,00,000	23.50
4	Mr.Yashovardhan Birla	93,420	0.69
5	Mr Yashovardhan Birla as Karta of Ashokvardhan Birla (HUF)	21,000	0.15
6	Sunanda Medical Institute	86,400	0.63
7	Yash Society	65,040	0.48
8	Birla Industries Group Charity Trust	60,000	0.44
9	Mr.K.P.Chokhani & Shearson Investment & Trading Co. Pvt. Ltd.	100	0.00
10	Mr. G.L.Lath & Shearson Investment & Trading Co. Pvt. Ltd.	100	0.00
	Total	**1,36,18,080**	**100.00**

iii)Top ten shareholders as on the date of filing of the DRHP with SEBI

Sr. No	Name of the shareholders	No. Of shares	% age
1	Polytex Limited	68,09,040	50.00
2	Shearson Investment & Trading Co. Pvt. Ltd.	32,82,980	24.11
3	Nirved Traders Pvt. Ltd.	32,00,000	23.50
4	Mr.Yashovardhan Birla	94,420	0.69
5	Mr Yashovardhan Birla as Karta of Ashokvardhan Birla (HUF)	21,000	0.15
6	Sunanda Medical Institute	86,400	0.63
7	Yash Society	65,040	0.48
8	Birla Industries Group Charity Trust	60,000	0.44
9	Mr.K.P.Chokhani & Shearson Investment & Trading Co. Pvt. Ltd.	100	0.00
10	Mr. G.L.Lath & Shearson Investment & Trading Co. Pvt. Ltd.	100	0.00
	Total	**1,36,18,080**	**100.00**

6. Employee Stock Option Plan (ESOP) 2007

The compay has implemented an Employee Stock Option Plan (ESOP) in their ExtraOrdinary General Meeting on 6th December,2007 As per the ESOP, the options granted would vest over a period of Six years from the date of Grant. The employees of the company who have been covered under this plan have a period of 5 years from the date of vesting to exercise the options that would vest.

	Particulars	
a	Options granted	4,245,200
b	Pricing Formulae	At a price not less than the face value per share. All options outstanding have been granted at Rs. 10.
c	Options Vested	0
d	Options Exercised	Nil
e	Total no. of shares arising as result of exercise of Options	4,245,200
f	Options lapsed *	Nil
g	Variation in terms of Options	None
h	Money realised by exerise of Options (in lakhs)	Nil
i	Total number of options in force	4,245,200
j	Employee wise details of options granted to:	
	- Senior Management	
	P V Murthy	1,000,000
	S K Agarwal	1,000,000
	K. K. Baheti	1,000,000
	O.P. Jain	124,800
	Tushar Dey	109,800
	C. S. Rathi	36,900
	D. S. Boke	23,200
	B. N. Pandey	22,800
	C. M. Saoji	25,400
	O.B. Sharma	34,500
	V. K. Sethi	171,800
	- any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	
	P V Murthy	1,000,000
	S K Agarwal	1,000,000
	K. K. Baheti	1,000,000
	- employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding warrants and conversions) of the company at the time of grant	
	P V Murthy	1,000,000

	S K Agarwal	1,000,000
	K. K. Baheti	1,000,000
k	Weighted average exercise price of Options granted during the year whose	
(a)	Exercise price equals market price	NA
(b)	Exercise price is greater than market price	NA
(c)	Exercise price is less than market price	10

Note :
* Lapsed Options includes options forfeited and options cancelled/lapsed.
Lock-in period for the shares to be issued and allotted will be pursuant to the exercise of options,as mentioned above,will be at the discretion of the remuneration committee.
The Senior Management and the employees have confirmed that there would not be any sale of equity shares arising pursuant of exercise of the options granted within three months after the date of lisiting of the share.
The above mentioned options shall be exercisable only after the date either on the date of commencement of commercial production or April1,2009 , whichever is earlier.

7. The post public issue shareholding of the promoters will be less than 75%.

8. Other than the sale/ purchase of shares between the promoters of our Company as stated above under The head "Capital Structure - Allotment to Promoters/Transfer by Promot"rs**",** None of the Promoters including Promoter Group and Associates and Directors have purchased / sold Equity share of our Company, during the period of six months preceeding the date on which Draft Red Herring Prospectus is filed with SEBI.

9. Except allotment of Equity Shares pursuant to the to exercise of stock option under the ESOP Plan and other than purchases and sales disclosed in the table below, the Directors, the Promoters, or the Promoter Group have not purchased or sold any securities of our Company, during a period of six months preceding the date of filing this Draft Red Herring Prospectus with SEBI.

:Name of the Promoter	**Date of allotment/ Transfer**	**Nature of payment or consideration**	**Number of Equity Shares**	**Face Value (Rs.)**	**Issue/ Transfer Price per Share (Rs.)**
Shearson Investment & Trading Co. Pvt. Ltd	20/07/07	Sold to Polytex Limited *	(26,47,500)	10	
	6/09/07	Sold to Polytex Limited *	(7,61,540)	10	10.00
Polytex limited	20/07/07	Bought from Shearson Investment & Trading Co. Pvt. Ltd.*	26,47,500	10	10.00
	6/09/07	Bought from Shearson Investment & Trading Co. Pvt. Ltd.*	7,61,540	10	10.00
	6/09/07	Bought from Nirved Traders Pvt. Ltd *	34,00,000	10	10.00
Nirved Traders Pvt limited	6/9/07	As per Scheme of Arrangement – transferred from Birla International Pvt. Ltd. **	66,00,000	10	4.69
	6/9/07	Sold to Polytex Limited *	(34,00,000)	10	10.00

* The transactions among the promoter companies have been carried out in terms of the Joint venture agreement dated on December 5, 2006 between the YBGroup and PB Group

**The High Court of Judicature at Mumbai vide its order dated 2nd February 2007 approved a Scheme of Arrangement of Birla International Pvt Limited and Nirved Traders Pvt Limited. . The Scheme of Arrangement was approved under Section 391 – 394 of the Companies Act, 1956. By virtue of this scheme, the investments held by the demerged undertaking Viz. Birla International Pvt. Limited be transferred to the transferee company at book value with effect from the Appointed date. Accordingly the shares of our Company held by Birla International were transferred to Nirved Traders Pvt. Limited on 6/9/07

Buy-back and Standby Arrangement:Our Company, its Promoters, Directors or the Lead Managers have not entered into any buy-back and/or standby arrangements for purchase of Equity Shares of our Company from any person.

10. The securities which are subject to lock-in shall carry the inscription "non-transferable" and the non-transferability details shall be informed to the depositories. The details of lock-in shall also be provided to BSE and NSE, where the shares are to be listed, before the listing of the securities.

11. In case of over-subscription in all categories, up to 50% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers (including specific allocation of 5% within the category of QIBs for Indian Mutual Funds). Further a minimum of 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and a minimum of 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Undersubscribed portion in any reserved category may be added to any other reserved category. The unsubscribed portion, if any, after such inter-se adjustments amongst the reserved category shall be added back to the net offer to the public. In case of under-subscription in the net offer to the public portion, spillover to the extent of undersubscription shall be permitted from the reserved category to the net offer to the public. In case of over-subscription, allotment will be on proportionate basis as defined in Para on 'Basis of Allotment'…

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

13. As of the date of the Draft Red Herring Prospectus, other than the ESOP plan as detailed on page no ( ) there are no outstanding financial instruments or warrants or any other right that would entitle the existing Promoter or Shareholders, or any other person any option to receive Equity Shares after the offering.

14. Our Company has revalued its fixed assets on 12/11/1985 and on 31/3/2007 has revalued its freehold lands. Our Company has not issued any bonus shares out of revaluation reserves. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Draft Red Herring Prospectus with SEBI until the Equity Shares offered through this Draft Red Herring Prospectus have been listed.

15. At any given point of time, there shall be only one denomination for the Equity Shares of our Company, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time

16.

17. We presently do not intend or propose to alter our capital structure for a period of six months from the Bid/ Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except that we may grant stock options to the employees and Directors as per the prevailing stock option plan and allot further Equity Shares to our employees pursuant to exercise of options granted earlier under our ESOP Plan Additionally, if we enter into acquisitions or joint ventures, we may, subject to necessary approvals,consider using our Equity Shares as currency for acquisitions or participation in such joint ventures we may enter into and/or we may raise additional capital to fund accelerated growth, subject to the compliance with the relevant guidelines/regulations etc..

18. No single applicant can make an application for number of shares, which exceeds the number of shares offered, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

19. The total number of members of our Company as on the date of filing Draft prospectus is Ten

20. An over subscription to the extent of 10% of the Issue size can be retained for the purpose of rounding off to the nearer multiple of whiing the allotment

21. No shares have been allotted through a public issue in the last two years nor has our Company bought back its equity shares in the last six months.

22. Our Company has granted stock options under Employee Stock Options plan 2007. For details please refer to page .

23. In terms of the clause 6.4.2.1 (g) of SEBI (Disclosure & Investor Protection) Guidelines, 2000, the Securities offered through this Public Issue shall be made fully paid up or may be forfeited with in 12 months from the date of the allotment of the Securities.

24. Post-issue, the Promoters/Promoter Group holding will be (*)%.

25. None of the natural persons, who is in control of the corporate entities forming the "Promoter Group" of our Company, has been restrained from accessing the Capital Market for any reasons by SEBI or any other authorities.

26. In respect to the various agreements entered into by our Company with its lenders, we are bound by certain restrictive covenants regarding our capital structure. Pursuant to the aforesaid covenants, we have obtained the requisite approvals from the lenders. For details of the restrictive covenants please refer to page of DRHP.

SECTION–V - OBJECTS OF THE ISSUE

OBJECTS OF THE ISSUE

The objects of the issue are

1 **Expansion Of Integrated Textile Project At Khamgoan And Malkapur.**

2 To Set Up A Garment Manufacturing Plant

3 To Establish Retail Outlets

4 To Achieve The Benefits Of Listing Our Company'S Shares On Bombay Stock Exchange Limited (BSE.) And National Stock Exchange (NSE)

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

Funds Requirement

S.NO.	Particulars	Amount (Rs. in (Lakhs)
1	Expansion of integrated textile project at Khamgoan and Malkapur.	28919
2	Setting up of up a garment manufacturing plant *	2521
3	Establishing Retail outlets *	580
	TOTAL	**32020**

*** The estimate of Rs 28919 lakhs for Integrated textile plant is based on the Financial viability reports of January,2006 & February,2007 of SBI Capital Markets limited . Setting up of a garment manufacturing plant and retail brand outlets are not apprised by any Bank/Institution and the estimates are based on internal management estimates which is 9.68 % of the total project cost .**

Means of Finance
The funding plans proposed by our company are as under:

Sr.No.	Particulars	Amount (Rs. In lakhs)
I.	Term Loan	15459
II.	Equity Public /Promoters Contribution	16353
III.	Subsidy	208
	TOTAL	**32020**

We confirm that firm arrangements of finance through verifiable means towards minimum 75% of the stated means of finance, excluding the amount to be raised through proposed Issue, has been ensured.

Any shortfall in the cost of the project would be met out of internal accruals and/or debt. Our Company is dependent on full-subscription to the Public Issue in order to meet its financial requirements for the proposed project..

Our capital expenditure plans are subject to a number of variables, including possible cost overruns; construction/development delays or defects; receipt of critical governmental approvals; availability of working capital finance on acceptable terms; and changes in management's views of the desirability of current plans, among others.

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

No part of the issue proceeds will be paid as consideration to promoter, directors, key managerial personnel, associate or group companies.

A. Equity

The Equity requirement for the entire project is estimated to be Rs.16353.Lakhs The promoters have brought in Rs 5604.07 lakhs for implementation of the project as per objects of the issue ,for details please refer to cash flow statement of the Auditors dated December14,2007 on page. Of this promoters contribution, an amount of Rs 1939.50 lakhs has been converted into equity on 6.3.2005. For details please refer to capital structure on page. It is proposed to issue (*) shares for the remaining amount of Rs 3665 lakhs held as application money in the Books of accounts of our company, at a price determined through the book building process. It is proposed to raise Rs 14418 lakhs from the proposed issue which includes Rs 3665 lakhs of above mentioned promoters contribution, employees reservation portion and the net issue to public.

B.Subsidy:

Under Technology Mission on Cotton (TMC), a subsidy of Rs.20 Lakhs would be available for one unit. As the upgradation would be carried out in two units (Khamgaon & Dhule) the total subsidy available to our company is Rs.40 Lakhs.
The Dyeing & Processing unit (Phase III) would be eligible for a capital subsidy of 10% under the TUF Scheme. The same works out to Rs168.00 Lakhs and it has been considered as part of the Means of Finance. Gap, if any, in the means of finance on account of any delay in the receipt of the subsidy amount would be bridged by our Company through its own sources.

C.Term Loan:

Our company has been sanctioned Rs.16000 lakhs from various Banks/Financial Institutions as against the total term loan requirement of Rs.15459 lakhs. The company will be availing amount of term loan to match the requirement. out of which Rs. 3100 lakhs has been disbursed. The terms and conditions of the Term Loan are mentioned below.

1. Our Company has been sanctioned Rs.1000 Lakhs from SICOM for Phase I of the project vide their letter no. Fnds/F0589/06-07 dated 28th April 2006.The terms and conditions of the Term Loan are as mentioned below:

Amount of Loan	Rs.1000 Lakhs
Currency	Indian Rupee
Purpose	To part finance our Company's cost of modernization /expansion at Khamgaon, MIDC for manufacture of synthetic blended yarn and modernization of the existing Ginning & Pressing facilities at Khamgaon.
Rate of Interest	10.25% p.a. (2.25% below the SI'OM's reference rate which at present is 12.5% p.a., payable monthly
Repayment	To be repaid in 20 quarterly installments commencing at the end of one year from the date of first disbursement of Term Loan i.e. 23rd November 2007 onwards.
Security	i) Mortgage – A first legal mortgage of the entire present and future fixed assets of our Company at: (a) Plot No. A-82, MIDC, Khamgaon, Dist Buldhana (b) Shree House, Shegaon Road, Khamgaon, Dist Buldhana and (c) Parola House, Dist Dhule ii) Hypothecation – A first charge by way of hypothecation of plant and machinery, machinery spares, tools and accessories both present and future, electrical installation, furnitures and fixtures, vehicles and other moveable assets of our company at:

	(a) Plot No. A-82, MIDC, Khamgaon, Dist Buldhana (b) Shree House, Shegaon Road, Khamgaon, Dist Buldhana and (c) Parola House, Dist Dhule iii) Floating Charge – A floating charge on all the other assets of our company. The above charges would rank pari passu with the charge to be created in favour of the Bank/Institution, which is participating in the modernization/expansion project.
Additional Interest by way of liquidated damages (in case of default)	Defaulted amounts of principal and interest if any, will attract liquidated damages at the rate of 2.5% p.a. over and above the applicable interest rate on the total amount in default during the period of such default.

2. Our Company has been sanctioned Rs.1500 Lakhs from SBI vide their letter no. IFBM:RM- II:2158 dated 14th September 2007.The terms and conditions of the Term Loan are as mentioned below:

Amount of Loan	Rs.1500 Lakhs
Currency	Indian Rupee
Purpose	To part finance project cost for setting up spinning unit for cotton yarn with 36000 spindles at Malkapur and modernization of existing plant for spinning and blending of synthetic yarn and ginning and pressing units.
Rate of Interest	2% above SBAR i.e. minimum 14.75 % p.a with monthly rests.
Repayment	To be repaid in 96 monthly installments after a moratorium period of two years. The moratorium period is proposed to commence from July 2007 and to end in June 2009. the recovery to commence from July 2009.
Security	1st charge on land, building, plant, machinery, furniture & fixtures, office equipments both present and to be acquired for our new project situated at our factory site at Parola Road, Dhule and A-82, MIDC Khamgaon, Distt. Buldhana and MIDC Malkapur, Dist. Buldhana. 2nd charge on entire stock of R/M, SIP, FG and receivables.
Additional Interest by way of liquidated damages (in case of default)	Defaulted amounts of principal and interest if any, will attract liquidated damages at the rate of 2.5% p.a. over and above the applicable interest rate on the total amount in default during the period of such delt.

3. Our Company has been sanctioned Rs.2000 Lakhs from Union Bank of India for Phase I of the project vide their letter dated 27th October 2006. The terms and conditions of the Term Loan are mentioned as below:

Amount of Loan	Rs.2000 Lakhs
Currency	Indian Rupee
Purpose	To part finance our Company's cost of modernization /expansion at Khamgaon, MIDC for manufacture of synthetic blended yarn and modernization of its existing Ginning & Pressing facilities at Khamgaon.
Rate of Interest	BPLR – 1% (BPLR is presently 11.5%). Interest should be paid within 10 days from the date of debit to the account. No moratorium will be available for payment of interest.
Repayment	To be repaid in 32 quarterly installments commencing after three months from moratorium period, which is 2 years from the date of disbursement of Term Loan.
Security	A first pari Passu charge on all the fixed assets of our company including equitable mortgage on ou' Company's land and building and Hypothecation charge on all ou' company's other fixed assets, both present and future. Second charge on current assets on pari passu basis.
Additional Interest by way of liquidated damages (in case of default)	Defaulted amounts of principal and interest if any, will attract liquidated damages at the rate of 2.00% p.a. over and above the applicable interest e.

4. Our Company has been sanctioned Rs.1500 Lakhs by UTI bank for Phase I of the project vide their letter no. WZ/HS/10788/2006-07 dated 10th October 2006. The terms and conditions of the Term Loan are mentioned as below:

Amount of Loan	Rs.1500 Lakhs
Currency	Indian Rupee
Purpose	For expansion and upgradation project under TUFS
Rate of Interest	1% below BPLR or charged by other Banks/FIs, which ever is higher, with monthly rest. Interest will be reset every two years
Repayment	To be repaid in 28 quarterly installments commencing after moratorium period of two years from the date of first disbursement of Term Loan.
Security	Pari Passu charge on ou' company's entire fixed assets, present and future Second pari passu charge on all current assets of our company, present and future
Additional Interest by way of liquidated damages (in case of default)	Defaulted amounts of principal and interest if any, will attract liquidated damages at the rate of 2.00% p.a. over and above the applicable interestte.

5. Our Company has been sanctioned Rs.2500 Lakhs s from Indian Overseas Bank vide their letter dated 25th May 2007. The terms and conditions of the Term Loan mentioned as below:

Amount of Loan	Rs.25 Crores
Currency	Indian Rupee
Purpose	Term loan under TUFS for part financing expansion project at MIDC, Malkapur, Dist. Buldhana under Phase II and III.
Rate of Interest	At BPLR with monthly rest.
Repayment	To be repaid in 30 quarterly installments of Rs.83.33 Lakhs each, with a holiday period of 12 months from the date of commercial production.
Security	First Pari Passu charge on all the fixed assets of our company pertaining to the project including equitable mortgage on our Company's land and building and hypothecation charge on all the projects assets both present and future Second pari passu charge on all current assets pertaining to the project.
Over due interest(in case of default)	Defaulted amounts of principal and interest if any, will attract over due interest at the rate of 2.00% p.a. on the amount of defau

6. Our Company has been sanctioned Rs.500 Lakhs from Centurian Bank of Punjab Ltd. vide their letter no. CAD/07-08 dated 10th Aug 2007 and as amended by letter no. CBOP/ CAD/ KB/ BCIL dated 12th September 2007 with respect to change in securities. The terms and conditions of the Term Loan mentioned as below:

Amount of Loan	Rs.500 Lakhs
Currency	Indian Rupee
Purpose	For funding of Phase IA and B of the integrated textile project
Rate of Interest	2% below BPLR. Interest to be serviced monthly
Repayment	To be repaid in 47 equal monthly installments of Rs.10,41,666 each, and last instalment of Rs. 10,41, 698 starting 12 months after the date of first disbursement.
Security	First Pari Passu charge on the following assets: a) Land & building, plant & machinery, furnitures & fixtures, office equipments at plot No. A82, MIDC Industrial Area, Khamgaon, Dist. Buldhana. (present and future) b) Plant and Machinery, furniture and fixtures, office equipments at Shree House, Plot No.4 and 16, PB No 7, Shegaon Road, Khamgaon, Buldhana c) Land & building, plant, machinery, furnitures, office equipments at plot No. 28/ A, 26 Parola Road, Near Agricultural Market, Dist. Dhule d) Land &

	building, plant and machinery, furniture and fixtures, office equipments at Survey No. 54/2, Post Box No.1, Ghatanji, Yavatmal. Second pari passu charge on all the current assets of our company, both present and future situated at all the four locations.
Over due interest(in case of default)	Defaulted amounts of principal and interest if any, will attract over due interest at the rate of 2.00% p.a. on the amount of deft.

7. Our Company has been sanctioned Rs.1500 Lakhs by Dena Bank vide their letter no. PS/11507/2007 dated 26th September 2007. The terms and conditions of the Term Loan are mentioned as below:

Amount of Loan	Rs.1500 Lakhs
Currency	Indian Rupee
Purpose	Term Loan under TUF Scheme
Rate of Interest	At BPLR (LT)-0.50% p.a. Interest to be chargeable on monthly basis.
Repayment	Loan is repayable in 30 quarterly instalments of Rs.50 Lakhs each, with moratorium period of 1year from the date of Commercial production
Security	First Pari Passu charge on all the fixed assets pertaining to the project including equitable mortgage on our company's land and building and hypothecation charge on all the project assets both present and future. Second pari passu charge on the current assets pertaining to project.
Repayment Default	Penal interest @2% over & above the normal rate to be recovered for the amount/period of dult

8. Our Company has been sanctioned Rs.1500 Lakhs by Oriental Bank of Commerce vide their letter no. CN/23/L/31/07/2007 dated 27th October 2007. The terms and conditions of the Term Loan are mentioned as below:

Amount of Loan	Rs.1500 Lakhs
Currency	Indian Rupee
Purpose	Term Loan under TUF Scheme
Rate of Interest	PLR i.e. at present 13.25% p.a. Interest to be chargeable on monthly basis.
Repayment	Loan is repayable in 30 quarterly instalments of Rs.50 Lakhs each, with moratorium period being 4 quarters from respective commencement of disbursement (COD)
Security	First Pari Passu charge on all the fixed assets pertaining to the project including equitable mortgage on our company's land and building and hypothecation charge on all the project assets both present and future. Second charge on the current assets pertaining to the project on pari passu basis.
Repayment Default	Penal interest @2% p.a. over & above the normal rate to be recovered for the amount/period of dult

9. Our Company has been sanctioned Rs. 2500 Lakhs from Bank of India vide their letter no. MCBB:CM:RSK:2007-08 dated 5th November 2007. The terms and conditions of the Term Loan are mentioned as below:

Amount of Loan	Rs. 2500 Lakhs
Currency	Indian Rupee
Purpose	Term Loan for Phase II & III of Project at Khamgaon and Malkapur
Rate of Interest	BPLR i.e. at present 13.25% p.a.
Repayment	Loan is repayable in 30 quarterly instalments of Rs. 83.33 Lakhs commencing 24 months from first disbursement. Interest to be serviced as and when applied. Any pre-payment is liable for foreclosure charges at 1% of the amount pre paid as per the repayment schedule.
Security	A First Pari Passu charge on all the fixed assets pertaining to the project including equitable mortgage on the company's land and building and hypothecation charge on all the project assets both present and future.

	Second charge on the current assets pertaining to the project at Ghatanji Dist. Yavatmal and Malkapur Dist. Buldhana on pari passu basis.
Repayment Default	Penal interest @2% p.a. over & above the normal rate to be recovered for the amount/period of default

10. Our Company has been sanctioned Rs. 1500 Lakhs from Life Insurance Corporation of India vide their letter no. Inv/proj/BCIL/RS/ dated 26.11.2007. The terms and conditions of the Term Loan are mentioned as below:

Amount of Loan	Rs.1500 Lakhs
Currency	Indian Rupee
Purpose	Term Loan for Phase II & III of Integrated Textile Project at MIDC, Malkapur
Rate of Interest	13.25% p.a. payable monthly.If the company fails to create security within 90 days from the date of first disbursement, additional interest of 1% ispayable.
Repayment	The Principal amount of loan is repayable in 30 quarterly instalments commencing after 4 quarters from commercial operations date of the project. The commercial operations date shall be reckoned as 31st July 2008. The company shall not pre-pay the loan without prior written approval from LIC on such terms and conditions as may be agreeable by LIC..
Security	A First Pari Passu charge on all the fixed assets pertaining to the project including equitable mortgage on the company's land and building and hypothecation charge on all the project assets both present and future. Second charge on the current assets pertaining to the project pari passu basis.
Liquidated Damages	A charge of 2% p.a. on the amount of default.

Appraisal of Integrated Textile project:

Technical Feasibility Study:

Ahmedabad Textile Industry's Research Association (ATIRA) has conducted Techno-Economical Feasibility of the Integrated Textile Project of our Company in December, 2006".
The scope of the assessment / technical vetting included the following aspects:

- To check if the proposed machineries are capable of giving output as envisaged by our Company;
- Capability of both existing as well as proposed utilities to meet the requirement of the expansion project;
- Selection of machinery as per the standards prevailing in the industry and balancing of machinery for the proposed project;
- The input-output norms for the proposed products to be manufactured in the proposed project as compared to the norms prevailing in the textile industry based on TRA's norms or comparable levels obtained by similar units;
- Cost of production and profitability before interest and depreciation

- **Financial appraisal**

Integrated Textile plant project has been appraised by SBI CAPITAL MARKETS LIMITED

Scope and Purpose of the Appraisal of the project by SBI Capital Markets Ltd.

- SBI Capital Markets Ltd. has been mandated by our Company to carry out the Financial Appraisal of our Proposed expansion project.

SBI Capital Markets carried out its independent appraisal and gave its Financial Appraisal Report for forward integration plan synthetic & cotton yarn in January 2006 and for integrated textile project at MIDC, Malkapur, Maharashtra in February 2007.

PROJECT DETAILS

I. Our Company which has been earlier engaged in Cotton Ginning, Pressing and Oil expelling at its facilities in Khamgaon, Ghatanji and Dhulia is presently in the process of implementing integrated textile project at an estimated cost of Rs 28919 lakhs in three phases as under:

Phase I

- Acquisition of the assets of Khamgaon Syntex (I) Ltd at MIDC,Khamgaon with a spindle capacity of 18,304 for the manufacture of synthetic yarn. This is envisaged to be enhanced to 19,040 spindles along with modernization and upgradation of facilities with part replacement of existing machinery.

Setting up of a 36,000 cotton spindle yarn manufacturing unit at

- Malkapur

(As per the appraisal report, this was originally planned to be set up at MIDC Khamgaon)

Subsequent to the aforesaid acquisition of unit of Khamgaon Syntex on 1st August, 2006, our Company has started manufacturing man made fibres i.e. polyster viscose, acrylic, polypropylene and its various blends.

Phase II

- Manufacture of Open End rotor based Cotton yarn, with an installed capacity of 1,728 Rotors as Phase II at Khamgaon and Weaving of Grey Fabric with 114 Looms as phase II at Malkapur
  (As per the appraisal report, this open end unit was originally proposed to be set up at Malkapur)

Phase III

- Manufacture of finished cloth (with an installed capacity of 50,000 Meters per day) by setting up a Dyeing and Processing Unit at Malkapur

The expansion under Phase I was appraised at Rs 131.34 Crores by SBICAP during January 2006 and subsequently proposed Phase II and Phase III together have also been appraised by SBICAP at Rs.157.85 Crores during February 2007.

COST OF THE PROJECT AND MEANS OF FINANCE AS PER THE APPRAISAL REPORT

Sr.No.	Particulars	Amount (Rs. In Lakhs)
I.	Land & Site Development	327
II.	Building & Civil construction cost	4888
III.	Plant & Machinery (Domestic)	7524
IV.	Plant & Machinery (Imported)	4824
V.	Stores & Misc Fixed Assets	3957
VI.	Acquisition cost	717
VII.	Contingency	1101
VIII.	Preliminary & Pre-operative expenses	1812
IX.	Working Capital Margin	3169
X.	Interest During Construction	476
XI.	Upfront fees	123
	TOTAL COST	**28919**

Means of Finance

The funding plans proposed by our company are as under:

Sr.No.	Particulars	Amount (Rs. In lakhs)
I.	Debt	15459
II.	Equity	13252
III.	Subsidy	208
	TOTAL COST	**28919**

Break up of Project Cost

i. Land & Site Development (Rs. 327 lakhs)

For the execution of phase I, our company has acquired from Khamgoan Syntex Limited 61445 Sq. Mtrs of lease hold land at Plot no A/ 82, Khamgoan, MIDC, vide Business Transfer Agreement dated 1st August 2006.

For the execution of Phase II and III i.e for the proposed setting up of of open end cotton yarn manufacturing unit and manufacturing of finished cloth by setting up a Weaving & Dyeing plant, our company has acquired lease hold land admeasuring 100 acres in MIDC Malkapur Industrial Area, Dist. Buldhana on 28-12-2006 at a total cost of Rs.60 Lakhs. The site development cost has been estimated at Rs.142 lakhs based on the estimates provided by M/s M.K.Welankar & Associates (Architects & consulting Engineers) at the rate of Rs.35/- per square meter and may be considered reasonable.

ii. Building & Civil Construction (Rs. 4888 lakhs)

For the phase I of the project our company is constructing the main factory building with RCC columns, brick masonry wall, steel trusses, AC sheet roofing having false ceiling and a building for accommodating Humidification Plant, U.C.R. Machinery with R.C.C. Slab and I.P.S. Flooring. The built up area is envisaged to be about 20000 Sq. Mtr. And the rate of cost of construction is envisaged at Rs. 5500 per Sq. Mtr. which may be considered reasonable having regard to the present cost of civil construction. The total cost of building construction for the expansion project comes to Rs. 1360 lakhs.

For the phase II & III our Company is constructing the main factory building with RCC columns, brick masonry wall, steel trusses, AC sheet roofing having false ceiling etc. Building for accommodating the Humidification Plant, Machinery with R.C.C. Slab and I.P.S. Flooring is also proposed. The built up area envisaged is about 13,000 Sq. Mtr for the open end spinning unit, 20,000 Sq. Mtr for weaving unit and about 21,000 Sq. Mtr. For Dyeing and processing unit, the rate of cost of construction considered in the project is at Rs. 6,500 per Sq. Mtr. Based on the estimates provided by M/s M.K. Welankar & Associates (Architects & Consulting Engineers) vide their letter dated 4th January 2007 amounting to a total cost to Rs. 3528 lakhs.

iii. Plant & Machinery – Indigenous (Rs. 7524 Lakhs)

The cost of the Plant & Machinery to be sourced domestically is Rs.7524.00 lakhs and the break of the same is as under:

Phase I

Synthetic Yarn Division – Indigenous Machinery

(a) Details of Plant and Machinery received

Amt in Lakhs)

S.No.	Machinery Make & Specification	Name of the supplier	Qty	Inv No & Date	Total cost
1.	Carding Machine Model No.LC300-A-V3	Lakshmi Machine Works Limited, Coimbatore	1	111700558 24.05.07	20.40
2	Carding Machine Model No.LC300-A-V3	- Do -	1	11700687 02.06.07	20.40
3.	Draw frame Model LRSB 851	- Do -	1	111700925 21.06.07	22.58
4	Draw frame Model LDO / 6	- Do -	1	111700544 23.05.07	9.58
5.	Speed Frame Model LFS 1660	- Do -	1	111700855 16.06.07	34.66
6	Speed Frame Model LFS 1660	- Do -	1	111701223 13.07.07	34.66
7.	TFO	Veejay Lakshmi Engineering Works Ltd., Coimbatore	1	AS 329 25.05.07	16.16
8	TFO	- Do -	1	AS 345 29.05.07	16.16
9	TFO	- Do -	1	AS 346 29.05.07	16.16
10	TFO	- Do -	1	AS 532 19.06.07	16.16
11	TFO	- Do -	1	AS 553 22.06.07	16.16
12	Compressor screw type 200 cfm with air dryer	First Consolidated Engg Pvt Ltd	1	PRO/07-08/1 09.07.07	14.59
	Total				**237.67**

(b) Details of Plant and Machinery for which orders have already been placed

Amt in Lakhs)

Sl No	Machinery Make & Specification	Name of the supplier	Quotation No & Date	Qty	Price	Total cost	Cost as per Project Appraisal
1	Lakshmi Blow Room Machinery	Lakshmi Machine Works Limited, Coimbatore	VL Code 30.01.06	1	19.60	19.60	24.00
2	Carding Machine Model No.LC300-A-V3	- Do -	VL Code 30.01.06	3	20.86	62.58	63.00
3	Speed Frame Model LFS 1660	- Do -	- Do -	1	34.95	34.95	35.00
4	LR6/S Ring Frame 1008	- Do -	- Do -	10	31.56	315.61	318.00

	spindles						
5.	Building Modification (Required for machineries)	Yash Constructions				10.00	10.00
6.	Electrical Equipment: i. Transformer	Dwaraka Industries	Proforma Inv dt 09.10.07			5.22	5.22
	ii. Accessories for electrical installation	Satish Enterprises	SE/OB001 8/07-08 dt 29.10.07			1.81	1.81
	– Do –	Satish Enterprises	09 dt 25.10.07			3.42	3.42
	iii..Misc Electrical Accessories iv.Misc Electrical Accessories	Pramod Agencies Vikram Enterprises	No. Nil dt 30.10.07 VE/102 dt 26.09.07			5.73 0.37	5.73 0.37
7.	Upgradation of Humidification	Best Air Engineering (India) Pvt Ltd	BCIL /VN/PO/13 4/07 23.05.07	1 Unit	14.00	14.00	14.00
	Total					**473.29**	**480.55**

Machineries to be ordered :

(Amt in Lakhs)

Sl. No.	**Machinery Make & Specification**	**Total cost**
1.	OH Cleaner for Speed Frame	8.00
2.	OH cleaner for Ring Frame	18.00
4.	Cheese Winding	14.00
5	Compressor screw type 200 cfm with air dryer	21.41
6	Electrical Equipments (Balance)	19.45
7	Upgradation of Humidification (Balance)	22.00
8	Miscellaneous	5.00
	Total	**107.86**

Synthetic Yarn Division – Imported Machinery
Details of Plant and Machinery received

(Amt in Lakhs)

S.No.	**Particulars**	**Name of the supplier**	**Qty**	**Invoice No. & Date**	**Total cost**	**Cost as per Project Appraisal**
1.	Schlafhorst 338 Auto Coner	Orelikon Schafhorst, Germany	2	11295 Dt 15.01.07	168.57	140.00

Cotton Division

Indigenous Machinery

Details of Plant and Machinery for which orders have already been placed

(Amt in Lakhs)

Sr. No.	Particulars	Name of the supplier	Quotation No & Date	Qty	Price	Total cost	Cost as per Project Appraisal
1	LR Blow room line	Lakshmi Machine Works Ltd, Coimbatore	VL Code 30.01.06	2	104.26	208.52	193.00
2	LC300-A-V3 HP cards	Lakshmi Machine Works, Coimbatore	-do -	21	21.31	447.58	542.00
3	LDO/6 Draw Frames Breaker	Lakshmi Machine Works, Coimbatore	-do -	5	9.71	48.56	52.00
4	Lap Former LH10	Lakshmi Machine Works, Coimbatore	-do -	4	39.25	157.00	131.00
5	LK54 Combers	Lakshmi Machine Works, Coimbatore	-do -	17	32.52	552.85	583.00
6	Combers accessories	Lakshmi Machine Works, Coimbatore	-do -	1	30.12	30.12	24.00
7	LRSB851 Finisher Draw Frame	Lakshmi Machine Works, Coimbatore	-do -	7	22.04	154.31	160.00
8	LFS1660 Speed Frame	Lakshmi Machine Works, Coimbatore	-do -	12	38.18	458.12	441.00
9	LR6/S Ring Frame	Lakshmi Machine Works, Coimbatore	-do -	30	36.81	1104.15	1150.00
	Total						**3293.00**

List of machineries – (Indigeneous) Orders to be placed :

(Amt in Lakhs)

Sr. No.	Particulars	Units	Cost
1	Spindle Monitoring System	30	57.00
2	Cots mounting, Grinding & buffing M/cs	1	25.00
3	OH Cleaner for Speed Frame	12	35.00
4	OH Cleaner for Ring Frame	30	56.00
5	Comber WC System	1	95.00
6	Cheese Winding	2	42.00
7	TFO	19	344.00
8	Overhead cleaners for TFO & Ch. Wdg	20	37.00
9	Dyeing Plant	2	148.00
10	Boiler	1	32.00
11	Soft Winding	3	49.00

12	Cone Winding	3	40.00
13	Drying Unit	1	56.00
14	Centrifuge M/cs	1	12.00
15	Water Softening Plant	1	6.00
16	Miscellaneous		3.00
17	Carding room Acc, Flat Mounting, Milling etc	1	17.00
	Total		**1037.00**

Cotton Division – Imported Machinery

Imported Machinery Received

(Amt in Lakhs)

S.No.	Machinery Make & Specification	Name of the supplier	Qty	Inv No & Date	Total cost	As per Project Appraisal
1	**Yarn Conditioning System – Xorella 800**	**Xorella AG Switzerland**	**1**	**10881 dt 25.09.07**	**27.70**	**20.50**

Details of Plant and Machinery for which order has already been placed

(Amt in Lakhs)

Sr. No.	Particulars	Name of the supplier	Units	Total Cost
1.	Schlafhorst 338 Auto Coner	Orelikon Schafhorst, Germany	11	1549.00

List of machineries – (Imported) Orders to be placed :

(Amt in Lakhs)

Sr. No.	Particulars	Units	Cost
	Yarn conditioning machine	**1**	**20.50**

Ginning & Pressing

The plant and machinery required for Ginning & Pressing will be Ginning machines, Precleaner, Lint Cleaner, Kapas Conveyor System, Lint Conveyor System, Conveyor for seed, Humidifier / Moisturizer.The estimated cost for the plant & machinery required for Ginning & Pressing division is Rs. **200 lakhs**.

The order for these machines has not been placed as on the date of filing of this DRHP

iv. Plant & Machinery – Imported (Rs.4824 Lakhs) - Phase II & III

Open End rotor - Imported Machinery (Second Hand)

Details of Plant and Machinery received

(Amt in Lakhs)

S.No.	Machinery Make & Specification	Name of the supplier	Qty	Year of Mfg	Inv No & Date	Total cost
1	Open end Machines of 288 rotors with standard spares and accessories Model SE9	Oceanic Implex (FZE), Sharjah, United Arab Emirates	4 Sets 2 Sets	1997	OIL/BC047 dt 15.07.07 & OIL/BC047 dt 21.07.07	242.94 121.71
2	Drawing Frame (Finisher) Model HSR 1000		5 Sets	1997	OIL/BC053 dt 28.07.07	55.62
3	Drawing Frames (Breaker) Complete Model HS 1000		4 Sets & 1 Set	1997 1999	OIL/BC053 dt 28.07.07	44.48
4	Carding Machiner complete with standard spares and accessories Model DK803		8 Sets 1 Set	1997 1997	OIL/BC052 dt 25.07.07 OIL/BC053 dt 28.07.07	156.01 20.01
5	Blow room machines complete along with spares & accessories		1 Set	1999	OIL/BC054 dt 21.08.07	155.73
6	Blow room machines complete along with spares and accessories		1 Set	1997	OIL/BC054 dt 21.08.07	55.60
	Total					**852.10**

Note : The actual cost of machinery given above does not include cost of clearing . transporting, installation. etc.

Weaving Unit - Imported Machinery (Second Hand)

Details of Plant and Machinery received

(Amt in Lakhs)

S.No.	Machinery Make & Specification	Name of the supplier	Qty	Year of Mfg	Inv No & Date	Total cost	As per Project Appraisal
1.	Weaving Machines (Shuttle less loom) Model Omini with big batch and dobby attachments complete with standard spares, accessories and auxiliary machines	Oceanic Implex (FZE) Sharjah, UAE	27 60 27	1998	OIL/BC057 dt 21.08.07 OIL/BC060 dt 27.08.07 OIL/BC060 dt 27.08.07	275.87 599.11 284.92	
2	High speed direct beam warper 54" with creels 432/540 ends with standard spares & accessories and auxiliary machines	- do -	2 Sets		OIL/BC058 dt 22.08.07	45.09	
3	High speed multi cylinder sizing machines with spares & accessories and auxiliary machines	-do-	2 Sets		OIL/BC058 dt 22.08.07	143.48	
4	Cloth inspection, rolling and cleaning machine complete with standard spares & accessories and auxiliary machines		5 Sets		OIL/BC058 dt 22.08.07	41.00	
5	Laboratory Equipments complete with all software and hardware spares and accessories				OIL/BC060 dt 27.08.07	37.99	
	Total					1427.46	1947.00

Both the Open end spinning and the Weaving plants have been evaluated by Atkins Machinery, LLC, Spartanburg, SC, and have confirmed that the machineries are in good condition and have a useful residual life of more than 15 years vide their certificate dated February 1, 2007.

Dyeing & Processing

Our company would be procuring Brand New Machines & Equipments for the Dyeing & Processing unit from the domestic market aggregating to a total of Rs.2141.00 lakhs and the quotations relating to various machines have been received.

PHASE III: DYEING & PROCESSING: (Indigenous)

(Amt in Lakhs)

Sl. No	Particulars	Name of the supplier	Quotation No& Date	Qty	Price per Unit Ex-works	Cost Ex-Works	* Incidental 25.32%	Total Cost
1	Inspection machine	Bhagvati	-	3	3.00	9.00	2.00	11.28
2	Stitching machine	Local	-	12	0.40	4.80	1.21	6.01
3	Big batch machine	Dhall enterprises & engineers pvt ltd	Ref: Nil dt 26.09.06 revalidated on 23.10.07	1	6.00	6.00	1.52	7.52
4	Singeing range	- Do -	- do -	1	74.00	74.00	18.73	92.73
5	Desizing range	/menzel Dhall enterprises & engineers pvt ltd	- do -	1	70.00	70.00	17.72	87.72
6	Washing range	- Do -	- do -	1	71.00	71.00	17.98	88.98
6	Hyd.rotating station	- Do -	- do -	1	5.00	5.00	1.27	6.27
7	C.b.r.	- Do -	- do -	1	368.00	368.00	93.18	461.18
8	Hot merceriser with d.r.	- Do -	- do -	1	203.00	203.00	51.40	254.40
9	Pad dry (cdr)	- Do -	- do -	1	128.00	128.00	32.41	160.41
10	Zimmer - usa infrared dryer (cdr)	- Do - / zimmer	- do -	1	53.00	53.00	13.42	66.42
11	Reisky padders (cdr)	- Do -	- do -	2	56.50	113.00	28.61	141.61
12	Pad steam & washing range (cdr)	- Do -	- do -	1 SET	248.00	248.00	62.79	310.79
13	Batch rotating station (cdr)	- Do -	- do -	1 SET	5.00	5.00	1.27	6.27
14	Polymerizer	Anjani	-	1	12.00	12.00	3.04	15.04
15	Jigerrs (100kg+300 kg.)- for sample bleaching, dyeing	Jackswell	-	2	8.00	16.00	4.05	20.05
16	Stenter eight chamber (finishing)	Dhall enterprises & engineers pvt ltd	Ref: Nil dt 26.09.06 revalidated on 23.10.07	2	60.00	120.00	30.38	150.38

17	Shrinking range	- Do -	- do -	1	41.00	41.00	10.38	51.38
18	Folding machine	Bhagvati	-	2	4.00	8.00	2.03	10.03
19	Checking table	Bhagvati	-	3	3.00	9.00	2.28	11.28
20	Emerisering machine	Local	-	1	8.00	8.00	2.03	10.03
21	Lab. Equipments	Indian	-	LOT	48.00	48.00	12.15	60.15
22	Lab. Equipments	Foreign	-	LOT	88.00	88.00	22.28	110.28
	Total							**2140.21**

* 25.32% comprises Excise Duty @ 16.32% + Sales Tax @ 4% + Freight & Erection @ 5%

v. Stores & Miscellaneous Fixed Assets (Rs. 3957 Lakhs)

Our company has estimated the requirement of mis

The Total cost of Misc. Fixed Assets in phase I is envisaged at Rs.1392 lakhs which comprises the cost of Humidification Plants, Electrical Installations, Machinery Stores, Fire control Equipments, Furniture & Fixtures, Office Equipments & Vehicles.

Miscellaneous Fixed Assets in Phase II & III includes Humidification Plants, Electrical Installations, Machinery Stores, Fire control Equipments, Furniture & Fixtures, and Office Equipments & Vehicles at total cost of Rs.2565.00 lakhs.

(Amt in Lakhs)

	For Phase I					
Sr. No	**Particulars**	**No of Units**	**Price per unit Ex-works**	**Cost Ex-Works**	*** Incidental 25.32%**	**Total Cost**
1	Humidification Plant with auto control	1	279.28	279.28	70.71	349.99
2	Electrical Installation	Lump sum	239.29	239.39	60.61	300.00
3	Compressor	1	40.00	40.00	10.13	50.13
4	Fire Protection System	1	30.00	30.00	7.60	37.60
5	Workshop Equipment	Lump sum				15.00
6	Office Equipment / EDP			23.94	6.06	30.00
7	Quality Assurance Equipment	Lump sum		206.30	52.24	258.54
8	Weighing Scale	1	24.00	24.00	6.07	30.07
9	Furniture & Fixture					25.00
10	Vehicle (includes 2 wheelers & 4 wheelers)					25.00
11	Material Handling Equipments			128.13	26.04	154.17
12	Stripper Machine, Forklife & Others			38.78	7.89	46.67
13	Other miscellaneous fixed assets					69.88
	Total					1392.05

* 25.32% comprises Excise Duty @ 16.32% + Sales Tax @ 4% + Freight & Erection @ 5

Phase II - Open End Spinning -Indigenous **(Amt in Lakhs)**

Sr. No	Particulars	No of Units	Price per unit Ex-works	Cost Ex-Works	* Incidental 25.32%	Total Cost
	Chilling Plant	7	14.00	98.00	24.81	122.81
	HF Plant	1	100.00	100.00	25.32	125.32
	HF Plant- Ducting & Insulation	1	50.00	50.00	12.66	62.66
	Electrical Installation & Distribution		100.00	100.00	25.32	125.32
	Compressor		25.00	25.00	6.33	31.33
11	Fire fighting equipment		10.00	10.00	2.53	12.53
12	Weighing Scales & Other Lab & Workshop Equipments		60.00	60.00	15.20	75.20
	Grand Total					**555.17**

* 25.32% comprises Excise Duty @ 16.32% + Sales Tax @ 4% + Freight & Erection @ 5%

For Phase II Weaving Unit

(Amt in Lakhs)

	Indigenous					
Sr. No	**Particulars**	**No of Units**	**Price per unit Ex-works**	**Cost Ex-Works**	*** Incidental 25.32%**	**Total Cost**
1	**D.G.Set**	1	200.00	200.00	50.64	250.64
2	Laboratory equipment- Local	1	28.00	28.00	7.09	35.09
3	Compressors- Cleaning	3	1.00	3.00	0.76	3.76
4	Mechanical work shop	1	30.00	30.00	7.60	37.60
5	Electrical work shop	1	10.00	10.00	2.53	12.53
6	E.O.T. Cranes	1	10.00	10.00	2.53	12.53
7	Elect. Line/ sub station 4000 KVA	1	100.00	100.00	25.32	125.32
8	Elect. Distribution System 4000 KVA	1	350.00	350.00	88.62	438.62
9	Fire fighting equipment	1	20.00	20.00	5.06	25.06
10	Special pump	1	15.00	15.00	3.78	18.78
11	Weigh bridge 40 T	1	10.00	10.00	2.53	12.53
12	Weighing scales 100 Kg	4	0.25	1.00	0.25	1.25
13	Multi utility vehicle	2	8.00	16.00	4.05	20.05
14	Cars	2	5.00	10.00	2.53	12.53
15	Office furniture/ AC	1	15.00	15.00	3.78	18.78
16	Computers	1	5.00	5.00	1.27	6.27
17	Other equipments, lighting etc	1	5.00	5.00	1.27	6.27
18	Compressors- Weaving, Weaving Preparatory and processing & MP Dryers	3	50.00	150.00	37.98	187.98
21	HF plant- Weaving and processing	1	50.00	50.00	12.66	62.66
	Fork Lift Trucks (1000 Kg)	1	7.00	7.00	1.77	8.77

	Accessories	1	30.00	30.00	7.60	37.60
	Material Handling Equipment, Trolleys, Other Equipments	1	42.00	42.00	10.63	52.63
	Grand total					**1387.25**

* 25.32% comprises Excise Duty @ 16.32% + Sales Tax @ 4% + Freight & Erection @ 5%

(Amt in Lakhs)

S No	Particulars	No of Units	Price per unit Ex-works	Cost Ex-Works	* Incidental 25.32%	Total Cost
1	STEAM BOILER PLANT (10T.) INCLUDING R.O. PLANT,CHIMENY,POLLUSION EQUIPMENT,FEED WATER TANK PRV ETC	1	150.00	150.00	37.98	187.98
2	THERMIC FLUID HEATER(3MKCAL)	1	28.00	28.00	7.09	35.09
3	COMPRESSOR (30H.P.)	2	6.50	13.00	3.29	16.29
4	BORE WELL & WATER TREAT.	2	0.05	0.10	2.53	12.53
5	TANKS,PUMP,PIPE&VALVES	LOT	50.00	50.00	12.66	62.66
6	EFFLUENT TREATMENT PLANT	1	50.00	50.00	12.66	62.66
7	ELECTRICALS	LOT	80.00	80.00	20.26	100.26
8	GENERATOR (500KVA.)	1	15.00	15.00	3.80	18.80
9	MISCELLENOUS & UNACCOUNTED	15.00	15.00	3.80	18.80	
10	CAUSTIC RECOVERY PLANT	1	30.00	30.00	7.60	37.60
11	GOODS LIFT 3T.	1	6.00	6.00	1.52	7.52
12	TROLLIES	100	0.30	30.00	7.60	37.60
13	CHEMICAL VESSEL	LOT	20.00	20.00	5.06	25.06
	Total					**622.85**

* 25.32% comprises Excise Duty @ 16.32% + Sales Tax @ 4% + Freight & Erection @ 5%

vi. Acquisition cost (Rs. 717 Lakhs)

Our company has acquired the business and the assets of Khamgaon Syntex India Limited at a purchase consideration of Rs.1237 Lakhs vide a Business Transfer Agreement dated 1st August 2006. the consideration comprises of Rs. 717 Lakhs towards the value of fixed assets namely land, plant & machinery and Rs. 525 Lakhs towards the cost of net current assets taken over on slump sale basis.

vii. Contingencies (Rs. 1101 Lakhs)

A provision for contingency at 5 % has been made on the building, equipment and miscellaneous fixed asset costs, which works out to Rs.533 Lakhs for phase I of the project and Rs.568 Lakhs for phase II & III of the project.

viii. Preliminary & Pre Operative Expenses (Rs. 1812 Lakhs)

Preliminary and preoperative expenses for the phase I of the project is estimated at Rs. 498.00 Lakhs, which has been calculated @ 5% of the hard cost of project and Rs1314.00 Lakhs for phase II & III. The same comprises of cost towards

increase of authorized capital and Public Issue expenses, Loan documentation charges, Administrative expenses, Traveling & Conveyance, Professional Fee / Consultancy Charges, interest during construction period & upfront end fee etc.

ix. Interest During Construction (Rs. 476 lakhs)

Interest during construction has been calculated based on the indicative capital expenditure schedule of our Company with an implementation period of 22 months for phase I. The term loan requirement for the phase I of the project has been assessed at Rs. 84.43 Crores and the Interest during construction for the same is estimated at Rs. 1.98 Crores.

While for phase II & III of the project the Interest during construction has been calculated based on the factors like the indicative capital expenditure schedule, debt drawl, implementation period and also considering the upfront Equity proposed to be raised by OUR COMPANY for the project. The term loan requirement for the proposed project has been assessed at Rs. 70.16 Crores, and the interest during construction for the same is estimated at Rs. 2.78 Crores

x. Working Capital Margin (Rs 3169 Lakhs)

The working capital gap of the phase –I works out to Rs.4598 Lakhs during first full year of operation. Margin money requirement of about Rs.1150 Lakhs being 25% of working capital gap, has been included in the project cost.

The working capital margin requirement for the phase –ii & iii is estimated at Rs. 2019 Lakhs. This is based on the calculations for the first full year of operations for the project, i.e. FY 2008-09 for Phase II and FY 2009-10 for Phase III.
The total current asset requirement for the Open Ended unit for the first full year of operations works out to Rs. 1337 lakhs and considering a sundry creditors level of Rs. 101 lakhs , the working capital gap for the Open Ended unit works out to Rs. 1236 Lakhs .

The total current asset requirement for the Weaving unit for the first full year of operations works out to Rs. 1421 Lakhs and considering a sundry creditors level of Rs. 205 Lakhs , the working capital gap for the Weaving unit works out to Rs. 1216 Lakhs .

The total current asset requirement for the Dyeing and Processing unit for the first full year of operations works out to Rs. 5697 Lakhs and considering a sundry creditors level of Rs. 268 Lakhs , the working capital gap for the Weaving unit works out to Rs.5429 lakhs .
The working capital margin which includes margin for other current assets has been calculated to include 25% of the total current assets as well as Rs. 100 lakhs towards other current assets. The same has been included in the project cost, i.e. Rs. 669 lakhs as a part of Phase II and Rs. 1350 lakhs as a part of Phase III.

SWOT ANALYSIS AS PER APPRAISAL REPORTS

SWOT Analysis as per appraisal reports of SBI Capital Markets Limited is as under:

Strengths

- The Synthetic yarn unit of our company enjoys a strong brand image both in the domestic as well as export market.
- Khamgaon is the centre of cotton production and there are about 35 ginning units in and around this place. Hence, good qualities of raw material like cotton would be easily available to our Company
- The new project is very close to the existing spinning unit of our company at Khamgaon, at just a distance of 25 kms. This would ensure that the co-ordination between the two units is optimized.
- The project is eligible for interest rate subsidy under the TUF Scheme announced by the Government of India.
- Our company belongs to well established Yashovardhan Birla Group which has rich experience in Textile sector. The promoters are well established in the market and their existing distribution & marketing network will ensure that the finished goods of our company are sold easily with minimum efforts.
- The proposed project would provide our company higher value additions and better profitability

Weakness

- Cotton being a seasonal commodity its supply is dependent on the vagaries of nature.
- Any delay in the implementation schedule of the project could lead to time and cost overrun.

(Our company belongs to the Yash Birla Group (YBG) of companies and is headed by key executives who have long experience in the field of textile industry and are confident of implementing the project within the estimated cost and time).

- Our Company is going into Cotton spinning for the first time.
  (Our promoters have rich experience in the textile industry and have employed experienced people for the implementation of the project and are, therefore, confident of making a success out of it).

Opportunities

- The end of Multi Fibre Arrangement (MFA) is projected to lead to higher demand for finished fabric.
- India is aggressively expanding its capacities , key government policies are also changing favorably with (easier access to capital, favorable duty structures, dereserving products and flexible labor laws etc.).
- Indian textile companies are aiming to create large capacities across the value chain. Aggressive capacity expansion plans demonstrate the industry's commitment to taking advantage of the emerging global growth opportunity

Threats

- Our company faces increased competition from domestic as well as low-cost producing countries all of who are in the expansion mode.
- Changes in the government policy may impact the earnings of our company.
- The preferences of customers undergo frequent changes and our Company would need to adapt to the changing patterns.
  (Our proposed expansion plant would have the flexibility to process a wide range of yarns and therefore we are confident of being able to meet the varied and changing requirements of the customers).
- China continues to pose a threat, more so in the post quota period. China's scale, infrastructure and cost advantage give it an edge over India's infrastructure score. (However, India is also gaining advantages in the areas of technology, economies of scale etc and the promoters are confident of overcoming any threat posed by the Chinese in this regard).
- With India not being a part of trade blocs like NAFTA, AGOA, Caribbean Basin, it does not enjoy duty-free/quota-free status or any preferential access to the key developed markets of EU and US.
  (With the dismantling of the Quota syste[m] w.e.f 1st Jan. 2005, the Global Market has been thrown wide open and the promoters would like to capitalise on it

SETTING UP OF APPARREL MANUFACTURING PLANT

Forward Integration Phase of the Project not appraised by any outside agency:

In addition to the above Our company plans as a step towards forward integration to set up facilities for garment and apparel manufacturing and also to establish retail outlets all over the country for marketing the products. Based on an internal estimate of our company's management, our company may require about Rs.3101 Lakhs to start with. However this portion of the project which will be funded out of the proceeds of the Public issue is not appraised by any outside agency.

The objects of the proposed project and the brief details are as under:

OBJECTS

- Setting up retail outlets across India and brand building.
- Setting up a new apparel manufacturing unit.
- Warehousing and Logistic facilities.

PROJECT COST

(Amt in Lakhs)

S.No.	Description	Amount
A	**Setting up Retail Outlets across India and Brand Building**	
1	Total cost for setup of Metro retail outlet	462.00
2	Total cost of setup of Non Metro retail outlets	142.00
3	Security deposit for awarding Franchise rights for Non Metro retail Outlets	(24.00)
	Total Cost	**580.00**
B	**Setting up of Apparel Manufacturing Unit**	
1	Site Development & Construction	600.00
2	Plant & Machinery (Imported)	379.40
3	Plant & Machinery (Indeginous)	77.17
4	Miscellaneous Fixed Assets	277.78
5	Contingency	66.72
6	Preliminary & Preoperative Cost	36.72
7	Working Capital Margin	883.45
	Total Cost	**2321.24**
C	**Warehousing and Logistic facilities**	**200.00**
	Total Project Cost	**3101.24**

MEANS OF FINANCE

S.No	Particulars	Amount
1.	Proceeds of the Issue to be partially used	3101.24
	Total	**3101.24**

DETAILS OF THE PROJECT COST

Setting up of retail outlets across India and brand building (Rs.580 Lakhs)

S.No	City	Area (Sq.Ft)	Rent/Rs/Sq.ft/ mth	Total Rent/mth Rs. Lakhs	Security deposit Rs. Lakhs
1	Mumbai	4000	400	16.00	50.00
2.	Delhi	4000	450	18.00	50.00
3.	Kolkata	3000	110	3.30	25.00
4.	Chennai	3000	96	2.88	25.00
5.	Hyderabad	2000	62	1.24	15.00
6.	Pune	2000	82	1.64	15.00
7.	Chandigarh	2000	75	1.50	10.00
8.	Ahmedabad	2000	48	0.96	10.00
				45.52	200.00

The company intends to have a total of 20 retail outlets across the country. Of the 20 retail outlets, our company proposes to open 8 retail outlets leased and operated by the company and 12 retail outlets leased by company and operated on franchise basis.

The company proposes to set up 8 Metro retail outlets at Mumbai, Delhi, Kolkata, Chennai, Hyderabad, Pune, Chandigargh, Ahmedabad at an average area of 2000 Sq ft each. As per the estimates of the company based on the 2007 market report for various cities by Cushman & Wakefield research the total estimated fund required for the eight metro retail outlets is Rs.462.00 Lakhs, the detailed calculations of which are as under:

S.No	City	Area (Sq.Ft)	Rent/Rs/Sq.ft/mth	Security deposit (Rs lakhs
1	Mumbai	4000	400	50.00
2.	Delhi	4000	450	50.00
3.	Kolkata	3000	110	25.00
4.	Chennai	3000	96	25.00
5.	Hyderabad	2000	62	15.00
6.	Pune	2000	82	15.00
7.	Chandigarh	2000	75	10.00
8.	Ahmedabad	2000	48	10.00
	Total			200.00

	(Amt in Lakhs)
The estimated Security Deposit to be paid for the proposed 8 Metro outlets	200.00
The estimated 4 months rental as advance to be paid for the eight locations @ Rs.45.52 Lakhs per month as calculated above (i.e. 45.52 x 4)	182.00
The estimated cost of the Furniture & Fixture and other equipments required to set up the outlets at 8 locations @ Rs.10.00 Lakhs per location on an average	80.00
Total	462.00

The company also proposes to set up 12 Non Metro retail outlets at Agra, Amritsar, Jaipur, Coimbatore, Mysore, Madurai, Bhubaneshwar, Cuttack, Patna, Baroda, Nagpur and Surat at an average area of 2000 Sq ft each. As per the estimates of the company, the total estimated fund required for the twelve non-Metro retail outlets is Rs.142.00 Lakhs, the detailed calculations of which are as under:

S.No	City	Area (Sq.Ft)	Rent/Rs/Sq.ft/mth	Total Rent/mth Rs.	Security deposit (Rs lakhs)
1	Agra	2000	12	0.20	2.00
2.	Amritsar	2000	85	1.70	4.00
3.	Jaipur	2000	67	1.34	4.00
4.	Coimbatore	2000	32	0.64	4.00
5.	Mysore	2000	10	0.20	2.00
6.	Madurai	2000	10	0.20	2.00
7.	Bhubaneshwar	2000	10	0.20	2.00
8.	Cuttack	2000	10	0.20	2.00
9.	Patna	2000	10	0.20	2.00
10.	Baroda	2000	15	0.30	3.00
11.	Nagpur	2000	12	0.24	4.00
12.	Surat	2000	25	0.50	3.00
	Total			5.92	34.00

	(Amt in Lakhs)
The estimated Security Deposit to be paid for the proposed 12 non-Metro outlets	34.00
The estimated 4 months rental as advance to be paid for the twelve locations @ Rs.5.92 Lakhs per month as calculated above (i.e. 5.92 x 4)	24.00
The estimated cost of the Furniture & Fixture and other equipments required to set up the outlets at 12 locations @ Rs.7.00 Lakhs per location on an average	84.00
Total	142.00

For the 12 Non metro franchises the company would be taking a security deposit of Rs.2.00 Lac each per location.

Though the company does not have any brand of its own as of now, it intends to create and build a brand.

2.. Setting up of a new apparel manufacturing unit (Rs.2321.24 Lakhs)

Sr.No	Project Cost	Rs in Lakhs
i	Land	Acquired
ii	Site Development & Construction	600.00
iii	Plant & Machinery (Imported)	379.40
iv	Plant & Machinery (Indeginous)	77.18
v	Miscellaneous Fixed Assets	277.77
vi	Contingency	66.72
vii	Preliminary & Preoperative Cost	36.72
viii	Working Capital	883.45
	Total Cost of Project	**2321.24**

i. Land

Our company would be setting the proposed unit at its existing plot at C-6/1 Malkapur, in the Buldhana district. Our company has a total area of about 97 acres allotted by the MIDC, which we envisages to use part of the land for setting up the unit and hence would not require to acquire any land separately.

ii. Site Development & Construction (Rs.600 Lakhs)

Our company envisages to develop and construct an area of 60000 Square feet at cost of Rs.1000 Square feet. Amounting to a cost of Rs.600 Lakhs as per the estimates from M.K..Welankar & Associates. The manufacturing unit will encompass area for setting up the Sewing section, Cutting section, finishing section, Washing Section, in total built up area of 48000 Sq ft.

iii. Plant & Machinery – Imported (Rs.379.40 Lakhs)

Our company proposes to import the machineries required for manufacturing of formal trousers, casual trousers and formal shirts to the tune of Rs.379.40 Lakhs through M/s IIGM Private Limited, Lower Parel, Mumbai 400 013, as per their quotation Ref: IIGM: BBY:444 dated 16.08.2007. The amount includes price of the machineries, import duty, transportation charges and erection charges. The list is given below :

Sl No.	Machinery Name	Qty	Make	Price (In USD)	Total Cost (In Lakhs)
	List of Machines Required for Manufacturing of Formal Trousers. (1000 Pcs/day)				
	Cutting Section				
1	629 (8") Blue Streak, (Straight knife cutting machine complete set)	1	Eastman	1200	0.54
2	EC3, (End Cutter)	1	Eastman	450	0.20
3	EC -700 N (1500X1800mm), (Band Knife cutting machine complete set)	1	Eastman	4100	1.83
	Sewing Section				
1	FD-5800, (Automatic serging machine complete set)	2	Loiva	12000	10.72
2	DDL-8700-7-WB/SC500, (Single needle lockstitch machine)	50	Juki	900	20.10
3	MO-6704S-OD4-300, (Single needle 3 thread overlock machine)	2	Juki	860	0.77
4	APW-895N, (Automatic pocket)	1	Juki	22000	9.83
5	MH-382U, (Tandem double needle double chainstitch)	2	Juki	2250	2.01
6	MO-6745S-ED4-360/N077, (Double needle chainstitch machine)	2	Juki	1125	1.01
7	BS-101, (Blind stitch machine for bottom hemming)	3	Treasure	1450	1.94
8	BS-805R, (Chainstitch machine)	2	Treasure	2100	1.88
9	BS-861-1, (Blindstitch loop making machine)	1	Treasure	2600	1.16
10	160-20, (Blindstitch tacking machine)	3	Union Spl	4500	6.03
11	HP-600LCS, (Fusign press)	1	Hashima	7500	3.35
	Finishing Section				
1	MEB-3200CSKA, (Direct Drive Eyelet Button holing Machine)	1	Juki	11000	4.91
2	LK-1903ASS-301/MC-596-KSS, (Electronic Lockstitch Machine)	1	Juki	4100	1.83
3	LK-1900AHS/MC-596-KSS, (Direct drive dry head electronic Mc)	4	Juki	3100	5.54
4	BL-B-99, (Trouser Topper)	4	Rotondi	5850	10.45
5	BL-E-30, (Trouser Legger)	3	Rotondi	6930	9.29
6	BL-E-200, (Double Legger)	3	Rotondi	8500	11.39
7	2000E+AR20SD, (Seem opening table)	3	Rotondi	2375	3.18
8	RAPIDE 3200, (Hook and bar Machine)	1	Thomas	3675	1.64
9	ST 9000, (Staple attaching Machine)	1	Walker Avery Dennison	2000	0.89
	List of Machines Required for Manufacturing of Casual Trousers. (1000 Pcs/day)				
	Cutting Section				
1	629 (8") Blue Streak, (Straight knife cutting machine complete set)	1	Eastman	1200	0.54
2	EC3, (End Cutter)	1	Eastman	450	0.20
3	EC -700 N (1500X1800mm), (Band Knife cuting machine complete set)	1	Eastman	4100	1.83
	Sewing Section				
1	DDL-8700-7-WB/SC500, (Single needle	50	Juki	900	20.10

	lockstitch machine)				
2	DDL-8700-7-WB/SC500/CP160A, (Single needle lockstitch machine)	3	Juki	975	1.31
3	LH-3528SF, (2 Needle, needle feed lockstitch)	2	Juki	1500	1.34
4	MO-6716S-DE4-40H, (2 needle 5 thread safety stitch machine)	4	Juki	875	1.56
5	DLR-1508P, (Waist band attaching M/c)	2	Kansai Spl	1600	1.43
6	B-2000C, (Belt loop making M/c)	2	Kansai Spl	1500	1.34
7	LK-1903ASS/MC-596-KSS, (Computer controlled bartack Machine)	4	Juki	3100	5.54
8	MO-6704S-OD4-300, (Single needle 3 thread overlock machine)	4	Juki	860	1.54
9	APW-895N, (Automatic pocket)	1	Juki	22000	9.83
10	DDL-8700-7-WB/SC500, (Single needle lockstitch machine)	5	Juki	900	2.01
11	MOL-254, (Automatic belt loop attaching Machine)	1	Juki	21000	9.38
12	HP-450CS, (Fusign press)	1	Hashima	2200	0.98
	Finishing Section				
1	LK-1903ASS-301/MC-596-KSS, (Electronic Lockstitch Machine)	3	Juki	4100	5.49
2	MEB-3200CSKA, (Direct Drive Eyelet Button holing Machine)	4	Juki	11000	19.66
				(In Euro)	
3	TF/AL, (form finisher)	2	Rotondi	8000	9.76
	List of Machines Required for Manufacturing of Formal Shirts. (2000 Pcs/day)				
	Cutting Section				
	629 (8") Blue Streak, (Straight knife cutting machine complete set)	2	Eastman	1200	1.07
	CD3H (8"), (Cloth Drill)	2	Eastman	1225	1.09
	EC3, (End Cutter)	2	Eastman	450	0.40
	EC -700 N (1500X1800mm), (Band Knife cuting machine complete set)	1	Eastman	4100	1.83
	Sewing Section				
1	DFB-1404PSF, (Shirt front placketingmaking M/c)	3	Kansai Spl	1450	1.94
2	DDL-8700-7-WB/SC500, (Single needle lockstitch machine)	120	Juki	900	48.25
3	DDL-8700-7-WB/SC500/CP160A, (Single needle lockstitch machine)	6	Juki	975	2.61
4	DLM-5200ND, (Single needle lockstitch M/c)	3	Juki	980	1.31
5	MS-1190MF/VO46R, (Feed of the arm machine complete set)	3	Juki	3350	4.49
6	MO-6716S-DE4-40H, (2 needle 5 thread safety stitch machine)	4	Juki	875	1.56
7	LH-3568SF, (2 Needle, needle feed lockstitch)	4	Juki	1950	3.48
8	MJ-3300, (Auto jig machine)	4	Loiva	9300	16.62
	Mid processing Section				
1	HP-600LCS, (Fusign press)	2	Hashima	7500	6.70
2	NS-81, (Collar trimming, turning and blocking machine)	2	Ngaishing	5700	5.09
3	NS-92L, (Collar contour trimmer)	2	Ngaishing	3500	3.13
4	NS-55, (Threading sucking machine)	1	Ngaishing	1945	0.87

5	NS-95, (Penumatic Collar notcher)	1	Ngaishing	625	0.28
6	NS-85, (cuff Blocking Machine completeset)	2	Ngaishing	3900	3.49
7	NS-8143, (Colar and cuff press)	2	Ngaishing	9600	8.58
8	NS-860-25, (Hydraulic die cutting machine)	1	Ngaishing	5900	2.64
9	NS-93, (Spot welding machine)	4	Ngaishing	375	0.67
10	NS-650, (Penumatic shirt folding machine)	8	Ngaishing	1700	6.08
11	NS-94AC, (Placket cutting M/c)	2	Ngaishing	3000	2.68
12	NS-5503, (Sleeve Placket folding and ironing machine)	2	Ngaishing	10400	9.29
13	Ns-9084S-N, (Penumatic steam pocket creasing machine)	1	Ngaishing	5500	2.46
14	NS-93, (Collar curve edge notcher)	1	Ngaishing	750	0.34
	Finishing Section				
1	LBH-781U, (Buttonhole machine)	4	Juki	2875	5.14
2	LK-1903ASS-301/MC-596-KSS, (Electronic Lockstitch Machine)	4	Juki	4100	7.33
				(In Euro)	
3	EC-11, (electronic Steam Iron)	12	Rotondi	125	0.92
4	1970, (Vaccum Iron Table)	12	Rotondi	500	3.66
5	IGOS-25, (Electronic steam generator)	1	Rotondi	2300	1.40
6	IGOS-57, (electronic steam generator)	1	Rotondi	2600	1.59
	Total				361.34
	Erection Charges				7.23
	Local Transport Expenses				10.84
	Total cost of Machines (Imported)				**379.40**

iv. Plant & Machinery (Indeginous) (Rs.77.18 Lakhs)

Our company has estimated a cost of Rs.77.18 Lakhs for procurement of the following indigeneous machineries for this unit.

S.No	Machinery Name	Qty	Price (In Rs)	Total Cost (In Lakhs)
1	Washing Machine 150 Kgs capacity (Belley m/c)	8	475000.00	38.00
2	Hydro Extractor 100 Kgs capacity	4	200000.00	8.00
3	Drying Machine capacity 100 Kgs	10	150000.00	15.00
4	Washing m/c for sampling 35 Kgs capacity	8	100000.00	8.00
5	Hydro Extractor for sampling 25 kgs capacity	6	75000.00	4.50
	Total			**73.50**
	Erection Charges	2%		1.47
	Local Transport Expenses	3%		2.21
	Total cost of Machines			**77.18**

v. Miscellaneous Fixed Assets (Rs.277.77 Lakhs)

Our company has estimated a cost of Rs.277.77 Lakhs for purchase of the following miscellaneous fixed assets :

S.No	Name	No.	Rate/ Machine	Total Amount
			(In Rs)	(In Lakhs)
1	Fire Fighting Equipment ABC type 5kg Capacity - Minimax make	50	5000	2.50
2	Weighing equipments - Avery make			
	120 kgs	4	34000.00	1.36
	30 Kgs	4	13000.00	0.52
	6 Kgs	4	11150.00	0.45
3	Material handling			
	Trolleys	60	1500.00	0.90
	Bins	500	150.00	0.75
	Storage Bins	500	150.00	0.75
4	Boilers of 250 Kgs capacity	1	600000.00	6.00
5	Boiler for Steam Ironing			
	18KW/Hr	3	65000.00	1.95
	12KW/Hr	3	80000.00	2.40
6	Steam Irons	40	1500.00	0.60
7	Tables	40	7000.00	2.80
1	Diesel generators			
	125 KVA	2	1700000.00	34.00
	110 KVA	2	1000000.00	20.00
2	Tables	40	7000.00	2.80
3	Office equipments/ furniture/computers			50.00
4	Deposit to MSEB HT connection & Installation			20.00
5	Effluent Treatment Plant			30.00
5	Packing Labelling Machine			100.00
	Total			**277.77**

vi. Contingency (Rs.66.72 Lakhs)

The contingency cost for the project is considered at 5% of the hard cost of the project, which is Rs.66.72 Lakhs, which our company assumes would be sufficient for the project.

vii. Preliminary and Pre-operative cost (Rs.36.72 Lakhs)

The total preliminary and pre operative cost for the proposed project is Rs.36.72 Lakhs, which is 5% of the cost of Plant and machinery including Miscellaneous Fixed assets.

viii. Working capital (Rs.883.45 Lakhs)

The total working capital required by our company for the project is Rs.883.45 Lakhs.

3. Warehousing and Logistic facilities (Rs.200 Lakhs)

For the proposed project, our company proposes to establish warehouses at various locations to facilitate efficient supply chain management for the retail operations across India. Our company also intends to provide warehousing and logistic facilities for the retailers in fashion and lifestyle products. Warehousing and logistic facilities involve integration of information, inventory management, warehousing, material handling, packing and transportation. The total cost of this facility has been estimated at Rs.200 Lakhs.

Infrastructural facilities

Power Consumption

The total requirement of power at full capacity has been estimated at 500 KVA and the same will be sourced from Maharashtra State Electricity Board. Our company also as a stand by arrangement procuring 4 diesel generators of various capacities.

Water

Water requirement for various activities like washing, finishing, human consumption and other miscellaneous activities ahs been estimated at 50000 liters per day, is easily available.

Raw Materials

The major raw materials required for the project is fabrics, which will be purchased indigenously and part of the it will be imported and he other accessories required like the interlining, buttons, threads zipper etc would be procured locally. The raw material which would be imported will be sourced from countries like China, Portugal, Turkey, Mauritius etc. Therefore our company does not envisage any difficulty in the procurement of the required raw material.

Manpower

The total requirement of manpower for the proposed plant will be 842 persons comprising of skilled, semi skilled, unskilled workers, supervisory and administrative staff.

The present project is being set up at Malkapur, the cotton district belt in Maharashtra, which is major cotton textile hub and hence do not foresee any difficulty in the availability of and recruitment of the requisite manpower.

3. Warehousing and Logistic facilities

For the proposed project, Our company proposes to establish warehouses at various locations to facilitate efficient supply chain management for the retail operations across India. Our company also intends to provide warehousing and logistic facilities for the retailers in fashion and lifestyle products. Warehousing and logistic facilities involve integration of information, inventory management, warehousing, material handling, packing and transportation.

SCHEDULE OF IMPLEMENTATION

S.No		Activity	Expected month of Commencement	Expected month of Completion
		Setting up of new apparel manufacturing unit		
1				
	a	Land acquisition		Completed
	b	Site Development	Apr 08	June 08
	c	Construction of Buildings	July 08	December 08
	d	Plant and Machinery		
		Order Placement	Apr 08	June 08
	e	Delivery	Sept 08	Dec 08
	f	Installation	Jan 09	Feb 09
	g	Trial Runs	Feb 09	Mar 09
	h	Commercial Production	Apr 09	--
2		**Setting up of retail outlets and** Brand Building	Jan 09	Mar 09
3		**Setting up of Warehouse and logistic facilities**	Jan 09	Mar 09

Sources of Financing

The stated objects of the Issue are proposed to be financed entirely from the Net Proceeds of the Issue.

The fund requirement and deployment are based on current business plans and internal management estimates and have not been appraised by any bank or financial institution.

Deployment of funds :

Till November 30,2007,Our Company has raised funds to the extant of Rs 8670.95 lakhs including promoters contribution of Rs 5604.07 lakhs and term loans of Rs 3066.88 lakhs from Banks . Our company has incurred an expenditure of Rs. 7312.57 lakhs on the proposed Projects as per the objects of the issue, as on Nov 30,2007. Pending deployment Rs 1358.38 lakhs has been temporarily parked in short term mutual funds/Fixed deposits and other current assets etc. The fund deployment in the Project and its Means of Finance has been certified by M/S Dalal & Shah , Chartered Accountant, the Auditors of our Company vide their certificate dated December 14,2007 and the details of the same are as follows:-

Sr. No.	Particulars	Amount (Rupees in Lakhs)	Total (Rupees in Lakhs)
1	Land & Site Development	105.09	
2	Building & Civil works	808.03	
3	Plant & Machinery (Imported)	2987.40	
4	Plant & Machinery (Domestic)	833.51	
5	Miscellaneous Fixed Assets	96.09	
6	Acquisition Cost (Vardhan Syntex)	717.00	
7	Preliminary & Pre-operative Expenses	386.82	
8	Interest during constrcution	266.45	
9	Upfront fees	7.26	
10	Working Capital Margin	1104.92	7,312.57
11	Funds temporarily parked in Bank Deposits, Mutual Fund Schemes and other current assets pending deployment in the Project	1358.38	1,358.38
	TOTAL		**8,670.95**

SOURCES OF FUNDS

1	Promoters Contribution		
	Shares already allotted	1939.50	
	Share application, pending allotment	3664.57	5604.07
2	Term Loans lenders		3,066.88
	TOTAL		**8,670.95**

Schedule of Implementation and Deployment of funds

Phase I

	As per Project Appraisal		As per the Revised Schedule	
Particulars	**Commencement**	**Completion**	**Commencement**	**Completion**
Land	Already acquired		Already acquired	
Land Development & building construction	January 06	March 07	August 07	September 08
Plant & Machineries order placement	January 06	December 06	August 06	December 07
Installation of Machineries	April 07	August 07	January 08	November 08
Trial Production	September 07	September 07	March 08	December 08
Commercial Production	October 07	October 07	April 08	December 08

Phase II

	As per Project Appraisal		As per the Revised Schedule	
Particulars			**Commencement**	**Completion**
Land	Already acquired		Already acquired	
Land Development & building construction	January 06	March 07	August 07	May 08
Plant & Machineries - Order placement - Delivery at site	January 06 ---	December 06 ---	March 07 December 08	March 07 January 08
Installation of Machineries	April 07	August 07	March 08	May 08
Trial Production	September 07	September 07	March 08	July 08
Commercial Production	October 07	October 07	April 08	June 08

Phase III

	As per Project Appraisal		As per the Revised Schedule	
Particulars			**Commencement**	**Completion**
Land	Already acquired		Already acquired	
Land Development & building construction	January 06	March 07	April 08	December 08
Plant & Machineries -Placement of order -Delivery at Site	January 06 ---	December 06 ---	September 07 October 08	March 08 December 08
Installation of Machineries	April 07	August 07	January 09	March 09
Trial Production	September 07	September 07	April 09	May 09
Commercial Production	October 07	October 07	July 09	---

Note: Our Company had initially planned the IPO in the month of March 2007 and as the same has been delayed, the schedule of implementation has been revised**.**

Integrated textile plant

(Amount in Lakhs)

	Total	Deployed	Amount to be Deployed						
	Cost of project	Till Nov -07	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Total
Land & Site Development	328.00	105.09	222.91	0.00	0.00	0.00	0.00	0.00	328.00
Building & Civil Works	4888.00	808.03	850.00	1345.69	1257.28	627.00	0.00	0.00	4888.00
Plant & Machinery (Domestic)	7524.00	833.51	2600.00	1300.00	1849.49	941.00	0.00	0.00	7524.00
Plant & Machinery (Imported)	4823.00	2987.40	950.00	701.05	184.55	0.00	0.00	0.00	4823.00
Misc Fixed Assets	3958.00	96.09	2090.00	962.91	0.00	809.00	0.00	0.00	3958.00
Acquistion Cost	717.00	717.00	0.00	0.00	0.00	0.00	0.00	0.00	717.00
Contingency	1101.00	0.00	275.00	225.00	250.00	233.00	118.00	0.00	1101.00
Preliminary & Pre operative Expenses	1812.00	386.82	671.00	231.18	125.00	275.00	73.00	50.00	1812.00
Interest during Construction	476.00	266.45	71.55	58.00	36.00	26.00	18.00	0.00	476.00
Upfront fees	124.00	7.26	95.74	21.00	0.00	0.00	0.00	0.00	124.00
WC Margin	3168.00	1104.92	45.08	0.00	359.00	0.00	309.00	1350.00	3168.00
	28919.00	**7312.57**	**7871.28**	**4844.83**	**4061.32**	**2911.00**	**518.00**	**1400.00**	**28919.00**

Apparrel Manufacturing Unit and Retail Outlets

Amount Rs lakhs.

	Total	Deployed	Amount to be Deployed						
	Cost of project	Till Nov - 07	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Total
Building & Civil Works	600.00	0.00	0.00	0.00	300.00	300.00	0.00	0.00	600.00
Plant & Machinery (Domestic)	379.40	0.00	79.00	0.00	150.00	150.40	0.00	0.00	379.40
Plant & Machinery (Imported)	77.18	0.00	0.00	0.00	0.00	77.18	0.00	0.00	77.18
Misc Fixed Assets	277.78	0.00	0.00	0.00	100.00	100.00	77.78	0.00	277.78
Contingency	66.72	0.00	0.00	0.00	20.00	30.00	16.72	0.00	66.72
Preliminary & Pre operative Expenses	36.72	0.00	0.00	0.00	10.00	16.72	10.00	0.00	36.72
Working capital	883.45	0.00	0.00	0.00	0.00	0.00	883.45	0.00	883.45
Retail Outlets	580.00	0.00	0.00	0.00	0.00	580.00	0.00	0.00	580.00
Warehousing and logistic facilities	200.00	0.00	0.00	0.00	0.00	200.00	0.00	0.00	200.00
	3101.25	**0.00**	**79.00**	**0.00**	**580.00**	**1454.30**	**987.95**	**0.00**	**3101.25**

Interim Use of Funds

Pending utilization in the project as per the manner as referred to above, the proceeds of the issue will be invested in less productive assets such as bank deposits and / or Gilt Edged Government securities, either directly or through mutual funds.

Monitoring Agency :

In terms of Clause 8.17 of the SEBI DIP Guidelines, 2000, there is no requirement of Monitoring Agency. Our Board will monitor the utilization of the proceeds of the Fresh Issue. Pursuant to Clause 49 of the listing agreement,our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the proceeds of the Fresh Issue. We will disclose the utilization of the proceeds of the Fresh Issue under a separate head in our balance sheet till such time the proceeds of the Fresh Issue have been utilised, clearly specifying the purpose for which such proceeds have been utilized. We will also, in our balance sheet till such time the proceeds of the Fresh Issue have been utilised, provide details, if any, in relation to all such proceeds of the Fresh Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Fresh Issue.

BASIC TERMS OF ISSUE

Terms of the Issue

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

Terms of Payment:

Applications should be for a minimum of [●] equity shares and in multiples of [●] equity shares thereafter. The entire price of the equity shares of Rs. [●]/- per share (Rs. 10/- face value + Rs. [●]/- premium) is payable on application.

In case of allotment of lesser number of equity shares than the number applied, the excess amount paid on application shall be refunded by us to the applicants.

Authority for the Issue

Pursuant to Section 81 (1A) of the Companies Act, 1956, the present issue of equity shares has been authorized vide a Special Resolution passed at the Extra Ordinary General Meeting of our Company held on Decembe 18,2006.

Ranking of Equity Shares

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

Face Value and Issue Price per Share

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

Market Lot and Trading Lot

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

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

Minimum Subscription

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

BASIS FOR ISSUE PRICE

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

Investors should read the following summary with the Risk Factors included starting from [●] to [●] and the details about our Company and its financial statements included in this Draft Red herring Prospectus on page [*]. The trading price of the Equity Shares of our Company could decline due to these risks and the investor may lose all or part of his investment.

Qualitative Factors

Well established Industrial House and rich experience in textile sector

Our company belongs to well established Yashovardhan Birla Group which has rich experience in Textile sector. The promoters are well established in the market and their existing distribution & marketing network will ensure that the finished goods of our company are sold easily with minimum efforts.

Company's operations are extended to cover spinning of synthetic yarn

Our Company has acquired the business of Khamgaon Syntex India Ltd, which is a part of project proposed for this IPO, vide Business Transfer Agreement dated 1st August 2006 and subsequently our Company's operations were extended to cover spinning of synthetic yarn as well.

Joint Venture Agreement entered into between our Company, Yash Birla Group (YBG) and the P.B.Bhardwaj Group (PBG)

In order to ensure success in their expansion plans, a Joint Venture Agreement was entered into between our Company, Yash Birla Group (YBG) and the P.B.Bhardwaj Group (PBG), which is associated with prestigious textiles green projects around the world and is well versed in the textile manufacturing process. The main purpose of this JV is to enable the JV partners to combine their resources and expertise and carry on the business of manufacturing, marketing and distribution of the products in India as well as in other places.

Company is into complete forward integration

Our Company is into complete forward integration, i.e. right from ginning and pressing upto manufacture of fabrics, readymade garments and also to opening of retail outlets of its own which is the rarest feature in textile industry.

The status of "Mega Project" granted by the Government of Maharashtra

The Government of Maharashtra had decided to offer the status of 'Mega Project' to our proposed project. On 21st August 2007, the Government of Maharashtra and our company had entered into a Memorandum of understanding in this regard. In accordance with the MOU, our company will be eligible to receive the following incentives/benefits:

1. Electricity duty exemption for a period of seven years from the date of commencement of the project
2. 100% exemption from payment of stamp duty
3. Industrial promotion subsidy equivalent to 100% of the eligible investments made, and
4. 75% reimbursement of expenditure incurred on account of'employer's contribution towards ESI and EPF for a period of 5 years but limited to 25% of Fixed Capital Investment

Experience of Promoters

Our company is headed by key executives who have long experience in the field of textile industry and are confident of implementing the project within the estimated cost and time.

Locational Advantage

Khamgaon is the centre of cotton production and there are about 35 ginning units in and around this place. Hence, good qualities of raw material like cotton are easily available to our Company.

Efficient marketing and selling the products of our Company

We will be setting up a separate full fledged marketing department to procure orders and contracts for cotton yarn. The marketing department will be headed by Senior Manager (Sales) and will be supported by other staff.

Our marketing strategy will be based on the products type and the end user segment. We are planning to adopt a hybrid marketing model comprising of direct customer approach and agents network. Our Company has appointed agents in domestic as well as international market to obtain regular orders for synthetic yarns. Our Company is also in regular interaction with fabrics manufacturers for their requirement of yarns for domestic and international markets. At present. Cotton Yarn and fabrics is exported to nearly 80 countries from India. After the proposed project, we propose to increase the depth of marketing network and to explore more international markets for increased production.
Our Company's JV with PBG will render all required assistance for optimizing our business growth. PBG will play a key role in providing support in international marketing

Quantitative Factors on Standalone Basis

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

1) Adjusted earning per share (EPS) weighted

Year	**EPS**	**Weightage**
31st March 2005	0.04	1
31st March 2006	0.20	2
31st March 2007	1.89	3
Weighted average	**1.03**	
For the quarter ended 30th June 2007 Annualised	0.58 2.32	

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

2) Price Earning ratio (P/E ratio)* in relation to the Issue Price of Rs [•] per share

	Issue Price of Rs. [•] per share
Based on 2006 – 07 EPS of Rs. 1.89	[•]
Based on weighted average EPS of Rs. 1.025	[•]
Industry PE Multiple (TEXTILE PRODUCTS)	
• Highest – Pantaloon Retail	137.00
• Lowest - Kitex Garments	5.50
• Industry Composite	37.0

Source: Capital Market Volume XXII/21, dated Dec 17-30, 2007; Category: Textiles Products

* would be completed after discovery of the Issue Price through Book - Building

3) Return on Net worth

Year	RONW (%)	Weightage
Ended 31st March 2005	0.28	1
Ended 31st March 2006	1.35	2
Ended 31st March 2007	8.18	3
Weighted Average	**5.25**	

The **return on Net Worth for the 3 months ended 30thJune 2007 is Rs.2.31 annualised will work out to Rs.9.24**

The average return on net worth has been computed on the basis of the restated profits and losses of the respective years.

4) Minimum return on total Net worth after issue needed to maintain pre-issue EPS of Rs. 1.89 for the year ended March 31,2007 is [•] %

5) Net Asset Value (NAV) per share (Rs.)

a) As on March 31st 2007	23.06
b) Issue Price*	[•]
c) After Issue	[•]

The NAV per share as on 30th June 2007 is Rs. 25.22

**would be compared after discovery of the Issue Price through Book Building process*

Comparison with Industry Peers and Industry average

SECTOR – TEXTILES-PRODUCTS

Comparsion of accounting ratios of our company with the industry average and accounting ratios of industry peers, which are to some extent similar in business for Financial Year ended March,31,2007 , is as under:

The accounting ratios of companies in the Industry Group (**Textiles – Spinning- Synthetic / Blended)** are as follows:

			For the year ended March 31,2007			
COMPANY	EQUITY Rs lakhs	BOOK VALUE (Rs)	RONW %	SALES Rs lakhs	NET PROFIT (Rs lakhs)	P/E RATIO
Bombay Rayon fashion	6300	76.70	17.1	48940	5440	25.3
Kountons Retail	3055	86.30	44.50	40240	3450	67.4
Nahar Spinning	1803	144.0	11.50	89050	6370	6.1
Page Industries	1115	60.70	42.4	13590	1660	22.0
Vishal Retail	2240	105.7	25.0	60270	2510	-
Wespun India	7309	73.20	9.9	93750	5360	13.8
Birla Cotsyn India Ltd	1362	23.06	8.18	5351	257	-

Source: Capital Market Volume XXII/21, dated Dec 17-30, 2007; Category: Textiles Products

7) The face value of our Equity Shares is Rs. 10 and the Issue Price is [*], i.e., [*] times of the face value.

The Issue Price of Rs. [*] has been determined by our Company in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares by way of Book Building and is justified on the basis of the above factors.

STATEMENT OF TAX BENEFITS

Board of Directors,
Birla Cotsyn (India) Limited
Dalamal House,1st Floor,J.B.Marg,
Nariman Point,–
MUMBAI - 400 021.

Dear Sirs,

Sub:Statement of Possible Tax Benefits

We hereby report that the enclosed annexure states the possible tax benefits that may be available to Birla Cotsyn (India) Limited (the "Company") and to the Shareholders of the Company under the provisions of the Income Tax Act, 1961 and Wealth Tax Act, 1957 presently in force in India.

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws and their interpretations. Hence, the ability of the Company or its Shareholders to derive tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive nor are they conclusive. This statement is only intended to provide general information and to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

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

- the Company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits have been / would be met with;
- the revenue authorities/ courts will concur with the views expressed herein.

Our views are based on the existing provisions of law and its interpretations, which are subject to change from time to time. We do not assume responsibility to up-date the views of such changes.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. While all reasonable care has been taken in the preparation of this opinion, we accept no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

This report is intended solely for information and for the inclusion in the offer Document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For and on behalf of
DALAL & SHAH
Chartered Accountants

SHISHIR DALAL
Partner
Membership No.37310

MUMBAI
26th September, 2007

Annexure

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS.

Benefits available to the Company

- Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received by the Company from domestic companies is exempt from income tax.

Under section 80IA of the IT Act, deduction of an amount equal to 100 percent of profits and gains derived from eligible business is deductible for any 10 consecutive assessment years out of fifteen years beginning from the year in which an undertaking develops, develops and operates or maintains and operates an industrial park or special economic zone (from assessment year 2002-03) notified for this purpose in accordance with any scheme framed and notified by the Central Government for the period from April 1, 1997 to March 31,2009 in case of an industrial park and March 31, 2006 for special economic zones. Subsequent to March 31, 2006 100 percent of the profits is deductible for the balance number of years (out of 10 years) under section 80IAB of the Act.

Under section 115JAA (2A) of the Act tax credit shall be allowed in respect of any tax paid (MAT) under section 115JB of the Act for any Assessment Year commencing on o^{r} after 1st April 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 7 years immediately succeeding the year in which the MAT credit initially arose.

Benefits available to resident shareholders, approved infrastructure capital companies, infrastructure capital funds and co-operative banks

- Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.

Under section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, as per second proviso to section 48 of the IT Act, in respect of long term capital gains (i.e. shares held for a period exceeding 12 months) from transfer of shares of Indian Company, it permits substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed from time to time.

Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transact ion tax.

Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

(a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act88;

(a) (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or

converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the IT Act for any assessment year beginning on or after April 1, 2006.

- Under section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 10 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transact ion tax.

Benefits available to mutual funds

- As per the provisions of Section 10(23D) of the IT Act, Mutual Funds registered under the Securities and Exchange Board of India or Mutual Funds set up by Public Sector Banks or Public Financial Institutions or authorized by the Reserve Bank of India and subject to the conditions specified therein, would be eligible for exemption from income tax on their income.

Benefits available to foreign institutional investors ('FIIs')

- Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.

Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.

Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

(a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act88;

(b) (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion.

- Under section 115AD (1)(ii) of the Act short term capital gains on transfer of securities shall be chargeable @ 30% and 10% (where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax). The above rates are to be increased by applicable surcharge and education cess.

Under section 115AD(1)(iii) of the Act income by way of long term capital gain arising from the transfer of shares (in cases not covered under section 10(38) of the Act) held in the company will be taxable @10% (plus applicable surcharge and education cess). It is to be noted that the benefits of indexation and foreign currency fluctuations are not available to FIIs.

As per section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the IT Act to the extent they are more beneficial to the FII.

In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

Benefits available to venture capital companies/ funds

- Under section 10(23FB) of the IT Act, any income of Venture Capital companies/ Funds (set up to raise funds for investment in venture capital undertaking notified in this behalf) registered with the Securities and Exchange Board of India would be exempt from income tax, subject to conditions specified therein. As per section 115U of the IT Act, any income derived by a person from his investment in venture capital companies/ funds would be taxable in the hands of the person making an investment in the same manner as if it were the income received by such person had the investments been made directly in the venture capital undertaking.

Benefits available to non-residents/ non-resident Indian shareholders (other than mutual funds, FIIs and foreign venture capital investors)

- Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.

Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.

Under the first proviso to section 48 of the IT Act, in case of a non resident shareholder, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations) (in cases not covered by section 115E of the IT Act-discussed hereunder), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/ loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares.

Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

(a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act88;

(c) (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion.

- Under section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 10 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

Where shares of the Company have been subscribed in convertible foreign exchange, Non-Resident Indians (i.e. an individual being a citizen of India or person of Indian origin who is not a resident) have the option of being governed by the provisions of Chapter XII-A of the IT Act, which inter alia entitles them to the following benefits:

- Under section 115E, where the total income of a non-resident Indian includes any income from investment or income from capital gains of an asset other than a specified asset, such income shall be taxed at a concessional rate of 20 per cent (plus applicable surcharge and education cess). Also, where shares in the company are subscribed for in convertible foreign exchange by a Non-Resident India, long term capital gains arising to the non-resident Indian shall be taxed at a concessional rate of 10 percent (plus applicable surcharge and education cess). The benefit of indexation of cost and the protection against risk of foreign exchange fluctuation would not be available.

Under provisions of section 115F of the IT Act, long term capital gains (in cases not covered under section 10(38) of the IT Act) arising to a non-resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange (in cases not covered under section 115E of the IT Act) shall be exempt from Income tax, if the net consideration is reinvested in specified assets or in any savings certificates referred to in section 10(4B), within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

Under provisions of section 115G of the IT Act, it shall not be necessary for a Non-Resident Indian to furnish his return of income under section 139(1) if his income chargeable under the Act consists of only investment income or long term capital gains or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the IT Act.

In terms of Section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

As per Section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the Non-Resident/ Non- Resident India would prevail over the provisions of the IT Act to the extent they are more beneficial to the Non-Resident/ Non-Resident India.

BENEFITS AVAILABLE UNDER THE WEALTH TAX ACT, 1957

Asset as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares of the Company held by the shareholders would not be liable to wealth tax.

Notes:

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

The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws, including as laid down by the circular 4/2007 dated 15th June 2007 issued by CBDT concerning capital gain, for availing concessions in relation to capital gains tax;

This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue;

In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and

The stated benefits will be available only to the sole/first named holder in case the shares are held by joint share holders.

SECTION VI – ABOUT US

INDUSTRY OVERVIEW

Textile Overview- Broad Perspective

Textile industry include the organized Cotton/ Man Made Fibre Textile Mill Industry, Man made fibre/ filament yarn industry, the decentralized power loom sector, woolen textile industry, silk industry, handloom industry, handicraft industry, jute industry and textile exports.

The textiles industry is one of the most important industries in the Indian economy and it accounts for 14% of the total Industrial production, contributes to nearly 30% of the total exports and is the second largest employment generator after agriculture. India is the world's third largest producer of cotton and the second largest producer of cotton yarns and textiles.

Not only is it the largest foreign exchange earner, contributing to over 20 per cent'of India's exports and 14 per cent of industrial output, it also accounts for more than 5 per cent of GDP and provides direct employment to 38 million people. In fact, it is the second most important sector next only to agriculture.

India however, has natural advantages which can be capitalized on, strong raw material base (cotton, man-made fibres, jute, silk), large production capacity (–pinning - 21% of world capacity and–weaving - 33% of world capacity but of low technology) and a vast pool of skilled manpower.

Source: ibef.org

Cotton Dominates the Industry

- Nearly 56% of yarn produced is made of cotton
- Country produces nearly 23 varieties of cotton
- India is the second largest player in the world cotton trade

India's position is strong vis-à-vis other countries in most raw materials

- Largest producer of jute
- Second largest producer of silk
- Third largest producer of cotton, accounting for nearly 16% of global production
- Third largest producer of cellulosic fibre/yarn
- Fifth largest producer of synthetic fibres/yarn
- Eleventh largest producer of wool

Source: Ministry of Textiles Annual Report, Industry Research

In the last three years, the sector has attracted a total investment of US$ 5770 million.

According to the sources, The cumulative FDI flown into this sector since August 1991 to March 2007 has been US$ 575.27 million, respresenting1.22 per cent of total FDI attracted by the countr'.

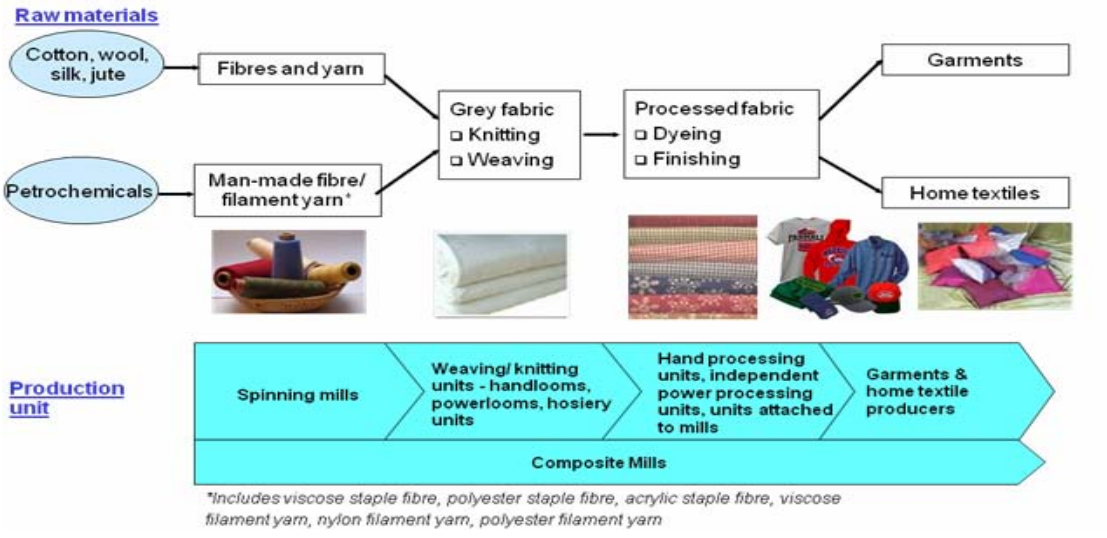
India's textile sector is expected to attract an investment of US$ 36.5 billion in next five years and will achieve the export target of US$ 55 billion by 2012.

In last three years textile sector has generated over 2.5 million jobs in the country and by 2012, it is expected this number might touch 20 million, including 12 million direct and around 8 million indirec' jobs.

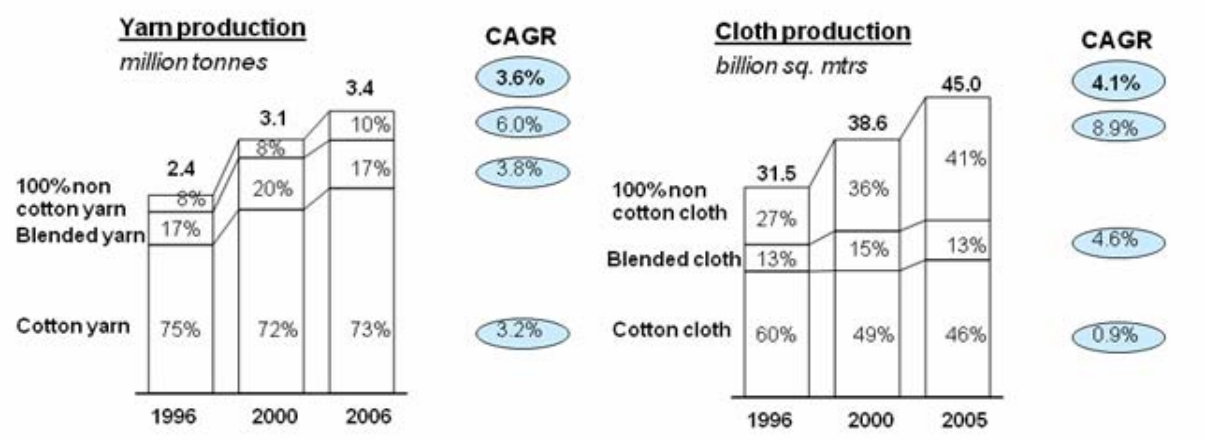
'Vision 2010' for textiles-formulated by the Government after intensive interaction with the industry and Export Promotion Councils aims to capitalise on the Industry's upbeat mood. It will help increase India's share in the world textile trade from the current 4 per cent to 8 per cent by 2010, and achieve export value of US$ 50 billion by 2010. The same statement also envisages growth in Indian textile economy from the current US$ 37 billion to US$ 85 billion by 2010; creation of 12 million new jobs in the textile sector; and modernisation and consolidation to create a globally competitive textile industry.

Source: ibef

Manufacturing units present at all levels of value chain



Industry experiencing high growth



- Production of yarn has a witnessed healthy CAGR of 3.6% between 1996 and 2006, with production in 2006 being 3.4 million tones
- Most of this growth has been driven by 100% non-cotton yarn, which grew at a CAGR of 6% to 349 million kilogram's in 2006
- Production of fabric saw an impressive CAGR of 4.1% between 1996 and 2005, with production in 2005 at 45 billion square metres

- While production of cotton cloth remained more or less stagnant, 100% non cotton cloth and blended cloth drove the growth in the industry, with a CAGR of 8.9% and 4.6% respectively
- Production of 100% non cotton cloth was 18.4 billion square metres, while that of blended cloth was 6 billion square metres in 2005

Source: Compendium of Textile Statistics

Factors driving Indian garment and textile growth:

- **Abolition of quotas on textile exports:** Under the World Trade Organisation (the " WTO") agreements, quota restriction and tariff barriers, including those for Indian textile companies, were removed in January 2005 and were reduced and will be fully removed by 2008 for Chinese textile companies, giving these companies increased access to the global market. India's textile and apparel exports are projected to increase from nearly US$ 13 bn in 2005 to over US$50 bn by 2010, representing a compound annual growth rate ("CAGR") of 31% and a market share of 8% of global textile trade by 2010. (Source: Ministry of Textile available at *http://texmin.nic.in/mst_20050722.pdf)*

  Anti-dumping measures: The Agreement on Textiles and Clothing (the "ATC") provided for complete abolition of textile quotas from 2005. However, China voluntarily agreed to allow such restrictions until 2008 under the terms of its entry into the WTO. Under such circumstances, the EU imposed restrictions on the imports of certain garment categories from China. The restrictions imposed by the EU restricted the growth of imports from China to 10% per annum until 2007. The US also imposed similar restrictions on Chinese imports to restrict the growth in certain garment categories. The restrictions imposed by the US restrict the growth of imports to restrict the growth of imports from China to 12.5-16.0% until 2008 (Source: Readymade Garments Annual Review, December 2005)

  Domestic retail boom and strong demand: The higher the Income level, the higher the expenditure on clothing. According to CRIS INFAC the consumption pattern of Indian households demonstrated that out of the total household expenditure, around 4-4.5% was spent on clothing. The average level of Income of the Indian household is expected to rise over the next 5 years and the average income per household is expected to increase at a CAGR of nearly 10% from 2005-06 to 2010-11.
  The increasing penetration of organised retail and credit cards has led to more impulsive buying among Indian youth**.**

Government initiatives: Rs.25000 cr Technology Upgradation Scheme (TUFS) at a 5% interest subsidy, reduction in customs duty for import of machinery, 100% FDI through the automatic route and facilitating the set-up of textile parks.

Beneficial demographics: rising proportion of the 20-50 age bracket in India (expected to cross 50% by 2010) and rapidly increasing per-capita income of the middle-class.

Exports

The textiles exports basket consists of readymade garments, cotton textiles, textiles made from man-made fibre, wool and woolen goods, silk, handicrafts, coir and jute.' India's textile exports have registered a growth of 7.67 per cent in 2006-07 compared to the previous year. The exports are projected to grow at a rate of 22 per cent between 2007 and 2012 and are targeted to reach US$ 55 billion by 2012. Textiles exports contribute 16.63% to the country's total exports earnings; currently India has a share of 3.5-4 per cent in world export of textiles and 3 percent in clothing exports.

Readymade Garments:
The Readymade Garments account for approximately 45% of the textiles exports. This item covers readymade garments of cotton, man-made fibre and other textiles material, and excludes readymade garments of silk or wool. During 2004-2005, readymade garments exports were US$ 6 billion, up by 4.1% over 2003-04. During 2005-2006, the readymade garments exports were US$ 7.75 bn, recording an increase of 28.68 % over 2004-2005. During April-October 2006-07, the readymade garments exports were US$ 4.45 billion, up by 3.80%, over the corresponding period of 2005-2006.

Cotton Textiles including Handlooms:

The cotton textiles which includes yarn, fabrics and made-ups (Mill made / Power looms /Handlooms) constitute more than two third of textiles exports of all fibres/yarns/made- ups. During 2004-2005, cotton textiles exports, including handlooms, were US$ 3.54 billion, down by 1.55% compared with the corresponding period of 2003-2004.

During 2005-2006, the cotton textiles exports were US$ 4.49 billion, recording a healthy increase of 26.78% over 2004-05. During April - October 2006, the cotton textiles exports, including handlooms, were US$ 2.73 billion, increasing by 16.34% as compared to exports during the corresponding period of 2005-2006.

Man-made Textiles:

During 2004 -2005, man-made textiles exports were US$ 2.05 billion, up by 12.6%.During 2005-2006, the man-made textiles exports were US$ 2.00 billion, down by 2.47% as compared with exports during the corresponding period of 2004-2005.

Source: http://texmin.nic.in/annualrep/AR06-07-04.pdf

REVIEW NOTE ON GROWTH & INVESTMENT IN TEXTILES DURING 2006-2007

Highlights

- All India Index of Industrial Production (IIP) registered an increase of 11.3% during 2006-07 as against the corresponding period of last year. The index of Industrial production for the textiles group of industries showed a surge except for Jute & other vegetable fibre textiles. The significant increase was recorded in respect of Cotton Textiles (14.8%); Textiles products (11.2%); and in Wool, Silk & Manmade fibre textiles (8.2%).
- Spun yarn production has increased by 10.3%.
- Cloth production was more by 8.7%. In cloth sector, the Hosiery sector recorded the highest growth at 10.1% followed powerloom sector (8.8%).
- While the All India Wholesale Price Index rose by 5.4%, the textile group registered modest increase of 2.2%.
- Textile exports increased by 10.53%. Significant increase was recorded in Cotton Textiles (21.47%), Man-made Textiles (19.03%), and RMG (5.80%) during April-February 2006-07 as against corresponding period of previous year**.**
- Textile import increased by 7.81%. Imports RMG witnessed the highest increase (35.95%) followed by Made-ups (16.61%), and Semi-raw material (7.68%) during April-February 2006-07 as against corresponding period of previous year.
- Under TUFS, during April-February 2006-07, the overall increase was recorded in terms of total number of applications sanctioned (414.39%), the amounts sanctioned (192.32%) and disbursed (284.63%).The performance in respect of the powerloom sector has also increased in terms of total amount disbursed (816.19%).

[Source: Ministry of Textiles, GOI]

Foreign Direct Investment Policy in Textiles

Indian textile and apparel industry is one of the largest in the world with US$ 19 billion of export and US$ 30 billion of domestic textile and apparel during 2006-07 (P). The industry has, over the years, contributed significantly to national output, employment and exports. At present, industry accounts for about 14% of our total industrial production and contributes to nearly 15% of total exports. It provides direct employment to about 35 million people and another 56 million are engaged in allied activities. The textile export has registered a growth of 10 percent to 19.24 billion during 2006-07 (P) from US$ 17.85 billion during 2005-06. The Industry has a potential to reach a size of US$ 85 billion by 2010. With its consistent growth performance and abundant cheap skilled manpower, there are enormous opportunities both for domestic and foreign investors to make investments in textile sector in India.

[Source: Ministry of Textiles, GOI]

Government Initiative Target to attract Investment

I. The Technology Upgradation Fund Scheme:

The Ministry of Textiles had launched a Technology Upgradation Fund Scheme (TUFS) for the Textile and Jute Industry w.e.f. April 1, 1999 initially for a period of five years and had been subsequently extended till March 31, 2007. The Scheme was launched to facilitate the modernization and Upgradation of the textile industry both in the organised and unorganized sectors. The Scheme was further fine tuned to increase the rapid investments in the targeted sub-sectors of the textile industry. The cost of machinery has been further brought down by reducing the customs duty on imports. For speedy modernisation of the textiles processing sector, Government has introduced w.e.f. April 20, 2005, a credit linked capital subsidy scheme @10% under TUFS, in addition to the existing 5% interest reimbursement. For small scale textile and jute industrial units, Government has enhanced the rate of Credit Linked Capital Subsidy (CLCS) from 12% to 15% w.e.f. January 1, 2005. In 2006-07, the scheme was extended to handlooms sector.

II. Policy related to foreign Investment:

The Government has allowed foreign equity participation upto 100%, through automatic route, in the textiles sector with the only exception of knitwear/knitting sector, which was reserved for SSI. The Government had since de-reserved the woven segment of readymade garment, and hosiery and knitwear from the ambit of SSI sector.

III. Upgrading Infrastructure:

The government launc‘hed the 'Scheme for Apparel Parks for exports (SITP) in August 2005, by merging the two existing schemes, viz. Apparel Park for Export Scheme and Textile Centres Infrastructure Development Scheme. The Scheme, a public-private partnership, is being implemented through a Special Purpose Vehicle (SPV). The industry associations/group of entrepreneurs are the main promoters of SITP .

Source: http://texmin.nic.in/annualrep/AR06-07-04.pdf

The Indian Apparel Industry

The organized apparel and accessories retail market accounted for 13.6% of the total sector in 2004; it was valued at Rs 10,900 crores. The share of organized retail has steadily grown to 18.9% in 2006, with the apparel and accessories sector showing a year on year growth rate of 30.3% during 2005-2006. Apparel and accessories retailing is the largest segment of organized retailing in India, constituting 39% of total organized retailing business, which values approximately at Rs 55,000 crores (USD 12.4 billion).

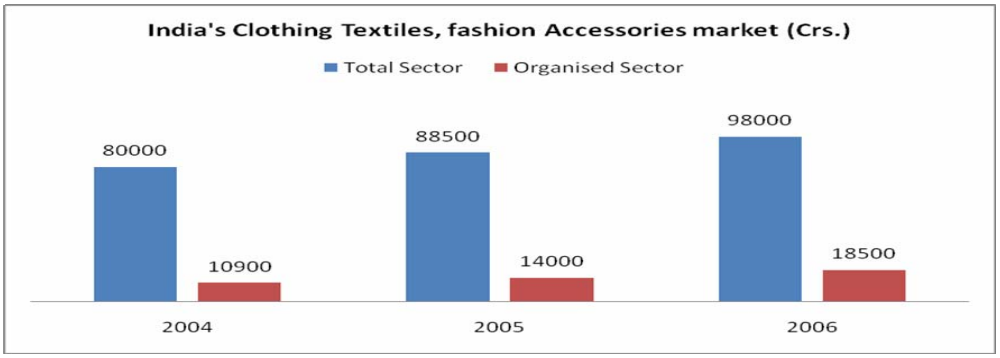
The Government's Textile Policy looks at textile and apparel exports of US$ 50 billion by 2010-of which garments alone will bring in US$ 25 billion. The main markets for Indian textiles and apparels are the US, UAE, UK, Germany, France, Italy, Russia, Canada, Bangladesh and Japan.

In fact, the Government's US$ 50 billion export target is largely supported by the business the country has been getting from the US. Imports from India to US rose 12 per cent in 2006.

Organized retail is on a high growth trajectory due to several favourable drivers including:

- favourable demographic profiles
- rising income levels
- increase in consumer spend
- urbanization
- growth in quality retail space
- emergence of mall culture and rapid development of malls
- emergence of specialty and supermarket formats which have the most potential for growth followed by hypermarkets

(Source: India Retail Report by Images & F&R 2007)



The Indian Apparel Market's major share is contributed by menswear with 42% value. The women's wear segment has increased its overall market share by 1% to 34% valuing it at Rs 30,380 crores. There is a drop in the kids segment from 18% to 17%. This fall is due to the increase in usage of ready-to-wear branded uniforms.

Outlook

India has the advantage of low cost manufacturing & skilled labor but it needs to develop price competitiveness in order to capture a higher share in world market. Neighbouring countries like Bangladesh, Sri Lanka etc. have emerged as major players in garment exports due to low cost factors.

With global trade in textiles & clothing to grow to $ 500 billion in year 2010, India's exports have to grow by approx. 15 billion in order to maintain the current market share of 3%. Technology & Designing may appear as the buzzwords in the new quota free regime. Chinese textile firms have invested heavily in technology in order to grab a higher market share & India needs to follow.

Source: APEC

OUR BUSINESS

Our Company was earlier engaged in cotton Ginning, Pressing and Oil expelling and after the acquisition of Assets of Khamgaon Syntex (I) Ltd at MIDC, Khamgaon with a spindle capacity of 18,304 , with effect from August 2006, is also into manufacture of Synthetic yarn.
Manufacturing Process at a Glance

Our Company is having its units located at the following places.

- Sheagaon Road, Khamgaon, Dist. Buldhana, Maharashtra
- MIDC, Khamgaon, Dist. Buldhana, Maharashtra Ghataji, Maharashtra (acquired under business transfer agreement from Khamgaon Syntex (India) Ltd.
- Ghatanji, Maharashtra
- Parola Road, Dhule, Dist. Yavatamal, Maharashtra and
- MIDC Area, Malkapur, District Buldhana, Maharashtra, (under implementation).

- Our Company is also in the process of
- Setting up of a 36,000 cotton spindle yarn manufacturing unit
- Manufacture of Open End rotor based Cotton yarn, with an installed capacity of 1,728 Rotors and Weaving of Grey Fabric with 114 Looms
- Manufacture of finished cloth (with installed capacity of 50,000 meters per day) by setting up a Dyeing and Processing unit.

The proposed expansion mentioned above has been appraised by SBICAP.

In addition to the above our Company plans as a step towards forward integration to set up facilities for garment and apparel manufacturing and also to establish retail outlets all over the country for marketing the products. Based on an internal estimate of our Company's management, we may require about Rs.2500 Lakhs to start with. However this portion of the project for which a part of the proceeds of the Public issue will be used is not appraised by any outside agency.

The state government of Maharashtra has conferred the mega project status to the Project. The main purpose of the JV is to enable both groups to combine resources and carry on the business of manufacturing, marketing and distribution of products.

OUR STRENGTHs

Well established Industrial House and rich experience in textile sector

Our company belongs to well established Yashovardhan Birla Group which has rich experience in Textile sector. The promoters are well established in the market and their existing distribution & marketing network will ensure that the finished goods of our company are sold easily with minimum efforts.

Company's operations are extended to cover spinning of synthetic yarn

Our Company has acquired the business of Khamgaon Syntex India Ltd, which is a part of project proposed for this IPO, vide Business Transfer Agreement dated 1st August 2006 and subsequently our Company's operations were extended to cover spinning of synthetic yarn as well.

Joint Venture Agreement entered into between our Company, Yash Birla Group (YBG) and the P.B.Bhardwaj Group (PBG)

In order to ensure success in their expansion plans, a Joint Venture Agreement was entered into between our Company, Yash Birla Group (YBG) and the P.B.Bhardwaj Group (PBG), which is associated with prestigious textiles green projects around the world and is well versed in the textile manufacturing process. The main purpose of this JV is to enable the JV partners to combine their resources and expertise and carry on the business of manufacturing, marketing and distribution of the products in India as well as in other places.

Company is into complete forward integration

Our Company is into complete forward integration, i.e. right from ginning and pressing upto manufacture of fabrics, readymade garments and also to opening of retail outlets of its own which is the rarest feature in textile industry.

The status of "Mega Project" granted by the Government of Maharashtra

The Government of Maharashtra had decided to offer the status of 'Mega Project' to our proposed project. On 21st August 2007, the Government of Maharashtra and our company had entered into a Memorandum of understanding in this regard. In accordance with the MOU, our company will be eligible to receive the following incentives/benefits:

1) Electricity duty exemption for a period of seven years from the date of commencement of the project
2) 100% exemption from payment of stamp duty
3) Industrial promotion subsidy equivalent to 100% of the eligible investments made, and
4) 75% reimbursement of expenditure incurred on account of employer's contribution towards ESI and EPF for a period of 5 years but limited to 25% of Fixed Capital Investment

Our Management and Key Managerial personnel

Our company is headed by key executives who have long experience in the field of textile industry and are confident of implementing the project within the estimated cost and time.

Locational Advantage

Khamgaon is the centre of cotton production and there are about 35 ginning units in and around this place. Hence, good qualities of raw material like cotton are easily available to our Company.

Marketing and selling the products of our Company

marketing and selling capabilities

Our company has got wide network through out India in major textile centers namely Hilary, Indore, Mumbai, Surat, Ahemedabad, Solapur, Kanpur Meerut, Delhi, Amritsar, Ludhiana,.Paniput, Ichalkaranji, Bhagalpur, Calcutta etc. Our company exports its products to Yeman and Turkey. In Surat , Bhagalpur and Calcutta our company is the leading Supplier of 100% Viscose fancy yarn.like Neps, Slubs, and Slub Neps. In Kanpur and Meerat our company is selling P/V dyed fancy yarn like Vardhan Khadi and silky base.In Bhilwara and Indore markets our company is selling mainly suiting yarn, P/V grey and dyed poly propelene yarn used in filter fabric. In Amritsar, Ludhiana, and Paniput, 100% staple yarn is being sold which is used in Furnishing Fabrics and home textiles. In Delhi, 100% staple and P/V yarn , used in shoe Lining fabric and fancy decorative fabrics is marketed. Our company was the first to introduce P/V yarn in the Towel segment of the Solapur market.

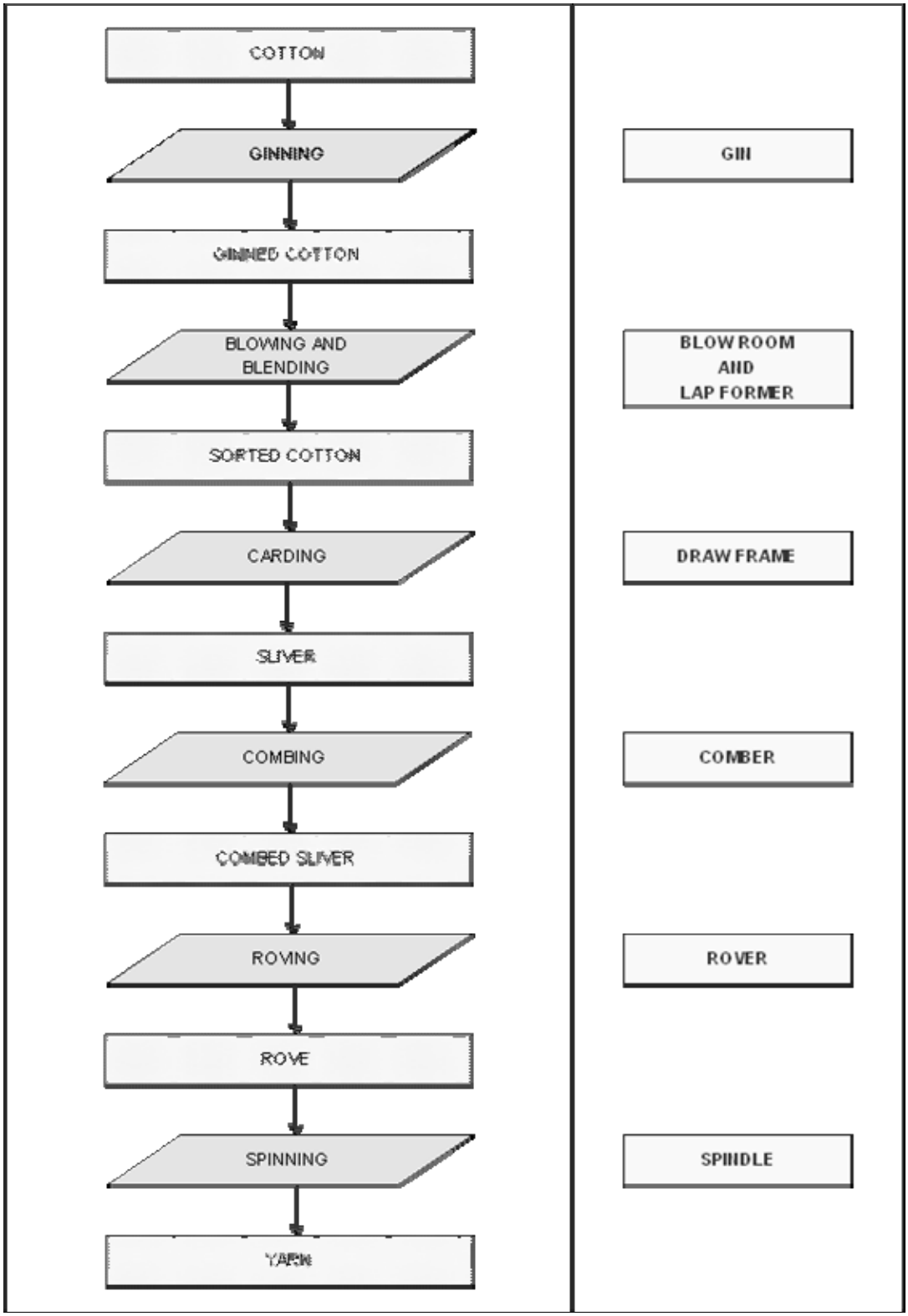
Our company sells its products through reputed agents with strong net work in India and in overseas markets like Yeman and Turkey.

Manufacturing Process

Technology is a critical aspect of the cotton yarn industry. Along with the level of advancement, it determines the productivity of machines and labour, which in turn, determines the profitability of a Company.

In India, the spinning industry is old, and hence, mills are at different stages of technological development. Also, given the large number of players, lack of product differentiation and intense price competition, there is cost-plus (at times, cost-minus) pricing. Hence, even marginal improvements in productivity can give players a competitive advantage.

Manufacturing Process at a Glance



The detailed process of manufacturing cotton yarn consists of the following stages**:**

Ginning

Cotton procured from farms contains seeds and other impurities. Ginning removes these impurities. The ginned cotton is then compressed into bales (one bale equals 170 kg).

Blowing and blending

Cotton received from different sources in the bale form is first opened and cleaned by feeding into the blender, where it is beaten to be converted into blended cotton in loose form. The blending process ensures that the quality of cotton (of the same grade), received from different sources is consistent. The loose cotton is converted into sheets through a scutcher and then rolled to form laps. Impurities such as sand, dust, and leaf matter are also removed at this stage. The material losses in this stage can be 5 % or more.

Carding

Carding converts the lap to a parallel sliver, removing more of the trash and some lint. In some modern systems, tufts are fed through tubes directly to the card. The carding action takes place between the surfaces of a large cylinder and a system of overhead revolving flats, which are covered with fine wire points. The material losses in this process are 4 – 5 %. The fibres collected at the end of the card in the form of a filmy web, are condensed into a card sliver of about 25 mm diameter. The sliver is then delivered into a tall can.

Combing

Combing, the next process (although optional, depending on the end use of the yarn), removes short fibres and any remaining trash. A lap forming machine is used to combine a number of slivers into a wide ribbon of fibre which is then presented to the comber. The total material loss up to this stage can be as much as 15 %, depending on the grade of cotton.

Roving

The sliver is taken in a speed frame, where the fibre is further extended by converting it into a thin strand-like rove, increasing the length of the cotton by 10-12 times. This rove is wrapped around bobbins and taken to the next stage to be spun into yarn.

Ring spinning

The rove on bobbins is taken to the ring frame (spindles) for spinning. In ring spinning, a fine sliver of fibres is fed downwards from a roving bobbin through a drafting zone, which drafts out the strand of fibres to the correct thickness. The yarn is then wound onto a second package called a ring bobbin. Twist is then inserted by the combined action of the spindle and the traveler.

Rotor spinning

Another more recent method of yarn formation is called rotor spinning. This is a form of open-end spinning where twist is introduced into the yarn without the need for package rotation. This allows for higher twisting speeds with a relatively low power cost. In rotor spinning a continuous supply of fibres is delivered from delivery rollers off a drafting system or from an opening unit. The fibres are sucked down a delivery tube and deposited in the groove of the rotor as a continuous ring of fibre. The fibre layer is stripped off the rotor groove and the resultant yarn wound onto a package. The twist in the yarn is determined by the ratio of the rotational speed of the rotor and the linear speed of the yarn. The use of this system has two basic advantages. It is fed by sliver, not as with the ring frame by roving, and so eliminates the speed frame from the process line. It can also be modified to remove any remaining trash, thereby improving the yarn quality. Open-end spinning produces a different type of yarn to ring frame spinning. Open-end yarns tend to be more uniform, lower in strength, more extensible, bulkier, more abrasion resistant and more absorbent. It is likely then with all of these differences, only some of which are beneficial, that open-end spinning will not replace ring spun yarn as originally thought, but will be a complimentary product.

Post-spinning

The unprocessed grey cotton yarn can be further ationaliz, bleached and dyed to add value. In mercerization, cotton yarn or fabric is put through a series of processes to increase luster. The yarn is generally stretched and washed with chemicals to give it strength, luster and dye-absorbing properties. The yarn is further bleached to remove the natural colouring matter and stains.
Dyeing is an important function, as it imparts the required colour to the yarn. Various textile auxiliaries, such as dye fixing agents, anti-foaming agents and leveling agents are used for better results.

Analysis of Textile Value Chain

A Value Chain can be defined as the integration or linkages of various organizations, resources and knowledge streams involved in the creation and delivery of value to end-customers. The value chain of any industry comprises different stages of processing of the inputs to generate either intermediate or final output where each stage involves value addition in the form of goods and / or services. Each stage can be an industry by itself.

The textile industry can be better understood by studying the entire value chain of the textile sector. The entire value chain can be decomposed into five stages, namely:

- Spinning of fibers into yarn;
- Knitting or Weaving of yarn into fabric;
- Processing of plain fabric into coloured fabric;
- Manufacturing of garment from the processed fabric;
- Distribution of the ready-to-wear garments.

India is one of the few countries that have a presence across the entire chain of the textiles and apparel business. OUR COMPANY which was initially involved only in the first stage has now expansion plans that will enable it to be involved in spinning, weaving and dyeing & Processing stages as well.
Each of the above mentioned stages is briefly explained below:

Spinning

Spinning is the first stage in the value chain which converts various raw fibre materials (both natural and man made) into yarn using spindles and rotors. The entire process for the same has been elaborated in the previous pages. Spinning is relatively less fragmented and more organized in the entire textile chain.

Weaving / Knitting

Knitting / Weaving is the second stage in the value chain which is the process of converting yarn into fabric. While weaving is done using looms, knitting is done using a needle. The Indian industry is more cost competitive in knitting as compared to weaving.

The fabric production industry can be divided into four sectors – handlooms, power looms, the mill sector, and the hosiery sector. The mill sector accounts for only 3% of the fabric production. The balance 97% is accounted for by the decentralized sector; thus making the industry highly fragmented. The fragmented structure of this segment can be attributed to the erstwhile policy of the Government of keeping the sector reserved for small scale industries that put cap on the maximum capital invested. Further, the power-loom units were allowed turnover based excise duty exemptions. However, both these policies have now been set right by the Government. The technology in weaving / knitting segment is obsolete. The proportion of shuttle-less looms to shuttle looms is 4:96 as against the global average of 30:70. The main reason for this obsolete technology is the small size of the units that could not afford costlier technologies.

Processing

Processing is the third stage in the textile value chain in which, the fabric is processed so that it can be used for manufacturing garments. In this stage, the fabric undergoes various processes like washing, bleaching, dyeing, printing etc, before it is ready to be used as an input for manufacturing apparel or ready-to-wear garments.

Processing is the weakest link in India's entire textile chain. It is very fragmented and decentralized and is marked by hand processing units, independent units and the composite mill sector. With very few integrated players, the industry has a large number of small players who work as job-processors catering to the small garment units. The processing industry is dominated by hand processing, which accounts for nearly 80% of the total number of processing units. The balance 20% is accounted by the power processing units. The Indian processing industry is characterized by low-end technology with little investment initiative in technology up-gradation. The main reason for low investment in this segment is also attributable to the fragmentation in this segment. Going forward CRIS INFAC expects some consolidation in this segment that would encourage investment in technology up-gradation.

Apparel Manufacturing

Apparel manufacturing is the fourth stage in the textile value chain. In this stage, the processed fabric undergoes processes like cutting, stitching, designing, finishing, etc to ultimately obtain a ready to wear garment.

The ready made garments industry is also highly fragmented with a few organized players and a large number of unorganized players. Price competition is intense among players in the unorganized segment in the domestic market. The organized segment is relatively less competitive and buyers are less sensitive to prices, as purchase decisions are based on brand preferences. Price competition is also severe in the garments exports business, as Indian exporters compete intensely with each other and with exporters from other countries. Competition is particularly fierce from China, Pakistan and Bangladesh. Although India retains a niche market for small and medium sized orders or orders for short-run products, price competition is expected to intensify in the post quota environment.

Apparel Distribution

This is the last stage of the textile value chain. The manufactured apparel is finally sold either in the domestic market through one or more distribution channels or is exported. The distribution channel in the domestic market can be either own stores or selling to retailers, distributors or multi-brand outlets. The realizations and the net margins of the organization depend on the market in which it sells the apparels and the distribution channel used (in case of sale in the domestic market).

With the opening of the World market by abolishing of quota system from January 2005, the major players have shown remarkable improvements during FY 2005-06, both at operating and PAT levels.

Location of the Project

Khamgoan
Plot No 82, 82 (part) MIDC Khamgoan. Buldhana District
Maharashtra

Shree House, Shegaon Road, Khamgaon , Buldhana District
Maharashtra

Dhule
Parola Road, Dhule District,
Maharashtra

Malkapur
Plot No C1 and C2, MIDC , Malkapur, Buldhana District
Maharashtra

The expansion is envisaged in the cotton rich Vidharba Region of Maharashtra and would ensure that our Company is able to procure the necessary raw materials easily. The site is located at a distance of only 40 kms from Shegaon Railway Station which is on the Central line and about 350 kms from Mumbai. Buldhana District is the one of the biggest centers for Cotton production in Maharashtra. It is well connected by road with all the major cities of India and Mumbai Port, as it is situated on National Highway No. 6 (Mumbai to Kolkata via Nagpur)

Manufacturing Process

a. Synthetic Division

- **Dyeing**

  Various fibres- Polyester, Viscose and acrylic are dyed here with different dyes & chemicals.

- **Mixing**

  Basic raw materials are various fibres – Polyester, Viscose, polypropylene and acrylic etc. The required fiber is mixed homogenously in the required proportion by using blender machine and then putting it in mixing bins. For example, for 65/35 blend of polyester/viscose, 65% polyester and 35% viscose by actual weight is mixing.

- **Blow Room**

  This is a sequence of machinery through which when mixing is processed a thick sheet of fibre comes out which is wound up on a lap spindle. The product is called lap.

- **Carding**

  The lap product in blow room is fed to carding machine. In the process fibre gets individualized and some unwanted imperfections, such as neps, are removed.

- **Draw Frame**

  The carded silver is fed to next process called DRAW FRAME for better parallelization of the fiber. For this purpose 8 Silvers are fed and draft of 8 is so given that final weight per meter of silver does not change and better parallelization among the fibre takes place. This process is repeated twice.

- **Speed Frame**

  Draw frame silver is fed to speed frame machine normally called SIMPLEX FRAME for attenuation in diameter to produce ROVES.

- **Ring Frame**

  ROVES produced out of simplex frames are fed to ring frame for production of yarn. This is the final stage of production of yarn. This is also the stage where installed capacity is assessed because the capacity of spinning mills is always in terms of number ring frame spindles.

- **Winding**

  The yarn produced at Ring Frame stages is not in saleable shape. It contains some imperfections and also considerably low package per bobbin around 60 to 65 grams. This yarn is converted into saleable shape and imperfection from the yarn is removed. This is being done at winding stage of yarn and gives packages of 1.25 kgs each, which becomes a saleable commodity.

- **Cheese winding**

  This process is rational only when multi fold yarn or double yarn is required. For single yarn winding process is final process. N the process of cheese winding two or more threads of yarn is parallely wound on one cheese winding.

- **Doubling**

  The cheese from cheese winding is fed to doubling machine for twisting of double yarn.

- **Winding for Double Yarn**

  The double machine bobbins are wound on winding machine to produce packages of 1.50 kgs each.

- **Two for one**

  FO machine is used to get knotless yarn. This is in place of doubling machine. The TFO machine makes final product in cone shape. Hence, further winding is not required.

- **Packing**

The goods from single winding, from TFO, from double winding or reeling is sent finally to packin4g section. Around 40/50 cones are covered in a polythene sheet before putting in HDLPE bags now delivered to customers.
Our Company proposes to manufacture cotton yarns, manufacturing process of which are described hereunder:

Cotton Spinning

The manufacturing process of ring spun cotton yarn comprises of cotton testing, cleaning of cotton (blow room stage) elimination of short fibres & impurities (carding and combing), parallelization of fibres (draw frames and roving), spinning (ring frames) and post spinning operations (winding, doubling, etc.)

- **Cotton Testing**

Cotton, which is the raw material for manufacturing cotton yarn, undergoes strict quality tests in Quality Control Laboratory (QC Lab) for fiber length, fineness, strength, maturity, rigidity, fiber friction and structural features. Once it passes the tests it becomes ready for further processing and Cleaning of Cotton.

- **Blow Room**
Cotton enters the first stage of yarn formation where it is blended to form a uniform mass by LMW's blow room technology, which gently handles the material with a combination of high level cleaning and production rate.
- **Contamination Control System**
After the Blow Room and before sending the cotton for Carding, contamination in the cotton is removed by skilled workers, who clean and inspect the cotton with the help of Contamination Control System.

Elimination of Short Fibers & Impurities

- **Carding**
Blow Room provides uniform feeding to carding machines. The Picker Lap undergoes carding to remove short fiber and eliminates impurities and dust to provide additional orientation and alignment of individual fibers. The Carded Lap is removed by Doffer Cylinder in the form of Sliver, which undergoes additional blending to improve uniformity and density, which is carried out by Carding Machines.

- **Breaker Draw Frame**
Carded slivers are drafted and doubled by drafting rollers for better fibre parallelization and sliver uniformity.

- **Lap Former**
In lap forming process slivers are converted into laps by pressing the doubling of slivers uniformly and material is rolled on a lap. This is intermediate process, which produce feed material for the comber.
- **Comber**
After Carding Process, cotton sliver in homogenous form reaches for Combing Process.
Under Combing Process, uniform laps are prepared by Lap Former for combing to take place.
Combers further straighten the cotton fibers and enhance qualities of evenness, strength, smoothness and visual appearance. In this process, short fibers are removed for better yarn strength and evenness.

Parallelization of Fibres

- **Finisher Draw frame & Auto leveling**
After combing of the cotton sliver, it becomes ready for Drawing Process, which improves the quality, evenness and homogenization of fibres. The cotton sliver is made ready for being processed into yarn. The sliver goes through drafting Rollers and is systematically drawn for better evenness.
- **Speed Frame**
Here the sliver is drawn into strands called roving. In this process both drafting and twisting takes place.

Spinning

- **Ring Frame**
  Subsequent drawing and high speed twisting of roving bobbins is carried out on Ring Frames until the required fineness is achieved. Now, Cotton Yarn becomes ready for winding.

Post Spinning Operations

- **Auto Winder**
  Autowinder wind the yarn in a form suitable for storage, transportation and further processing, Extraction of all disturbing yarn faults is carried out by Autowinder.

- **Cheese Winding**
  In cheese winding process, two yarns are parallel winded in cheese. These cheeses are feeded to Two for One (T.F.O.) Machine, which produces double yarn by twisting two yarns together.

- **T.F.O.**

  After winding of yarns, if required as per customers' specifications, yarn is doubled through Twisting Machines.

Yarn Conditioning Department

The aim of conditioning is to provide lasting improvement in yarn quality by supplying the necessary moisture in a short time. Conditioning enhances twist stability and consistency in yarn properties.

Dyeing

Yarn to be dyed is winded on soft cone winders and the yarn packages are put on the carriers. The carrier is then put inside the HTHP Dyeing machine and required dyes and chemical process takes place. After dyeing the yarn passes through Centrifuge to extract the water and thereafter thru Dryer for complete removal of the water in the yarn. After drying the yarn is again sent to winding machine and the cone made thereon are ready for customers.

Packing

Each individual cone of yarn undergoes Ultra Violet (UV) Rays check. Yarn is then packaged in poly-bags and put into cartons or packaged as pallet as per the request of the customer.

a. Open End rotor cotton spinning yarn:

Following is the typical manufacturing process for Open End rotor cotton spinning yarns:
The manufacturing process of OE cotton yarn comprises of cotton testing, cleaning of cotton (blow room stage) elimination of short fibres & impurities (carding and combing), parallelization of fibres (draw frames and roving), spinning (rotor).

- **Cotton Testing**:

  Cotton, which is the raw material for manufacturing cotton yarn, undergoes strict quality tests in a Quality Control Laboratory (QC Lab) for fibre length, fineness, strength, maturity, rigidity, fiber friction and structural features. Once it passes the tests it becomes ready for further processing and cleaning.

- **Blow Room:**

  Cotton enters the first stage of yarn formation where it is blended to form a uniform mass by blow room technology, which gently handles the material with a combination of high level cleaning and production rate.

- **Contamination Control System:**

  After the Blow Room and before sending the cotton for Carding, contamination in the cotton is removed by skilled workers, who clean and inspect the cotton with the help of the Contamination Control System.

- **Elimination of Short Fibres & Impurities – Carding**:

  Blow Room provides uniform feeding to carding machines. The Picker Lap undergoes carding to remove short fibers and eliminates impurities and dust to provide additional orientation and alignment of individual fibers. The Carded Lap is removed by Doffer Cylinder in the form of Sliver, which undergoes additional blending to improve uniformity and density, which is carried out by Carding Machines.

- **Breaker Draw Frame:**

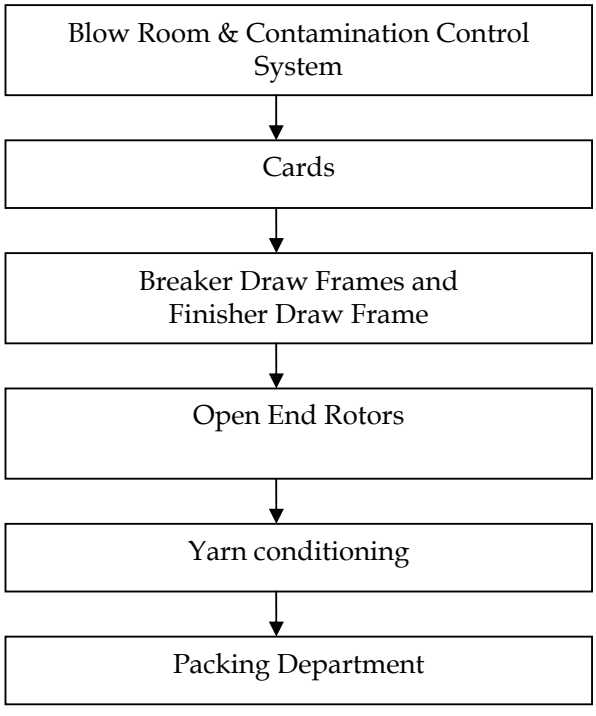
  Carded slivers are drafted and doubled by drafting rollers for better fibre parallelization and sliver uniformity.

- **Finisher Draw frame & Auto leveling:**

  After combing of the cotton sliver, it becomes ready for the Drawing Process, which improves the quality, evenness and homogenization of fibres. The cotton sliver is made ready for being processed into yarn. The sliver goes through drafting Rollers and is systematically drawn for better evenness.

- **Rotor:**
  Subsequent drawing and high speed twisting is carried out on rotors until the required fineness is achieved. Open-end machine convert sliver into yarn by imparting drafting & twisting together. Its production rate is 5 to 7 times higher compared to ring frame. Open End Yarns are very bulky and uniform .At this stage the cotton Yarn becomes ready for winding.
- **Yarn Conditioning Department:**
  The aim of conditioning is to provide lasting improvement in yarn quality by supplying the necessary moisture in a short time. Conditioning enhances twist stability and consistency in yarn properties.
- **Packing**:
  Each individual cone of yarn undergoes Ultra Violet (UV) Rays check. Yarn is then packaged in poly-bags and put into cartons or packaged as pallet as per the request of the customer.

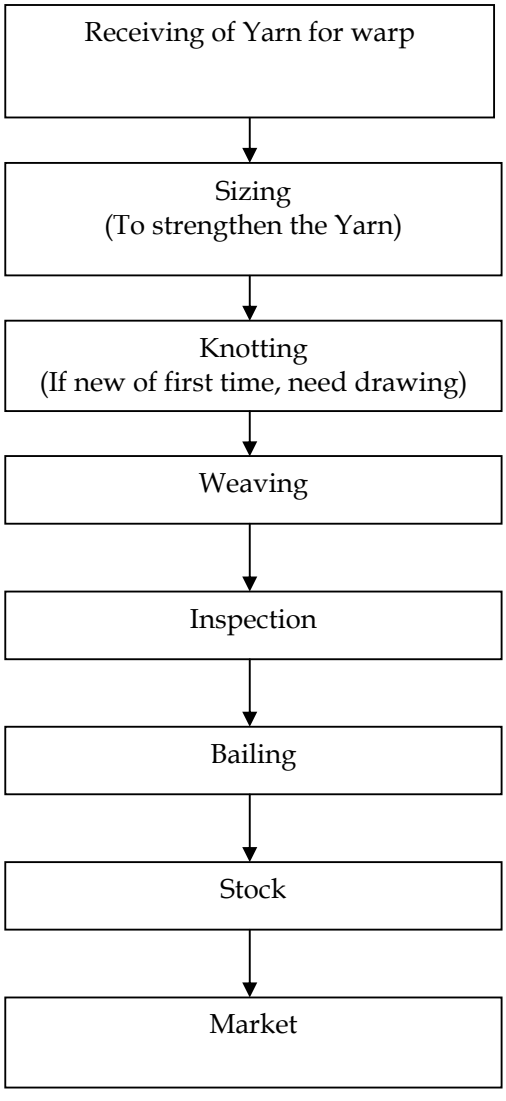
Process flow chart for OE Rotor spinning:



b. Weaving Unit:

The fundamental principles of weaving are shedding i.e. dividing the longitudinal threads called warp into two sheets; picking i.e. insertion of transverse thread called weft into the space created by the division of warp sheets and beating i.e. pulling the inserted wefts one after the other to form cloth. There is no change in these principles whether it is handloom or power loom.

Fabric manufacturing process flow chart



- **Dyeing & Processing:**

The following is the process involved in the Dyeing and Processing unit:

- Singeing
- Mercerising
- Scouring
- Bleaching

- Pad dyeing
- Washing range
- Stenter range
- Calander/ Sanforising
- Inspection

Technical Know How

Our Company will be using proven technology in spinning for manufacturing Cotton Yarns.

We proposes to purchase Blow Room & Cards, Draw frame Lap Former, Combers, Speed Frames and Ring Frames from Lakshmi Machine Works, Coimbatore, (LMW). LMW is one of the best suppliers of spinning machineries in India. LMW machines are incorporated with the latest technology in the spinning industry. Machines selected by BCIPL are the machines notified by the Govt. of India under their TUF scheme as the latest machines and technically sound.

Number of machines and their production capacity has been calculated as per the established norms in the textile industry and also as recommended by the machine suppliers.

Automatic Winders from Schlafhorst, Germany / Savio Italy, Lab Equipments from Uster, Switzerland, Waste Collection System for Blow Room & Card, Humidification Plant along with Computerized Control System, Supply Air Duct; Insulation etc. are being purchased from Draft Air India, and Two For One Twisters (TFOs) are being purchased from Veejay Lakshmi, Cone winder and Cheese winders from Peass Industrial and Dyeing plant from Dalal Engineering.

The technical viability report prepared by our Company has been vetted by Ahmedabad Textile Industry's Research Association (ATIRA).

Our Company will be using proven technology in Open End spinning, Weaving and Dyeing & Processingits.

(d) 1. Open End unit:

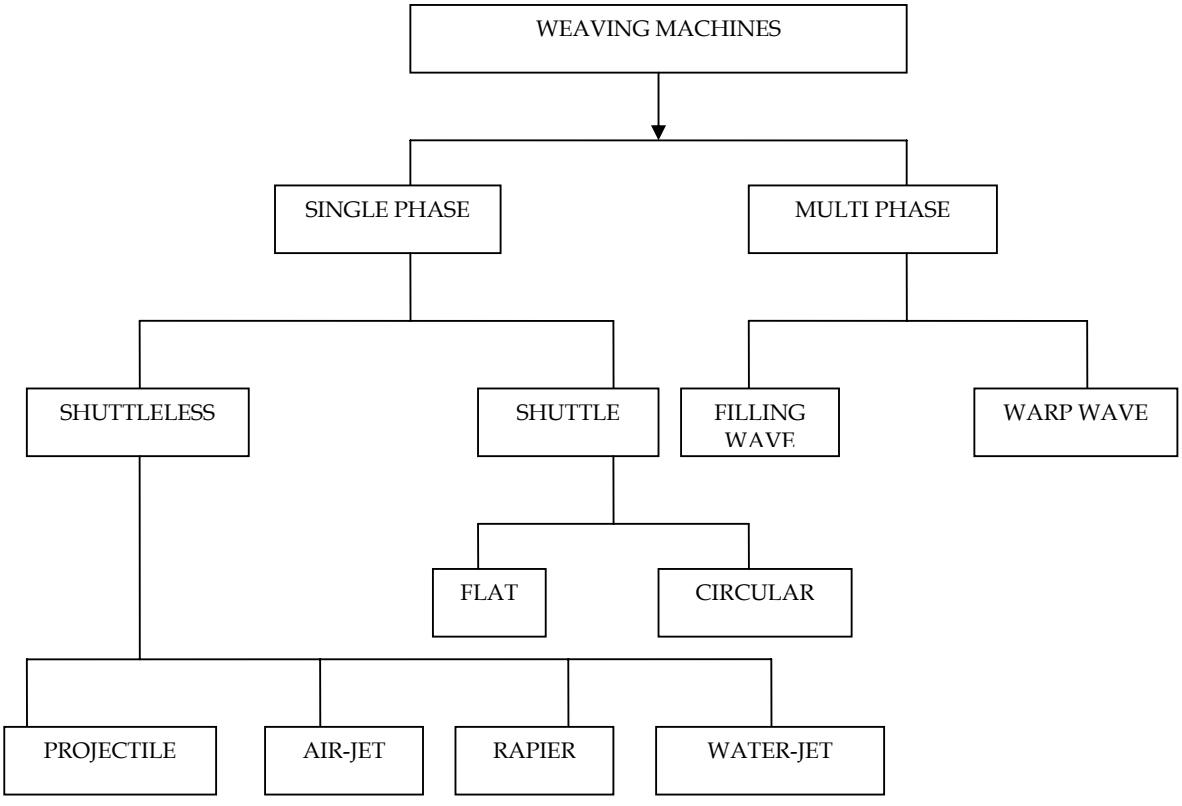
For Open End unit, Our Company proposes to purchase the Blow room line, Cards and Draw Frame of Trutzschler, and Schlafhorst SE9 Open End machines of 288 rotors. Open end machines proposed to be purchased by our Company are complete with all accessories. These are second hand machines recently refurbished and are being purchased from Canada. Waste Collection System for Blow Room & Card, Humidification Plant along with Computerized Control System, Supply Air Duct; Insulation etc. are being purchased from Batliboi India.

Weaving Unit:

Our Company proposes to purchase Picanol Omni Looms for its weaving unit. These are second hand looms which were earlier in use in an American Company at Spartanburg, South Carolina. The looms are complete with all accessories including warpers, blowing and rolling machines, Barco software control systems, complete lab unit, bar coding system and mapics ERP software system. Miscellaneous fixed assets for weaving unit are being purchased from reputed companies in India and abroad.

Classification of weaving machines:

Weaving machines are usually classified according to the filling insertion mechanism. The following figure shows classification of weaving machines.



Our Company proposes to go in for shuttleless looms for its weaving unit. Shuttleless looms have been developed to overcome the inherent problems created by the dynamics of the picking mechanism on the conventional Fly shuttle looms and make use of entirely different methods of weft insertion. Air-Jet, Water Jet, Rapier, Gripper (Projectile) and Multi-phase are the various types of shuttleless weaving machines named after the method employed for weft insertion.

Shuttleless weaving machines are suitably designed to match the requirements of high insertion rates, shedding, beating and other auxiliary motions. Let-off and take-up mechanisms and weft monitoring are invariably controlled through microprocessors. The machines are equipped with features like automatic pick finding and repairing and weft accumulators.

Salient feature of Shuttleless looms:

- Shuttleless weave 2 to 4 times as much as conventional looms per unit time.
- The cost of pirn winding is eliminated
- Strain upon the warp threads is reduced due to smaller depth of shed
- Heavy cost of repairs and replenishment of worn out parts is reduced
- They can produce simpler tubes of fabrics on a large scale and provide opportunities for profitable exploitation in the long run.

- The physical and mental strain upon the weaver is reduced
- There is no risk of shuttle fly out owing to the absence of conventional shuttle and packing being positive
- Quality of the fabric gets enhanced because of a positive control over the weaving process
- The looms are easier to work and manipulate
- Efficiency of the shuttle weaving shed is comparatively higher
- 5% reduction in value loss for a Rs. 60/- Metre fabric would ensure an additional profit of Rs. 3/- meter
- Higher production per loom
- Speed is not the only criterion for the selection of shuttleless looms. Efficiency is also an important criterion. Efficiency advantage of 10-15% due to shuttle changes, Un weaving of damages, reduced time for warp changes can be obtained from shuttleless looms.
- 5% higher efficiency would provide an additional profit of Rs. 1/- per metre.
- 14 minutes stoppage per 24 hours.
- Ex works cost is less due to less mending and inspection charges and no pirn winding charges.
- Projectile and Air-jet looms suitable for Mass fabrics
- Rapier for fashion fabrics

Classification of Shuttleless looms:

Based on the technology, the shutleless looms are classified as under:

- Rapier
- Projectile
- Air-jet
- Water jet

Our Company has decided in favour of Air-jet looms whose features are explained as under:

Air-jet loom:

In air-jet weaving, a filling yarn is inserted into the warp shed with compressed air. Air-jet weaving utilizes a multiple nozzle system and profiled reed, which is the most common configuration in the market. Yarn is drawn from a filling supply package by the filling feeder and each pick is measured for the filling insertion by means of a stopper. Upon release of the filling yarn by the stopper, the filling is fed into the reed tunnel via tandem and main nozzles. The tandem and main nozzle combination provides the initial acceleration, where the relay nozzle provides the high air velocity across the weave shed. Profile reed provides guidance for the air and separates the filling yarn from the warp. A cutter is used to cut the yarn when the insertion is completed.

Special Features of Air-jet looms:

Air jet is used mainly for mass production of basic fabrics which do not warrant frequent style changes. But, with the introduction of electronics to monitor air jet functions, the weaving scenery has changed completely. Air jet Looms have the following features:

- Speed
- Electronic warp let-off
- Electronic warp take-off
- Auto leveling & pick finding
- Electronic filling tensioner
- Automatic start mark prevention
- Auxiliary pattern controlling
- Automatic pick operator
- Fully automatic centralized lubrication
- Electronic selvedge motion
- Air gripper system
- Sumo motor/ speed control inverter
- Web browser equipped color function panel enable next- generation factory management
- Quick style change system (QSC)
- Monitoring system

b.Dyeing & Processing unit:`

The machines relating to Dyeing & Processing unit are proposed to be purchased from Dhall Enterprises & Engineers Ltd., one of the best manufacturers. Inspection machine, folding and checking machines would be procured from M/s. Bhagvati. Batching machine, Singing, Desize wash machine, Hide rotating station, CDR, Hot mercerizer etc are being purchased from M/s. Dhall, Jiggers are being purchased from M/s. Jackswell. Other Miscellaneous and lab equipments are being purchased from reputed domestic manufacturers.

Inputs for Production

Raw Materials for Synthetic Spinning

For synthetic yarn division, the raw material required is polyester and viscose. At 95% capacity ationaliza (assuming 360 working days) it is estimated that the polyster required would be 2227 MT costing around Rs. 1940.00 Lakhs per annum and viscose requirement would be 3521 MT costing around Rs.2316.00 Lakhs per annum and the input – output ratio for both the raw material is 1:0.965.

Raw material for Cotton Spinning

Our Company proposes to use mainly virgin cotton, as raw material for its cotton spinning division.

Cotton is the largest and the most important cost element in the cost structure of cotton yarn, accounting for 55-60 per cent of net sales. Cotton prices normally move in line with production of cotton crop. Procurement of cotton at the right time, from a cheap market that provides good quality cotton is very important for cotton yarn manufacturers. At 95% capacity utilization, the total annual requirement of raw cotton (assuming 360 days working) is estimated at 81.74 lakhs kgs costing around Rs3915.00 Lakhs per annum and total cost for Colors and Chemicals are Rs.144.00 Lakhs per annum. The Input – Output ratio for Yarn ationaliza is 1:0.7.

Chemicals

Chemicals would be required for dyeing, colouring etc. The main dyeing colours required for Vardhan Syntex are Ter. Blue 2RXI, Ter. Yellow 4GI, Cor. Turg. Blue 5 GH, Cor. Yellow 4 G, Cor. Orange RL, Cor. Yellow Brown, Nav Broen RM\F (NU), Nov. Yellow 5G, ACRY. Blue 5G, ACRY. Brown. The main dyeing Chemicals required are Sapcopan 2544, Sapcotreat AS, Chemozen DFT, Sodi. Hydro Sulphate, Sodium Bicromate, Ambatini Eni (NU) etc.

Raw Materials for Phase II

For Phase II OE Spinning division, Our Company proposes to use mainly virgin cotton, as raw material for its cotton spinning division.
Cotton is the largest and the most important cost element in the cost structure of cotton yarn, accounting for 55-60 per cent of net sales. Cotton prices normally move in line with production of cotton crop. Procurement of cotton at the right time, from a cheap market that provides good quality cotton is very important for cotton yarn manufacturers. The cotton requirement would be fully met from the state of Maharashtra itself. Further, with our Company having been in this line for over a decade, already has reliable suppliers of cotton. Hence there is no problem envisaged in the procurement of cotton.

At 95% capacity utilization, the total annual requirement of raw cotton (assuming 360 days working) is estimated at 5673.36 tonnes costing around Rs.2150.00 Lakhs per annum. The total cost for Stores & Spares would be to the extent of Rs.127.00 Lakhs per annum. The Input – Output ratio for Yarn realization is 1.14:1

Raw Materials for Phase III:

60% of the output (Grey fabric) of the Phase II will be utilized in the dyeing and processing unit. Other than grey fabric, Chemicals and Dyes would be primarily needed, the details of which are as follows:

Chemicals & Dyes:
Chemicals would be required for dyeing, colouring etc. The main dyeing colours required are Ter. Blue 2RXI, Ter. Yellow 4GI, Cor. Turg. Blue 5 GH, Cor. Yellow 4 G, Cor. Orange RL, Cor. Yellow Brown, Nav Broen RM\F (NU), Nov. Yellow 5G, ACRY. Blue 5G, ACRY. Brown. The main dyeing Chemicals required are Sapcopan 2544, Sapcotreat AS, Chemozen DFT, Sodi. Hydro Sulphate, Sodium Bicromate, Ambatini Eni (NU) etc. All these are easily available in the domestic market and our Company does not envisage any problems in the procurement of the same.

Utilities

Manpower (Phase I)

Following is the manpower requirement for the Phase I of the expansion

The following table shows the manpower requirement –

S.No.	Particulars	Cotton Spinning Division	Synthetic Division
1.	Technical Staff		
	Manager	4	15
	Shift Incharge	33	50
2.	Administration	19	25
	Total	56	90

Workers

S.No.	Particulars	Cotton Spinning Division	Synthetic Division
1.	Spinning	224	323
2.	Finishing	152	325
3.	Maintenance	25	43
4.	Engineering Workshop	20	25
5.	S.Q.C	20	25
6.	Others	35	35
	Total	476	776

The Labour for Ginning & Pressing is on contract basis because of seasonal nature of industry.

Manpower (Phase II)

Open Ended Unit

Managerial & Administrative staff

The following table gives the detailed list of the managerial and administrative staff required for the Open Ended Spinning Unit.

S.No	Particulars	Open End Unit
1	Technical Manager	1
2	Spinning Manager	1
3	Maintenance Manager	1
4	Shift supervisor	4
5	Maintenance Supervisor	1
6	Foreman	1
7	Assistants	8
8	Personnel Officers	4
9	Mktg & sales Executives	2
	Total	**23**

Workers

The table below gives the details of the labour required for the Open Ended Spinning Unit.

S.No	Particulars	Open End Unit
1.	Mixing & Blow Room	10
2.	Carding	10
3.	Draw Frame	12
4.	OE Machine	18
5	Machine Maintenance	8
6	Elec. & Humid Maintenance	4
7	Work shop	2
8	Watchman & Sweeper	6
9	Trainees	25
	Total	**95**

Weaving Unit

Managerial & Administrative Staff

The following table gives the detailed list of the managerial and administrative staff required for the Weaving Unit.

S.No.	Particulars	Weaving Unit
1	Technical Manager	1
2	Weaving Manager	3
3	Maintenance Manager	1
4	Weaving supervisor	8
5	Maintenance Supervisor	2
6	Foreman	3
7	Assistants	12
8	Personnel Officers	4
9	Mktg & sales Executives	2
	Total	**36**

Workers

The table below gives the details of the labour required for the Weaving Unit.

S.No.	Particulars	Weaving Unit
1.	Weaving Preparatory Department	10
2.	Looms	90
3.	Machine Maintenance	16
4.	Elec & Humid Maitenance	8
5	Workshop	4
6	Watchmen & Sweepers	6
7	Trainees	25
	Total	**159**

Manpower (Phase III)

Dyeing & Processing Unit

Managerial & Administrative Staff

The following table gives the detailed list of the managerial and administrative staff required for the Dyeing and Processing Unit.

S.No.	Particulars	Dyeing & Processing Unit
1	General Manager	1
2	Managers	14
3	Shift Supervisor	24
4	Quality Control Assistant	2
5	Engineers	6
6	Quality Control Manager/ Inspectors	4
7	Others/ Assistants	19
	Total	**70**

Workers

The table below gives the details of the labour required for the Weaving Unit.

S.No.	Particulars	Dyeing & Processing Unit
1.	Production & Engineering Depart	140
2.	Engineering & General	28
3.	Miscellaneous	15
	Total	**183**

Power

The estimated annual consumption of power for proposed project at 100% capacity ationaliza is given below-

Synthetic yarn Division	119.36 lakhs unit
Cotton Spinning Division	244.25 lakhs units
Ginning and Pressing Division	9576.373 units

The Synthetic Division has existing power consumption of 102 Lakhs units p.a and the entire requirement is met by 11 KV line. The additional power requirement for the proposed expansion will be met by Maharashtra State Electricity Board. Our Company is planning to apply for 33 KV line for fulfilling its power requirement.

The estimated annual consumption of power for proposed project at 100% capacity utilization is given below-

Division	Consumption Per Day	Annual Consumption (Lac units)
Open Ended Yarn Division	27,724	99.81
Weaving Division	26,862	96.70
Dyeing & Processing Division	17,591	63.33

Our Company would be sourcing the power through MSEB. Necessary applications for the same would be made to MSEB.

Water

The water requirement for the existing unit is 300 Cu.m / day. The proposed spinning plant requires water mainly for dyeing, humidification & utilities purpose. We have estimated the total requirement of water at 600 Cu.m./day comprising 450 Cu.m./day for dyeing & humidification and 150 Cu.m./day for washing and domestic purpose. At present, we get water from MIDC for fulfilling its water requirement and for the proposed expansion we have proposed to arrange from MIDC its own wells.

The water requirement for the Open Ended and Weaving Unit is for the purpose of humidification & Utilities purposes. As regards the Dyeing & Processing unit, the requirement of water is 1,413.75 KL per day for both the manufacturing process and for other utilities. Water is easily available through MIDC and our Company would be making the necessary applications to the Authorities concerned at an appropriate time.

Pollution Control

Our company is having its existing plant for pollution control. We have PCB clearance which is renewed periodically. After dyeing, water is treated in ETP & is discharged for use in agriculture & irrigation purpose.

We would be installing an Effluent Treatment Plant (ETP) and Rs.63 Lakhs has been earmarked in the project for the same. The water after being treated in the ETP would be discharged/ used internally for other purposes like gardening etc.

We would be applying for necessary clearances from the Pollution Control Board at appropriate time.

Insurance

We would take insurance cover for building, plant & machinery, current assets etc. The details are as under-

S.No.	Particulars	Rate (Rs per thousand)
1.	Building	1.750
2.	Plant & Machinery	1.750
3.	Raw Material	1.750
4.	Process stock	1.750
5.	Finish Goods	0.067
6.	Marine Policy	0.1
7.	Others	1.8

Technical Feasibility Study

Our Company had appointed Ahmedabad Textile Industry's Research Association (ATIRA) for the "Assesment of Techno-Economical Feasibility of Our Integrated Textile Project".

The scope of the assessment / technical vetting included the following aspects:

- To check if the proposed machineries are capable of giving output as envisaged by our Company;
- Capability of both existing as well as proposed utilities to meet the requirement of the expansion project;
- Selection of machinery as per the standards prevailing in the industry and baancing of machinery for the proposed project;
- The input-output norms for the proposed products to be manufactured in the proposed project as compared to the norms prevailing in the textile industry based on TRA's norms or comparable levels obtained by similar units;
- Cost of production and profitability before interest and depreciation

ATIRA's report states the project to be technically feasible.

The financials of our Company has been prepared after incorporating inputs from the ATIRA report with respect to technical aspects.

2. Consumers Profile

The major customers of our Company are as under

LIST OF TOP TEN CUSTOMERS OF OUR COMPANY:

Amount in Rs lakhs

1.	Gajanand Gopikrishan, Bhilwara	893.75
2.	Grasim Industries, nagada	815.53
3.	R.K.Enterprises, Mumbai	563.38

4.	Vinod Industries	561.11
5.	Umesh Textiles & exports Pvt Limited	383.14
6.	Surat Yarn Agency	331.28
7.	Moonfine Trading Co P Ltd	265.89
8.	Uma Sales Coporation	166.30
9.	LMW, Coimbatore	111.33
10.	Synthetics Traders	96.81

Competition, Key Players and Market Share

There are roughly about 23 major players operating in branded apparel segment in India. The following ranking by number of outlets of the major brands is as follows:

Players	Brand	No. of outlets*		Cities*	
		2005-06	2006-07	2005-06	2006-07
Raymond Ltd	The Raymond Shop	332	380	167	174
Koutons Retail India Ltd	Koutons & Charlie Outlaw	206	500	NA	221
Pepe	Pepe	58	NA	27	NA
Madura Garments Ltd	Peter England	21	22	12	NA
Arvind Brands Ltd	Lee	53	71	NA	71
Provogue India Ltd	Provogue	75	100	24	27
Madura Garments Ltd	Allen Solly	24	NA	16	NA
Levi Strauss India Pvt Ltd	Levi's	65	115	NA	29
Personality Ltd	Weekender	50	60	NA	25
ITC Group	Wills Lifestyle	40	55	NA	30
Arvind Brands Ltd	Wrangler	NA	35	NA	23
Gini & Jony Pvt Ltd	Gini & Jony	29	NA	15	NA
TCNS Clothing Pvt Ltd	W	28	26	NA	14
Madura Garments Ltd	Van Heusen	22	25	16	NA
Raymonds Ltd	Be:	NA	15		8
Madura Garments Ltd	Louis Phillipe	21	22	15	NA
Madura Garments Ltd	Trouser Town	NA	15	NA	12
Span Clothing Pvt Ltd	Spykar	30	50	15	28
Madura Garments Ltd	SF Jeans	15	15	12	NA
Kewal Kiran Enterprise	Killer	35	NA	25	NA
Arvind Morjani Brand Pvt Ltd	Tommy Hilfiger	NA	9	NA	7
Celebrity Fashion	Indian Terrain	5	7	NA	7

Source: India Retail Report Images & F&R 2007

* Projected

- The Company faces increased competition from domestic as well as low-cost producing countries all of who are in the expansion mode.

(China may turn out to be the biggest beneficiary of the abolition of quota restriction but India will also reap the benefits due to many advantages available to it in the form of availability of key raw material (cotton), low labour costs, low raw material costs and presence across the entire value chain in textiles. India is the least cost producer of cotton yarn in the world and the second least cost producer of cotton fabric. Hence, despite the threat from China and other Asian countries, India is expected to do well. Further, USA and EU countries have put certain restrictions on China for exports to these countries till mid 2008, which would benefit other large exporters like India.)

The ready made garments industry is highly fragmented with a few organized players and a large number of unorganized players. Price competition is intense among players in the unorganized segment in the domestic market. The organized segment is relatively less competitive and buyers are less sensitive to prices, as purchase decisions are based on brand preferences. Price competition is also severe in the garments exports business, as Indian exporters compete intensely with each other and with exporters from other countries. Competition is particularly fierce from China, Pakistan and Bangladesh. Although India retains a niche market for small and medium sized orders or orders for short-run products, price competition is expected to intensify in the post quota environment.

Approach to marketing & proposed Marketing Set – Up

We will be setting up a separate full fledged marketing department to procure orders and contracts for cotton yarn. The marketing department will be headed by Senior Manager (Sales) and will be supported by other staff.

Our marketing strategy will be based on the products type and the end user segment. We are planning to adopt a hybrid marketing model comprising of direct customer approach and agents network. Our Company has appointed agents in domestic as well as international market to obtain regular orders for synthetic yarns. Our Company is also in regular interaction with fabrics manufacturers for their requirement of yarns for domestic and international markets. At present. Cotton Yarn and fabrics is exported to nearly 80 countries from India. After the proposed project, we propose to increase the depth of marketing network and to explore more international markets for increased production.
Our Company's JV with PBG will render all required assistance for optimizing our business growth. PBG will play a key role in providing support in international marketing .

Insurance

Insurance Polices at Khamgoan, MIDC.

Standard Fire and Special Perils Policy.

SNo.	Policy No	Description	Expiry date	Sum Assured Amt in Cr	Premium amount in Rs	Ins Co.
1.	230401/11/06/11/00001300	Stocks	27/12/2007	0.50	8418.00	UIIC
2.	281601/11/06/3100000554	Stock & Machinery	12/02/2008	0.35	5028.00	NIC
3.	281601/11/06/7500000133	Stock & Machinery	12/02/2008	0.35	3928.00	NIC
4.	281601/11/06/7500000132	Stock & Machinery	12/02/2008	0.23	2582.00	NIC
5.	281601/11/06/7500000553	Stock & Machinery	12/02/2008	0.23	3304.00	NIC
6.	281601/11/07/3100000335	Stock of R.M & F.G	30/09/2008	6.00	94088.00	NIC
7.	281601/11/07/3100000334	Process Stock	30/09/2008	1.50	23521.00	NIC
8.	281601/11/07/3100000337	Fixed Assets	30/09/2008	19.40	304217.00	NIC
9.	281601/11/07/3100000336	Stores Spares	30/09/2008	0.35	5489.00	NIC

Vehicle Insurance Policy.

S.No	Policy No.	Description	Expiry date	Sum Assured Amt in Cr	Premium amount in Rs	Insurance Policy.
1.	112100/31/2008/98	Maruti 800	12/05/2008	0.0044	Rs. 1,350/-	OIC, Mumbai
2.	281601/31/06/6100000579	Mahindra Marshall	25/07/2008	0.024414	Rs. 9,503/-	NIC
3.	281601/31/06/6200001048	Luna Moped	08/10/2008	0.00006	Rs. 427/-	NIC
4.	281601/31/06/6100001486	TATA Indigo.	28/11/2008	0.0284485	Rs. 9,537/-	NIC
5.	230401/31/06/004582	Bullet	12/12/2007	0.00008	Rs. 317/-	UIIC.
6.	230401/31/06/005394	Maruti Zen.	12/01/2008	0.01298	Rs. 3,323/-	UIIC.
7.	281601/31/06/6300580	TATA 407	21/07/2008	0.024	Rs. 8,274	NIC
8.	230401/31/06/01/00004582	Motorcycle Scooter	13/12/2007	0.008	Rs. 282/-	UIIC

Transit Insurance.

Sr. No.	Policy No	Description	Expiry date	Sum Assured Amt in Cr	Premium amount in Rs	Insurance Co.
1.	281601/21/07/4400000006	Open Policy	15/08/2008	55.00	3,55,340/-	NIC

Boiler Explosion

Sr. No.	Policy No	Description	Expiry date	Sum Assured Amt in Cr	Premium amount in Rs	Insurance Co.
1.	230401/44/06/52/30000065	Boiler and Pressure Plant Insurance	12/03/2008	0.138	Rs. 1,385	UIIC

Electronic Equipment Insurance.

Sr. No.	Policy No	Description	Expiry date	Sum Assured Amt in Cr	Premium amount in Rs	Insurance Co.
1.	281601/44/06/600000027	Computer	29/09/2008	0.055	2,781	NIC

Stock Policy for Agents Godowns

Sr. No.	Policy No	Description	Expiry date	Sum Assured Amt in Cr	Premium amount in Rs	Insurance Co.
1.	281601/46/07/7500000035	Burglery	30/06/2008	0.05	626	NIC
2.	281601/11/07/3100000236	Fire	30/06/2008	0.15	3,375	NIC
3.	281601/11/07/3100000235	Fire	30/06/2008	0.05	975	NIC
4.	281601/11/07/3100000234	Fire	30/06/2008	0.15	3.038	NIC
5.	281601/11/07/3100000233	Fire	30/06/2008	0.10	2,228	NIC
6.	281601/11/07/3100000232	Fire	30/06/2008	0.35	6,825	NIC
7.	281601/11/07/3100000231	Fire	30/06/2008	0.10	2,025	NIC
8.	281601/11/07/3100000237	Fire	30/06/2008	0.45	8,775	NIC
9.	281601/46/07/7500000039	Burglery	30/06/2008	0.35	4,375	NIC
10.	281601/46/07/7500000038	Burglery	30/06/2008	0.10	1,250	NIC
11.	281601/46/07/7500000037	Burglery	30/06/2008	0.05	626	NIC
12.	281601/46/07/7500000036	Burglery	30/06/2008	0.45	1,405	NIC
13.	281601/46/06/7500000087	Burglery	29/10/2008	0.10	1,250	NIC
14.	281601/46/06/7500000090	Burglery	29/10/2008	0.05	702	NIC
15.	281601/46/06/7500000088	Burglery	29/10/2008	0.10	1,405	NIC
16.	281601/46/06/7500000089	Burglery	29/10/2008	0.10	1405	NIC

Traveling Policy for C.S.Rathi

Sr. No.	Policy No	Description	Expiry date	Sum Assured Amt in Cr	Premium amount in Rs	Insurance Co.
1.	281601/46/07/7500000094	Traveling	17/11/2008	0.0025	702	NIC

Insurance Policies for Ginning and Pressing, Khamgaon.

Sr. No.	Policy No	Description	Expiry date	Sum Assured Amt in Cr	Premium amount in Rs	Insurance Co.
1.	281601/11/07/3100000230	Fire	28/06/2008	0.2258	3,669	NIC
2.	281601/11/06/3100000608	Fire	09/03/2008	0.2960	23,532	NIC

Machinery in Transit

Sr. No.	Policy No	Description	Expiry date	Sum Assured Amt in Cr	Premium amount in Rs	Insurance Co.
1.	281601/21/07/4400000005	Marine Cargo.	3/07/2008	2.00 Amount not mentioned (as agreed)		NIC

Money Insurance Policy

Sr. No.	Policy No	Description	Expiry date	Sum Assured Amt in Cr	Premium amount in Rs	Insurance Co.
1.	281601/48/06/7600000647	Money from Bank to office premises and vice versa	09/03/2008	0.2025	Rs. 800/-	NIC

Vehicle Insurance at Khamgaon.

Sr. No.	Policy No	Description	Expiry date	Sum Assured Amt in Cr	Insurance Co.
1.	37093982	Tata Indica DLX (Tata)	2/06/2008	0.02058	UIIC
2.	281601/31/06/6200003048	Motor Cycle Bajaj Bravo.	11/03/2008	0.0014	NIC

Insurance Polices at Ghatanji

Machinery Insurance

Sr No.	Policy Number	Description	Expiry date	Sum Assured Amt in Cr	Premium amount in Rs	Insurance Co.
1.	160602/44/07/5130000022	Electric motor, oil/air circuit breakers, switch gear.	20/11/2008	0.1464	21766	NIAC

Standard Fire and Special Perils Policy.

SNo.	Policy No	Description	Expiry date	Sum Assured Amt in Cr	Premium amount in Rs	Ins Co.
1.	160602/11/07/11/00000737	Stocks	24/11/2008	0.99	104081	NIAC

Money Insurance.

SNo.	Policy Number	Description	Expiry date	Sum Assured Amt in Cr	Premium amount in Rs	Insurance Co.
3.	160602/48/06/07/00001222	Money Insurance	16/02/2008	0.01	300	NIAC
4.	160602/48/06/07/00001221	Money Insurance	14/02/2008	0.2	1,200	NIAC.

Electronic Equipment Insurance

Sr No.	Policy Number	Description	Expiry date	Sum Assured Amt in Cr	Premium amount in Rs	Insurance Co.
1.	160602/44/06/58/30000034	Computed, Monitor, Printer.	11/12/2007	0.004065	485	NIAC

Vehicle Insurance.

Sr No.	Policy Number	Description	Expiry date	Sum Assured Amt in Cr	Premium amount in Rs	Insurance Co.
1.	160602/31/07/01/00001026	Mahindra Bolero	31/05/2008	0.0225	6416	NIAC

Insurance Polices at DHULE

Standard Fire and Special Perils Policy

Sr No.	Policy Number	Description	Expiry date	Sum Assured Amt in Cr	Premium amount in Rs	Insurance Co.
1.	230502/11/06/11/00000650	Stocks	18/01/2008	0.20.	Rs. 1,000/-	UIIC

Marine Cargo Open Policy

Sr No.	Policy Number	Description	Expiry date	Sum Assured Amt in Cr	Premium amount in Rs	Insurance Co.
1.	230502/21/06/02/00000026	Crude wash seed oil	21/01/2008	0.05	Rs. 11,125/-	UIIC

Vehicle Insurance

Sr No.	Policy Number	Description	Expiry date	Sum Assured Amt in Cr	Premium amount in Rs	Insurance Co.
1.	OG/08/2003/1802/00007096	Bajaj Two wheeler Model : Super.	24/06/2008	0.0011340	Rs. 539.79	BAGIC
2.	OG/08/2003/1801/00000526	Tata Indica V2 DLE	26/05/2008	0.026	Rs. 6687.79	BAGIC
3.	OG/08/2003/1801/00000647	Padmini LT Premier.	27/06/2008	0.0015	Rs. 1691.	BAGIC

PROPERTY

Leasehold Property.

Khamgaon Synthetic Unit.

Sr.No.	Lease Date	Name of the Other Party	Location	Area	Period	Consideration/Rent Amount (Rs)
1.	6/10/1982	MIDC	PlotNo.A-82, Khamgaon Industrial Area, developed by the MIDC at village Sutala Bk, district Buldhana.	61,446 sq.mtrs.	95 years	*
2.	21/9/1989	MIDC	PlotNo.A-82 (part), Khamgaon Industrial Area, developed by the MIDC at village Sutala Bk, district Buldhana.	12,800 sq.mtrs	95 years	*
3.	2/5/2006	MIDC	Plot No.W-1 & W-2, Khamgaon Industrial Area, developed by the MIDC at village Sutala Bk, district Buldhana.	1360 sq.mtrs	80 years commenced on 1/7/2003	*

*Rs. 3,78,186 were paid via Demand Draft No.538834 dated 2/2/2007 to the MIDC by M/s. Khamgaon Syntex as annual rent for all the abovementioned lands.The aforesaid property is used for synthetic yarn pressings activities.

Khamgaon Ginning and Pressing.

Sr.No.	Lease Date	Name of the Other Party	Location	Area	Period	Consideration/ Rent Amount (Rs)
1.	2nd July 1973	Khamgaon Municipal Council	Plot Nos. 4, 15 and 16, Municipal ward 7 within Municipal limits, taluka Khamgaon, district Buldhana.	PlotNo.4- 379 sq.mtrs PlotNo.15- 1802.1 sq.mtrs PlotNo.16- 31,323.9 sq.mtrs	30 years (lapsed)	Rent @ Rs.37,500 per year after lease lapsed*

*A sum of Rs.1,10,250 for the period 1/4/2003 to 31/3/2006 has been paid towards rent. The Company has applied for the renewal of the lease.

Malkapur Unit

Sr.No.	Lease Date	Name of the Other Party	Location	Area	Period	Consideration/ Rent Amount (Rs)
1.	Date of possession receipt- 16/01/2007	MIDC	Plot No.C-6/1, Malkapur Industrial Area, Taluka- Malkapur.District Buldhana.	3,99,938 sq.mtrs.	95 years	*

The company has informed us that the aforesaid property is used for carrying out spinning, weaving, dyeing and processing(cotton based.)

The Company have informed us that the parties have yet to decide upon a consideration amount but part payments of Rs.25,99,700 and Rs. 19,99,800 have been made to the MIDC as seen from the receipts of payment dated 22/12/2006 and 12/1/2007 respectively.

Malkapur House Property

Sr.No.	Lease Date	Name of the other person	Location	Area	Period	Consideration/ Rent Amount (Rs.)
1.	1/7/2007	Mr.Notandas Bhagwandas Wadhwani and Mr. Shyamlal Bhagwandas Wadhwani	Nazul Sheet No.17, Plot No.7/9, 10/9, Malkapur,district Buldhana.	669.23 sq.mtrs.	60 months from 1/7/2007 – 30/6/207	Rent per month Rs.12,500

Freehold Property.

Ghatanji

Sr.No.	Date of sale deed	Name of the Other party	Location	Area	Consideration Amount (Rs.)
1.	**31/8/1930**	**Sir Currimbhoy Ebrahim Ginning & Pressing Company Ltd.**	Field survey no.54/2 of Mauza Ambedkar Marg, Ghatanji, District Yavatmal.	96,492 sq.mtrs.	**1,25,000**

The company has informed us that the aforesaid property is used for oil extraction and ginning and pressing activities.

Dhule

Sr.No.	Date of the sale deed	Name of the other party	Location	Area	Consideration Amount (Rs.)
1.	12th October 1987	Plot No.337-Chabusing Ganpatsing Pardeshi	S.No.338-B (Final Plot No.28-A) and S.No.337 situated under Municipal Corporation & City Survey Dhule Taluka, district Dhule.	S.No.337- 0Hectares 69 Ars.	30,000.

2.	10th July 1964	Plot No. 338-B-Bhaskar Leela Chaudhari Ahirrao and Eknath Dharamdas Chaudhari Ahirrao.	S.No.338-B (Final Plot No.28-A) situated under Municipal Corporation & City Survey Dhule Taluka, district Dhule.	S.No.338-B-3Hectares 24 Ars.	31,000

The company has informed us that the aforesaid property is used for carrying out ginning and pressing activities.

House Property at Khamgaon

Sr.No.	Lease Date	Name of the Other Party	Location	Area	Period	Consideration/ Rent Amount (Rs)
1.	11/9/2005	Mrs. Arti Ajinkya Bobdey	Bobdey colony, ward no. 5, Khamgaon, Tq. Khamgaon, district Buldhna.	172 sq. mtrs.	8th September 2005-7th September 2008	Rent per month-Rs.3042
2.	12/2/2007	Shri. Mukund Shriram Deshpande	Ground Floor, at Shankar Nagar Area, Plot No.1, ward no.7, Khamgaon, district Buldhana.	-	1st December 2006-30th November 2009	Rent per month-Rs.9000
3.	29/4/2006	Ravirao Ramkrishna Patil	Plot No.B-11, M.I.D.C, Khamgaon	-	1st May 2006- 11 months	Rent per month-Rs.2750

Financial Indebtedness of our Company

Name of the Lender	Sanction Amount (Rs in Lakhs)	Loan Documentations	Amount O/S As on November 30,2007 (Rs in Lakhs)	Interest Rate	Repayment Schedule	Security Created
SICOM	1000.00	Term Loan	950.00	13%	Payable Quarterly	Secured by Mortgage of Immovable Properties and hypothecation of other Fixed Assets & movable Assets ranking pari-pasu with others, subject to prior charges created in favour of our Company's bankers on Stock & Debts.
Axis Bank	1500.00	Term Loan	303.57	14%	Payable Quarterly	Secured by Mortgage of Immovable Properties and hypothecation of other Fixed Assets & movable Assets ranking pari-pasu with others, subject to prior charges created in favour of our Company's bankers on Stock & Debts.

Name of the Lender	Sanction Amount (Rs in Lakhs)	Loan Documentations	Amount O/S As on November 30,2007 (Rs in Lakhs)	Interest Rate	Repayment Schedule	Security Created
	500.00	Cash credit	373.46	14%		Hypothecation of company stocks
Union Bank Of India	2000.00	Term Loan	320.12	14%	Payable Quarterly	Secured by Mortgage of Immovable Properties and hypothecation of other Fixed Assets & movable Assets ranking pari-pasu with others, subject to prior charges created in favour of our Company's bankers on Stock & Debts.
Centurion Bank Of Punjab	500.00	Cash credit	391.58	14%		Hypothecation of company stocks
State Bank of India	1500.00	Term Loan	1500.00	13.25 %	Payable Quarterly	First paripassu charge on all the fixed assets of our Companypertaining to the project including equitable mortgage on our Company's land and building and hypothecation charge on all the projects assets both present and future.

KEY INDUSTRY REGULATIONS

The following regulations and legislations are the significant laws, which broadly govern this industry in India:

Government Regulations & Support

The textile industry, being one of the most significant sectors in the Indian economy, has been a key focus area for the Government of India. A number of policies have been put in place to make the industry more competitive.

Government policies have a major impact on the cotton textile industry. The National Textile Policy, announced once every decade by the Ministry of Textiles, aims at ensuring that the industry is internationally competitive, in terms of manufacturing practices and exports.

The textile packages such as the TUFS aim at making the sector competitive, in terms of productivity and costs. Similarly, the Exim Policy contains export promotion measures like the DEPB and duty drawback schemes. The Union Budget also contains provisions on customs and excise, which have a strong impact on the cost structure of manufacturers.

The government introduced a major positive change for the cotton textile industry in the Union Budget 2004-05 by abolishing the mandatory CENVAT for cotton textile companies (yarn, fabric, garments) and giving an option of complete excise exemption to the companies. Further, in the Union Budget 2005-06, the government de-reserved the knitwear sector that was erstwhile reserved for the SSI sector.

Technology Upgradation Funds Scheme

Government of India has launched Technology Upgradation Fund Scheme (TUFS) for Textile and Jute Industries for a period of 5 years with effect from 1st April 1999 which has been further extended upto 31/03/07. Under this scheme, effective rate of interest charged to the concerned borrower will be five percentage points lower than the prevailing commercial rates of interest charged by the Financial Institutions and Banks concerned; the Ministry of Textiles will reimburse the five percentage points under the scheme.

There is no cap on funding under this scheme. Further, loans sanctioned by the lending agency till the last date of the duration of the scheme period will be eligible under the scheme and the reimbursement would continue to be available till the same is repaid as per the normal lending period of the nodal agency.

Regulation of Foreign Investment

FEMA Regulations

Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications thereunder, and the policy prescribed by the Department of Industrial Policy and Promotion, GoI, which is regulated by the FIPB.

The RBI, in exercise of its power under the FEMA, has notified the Foreign xchange Management (Transfer or Issue of Security by a Person Resident Out side India) Regulations, 2000 (“FEMA Regulations”) to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India.

As laid down by the FEMA Regulations, no prior consents and approvals is required from te RBI, for FDI under the ‘automatic route’ within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI. Presently, investments in companies engaged in the textile sector fall under the RBI’s ‘automatic route’ for FDI/NRI investment of up to 100%.

Ministry of Industry, Department of Industrial Policy and Promotion, Press Note No. 17(1998 series)

With a view to encouraging investments towards setting uo of integrated units and thus achieving valu additions, as well as to address the current difuclties of the cotton yarn export oriented units, the GoI promulgated Press Note No. 17 (1998 series), which allows export oriented units the operational flexibility of exporting cotton yarn without being subject to domestic cotton sourcing restrictions to the extent provided for within the press note.

Government Regulations Affecting Specific Segments in Cotton Textile Chain

Cotton

Minimum Support Price

The government has to ensure adequate production of cotton, the main raw material for yarn. Therefore, it announces a MSP for cotton to provide incentives to cotton growers every year. This ensures adequate returns to the growers (after accounting for input costs). Whenever cotton prices fall below the MSP, the Cotton Corporation of India (CCI) provides price support by buying the cotton produce and bringing the prices at normal levels. In general, market prices are higher than the MSP announced by the Central government. Hence, the MSP does not have a significant impact on domestic prices and thus is redundant.

Cotton Technology Mission (CTM)

The CTM was introduced to increase the yield and quality of cotton available to the domestic spinning mills. It aims at upgrading the ginning and pressing mills to minimize the contamination of cotton. The CTM is jointly commissioned by the Ministry of Agriculture and Ministry of Textiles. The Ministry of Textiles is responsible for implementation of Mini Mission III and IV involving improvement in marketing infrastructure and modernization of ginning and pressing factories, respectively. The Central and state governments allocated Rs 1.5 billion to the CTM during the Tenth Plan (2001-2002 to 2006-07).

Four mini missions were established under CTM

Mini mission I: Cotton research and technology generation, with the Indian Council for Agriculture Research (ICAR) as the central agency.
Mini mission II: Transfer of technology and development, with the Department of Agriculture and Co-operation (Ministry of Agriculture) as the central agency.
Mini mission III: Improvement of marketing infrastructure, with the Ministry of Textiles as the central agency and setting up of new regulated markets.
Mini mission IV: Modernization and up gradation of ginning and processing factories, with the Ministry of Textiles as the central agency.

Progress

Till January 2005, under Mini mission III, a total of 112 project proposals (setting up of 17 new market yards, improvement of 80 market yards and activation of 15 market yards) have been sanctioned. The total estimated cost is Rs 1,968.4 million, of which the share of the government is Rs 985.5 million. Out of the 112 market yards sanctioned for development, work on 75 yards has been completed.

Under Mini mission IV; modernization of 429 ginning and pressing factories has been sanctioned, at an estimated cost of Rs 5,539.8 million, of which the Central government's share is Rs 966.8 million. In the post-quota regime, these measures are significant, as they will help in enhancing the cost-competitiveness along with quality, which will be the parameters guiding the global trade in textiles. Therefore, to achieve the desired objective of producing contamination-free cotton, the Ministry of Textiles is considering an expansion of the scheme so that 80 per cent of the cotton in the country is marketed in developed market yards and processed in modernized factories.

Control through CCI (Cotton Corporation of India Limited)

In July 1970, the government set up the CCI for purchasing, selling and distributing cotton, and as a ationaliz agency for imports and exports, to ensure stability in cotton prices and adequate supply to the spinning sector. In 1986, the government redefined the role and functions of CCI, in order to include price support operations without any quantitative limits. This was to ensure that whenever the market prices of cotton reached the support price levels fixed by the government, the entire loss would be reimbursed by the government. CCI also undertakes commercial purchases of cotton on the basis of firm indents received from buyers. In addition to marketing activities, CCI has initiated schemes to benefit cotton growers by increasing the area, yield and production in the country, and upgrading processing facilities and other infrastructure.

Cotton yarn

Hank Yarn Obligation Scheme

Cotton yarn can be packed either in a hank or cone form. (Handloom units use the hank form and weaving units use the cone form.) In January 1974, the Indian government introduced a scheme of Statutory Hank Yarn Obligation in order to ensure the availability of the required quantity of hank yarn to the handloom sector. According to the scheme, a yarn producer will have to compulsorily pack not less than 50 per cent of the total yarn packed for domestic consumption in the hank form. In addition, 80 per cent of the yarn packed in hank form will have to be of 'the 40s and below' count group. Mills will have to submit quarterly returns regarding the delivery of hank yarn to the respective regional offices of the Textile Commissioner. This scheme is not applicable to 100 per cent export-oriented units and deemed exports.

The cotton-spinning sector wanted the abolition of the Hank Yarn Obligation Scheme. This was because the powerloom sector was misusing the scheme by using hank yarn to produce cotton fabric, as hank yarn under this scheme was exempt from excise duty. To prevent this misuse, the Union Budget 2002-03 brought cotton hank yarn under the tax net of excise duty. Handloom weavers will continue to benefit, as a subsidy will be provided on the price of the hank yarn purchased by them.

Fabric

Group work shed scheme for powerlooms

The Central government approved a group work shed scheme for the rationalization of powerloom sector, during the tenth 5-year plan. This scheme aims at setting up powerloom clusters with modern weaving machines to facilitate installation of larger and improved looms, a better working environment and improved working efficiency.

Under this scheme, the maximum permissible subsidy per beneficiary will be restricted to Rs 1.15 million to cover an area of 14,400 square feet, for both powerloom sheds and preparatory units The government proposed various government regulations for the weaving and knitting sector separately.

Weaving sector

Power looms

In the Textile Policy 2000, the government proposed to provide cluster-weaving facility in various weaving zones to improve the economies of scale of the powerloom sector. It recommended ationalizati of the powerloom centres and facilities in order to achieve optimum production levels. The government gave 20 per cent capital subsidy for rationalization of weaving machinery, limiting the investment on capital equipment to Rs 5 million.

Handloom

The Textile Policy 2000 recommended training modules for weavers to upgrade their skills to survive competition in the global markets. It also laid stress on value-added items such as made-ups for exports in the handloom sector. The policy announced government support for research and development, design inputs, skill upgradation and market infrastructure.

According to the Textile Policy 2000, the Hank Yarn Obligation Scheme will be reviewed (based on the needs of the handloom weavers). In line with this, cotton hank yarn was brought under the tax net of excise duty in the Union Budget 2002-03. This was to prevent misuse of the hank yarn by the powerloom sector, since it was exempt from excise duty. However, handloom weavers will continue to benefit, as a subsidy will be provided on hank yarn purchased by them. The policy also provides life insurance scheme for 2 million handloom weavers, with an insurance cover up to Rs 50,000 for each in 2 years (which will cost Rs 3 million per year).

Composite mills

Through the textile policy, the government proposed to encourage strategic alliances with international textile majors to develop new products and to encourage retailing. It also spoke of closing down non-viable mills, while ensuring adequate safety nets for workers and employees. The policy also covered the need to rationalization of the exit policy for the textile

workers employed with non-viable textile mills in the public and private sectors. It also proposes to review the textile workers policy in the Rehabilitation Fund scheme. It laid stress on encouraging large integrated textile complexes.

The Central government implemented the Textile Workers' Rehabilitation Fund Scheme (TWRFS). This scheme is meant to provide relief for an interim period of 3 years to workers displaced by permanent closure of textile mills or units.

Many composite mills will be able to focus better on fabric processing and brand development with the closing down of non-viable composite textile mills (after the rationalization of the exit policy).

Knitting sector

The government proposed to review the SSI reservation policy for the sector. In the Union Budget 2002-03, it was proposed that the knitted garment sector be deregulated and removed from the SSI category. However, this did not happen, due to resistance from the knitted garments sector. Finally, in the Union Budget 2005-06, it was de-reserved from the SSI category that earlier had a cap of Rs 50 million on plant and machinery. The government also proposed to encourage capacity expansion in the sector, through the TUFS.

Processing and finishing sector

The textile policy proposed to encourage new, modern processing units that meet international quality and environment norms. It also proposed to increase the availability of eco-friendly dyes for processing. The processing and finishing sector is not expected to be affected, as the policy does not provide any significant incentives for rationalization of production facilities.

Clothing sector

The government proposed to remove the garment industry from the SSI reservation list. It also planned to set up new textile/apparel parks to provide necessary infrastructure facilities in various states with the help of the Textile Commissioner's office. Apart from the above, the government also intends to encourage the setting up of domestic retail chains, in order to ensure easy availability of branded products. In the Union Budget 2002-03, the woven garment sector was deregulated and removed from the SSI category. In the Union Budget 2005-06, the knitwear sector including knitted garments was de-reserved from the SSI sector.

Excise Regulations:

The Central Excise Act, 1944 seeks to impose an excise duty on specified excisable goods, which are produced or manufactured in India. However, the Government has the power to exempt certain specified goods from excise duty, by notification. The rate, at which the said duty is sought to be imposed, is contained in the Central Excise Tariff Act and presently attracts an excise duty at the rate of 16% of the value of the goods calculated in accordance with the said Act. An additional 3% education cess has been levied and therefore, the aggregate excise duty is 16.48% ad valorem.

Customs Regulations:

Environmental and other Regulations:

In the Textile Policy 2000, the government proposed to provide cluster-weaving facility in various weaving zones to improve the economies of scale of the powerloom sector. It recommended ationalizati of the powerloom centres and facilities in order to achieve optimum production levels. The government gave 20 per cent capital subsidy for modernising machinery, limiting the investment on capital equipment to Rs 5 million.

Handloom

The Textile Policy 2000 recommended training modules for weavers to upgrade their skills to survive competition in the global markets. It also laid stress on value-added items such as made-ups for exports in the handloom sector. The policy announced government support for research and development, design inputs, skill upgradation and market infrastructure.

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2002-03. This was to prevent misuse of the hank yarn by the powerloom sector, since it was exempt from excise duty. However, handloom weavers will continue to benefit, as a subsidy will be provided on hank yarn purchased by them. The policy also provides life insurance scheme for 2 million handloom weavers, with an insurance cover up to Rs 50,000 for each in 2 years (which will cost Rs 3 million per year).

Composite mills

Through the textile policy, the government proposed to encourage strategic alliances with international textile majors to develop new products and to encourage retailing. It also spoke of closing down non-viable mills, while ensuring adequate safety nets for workers and employees. The policy also covered the need to ationaliza the exit policy for the textile workers employed with non-viable textile mills in the public and private sectors. It also proposes to review the textile workers policy in the Rehabilitation Fund scheme. It laid stress on encouraging large integrated textile complexes.

The Central government implemented the Textile Workers' Rehabilitation Fund Scheme (TWRFS). This scheme is meant to provide relief for an interim period of 3 years to workers displaced by permanent closure of textile mills or units.

Many composite mills will be able to focus better on fabric processing and brand development with the closing down of non-viable composite textile mills (after the ationalization of the exit policy).

OUR HISTORY AND CORPORATE STRUCTURE

History and Major Events

Major events in the History of our Company:

Sep 1941	Incorporated by Mr. R.D. Birla under the name style of M/s Jamod Ginning Company Pvt. Ltd.
Oct 1998	Renamed as M/S. Birla Agro Pvt. Ltd.
Dec 2004	Change in Object clause to include the business of manufacturing / importing / exporting all kinds of yarns, carpets, fabric materials and agro chemicals
Dec 2005	Name Changed to Birla Cotsyn (India) Pvt. Ltd.
Mar2006	Name changed to Birla Cotsyn (India) Limited pursuant to conversion into Public Limited Company.
Mar2006	Change of Registered Office from Queen's Mansion, Fort, Mumbai – 400 001 to Dalamal House, 1st Floor, Nariman Point, Mumbai – 400 020.
May 2006	Coverted into Public Limited company and name modified into Birla Cotsyn (India) Ltd
Aug 2006	Acquired the business of Khamgaon Syntex (I) Ltd., a wholly owned subsidiary of Zenith Ltd, one of the group companies.
Dec 2006	Entered in to a Joint Venture Agreement with P.B. Bharadwaj Group whereby the promoters' equity will be shared in the ratio of 50:50 between YBG and PBG.
April 2007	Change in Object clause to include the business of extracting/ processing and refining oil from cotton and other seeds
May,2007	Mega Project status accorded by Government of Maharashtra
Sept 2007	Change in Object clause to include the business of manufacturing, buying, selling and dealing in fabrics such as home textiles, Ready Made garments, etc and also to set up company owned retail outlets or to issue to franchisee rights to buy, sell or otherwise deal in such products.

Main Objects of our Company:

1. To carry on the business as manufacturers, processors, spinners, weavers, knitters, ginners, pressers, packers, doublers, balers, buyers' balers, buyers' exporters, importers, stockists, dealers, traders, commission agents and fabricators in all kinds of cotton, jute, flex, hemp, silk, raw silk, artificial silk, wool, rayon, nylon, terylene polyster, rexine, synthetic yarn, synthetic fibre, staplefibre and any other natural, synthetic or man made fibre and blends or fibrous substances and materials, textiles, fabrics and yarns, of all kinds whether made from cotton, wool, silk, raw silk, jute, hemp, rayon, artificial silk, nylon, terylene and any other natural synthetic or man made fibre and blends of fibrous substances and materials,

2. To manufacture, buy, sell and deal in linen and other to carry on the business of wool combers, worsted spinners, worsted stuff manufacturers, drapers, printers, dyers, bleachers, sizers, weavers, dress makers, finishers, made-ups, home textiles and ready made garments, home furnishing and made-up items, bed-linen, comforters, quilts, rugs, carpets, coverlets, towels, napkins, handkerchiefs, stitching, tailoring, texturing, combing, testing, reeling, double mixing, processing of all fabrics and other textiles such as sarees, dress outfitters and hosiery goods whether made of cotton, nylon, polyster, silk, art silk, rayon wool, linen, jute, hemp, viscose, jari, thread or feathers, hem fibres and any to be developed in future whether natural or artificial fibres.

3. To carry on all or any of the business of wholesalers, dealers and retailers either by setting up Company owned retail outlets or by issuance of franchise rights or by any other mode to buy, sell or otherwise deal in drapers, dress material, made-ups, home textiles and ready made garments, home furnishing and made-up items, bed-linen, comforters, quilts, rugs, carpets, coverlets, towels, napkins, handkerchiefs, of all fabrics and other textiles such as sarees, dress outfitters and hosiery goods whether made of cotton, nylon, polyster, silk, art silk, rayon wool, linen, jute, hemp, viscose, jari, thread or feathers, hem fibres and any to be developed in future whether natural or artificial fibres.

Shareholders' Agreement

There is no Shareholders' Agreement existing as on date.

Other Agreements

Except the Joint Venture agreement with P.B.Bharadwaj group and the Contracts / Agreements entered into in the ordinary course of the business carried on or intended to be carried on by our Company, our Company has not entered into any other Agreement / Contract.

The Company has entered into the following major transactions:

1. The Company has entered into a J.V.A on 9th December, 2006 with the YBG and the PBG, whereby YBG and PBG have combined their business of manufacturing, marketing and distribution of the products in India and other places solely through the Company. The following are some of the important terms and conditions of the agreement.

    - The PBG through its constituents M/s Polytex Limited, Cammon Islands and/or Spinweave Textiles Pvt. Ltd., India and its associates acquire 68.09.040 equity shares @ 10/- per share of the Company from the YBG vide Share Purchase Agreement which will be executed at a later date such that the YBG and PBG will hold exactly 50:50 in the JVC. (The Parties have not yet entered into the Agreement)
    - The YBG shall render all assistance required for optimizing business growth of the Company and shall make the best efforts to fulfill its role in relation thereto.
    - None of the party can create any charge or hypothecate any assets without the prior permission of the other parties.
    - If either party decides to sell their portion of shares then the selling party has to first make an offer in writing to sell the shares, specifying the numbers of shares to the other parties at fair market value. If the purchasing party does not accept the offer then within 30 days of the date of the offer. The selling party may within 6 months thereafter sell such offered shares at the price not less then the fair market vale.
    - Nothing contained in any of the clauses shall deemed to restrict the right of either the YBG or the PBG to transfer its shares in the Company to its affiliates provided that such affiliates agree to the terms of this agreement by entering into a Deed of Adherence.
    - The YBG and PBG cannot into similar contract with any other company in India.
    - The Board shall have 3 directors from YBG and 3 from PBG.
    - The CEO shall propose a 3 year business plan in writing with milestones set for every quarter of the plan period. The business plan shall be revised within every 30 days prior to the beginning of the financial year.
    - It is the intention of the parties hereto to bring out an initial public offer in the future and list the shares of the Company on the recognized stock exchange in the country.
    - Either party can terminate the agreement by giving 6 months advance notice.
    - In case of a dispute the matter shall be referred to the arbitrator under the Arbitration and conciliation Act, 1996. The place of arbitration is fixed at Mumbai.
    - The Agreement contains other standard terms and conditions.

2. The Company has entered into a Memorandum of Understanding with the Government of Maharashtra on the 21st August, 2007 whereby the Company shall invest approximately 226 crores in the new project at Village Dasarkhed and Talaswada, Malkapur. The company will primarily employ 982 persons, unskilled and semi-skilled categories of workers, domiciled Maharashtra. The following incentives will be offered to the Company by the Government of Maharashtra:

    - Electricity Duty Exemption for a period of 7 years from the date of commencement of commercial production
    - 100% Exemption from payment of Stamp Duty,
    - Industrial Production Subsidy (IPS) equivalent to 100% "eligibility investments" made with effect from 8th April, 2007 and within such a period stipulated in the Package Scheme of Incentives. The IPS will, be limited to 100% of eligible investments less the amount of benefits availed from the abovementioned as per the period prescribed therein or to the extent of the taxes paid to the State Government within a period of 7 years whichever is lower.

- 75% reimbursement on expenditure incurred on account of Employer's Contribution towards Employees State Insurance (ESI) and Employees Provident Fund (EPF) for a period of 5 years, limited to 25% of FCI.
- expenses on preliminary/ and preoperative expenses as well as technical know-how fees limited to 10% of eligible investments would be admissible for considering investment eligible for IPS.

The above said incentives will be eligible only after the Company makes an investment of 100 crores in Fixed Capital Investment at site.

This Memorandum of Understanding was entered into after receipt of Letter dated 9th May, 2007 sent to Mr. Baheti by Mr. V. K. Jairath, IAS (Department of Industries) wherein the project was referred to as a mega project and also stated the incentives that

The Company has entered into the following agreements and contracts.

1. The Company has entered into a Business Transfer Agreement dated 1st August, 2006 with the Khamgaon Syntex India Limited, whereby Khamgaon Syntex India Limited has transferred their business to the Company. The Company has acquired the Business undertaking as a whole on a going concern and on slump sale basis. The Company has agreed to pay a lump sum consideration of Rs. 1237 lakhs, out of which Rs.157 lakhs was paid as advance by the Company and the balance consideration of Rs.1080 lakhs was to be paid before the Closing Date. Pursuant to the aforesaid Agreement, the Company acquired the business on August 1,2006

Khamgaon Unit.

2. The Company has entered into a Memorandum of Agreement dated 6th June, 2005 with Girni Kamgar Sabha ("Trade Union") under the Bombay Industrial Relations Act, 1946, whereby the Company has entered into a settlement with the Trade Union modifying the terms of the previous agreement. The Trade Union has served charter of demands upon the management of the Company vide 2 Notices of Change dated 24/12/2003 and 5/04/2004 for the revision of wages and raising some other demands. The Company and the Trade Union arrived at negotiations on the 3rd June, 2005. The terms of the settlement are as follows.
    1. All the workmen in this settlement will have the meaning as is assigned in the standing orders in the operations and all permanent, badli and temporary daily rated worker men, except learners trainees and apprentices who are on a muster roll of the Vardhan Syntex at the time of the settlement are eligible to receive benefits under this agreement.
    2. The agreement shall remain in force for a period of 3 years commencing from 11th June, 2005 and continue to bind both the parties unless a new agreement comes into force.
    3. The agreement contains other standard terms and conditions.
    4. The Company has entered into a contact with M.K. Welankar & Associates vide letter dated 19th February, 2007, whereby the Company has appointed M.K. Welankar & Associates for Architectural/Structural/ Electrical works consultancy for their OE Spinning Mills. The following are the terms and conditions of the appointment letter:
    5. The Scope of work is as follows.
    6. Master planning, machinery layout, basic data fixation etc.
    7. Designing, preparation of technical specifications, tender documents and good for construction Architecture and Structural Drawings for civil work.
    8. Designing preparation of technical specifications and tender documents, basic layout drawings for utility services.
    9. Construction Management
    10. M.K. Welankar & Associates to prepare the drawings and send it to the Company for its approval.
    11. The Company was supposed to prepare tender documents covering techno-commercial specifications, bill of quantities, tender rawings, etc.
    12. M.K. Welankar & Associates was to employ Site Engineer of 10/15 years experience of similar works for day to day supervision at site and monitoring the progress.
    13. M.K. Welankar & Associates was to prepare the drawings to be issued for the construction of structural/ architectural works excluding bar bending schedule and fabrication drawings which shall be prepared by the contractor and get approved from you.
    14. M.K. Welankar & Associates was to coordinate all services such as HVAC/ Electrical works and incorporate drawings including services layout.
    15. M.K. Welankar & Associates shall visit the site meetings the progress of the work at site and monitor the same as per the time framed.

16. The fees to be paid to M.K. Welankar & Associates was fixed at 1.50% of the actual cost of the works designed/processed and executed by first class contractors. Service tax as applicable shall be reimbursed separately extra from time to time.
17. An incentive of 0.25% of the actual cost of the works, on satisfactory completion of the work as per satisfaction of the management.
18. For the scope of work mentioned above M.K. Welankar & Associates will be paid visit fees of Rs. 1500/- per day per person for the number of days out of Mumbai.
19. The following are the terms of payment.
    1. Rs. 100000/- as advance to start the work along with appointment letter.
    2. 10% of the total cost upon preparation of detailed estimate, specification, tender documents etc shall be payable on the submission of preliminary drawings for approval.
    3. 10% of the total fees will be payable on completion of tender documents.
    4. 10% of the total fees will be payable upon preparation of basic large scale drawing for civil & architectural work.
    5. 45% of the total fees will be payable in 5 installments suitable spread over the construction period.
    6. Balance 5 % of the total fees to be paid within three months of virtual completion of the buildings.
    7. Visit fees and actual expenses will be paid immediately as per the monthly invoices submitted.
    8. If the project is abandoned or at the termination of consultancy services, M.K. Welankar & Associates will be paid at the rate of Rs. 30/- per copy.
    9. In case of any dispute the matter to be dealt under the provisions of the Arbitration and Conciliation Act, 1996 and courts at Mumbai shall have jurisdiction for the same.

5. The Company has entered into a contract dated April 24,2007 with Yash Constructions Khamgaon, whereby the company has entered for the Civil Construction of Extension. The following are important terms and conditions of the contract:
    - Yash Construction has to deposit Rs. 2.5 lakhs as Security Deposit.
    - Yash Construction has to deposit Rs. 2.5 lakhs as way of Earnest Money.
    - Yash Construction to submit the Bank Guarantee of Rs. 10 lakhs.
    - Yash Construction to pay Rs. 10 lakhs as an mobilization advance which will be deducted from the running bills.
    - The contract has to be completed within 90 days.
        - The contract can be extended in case of heavy intensities.

Malkapur Unit.

6. The Company has entered into a contract dated 24th July, 2007 with the M/s. Shrinath Construction, whereby the Company has employed M/s Shrinath Construction for the construction of 12000 spindles spinning mill at Khamgaon, Bhulana and has accepted a tender by the contractor for the construction, completion and maintenance the work. The Company is going to pay M/s Shrinath Construction a sum of Rs. 3,76,37,935.83 /-. The tender is going to be completed in 8 calendar months of which 6 months for the machinery erection and 2 months for external furnishing.

7. The Company has entered into a contract dated 24th July, 2007 with Tejas Construction & Infrastructure Pvt. Ltd., whereby the Company has employed Tejas Construction & Infrastructure Pvt. Ltd. for the construction of open end spinning mill at Khamgaon, Bhulana and has accepted the tender for the construction, completion and maintenance of such work. The Company is going to pay Tejas Construction & Infrastructure Pvt. Ltd. a sum of Rs. 3,24,53,420.66/-. The tender is to be completed in 8 calendar months of which 6 months for the machinery erection and 2 months for external furnishing. The earnest money to be deposited is Rs. 2,00,000/- and cost of the tender documents is Rs. 2,500/-.

Financial / Strategic Partners

Except the Joint Venture agreement with P.B.Bharadwaj group there is no other financial or strategic partner.

OUR MANAGEMENT

Our Company functions under the control of a Board consisting of professional Directors who sets policy guidelines and the Chief Executive officer along with other key personnel are responsible for day to day management of the company .

Name, Age, Address, Designation and Occupation	Date of Appointment	Qualification	Other Directorships
Mr. P.B. Bhardwaj S/O. Mr. Satya Dev Bhardwaj DIN : 00136076 Age:69 Address: Regency Villa, Outer Cirlce, Regents Park, London NW14HA Designation: Chairman	25th January 2007		Divit textiles Pvt. Ltd. Sunflag Iron & Steel Company Limited Haryana Television Limited
Mr Yashovardhan Birla S/O.Mr.Asokvardhan Birla DIN: 00005804 Age: 38 Address: Birla House, 21 Mt. Pleasant Road, Mumbai 400006 Designation: Co- Chairman	16th May 1995	M.Com, L.L.B	Asian Distributors Pvt. Ltd Birla Bombay Pvt. Ltd Birla Brothers Pvt. Ltd Birla Cements and Inds. Ltd Birla Kennametal Ltd Birla Power Solutions Ltd. Dagger Forst Tools Lilmited Shearson Investment & Trading Co. Pvt. Ltd. Viking Travels Pvt. Ltd Zenith Birla (India) Ltd
Mr. P.V.R.Murthy S/O.Mr.P.Dakshina Murthy DIN: 00232048 Age:54 years Designation – Director Address: A/4, Sagar Darshan Off Carter Road, Bandra (West), Mumbai – 400 052.	1st June 2006	B.Com., F.C.A M.B.A	Birla Power Solutions Limited Sanguine Media Limited Khamgaon Syntex India Limited Birla Wellness and Healthcare Ltd.
Mr Y.P Trivedi s/o (Late Premkrishna B. Trivedi ,78 years Designation; Director ADDRESS: 2, Mistry Manor 62-A, Nepean Sea Road, Mumbai -400006 DIN no. 00001879	6th December,2007	B.Com., LL.B	Reliance Industries Ltd Reliance Petroleum Ltd Zodiac Clothing Ltd Birla power Solution ltd Metro Exporters Pvt Ltd Safari Industries Limited Sai Service station ltd- (Chairman) Zandu Pharmaceuticals Works Ltd(Chairman) Supreme Industries Ltd Seksaria BIiswan Sugar Factory Ltd New Consolidated Construction Co. Ltd Clare Mont Trading Pvt Ltd Colosseum Sports & Recreation International Monica Travels Pvt limited Telestar Travels Pvt limited

Mr. Sanjay Agarwal S/O. Mr.M.L.Agarwal DIN: 01355720 Designation – Director Age: 39 Address: 131B, Elmstead AVE, Wembley, HA9NT Wembley Designation: Director	25th January, 2007	B.com., A.C.A	Nil
Mr. Mohandas Shenoy Adige, S/o. Mr. Gopal Shenoy Adige, DIN: 00280925 Age: 63 Address: 2, Pearl, Plot 163, Sector 28, Vashi, Navi Mumbai – 400 703 Designation : Director	3rd August, 2007	B.Sc(ME), M.Met from Sheffield University, Dip in Operationa & Financial Mgt from JBIMS	Nagpur Power & Industries Ltd. Artefact Projects Ltd.
Mr. Mohan M. Jayakar, S/O Shri. Motiram Vinayak Jayakar DIN: 00925962 Designation – Director Age:56 Address: 11/12, Makani Manor, Pedder Road, Mumbai 400 026.	6th December,20077	**B.A.**LL. B.	Everest Kanto Cylinders Ltd. Photoquip India Ltd. Ez-Comm Wireless India Pvt. Ltd. Satyagiri Shipping Co. Ltd. Ez-CommTrade Technologies Ltd. Mysore petrochemicals Ltd.
Mr.Navinchandra Chhaganlal Shah, S/O Late Shri. Chhaganlal Motilal Shah, DIN: 00063951 Designation – Director Age:69 Address: 1, Doughty Street, London WC1N 2PH, U.K	3rd August 2007	B.Sc., F.C.A	Sunflag Power Limited Sunflag Special Steel Limited Savla Shirts Exports Pvt. Limited. United Industrial Fasteners Pvt. Limited PSJ Alexander Co. Limited., Group of Companies. (Foreign company)
Mr. Alok Bhardwaj S/O. Mr. P.B.Bhardwaj DIN:00136244 Designation – Alternate Director to Mr. P.B.Bhardwaj , Age:34 Address: Regency Villa, Outer Cirlce, Regents Park, London NW14HA Designation: Alternate Director to Mr. P.B.Bhadrwaj	25th January 2007	B.Sc(Mechanical Engineering)	Divit Textiles Private Limited Ridge Farms Developers Pvt. Ltd.

PROFILE OF THE DIRECTORS

PROMOTER DIRECTORS

CHAIRMAN

Mr. P.B. Bhardwaj aged 70, is the founder of the P.B.Bhardwaj Group (PBG). He has been nominated by the PBG to be the Chairman of our Company. PBG consists of Polytex Ltd, Haryana Television Ltd, Divit Textiles Pvt Ltd, Spinweave Textiles Pvt Ltd (India) and Ridge Farm Developers Pvt. Ltd. He has been the Chairman of Sunflag Iron & Steel Ltd, Nagpur, Maharashtra, since its inception in 1988 which presently has an annual capacity of 200,000 MTPA of alloy steel.. Mr P.B.Bhardwaj played a key role in the activities of various companies founded by his father Shri Satyadev Bhardwaj. In the 1960's, Mr. P.B. Bhardwaj took responsibility for their activities in Kenya. He was actively involved in expanding their single knitting plant into a completely integrated textile player from spinning operations to garment manufacturing. In the 1970's, he was associated with setting up a textile unit in Nigeria and within ten years had established the most modern open end and ring cotton spinning plant in Africa. He played a key role in the establishment of Sunflag, Thailand, a polyester chip manufacturing plant. in 1992.

CO- CHAIRMAN

Mr. Yashovardhan Birla aged 40 years is the Co- Chairman of our Company. He is the Chairman of the diversified Yash Birla Group for well over 16 years. He is the Great-grandson of late Shri R.D.Birla. Mr. Yashovardhan Birla is M.Com. LLB by academic qualifications. He took over the reins of the group in 1990 at a very young age of 23 years and has successfully steered the group to its present position of eminence. He has been credited with the integration of various group companies, infusing a strong sense of global vision and taking an integrated approach to the group. Mr. Birla is also on the Board of Directors of 15 other Group companies. These companies include Zenith Limited, Birla Kennametal Limited, Birla Power Solutions Limited, Dagger Forst Tools ltd, Shloka Infotech etc.

DIRECTORS OTHER THAN PROMOTERS OF OUR COMPANY:

Mr. P.V.R .Murthy aged 54 years, is a Chartered Accountant and MBA by academic qualification. He has almost 30 years of experience in the finance sector. He has worked as a part of the Top Management with various companies over a span of 16 years in the capacity of Managing Director, Director, CEO and Advisor prior to joining the Yash Birla Group of Companies. At YBG, he is looking after Financial Resource Management of all the group companies, Business restructuring, Disinvestments, Merger & Acquisitions, MIS, Management, Internal and Statutory audit, Integrated ERP systems across group companies, Corporate Governance, Investments in new projects, expansion/diversification of the existing Group companies etc.

Mr. Sanjay K Agarwal, aged 39, is a graduate from St. Xavier's College, Calcutta, where he obtained his B.Com degree with honours in 1987. He is also a Chartered Accountant since 1989 and is also an Associate of the Chartered Certified Accountants of United Kingdom. Mr. Agarwal, started his career as a Credit and Finance Officer with SBI Home Finance in India and subsequently moved on to become the General Manager, Finance, with Afprint Nigeria Plc. He has wide ranging experience in trade, industry and service sectors in different parts of the world. He possesses extensive accounting, MIS, treasury, change management and corporate strategy skills. He has played a key role in many restructuring, merger integration, MIS, cost savings, turnarounds, new investments – projects and divestment programs. In the PBG , Mr. Agarwal is responsible for the global management information systems, monthly operations reviews and cost reduction plans. He has also participated in negotiations with suppliers, financials institutions, as well as governments

Mr Y.P Trivedi , aged 78 years , B.Com., LL.B , is an advocate of Hon. Supreme Court of India .He was President of the Chamber of Income Tax Consultants,Income Tax Applelate Tribunal Bar Association and he was Mmember of Direct Taxes Advisory committee for Western region of India . He is Hon consul of Federal Republic of Ethipoia , He was president o Indian Merchants Chmber and was Chairman of Taxation Committee , Indian Merchant Chamber,Taxation Committee, All India Manufacturers Association ,Mr Trivedi is Member of Managing Committee and Co ordination Committee of ASSOCHEM Presently he is in the Board of Directors of several prestigious companies like Relaince Industries, Reliance Petroleum, Zodiac Clothing,Birla power Solution, Sai Service Station,Supreme Industries . He was on the Board of Directors of several Reputed companies/ Banks like Central Bank, Raymond Synthetics, Shree Raj Traves , Hindustan Latex ,Dena Bank, Welspun Syntex , Muller & Phipps . He has been very active in the Social, Sports, Educational and Medical fields, He was conferred with prestigious Gurjar Ratna, Kala Gurjar etc He has travelled widely in India and abroad.

Mr. Mohan M. Jayakar, aged 57 years**,** is presently the Senior Partner in M/s. Khaitan, Jayakar, Sud and Vohra and heads the entire operations of the Mumbai branch of the Firm. He obtained his Solicitors Degree in the year 1975, in the Last Examinations conducted under this aegis of the High Court of Bombay. He was a partner with M/s. Gagrat & Co., for 23 years, having attended to all the aspects of Law and specialized in Customs, Central Excise and Foreign Exchange matters including Writs and Criminal Procedures. He was a member of the Shipping Committee of the Bombay Chamber of Commerce and has attended to International Commercial Commodity Arbitrations and Shipping and other Maritime Arbitrations

Mr. Mohandas Shenoy Adige, aged 63 years**,** has 40 years of cross functional experience in metal industry with exposure to various functional areas including techno-commercial areas of project management. He is a member of regionl council of Confedaration of Indian Industry (CII). Specialist in revival and turnaround of ailing units through re-engineering and reorganization. He has retired as the Manging Director of Nagpur Power and Industries Limited. Member of All India Management Association/ Bombay Management Association (BMA), Indian Institute of India Foundrymen and Indian Institute of Materials Management.

Mr.Navinchandra Chhaganlal shah, aged 69 years**,** has graduated from London School of Economics and is a Fellow member of the Institute of Chartered Accountant of India and also of England and Wales. He is also a member of the Institute of Taxation, London. He has to his credit an extensive and rich experience of working in PriceWaterhouse & Co, He was the president of the Uganda Chamber of Commerce & Industry and had worked in Uganda Govt. sub- committees on Timber Industry and Uganda Metrication .He had been the Secretary of Overseas Indian Jaambo Association. Since 2002 practicing as a Financial Consultant specializing in estate and succession planning.

Mr. Alok Bhardwaj aged 34, obtained a Bachelor of Science degree in Mechanical Engineering from City University, London in 1990. In 1990, he joined Ijora Textiles where his primary responsibility was to re-organize production and utility activities. From 1992 to 1996 he was managing the SG in Nigeria. During his stint with SG, Nigeria, he was responsible for the acquisition of the manufacturing facility and the setting up of a composite weaving and finishing plant as well as a garment manufacturing plant. In 1996, Mr. Alok Bhardwaj was appointed as the Managing Director of the Sunflag Iron and Steel, India, a Public Company. His main accomplishments include the implementing of a cost control program, improving product quality and expanding the capacity of the plant from 200,000 tonnes to 250,000 tonnes. Under his direction, our Company was awarded ISO 9002 certification and became the approved supplier for Toyota, Mitsubishi, General Motors and Mercedes. He plays an important role in corporate development worldwide and his efforts have firmly put the SG amongst the top five textile manufacturers in Africa.

Details of the Borrowing Powers

Vide a resolution passed at the Extra Ordinary General Meeting of our Company held on 30th Octovber,2007, consent of the members of our Company was accorded to the Board of Directors of our Company pursuant to Section 293(1)(d) of the Companies Act, 1956 for borrowing from time to time any sum or sums of moneys which together with the money already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business), shall not exceed in the aggregate at any one time Rs. **20000 Lakhs (Rupees Twenty Thousand Lakhs only**) over and above the paid up capital and free reserves of our Company for the time being.

Compensation of Whole Time Directors

There is no whole time Director in our Company. However, The Board of Directors of our Company at their meeting held on 18th December,2006, have subject to the approval of the Members in General Meeting had appointed Mr. K.K.Baheti, the President and Chief Executive Officer of our Company as Manager under section 2(24) of the Companies Act, 1956 for a period of five years commencing from Ist December,2006. Except Mr. K.K..Baheti, there is no compensation paid to the chairman, co- Chairman as well as to other Directors of our Company.

The remuneration in accordance with norms laid down in Schedule XIII and other applicable provisions of the Companies Act, 1956 as reproduced herein below:

Other Confirmations

Further, all our Directors excepting two Directors viz.1) Mr. Mohandas Shenoy Adige and 2) Mr. Mohan Jaykar. have confirmed that they have not been declared as willful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are pending against them .

Name of M/S Firth India Ltd is appearing in the list of defaulters of suit filed accounts as per the information of Credit Information Bureau of India Limited.However Mr Moahndas Adige is ceased to be the Director of M/S Firth India Limited with effect from 31.12.1996. He has declared that he was associated with this company in the capacity of a Professional Director.

The names of M/S IG petrochemicals Ltd, M/S Krishna Filaments Ltd and M/S Alexcon Extrusion Ltd are appearing the list of in the list of defaulters of suit filed accounts as per the information of Credit Information Bureau of India Limited. Mr Mohan Jaykar had resigned from these companies on February 10,200, April 10 2000 and June 27 ,1997 respectively . He has declared that he was associated with these companies in the capacity of a Professional Director .

Terms and conditions of appointment of the Manager

SALARY

Basic Salary of Rs.7,20,000/- p.a. (Rupees Seven Lakhs Twenty Thousand per annum) with such annual increase as may be decided by the Board of Directors in this regard.

PERQUISITES

I. The Manager shall be entitled to perquisites & benefits such as HRA, Educational Allowance, House Maintenance, gas, electricity, Medical Re-imbursement, Leave Travel Allowance, Car Maintenance & Drivers allowance, Flexi Allowance, Servant Allowance, News Paper Allowance, Guest Allowance, Medical Allowance, Telephone Allowance, Performance Bonus, etc. and any other Allowances & Perquisites as per the policy / rules of the Company in force and / or as may be approved by the Board from time to time provided that aggregate value of such allowances & perquisites shall not exceed Rs.13.00 Lakhs per annum. Allowances & Perquisites to be valued as per the Income Tax Rules, wherever applicable and at actual costs to the Company in other cases.

OTHER TERMS

II. Manager shall devote his full time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board from time to time and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the Company and its business.

III. The Company or the Manager shall be entitled to terminate this appointment by giving three months notice or three months' basic salary in lieu of notice on either side.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS:

The Board of Directors of our Company has an optimum combination of executive and non-executive Directors as envisaged in Clause 49 of the Listing Agreement. Accordingly not less than one third of the Board of Directors comprises of non-executive and independent Directors.

Sr. No.	Name of the Director	Status*
1	**Mr Y.P Trivedi**	Independent Non Executive – Additional Director
2	**Mr. Mohan M. Jayakar**	Independent Non Executive – Additional Director
3	**Mr. Mohandas Shenoy Adige**	Independent Non Executive – Additional Director
4	**Mr.Navinchandra Chhaganlal Shah,**	Independent Non Executive – Additional Director

There is no service contract between our Company and its Directors

Audit Committee

Audit Committee is constituted by Board of Directors consisting of 3 directors as mentioned hereunder :,

The Audit Committee provides directions to and reviews functions of the Audit Department. The Committee evaluates internal audit policies, plans, procedures and performance and reviews the other functions through various internal audit reports and other year-end certificates issued by the statutory auditors. Quarterly and Annual Accounts will be reviewed by the Audit Committee, prior to their presentation to the Board along with the recommendations of the Audit Committee. Besides, Audit Committee will be authorized to exercise all such powers as are required under the amended Clause 49 of the Listing Agreement.

Composition of Audit Committee:

Sr. No	Name of the Director	Designation	Nature of Directorship
1	Mr.Navinchandra Chhaganlal Shah	Chairman	Independent and Non executive
2	Mr. P.V.R. Murthy	Director	Non Independent and Non executive
3	Mr. Mohandas Shenoy Adige	Director	Independent and Non executive
4	Mr Sanjay Agarwal	Director	Non Independent and Non executive

Share Transfer and Investors Grievance Committee-

The **Share Transfer and** Investors Grievance Committee constituted by the Board of Directors consist of 3 directors as mentioned below.

The Committee inter alia, approves issue of Duplicate share certificates & reviews all matters connected with the Securities transfer. The Committee also looks into redressing of Shareholders/Investors Compliants like transfer of shares, Non receipt of Balance sheet, Non receipt of Dividend warrants & also handles the queries/ complaints relating to ematerialization of shares etc. The committee oversees the performance of the Registrar & transfer agent & recommends measures for the overall improvement of the quality of Investors services.

Composition of Shareholders/ Investor Grievance Committee

Sr. No	Name of the Director	Designation	Nature of Directorship
1	Mr. P.V.R. Murthy	Chairman	Non independent and Non executive
2	Mr. Mohandas Shenoy Adige	Director	Independent and Non executive
3	Mr. Mohan Jayakar	Director	Independent and Non executive
4	Mr Sanjay Agarwal	Director	Non independent and Non executive

INTERESTS OF DIRECTORS (OTHER THAN THE PROMOTER DIRECTORS)

Except as stated in "Related Party Transactions" on page [•] of this offer Document, and to the extent of shareholding in our Company, the directors do not have any other interest in the business. The directors are interested to the extent of shares allotted to them. Except to the extent of their compensation as mentioned on page [•] of this Offer Document, and their shareholding or shareholding of companies they represent, the Directors, other than the Promoters who are also Directors, do not have any other interest in our Company.

All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

Our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Draft Red Herring Prospectus in which the directors are 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.

The Articles of Association provide that the Directors and officers shall be indemnified by our Company against loss in defending any proceeding brought against Directors and officers in their capacity as such, if the indemnified Director or officer receives judgment in his favour or is acquitted in such proceeding.

Statement Showing Shares held by the Directors

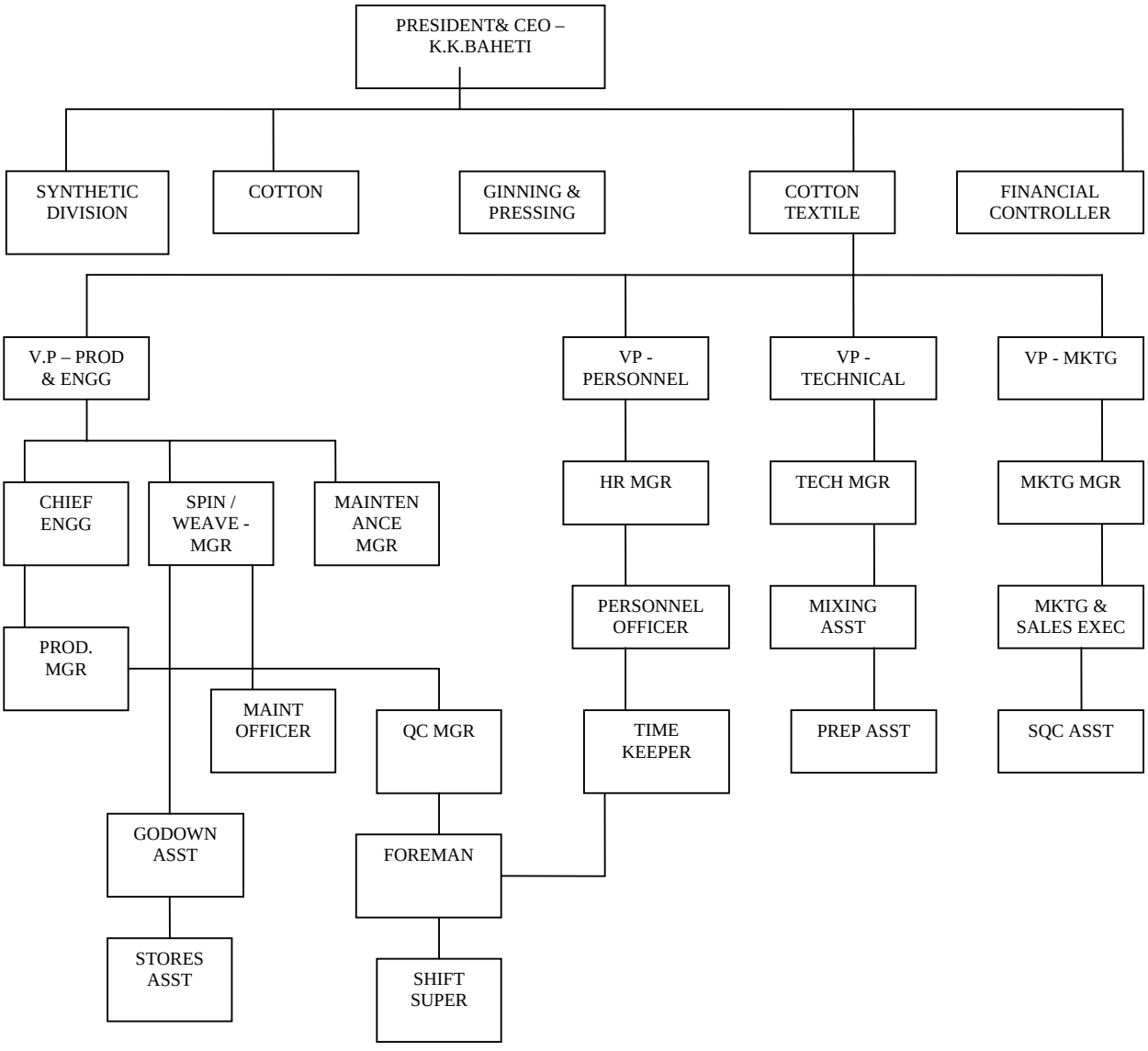
Sr. No.	Name of the Director	Number of Shares held
1	Mr. Yashovardhan Birla	1,14,420
2		

Changes in the Board of Directors in the last 3 years

The following are the changes in the Board of Directors in the last 3 years and no changes thereafter have taken place:

Name	Date of Appointment	Date of Cessation	Reason
Mr.R.P.Todi	14/12/95	15/10/2005	Resigned from Board
Mr. Arun Singhi	3/8/1999	1/6/2006	Resigned from Board
Mr. P.V.R. Murthy	1/6/2006		Appointed as Additional Director
Mr. G.L. Lath	1/6/2006	3/8/2007	Appointed as Additional Director
Mr.Manish Malani	28/1/02	25/1/2007	Resigned from Board
Mr.P.B. Bhardwaj	25/1/07		Appointed as Additional Director
Mr.Alok Bhardwaj	25/1/07		Appointed as Additional Director
Mr.Sanjay Agarwal	25/1/07		Appointed as Additional Director
Mr.Mohan Shenoy Adige	3/8/07		Appointed as Additional Director
Mr. Mohan Rao Datari	3/8/07	6/12/2007	Resigned from Board
Mr. Mohan M. Jayakar	6/12/07		Appointed as Additional Director
Mr. Navinchandra C. Shah	3/8/07		Appointed as Additional Director
Mr Y.P. Trivedi	6/12/07		Appointed as Additional Director

MANAGEMENT ORGANISATION CHART



KEY EXECUTIVES

Mr. K. K. Baheti, **President & Chief Executive Officer:**

Mr. K.K. Beheti, aged 55 years, is an MBA in Finance from Birla Institute of Technology & Science. He has a rich experience of 31 years to his credit at various senior managerial positions. By virtue of his long stint in the textile industry, he has acquired techno-commercial skills in the field. He was earlier associated with Modern Group and Madhumilan Syntex where he gained experience in the implementation of various Textile projects. He is known for fusing entrepreneurial drive & vision with business acumen to launch missions and bring them to fruition. He was director on board of Modern Group, a well-known name in textiles. He would be in-charge of the overall project execution as well as its day-to-day operations.

Mr. V. K. Sethi, aged 54 years, is the COO of Khamgaon unit and he is in charge of the existing spinning division of our Company at MIDC, Khamgaon (erstwhile Vardhan Syntex). He is a qualified Chartered Accountant having a vast experience of more than 25 years in the textile industry. Besides being head of the finance & accounts functions, he has handled stores, commercial, raw material procurement, inventory control, production planning, sales, excise, costing, administration and other functions of manufacturing set-ups.

Mr. Tushar Dey, aged 42 years is our Company Secretary of our Company. He is a qualified company secretary and also holds bachelors degree in General Law. He has over 20 years of experience in handling the lagal and secretarial matters. He has been with Yash Birla Group since April 2006.

Mr. O.B. Sharma, aged 48 years, is the General Manager (P&A) with the spinning division (erstwhile Vardhan Syntex) of our Company He has done B.A. and M.I.R.P.M. During his career spanning over 24 years, he has worked in senior executive positions with various textile companies like Perfect Spinners Ltd., Pee Vee Textiles Ltd., Savatram Ramprasad Mills etc. He has handled various HRD functions like recruitment and training of manpower, conciliation and negotiations with elected representatives of the union, maintaining industrial relations and attending court and workmen compensation matters, liaison with various govt. departments & authorities etc. He has expertise in industrial relations and personnel management. His career with erstwhile Vardhan Syntex spans over more than 11 years.

Mr. C. S. Rathi, aged 47 years, is working as DGM-Marketing. He is a B.Com .and MBA by academic qualification. During his career spanning over almost 20 years, he has worked in senior executive positions in the sales & marketing functions with various textile companies like Derby Textiles Ltd., Rama Fibres Ltd., Banswara Syntex Ltd., Bhilwara Spinners Ltd. and Reliance Spinning Mills Ltd. etc. He has rich experience and expertise in yarn marketing & sales both in export and domestic markets. He has also handled depot and agents during his career with various spinning units. He has widely traveled across the country and has good relations and contacts with customer segment of various types of yarn.

Mr. D. S. Boke, aged 44 years, is working as Sr. Manager-Production. He has behind him more than 22 years of experience working in various positions with Vardhan Syntex itself. After completing his academic pursuits, viz., B.Com. and LLB, he joined Vardhan Syntex in the year 1982 as a Costing Assistant and gradually rose to become Sr. Manager – Production in the year 2003. He has a wide and rich experience in the field of production planning, cost control, export sales, raw material procurement, liaison with various government authorities, inventory control and management etc.

Mr. O.P. Jain, aged 47 years, is Senior Vice President – Project & Operations. He looks after the project impemetation work at Malkapur and Khamgaon. He has more than 27 years of experience in the Textile Industry. He was with Modern Threads (I) Limited of Modern Group as President at Bhilwara. He has implemented various projects of Modern Group from Green Field Stage and was also involved in the day to-day operations of the plant.

KEY MANAGEMENT PERSONNEL:

Sr. No	Name	Designation	Age	Qualification	Experience (Years)	Date of Joining	Functional Responsibility	CTC per annum (Rs.in Lakhs)	Previously Employed
1	Mr. K. K. Baheti	President & Chief Executive Officer	54	MBA	31	15/9/05	Overall in-Charge	27.00	Modern Group
2	Mr.V.K.Sethi	Chief Operating Officer	54	B.com., F.C.A	25	11/7/2000	In-charge of Synthetic Division	11.54	Bharat Commerce Industries, Nagda.
3	Mr. Tushar Dey	Company Secretary	42	B.com., A.C.S B.G.L	20	11/4/07	Legal & Secretarial	10.56	Fiat India Pvt. Ltd.
4	Mr.O.P. Jain	Sr. Vice President	47	Dip- Mech. Enggn.	27	21/5/07	Project implementation in Malkapur	12.00	Modern Group
5.	Mr.C.S. Rathi	D.G.M. Marketing	47	MBA	20	3/9/01	Marketing	5.36	Reliance Spinning Mills, Nepal.
	Mr.O.B.Sharma	G.M. (P&A)	48	B.A..,M.I.R.P.M	24	1/4/97	P&A of Spinning Divn.Khamgaon	4.31	Pee Vee Textiles, Vardha
7.	Mr.D.S.Boke	Sr. Manager (Production)	44	B.com., LLB	22	2/9/82	Production in-charge at Khamgaon	2.90	Khamgaon Syntex Limited.
8	Mr.Ashish Junjunwala	Senior Commercial Manger ,	32	B.com., A.C.A	6	2/7/07	In Charge of Accounts in the Synthetic Division Khamgaon	4.50	BILT Tree Tech Ltd., Ballarpur
9	Mr.B.N. Pandey	G,M. (works)	49	B.Tech	25	13/7/07	In charge of Production and other Technical matters	4.39	Birla Textiles, Baddi, H.P
10	Mr.C.M.Saoji	A.G.M. Engineering		Diplloma in Electrical Engineering	20	8/10/86	In Charege of Electricals in the Synthetic Division , Khamgaon	3.18	Khamgaon Syntex Limited.
11	Mr.Goutham Bera	Commercial Manager	36	MBA	15	19/2/07	Finance & Commercial	5.50	Aryaman Financial Services Ltd.
12	Mr.Murli Krishna	Senior Manger , System	50		26	15/8/07	In Charge of IT	5.24	DMC Management Consultants Ltd,
13	Mr.S.C.Gupta	Manager, Accounts	36	M.com, F.C.A, A.C.S	10	16/8/07	Finance & Accounts	6.50	Rajasthan Spinning & Weaving Mills Ltd.

All the key managerial personnel mentioned above are the permanent employees of our Company.

Shareholding of Key Managerial Personnel: NIL

Bonus or Profit Sharing Plan for the Key Managerial Personnel: - NIL –

Changes in the Key Managerial Personnel in the last three years:

Sr. No.	Name	Designation	Date of Joining	Date of Leaving	Remarks
1	Mr.K.K.Baheti	President & CEO	15/9/05		Also appointed as Manager as defined u/s 2(24) of the Companies Act
2	Mr. O.P. Jain	Sr. Vice President	21/5/07		Fresh appointment
3	Mr. Mehul Rawal	Company Secretary	7/3/06	31/1/07	Resigned on account of Personal reasons
4	Mr. Tushar Dey	Company Secretary	11/4/07		Fresh appointment
5	Mr. Natarajan	Vice President (Technical)	18/7/05	19/5/07	Resigned on account of Personal reasons
6	Mr.Goutham Bera	Commercial Manager	19/2/07		Fresh appointment
7	Mr.Murli Krishna	Senior Manger , System	15/8/07		Fresh appointment
8	Mr.S.C.Gupta	Manager, Accounts	16/8/07		Fresh appointment
9	Mr.Ashish Junjunwala	Senior Commercial Manger ,	2/7/07		Fresh appointment
10	Mr.B.N. Pandey	G,M. (works)	13/7/07		Fresh appointment

EMPLOYEES:

The present strength of our Company is about 1300 .

Disclosures Regarding Employees Stock Option Scheme / Employees Stock Purchase Scheme

ESOP- 2007

The compay has implemented an Employee Stock Option Plan (ESOP) in their ExtraOrdinary General Meeting on 6th December,2007 As per the ESOP, the options granted would vest over a period of Six years from the date of Grant. The employees of the company who have been covered under this plan have a period of 5 years from the date of vesting to exercise the options that would vest.

	Particulars	
a	Options granted	4,245,200
b	Pricing Formulae	At a price not less than the face value per share. All options outstanding have been granted at Rs. 10.
c	Options Vested	0
d	Options Exercised	Nil
e	Total no. of shares arising as result of exercise of Options	4,245,200
f	Options lapsed *	Nil
g	Variation in terms of Options	None
h	Money realised by exerise of Options (in lakhs)	Nil
i	Total number of options in force	4,245,200

j	Employee wise details of options granted to:	
	- Senior Management	
	P V Murthy	1,000,000
	S K Agarwal	1,000,000
	K. K. Baheti	1,000,000
	O.P. Jain	124,800
	Tushar Dey	109,800
	C. S. Rathi	36,900
	D. S. Boke	23,200
	B. N. Pandey	22,800
	C. M. Saoji	25,400
	O.B. Sharma	34,500
	V. K. Sethi	171,800
	Others	696,000
	- any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	
	P V Murthy	1,000,000
	S K Agarwal	1,000,000
	K. K. Baheti	1,000,000
	- employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding warrants and conversions) of the company at the time of grant	
	P V Murthy	1,000,000
	S K Agarwal	1,000,000
	K. K. Baheti	1,000,000
k	Weighted average exercise price of Options granted during the year whose	
(a)	Exercise price equals market price	NA
(b)	Exercise price is greater than market price	NA
(c)	Exercise price is less than market price	10

Note :

* Lapsed Options includes options forfeited and options cancelled/lapsed.

Lock-in period for the shares to be issued and allotted will be pursuant to the exercise of options, as mentioned above, will be at the discretion of the remuneration committee.

The Senior Management and the employees have confirmed that there would not be any sale of equity shares arising pursuant of exercise of the options granted within three months after the date of lisiting of the share.

The above mentioned options shall be exercisable only after the date either on the date of commencement of commercial production or April 1, 2009, whichever is earlier.

For details of our ESOP Plans, see “Capital Structure – Notes to Capital Structure” on page

Payment or Benefit to Officers of our Company

No amount or benefit has been paid or given to any officer of our Company within the two preceding years from the date of filing of this Prospectus or is intended to be paid, other than in the ordinary course of their employment, other than the options granted to them under the ESOP Plan and the shares allotted to them on exercise of options from time to time.

OUR PROMOTERS

Details of Promoters Being Individuals:

Name: Mr. P.B. Bharadwaj
Designation: Chairman



Permanent Account Number	N.A
Passport Number	B095858
Nationality	Kenyan
Voter ID Number	N.A
Driving License Number	-
Bank A/c details	Bank of India,Nriman Point M umbai , NRE a/c no. 15556
Address:	Regency Villa, Outer Circle, Regents Park, London – NW1 4HA

Name: Mr. Yashovardhan Birla
Designation: Co- Chairman



Permanent Account Number	AAJPB2505N
Passport Number	F3355431
Nationality	Indian
Voter ID Number	-
Driving License Number	-
Bank A/c details	SB A/c No. –022-704757-006 HSBC, Fort Branch
Address:	Birla House, 21 Mt. Pleasant Road, Mumbai 400006

Mr. Yashovardhan Birla is the Chairman of the diversified Yashovardhan Birla Group. He has been the chairman of the group for over 13 years.

He has played key role in the development & building up of the diversified Yashovardhan Birla Group of Companies. Under the guidance of Mr. Yashovardhan Birla, the Group Chairman, the Group is striving to build on and contribute to the expansion of formidable Birla Conglomerate through identifying and exploiting various business opportunities.

DETAILS OF PROMOTER BEING A COMPANY/ SOCIETY/TRUST

(i) Polytex Limited:

Permanent Account Number	:	N.A.
Company Registration No.	:	B.P.167503 incorporated under the Cayman Islands Company Law (2004 Revision) on 11th May 2006
Address		P.O.Box 487GT, 4th Floor, First Caribbean House, Grand Cayman, Cayman Islands, British West Indies.
Bank Account Details	:	Account No.63206601 Barclays Bank (SUISSE) S.A RUE D'LTALIE 8- 10, 1211 GENEVA 3, SWITZERLAND.
Nature of Business	:	Unrestricted – currently involved in Investment Activities

History : Polytex Ltd is a company incorporated under the Cayman Islands Company Law (2004 Revision) on 11th May 2006 having its Registered Office at P.O.Box 487GT, 4th Floor, First Caribbean House, Grand Cayman, Cayman Islands, British West Indies. It is currently involved in investment activities.

Promoter: Mr P.B.Bhardwaj

Shareholding Pattern as on 26th November 2007:

Sr No	Name of shareholders	Number of Equity Shares	% of holding
1	Mr. P. B. Bhardwaj	1,00,000	100%
	Total		

Board of Directors as on 31st March , 2007

The Board of Directors comprises of:

Sr. No	Name	Designation
1	Eagle Management Services Limited, C/o Barclays Bank (SUISSE) S.A 10 RUE D'LTALIE 1211 GENEVA 3, SWITZERLAND.	Director

The brief financials are given below: The Company had been in operation for only one year.
(Amount in US Dollars)

Particulars for the year ended	31st May 2007
Total Income	26,028.52
Profit / Loss After Tax	18,030.77
Equity Share Capital	1000.00
Reserves & Surplus (excluding revaluation reserve)	18,030.77 -
Share Holders Funds / Net Worth (USD)	19,030.77
NAV per share of (0.01 USD – 1cent) FV each	0.19
EPS of FV 0.01 USD – 1cent	0.18

(ii) Nirved Traders Private Limited

Permanent Account Number	:	AAACN 3387L
Company Registration No.	:	11-82365 OF 1994
Bank Account Details	:	Bank of Baroda Backbay Reclamation
Nature of Business	:	Investment & Finance Company

History:

The Company was incorporated on 25th October, 1994 under the name of Nirved Traders Private Limited (Nirved). The Company is operating as NBFC and is in the business of dealing in shares and securities.

Nirved is 100% subsidiary of Birla International Private Limited. As per the order passed by the Hon'ble High Court, Mumbai in Petition No. 638 & 639 of 2006 approved the Scheme of Arrangement u/s 391 to 395 of the Companies Act, 1956 whereby "Infrastructure Service Division" of the Birla International Pvt. Ltd. together with all the attendant rights & obligations stands transferred to Nirved with effect from March 01, 2007

After the aforesaid Order of the High Court, Nirved has started to deal in "Infrastructure Service Division" business of Birla International Private Limited.

For details of the Scheme of arrangement, please refer point no. on page no. [•] of this DRHP

Promoter:

M/s Birla International Private Limited.

Shareholding Pattern as on 31st March 2007:

Sr No	Name of shareholders	Number of Equity Shares	% of holding
1	M/s Birla International Pvt. Ltd	2,49,700	99.88
2	Mr. G.L. Lath & M/s Birla International Pvt. Ltd	100	0.04
3	Mr. Arun Singhi & M/s Birla International Pvt. Ltd	100	0.04
4	Mr. K.P. Chokhani & M/s Birla International Pvt. Ltd	100	0.04
	Total	**2,50,000**	**100.00**

Board of Directors as on 31st March , 2007

The Board of Directors comprises of:

Sr. No	Name	Designation
1	Mr. G. L. Lath	Director
2	Mr. Arun Singhi	Director
3	Mr. K. P. Chokhani	Director

The brief financials are given below:

(Rs in Lakhs)

Particulars for the year ended	30th September 2006 (18 months)	31st March 2005	31st March 2004
Total Income	510.13	4.68	5.02
Profit / Loss After Tax	78.57	2.80	2.94
Equity Share Capital	25.00	25.00	25.00
Reserves & Surplus (excluding revaluation reserve)	2608.12	32.85	29.95
Share Holders Funds / Net Worth (Rs)	2633.12	57.85	54.95
NAV per share of FV Rs. 10/- each (Rs.)	1053.25	23.14	21.98
EPS of FV Rs. 10/- each (Rs.)	31.43	1.11	1.18

The company has taken permission from RoC for extension of time to publish audited accounts upto 31st March 2008 i.e. for a period of 18 months from 30the September 2006.

The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

There are no defaults in meeting any statutory/bank/institutional dues and no proceedings have been initiated for economic offences against the Company.

(iii) Shearson Investment & Trading Company Pvt. Limited

Permanent Account Number	:	AABCS4653H
Company Registration No.	:	11-54227 dated 10th November 1989
Bank Account Details	:	UCO Bank, Churchgate Reclamation
Nature of Business	:	Investment & Finance Co.

History:

The Company was incorporated in 1989 under the name and style of Shearson Investment & Trading Co. Pvt. Ltd. The Company is carrying on the business of financier and dealing in shares and securities.

Promoters

- Mr. Yashovardhan Birla.
- M/s Godavari Corporation Pvt. Ltd.

Shareholding Pattern as on 30th Sep 2007

Sr No	Name of shareholders	Number of Equity Shares	% of holding
1	Mr. Yashovardhan Birla	7,335	55.01
2	M/s Godavari Corporation Pvt. Ltd	5,892	44.18
3	M/s Birla Global Corporation Limited	42	0.31
4	M/s Birla International Ltd.	66	0.49
	Total	**13,335**	**100.00**

Board of Directors as on 30th Sep 2007

The Board of Directors comprises of:

Sr. No	Name	Designation
1	Mr. Yashovardhan Birla	Director
2	Mr. Arun Singhi	Director
3	Mr. G.L. Lath	Director
4	Mr. R.P. Todi	Director

The brief financials are given below:

(Rs in Lakhs)

Particulars	31st March 2007	31st March 2006	31st March 2005
Total Income	235.24	4173.50	13.66
Profit / (Loss) After Tax	98.08	4072.23	(53.96)
Equity Share Capital	1.33	1.33	1.00
Reserves & Surplus	6357.78	6320.33	1217.81
Share Holders Funds / Net Worth	6359.11	6321.66	1218.81
NAV per share of FV Rs. 10/- each (Rs.)	47812.86	47531.27	12188.10
EPS of FV Rs. 10/- each (Rs.)	737.44	-	-

Note : PAT for the year 31st March 2006 includes the profit on sale of investment of Rs.4135.16 lakhs.

The company is not a listed Company.

The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

Note on Amalgamation of the Promoter Companies

Opus Investment and Trading Company Private Limited and Hallmark Leasors and Distributors Private Limited and Capricorn Leasors and Distributors Private Limited being group companies are merged with Shearson Investment and Trading Company Private Limited. Shearson Investment & Trading Company Private Limited had filed the applications for the amalgamation on 15th September, 2005 and has filed petition under section 394 of The Companies Act, 1956 for sanctioning the scheme of amalgamation. The Honorable High Court, Mumbai on January 20, 2006, approved the scheme of amalgamation.

(IV). Yash Society

Date of Incorporation	Originally incorporated on March 13, 1970 under the name and style of Birla Vidya Vihar Society, renamed on December 13, 1988 under the present name of Yash Society.
Nature of Activities	*To relieve ailing persons, providing medical attention, constructing and maintaining or assisting Charitable Dispensaries, Hospitals, Convalescent Homes, Sanitoria and Maternity Homes.* Presently Yash Society is running a hospital at Nasik and Ayurvedic/Homeopathic Dispensary at Mumbai.
Permanent Account Number	*AAATY0007D*
Registered Office	*Industry House, 159, Churchgate Reclamation, Mumbai-400 020*
Registration Number	*Bom 52/70 GBBD under the Societies Registration Act, 1860. PTR No. F2195 (Bom) under the Bombay Public Trust Act, 1950.*

Board of Trustees/Management

As on June 30, 2007, the list of Present Trustees/Board of Management of Yash Society consisted of:

1. Mr. Yash Birla, Chairman
2. Mrs. Avanti Birla,
3. Mr. Arun Singhi, Hon. Secretary.
4. Mr. K. P. Chokhani, Jt. Hon. Secretary
5. Mr. Manish Malani

(V). BIRLA INDUSTRIES GROUP CHARITY TRUST (MEDICAL)

Date of Incorporation	Originally registered under the Bombay Public Trusts Act, 1950 on December 31, 1953in the name of Birla Industries Group Charity Trust.
Nature of Activities	*The main activities of the trust are Educational, Medical & Relief of Poverty.*

Permanent Account Number	*AAATB0010B*
Registered Office	*Industry House, 159, Churchgate Reclamation, Mumbai-400 020*
Registration Number	*Public Trust Registration No. E-912 (Mumbai)*

Board of Trustees/Management

As on June 30, 2007, the list of Present Trustees/Board of Management consists of:

1. Mr. Yash Birla.
2. Mrs. Avanti Birla.
3. Mr. G. L. Lath.
4. Mr. Arun Singhi

(VI). SUNANDA MEDICAL INSTITUTE

Date of Incorporation	Originally registered under the Societies Registration Act 1860 on 9th July 1993.in the name of Birla Industries Group Charity Trust.
Nature of Activities	*The main activities of the institute is is related to the field of Medical & Relief*
Permanent Account Number	*AAFTS3048B*
Registered Office	*901,Bikaji Cama Bhavan, 11, Bhikaji cama Place, New Delhi 110066*
Registration Number	*Societies Regn. No. S- 24466 (Delhi)*

Board of Trustees/Management

As on June 30, 2007, the list of Present Trustees/Board of Management consists of:

1. Mr. Yash Birla. President
2. Mrs. Avanti Birla.
3. Mr. Arun Singhi, Hon. Secretary
4. Mr. K.P. Chokhani, Jt. Hon. Secretary
5. R.S. Malani

It is confirmed that the PAN, Bank Account details and Passport Number of Mr. P.B. Bhardwaj and **Mr. Yashovardhan Birla** is being submitted to the Stock Exchanges on which Equity Shares are proposed to be listed, at the time of filing of Draft Red Herring Prospectus with them. In respect of corporate promoters, i.e. **Polytex Ltd., Nirved Traders Pvt. Ltd., Shearson Investment & Trading Company Pvt. Limited, Yash Soceity, Birla Industries Group Charity Trust (Medical), and Sunanda Medical Institute** their respective PAN, Bank Account details, Company Registration Number and the addresses of the Registrars of Companies where these companies are registered; are being submitted to the Stock Exchange, on which Equity Shares are proposed to be listed.

Common Pursuits
There is no common pursuit.

FULL PARTICULARS OF THE NATURE AND EXTENT OF THE INTEREST, IF ANY, OF EVERY PROMOTER:
Neither the Promoters nor the Firms or Companies in which they are members have any interest in the business of our Company, except to the extent of investments made by them and their group / investment companies in our Company and earning returns thereon. None of the Promoters or the firms or companies in which they are members has any interest in any property acquired by the Company within two years of the date of this Draft Red Herring Prospectus or proposed to be acquired by it. The promoters are also interested in our Company to the extent of their shareholding, for which they are entitled to receive the dividend declared if any, by our Company.

PAYMENT OR BENEFIT TO PROMOTERS OF OUR COMPANY:

Other than the salary and remuneration of the Promoter Directors, referred to in the section titled "Compensation to Whole-time Directors" on page [•] of this Draft Red Herring Prospectus, there are no payment or benefit to promoters of our Company.

RELATED PARTY TRANSACTIONS AS PER THE FINANCIAL STATEMENTS

The details of related party transactions please refer to Annexure XV of the Financial Statement on page [•] of this DRHP

CURRENCY OF PRESENTATION

In this Draft Red Herring Prospectus, all references to "Rupees" and "Rs." and "Indian Rupees" are to the legal currency of the Republic of India; all references to "U.S. Dollars"and "US$" are to legal currency of the United States.

In this Offer Document, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and the shareholders, at their discretion, and will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial condition. The Board may also from time to time pay interim dividend. Our Company has declared and paid dividend @ 5% on its 1,36,18,080 equity shares capital for the financial year ended March 31, 2007.

Amount in Rs

Particulars	**For the year ended**					**For the quarter ended 30th June 2007**
	2003	**2004**	**2005**	**2006**	**2007**	
Equity shares						
Number of shares	6,180	6,180	226,968	2,269,680	13,618,080	13,618,080
Face value (Rs.)	100/-	100/-	100/-	* 10/-	10/-	10/-
Paid-up value (Rs.)	100/-	100/-	100/-	10/-	10/-	10/-
Rate of dividend	-	-	-	-	5%	-
Total dividend (Rs)	-	-	-	-	5,447,232	-
Corporate dividend tax on above (Rs)	-	-	-	-	926,030	-

* The shares have been sub divided into Rs.10 each with effect from 13th March 2006

The bonus shares issued during the year are eligible for pro- rata dividend.

SECTION VII - FINANCIAL STATEMENTS

REPORT OF THE AUDITOR ON FINANCIAL INFORMATION

The Board of Directors
BIRLA COTSYN (INDIA) LIMITED.
Dalamal House, First Floor
206.Jamnalal Bajaj Marg,
Nariman Point,
MUMBAi-400 021.

Dear Sirs,

We have examined the financial information of **BIRLA COTSYN (INDIA) LIMITED** (formerly known as **BIRLA AGRO PRIVATE LIMITED**) [hereinafter referred to as 'the Company'] contained in the statements annexed to this report, which have been approved by the Board of Directors, proposed to be included in the Draft Red Herring Prospectus in connection with the proposed Public Offer of Equity Shares of the Company.

In terms of the requirement of :

a. Paragraph B (1) of Part – II of Schedule II to the Companies Act, 1956,

b. The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, issued by SEBI on January 19, 2000, in pursuance of Section 11 of Security and Exchange Board of India Act (SEBI), 1992, 'the SEBI Guidelines' ;

c. The instructions dated 26th June 2007 and 13th August 2007, received from the Company, requesting us to issue a report as Statutory Auditors of the Company relating to the Draft Red Herring Prospectus being issued by the Company in connection with the Public Offer of Equity Shares of the Company.

Financial Information as per audited financial Statements :

a. We have examined the accompanying 'statement of adjusted Profits and Losses' (Annexure - I) for the five financial years ended 31st March 2003, 2004, 2005, 2006, 2007 and for the three months period ended 30th June, 2007 and the 'statement of adjusted assets and liabilities' (Annexure – II) as on those dates, forming Part of the 'Financial Information' dealt with by this Report, detailed below. Both read together with the notes and significant Accounting Policies (Annexure- IV & III) thereon, which are the responsibility of the Company's management, have been extracted from the financial statements for each of the financial years ended 31st March 2003, 2004 and 2005 audited by M/S M.L.Choraria & Associates Chartered Accountants being the auditors for those years and for the years ended 31st March 2006, 2007 and for the three months period ended 30th June 2007 audited by us, approved by the Board of Directors and adopted by the Members in those respective financial years. We did not carry out any validation tests or review procedures of financial statements for aforesaid financial years audited by M/S M.L.Choraria & Associates and upon which we have placed our reliance while reporting.

b. We report as under :-

   (i) The statement of adjusted profits and/or losses, and the assets and liabilities of the Company as at the end of each of the five financial years ended 31st March 2003, 2004,2005,2006,2007 and for the three months period ended 30th June 2007, reflect the profits and losses and assets and liabilities extracted from the Profit and Loss Accounts and Balance Sheets for the financial years ended 31st March 2003, 2004 and 2005 audited by M/S M.L.Choraria & Associates Chartered Accountants being the auditors for those years and for the years ended 31st March 2006, 2007 and for the three months period ended 30th June 2007 audited by us, us after making such adjustments,

regrouping and disclosures as were, in our opinion, appropriate and required to be made in accordance with Clause (b) of paragraph 6.10.2.7 of "the SEBI Guidelines,"

(ii) in our opinion, read with the respective Significant Accounting Policies and subject to/read together with the notes thereon and after making such adjustments, regroupings and disclosures as were, in our opinion, appropriate and required, the financial information referred to above and the other Financial Information herein below, have been prepared in accordance with Part – II of Schedule II of the Companies Act, 1956, and the SEBI Guidelines.

Other Financial Information :

We have also examined the following other financial information relating to the Company proposed to be included in the Draft Red Herring Prospectus, extracted from each of the financial years ended 31st March 2003, 2004 and 2005 audited by M/S M.L.Choraria & Associates Chartered Accountants being the auditors for those years and for the years ended 31st March 2006, 2007 and for the three months period ended 30th June 2007 audited by us, except that, the Cash Flow Statement, the Statement of Segment Reporting and the Related Party transactions, for the financial year ended 31st March 2003, 2004 and 2005 are as prepared by the management and reviewed by us :-

i) Statement of the Cash Flow of the Company (Annexure - V)
ii) Details / Analysis of Outstanding Secured & Unsecured Loans taken by the Company (Annexure - VI & VII).
iii) Adjusted statement of investments- (Annexure - VIII)
iv) Age-wise analysis of Sundry Debtors and details of Loans and Advances as at 30th June 2007 (Annexure – IX & X)
v) Details of Other Income (Annexure - XI)
vi) Statement of Dividend paid (Annexure - XII)
vii) Capitalization Statement (Annexure -XIII)
viii) Summary of Accounting Ratios based on adjusted profits relating to the earning per share, net asset value and return on net worth (Annexure – XIV)
ix) Related Party Transactions (Annexure - XV)
x) Statement of Segment Reporting (Annexure- XVI)
xi) Statement of Tax Shelter (Annexure- XVII)

This report should not in any way be construed to be a reissuance or redating of any of the previous audit reports issued by us or by the other firm of Chartered Accountants, nor should it be construed to be a new opinion on any of the financial statements referred to herein.

Our this Report, is being provided solely for the use of Birla Cotsyn (India) Limited, for the purpose of its inclusion in the said Draft Red Herring Prospectus in connection with the proposed Public Offer of the Equity Shares of the Company.

This Report may not be used or relied upon by or disclosed, referred to or communicated by yourself (in whole or in part) to any third party for any purpose other than the stated use, except with our written consent in each instance and which consent may be given only after full consideration of the circumstances at that time.

For and on behalf of
DALAL & SHAH
Chartered Accountants

SHISHIR DALAL
Partner
Membership No.37310

MUMBAI
Date : 26th September, 2007

Annexure I

SUMMARY STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED

Amount in Rs.

	For the year ended 31st March					For the quarter ended 30th June,2007
	2003	2004	2005	2006	2007	
INCOME						
Sales:						
Of products manufactured by the Company (net of Excise duty)	22,229,480	33,181,818	26,517,018	26,864,809	468,193,294	140,562,170
Of products traded in by our Company	-	-	7,858,032	11,302,993	66,947,812	43,065,154
Sub-total	22,229,480	33,181,818	34,375,050	38,167,802	535,141,106	183,627,324
Other Income	659,232	803,643	652,130	1,627,034	12,086,774	1,970,386
Increase/(Decrease) in Stock	361,231	1,512,588	(2,505,682)	639,530	14,260,143	(5,102,104)
Total	23,249,943	35,498,049	32,521,498	40,434,366	561,488,023	180,495,606
EXPENDITURE						
Purchase of goods traded	6,434,340	6,545,623	7,510,052	10,263,723	60,934,744	36,643,525
Raw materials Consumed	2,738,935	9,837,605	1,305,579	6,244,847	310,164,496	87,373,566
Staff Costs	4,553,505	6,183,135	6,613,202	5,871,611	57,052,415	20,059,617
Other Manufacturing expenses	6,164,775	7,725,542	11,007,793	10,571,325	60,115,998	15,544,949
Administration expenses	1,380,907	1,384,785	2,432,337	2,380,826	12,265,795	2,670,552
Selling & Distribution expenses	52,817	11,295	10,133	64,955	10,805,846	5,187,087
Interest	1,026,538	1,403,245	1,628,216	1,407,233	3,659,880	1,041,921
Total Expenditure	22,351,817	33,091,230	30,507,312	36,804,520	514,999,174	168,521,217
Profit before Depreciation, extraordinary items & Taxes	898,126	2,406,819	2,014,186	3,629,846	46,488,849	11,974,389
Gross Depreciation	999,281	1,149,923	1,498,838	1,630,806	7,284,242	2,954,446
Less:Transfer from Revaluation reserve	162,354	162,354	99,924	42,924	42,924	10,706
Net Depreciation	836,927	987,569	1,398,914	1,587,882	7,241,318	2,943,740

Net Profit/ (loss) before extraordinary items and Taxes	**61,199**	**1,419,250**	**615,272**	**2,041,964**	**39,247,531**	**9,030,649**
Add: Extraordinary items	**-**	**-**	**-**	**-**	**-**	**-**
Net Profit/ (loss) before Tax	**61,199**	**1,419,250**	**615,272**	**2,041,964**	**39,247,531**	**9,030,649**
Less: Provision for current tax (including Wealth tax)	**5,000**	**112,000**	**49,000**	**580,000**	**10,312,049**	**850,000**
Less: Provision for deferred tax (net)	**2,654,946**	**108,598**	**19,758**	**(1,330,968)**	**2,877,956**	**162,152**
Less : Provision for Fringe Benefit tax	**-**	**-**	**-**	**76,900**	**360,123**	**89,863**
Effect of adjustments on tax						
Net Profit/ (loss) after tax	**(2,598,747)**	**1,198,652**	**546,514**	**2,716,032**	**25,697,403**	**7,928,634**

Annexure II

Summary Statement Assets & Liabilities as restated

(Amount in Rupees)

		For the year ended 31st March					**For the quarter ended 30th June, 2007**
		2003	**2004**	**2005**	**2006**	**2007**	
A.	**Fixed Assets :**						
(i)	Gross Block	20,323,068	23,824,306	37,145,899	39,501,344	316,304,972	323,327,308
	Less: Accumulated Depreciation	7,443,381	8,406,699	9,324,461	10,955,267	17,810,343	20,764,793
	Net Block	12,879,687	15,417,607	27,821,438	28,546,077	298,494,629	302,562,515
	Less: Revaluation Reserve	3,827,337	3,664,983	3,565,059	3,522,135	156,388,905	156,378,199
	Net Block after adjustment for Revaluation Reserve	9,052,350	11,752,624	24,256,379	25,023,942	142,105,724	146,184,316
(ii)	Capital work in Progress	898,492	-	-	11,748,724	164,292,510	216,147,455
	TOTAL (A)	**9,950,842**	**11,752,624**	**24,256,379**	**36,772,666**	**306,398,234**	**362,331,771**
B	**Investments (B)**	**1,700,110**	**1,700,110**	**91,700,110**	**91,699,810**	**50,035**	**50,035**
C	**Current Assets , Loans & Advances:**						

	Inventories	1,642,242	3,333,138	1,391,881	1,626,665	101,314,348	101,455,937
	Sundry Debtors	1,890,500	2,459,761	5,858,142	8,075,807	87,630,021	100,961,185
	Cash & Bank Balances	932,382	1,599,066	1,562,555	591,791	83,341,587	39,844,839
	Loans & Advances	753,868	822,386	92,654,153	91,281,116	89,845,312	108,285,524
	TOTAL (C)	**5,218,992**	**8,214,351**	**101,466,731**	**101,575,379**	**362,131,268**	**350,547,485**
	TOTAL (A+B+C)	**16,869,944**	**21,667,085**	**217,423,220**	**230,047,855**	**668,579,537**	**712,929,291**
D	**Less :Liabilities & Provisions:**						
	Secured Loans	564,830	1,264,140	10,930,179	10,556,058	200,781,217	204,747,679
	Unsecured Loans	10,897,016	13,028,711	2,495,750	10,630,796	1,000,000	1,000,000
	Net Deferred Tax liabilities	2,654,946	2,763,544	2,783,302	1,452,334	4,330,290	4,492,442
	Current Liabilities & provisions	710,425	1,369,311	3,397,296	6,848,416	148,484,254	159,278,435
	TOTAL (D)	**14,827,217**	**18,425,706**	**19,606,527**	**29,487,604**	**354,595,761**	**369,518,556**
	Networt– (A+B+C - D)	**2,042,727**	**3,241,379**	**197,816,693**	**200,560,251**	**313,983,776**	**343,410,735**
	Represented By:						
(i)	Share Capital	618,000	618,000	22,696,800	22,696,800	136,180,800	136,180,800
(ii)	Share Application Money	-	-	-	-	92,126,911	113,625,238
	Reserves & Surplus	5,252,064	6,288,362	178,684,952	181,385,586	242,064,970	249,982,898
	Less: Revaluation Reserve	3,827,337	3,664,983	3,565,059	3,522,135	156,388,905	156,378,199
(iii)	Reserves (net of Revaluation Reserve)	1,424,727	2,623,379	175,119,893	177,863,451	85,676,065	93,604,699
	Networth–(i+ ii - iii)	**2,042,727**	**3,241,379**	**197,816,693**	**200,560,251**	**313,983,776**	**343,410,735**
	Notes :						
	1. The above statement should be read with Significant Accounting Policies as appearing in –nnexure - III & Notes to statements of adjusted Profits & Lossess & Assets & Liabilities, as restated appearing in Annexure IV.						
	2. Liabilities taken over by our Company in pursuance of business transfer agreement entered into during the F.Y. 2006-07 and assessed by the management as no longer required and reversed are not considered for adjustments in the annexture in as much as they relate to the business which was acquired during the period and were not in existence in the earlier period.						

Annexure - III

SIGNIFICANT ACCOUNTING POLICIES

System of Accounting:

The Financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956, as adopted and consistently followed by the Company. The Company follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis, except those associated with significant uncertainties.

Fixed Assets :

i) Fixed Assets are stated at cost which is inclusive of freight, duties, taxes and all other incidental expenses related thereto except certain fixed assets which are stated at revalued amount less accumulated depreciation.

ii) Lease hold Premises : The Company has been allotted Lease hold premises for industrial use at Khamgoan having lessor Khamgoan Municipal Committee, Khamgaon for a lease period of 30 years expiring on 31st July, 2003, and renewable for further 30 years for which application has been submitted to the concerned authorities. Leasehold land located at MIDC Khamgaon is for a the period of 95 years.

Depreciation :

i) Depreciation on Fixed Asset has been provided on the Straight Line Method at the rates specified and in the manner prescribed under Schedule XIV of Companies Act, 1956. Leasehold land is amortized over the period ofse.

ii) In respect of the revalued assets, the incremental depreciation attributable to the revaluation is recouped from the revaluation reserve on straight line basis.

Investments :

Long term investments are stated at Cost. Provision for diminution is made if the decline in value is other than temporary in nature.

Revenue Recognition:

Revenue from sale of products are recognized on transfer of all significant risks and rewards of ownership of the product on to the customers, which is generally on dispatch of goods.
Export sales are accounted on the basis of the dates of bill of lading.
Export incentives are recognized in the year of export and included in the turnover.
Revenue from Services rendered is booked on agreements/arrangements with the concerned parties.

Inventories :

Inventories are valued as under:
Stores & Spare parts; at cost.
Raw materials and packing materials, at cost.
Finished Goods
Manufactured Goods at lower of cost or market value.
Trading goods, at lower of cost or market value.
Agriculture products, at estimated market value.

Retirement Beits:

i) The Company contributes to Group Gratuity Scheme of Life Insurance Corporation of India with respect to employees of units at Khamgaon (ginning and pressing), Ghatanji and Dhule. In respect of employees of Synthetic

Division and those at Head Office, for the Gratuity liability is ascertained based on actuarial valuation and provided in the books of account to cover the present value of future liaby.

ii) In case of seasonal employees the gratuity payment is taken into account on payment basis.

Leave salary is ascertained and provided for on actual/ actuarial basis.

Contribution to Provident fund is charged to profit & loss account as and when due

Foreign currency transactions:

Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the time of transaction.

Foreign exchange gain or loss arising out of revenue transactions settled during the year is charged to the profit and loss account.

Exchange difference arising on account of liabilities for purchase of imported fixed assets is adjusted to the carrying cost of the respective fixed assets.

Current assets and liabilities in foreign currencies at the close of the financial year are converted at the exchange rates prevailing at the close of the year.

Borrowing Cost:

Borrowing cost that is attributable to acquisition of qualifying asset (i.e asset that have necessarily taken substantial time to get ready for intended use) is capitalized as part of total cost of such assets.

All other borrowing costs are recognized as expense in the period in which they are incurred.

Taxation:

Current tax is determined at the current rates based on assessable income.

Deferred tax is determined using the rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred Tax Assets are recognized and carried forward only if there is reasonable certainty of its realization. However in case of carried forward losses and unabsorbed depreciation under the Income Tax Act, 1961, the Deferred Tax Asset is recognized if and only if there is virtual certainty backed by convincing evidence of its realization. Such assets are reviewed at each Balance Sheet date to reassess its realization. Provision for Fringe Benefit Tax is made in accordance with the provisions of Income Tax Act, 1961.

Annexure - IV

MAJOR NOTES FORMING PART OF THE ACCOUNTS :

1. Contingent Liabilities not provided for in respect of:

	For the Quarter Ended 30th June 2007 (Rs.)	For the Year Ended 31st March, 2007 (Rs.)
. Claims against company not acknowledged as debts	1,02,000	1,02,000

2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs. 547,636,000 (Rs. 465,537,000)

3.. a) The names of the Small Scale Industrial undertaking to whom the Company owes a sum outstanding for more than 30 days are as follows:

----Nil----.

b) In the absence of necessary information with the Company relating to the registration status of suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, the information required under the said Act could not be compiled and disced.

4 The major components of Deferred Tax Asset/(Liability) are set out below:

	For the Quarter Ended 30th June, 2007 (Rs.)	For the Year Ended 31stMarch,2007 (Rs.)
Deferred Tax Liabilities on account of,		
Depreciation	4,96,000	36,00,030
Total	4,96,000	36,00,030
Deferred Tax Assets on account of,		
Gratuity	2,87,215	5, 37,353
Leave Encashment	46,633	1, 84,721
Total	3,33,848	7,22,074
Net Deferred Tax Asset/(Liabilities)	(1,62,152)	(28,77,956)

---

5. Earning per share.

Particulars	For the Quarter Ended 30thJune,2007	For the Year Ended 31st March,2007
Net profit as per Profit & Loss Account(Rs.)	79,28,634	2,56,99,851
Number of Equity Shares of Rs. 10 each	1,36,18,080	1,36,18,080
Earning per share	0.58	1.89

6. The Government of India has approved import of Capital Equipment under the "Exports Promotion Capital Goods Scheme" at a concessional rate of custom duty. The Company has undertaken export obligation to the extent of U.S. Dollars 27.72 lakhs (equivalent to Rs.1223.42 lakhs approximately), to be fulfilled during the period of eight years from the date of installation of imported machinery, failing which the differential custom duty of Rs.152.93 lakhs, together with interest and penalties, if levied, may have to be paid.

Against the aforesaid export obligation, the company has exported goods worth Rs. 374.49 lakhs till 30/06/2007. Managerial remuneration to Manager (within the meaning of section 2(24) of the Companies Act, 1956).

	For the Quarter Ended 30th June,2007 (Rs.)	For the Year Ended 31stMarch,2007 (Rs.)
Salary	**3,55,407**	**4,51,992**
Contribution to Provident Fund and Other funds	-	-
Medical Assistance	**----**	**21,884**
Leave Travel Assistance	**----**	**73,304**
Other perquisites	**78,794**	**1,26,541**
Total	**4,34,201**	**6,73,721**

Note:- With respect to provision for gratuity, no disclosure is being made in the absence of separate figure.

11. In the opinion of the Board, Current Assets, Loans and Advances have value on realization in the ordinary course of business at least equal to the amount at which they are stated.

12. The company has a system of periodically reconciling outstanding balances of sundry Debtors, Sundry Creditors, advances, deposits etc; and on such reconciliation the necessary adjustments are made in the accounts. Consequently balances as at the end of the year are as per books of account.

13 During the F.Y. 2006-07, the company has revalued its Freehold land, except a piece of land located at Bhilwara, Rajasthan, pending transfer from erstwhile Khamgaon Syntex India Limited, and held for disposal. This has resulted in increase in value of Freehold land by Rs. 1529.91 Lakhs and correspondingly the credit has been given to Revaluation Rrve.

14. **The Company has effective 1st August, 2006 entered into a Business Transfer Agreement, with Khamgaon Syntex (India) Limited (KSIL), whereby the Business Undertaking of KSIL, located at Khamgaon, Dist. Buldhana, manufacturing spinning yarn and consisting of leasehold land, buildings, plant and machinery, movable assets etc stands transferred to the Company as a going concern on a slump sale basis for an aggregate consideration of Rs.1237 Lakhs. As the figures of the current accounting year includes those of the purchased business undertaking, the figures are not comparable with those of the previous year**.

Annexure V

Statement of Cash Flow, as restated

(Amount in Rupees)

	For the year ended 31st March					For the quarter ended 30th June, 2007
	2003	**2004**	**2005**	**2006**	**2007**	
CASH FLOW FROM OPERATING ACTIVITIES						
Net Profit/(Loss) before Taxation	61,199	1,419,250	615,272	2,041,964	39,247,531	9,030,649
Adjustments for :						
Interest Expense (net)	1,009,010	1,394,600	1,600,927	1,345,964	2,931,125	(110,149)
Loss/(profit) on sale of Fixed Assets/investments	-	-	286,907	(131,000)	(2,754,739)	-
Depreciation	836,927	987,569	1,398,914	1,587,882	7,241,318	2,943,740
Excess Provision/ liabilities written back	-	-	-	-	(5,372,615)	(51,007)
Operating Profit before Working Capital Changes	**1,907,136**	**3,801,419**	**3,902,020**	**4,844,810**	**41,292,620**	**11,813,233**
Decrease(Increase)in Sundry Debtors	1,376,564	(569,261)	(3,398,381)	(2,217,665)	(47,156,762)	(13,331,163)
Decrease(Increase)in Inventories	(173,587)	(1,690,896)	1,941,257	(234,784)	(14,452,981)	(141,589)
Decrease(Increase) in Loans & Advances	1,967,532	(68,518)	(91,831,767)	1,373,037	38,894,002	(10,117,584)
(Decrease) Increase in Current Liabilities & Provisions	(868,877)	546,886	2,036,128	1,016,503	18,944,111	9,905,325
Cash Generated from Operations	**4,208,768**	**2,019,630**	**(87,350,743)**	**4,781,901**	**37,520,990**	**(1,871,778)**
Taxes Paid (net of refund)	(180,000)	-	(57,143)	(194,757)	(487,078)	8,322,628
Net Cash from Operating Activities	**4,028,768**	**2,019,630**	**(87,407,886)**	**4,587,144**	**37,033,912**	**(10,194,406)**
CASH FLOW FROM INVESTING ACTIVITIES						
Purchase of Fixed Assets (including Capital work in Progress)	(2,219,599)	(2,789,351)	(14,189,575)	(13,973,169)	(196,032,757)	(58,877,280)
Purchase / Sale or redemption of Investments	200	-	(90,000,000)	300	92,450,000	-
Acquisition of Business of KSIL	-	-	-	-	(123,700,000)	-
CASH FLOW FROM INVESTING ACTIVITIES	**(2,219,399)**	**(2,789,351)**	**(104,189,575)**	**(13,972,869)**	**(227,282,757)**	**(58,877,280)**
CASH FLOW FROM FINANCING ACTIVITIES.						
Proceeds from Issue of Capital	-	-	22,078,800	-	-	-
Share Premium Received	-	-	171,950,000	-	-	-
Share Application money received	-	-		-	92,126,911	21,498,327

Proceeds/ (Repayment) Secured Loans	245,380	699,310	9,666,039	(374,121)	189,995,129	3,966,461
Proceeds/ (Repayment) Unsecured Loans	(524,244)	2,131,695	(10,532,961)	8,135,046	(9,630,796)	-
Capital Subsidy	-	-	-	2,000,000	-	-
Interest Paid	(1,009,010)	(1,394,600)	(1,600,927)	(1,345,964)	(2,931,125)	110,149
Net Cash from Financing Activities	**(1,287,874)**	**1,436,405**	**191,560,951**	**8,414,961**	**269,560,119**	**25,574,937**
Net increase in cash and cash equivalents						
Cash and Cash equivalents:	521,495	666,684	(36,510)	(970,764)	79,311,274	(43,496,749)
At the beginning of the year	**410,887**	**932,382**	**1,599,066**	**1,562,555**	**591,791**	**83,341,588**
Cash and Bank Balance (Part of Acquisition)					**3,438,523**	
At the end of the year	**932,382**	**1,599,066**	**1,562,556**	**591,791**	**83,341,588**	**39,844,839**

Schedule of Secured Loans

Annexure VI

Amount in Rs.

		As on 31st March					As on 30th June, 2007
		2003	**2004**	**2005**	**2006**	**2007**	
A	**CASH CREDIT**						
	Bank of India, Ghatanji	-	-	-	577,456	-	-
	Bank of Baroda, Mumbai	-	1,264,140	752,276	1,467,896	-	-
	Centurian Bank Of Punjab	-	-	-	-	28,612,107	39,231,253
	UTI Bank Ltd	-	-	-	-	50,101,246	44,780,750
	Against Hypothecation of Stock In Trade	564,830	-	-	-	-	-
	Trade and Book Debts and Deposit of Title deeds of one of the units of the company						
	ICICI Car Loan	-	-	-	-	18,324	168,619
	Total (A)	**564,830**	**1,264,140**	**752,276**	**2,045,352**	**78,731,677**	**84,180,622**
B	**TERM LOAN**						
	SICOM	-	-	-	-	60,000,000	60,000,000
	Bank of India	-	-	10,177,903	8,510,706	7,116,285	6,741,319
	Union Bank of India	-	-	-	-	24,911,062	23,467,679
	UTI Bank Ltd	-	-	-	-	30,022,193	30,358,060
	Secured by mortgage by way of deposit of title deeds of one of the units of the company consisting of movable and immovable properties						
	Total (B)	**0**	**0**	**10,177,903**	**8,510,706**	**122,049,540**	**120,567,058**
	TOTAL (A+B)	**564,830**	**1,264,140**	**10,930,179**	**10,556,058**	**200,781,217**	**204,747,679**

Annexure - VII

Schedule of Unsecured Loan

(Amount in Rupees)

	As on 31st March					As on 30th June 2007
	2003	**2004**	**2005**	**2006**	**2007**	
Payable to Promoter / Promoter Group Companies	10,049,291	11,202,471	2,495,750	10,630,796	1,000,000	1,000,000
Interest accrued & due on the above	847,725	1,826,240	-	-	-	-
Payable to Others	-	-	-	-	-	-
Total	**10,897,016**	**13,028,711**	**2,495,750**	**10,630,796**	**1,000,000**	**1,000,000**
***Promoter Group Co. Consist of :**						
Zenith Dye Intermediaries	-	-	-	-	1,000,000	1,000,000
Birla International Pvt. Ltd.	8,413,850	-	-	-	-	-
Khamgaon Syntex, a wholly owned subsidiary of Zenith Birla Ltd.	-	-	-	10,630,796	-	-
Tungabhadra Holdings Pvt. Ltd.	1,635,441	1,635,441	1,972,474	-	-	-
Shloka Academy Pvt. Ltd.	-	-	523,276	-	-	-
Birla International Pvt. Ltd.	-	9,567,030	-	-	-	-
Total	**10,049,291**	**11,202,471**	**2,495,750**	**10,630,796**	**1,000,000**	**1,000,000**

Note: * Parties as identified by the Management & relied upon by the Auditors

Annexure VIII

Schedule of Investments, as Restated

(Amount in Rupees)

	As on 31st March					As on 30th June 2007
	2003	**2004**	**2005**	**2006**	**2007**	
Long term Investments (at cost/book value)						
Non-Trade (Unquoted):						
Government Securities:						
National Defence Bonds – FV Rs.100 (Deposited with Khamgaon Tahesildar)	300	300	300	-	-	-
Others:						
One Equity Share of Sahakari Kharidi Vikri Samithi Ltd. Of Rs. 25 Fully Paid	25	25	25	25	25	25
One Equity Shares of Vividh Karyakari Sahakari Sanstha of Rs. 10 Fully Paid	10	10	10	10	10	10
2000 Equity Shares of The Shamrao Vithal Co- operative Bank Ltd. of Rs. 25 each	-	-	-	-	50,000	50,000
Companies under the same Management						
Quoted:						
7958 Fully Paid up Equity Shares of Rs.10/- each of Zenith Birla (I) Ltd*	499,775	499,775	499,775	499,775	-	-

40000 Fully Paid up Equity Shares of Rs. 10/- each of Dagger Forst Tools Ltd.	1,200,000	1,200,000	1,200,000	1,200,000	-	-
Others:						
Unquoted:						
900000, 0% Optionallly Convertible Debentures of Rs. 100 each – convertible not later than 36 months from the date of issue 9th Mar 2005 of Birla International Pvt. Ltd.	-	-	90,000,000	90,000,000	-	-
Total	**1,700,110**	**1,700,110**	**91,700,110**	**91,699,810**	**50,035**	**50,035**
Book Value						
a) Aggregate of Quoted Investment	1,699,775	1,699,775	1,699,775	1,699,775	-	-
b) Aggregate of Unquoted Investment	335	335	90,000,335	90,000,035	50,035	50,035
Market Value						
a) Aggregate of Quoted Investment	379,942	660,861	1,894,340	2,893,816	-	-
b) Aggregate of Unquoted Investment	-	-	-	-	-	-

* The Company was holding 19508 shares at the cost of Rs. 499775 and as per the Capital Reduction Scheme the shares were reduced to 7958 Shares at the face value of Rs. 10 each

Annexure IX

Schedule of Debtors

(Amount in Rupees)

		As on 31st March					As on 30th June, 2007
Sundry Debtors		**2003**	**2004**	**2005**	**2006**	**2007**	
More than six months	**Considered good**						
	Receivable from Promoter/Promoter Group Co. *	-	-	-	-	-	-
	Receivable from Others	1,890,500	-	-	84,231	-	-
	Less: Provision	-	-	-	-	-	-
	TOTAL (A)	**1,890,500**	**-**	**-**	**84,231**	**-**	**-**
Less than six months	**Considered good**						
	Receivable from Promoter/ Promoter Group Co*	-	3,000	2,000	3,739,150	-	-
	Receivable from Others	-	2,456,761	5,856,142	4,252,426	87,630,021	100,961,185
	Less: Provision	-	-	-	-	-	-
	TOTAL (B)	**0**	**2,459,761**	**5,858,142**	**7,991,576**	**87,630,021**	**100,961,185**
	TOTAL (A+B)	**1,890,500**	**2,459,761**	**5,858,142**	**8,075,807**	**87,630,021**	**100,961,185**
	*Promoter/ Promoter Group Company						
	Consist of :-						

Shloka Academy Pvt. Ltd.			2,000			
Shloka Infotech Ltd.		3,000				
Birla Transasia Carpets Ltd.				3,739,150		
TOTAL	**0**	**3,000**	**2,000**	**3,739,150**	**0**	**0**

Note: *Parties as identified by the Management & relied upon by the Auditors

Annexure X

Schedule of Loans & Advances, as restated

(Amount in Rupees)

	As on 31st March,					**As on 30th June, 2007**
Particulars	**2003**	**2004**	**2005**	**2006**	**2007**	
Receivable from Promoter/ Promoter Group Companies	-	-	91,811,935	89,941,705	30,815,728	33,321,170
Receivable from other body corporates	-	-	-	-	37,886,720	37,500,000
Advance tax including TDS & refund receivable	351,099	355,056	317,086	541,354	1,673,101	9,995,729
Balance with Central Excise/Custom Authorities (including CENVAT)	-	-	-	-	1,322,303	5,005,932
Advances recoverable in cash or in kind or for value to be received	67,120	131,681	186,483	186,108	17,628,158	19,916,360
Deposits / Others	335,649	335,649	338,649	611,949	519,302	2,546,334
Total	**753,868**	**822,386**	**92,654,153**	**91,281,116**	**89,845,312**	**108,285,524**
Note:						
*Promoter/ Promoter Group Co. consists of :						
Nirved Traders Pvt. Ltd	-	-	-	-	25,834,374	26,878,916
Birla Bombay Pvt. Ltd.	-	-	-	-	-	-
Birla International Pvt. Ltd.	-	-	91,811,935	89,941,705	-	-
Zenith Birla India Ltd.	-	-	-	-	147,114	209,959
Khamgaon Syntex (India) Ltd.	-	-	-	-	-	2,098,055
Birla Leasing & Infrastructure Pvt. Ltd.	-	-	-	-	-	-
Birla Transasia Carpets Ltd.	-	-	-	-	4,834,240	4,134,240
Viking Travels Pvt. Ltd.	-	-	-	-	-	-
	-	-	**91,811,935**	**89,941,705**	**30,815,728**	**33,321,170**

Parties as identified by the management & relied upon by the Auditors

Annexure XI

Other Income, Restated

Amount in Rupees

Particulars	For the year ended 31st March					For the quarter Ended 30th June, 2007
	2003	2004	2005	2006	2007	
RECURRING						
Godown Rent & storage charges	205250	148406	61034	347303	114224	-
Scrap sale	20830	149937	49692	13818	1639720	384633
Weigh Bridge charges	40330	72040	103715	121680	220810	6050
Agricultural Income (Net of Expenses)	2375	-34569	1589	5416	12241	-
Sales Tax Setoff and Refund	37063	236585	24659	219795	-	239241
Interest Received	17528	8645	27289	61269	728755	1152070
Bondri Rent	47999	62222	1421	-	-	-
Insurance Claims	-	-	-	-	973434	-
Exchange Difference Gain (Net)	-	-	330837	-	-	52216
Dividend	-	-	-	-	-	3485
Sundry receipts	140399	160377	338801	726753	270236	81684
NON RECURRING						
Profit on Sale of Fixed Assets	-	-	-286907	131000	1954514	-
Profit on Sale of Investments	-	-	-	-	800225	-
Liability no longer payable	-	-	-	-	5372615	51007
Interest on Refund of Income Tax	147458	-	-	-	-	-
TOTAL	**659232**	**803643**	**652130**	**1627034**	**12086774**	**1970386**

Note:

1 Details of other income is as per the summary statement of profit and loss, as restated.
2. The classification of other income by the management into recurring and non-recurring is based on the current operations and business activities of the company.

Annexure XII

Statement of Dividend

Particulars	For the year ended					For the quarter ended 30th June 2007
	2003	2004	2005	2006	2007	
Equity shares						
Number of shares	6,180	6,180	226,968	2,269,680	13,618,080	13,618,080
Face value (Rs.)	100/-	100/-	100/-	* 10/-	10/-	10/-
Paid-up value (Rs.)	100/-	100/-	100/-	10/-	10/-	10/-
Rate of dividend	-	-	-	-	5%	-
Total dividend (Rs)	-	-	-	-	5,447,232	-
Corporate dividend tax on above (Rs)	-	-	-	-	926,030	-

* The shares have been sub divided into Rs.10 each with effect from 13th March 2006

The bonus shares issued during the year are eligible for pro- rata dividend.

Annexure XIII
Statement of Capitalisation
(Amount in Rupees)

Particulars	Pre issue as at 30th June 2007	Adjusted for present issue
Borrowings :		
Short term Debts (Note 1)	-	-
Long term Debts	200,781,217	200,781,217
Total Debts	**200,781,217**	**200,781,217**
Shareholders Funds:		
Share Capital	136,180,800	(.)
Reserves & Surplus	85,676,065	(.)
Total Sha'eholders' Funds	**221,856,865**	(.)
Long term Debt/ Equity ratio	**0.91**	(.)

Notes:
1.Debts maturing within next one year from 3oth June, 2007 are considered as short termbts.

2. Revaluation Reserve has been excluded for calculating Debt / Equity ratio

Annexure XIV

Significant Accounting Ratios

(Amount in Rupees)

		For the year ended 31st March					For the quarter ended 30th June, 2007
	PARTICULARS	**2003**	**2004**	**2005**	**2006**	**2007**	
1	**EARNINGS PER SHARE (EPS)**						
	Net Profit after Tax	(2,598,747)	1,198,652	546,514	2,716,032	25,697,403	7,928,634
	No. of Equity shares (weighted)	370,800	370,800	13,618,080	13,618,080	13,618,080	13,618,080
	EARNINGS PER SHARE (EPS)	(7.01)	3.23	0.04	0.20	1.89	0.58
2	**NET ASSETS VALUE (NAV)**						
	Net Assets	2,042,727	3,241,379	197,816,693	200,560,251	313,983,776	343,410,735
	No.of Equity shares (weighted)	370,800	370,800	13,618,080	13,618,080	13,618,080	13,618,080
	NAV PER SHARE	5.51	8.74	14.53	14.73	23.06	25.22
3	**RETURN ON NET WORTH**						
	Net Profit after Tax	(2,598,747)	1,198,652	546,514	2,716,032	25,697,403	7,928,634
	Net Worth	2,042,727	3,241,379	197,816,693	200,560,251	313,983,776	343,410,735
	RETURN ON NET WORTH	-ve	36.98	0.28	1.35	8.18	2.31

Note: * Includes 1,13,48,400 shares issued as Bonus Shares on 28/6/2006 as required by AS20

The Ratios have been computed as per the following formula:

a) Earning per Equity Share :-(Adjusted Net Profit after tax)/ (weighted average number of Equity shares).

b) Net Asset Value: (Adjusted Net assets after reduction of miscellaneous expenditure not written off)/ (weighted average number of equity shares).

c) Return on Net Worth :- (Adjusted Net Profit After Tax /Adjusted Equity Share holders fund after reduction of Miscellaneous expenditure not written off at the end of the year)

Net Profit, as restated and appearing in the statement of profit and losses has been considered for the purpose of computing the above ratios. These ratios are computed on the basis of the restated financial statements of the company

Earning per share calculations have been done in accordance with Accounting stan“ard- 20 "Earning ”er share" issued by the Institute of Chartered Accountants of India.

Annexure XV

Transaction with Related Parties

Amount in (Rs)

Particulars	Financial Year	Related Parties referred in (A) Above	Related Parties referred in (B) above
Sales:			
Goods and materials	Quarter ended 30th June, 2007	-	-
	2006-07	3,558,211	-
	2005-06	-	-
	2004-05	-	-
	2003-04	-	-
	2002-03	-	-
Expenses:			
Rent and Other Services	Quarter ended 30th June, 2007	-	1,122,556
	2006-07	-	4,704,833
	2005-06	-	-
	2004-05	-	-
	2003-04	-	-
	2002-03	-	-
Directors Fees	Quarter ended 30th June, 2007	-	-
	2006-07	-	-
	2005-06	-	2,100
	2004-05	-	1,600
	2003-04	-	-
	2002-03	-	-
Directors Remuneration	Quarter ended 30th June, 2007	-	434,201
	2006-07	-	673,721
	2005-06	-	141,369
	2004-05	-	-
	2003-04	-	161,280
	2002-03	-	56,000
Air Tickets / Foreign Exchange	Quarter ended 30th June, 2007	-	118,840
	2006-07	-	758,746
	2005-06	-	-
	2004-05	-	-
	2003-04	-	-
	2002-03	-	-

Income :

Business Transfer	2006-07	123,700,000	-
Share Application money received	Quarter ended 30th June, 2007	-	21,498,327
	2006-07	-	48,000,000
Advances and Loan taken/repayment	Quarter ended 30th June, 2007	-	-
	2006-07	1,000,000	-
	2005-06	10,630,796	-
	2004-05	2,495,750	-
	2003-04	11,202,471	-
	2002-03	-	-
Advance for Purchase of Material	Quarter ended 30th June, 2007	-	
	2006-07	-	20,000,000
	2005-06	-	-
	2004-05	-	-
	2003-04	-	-
	2002-03	-	-
Inter-corporate Deposit received	Quarter ended 30th June, 2007	-	
	2006-07	-	66,497,346
	2005-06	-	
	2004-05	-	-
	2003-04	-	-
	2002-03	-	-
Outstandings:			
Payable	Quarter ended 30th June, 2007	1,000,000	-
	2006-07	1,000,000	-
	2005-06	10,630,796	-
	2004-05	2,495,750	-
	2003-04	11,202,471	-
	2002-03	10,049,291	-
Receivable	Quarter ended 30th June, 2007	-	-
	2006-07	-	-
	2005-06	3,739,150	-
	2004-05	2,000	-
	2003-04	3,000	-
	2002-03	-	-

Loan Transfer	2006-07	5,200,000	-
Sale & Redemption of investments	2006-07	92,500,000	-
Inter-Corporate Deposits given	Quarter ended 30th June, 2007	33,321,170	-
	2006-07	30,815,728	-
	2005-06	89,941,705	-
	2004-05	91,811,935	-
	2003-04	-	-
	2002-03		-

Note:
Related Party relationships are identified by the Company based on available information & relied upon by the Auditors

Annexure XV

Related Parties

		For the year ended 31st March, 2003	For the year ended 30th June, 2004	For the year ended 30th June, 2005	For the year ended 31st March, 2006	For the year ended 31st March, 2007	For the 3 months ended 30th June, 2007
A	**Enterprises owned or significantly influenced by key management personnel or their relatives**	Birla International Pvt. Ltd.)	Birla International Pvt. Ltd.)	Birla International Pvt. Ltd.)	Birla International Pvt. Ltd.)	Nirved Traders Pvt. Ltd. (Formally in the name of Birla International Pvt. Ltd.)	Nirved Traders Pvt. Ltd. (Formally in the name of Birla International Pvt. Ltd.)
		Birla Capital & Financial Services Ltd.	Birla Capital & Financial Services Ltd.	Birla Capital & Financial Services Ltd.	Birla Capital & Financial Services Ltd.	Birla Leasing & Infrastructure Ltd (Previously known as Birla Capital & Financial Services Ltd.)	Birla Leasing & Infrastructure Ltd (Previously known as Birla Capital & Financial Services Ltd.)

	Godavari Corporation Pvt. Ltd.(Previously known as Scimitar Investment & Trading Co. Pvt. Ltd.)	Godavari Corporation Pvt. Ltd.(Previously known as Scimitar Investment & Trading Co. Pvt. Ltd.)	Godavari Corporation Pvt. Ltd.(Previously known as Scimitar Investment & Trading Co. Pvt. Ltd.)	Godavari Corporation Pvt. Ltd.(Previously known as Scimitar Investment & Trading Co. Pvt. Ltd.)	Godavari Corporation Pvt. Ltd.(Previously known as Scimitar Investment & Trading Co. Pvt. Ltd.)	
			Birla Power Solutions Ltd.	Birla Power Solutions Ltd	Birla Power Solutions Ltd	Birla Power Solutions Ltd
	Viking Travels Pvt. Ltd.	Viking Travels Pvt. Ltd.	Viking Travels Pvt. Ltd.	Viking Travels Pvt. Ltd.	Viking Travels Pvt. Ltd.	Viking Travels Pvt. Ltd.
	Zenith Ltd.	Zenith Ltd.	Zenith Ltd.	Zenith Birla (India) Ltd (Previously known as Zenith Ltd)	Zenith Birla (India) Ltd	Zenith Birla (India) Ltd
			Shloka Infotech Ltd.	Shloka Infotech Ltd.	Shloka Infotech Ltd.	-
				Birla Global Corporates Pvt. Ltd	Birla Global Corporates Pvt. Ltd	Birla Global Corporates Pvt. Ltd
				Birla Infrastructure Pvt Ltd (Previously known as Gentronics Leasors & Distributors Pvt Ltd)	Birla Infrastructure Pvt Ltd (Previously known as Gentronics Leasors & Distributors Pvt Ltd)	Birla Infrastructure Pvt Ltd (Previously known as Gentronics Leasors & Distributors Pvt Ltd)
				Asian Distribtors Pvt Ltd	Asian Distribtors Pvt Ltd	
					Shloka software Pvt. Ltd.	
					Khamgaon Syntex (India) Ltd.	Khamgaon Syntex (India) Ltd.
					Birla Transasia Carpets Ltd.	Birla Transasia Carpets Ltd.
					Zenith Dye intermediaries	Zenith Dye intermediaries
	Tungabhadra Distributors	Tungabhadra Distributors	-	-	-	-

			Shloka Academy Pvt. Ltd.	-	-	-	-
B.	**Key Management Personnel:**	-	-	-	-	Mr. P.B.Bhardwaj (Chairman)	Mr. P.B.Bhardwaj (Chairman)
		Mr. Yashovardhan Birla (Chairman)	Mr. Yashovardhan Birla (Chairman)	Mr. Yashovardhan Birla (Chairman)	Mr. Yashovardhan Birla (Chairman)	Mr. Yashovardhan Birla (Co-Chairman)	Mr. Yashovardhan Birla (Co-Chairman)
		Mr. Arun Singhi (Director)	Mr. Arun Singhi (Director)	Mr. Arun Singhi (Director)	-	-	-
		Mr.K.P. Chokhani (Director)	Mr.K.P. Chokhani (Director)	Mr.K.P. Chokhani (Director)	Mr.K.P. Chokhani (Director)	-	-
		-	-	-	Mr G.L.Lath (Director)	Mr G.L.Lath (Director)	Mr G.L.Lath (Director)
		-	-	-	Mr.P.V.R. Murthy (Director)	Mr.P.V.R. Murthy (Director)	Mr.P.V.R. Murthy (Director)
		Mr.Manish Malani (Director)	Mr.Manish Malani (Director)	Mr.Manish Malani (Director)	Mr.Manish Malani (Director)	-	-
					-	Mr. Alok Bhardwaj (Director)	Mr. Alok Bhardwaj (Director)
						Mr. Sanjay Agarwal (Director)	Mr. Sanjay Agarwal (Director)
						Mr. K.K. Baheti C.E.O. & P–esident - Manager u/s. 2(24) of Companies Act	Mr. K.K. Baheti C.E.O. & P–esident - Manager u/s. 2(24) of Companies Act

Annexure XVI

STATEMENT OF SEGMENT REPORTING

Primary Business Segment

(Amount in Rupees)

	As on 31st March					As on 30th June, 2007
	2003 naudited	2004 Unaudited	2005 naudited	2006	2007	
Segment Revenue						
(a) Textile	12,239,740	17,730,212	22,267,400	20,689,260	456,553,401	138,890,150
(b) Trading	5,663,050	7,910,992	7,858,032	11,302,993	66,947,812	43,065,154
(c) Others	4,326,690	7,540,614	4,249,618	6,175,549	11,639,893	1,672,020
Total	**22,229,480**	**33,181,818**	**34,375,050**	**38,167,802**	**535,141,106**	**183,627,324**
Less: Inter Segment Revenue	-	-	-	-	-	-
Net Sales from Operation	**22,229,480**	**33,181,818**	**34,375,050**	**38,167,802**	**535,141,106**	**183,627,324**
Segment Results (profit before Interest and tax)						
(a) Textile	624,227	1,595,719	1,785,845	1,862,033	36,620,015	4,055,866
(b) Trading	339,783	707,052	327,951	1,039,270	5,983,522	5,431,478
(c) Others	123,728	519,723	129,691	547,894	306,322	585,226
Total	**1,087,738**	**2,822,494**	**2,243,487**	**3,449,197**	**42,909,859**	**10,072,570**
Less: Interest	1,026,538	1,403,245	1,628,216	1,407,233	3,659,880	1,041,921
Profit before Taxation	**61,200**	**1,419,249**	**615,271**	**2,041,964**	**39,249,979**	**9,030,649**
Less: Provision for Income Tax & Deferred Tax	2,659,946	220,598	68,758	(674,068)	13,190,005	1,012,152
Fringe Benefit Tax					360,123	89,863
Net Profit	**(2,598,746)**	**1,198,651**	**546,513**	**2,716,032**	**25,699,851**	**7,928,634**
Capital Employed:						
(a) Textile	9,472,651	11,388,396	103,277,309	118,189,971	604,970,098	332,223,073
(b) Trading	4,834,268	6,572,966	98,082,641	97,601,888	3,925,607	12,431,622
(c) Others	1,052,517	1,265,377	11,475,257	13,132,219	67,588,483	365,374,362
Net Segment Assets	**15,359,436**	**19,226,739**	**212,835,207**	**228,924,078**	**676,484,188**	**710,029,057**

The Composition of Business Segment are:

Name of Segment	Comprise of
a)Textile	g & Pressing of Cotton and manufacture of Synthetic yarn with effect from Aug 2006
b) Trading	and textile related goods.
c) Others	cture of Cotton Seed Oil & Cake

The company was engaged in the business of Cotton seed oil extraction and manufature of oil cake.Also was carrying on the activity of ginning and pressing. In August 2006 the company acquired the business of Khamgaon Syntex Ltd on a slump sale basis. Since the Company is into the manufacture of Synthetic yarn as well. Thus the company is engaged in the Textile business, which is taken as the predominant segment of activity.

The company also indulges in trading activities of cotton and textile related goods.

Annexure XVII

Statement of Tax shelter

(As per return of income filed for the respective assessment years)

(Amount in Rupees)

		For the year ended 31st March					For the quarter ended 30th June, 2007
Particulars		**2003**	**2004**	**2005**	**2006**	**2007**	
Profit before current and deferred taxes, as restated	**A**	**61199**	**1419250**	**615271**	**4014438**	**39247530**	**9030649**
Adjustments : Permanent Differences							
Agricultural Income (Net)		(2375)	34569	1589	(5416)	(4025)	2509
Dividend							(3485)
Net Disallowable / (Allowable) expenses u/s 43B of the I.Tax Act.			1000		12931	26336	
Loss / (Profit) on sale of Fixed Assets				286907	(131000)	(1954514)	
Expenses Inadmissible u/s. 40A(3)						15882	
Provision for Leave encashment 40(A)7						1596415	29958
Professional Fees u/s. 40(a)						56115	
Profit on sale of investments						(800225)	
Interest Received						(728755)	(1152070)
Provision for Gratuity under Sec 40(a)							28980
Total	**B**	**(2375)**	**35569**	**288496**	**(123485)**	**(1792771)**	**(1094108)**
Temporary Differences							
Difference between tax depreciation and book depreciation		(719663)	(635800)	(1448290)	(1064975)	(11072348)	(6118275)
Total	**C**	**(719663)**	**(635800)**	**(1448290)**	**(1064975)**	**(11072348)**	**(6118275)**

Business Profit / Loss	**D=A+B+C**	(660839)	819019	(544523)	2825978	26382411	1818266
Capital Gains	**E**	-	-	-	-	-	-
Income from other sources (Interest)	**F**	-	-	-	-	728,755	-
TOTAL INCOME	**G=D+E+F**	(660839)	819019	(544523)	2825978	27111166	1818266
Set-off of brought forward unabsorbed loss /depreciation	**H**	-	819019	-	664915	-	
Taxable Profit	**I=G-H**	-	-		**2161063**	**27111166**	**1818266**
Tax Liability on H above or on Book Profit u/s 115 JB		-	111762	47299	727413	4403573	1012848
Tax as per P/L A/c		-	**112000**	**49000**	**580000**	**10312049**	**850000**
Adjusted Tax Provision		-	**(238)**	**(1701)**	**147413**	**(5908476)**	**162848**

Note: The unabsorbed depreciation which company is eligible to carry forward and set off upto assessment year 2005-06 is Rs. 664915/-

A. PROMOTER GROUP COMPANIES

GROUP COMPANIES OF MR. YASHOVARDHAN BIRLA- LISTED

(i) BIRLA TRANSASIA CARPETS LTD

Birla Transasia was incorporated in the year 1979 with manufacturing facilities located at Sikandrabad in Uttar Pradesh. The products of the company include carpets of different styles like DVD, galaxy, prime, luxury, top notch, renaissance and astral.

Board of Directors as on 30th September, 2007

1	Mr. Arun Singhi	Director
2	Mr. R.S. Juneja	Director
3	Mr. Purshottam Sharma	Director

Shareholding Pattern as on 30th September 2007

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	Number of shares held in de materialized form	Total shareholding as Percentage of total number of shares	
					As a % of (A+B)	As a % of (A+B+C)
(A)	**Shareholding of Promoter & Promoter Group**					
(1)	Indian					
(a)	Individuals/Hindu Undivided Family	0	0	0	0.00	0.00
(b)	Central Government/ State Government	0	0	0	0.00	0.00
(c)	Body Corporate	7	1730497	0	61.04	61.04
(d)	Financial Institutions/ Banks	0	0	0	0.00	0.00
(e)	Any Other (Specify)	0	0	0	0.00	0.00
	Sub Total	**7**	**1730497**	**0**	**61.04**	**61.04**
(2)	Foreign					
(a)	Individuals (Non Resident Individuals/Foreign Individuals)	0	0	0	0.00	0.00
(b)	Body Corporate	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0.00
(d)	Any Other (Specify)	0	0	0	0.00	0.00
	Sub Total	**0**	**0**	**0**	**0.00**	**0.00**
	Total Shareholding of Promoter & Promoter Group (A)=(A)(1)+(A)(2)	**7**	**1730497**	**0**	**61.04**	**61.04**
(B)	**Public Shareholding Institutions**					
(a)	Mutual Funds/UTI	1	5550	0	0.20	0.20
(b)	Financial Institutions /Bank	2	400	0	0.01	0.01
(c)	Central Government /State Government	0	0	0	0.00	0.00

(d)	Venture Capital Fund	0	0	0	0.00	0.00
(e)	Insurance Companies	1	26132	0	0.92	0.92
(f)	Foreign Institutional Investors	0	0	0	0.00	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00
(h)	Any Other (Specify)	0	0	0	0.00	0.00
	Sub Total	**4**	**32082**	**0**	**1.13**	**1.13**
(2)	Non Institutions					
(a)	Body Corporate	28	23600	0	0.83	0.83
(b)	Individuals i) Individuals Shareholders Holding nominal share capital up to Rs. 1 lakh	6457	663500	0	23.40	23.40
	ii) Individuals Shareholders Holding nominal share capital in excess of Rs. 1 lakh	11	307250	0	10.85	10.85
(c)	Any Other (Specify)					
	Clearing Members	1	78100	0	2.75	2.75
	Sub Total (B)(2)	**6497**	**1072450**	**0**	**37.82**	**37.82**
	Total (B)(2) Total Public Shareholding (B)=(B)(1)+(B)(2)	**6501**	**1104532**	**0**	**38.96**	**38.96**
	Total (A) + (B)	**6508**	**2835029**	**0**	**100.00**	**100.00**
(C)	**Shares held by Custodians and against which Depository Receipt have been issued**	0	0	0	0.00	0.00
	Grand Total (A)+(B)+(C)	**6508**	**2835029**	**0**	**100.00**	**100.00**

This Company complies with clause 40A of the Listing Agreement

Brief Financial Performance:

(Rs. in Lakhs)

Particulars	**For the Financial year Ended March 31st (Audited)**		
	2007	**2006**	**2005**
Share Capital	283.83	283.83	283.83
Reserves (Excluding Revaluation Reserve)	132.00	132.00	132.00
Profit & Loss A/c (not written off)	(3199.49)	(2838.93)	(2284.69)
Net Worth	(2783.66)	(2423.10)	(1868.86)
Total Income	318.51	412.22	482.79
PAT	(360.56)	(258.40)	(263.17)
EPS (Per Share) (Rs.)	-	-	-
NAV Per Share (Rs.)	-	-	-

The company's auditors in their report for the years 2006 and 2007 have stated that non-provision of interest on Inter Corporate Deposits resulting into understatement of loss for the years by Rs.189.70 and Rs.226.81 respectively and as a result into understatement of current liabilities to the same extent.

The stock market data of the company for the last six months is as under:

Month	High (Rs.)	Low (Rs.)	No. of Shares Traded	Net Turnover (Rs. In Lakhs)
June 2007	N.A.	N.A.	N.A	N.A
July 2007	93.05	93.05	100	0.09
August 2007	N.A.	N.A.	N.A	N.A
September 2007	N.A.	N.A.	N.A.	N.A.
October 2007	N.A	N.A.	N.A	N.A
November 2007	N.A	N.A.	N.A	N.A

(Source: www.bseindia.com)

Other Details:

Public or rights Issue in the preceding three years	No
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up	Yes*
Whether the company has made a loss in the immediately preceding year and if so, the profit Or loss figures for the immediately preceding three years	Yes

* The company has incurred a loss of Rs.360.56 lakhs during the year 2006 – 07
* Non provision of interest on ICD resulting into understatement of loss for the year by Rs.226.81 lakhs. Similarly non-accounting of interest liability resulting into understatement of current liabilities as on 31/03/2007 to the same extent
* The company is not regular in depositing the provident fund dues, ESI dues, TDS, Service Tax and Sales Tax with the respective authorities
* Contingent Liabilities not provided by the company includes claims against the company not acknowledged as debts Rs.4,31,71,058/- and Guarantees issued by the banks on behalf of the company of Rs.6,22,179/=
* No provisions of liabilities had been made on account of shortfall in fulfillment of export obligations against duty free import of raw material on Advance Licenses in earlier years.

The Company has been declared a Sick Industrial Company within the meaning of clause (O) of the sub section (10) of the section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 by the Board for Industrial & Financial Reconstruction (BIFR) in its meeting held on 28.06.99 and registered as case no. 43/99 with the Board. The Company has been directed by the BIFR for submission of Draft Rehabilitation Scheme (DRS) for its consideration and approval in its meeting held on 26.09.05. The Company has submitted DRS scheme to operating agency Punjab National Bank (PNB) and PNB has submitted DRS to BIFR and awaiting final order of Hon'ble BIFR.

The company has not constituted investor grievance committee since the paid up capital of the company is less than Rs. 300 lakhs.

There are no defaults in meeting any statutory/bank/institutional dues except as mentioned below. No proceedings have been initiated for economic offences against the Company.

(Rs. In Lakhs)

Particulars	Amount Dues as on 31.03.07
Provident Fund	63.34
ESI	12.44
Excise Duty	27.84
Sales Tax	207.66

(ii) BIRLA PRECISION TECHNOLOGIES LTD. (Formerly Birla Kennametal Ltd.)

Birla Precision Technologies Ltd. (formerly Birla Kennametal Ltd.) was a joint venture company of Yash Birla group in India and Kennametal Inc. USA with 44% equity of each and balance 12% public share. In July 2007 Kennametal Inc. USA sold its entire stake to the Yash Birla group and the collaboration agreement of the Company with Kennametal Inc. USA was terminated. The Company was incorporated in the year 1986 and commercial production was started on 1st January, 1989. The Company has one of the most modern plants set up with CNC Machines, imported special purpose machines and other machines of reputed make. The plant is situated at Aurangabad in Maharashtra. Products manufactured are wide range of precision AT 3 class rotating tool holders, Machine tools and Accessories.

Board of Directors as on 30th September 2007

1	Mr Yashovardhan Birla	Chairman
2	Mr Arun Jain	Director
3	Dr William R Correa	Director
4	Mr. Shailesh Sheth	Director

Shareholding Pattern as on 30th September 2007

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	Number of shares held in de materialized form	Total shareholding as Percentage of total number of shares	
					As a % of (A+B)	As a % of (A+B+C)
(A)	**Shareholding of Promoter & Promoter Group**					
(1)	Indian					
(a)	Individuals/Hindu Undivided Family	0	0	0	0.00	0.00
(b)	Central Govt/State Govt(s)	0	0	0	0.00	0.00
(c)	Bodies Corporate	5	2434990	2302690	76.09	76.09
(d)	Financial Institutions/Banks	0	0	0	0.00	0.00
(e)	Any Other (Specify)	0	0	0	0.00	0.00
	Sub Total (A) (1)	**5**	**2434990**	**2302690**	**76.09**	**76.09**
(2)	Foreign					
(a)	Individuals (Non Resident Individuals/Foreign Individuals)	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0.00
(d)	Any Other (Specify)	0	0	0	0.00	0.00
	Sub Total	**0**	**0**	**0**	**0.00**	**0.00**
	Total Shareholding of Promoter & Promoter Group (A)=(A)(1)+(A)(2)	**5**	**2434990**	**2302690**	**76.09**	**76.09**
(B) 1	**Public Shareholding Institutions**					
(a)	Mutual Funds/UTI	0	0	0	0.00	0.00
(b)	Financial Institutions /Bank	0	0	0	0.00	0.00
(c)	Central Govt/State Govt(s)	0	0	0	0.00	0.00
(d)	Venture Capital Fund	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	1	100000	100000	3.125	3.125

(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00
(h)	Any Other (Specify)	0	0	0	0.00	0.00
	Sub Total (B) (1)	**1**	**100000**	**100000**	**3.125**	**3.125**
(2)	Non Institutions					
(a)	Bodies Corporate	89	353582	352782	11.049	11.049
(b)	Individuals i) Individuals Shareholders Holding nominal share capital up to Rs. 1 lakh	1938	278809	209801	8.71	8.71
	ii Individuals Shareholders Holding nominal share capital in excess of Rs. 1 lakh	0	0	0	0.00	0.00
(c)	Any Other (Specify)					
	Trusts	3	120	120	0.004	0.004
	Non Resident Indians	10	5345	5345	0.167	0.167
	Clearing Members	50	26294	26294	0.822	0.822
	Directors	2	860	0	0.027	0.027
	Sub Total (B)(2)	**2092**	**665010**	**594342**	**20.78**	**20.78**
	Total (B)(2) Total Public Shareholding (B)=(B)(1)+(B)(2)	**2093**	**765010**	**694342**	**23.91**	**23.91**
	Total (A) + (B)	**2098**	**3200000**	**2997032**	**100.00**	**100.00**
(C)	**Shares held by Custodians and against which Depository Receipt have been issued**	0	0	0	0.00	0.00
	Grand Total (A)+(B)+(C)	**2098**	**3200000**	**2997032**	**100.00**	**100.00**

(Rs. in Lakhs)

Particulars	**For Quarter ended June 2007 (Unaudited)**	**For the Financial year Ended March 31st (Audited)**		
		2007	**2006**	**2005**
Share Capital	320.00	320.00	320.00	320.00
Reserves (Excluding Revaluation Reserve)	-	1192.75	646.53	464.14
Net Worth	-	1512.75	966.53	784.14
Total Income	806.18	2474.37	1535.12	1415.38
PAT	167.15	602.37	226.18	189.53
EPS (Per Share) (Rs.)	5.22	18.82	7.07	5.92
NAV Per Share (Rs.)	-	47.27	30.20	24.50

The stock market data of the company for the last six months is as under:

Month	High (Rs.)	Low (Rs.)	No. of Shares Traded	Net Turnover (Rs in Lakhs)
June 2007	300.00	205.00	153920	394.07
July 2007	415.00	232.30	276655	955.16
August 2007	294.60	188.00	92088	227.88
September 2007	507.30	242.00	706426	3169.20
October 2007	568.00	94.85	1786009	6390.87
November 2007	105.80	70.50	838170	770.52

Source: (www.bseindia.com)

Other Details:

Public or rights Issue in the preceding three years	No
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

Consequent to the cessation of the joint venture agreement, the nominee Director of Kennametal Inc., U.S.A. Shri Kumar Kanetkar resigned from the Board of Directors with effect from 4.7.2007.

(iii) ZENITH BIRLA (INDIA) LTD

Zenith Birla (India) Limited (ZBIL) was incorporated on 5th August, 1960 to manufacture Steel Pipes at Khopoli, Maharashtra. ZBIL has presently two divisions viz. Pipes Division at Khopoli and Tools Division at Nashik and Aurangabad.

Promoters:

- Mr. Yashovardhan Birla
- Birla Bombay Pvt. Ltd.
- Birla International Pvt. Ltd.
- Nirved Traders Pvt Ltd
- Asian Distributors Ltd
- Shearson Investments & Trading Co. Pvt. Ltd.
- Godavari Corporation Pvt. Ltd .
- Yash Society
- Birla Industries Group Charity Trusts (Medical & Educational)
- Matri Seva Sadan Charity Trust
- Estate of Mrs Sujatha Mehta
- Estate of Mrs Sunanda Birla
- Estate of Mr Ashok Birla

NOTE ON SCHEME OF ARRANGEMENT OF ZENITH BIRLA (INDIA) LIMITED

Zenith Birla (India) Limited has entered into a Scheme of Arrangement under section 391 and 394 of the Companies Act, 1956. This scheme of arrangement is presented for the purpose of :

1. Transfer of Chemical Division of Zenith Birla (India) Limited to Nipur Chemicals Limited

2. Transfer of Textiles Division of Zenith Birla (India) Limited to Khamgaon Syntex Limited

The whole of the undertaking of the chemical division and textile division of Zenith as a going concern and all its assets and liabilities immediately before the appointed date i.e. 01st January, 2005 and the employees of Zenith engaged in or in relation to the chemical division and textile division immediately before the appointed date shall be transferred to and vested in or be deemed to be transferred to and vested in Nipur Chemicals Ltd. and Khamgaon Syntex Ltd. respectively.

In consideration for the transfer, Nipur Chemicals Ltd. shall allot to Zenith 0% 6,50,000 Debentures of Rs.100/- each redeemable within a period of 30 days from the Effective Date.

In consideration for the transfer, Khangaon Syntex Ltd. being wholly owned subsidiary of Zenith Birla (India) Ltd. shall allot 6% 6,90,440 Debentures of Rs.100/- each redeemable within a period 7 years or mutually agreeable date from the Effective Date.

The Hon'ble High Court of Judicature of Mumbai vide its order dated 12th August, 2005, has approved the above scheme of arrangement.

Reasons for separating the Zenith's chemical division and textile division:

1. Zenith is engaged in the business of manufacturing of pipes and tools, which is profit making. It also has two other divisions viz. chemical division and textile division.
2. Chemical division has been making losses on account of sluggish market conditions. Textile division with 18,000 Spindles is not an economical size and is not a core business for Zenith.
3. The losses of chemical division were adversely affecting profits of Zenith. Hence the Company proposes to transfer chemical division to Nipur.
4. After the scheme is sanctioned, Khamgaon Syntex Limited being wholly owned subsidiary of Zenith will take over textile division and Nipur will take over chemical division of Zenith
5. By virtue of present scheme of arrangement, Zenith intends to concentrate on its core business i.e. manufacturing of pipes and tools.
6. The implementation of scheme would result in the operations being more economical, efficient, cost effective and simplify the operations and management of Zenith.
7. To separate the diversified activities under the separate Companies and to carry out the same in a more professional manner.
8. The vesting of chemicals division and textile division to Nipur and Khamgaon is in interest of the shareholder, creditors, stakeholders and employees of petitioner Company as it would enable focused business approach for maximization of benefit to all stakeholders in future.

Board of Directors as on 30th September 2007

1	Mr Yashovardhan Birla	Chairman (Non Executive)
2	Dr. D.V. Kapur	Director (Independent)
3	Mr Augustine Kurias	Director (Independent)
4	Mr. Anirudha Barwe	Director (Independent)
5	Mr. Sanjay Budhia	Director (Non Independent)
6	Mr. M.S. Arora	CEO & Executive Director (Non Independent)

Shareholding Pattern as on 30th September 2007

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	Number of shares held in de materialized form	Total shareholding as Percentage of total number of shares	
					As a % of (A+B)	As a % of (A+B+C)
(A)	**Shareholding of Promoter & Promoter Group**					
(1)	Indian					
(a)	Individuals/Hindu Undivided Family	19	552515	360144	1.38	1.38
(b)	Central Govt/State Govt(s)	0	0	0	0.00	0.00
©	Bodies Corporate	12	9691831	9666923	24.19	24.19
(d)	Financial Institutions/Banks	0	0	0	0.00	0.00
(e)	Any Other (Specify)	0	0	0	0.00	0.00
	Sub Total	**31**	**10244346**	**10027067**	**25.56**	**25.56**
(2)	Foreign					
(a)	Individuals (Non Resident Individuals/Foreign Individuals)	0	0	0	0.00	0.00
(b)	Body Corporate	0	0	0	0.00	0.00
©	Institutions	0	0	0	0.00	0.00
(d)	Any Other (Specify)	0	0	0	0.00	0.00
	Sub Total	**0**	**0**	**0**	**0.00**	**0.00**
	Total Shareholding of Promoter & Promoter Group (A)=(A)(1)+(A)(2)	**31**	**10244346**	**10027067**	**25.56**	**25.56**
(B)	**Public Shareholding Institutions**					
(a)	Mutual Funds/UTI	10	3296	477	0.01	0.01
(b)	Financial Institutions /Bank	47	405961	370823	1.01	1.01
(c)	Central Govt/State Govt(s)	0	0	0	0.00	0.00
(d)	Venture Capital Fund	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	1	1600000	1600000	3.99	3.99
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00
(h)	Any Other (Specify)	0	0	0	0.00	0.00
	Sub Total	**58**	**2009257**	**1971300**	**5.01**	**5.01**
(2)	Non Institutions					
(a)	Bodies Corporate	522	12711084	12699450	31.72	31.72
(b)	Individuali) Individuals Shareholders Holding nominal share capital up to Rs. 1 lakh	69673	6269086	4809231	15.64	15.64
	ii Individuals Shareholders Holding nominal share capital in excess of Rs. 1 lakh	54	8400069	8400069	20.96	20.96

(c)	Any Other (Specify)					
	Clearing Members	91	295227	295227	0.74	0.74
	Non Resident Indians	180	82523	80049	0.20	0.20
	Trust	7	60952	60952	0.15	0.15
	Sub Total (B)(2)	70527	27818941	26344978	69.42	69.42
	Total (B)(2) Total Public Shareholding (B)=(B)(1)+(B)(2)	70585	29828198	28316278	74.44	74.44
	Total (A) + (B)	**70616**	**40072544**	**38343345**	**100.00**	**100.00**
©	**Shares held by Custodians and against which Depository Receipt have been issued**	0	0	0	0.00	0.00
	Grand Total (A)+(B)+(C)	**70616**	**40072544**	**38343345**	**100.00**	**100.00**

This Company complies with clause 40A of the Listing Agreement

Brief Financial Performance:

(Rs. in Lakhs)

Particulars	**31.03.2007**	**31.03.2006**	**31.03.2005 (18 Months)**
Share Capital	4007.25	1625.44	1384.25
Reserves (Excluding Revaluation Reserve)	15903.74	4813.00	3858.24
Net Worth	19910.99	6438.44	5242.49
Total Income	39966.64	31159.83	56283.83
PAT	1661.36	1031.50	489.37
EPS (Rs.)	6.59	6.99	3.53
NAV Per Share (Rs.)	49.69	39.61	37.84

The stock market data of the company for the last six months is as under:

Month	**High (Rs.)**	**Low (Rs.)**	**No. of Shares Traded**	**Net Turnover (Rs in Lakhs)**
June 2007	37.80	30.90	689543	244.80
July 2007	48.00	33.65	3894587	1652.08
August 2007	37.70	31.10	868310	293.44
September 2007	48.40	32.70	3353681	1431.01
October 2007	42.90	33.30	2835088	1073.51
November 2007	69.00	37.05	9334648	5291.90

(Source: www.bseindia.com)

Other Details:

Public or rights Issue in the preceding three years	*Yes
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	Yes

The company has a Shareholders' / Investors' Grievances Committee to redress the complaints of the shareholders in respect of the matters pertaining to transfer of shares, non-receipt of annual report, ematerialization of shares etc. The Committee comprises of 2 members namely Mr Arun Jain, & Mr A.P. Kurias. The Committee functions under the chairmanship of Mr A.P. Kurias.

*The Company has come out with a follow-on Public Issue of 2,38,18,182 Equity Shares of Rs.10/- each offered at a fixed price of Rs.55/- per share (including a premium of Rs.45/- per share) aggregating to Rs.13,100 Lakhs to finance its

expansion project, working capital requirements and to meet the issue expenses. The said issue was opened for subscription on 16th October, 2006 and closed on 20th October, 2006. The issue was fully subscribed and the basis of allotment was finalized in consultation with the Bombay Stock Exchange Ltd. and the new equity shares were listed on BSE with effect from 21st November, 2006.

The objects of the issue were:

1. Setting up additional facilities for manufacture of Mechanical tubes
2. Working Capital (existing business)
3. Margin Money for Working Capital (Mechanical tube Business)
4. To meet the issue expenses.

FUND REQUIREMENT

The total fund requirement is detailed below:

Sr. No.	Description	(Rs. In lakhs)
1	Mechanical Tube Project	8822
2	Preliminary & Pre Operative Expenses	150
3	Contingency	221
4	Working Capital (existing business)	2150
5	Margin Money for Working Capital (mechanical tube)	557
6	Public Issue Expenses	1200
	Total	**13100**

MEANS OF FINANCE

Sr. No.	Description	(Rs. In lakhs)
1	Promoters Participation in Public Issue	2500
2	Proceeds from the Public Issue	10600
	Total	**13100**

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company other than as given in the statement of legal cases

Promise v/s Performance:
As against the projected amount of Rs.13100 lakhs estimated for the project, the company is yet to spend Rs.80.98 crores as under. The same has been informed to the Stock Exchange and the Share holders along with the unaudited results for the quarter ended 30th September 2007.

The details of utilisation of Public Issue proceeds of Rs. 131 crores towards ongoing project is given hereunder:

(Rs.in Lakhs)

Sr. No.	Particulars	Projected Amount	Balance amount to be spent
I	Land & Site Development	42	-
II	Building	1,576	1,051
III	Plant & Machinery	7,157	6,109
IV	Miscellaneous Fixed Assets	47	42
	Sub Total	**8,822**	**7,202**
V	Preliminary & Pre-operative Exps.	150	118
VI	Public Issue Expenses	1,200	-
VII	Contingency	221	221
VIII	Working Capital (Existing)	2,150	-
IX	Working Capital (Project)	557	557
	Total	**13,100**	**8,098**

Pending full utilization, the balance amount is held in Current/Fixed deposit /liquid assets accounts. Similarly the Company has also deployed the available surplus in reducing its working capital and cash credit utilization for ensuring the timely availability of resources when required.

Activity - Mechanical Tube Project*	Commencement Date*	Completion Date*	Actual/Expected
Acquisition of Land	Existing Land in Khopoli will be utilized for setting up Mechanical Tube Project	Completed	Completed
Development of Land	September 2006	November 2006	June 2007
Building			
Factory Building	December 2006	June 2007	April 2008
Auxilliary Building	December 2006	May 2007	March 2008
Machine Foundation	February 2007	May 2007	March 2008
Administrative Building	March 2007	June 2007	June 2008
Plant and Machinery			
Indigenous - Placement of order	November 2006	January 2007	January 2008
Delivery at Site	April 2007	August 2007	July 2008
Imported - Placement of order	October 2006	December 2006	October 2007
Delivery at Site	May 2007	July 2007	August 2008
Erection of Plant and Machinery	June 2007	October 2007	September 2008
Trial Run		November 2007	October 2008
Commercial Production		December 2007	December 2008

* The delay in the project has been on account of slight modification in the Project Plan due change product specification which was derived from a fresh market survey conducted by the Company of the customer requirements.

(iv) BIRLA POWER SOLUTIONS LTD (FORMERLY BIRLA YAMAHA LTD)

Birla Power Solutions Limited was originally incorporated as Birla Yamaha Limited on 27th April, 1984 and received the Certificate of Commencement of Business on 2nd May, 1984 under Companies Act, 1956. The name of the company was changed to Birla Power Solutions Limited w.e.f. December 04, 2003.

The Company is presently producing a wide range of generators, multi-purpose engines, invertors/batteries, sprayers, water pumps etc. Birla Power Solutions Ltd. was the first Company to roll out self start gensets and recently became the first Company to launch emission compliant generators under the brand name – BIRLA ECOGEN.

Board of Directors as on 30th September 2007 :

1	Mr Yashovardhan Birla	Chairman
2	Mr Yogendra P. Trivedi	Director
3	Mr Rajesh V Shah	Director
4	Mr P.V.R Murthy	Director
5	Mr Manish Malani	Director

Shareholding Pattern as on 30th September, 2007

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	Number of shares held in de materialized form	Total shareholding as Percentage of total number of shares	
					As a % of (A+B)	As a % of (A+B+C)
(A)	**Shareholding of Promoter & Promoter Group**					
(1)	Indian					
(a)	Individuals/Hindu Undivided Family	4	200800	0	0.84	0.84
(b)	Central Govt/State Govt(s)	0	0	0	0.00	0.00
©	Body Corporate	5	4352632	4352632	18.32	18.32
(d)	Financial Institutions/Banks	0	0	0	0.00	0.00
(e)	Any Other (Specify)	0	0	0	0.00	0.00
	Sub Total	**9**	**4553432**	4352632	**19.16**	**19.16**
(2)	Foreign					
(a)	Individuals (Non Resident Individuals/Foreign Individuals)	0	0	0	0.00	0.00
(b)	Body Corporate	1	1120000	0	4.71	4.71
©	Institutions	0	0	0	0.00	0.00
(d)	Any Other (Specify)	0	0	0	0.00	0.00
	Sub Total	**1**	**1120000**	**0**	**4.71**	**4.71**
	Total Shareholding of Promoter & Promoter Group (A)=(A)(1)+(A)(2)	**10**	**5673432**	**4352632**	**23.87**	**23.87**
(B)	**Public Shareholding Institutions**					
(a)	Mutual Funds/UTI	2	400	0	0.00	0.00
(b)	Financial Institutions /Bank	11	321700	319550	1.35	1.35
©	Central Govt/State Govt(s)	0	0	0	0.00	0.00
(d)	Venture Capital Fund	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	6	1200	0	0.01	0.01
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00
(h)	Any Other (Specify)	0	0	0	0.00	0.00
	Sub Total	**19**	**323300**	**319550**	**1.36**	**1.36**
(2)	Non Institutions					
(a)	Body Corporate	680	3928292	2640141	16.53	16.53
(b)	Individuals	37910	12110833	11418258	50.96	50.96

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	Number of shares held in de materialized form	Total shareholding as Percentage of total number of shares	
					As a % of (A+B)	As a % of (A+B+C)
	© Individuals Shareholders Holding nominal share capital up to Rs. 1 lakh					
	ii Individuals Shareholders Holding nominal share capital in excess of Rs. 1 lakh	41	1300996	1289746	5.47	5.47
©	Any Other (Specify)					
	Trust	5	775	775	0.00	0.00
	Non Resident Indians	400	426628	426428	1.80	1.80
	Sub Total (B)(2)	**39036**	**17767524**	**15775348**	**74.77**	**74.77**
	Total (B)(2) Total Public Shareholding (B)=(B)(1)+(B)(2)	**39055**	**18090824**	**16094898**	**76.13**	**76.13**
	Total (A) + (B)	**39065**	**23764256**	**20447530**	**100.00**	**100.00**
©	**Shares held by Custodians and against which Depository Receipt have been issued**	0	0	0	0.00	0.00
	Grand Total (A)+(B)+(C)	**39065**	**23764256**	**20447530**	**100.00**	**100.00**

This Company complies with clause 40A of the Listing Agreement

Brief Financial Performance

(Rs. in Lakhs)

Particulars	31.3.2007 (18 Months)	30.09.2005 (12 Months)	30.09.2004 (18 Months)
Share Capital	2376.57	1048.25	1,048.25
Reserves (Excluding Revaluation Reserve)	9309.83	4639.62	4526.68
Net Worth	11686.40	5687.87	5574.93
Total Income	23009.79	9326.84	10705.53
PAT	863.60	476.99	175.48
EPS (Per Share) (Rs.)	3.63	4.55	1.67
NAV Per Share (Rs.)	49.17	54.26	53.19

NOTE:- The financial year ending for the 31st March 2005-06 has been extended from September 06 to March 07 and permission for the same has been granted by RoC.

The stock market data of the company for the last six months is as under:

Month	High (Rs.)	Low (Rs.)	No. of Shares Traded	Net Turnover (Rs in Lakhs)
June 2007	32.80	26.05	2695469	817.69
July 2007	38.00	27.90	3741186	1283.30
August 2007	34.35	28.65	1431922	445.38
September 2007	36.85	29.65	2904274	990.63
October 2007	43.00	30.00	6166642	2359.79
November 2007	91.70	35.50	13746271	8216.02

(Source: www.bseindia.com)

Other Details:

Public or rights Issue in the preceding three years	Yes*
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

In April 2006 Birla Power Solutions Limited came out with a public issue of 120,00,000 equity shares of Rs. 10/- each for cash at a premium of Rs. 32 per share (i.e. issue price of Rs. 42/- per share) aggregating to Rs. 5040 Lakhs vide the prospectus dated March 08, 2006. The issue opened on March 24, 2006 and closed on March 29, 2006.

The main objects of the issue were:

- To finance the cost of expansion of the capacities of the existing products of the company viz. Diesel Genset, Multi Purpose Engines, Alternators and Fuel Tank
- To finance the setting up of a new plant for manufacturing LPG/CNG Gensets, Inverter, Engines and Acoustic Hoods
- To meet the margin money for working capital requirement
- To meet the expense of the issue

The funding requirement and means of finance are given below:

FUNDS REQUIREMENT

(Rs. In lakhs)

Sr. No.	Particulars	Amount
1.	Factory Building	
	Site Development	100.00
	Building & Civil work	920.52
2.	Purchase of Assets	
	Plant & Machinery	1,818.19
	Misc. Fixed Assets	496.70
3	Preliminary & Preoperative Expenses	102.10
4	Contingencies	333.54
5	Issue Expenses	350.00
6	Margin Money for Working Capital	918.95
	Total	**5040.00**

MEANS OF FINANCE

(Rs. In lakhs)

Sr. No.	Particulars	Amount
1.	Proceeds from Public Issue	5040.00
	Total	**5040.00**

The company also issued 12,80,000 Equity Shares of Rs.10/- each at a premium of Rs.33/- per share to M/s Bennett & Coleman & Co. Ltd on a preferential allotment basis. The shares were listed on 2nd November 2006.

Promise v/s Performance:

The company had fully spent the funds it received through the above issue as under and the same has been informed to the Stock Exchanges and the Share holders along with the audited results for the quarter ended 31st March 2007.

DETAILS OF UTILISATION OF PUBLIC ISSUE FUNDS.		
a.Total Funds received	Rs. 5041.34	
b. Payment made	Rs. 5041.34	
Particulars specified in Prospects	Estimated Expenditure	Payment Released
Factory Building		
(a) Site Development	100.00	100.00
(b) Building & Civil work	920.52	920.52
Purchase of Assets		
(a) Plant & Machinery (Including Misc. Fixed Assets)	2314.89	2314.89
Preliminary & Preoperative Expenses	102.10	43.20
Contingencies	333.54	333.54
Issue Expenses	343.55	343.55
Margin Money & Working Capital	926.74	985.64
	5041.34	5041.34

1	Land Development/Contruction of Building	January 2006	June 2006	January 2007
2	Placing order for Plant & Machinery	February 2006	April 2006	May 2006
3	Plant & Machinery Procurement	March 2006	August 2006	October 2006
4	Procurement of Other Fixed Assets	June 2006	August 2006	January 2007
5	Erection/Installation of Plant & Machinery	May 2006	September 2006	January 2007
6	Trial Production/Commercial Production	October 2006		February 2007

The time overrun was on acount of delay in delivery of Plant & Machinery from suppliers, however, there was no cost overrun.

(v) BIRLA LEASING & INFRASTRUCTURE LIMITED: (formerly known as Birla Capital and Financial Services Ltd.)

The company was originally incorporated in the name of Dolphin International Limited on 7th May, 1985 and further fresh certificate of incorporation was obtained on 3rd December, 2001 in the name of Birla Capital and Financial Services Limited. Name of the company was further changed to Birla Leasing & Infrastructure Ltd. on 30th June, 2006. The Company is carrying the business of Hire purchase & leasing. The Company is also into the business of advancing loans, inter-corporate deposits & investments.

Board of Directors as on 30th September, 2007

1	Mr. Arun Singhi	Executive Director
2	Mr. K. P. Chokhani	Director
3	Mr. G.L. Lath.	Director
4	Mr. B. L. Varma	Director
5	Mr. Ashok Parmar	Director

Shareholding Pattern as on 30th September , 2007

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	Number of shares held in de materialized form	Total shareholding as Percentage of total number of shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
(A)	**Shareholding of Promoter & Promoter Group**					
(1)	Indian					
(a)	Individuals/Hindu Undivided Family	9	834200	600	2.14	2.14
(b)	Central Govt/State Govt(s)	0	0	0	0.00	0.00
©	Body Corporate	6	27854300	27854300	71.31	71.31
(d)	Financial Institutions/Banks	0	0	0	0.00	0.00
(e)	Any Other (Specify)	0	0	0	0.00	0.00
	Sub Total	**15**	**28688500**	**27854900**	**73.45**	**73.45**
(2)	Foreign					
(a)	Individuals (Non Resident Individuals/Foreign Individuals)	0	0	0	0.00	0.00
(b)	Body Corporate	0	0	0	0.00	0.00
©	Institutions	0	0	0	0.00	0.00
(d)	Any Other (Specify)	0	0	0	0.00	0.00
	Sub Total	**0**	**0**	**0**	**0.00**	**0.00**
	Total Shareholding of Promoter & Promoter Group (A)=(A)(1)+(A)(2)	**15**	**28688500**	**27854900**	**73.45**	**73.45**
(B)	**Public Shareholding Institutions**					
(a)	Mutual Funds/UTI	0	0	0	0.00	0.00
(b)	Financial Institutions /Bank	0	0	0	0.00	0.00

©	Central Govt/State Govt(s)	0	0	0	0.00	0.00
(d)	Venture Capital Fund	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	0	0	0	0.00	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00
(h)	Any Other (Specify)	0	0	0	0.00	0.00
	Sub Total	**0**	**0**	**0**	**0.00**	**0.00**
(2)	Non Institutions					
(a)	Body Corporate	156	1996918	1996918	5.11	5.11
(b)	Individuals © Individuals Shareholders Holding nominal share capital up to Rs. 1 lakh	2106	3287165	3281665	8.42	8.42
	ii Individuals Shareholders Holding nominal share capital in excess of Rs. 1 lakh	89	4702177	3787677	12.04	12.04
©	Any Other (Specify)					
	Clearing Members	30	298098	298098	0.76	0.76
	Non Resident Indians	13	87142	87142	0.22	0.22
	Sub Total (B)(2)	**2394**	**10371500**	**9451500**	**26.55**	**26.55**
	Total (B)(2) Total Public Shareholding (B)=(B)(1)+(B)(2)	**2394**	**10371500**	**9451500**	**26.55**	**26.55**
	Total (A) + (B)	**2409**	**39060000**	**37306400**	**100.00**	**100.00**
©	**Shares held by Custodians and against which Depository Receipt have been issued**	0	0	0	0.00	0.00
	Grand Total (A)+(B)+(C)	**2409**	**39060000**	**37306400**	**100.00**	**100.00**

This Company complies with clause 40A of the Listing Agreement

Brief Financial Performance:

(Rs. In lakhs)

Particulars	**For 18Months Ended) 31.03.2007**	**Year ended Sept 30, 2005**	**Year ended March 31, 2004**
Share Capital	781.20	781.20	781.20
Reserves (Excluding Revaluation Reserve)	123.63	81.24	61.92
Net Worth	904.83	862.44	841.51
Total Income	72.71	81.36	70.90
PAT	42.39	20.93	-24.21
EPS (Per Share) (Rs.)	0.11	0.27	-
NAV Per Share (Rs.)	11.58	11.04	10.77

The financial year of the company has been changed from September to March.

The stock market data of the company for the last six months is as under:

Month	High (Rs.)	Low (Rs.)	No. of Shares Traded	Net Turnover (Rs in Lakhs)
June 2007	4.63	3.72	571055	23.95
July 2007	4.57	3.67	834671	34.53
August 2007	5.99	3.55	1790212	92.41
September 2007	6.26	4.80	1666189	95.62
October 2007	5.80	4.00	552992	27.33
Nivember 2007	9.07	4.20	1617478	122.90

(Source : www.bseindia.com)

Other Details:

Public or rights Issue in the preceding three years	No
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	Yes

There are no defaults in meeting any statutory/bank/institutional dues except details given in Legal and Other Informations. No proceedings have been initiated for economic offences against the Company

(vi). DAGGER FORST TOOLS LIMITED

Dagger Forst Tools Limited (DFTL) is engaged in the manufacture of highly specialized cutting tools viz. broaches, hobs, shaper cutters & shaving cutters (gear cutting tools). DFTL was incorporated in the year 1965 to set up a Broach manufacturing plant at Thane in Maharashtra in Technical collaboration and equity participation with Oswald Forst GmbH of Germany and their nominee German Investment and Development Company. All these manufacturing units have obtained ISO certification and satisfy all the norms related to environmental clearances. The company has manufacturing facilities at Thane and Aurangabad.

Promoters:

1. Mr. Yash Birla
2. Birla Bombay Pvt. Ltd
3. Nirved Traders Pvt. Ltd.
4. Asian Distributors Ltd
5. Shearson Investments & Trading Co. Pvt. Ltd
6. Godavari Corporation Pvt. Ltd
7. Birla Cotsyn (India) Limited

Shareholding Pattern as on 30th September 2007

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	Number of shares held in de materialized form	Total shareholding as Percentage of total number of shares	
					As a % of (A+B)	As a % of (A+B+C)
(A)	**Shareholding of Promoter & Promoter Group**					
(1)	Indian					
(a)	Individuals/Hindu Undivided Family	6	420517	51429	3.53	3.53
(b)	Central Government/ State Government	0	0	0	0.00	0.00
©	Bodies Corporate	6	5600783	5600583	47.04	47.04
(d)	Financial Institutions/ Banks	0	0	0	0.00	0.00
(e)	Any Other (Specify)	0	0	0	0.00	0.00
	Sub Total	**12**	**6021300**	**5652012**	**50.57**	**50.57**
(2)	Foreign					
(a)	Individuals (Non Resident Individuals/Foreign Individuals)	0	0	0	0.00	0.00
(b)	Bodies Corporate	1	183700	0	1.54	1.54
(c)	Institutions	0	0	0	0.00	0.00
(d)	Any Other (Specify)	0	0	0	0.00	0.00
	Sub Total	1	183700	0	1.54	1.54
	Total Shareholding of Promoter & Promoter Group (A)=(A)(1)+(A)(2)	**13**	**6205000**	**5652012**	**52.11**	**52.11**
(B)	**Public Shareholding Institutions**					
(a)	Mutual Funds/UTI	0	0	0	0.00	0.00
(b)	Financial Institutions /Bank	1	200	200	0.00	0.00
(c)	Central Government /State Government	0	0	0	0.00	0.00
(d)	Venture Capital Fund	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	0	0	0	0.00	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00
(h)	Any Other (Specify)	0	0	0	0.00	0.00
	Sub Total	1	200	200	0.00	0.00
(2)	Non Institutions					
(a)	Body Corporate	174	826718	811608	6.94	6.94
(b)	Individuals Shareholders Holding nominal share capital up to Rs. 1 lakh	7513	3947953	3723856	33.16	33.16
	ii) Individuals Shareholders Holding nominal share capital in excess of Rs. 1 lakh	14	848774	848774	7.13	7.13
(c)	Any Other (Specify)					
	Clearing Members	29	45398	25298	0.38	0.38

	NRI	55	33095	33095	0.28	0.28
	Sub Total (B)(2)	**7785**	**5701938**	**5442631**	**47.89**	**47.89**
	Total (B)(2) Total Public Shareholding (B)=(B)(1)+(B)(2)	**7786**	**5702138**	**5442831**	**47.89**	**47.90**
	Total (A) + (B)	**7799**	**11907138**	**11094843**	**100.00**	**100.00**
(C)	**Shares held by Custodians and against which Depository Receipt have been issued**	0	0	0	0.00	0.00
	Grand Total (A)+(B)+(C)	**7799**	**11907138**	**11094843**	**100.00**	**100.00**

This Company complies with clause 40A of the Listing Agreement

Board of Directors as on 30th September, 2007

Sr. No	Name of the Director	Status
1	Mr. Yashovardhan Birla	Non Executive, Non Independent
2	Ms. Avanti Birla	Non Executive, Non Independent
3	Mr. G.L. Lath	Executive Director
4	Mr. Vijay Agarwal	Non Executive, Independent
5	Mr. Shailesh Sheth	Non Executive, Independent
6	Mr. Rajesh Shah	Non Executive, Independent

Financial Performance:

(Rs. in Lakhs)

Particulars	Year ended 31st March, 2007	Period Ended 31st March, 2006 (9 mths)	Year ended 30th June 2005 (12 mths)
Share Capital	465.49	465.49	465.49
Reserves (Excluding Revaluation Reserve)	1962.44	1904.10	1819.59
Net Worth	2427.93	2369.59	2282.96
Total Income	3713.87	2296.57	2788.99
PAT	101.90	106.01	42.67
EPS (Per Share) (Rs.)	2.19	2.73	0.92
NAV Per Share (Rs.)	52.16	50.91	49.04

The Company is not a Sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act 1985 or is not under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

Monthly high and low price of the equity shares of DFTL at BSE are as follows:

Month	High (Rs.)	Low (Rs.)	No. of Shares Traded	Net Turnover (Rs in Lakhs)
June 2007	68.00	49.15	254483	157.68
July 2007	56.70	44.75	110770	56.56
August 2007	52.35	43.90	291149	138.99
September 2007	47.90	39.10	321794	138.95
October 2007	55.85	32.90	5921562	2799.68
November 2007	52.00	32.55	1987239	839.99

(Source : www.bseindia.com)

Dagger Forst Tools Limited had come out with a composite issue of equity shares of Rs. 10/- each aggregating to Rs. 2900.00 lakhs comprising of:

Rights issue of 33,24,954 equity shares of Rs. 10/- each for cash at a premium of Rs. 23 per share (i.e. at a price of Rs. 33 per share) aggregating to Rs. 1,097.23 lakhs to the existing equity shareholders of the company in the ratio of (5) equity shares for every (7) equity shares held as on July 06, 2007 (record date) and

Public issue of 4006150 equity shares of Rs. 10/- each for cash at a price of Rs. 45 inclusive of premium aggregating to Rs. 1,802.77 lakhs including promoter's contribution of 4,00,000 equity shares for cash at a price of Rs. 45 inclusive of premium aggregating to Rs. 180.00 lakhs. Thus net offer to the public is 36,06,150 equity shares of Rs. 10/- for cash at a price of Rs. 45 inclusive of premium aggregating to Rs. 1622.77 lakhs. The Net Public Issue was 30.09% of the post issue paid up capital of the Company.

Schedule of Implementation

As per Prospectus

Sr. No.		Activity	Commencement	Completion	Actual/Expected
A	**Civil Work**	1. Preparation of building drawing & approval from GDA	Sep-07	Oct-07	Oct-07
		2. Finalization of Contractor	Sep-07	Sep-07	Sep-07
		3. Commencement of Civil Work	Oct-07	Jul-08	In Progress
B	**Manpower**	1. Recruitment	Oct-07	May-08	In Progress
		2. On the job training at site	Jul-08	Sep-08	In Progress
C	**Plant & Machinery**	1. Quotation from supplier	Jun-06	Sep-07	Aug-07
		2. Order Placement & Establishing L/C	Nov-07	Dec-07	Jan-08
		3. Delivery	Feb-08	Aug-08	Will Begin in Feb 08
		4. Installation and Commissioning	Aug-08	Oct-08	Will Begin As per Schedule
		5. Electrical Installation & Air conditioning	May-08	Aug-08	Will Begin As per Schedule
E	**Commencement of Commercial Production**		November 2008		Expected November 2008
F	**Government Approval**	1. L.T. Connection	Nov-07	2008 January	In Progress
		2. Water Supply	Oct-07	Dec-07	In Progress

(vi) SHLOKA INFOTECH LIMITED

Originally incorporated in the year 1992 under the name and style of M/s. Rathi Mercantile & Management Services Limited as per the Companies Act, 1956 and was further renamed in the year 2002 to Shloka Infotech Limited. Presently, M/s. Shloka Infotech Limited is dealing in hardware and software items.

Promoters:

- Birla International Pvt. Ltd.
- Birla Bombay Pvt. Ltd.
- Godavari Corporation Pvt. Ltd.
- Asian Distributors Ltd.
- Birla Capital & Financial Services Ltd.
- Mr. K.P. Chokhani

Board of Directors as on 31st October, 2007

Sr. No	Name of the Director	Designation
1	Mr. Anuj Batra	Director
2	Mr. K.P. Chokani	Director
3	Mr. Shishir Dalal	Director

Shareholding Pattern as on 30th September, 2007

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	Number of shares held in de materialized form	Total shareholding as Percentage of total number of shares	
					As a % of (A+B)	As a % of (A+B+C)
(A)	**Shareholding of Promoter & Promoter Group**					
(1)	Indian					
(a)	Individuals/Hindu Undivided Family	2	1100	1000	0.03	0.03
(b)	Central Govt/State Govt(s)	0	0	0	0.00	0.00
©	Body Corporate	6	1116904	1116904	29.40	29.40
(d)	Financial Institutions/Banks	0	0	0	0.00	0.00
(e)	Any Other (Specify)	0	0	0	0.00	0.00
	Sub Total	**6**	**1118004**	**1117904**	**29.43**	**29.43**
(2)	Foreign					
(a)	Individuals (Non Resident Individuals/Foreign Individuals)	0	0	0	0.00	0.00
(b)	Body Corporate	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0.00
(d)	Any Other (Specify)	0	0	0	0.00	0.00
	Sub Total	**0**	**0**	**0**	**0.00**	**0.00**
	Total Shareholding of Promoter & Promoter Group (A)=(A)(1)+(A)(2)	**8**	**1118004**	**1117904**	**29.43**	**29.43**
(B)	**Public Shareholding Institutions**					
(a)	Mutual Funds/UTI	0	0	0	0.00	0.00
(b)	Financial Institutions /Bank	0	0	0	0.00	0.00
(c)	Central Govt/State Govt(s)	0	0	0	0.00	0.00
(d)	Venture Capital Fund	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	0	0	0	0.00	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00
(h)	Any Other (Specify)	0	0	0	0.00	0.00
	Sub Total	**0**	**0**	**0**	**0.00**	**0.00**

(2)	Non Institutions					
(a)	Body Corporate	102	272058	268758	7.16	7.16
(b)	Individuals I Individuals Shareholders Holding nominal share capital up to Rs. 1 lakh	3065	1599295	1070295	42.1	42.1
	ii Individuals Shareholders Holding nominal share capital in excess of Rs. 1 lakh	24	777981	738181	20.48	20.48
(c)	Any Other (Specify)					
	Clearing Members	23	22024	22024	0.58	0.58
	NRI	5	5838	5838	0.15	0.15
	Trust	1	3400	3400	0.09	0.09
	Sub Total (B)(2)	**3224**	**2680596**	**2108496**	**70.57**	**70.57**
	Total (B)(2) Total Public Shareholding (B)=(B)(1)+(B)(2)	**3224**	**2680596**	**2108496**	**70.57**	**70.57**
	Total (A) + (B)	**3232**	**3798600**	**3226400**	**100.00**	**100.00**
(C)	**Shares held by Custodians and against which Depository Receipt have been issued**	0	0	0	0.00	0.00
	Grand Total (A)+(B)+(C)	**3232**	**3798600**	**3226400**	**100.00**	**100.00**

This Company complies with clause 40A of the Listing Agreement

Financial Performance

(Rs. In lakhs)

Particulars	**Year ended March 31, 2007**	**Year ended March 31, 2006**	**Year ended March 31, 2005**
Equity Share Capital	379.86	379.86	379.86
Reserves (excluding revaluation reserves)	0.07	0.07	0.07
Profit & Loss A/c (not written off)	(117.41)	(123.37)	(128.15)
Net Worth (Rs)	262.52	256.56	251.78
Total Income	104.32	106.89	120.25
Profit/Loss after Tax	5.99	4.78	5.54
EPS of FV Rs. 10/- each (Rs.)	0.16	0.13	0.15
NAV per share of FV Rs. 10/- each (Rs.)	6.91	6.75	6.63

The stock market data of the company for the last six months is as under:

Month	**High (Rs.)**	**Low (Rs.)**	**No. of Shares Traded**	**Net Turnover (Rs in Lakhs)**
June 2007	11.25	7.90	53397	5.17
July 2007	18.48	9.83	340174	54.73
August 2007	16.57	11.98	143838	20.65
September 2007	28.20	14.30	730763	169.98
October 2007	29.25	18.65	338022	83.41
November 2007	22.50	17.15	130101	25.91

(Source : www.bseindia.com)

Other Details:

Public or rights Issue in the preceding three years	No
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	Yes

The Company is not a Sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act 1985 or is not under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

LISTED GROUP COMPANIES OF MR. P.B. BHARDWAJ

NIL

Financial Information of Unlisted Group Companies:

Unlisted Group Companies of YBG:

(i) Birla International Pvt. Limited

Permanent Account Number	**:**	**AAA-CB-4327L**
Company Registration No.	**:**	**11-12630 dated 15th April 1963**
Bank Account Details	**:**	**Bank of Baroda, Backbay Reclamation**
Nature of Business	**:**	**Trading & Investment**

History:

The Company was incorporated in 1963 under the name and style of Vallabh Textile Mills Ltd. The name was changed to Maharashtra Commodity Trading Company Limited on 30th January, 1970 and was further changed to Birla International Pvt. Ltd. on 1st May, 1978. At present the Company is engaged, amongst others, in trading of HSS tools & abrasive, fire hose fittings, furnace oil, cast iron powder, generators, heavy duty angle grinder, raw wool etc. The Company is also a dealer in other items i.e. gunmetal couplings, cutting oil, purifier & coolers etc.

Birla International Pvt. Limited was also into Infrastructure Services division i.e. renting out properties, advancing of loans, investment in shares and securities etc. The said division has been hived off and transferred to to its wholly owned subsidiary i.e. Nirved Traders Pvt. Ltd. For details of Scheme of Arrangement, please refer point no. 7 on page [•] of this Offer Document.

Promoters:

- **Ms. Avanti Birla**
- **M/s Godavari Corporation Pvt. Ltd**
- **M/s Shearson Investment & Trading Co. Pvt. Ltd**

Shareholding Pattern as on 30th September 2007:

Sr No	Name of shareholders	Number of Equity Shares	% of holding
1	M/s Godavari Corporation Pvt. Ltd	86,600	19.24
2	Ms. Avanti Birla	50,000	11.11
3	M/s Shearson Investment & Trading Co. Pvt. Ltd	2,19,390	48.76
4	Ms. Divya Mohta & Shearson Investment Trading Co. Pvt. Ltd	10	0.002
5	Yash Society	40,000	8.89
6	Sunanda Educational Society	35,000	7.78
7	Ms. Avanti Birla & Mr. Arunkumar Singhi	19,000	4.22
	Total	4,50,000	100.00

Board of Directors as on 30th September, 2007

The Board of Directors comprises of:

Sr. No	Name	Designation
1	Mr. R.P. Todi	Executive Director
2	Ms. Ashadevi Mohta	Director
3	Mr. R.S. Malani	Director

The brief financials are given below:

(Rs in Lakhs)

Particulars	As at March 2007 (12 months)	As at Sep 2006 (18 months)	As at March 2005 (12 months)
Equity Share Capital	45.00	45.00	45.00
Reserves & Surplus (excluding revaluation reserve)	660.91	860.85	273.80
Total Income	7877.06	5827.99	3570.43
Profit / Loss After Tax	(288.57)	707.59	(31.03)
Share Holders Funds / Net Worth (Rs)	705.91	905.85	318.80
NAV per share of FV Rs. 10/- each (Rs.)	156.87	201.30	70.84
EPS of FV Rs. 10/- each (Rs.)	-ve	157.24	-ve

The company is not a listed Company.

The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

There are no defaults in meeting any statutory/bank/institutional dues other than as under:

a. Income Tax appeals for the assessment years 1997-98 to 2001-02 are pending before the ITAT, Mumbai.

b. Income Tax appeal for the year 2002-03 is pending before the CIT (Appeals), Mumbai.

No proceedings have been initiated for economic offences against the Company.

(ii) TUNGABHADRA HOLDINGS PVT. LTD

Tungabhadra Holdings Pvt. Ltd was incorporated on July 1983 having a share capital of Rs.550 lakhs. The company produces high frequency induction welded pipes. The pipes produced are black and galvanized with size of 15 mm to 80 mm. The manufacturing facility is located at Tarapur district and the installed capacity is of 36000 tons per annum, with fully automatic imported pipe manufacturing and online galvanizing. The pipes produced are used in the building industry for water supply, bore well, structural general engineering, fencing, furniture, automobiles, and conduits etc.

Board of Directors as on 30th September, 2007

1	Mr. J.H.Baxi	Director
2	Mr. Lalit A. Rungta	Director
3	Mr. G.L Lath	Director

Shareholding Pattern as on, 30th September 2007:

Name of the Shareholder	No. of Shares	% Holding
Asian Distributors Ltd	2,00,000	3.97
Nirved Traders Pvt.. Ltd	9,68,400	19.23
Godavari Corporation Pvt. Ltd	6,62,000	13.14
Shearson Investment & Trading Co. Pvt. Ltd	12,06,000	23.95
Mr. Arun Kumar Singhi	10	-
Mr Kashiprasad Chokhani	10	-
Mr. Purushotam Sharma	10	-
M/s Chervil Capital Ltd	20,00,000	39.71
Total	**50,36,430**	**100.00**

Brief Financial Performance (For Last Three Years):

(Rs. in Lakhs)

Particulars- (For the period ended)	31st March 2007 (12 months)	31st March 2006 (12 months)	31st March 2005 (18 months)
Share Capital	503.64	503.64	503.64
Reserves (Excluding Revaluation Reserve)	1498.53	1468.46	1396.39
Net Worth	2002.17	1972.10	1900.03
Total Income	6521.75	4169.41	4877.68
PAT	30.07	72.59	121.16
EPS (Rs.)	0.60	1.44	2.41
NAV Per Share (Rs.)	39.75	39.16	37.73

Other Details:

Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

(ii) BIRLA LIFESTYLE PVT. LTD

Birla Lifestyle Pvt. Ltd. was incorporated on 16th February 2001. The aim of Birla Lifestyle was to provide stylish furniture and lifestyle products that match the tastes of today's globe trotting urban Indian.

Birla Lifestyle Pvt. Ltd. with the help of its stores aims at providing basic utilities required for home or office. The items that are showcased at the stores include not only exclusive designer furniture that are designed by world's finest designers but also small accessories such as folding ladder, ironing boards, cutlery etc.

Board of Directors as on 30th September 2007

1	Ms. Kaajal Anand	Director
2	Mr. Arun Singhi	Director
3	Mr. K.P. Chokhani	Director

Shareholding Pattern as on 30th September 2007

Name of the Shareholder	No. of Shares	% Holding
M/s Shearson Investment & Trading Co. Pvt. Ltd	4,24,750	49.97
M/s Nirved Traders Pvt. Ltd	4,24,750	49.98
Mr. Arun Singhi	100	0.01
Mr. K.P. Chokhani	100	0.01
Mr.R.S. Malani	100	0.01
Ms. Kaajal Anand	100	0.01
Mr. Purushotam Sharma	100	0.01
Total	**8,50,000**	**100.00**

Brief Financial Performance (For Last Three Years):

(Rs. in Lakhs)

Particulars	For the Financial year ended March 31st		
	2007	**2006**	**2005**
Share Capital	85.00	85.00	45.00
Reserves (Excluding Revaluation Reserve)	40.00	40.00	(2.59)
Net Worth	125.00	125.00	42.41
Total Income	201.46	170.12	252.00
PAT	4.86	0.31	(4.72)
EPS (Per Share) (Rs.)	0.57	0.04.	-ve-
NAV Per Share (Rs.)	14.71	14.71	9.42

Other Details:

Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

(iii) VIKING TRAVELS PVT. LTD

The Company was incorporated in the year 1976. The operations are carried out from Mumbai in Maharashtra.The Company has membership with International Organizations like IATA, UFTA, AAAI. The registered office of Viking Travels Pvt. Ltd. is located at Queen's Mansion. Prescot Road, Mumbai – 400 001.

Board of Directorsas on 31st Oct , 2007

1	Mr Yashovardhan Birla	Director
2	Ms Avanti Birla	Director
3	Ms Asha Mohta	Director
4	Mr. Arun.K Singhi	Director
5	Mr. Arun Jain	Director
6	Mr Manish Malani	Director
7	Mr G L Lath	Director
8	Ms Kaajal Anand	Director

Shareholding Pattern as on 31st Oct 2007

Name of the Shareholder	No. of Shares	% Holding
M/s Birla Bombay Pvt. Ltd	4,500	1.50
M/s Birla International Pvt. Ltd	62000	20.67
M/s Godavari Corporation Pvt. Ltd	104000	34.66
M/s Shearson Investment &Trading Co. Pvt. Ltd	1,11,400	37.13
Mr Yashovardhan Birla	12,600	4.20
Sunanda Medical Institute	500	0.17
Mr Yashovardhan Birla &Ms Avanti Birla C/o Mr. Ashok V Birla HUF	2,000	0.67
Mr. S.S.Dalal	500	0.17
Ms. Pravina S Dalal	500	0.17
Mr. Sharad Ladha	1,000	0.33
Ms Smita Ladha	1,000	0.33
Total	**3,00,000**	**100.00**

Note: - Schimitar Investment & Trading Co. Pvt. Ltd has been merged with Godavari Corporation Pvt. Ltd. However the shares held by Schimitar are pending transfer in the name of Godavari Corporation Pvt. Ltd.

Brief Financial Performance (For Last Three Years):

(Rs. in Lakhs)

Particulars	For the Financial year ended March 31st		
	2007	2006	2005
Share Capital	30.00	30.00	25.00
Reserves (Excluding Revaluation Reserve)	126.72	122.72	7.38
Net Worth	156.72	152.72	32.38
Total Income	139.79	175.29	241.76
PAT	4.00	0.31	6.88
EPS (Rs.)	1.33	0.10	2.75
NAV Per Share (Rs.)	52.24	50.91	12.95

Other Details:

Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

(iv) BCI INTERNATIONAL LIMITED

BCI International was promoted by Mr. Ashok Vardhan Birla and incorporated under Companies Act 1956 in 1977 at Delhi. The Company changed its Registered Office from Delhi to Mumbai (Maharashtra) in 1997 for operational convenience. The Company is into real estate, construction, re-development of residential / commercial properties, schools, hospitals, factories etc. The Company has developed & successfully completed premium residential/commercial projects in Junu and Matunga.

Board of Directors as on 30th September 2007

1	Mr. B.L Varma	Director
2	Mr. K.P. Chokhani	Director
3	Mr. G.L. Lath	Director
4	Mr. P.L. Sharma	Director
5	Mr. R.P. Todi	Director

Shareholding Pattern as on 30th September 2007 (Equity Shares of Rs.100 each)

Name of the Shareholder	Folio No.	No. of Shares Held
Mr. Yashovardhan Birla	38	270
Mr. Arun Singhi	40	10
Mr. K.P. Chokhani	41	20
M/s Birla International Pvt. Ltd	42	4780
Mr. Arun Singhi & M/s Birla International Pvt. Ltd.	43	10
Mr. K.P. Chokhani & M/s Birla International Pvt. Ltd	44	10
M/s Shearson Investment & Trading Co. Pvt. Ltd	45	4900
Total		**10,000**

Brief Financial Performance (For Last Three Years):

(Rs. in Lakhs)

Particulars	For the Financial year ended March 31st		
	2007	2006	2005
Share Capital (FV Rs.100 each)	10.00	10.00	10.00
Reserves (Excluding Revaluation Reserve)	23.66	22.87	27.88
Net Worth	33.66	32.87	37.88
Total Income	811.16	115.61	459
PAT	0.78	(5.00)	8.67
EPS (Rs.)	7.78	-	86.70
NAV Per Share (Rs.)	336.60	328.70	378.80

Other Details:

Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	Yes

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

(v) BIRLA ELECTRICALS LTD

The Company was incorporated in the year 1996 with its Head Office in Mumbai. The product offering of Birla Electricals include room heating system, air purifier, ice cream maker, blender, coffee maker, juicer, oven & toasters, cooking hobs, iron, mixer grinder, oil heaters etc.

Board of Directors as on 30th September 2007

1	Mr. R.P. Todi	Director
2	Mr. G.L. Lath	Director
3	Mr.D.P.Deora	Directo

Shareholding Pattern as on 30th September 2007

Name of the Shareholder	No. of Shares	% Holding
Mr Yashovardhan Birla	100	0.01
Ms. Avanti Birla	100	0.01
M/s Asian Distributors Ltd	75,000	9.99
M/s Godavari Corporation Pvt. Ltd	1,75,000	23.31
M/s Shearson Investment & Trading Co, Pvt. Ltd	2,00,000	26.65
M/s. Nirved Traders Pvt. Ltd	1,50,000	19.98
M/s Birla Bombay Pvt. Ltd	1,50,000	19.98
Mr. Subhash Sonthalia	500	0.07
Total	**7,50,700**	**100.00**

Note:- Schimitar Investment & Trading Co. Pvt. Ltd has been merged with Godavari Corporation Pvt. Ltd. However the shares held by Schimitar Investment & Trading Co. Pvt. Ltd are pending transfer in the name of Godavari Corporation Pvt. Ltd.

Brief Financial Performance (For Last Three Years):

(Rs. in Lakhs)

Particulars	For the year 31st March		
	2007	**2006**	**2005**
Share Capital	75.07	75.07	75.07
Reserves (Excluding Revaluation Reserve)	(1087.77)	(1087.44)	(273.19)
Net Worth	(1012.70)	(1012.37)	(198.12)
Total Income	136.34	163.73	654.23
PAT	0.32	(874.63)	(39.36)
EPS (Rs.)	0.04	-ve	-ve
NAV Per Share (Rs.)	-ve	-ve	-ve-

Other Details:

Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	Yes

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

(vi) BIRLA CONCEPTS (INDIA) PVT LTD

The company got incorporated in the year 2002. Products of the company include furniture and fixtures.

Board of Directors as on 3th September 2007

1	Ms Kaajal Anand	Director
2	Mr K.P. Chokhani	Director
3	Mr Mustafa Eisa	Director
4	Ms. Russhana Eisa	Director

Shareholding Pattern of Equity Shares as on 30th September 2007

Name of the Shareholder	No. of Shares	% Holding
Ms. Kaajal Anand	100	0.20
Mr. Arun Singhi	100	0.20
Mr. K.P. Chokhani	100	0.20
Mr Radheshyam Malani	100	0.20
M/s Godavari Corporation Pvt. Ltd	6,275	12.55
M/s Nirved Traders Pvt Ltd	6,275	12.55
M/s Shearson Investment & Trading Co. Pvt. Ltd	12,550	25.10
Mr. Mustafa Eisa	24,000	48.00
Ms Rukshana Eisa	500	1.00
Total	**50,000**	**100.00**

Shareholding Pattern of Preference Shares as on 30th September 2007

Name of the Shareholder	No. of Shares	% Holding
M/s Godavari Corporation Pvt. Ltd.	2,50,000	25.00
M/s.Nirved Traders Pvt Ltd	2,50,000	25.00
M/s Shearson Investment & Trading Co. Pvt. Ltd.	5,50,000	25.00
Total	**10,00,000**	**100.00**

Brief Financial Performance (For Last Three Years):

(Rs. in Lakhs)

Particulars	For the Financial year Ended March 31st		
	2007	2006	2005
Equity Share Capital	5.00	5.00	5.00
Reserves (Excluding Revaluation Reserve)	(17.95)	25.48	23.02
Net Worth	-ve	30.48	127.82
Total Income	222.05	167.11	319.15
PAT	(43.00)	2.53	8.70
EPS (Rs.)	-ve	0.25	0.82
NAV Per Share (Rs.)	-ve	12.41	12.17

Other Details:

Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit Or loss figures for the immediately preceding three years	yes

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

(vii) BIRLA PERUCCHINI LTD

The company was incorporated in the year 1997. Birla Perucchini was founded in collaboration with M/s. Fonderia Perucchini Spa, Italy with plant situated at Aurangabad in Maharashtra. The products produced are SG Iron [Nodular], CG Iron and Grey Iron casting.

Board of Directors as on 30th September 2007

1	Mr .Subodh Mathur	Director
2	Mr. Tushar Dey	Director
3	Mr. Rajiv Gandhi	Director

Shareholding Pattern as on 30th September 2007

Name of shareholder	No of shares	%
Mr Yashovardhan Birla	50100	0.74
Ms Avanti Birla	100	0.00
Birla International Pvt Ltd	617800	9.09
Schimitar Investment & Trading Co Pvt Ltd	482000	7.09
Shearson Investment & Trading Co Pvt. Ltd	482000	7.09
Dagger Forst Tools Ltd	2710000	39.85
Mr U S Sethia	220100	3.24
Fonderia Perucchini	1560000	22.94
Kinglor Ltd	600000	8.82
Mr. L.R. Daga	2100	0.03
Others- **Staff**	75800	1.13
TOTAL	**6800000**	**100.00**

DETAIL OF OPTIONALLY CONVERTIBLE PREFERENCE SHAREHOLDERS AS ON 31-03-2007

Name of shareholder	No of shares	%
Birla International Pvt Ltd	5925926	100
TOTAL	**5925926**	**100**

Brief Financial Performance (For Last Three Years):

(Rs. in Lakhs)

Particulars			
For the Year Ended 31st March	**2007**	**2006**	**2005**
Share Capital*	680.00	680.00	680.00
Reserves (Excluding Revaluation Reserve)	(2470.99)	(2382.52)	(2355.57)
Net Worth	(990.99)	(1702.52)	(1675.57)
Total Income	1914..32	1598.62	1385.76
PAT	(268.08)	(26.94)	(64.68)
EPS (Per Share) (Rs.)	-ve	-ve	-ve
NAV Per Share (Rs.)	-ve	-ve	-ve

*In addition to Equity ,the company has allotted 5925926 Optionaly Convertible Preference Shares of Rs. 13.50 each.

Other Details:

Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up	Yes
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	Yes

The Company is a Sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985. The company has filed reference under provisions of SICA (Special Provisions), 1985 on 1st April 2002 and subsequently the case got registered as case no. 702/2002 with BIFR, New Delhi. On the hearing held on 13/07/2005, BIFR has declared that the company is a sick company u/s 15 of SICA. However the company is not under winding up.

There are no defaults in meeting any statutory/bank/institutional dues as on 30th June, 2007.

(iv) Godavari Corporations Pvt. Limited

Permanent Account Number		AAACG1850D
Company Registration No.		11-22398 dated 13th February 1946
Bank Account Details		South Indian Bank, Fort Branch
Nature of Business		Investment & Finance and Power Generation

History:

The Company was incorporated in 1946 under the name and style of Godavari Corporation Ltd. under the Indore Companies Act. VII of 1940, Madhya Pradesh. The Company's registered office has been changed from the state of Madhya Pradesh to the state of Maharashtra on 25th March, 1980. The name was changed to Godavari Corporation Pvt. Ltd. on 21st September, 2004. At present the Company is engaged in dealing and trading in shares and securities. The company has also commissioned a wind mill at Karad, Maharashtra which is generating electrical power and transmitting/ distributing the same through the MSEB.

Promoters:

- M/s Shearson Investment & Trading Co. Pvt. Ltd.
- M/s Nirved Traders Pvt. Ltd.
- Yash Society.

Shareholding Pattern as on 30th September 2007

Sr. No.	Name of the Shareholder	No. of Shares Held	% of Issued Capital
1	Yash Society	14795	34.96
2	M/s. Shearson Investment & Trading Co. Pvt. Ltd.	16600	39.23
3	M/s. Nirved Trader Pvt. Ltd.	5645	13.34
4	Mr. Yashovardhan Birla	2572	6.08
5	Mr. Yashovardhan Birla & Ms. Avanti Birla C/o Birla Industries Group Charity Trust	1800	4.25
6	Yashovardhan Birla HUF	900	2.13
7	Mr. Arun Singhi	1	0.00
8	Ms. Kusum Singhi	1	0.00
	Total	**42314**	**100**

Board of Directors as on 30th September 2007

The Board of Directors comprises of:

Sr. No	Name	Designation
1	Ms. Avanti Birla	Director
2	Mr. R.S. Malani	Director
3	Mr. Arun Singhi	Director
4	Mr. G.L.Lath	Director

The brief financials are given below:

(Rs in Lakhs)

Particulars For the Year Ended 31st March	2007	2006	2005
Equity Share Capital	42.31	42.31	42.31
Reserves & Surplus	4507.54	4702.25	4659.78
Share Holders Funds / Net Worth (Rs)	4549.85	4744.56	4702.09
Total Income	299.29	260.01	197.63
Profit / Loss After Tax	(203.76)	(26.99)	(44.99)
NAV per share of FV Rs. 100/- each (Rs.)	10752.59	11213.80	11,113.42
EPS of FV Rs. 100/- each (Rs.)	-ve	-ve	-ve

The company is not a listed Company.
The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.
There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

(viii) SHLOKA PUBLICATIONS PRIVATE LIMITED

The Company was incorporated in the year 2003. The location of the company is in Mumbai with activities like publication of books. The Company has tie up with WRC, Media Discovery India. The Company's main objective is to make continuous efforts towards the constant evolution of our nation's education pattern.

Board of Directors as on 31st October 2007

1	Mr. K.P.Chokhani	Director
2	Mr. Anuj Batra Malani	Director

Shareholding Pattern as on 31st March 2007

Name of the Shareholder	No. of Shares	% Holding
Mr. Arun Singhi	100	1.00
Ms. Rummana Rangwala	100	1.00
Mr. K.P.Chokhani	100	1.00
Mr. Manish Malani	100	1.00
Mr. Bajranglal Varma	100	1.00
Birla International Pvt. Ltd	1,900	19.00
Godavari Corporation Pvt. Ltd	1,900	19.00
Shearson Investment & trading Co. Pvt. Ltd	3,800	38.00
Nirved Traders Pvt. Ltd	1,900	19.00
Total	**10,000**	**100.00**

Brief Financial Performance (For Last Three Years):

(Rs. in Lakhs)

Particulars	For the year ended 31st March		
	2007	**2006**	**2005**
Share Capital	1.00	1.00	*2.00
Reserves (Excluding Revaluation Reserve)	-	-	-
Net Worth	(75.10)	(82.58)	(39.58)
Total Income	196.91	119.89	56.33
PAT	6.28	(43.18)	(30.94)
EPS (Rs)	62.78	-	-
NAV Per Share (Rs.)	.-	-	-

* Share Capital of Rs. 2,00,000 includes 1,00,000 share application money that has been refunded in the financial year ended 31st March, 2006.

Other Details:

Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	Yes

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

(v) Birla Bombay Pvt. Limited

History:

The company was incorporated on September 26, 1923 under the name and style of The Cotton Agents Pvt. Ltd. the name was changed to Birla Bombay Pvt. Ltd. on September 28, 1965. The company's registered office is located at Industry House, 159, Churchgate Reclamation, Mumbai – 400 020.

The company is carrying on the business of financier, guarantor and is also dealing in shares and securities. The company also holds properties and agricultural lands at various places.

Promoters:

(i) Mr. Yashovardhan Birla.,

(ii) M/s Birla International Pvt. Ltd.

(iii) M/s Shearson Investment & Trading Co. Pvt. Ltd.

(iv) M/s Godavari Corporation Pvt. Ltd.

Shareholding Pattern as on 30th Sep 2007

Sr No	Name of shareholders	Number of Equity Shares	% of holding
	EQUITY SHARES		
1	Mr. K.K. Birla	72	1.29
2	Mr Kumar Mangalam Birla	24	0.43
3	Mr. S.K .Birla & Mr. C.K. Birla	72	1.29
4	M/s Shekavati Investment & Traders Ltd	160	2.86
5	Hari Om Educational Institute	210	3.75
6	Govind Education Institute	288	5.14
7	Rukmani Birla Educational Institute	288	5.14
8	Calcutta Hospital Institute	71	1.26
9	Calcutta Medical Institute	76	1.36
10	M/s Godavari Corporation Pvt. Ltd	840	14.99
11	M/s Birla International Pvt. Ltd	703	12.55
12	Mr Yashovardhan Birla & Ms. Avanti Birla	346	6.18
13	Mr Yashovardhan Birla	558	9.96
14	Mr. Yashovardhan Birla C/o. Mr. Ashok V. Birla HUF	635	11.33
15	Yash Society	400	7.14
16	M/s Shearson Investment & Trading Co. Pvt. Ltd	857	15.31
	Total	**5,600**	**100.00**
	PREFERENCE SHARES		
1	Yash Society	250	25.00
2	Sunanda Medical Institute	361	36.10
3	Sunanda Educational Society	247	24.70
4	M/s Birla International Pvt. Ltd.	142	14.20
	Total	**1,000**	**100.00**

Board of Directors as on 30th Sep 2007

The Board of Directors comprises of:

Sr. No	Name	Designation
1	Mr. Yashovardhan Birla	Director
2	Ms Kusum Singhi	Director
3	Mr. K.P. Chokhani	Executive Director
4	Mr. Manish Malani	Director

The brief financials are given below:

(Rs in Lakhs)

Particulars	31st March 2007	31st March 2006	31st March 2005
Total Income	147.61	262.91	231.21
Profit / (Loss) After Tax	(71.28)	63.27	129.72
Equity Share Capital	56.00	56.00	56.00
Reserves & Surplus (excluding revaluation reserve)	1424.53	1495.51	1,432.24
Share Holders Funds / Net Worth (Rs)	1480.53	1551.51	1,488.24
NAV per share of FV Rs. 1000/- each (Rs.)	26438.08	27,705.63	26,575.71
EPS of FV Rs. 1000/- each (Rs.)	-ve	1106.62*	2293.13*

* EPS of Rs. 1106.62 for the year 2006, Rs. 2293.13 for the year 2005 and of Rs 310.27 is calculated after taking into account Preference Dividend of Rs 1,30,000/-.

Other Details:

Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	Yes

This Company is an unlisted Company and it has not made any public or rights issue in the preceding three years.
There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

Unlisted Companies of P.B.Group :

1**. Haryana Television Ltd**

The company was incorporated on 30th December 1973 for manufacture of TV sets. The company suffered huge losses and became a sick unit of Haryana Govt. which was bought by Shri S.D.Bhardwaj in November 1992 from Governmetn of Haryana. The company at present is closed and there is no manufacturing activity as of now.

Board of Directors :

1	Mr. P.B. Bhardwaj	Chairman cum Managing Director
2	Mr. R.B. Bhardwaj	Director
3	Mr. V.B. Bhardwaj	Director
4	Mr. Alok Bhardwaj	Director

Shareholding Pattern as on 12th November 2007

Name of the Shareholder	**No. of Shares**	**% Holding**
Mr. S.D.Bhardwaj	**34550**	**23.99**
Mr. P.B. Bhardwaj	17280	12.00
Mr. R.B. Bhardwaj	17280	12.00
Mr. V.B. Bhardwaj	17280	12.00
Mr. Alok Bhardwaj	14400	10.00
Mr. Udayan Bhardwaj	14400	10.00
Mr. Pranav Bhardwaj	14400	10.00
Mr. Suhrit Bhardwaj	14400	10.00
Mr. G. Nopany	10	0.01
Total	**10,000**	**100.00**

Brief Financial Performance (For Last Three Years):

(Rs. in Lakhs)

Particulars	**For the year ended 31st March**		
	2007	**2006**	**2005**
Share Capital	14.40	14.40	14.40
Reserves (Excluding Revaluation Reserve)	(103.52)	(111.33)	(94.54)
Net Worth	-ve	-ve	-ve
Total Income	13.46	12.22	10.21
PAT	7.82	(16.80)	0.99
EPS (Rs)	5.43	-ve	0.68
NAV Per Share (Rs.)	-ve	-ve	-ve

Other Details:

Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up	yes
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

2. .Divit Textiles Pvt. Ltd.

The company was incorporated on 10th Feb 2006. The main activities of the company is the area of Textiles and is also involved in providing consultancy, management and advisory services in relation to Textiles..

Board of Directors :

1	Mr. P.B. Bhardwaj	Chairman cum Managing Director
2	Mr. Alok Bhardwaj	Director
3	Mr. K.K. Lakhotia	Director
4	Mr. J.P. Bajaj	Director

Shareholding Pattern as on 12th November 2007

Name of the Shareholder	**No. of Shares**	**% Holding**
Mr. S.D.Bhardwaj	5000	50.00
Mr. Alok Bhardwaj	5000	50.00
Total	10,000	100.00

Brief Financial Performance

(Rs. in Lakhs)

Particulars	
As at 31st March	**2007**
Share Capital	1.00
Reserves (Excluding Revaluation Reserve)	(2.35)
Net Worth	(1.35)
Total Income	(0.07)
PAT	-
EPS (Rs)	-
NAV Per Share (Rs.)	-ve

Note: This is the first year of the company and its accounts have been prepared for the first time.

Other Details:

Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	N.A

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

3. SpinWeave Textiles Pvt. Ltd

The company was incorporated in December 2006. The main activities of the company comprises of investment, manufacturing and trading in Tetiles and also to provide consultancy services in relation to Textiles and allied activities...

Board of Directors :

1	Mr.Deepak B. Khot	Director
2	Ms.Jyotsna S. Desai	Director

Shareholding Pattern as on 31st October 2007

Name of the Shareholder	No. of Shares	% Holding
Mr.Deepak B. Khot	5000	50.00
Ms.Jyotsna S. Desai	5000	50.00
Total	10,000	100.00

Brief Financial Performance

(Rs. in Lakhs)

Particulars	
As at 31st March	**2007**
Share Capital	1.00
Reserves (Excluding Revaluation Reserve)	
Net Worth	
Total Income	
PAT	0.17
EPS (Rs)	-
NAV Per Share (Rs.)	-ve

Note: This is the first year of the company and its accounts have been prepared for the first time.

Other Details:

Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	N.A

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Comy.

Ridge Farms Developers Pvt. Ltd:

The company was incorporated in 16th October 1996 as a private limited company . The main activities of the company is to purchase, take on lease hire or other wise acquire any estates, lands, buildings, easements or other interest in immovable properties and to develop or sell, lease, let, mortgage or other wise dispose of the lands, houses,buildings etc. To act as contractor for construction of buildings, roads, bridges, earthwork, sewer tanks, drains, culverts, channels and sewerage etc. and also to construct houses buidings of works of every description etc.

Board of Directors as on 6th December 2007.

1	Mr. T. R. Sood	Director
2	Mr. Alok Bhardwaj	Director

Shareholding Pattern as on 6th December 2007

Name of the Shareholder	No. of Shares	% Holding
Mrs.Usha Bhardwaj	99300	99.30
Mr. Alok Bhardwaj	500	0.50
Mr. P. B. Bhardwaj	200	0.20
Total	1,00,000	100.00

Brief Financial Performance

(Rs. in Lakhs)

As at 31st March	2007	2006	2005
Share Capital	10.00	10.00	10.00
Reserves (Excluding Revaluation Reserve)	13.55	7.79	1.19
Net Worth	23.55	17.79	11.19
Total Income	13.89	13.25	0.84
PAT	5.78	6.62	(0.03)
EPS (Rs)	5.78	6.62	-ve
NAV Per Share (Rs.)	23.55	17.79	11.19

Other Details:

Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Comy.

Other relevant details about the group companies:

1. One of the promoters Shri. Yashovardhan Birla and his group had 33% of share holding in 3M India Ltd (earlier known as Birla 3M Limited.) This was reduced to 7.5% in 1998 and to less than 1% as on 30th June 2007. The Y.B Group had no controlling stake in the company since 1998. In 1993 Mr Yashovardhan Birla was appointed as non-executive Chairman of the company and in June 2007 he had resigned from the said Chairmanship. As on date neither Mr Birla nor any of his group companies is associated with 3M India Ltd.

2. There are no sales or purchase between companies in the Promoters' group, wherein such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of the Issuer Company. The material items of income or expenditure arising out of transactions in the Promoters' group are disclosed under "Related Party Disclosures" as mentioned under Annexure XV of the Auditors' Report appearing on page [•] of this Draft Red Herring Prospectus.

CHANGE IN ACCOUNTING POLICIES IN THE LAST THREE YEARS:

There has not been any change in the accounting policies of the company in the last 3 years.

CHANGE IN ACCOUNTING PERIOD

There has not been any change in the accounting period of the company.

MANAGEMENT'S DISCUSSION AND ANALYSIS

You should read the following discussion and analysis of financial condition and results of operations together with our financial statements included in this Draft Red Herring Prospectus. The following discussion relates to our company and is based on our restated financial statements. Our financial statements have been prepared in accordance with Indian GAAP, the accounting standards referred to in section 211(3C) of the Companies Act and other applicable provisions of the Companies Act.

For a description of our business, please refer to the section titled "Our Business" on page ___of this Draft Red Herring Prospectus .You should also read the section titled "Risk Factors" on page ___ of this Draft Red Herring Prospectus. We are entitled to certain tax benefits. Please refer to section titled "Statement of Tax Benefits" beginning on page _____ of this Draft Red Herring Prospectus for details of tax benefits available to us. Our 31st March year ends on [M]arch 31st of each year, so all references to a particular 31st March are to the twelve months period ended [M]arch 31st of that 31st March year.

Overview:

We are the flagship Company of the Yash Birla Group, one of the largest industrial conglomerates in India.

The group has diversified interest in industries like steel pipes, machine tools, cutting tools, tool holders, iron castings, power solution products, multipurpose engines pumps, electrical appliances, textiles carpets, furnishing, lifestyle, infotech, publication, travel, electricity insulation, tapes, property development, cotton ginning etc. The major companies in the group includes Zenith Birla (India) Ltd, Birla Power Solutions Ltd, Dagger Forst Tools Ltd, Birla Kennametal Tools Ltd, Birla Transasia Carpets Ltd, Birla Perucchini Ltd, Birla Electricals Ltd, Birla Lifestyle Ltd, Birla Concepts (India) Pvt. Ltd, Shloka Infotech Ltd.

Our Company is having its units located at the following places.

- Sheagaon Road, Khamgaon, Dist. Buldhana, Maharashtra
- MIDC, Khamgaon, Dist. Buldhana, Maharashtra Ghataji, Maharashtra (acquired under business transfer agreement from Khamgaon Syntex (India) Ltd.
- Ghatanji, Maharashtra
- Parola Road, Dhule, Dist. Yavatamal, Maharashtra and
- MIDC Area, Malkapur, District Buldhana, Maharashtra, (under implementation).

Our Company which has been earlier engaged in Cotton Ginning, Pressing and Oil expelling at its facilities in Khamgaon, Ghatanji and Dhulia is presently in the process of implementing the expansion project at an estimated cost of Rs.289.19 Crores for the following:

- Acquisition of the assets of Khamgaon Syntex (I) Ltd at MIDC, Khamgaon with a spindle capacity of 18,304 for the manufacture of synthetic yarn. This is envisaged to be enhanced to 19,040 spindles along with modernization and up-gradation of facilities with part replacement of existing machinery.
- Setting up of a 36,000 cotton spindle yarn manufacturing unit
- Manufacture of Open End rotor based Cotton yarn, with an installed capacity of 1,728 Rotors and Weaving of Grey Fabric with 114 Looms
- Manufacture of finished cloth (with installed capacity of 50,000 meters per day) by setting up a Dyeing and Processing unit.

The proposed expansion mentioned above has been appraised by SBICAP.

In addition to the above our Company plans as a step towards forward integration to set up facilities for garment and apparel manufacturing and also to establish retail outlets all over the country for marketing the products. Based on an internal estimate of our Company's management, our Company may require about Rs.2500 Lakhs to start with. However this portion of the project for which a part of the proceeds of the Public issue will be used is not appraised by any outside agency.

The state government of Maharashtra has conferred the mega project status to the Project. The main purpose of the JV is to enable both groups to combine resources and carry on the business of manufacturing, marketing and distribution of products.

For the 31st Marchs 2006 and 2007, our Company had earned restated profit after tax of Rs. 67.92 Lakhs and 256.97 Lakhs respectively.

Significant Developments Subsequent to the Last Financial Year

The directors of our Company confirm that in their opinion no circumstances have arisen since the date of the last financial statements as disclosed in this Draft Red Herring Prospectus, which materially and adversely affect or are likely to affect the trading or profitability of our Company, or the value of our assets, or our ability to pay our liabilities within the next twelve months.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our business, results of operations and financial condition are affected by a number of factors, including:

Growth in the textile industry: Our business is significantly dependent on general economic conditions and textile sector activity in India and in international market. The Indian government in recent years has introduced a number of policies and incentives aimed at encouraging the domestic textile sector, while the removal of textile quotas internationally has created potentially significant market opportunities for textile manufacturers from countries with relatively lower production costs. Our ability to anticipate and respond to the expected rapid growth, and consequent competition, in the Indian and international textile industry will be critical to our results of operations in the coming years.

Demand and supply: Our products sales realizations are influenced by the demand for and supply of these products in the Indian and international markets. Demand and supply is influenced by factors such as fashion trends, consumer preferences, perception of prospective demand, competition, tax, manufacturing incentives, the Indian and international macroeconomic and retail environment and the cost of raw materials, principally cotton.

Timely Availability of Raw Material and Price Fluctuations thereof: Raw material costs comprise largest part of our total operating expenditure. Our major raw materials include cotton Availability of cotton is dependent on climatic factors and occurrence of drought may seriously hamper our ability to timely source our cotton requirements at competitive prices. Delays or deficiency in monsoon may affect timely availability of cotton at competitive prices for requisite quality.

The major raw materials required for the project is fabrics, which will be purchased indigenously and part of it will be imported and other accessories like buttons, threads zipper etc. required would be procured locally. The raw material which would be imported will be sourced from countries like china, Portugal, turkey, Mauritius etc. Therefore our Company does not envisage any difficulty in procurement of required raw material.

Significant items of Income and expenditure

(Rs. in Lakhs)

Particular	For the quarter ending 30th June 2007	31.03.2007	31.03.2006	31.03.2005	31.03.2004
Income:					
Total Sales	**1836.37**	**5351.41**	**381.68**	**343.75**	**331.82**
Increase/(Decrease) %		1302.07%	11.03%	3.60%	49.27%
Other Income	19.70	47.60	35.99	9.39	8.03
Increase/(Decrease) %		32.23%	283.32%	16.85%	21.91%
Increase/(Decrease) in Inventories	(51.02)	142.60	6.39	(25.06)	15.12
Total Income (A)	**1804.96**	**5541.61**	**424.07**	**328.08**	**354.98**
Increase/(Decrease) %		1206.77%	29.26%	-7.58%	52.68%
Expenditure:					
Purchase of Goods Traded	366.43	609.35	102.64	75.10	65.46
Increase/(Decrease) %		493.69%	36.67%	14.73%	1.73%
% of income		11.00%	24.20%	22.89%	18.44%
% of Expenditure		11.83%	27.89%	24.39%	19.78%
Raw material consumed	873.74	3101.65	62.45	13.06	98.38
Increase/(Decrease) %		4866.73%	378.32%	-86.73%	259.18%
% of income		55.97%	14.73%	3.98%	27.71%
% of Expenditure		60.23%	16.97%	4.24%	29.73%
Staff Cost	200.59	570.52	58.72	66.13	61.83
Increase/(Decrease) %		871.67%	-11.21%	6.96%	35.79%
% of income		10.30%	13.85%	20.16%	17.42%
Other Manufacturing Expenses	155.45	601.16	105.71	100.45	73.52
Increase/(Decrease) %		468.67%	5.24%	36.63%	19.27%
% of income		10.85%	24.93%	30.62%	20.71%
% of Expenditure		11.67%	28.72%	32.62%	22.22%
Administration Expenses	26.71	122.66	23.81	36.82	17.58
Increase/(Decrease) %		415.19%	-35.33%	109.44%	27.30%
% of income		2.21%	5.61%	11.22%	4.95%
% of Expenditure		2.38%	6.47%	11.96%	5.31%
Selling & Distribution Expenses	51.87	108.06	0.65	0.10	0.11
% of income		1.95%	0.15%	0.03%	0.03%
% of Expenditure		2.10%	0.18%	0.03%	0.03%
Interest	10.42	36.56	14.07	16.28	14.03
Increase/(Decrease) %		160.08%	-13.57%	16.03%	36.70%
% of income		0.66%	3.32%	4.96%	3.95%
% of Expenditure		0.71%	3.82%	5.29%	4.24%
Total Expenditure (B)	**1685.21**	**5149.99**	**368.05**	**307.94**	**330.91**
Increase/(Decrease) %		1299.28%	19.52%	-6.94%	48.05%

% of income		92.93%	86.79%	93.86%	93.22%
Profit/(loss) before Depreciation, extraordinary items & taxes	**119.74**	**464.89**	**36.30**	**20.14**	**24.07**
Increase/(Decrease) %		599.03%	178.14%	-16.31%	167.98%
% of income		7.07%	13.21%	6.14%	6.78%
Depreciation	29.44	72.41	15.88	13.99	9.88
Increase/(Decrease) %		356.04%	13.51%	41.65%	18.00%
% of income		1.31%	3.74%	4.26%	2.78%
Net Profit/(loss) before extraordinary items & taxes	**90.30**	**319.20**	**20.41**	**6.15**	**14.19**
Increase/(Decrease) %		695.14%	552.47%	-56.65%	2219.07%
% of income		5.76%	9.47%	1.88%	4.00%
Extraordinary Items	-	73.27	21.03	0.00	0.00
Increase/(Decrease) %		248.33%	0	0	0
% of income		1.32%	4.96%	0	0
Net Profit/(loss) before tax	**90.30**	**392.48**	**61.18**	**6.15**	**14.19**
Increase/(Decrease) %		541.52%	894.34%	-56.65%	2219.07%
% of income		7.08%	14.43%	1.88%	4.00%
Total taxes	11.02	135.50	-6.74	0.69	2.20
Net Profit/ (loss) after Tax	**79.28**	**256.97**	**67.92**	**5.47**	**11.99**
Increase/(Decrease) %		278.35%	1142.78%	-54.41%	N.A
% of income		4.64%	16.02%	1.67%	3.38%

Bifurcation of Total Turnover

(Rs. in Lakhs)

Particulars	**For the quarter ending 30th June 2007**	**31.03.07**	**31.03.06**	**31.03.05**	**31.03.04**
Turnover of :					
Products manufactured (net of excise)	**1405.62**	**4681.93**	**268.65**	265.17	331.82
Products Traded	430.65	669.48	113.03	78.58	0.00
Total	**1836.27**	**5351.41**	**381.68**	**343.75**	**331.82**

Turnover of Products manufactured

(Rs. in Lakhs)

Particular	For the quarter ending 30th June 2007	31st March 2007	31st March 2006	31st March 2005	31st March 2004	31st March 2003
Textiles	1388.90	4565.53	206.89	222.67	177.30	122.40
Trading	430.65	669.48	113.04	78.58	79.1	56.63
Others	16.72	116.40	61.75	42.50	75.40	43.26
	1836.27	5351.41	381.68	343.75	331.82	222.29

Review of results of quarter ended 30th June 2007:

During the quarter ended 30th ended 2007, the company had achieved a turnover of Rs.1836 lakhs and a net profit after tax of Rs.79.28 lakhs. The EPS for this quarter works out to 0.58, the annualized EPS is 2.32 as against 1.89 for the previous year 2006-07.

31st March 2007 Vs 31st March 2006

Income

Our total income increased by 1210.04% from Rs. 417.76 Lakhs in 31st March 2006 to Rs. 5472.28 Lakhs in 31st March 2007. Total sales increased from Rs 381.68 Lakhs in 31st March 2006 to Rs 5351.41 Lakhs in 31st March 2007 showing a growth of 1302.07%. The substantial increase in the turnover was mainly due to the acquisition of unit of Khamgaon Syntex (India) Ltd in July 2006. Other Income increased from Rs.36.08 Lakhs to Rs.120.87 Lakhs. There were two factors which attributed for the increase in the other income.. One was the write back of excess provisions to the extent of Rs.53.72 Lakhs and the other was profit on sale of fixed assets and Investments to the extent of Rs.27.55 Lakhs.

Expenditure

Our expenditure increased to Rs. 5007.39 Lakhs in 31st March 2007 from Rs. 361.74 Lakhs in 31st March 2006 showing an increase of 1284.25%. This increase in expenditure is mainly on account of increase in raw material expenditure (which increased from Rs. 56.05 Lakhs for 31st March 2006 to Rs. 2959.04 Lakhs for 31st March 2007) and staff costs (which increased from Rs. 58.72 Lakhs for 31st March 2006 to Rs. 570.52 Lakhs for 31st March 2007). As a percentage of income, the expenditure for 31st March 2007 was `91.5% as against 86.59% in 31st March 2006. However it may be mentioned that both the figures are not comparable as our Company had ventured into a new activity namely manufacture of synthetic yarn with effect from August 2006.

Purchase of Goods Traded

Purchase of goods traded increased from Rs. 102.64 Lakhs in 31st March 2006 to Rs. 609.35 in 31st March 2007 showing an increase of 493.69%. This increase in expenditure was on account of increase in products traded by our Company from Rs. 113.03 Lakhs in 2006 to Rs. 669.48 Lakhs in 2007 showing a growth of 492.3%

Raw Material

Raw material cost increased to Rs. 3101.64 Lakhs in 31st March 2007 from Rs. 62.45 Lakhs in 31st March 2006 showing an increase of 4866.73%. Raw material cost as percentage of income increased from 14.73% in 31st March 2006 to 55.97% in 31st March 2007. The figures for the two years are not comparable as our Company had ventured into a new activity namely manufacture of synthetic yarn with effect from August 2006.

Staff expenses

Staff expenses increased to Rs. 570.52 Lakhs in 31st March 2007 from Rs. 58.72 Lakhs in 31st March 2006 showing an increase of 871.67%. Personnel expenses as a percentage of income were 10.30% in 31st March 2007 compared to 13.85% in 31st March 2006.

Other Manufacturing expenses

Other Manufacturing expenses increased to Rs. 601.16 Lakhs in 31st March 2007 from Rs. 105.71 Lakhs in 31st March 2006 showing an increase of 468.67%. Other Manufacturing expenses as a percentage of income reduced to 10.85% in 31st March 2007 as compared to 24.93% in 31st March 2006.

Administration expenses

Administration expenses increased to Rs. 122.66 Lakhs in 31st March 2007 from Rs. 23.81 Lakhs in 31st March 2006 showing an increase of 415.19%. Administration expenses as a percentage of income reduced to 2.21% in 31st March 2007 as compared to 5.61% in 31st March 2006.

Selling and Distribution expenses:

Selling and distribution expenses increased to Rs. 108.06 Lakhs in 31st March 2007 from Rs. 0.65 Lakhs in 31st March 2006. Selling and distribution expenses as a percentage of income were 1.95% in 31st March 2007 compared to 0.15% in 31st March 2006.

Interest

Interest expenses increased to Rs. 36.56 Lakhs in 31st March 2007 from Rs. 14.07 Lakhs in 31st March 2006 showing an increase of 160.08%. It includes amount paid on secured as well as unsecured loan. The higher interest was on account of higher term loan outstanding for 31st March 2007 as well as increase in rate of interest. Interest charges as percentage of income were 0.66% in 31st March 2007 as compared to 3.32% in 31st March 2006.

Profit/ (loss) before Depreciation, extraordinary items & taxes

Profit before depreciation, extraordinary items & taxes as a percentage of income was 7.07% in 31st March 2007 compared to 13.21% in 31st March 2006. The Profit before depreciation, extraordinary items & taxes increased to Rs. 391.62 Lakhs in 31st March 2007 from Rs. 56.02 Lakhs in 31st March 2006 showing an increase of 599.03%. The increase was on account of increase in turnover.

Depreciation

Depreciation expenses increased to Rs. 72.41 Lakhs in 31st March 2007 from Rs. 15.88 Lakhs in 31st March 2006 showing an increase of 356.04%. Depreciation charges as a percentage of income were 1.31% in 31st March 2007 and 3.74% in 31st March 2006. The increase in depreciation was due to the acquisition of assets & unit of Khamgaon Syntex (India) Ltd in July 2006.

PBT

PBT increased to Rs. 392.48 Lakhs in 31st March 2007 from Rs. 61.18 Lakhs in 31st March 2006 showing a growth of 541.52%.The increase in PBT was on account of factors mentioned above. PBT Margin was 7.08% in 31st March 2007 compared to 14.43% in 31st March 2006.

Taxes

Taxes increased to Rs. 135.5 Lakhs in 31st March 2007 when compared to the tax credit of Rs. 6.74 Lakhs in 31st March 2006. The increase in taxation is mostly on account of higher provision of deferred tax.

PAT

PAT increased to Rs. 256.97 Lakhs in 31st March 2007 from Rs. 67.92 Lakhs in 31st March 2006 showing an increase of 278.35%. The profit margin in 31st March 2007 was 4.64% as compared to 16.02% in 31st March 2006 on account of above mentioned factors.

31st March 2006 Vs 31st March 2005

Income

Our total income increased by 29.26% from Rs. 328.08 Lakhs in 31st March 2005 to Rs. 424.07 Lakhs in 31st March 2006. During this year the Cotton Ginning and Pressing activity was good at Ghatanji and Khamgaon Unit but not at Dhulia Unit. The availability of cotton for ginning and pressing was much lower. Despite this, the sales during the year ended 31st March, 2006 amounted to Rs. 381.68 Lakhs registering an increase of 11.03% over the sales of 343.75 Lakhs during the previous year ended 31st March, 2005. The other income went up substantially and the increase was about 283% over the previous year. It went up from Rs. 9.39 Lakhs to almost Rs. 36 Lakhs

Expenditure

Our expenditure increased to Rs. 368.05 Lakhs in 31st March 2006 from Rs. 307.94 Lakhs in 31st March 2005 showing an increase of 19.52%. This increase in expenditure is mainly on account of increase in raw material expenditure (which increased from Rs. 13.06 Lakhs for 31st March 2005 to Rs. 62.45 Lakhs for 31st March 2006). As a percentage of income, the expenditure for 31st March 2006 was 86.79% as against 93.86% in 31st March 2005. This decrease in total expenditure as a percentage of total income was on account of better efficiency and reduction in staff costs which got reduced from Rs. 66.13 Lakhs in 2005 to 58.72 Lakhs in 2006.

Purchase of Goods Traded

Purchase of goods traded increased from Rs. 75.10 Lakhs in 31st March 2005 to Rs. 102.64 Lakhs in 31st March 2006 showing an increase of 36.67%. This increase in expenditure was on account of increase in products traded by our Company from Rs. 78.58 Lakhs in 31st March 2005 to Rs. 113.03 Lakhs in 31st March 2006 showing an increase of 43.83%.

Raw Material

Raw material cost increased to Rs. 62.45 Lakhs in 31st March 2006 from Rs. 13.06 Lakhs in 31st March 2005 showing an increase of 378.32%. Though the administrative and the staff expenses had come down, the cost of raw materials consumed had gone up substantially. Raw material cost as percentage of income increased from 3.98% in 31st March 2005 to 14.73% in 31st March 2006.

Staff expenses

Staff expenses decreased to Rs. 58.72 Lakhs in 31st March 2006 from Rs. 66.13 Lakhs in 31st March 2005 showing a decrease by 11.21%. Staff expenses as a percentage of income were 13.85% in 31st March 2006 compared to 20.16% in 31st March 2005.

Other Manufacturing expenses

Other Manufacturing expenses increased to Rs. 105.71Lakhs in 31st March 2006 from Rs. 100.45 Lakhs in 31st March 2005 showing an increase of 5.24%. Other Manufacturing expenses as a percentage of income reduced to 24.93% in 31st March 2006 as compared to 30.62% in 31st March 2005.

Administration expenses

Administration expenses decreased to Rs. 23.81Lakhs in 31st March 2006 from Rs. 36.82 Lakhs in 31st March 2005 showing a decrease by 35.33%. Administration expenses as a percentage of income reduced to 5.61% in 31st March 2006 as compared to 11.22% in 31st March 2005.

Selling & Distribution expenses

Selling & Distribution expenses increased to Rs. 0.65 Lakhs in 31st March 2006 from Rs. 0.1 Lakhs in 31st March 2005 showing an increase of 541.02%. Selling & Distribution expenses as a percentage of income increased from 0.03% in 31st March 2005 as compared to 0.15% in 31st March 2006

Interest

Interest expenses decreased to Rs. 14.07 Lakhs in 31st March 2006 from Rs. 16.28 Lakhs in 31st March 2005 showing a decline of 13.57%. Interest charges as percentage of income were 4.96% in 31st March 2005 as compared to 3.32% in 31st March 2006.

Profit/ (loss) before Depreciation, extraordinary items & taxes

Profit before depreciation, extraordinary items & taxes as a percentage of income was 6.14% in 31st March 2005 compared to 13.21% in 31st March 2006. The increase in margin was on account of reduction in staff costs by Rs. 7.42 Lakhs and

Administration expenses which got reduced from Rs. 36.82 Lakhs in 2005 to Rs. 23.81 Lakhs in 2006. The Profit before depreciation, extraordinary items & taxes increased to Rs. 56.02 Lakhs in 31st March 2006 from Rs. 20.14 Lakhs in 31st March 2005 showing an increase of 178.14%.

Depreciation

Depreciation expenses increased to Rs. 15.88 Lakhs in 31st March 2006 from Rs. 13.99 Lakhs in 31st March 2005 showing an increase of 13.51%. Depreciation charges as a percentage of income were 4.26% in 31st March 2005 and 3.74% in 31st March 2006. The increase in depreciation was on account of certain additions done to fixed assets during the year.

PBT

PBT increased to Rs. 61.18 Lakhs in 31st March 2006 from Rs. 6.15 Lakhs in 31st March 2005 showing a growth of 552.47%.The increase in PBT was on account of factors mentioned above. PBT Margin was 14.43% in 31st March 2006 compared to 1.88% in 31st March 2005.

Taxes

Our Company enjoyed a tax credit of Rs. 6.74 Lakhs in 2006 when compared to the tax liability of Rs. 0.69 Lakhs in 2005. The decrease in taxation was mostly on account of lower provision of deferred tax.

PAT

PAT increased to Rs. 67.92 Lakhs in 31st March 2006 from Rs. 5.47 Lakhs in 31st March 2005 showing an increase of 1142.78%. The profit margin in 31st March 2006 was 16.02% as compared to 1.67% in 31st March 2005 on account of above mentioned factors.

31st March 2005 Vs 31st March 2004

Income

Our total income decreased by 7.58% from Rs. 354.98 Lakhs in 31st March 2004 to Rs. 328.08 Lakhs in 31st March 2005. The decrease in income was on account of decrease in inventories of finished goods. Total sales increased from Rs 331.82 Lakhs in 31st March 2004 to Rs 343.75 Lakhs in 31st March 2005 showing a growth of 3.60%. The sales had gone up marginally by 3.60%. During this year 37881 bales were ginned and 51810 bales pressed as against 31701 ginned and 45912 pressed in the previous year. However only 3541 quintal of Cotton seed could be crushed as against 7621 quintals crushed in 2003-04. The Other Income went up by 16.85% in 2004-05. The Ginning & Pressing Charges increased by 87.44%

Expenditure

Our expenditure decreased to Rs. 307.94 Lakhs in 31st March 2005 from Rs. 330.91 Lakhs in 31st March 2004 showing a decrease of 6.94%. This decrease in expenditure is mainly on account of decrease in raw material expenditure (which decreased from Rs. 98.38 Lakhs for 31st March 2004 to Rs. 13.06 Lakhs for 31st March 2005). As a percentage of income, the expenditure for 31st March 2005 was 93.86% as against 93.22% in 31st March 2004.

Purchase of Goods Traded

Purchase of goods traded increased to Rs. 75.10 Lakhs in 31st March 2005 from Rs. 65.46 Lakhs in 31st March 2004 showing an increase of 14.73%. This increase in expenditure was on account of company generating income from goods traded which added 78.58 Lakhs in 31st March 2005.

Raw Material

Raw material cost decreased to Rs. 13.06 Lakhs in 31st March 2005 from Rs. 98.38 Lakhs in 31st March 2004 showing a decrease by 86.73%. Raw material cost as a percentage of income decreased to 3.98% when compared to 27.71% in 2004.

Staff expenses

Staff expenses increased to Rs. 66.13 Lakhs in 31st March 2005 from Rs. 61.83 Lakhs in 31st March 2004 showing an increase by 6.96%. Staff expenses as a percentage of income were 20.16% in 31st March 2005 compared to 17.42% in 31st March 2004.

Other Manufacturing expenses

Other Manufacturing expenses increased to Rs. 100.45 Lakhs in 31st March 2005 from Rs. 73.52 Lakhs in 31st March 2004 showing an increase of 36.63%. Other Manufacturing expenses as a percentage of income increased nominally to 30.62% in 31st March 2005 as compared to 20.71% in 31st March 2004.

Administration expenses

Administration expenses increased to Rs. 36.82 in 31st March 2005 from Rs. 17.58 Lakhs in 31st March 2004 showing an increase by 109.44%. Administration expenses as a percentage of income increased to 11.22% in 31st March 2005 as compared to 4.95% in 31st March 2004.

Selling & Distribution expenses

Selling & Distribution expenses decreased marginally to Rs. 0.10 Lakhs in 31st March 2005 from Rs. 0.11 Lakhs in 31st March 2004. Selling & Distribution expenses as a percentage of income remained at 0.03% in 31st March 2004 when compared to 2005.

Interest

Interest expenses increased to Rs. 16.28 Lakhs in 31st March 2005 from Rs. 14.03 Lakhs in 31st March 2004 showing a growth of 16.03%. Interest charges as percentage of income were 4.96% in 31st March 2005 as compared to 3.95% in 31st March 2004.

Profit/ (loss) before Depreciation, extraordinary items & taxes

Profit before depreciation, extraordinary items & taxes as a percentage of income was 6.14% in 31st March 2005 compared to 6.78% in 31st March 2004. The Profit before depreciation, extraordinary items & taxes decreased to Rs. 20.14 Lakhs in 31st March 2005 from Rs. 24.07 Lakhs in 31st March 2004 showing a decrease by 16.31%.

Depreciation

Depreciation expenses increased to Rs. 13.99 Lakhs in 31st March 2005 from Rs. 9.88 Lakhs in 31st March 2005 showing an increase of 41.65%. Depreciation charges as a percentage of income were 4.26% in 31st March 2005 and 2.78% in 31st March 2004.

PBT

PBT got reduced to Rs. 6.15 Lakhs in 31st March 2005 from Rs. 14.19 Lakhs in 31st March 2004 showing a decline by 56.65% mainly on account of the decrease in the value of the Stocks in hand as at the end of the year. PBT Margin was 1.88% in 31st March 2005 compared to 4.00% in 31st March 2004

Taxes

Taxes got reduced to Rs. 0.69 Lakhs in 2005 when compared to Rs. 2.20 Lakhs in year 2004. The decrease in taxation was mostly on account of lower provision of deferred tax which got reduced to Rs. 0.20 Lakhs in 31st March 2005 from Rs. 1.08 Lakhs in 31st March 2004.

PAT

PAT decreased to Rs. 5.47 Lakhs in 31st March 2005 from Rs. 11.99 Lakhs in 31st March 2004 showing a decrease of 54.51% which is mainly due to the decrease in the value of the Stocks in hand as at the end of the year. The profit margin in 31st March 2005 was 1.67% as compared to 3.38% in 31st March 2004.

Cash Flows

(Rs. in Lakhs)

Particular	31.03.2007	31.03.2006	31.03.2005
Net cash From Operating Activities	370.34	45.87	(878.89)
Net cash From Investing Activities	(2272.83)	(139.73)	(1037.08)
Net Cash From Financing Activities	2695.60	84.15	1915.61

Cash Flows from operating activities

Net cash released from operating activities in 31st March 2007 was Rs. 370.34 Lakhs whereas net profit before tax & appropriations was Rs. 319.20 Lakhs, a net upward adjustment of Rs. 51.14 Lakhs relating to various items, principally depreciation of Rs. 72.41 Lakhs and interest expense of Rs. 36.56 Lakhs, and a net cash deduction in working capital of Rs. 37.72 Lakhs. The reduction in working capital was on account of increase in debtors and inventories and decrease in current liabilities.

Net cash released from operating activities in 31st March 2006 was Rs. 45.87 Lakhs whereas net profit before tax & appropriations was Rs. 40.14 Lakhs. The difference is primarily on account of depreciation of Rs. 15.88 Lakhs, interest expenses of Rs. 14.07 Lakhs, and a net working capital reduction of Rs. 20.35 Lakhs. The reduction in working capital was on account of increase in debtors and inventories and decrease in current liabilities.

Cash flows from investing activities

In 31st March 2007 we used cash of Rs. 2272.83 Lakhs in investing activities. These investing activities primarily included the purchase of fixed assets (including capital work in progress) of Rs. 1960.33 Lakhs for our ongoing expan uthorized ernisation of our facility, as well as acquisition of business of KSIL for Rs. 1237.00 Lakhs which was partially funded by the sale of investments of Rs. 924.50 Lakhs.

In 31st March 2006 we used cash of Rs. 139.73 Lakhs in investing activities. These investing activities primarily included the purchase of fixed assets (including capital work in progress) of Rs. 139.73.

Cash flows from financing activities

For 31st March 2007, Cash flow released from financing activity was Rs. 2695.60 Lakhs which were the result of receipt of share application money of Rs. 921.27 Lakhs and proceeds of secured loans of Rs. 1899.95 Lakhs.

For 31st March 2006 Cash flow released from financing activity was Rs. 84.15 Lakhs which were on account of proceeds of loan of Rs. 81.35 Lakhs and a receipt of capital subsidy to the tune of Rs. 20 Lakhs.

Quantitative and Qualitative Disclosures about Market Risk

1) **Unusual or infrequent events or transactions**:

There have been no unusual or infrequent events or transactions that have taken place during the period under review.

2) **Significant economic changes that materially affected or are likely to affect income from continuing operations:**

There have been no economic changes during the periods that materially affect or are likely to affect income from continuing Operations.

3) **Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.**

To our knowledge there are no known trends or uncertainties that have had or are expected to have a material adverse impact on revenues or income of our company from continuing operations.

4) **Future changes in relationship between costs and revenues, in case events such as future increase in labour or material costs or prices that will cause a material change are known:**

We do not anticipate any major changes in relationship between cost and revenues and we have maintained our Human Capital intact.

5) **The extent to which material increase on net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices** :

The incremental growth in the projected sales and revenues of our Company is based on the assumption that our Company will enjoy the benefits of increased productivity, expansion of bus'ness, it's reach to the customers and the quality of services rendered to them.

6) **Total turnover of each major Industry segment in which our Company operates:**

Our Company operates in only one industry segment – Textile and Apparel industry

7) **Status of any publicly announced new products or business segment**

Our Company has not announced any new product or segment.

8) **The extent to which business is seasonal**

The business of our Company is not seasonal. However, sale of our woolen products are higher during the winters.

9) **Any significant dependence on a single or few suppliers or customers.**

We don't have any significant dependence on a single or few suppliers or customers for any of our products.

LIST OF TOP TEN CUSTOMERS OF OUR COMPANY:

1.	Gajanand Gopikrishan, Bhilwara	89374918.00
2.	Grasim Industries, nagada	81552725.00
3.	R.K.Enterprises, Mumbai	56338461.00
4.	Vinod Industries	56111301.00
5.	Umesh Textiles & exports Pvt Limited	38314126.00
6.	Surat Yarn Agency	33128448.00
7.	Moonfine Trading Co P Ltd	26588931.00
8.	Uma Sales Coporation	16629857.00
9.	LMW, Coimbatore	11133133.00
10.	Synthetics Traders	9680895.00

LIST OF TOP TEN SUNDRY CREDITORS

1.Grasim Industries,Nagda.
2.Birla Cellulosic,Nagda
3.R.K.Enterprises,Mumbai
4.Moonfine Trading Company Pvt. Ltd.
5.Aditya Birla Nuvo Ltd.

6.J.K.Corporation
7.Century Rayon
8.Synthetic Traders
9.Prime Wovens Ltd.
10.Lakshmi Machine Works Ltd.

LIST OF TOP TEN SUNDRY DEBTORS

1.Gajanan Gopikishan.
2.Surat Yan Agency,Surat.
3.Umesh Textile Export Pvt. Ltd,Kanpur.
4.Rashmi Trading Company,Surat.
5.Vinod Industries
6.Jaju Brothers,Solapur
7.Rungta Impex
8.Uma Sales Corporation
9.Fab Yarn Inc.,Delhi.
10.K.K.Joshi,Ichalkaranji

10) Competitive Conditions
11)

We face intense competition from established foreign brands and rejuvenated Indian brands. Our Company's ability to deliver quality products to customers coupled with committed nation wide service support enables our Company to face the competition.

Note: Statement in the Management Discussion and Analysis Report describing our objectives, outlook, estimates, expectations or prediction“ may be "Forward looking s”atements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to our operations include, among others, economic conditions affecting demand/supply and price conditions in domestic and overseas market in which we operate, changes in government regulations, tax laws and other statutes and incidental factors.

SECTION VIII - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Our Company certifies that except as stated herein, there are no:

- Other pending litigations against our Company.

Outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of our Company including prosecution under any enactment in respect of Schedule XIII of the Companies Act 1956 (1 o
- f 1956).

- Such cases of pending litigations, defaults etc in respect of Companies/firms/ventures with which the promoters were associated in the past but are no longer associated, and their names continue to be associated with particular litigation.

- Disciplinary action/ investigation has been taken by Securities and Exchange Board of India(SEBI)/ Stock Exchanges against our Company, its directors , promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370(1B) of the Companies Act 1956.

- Cases against our Company or its Promoters of economic offences in which penalties were imposed on promoters.

- Pending litigations, defaults, non payment of Statutory dues, proceedings initiated for economic offences/civil offences, any disciplinary action taken by the Board /Stock Exchanges against our Company/Promoters and their business ventures/Directors other than those mentioned in this Offer Document and that no litigations have arisen after the issue of SEBI's Observation letter and our Company and its Directors take full responsibility of the information mentioned in the Offer Document.

- Major creditors having an outstanding balance for more than six months as on 31st March 2007 is Rs.

Litigation Involving our Company

i. Labour Cases filed against our Company :

Sr. No.	Name of the Opposite Party	Case No.	Court before which Litigation is Pending	Brief History	Amount in Dispute	Current Status
1	Purushottam Dhanuka	312/90	Labour Court, Akola	Purushottam had been suspended from service for misbehaving with co workers and refusing to work on machinery. Complaint has been made against the Company under the Maharashtra Act (I of 1972) MRTU & PULP Act, 1971 and the applicant prays to reinstate him with the back wages and continuity of service and asks to show cause as to why interim relief asked for has not been granted. Application made by the	3,71,238	For Evidence

				Company requesting the Court to inquire into the charges levelled and record evidence in the matter accordingly		
2	Ghanshyam. Tiwari	(ULP) No. 60/2003	Labour Court, Akola	Ghanshyam was serving as a shift in charge w.e.f. 1/4/99. On 8/5/2003 a notice was served on him by the company to terminate his services. On 12/5/2003 Ghanshyam filed a complaint u/s 28 R/W item I o Sch. IV of MRTU & PULP Act, 1971. Ghanshyam prayed that the company have indulged in Unfair Labour Practice and he be reinstated as shift in charge with full back wages and continuity of service.	-	Pending
3	Gajanan. Ingle	(ULP) No. 1/2006	Labour Court, Buldhana	Gajanan was serving in the Mixing Section from 1/11/2000 to 7/7/2004 and his services were terminated. On 7/1/2006 the applicant filed an application u/s 5 of the Indian Limitation Act for condonation of delay.	-	Pending
4	Vishvanath Haribhau Deshmukh	ULP No. 04/2006 .	Labour Court, Buldana	Complaint was filed by the complainant who was terminated from service on the grounds of absenteeism despite being warned. Complainant had prayed for reinstatement with full back wages and costs for proceedings. He had applied for interim relief u/sec.30(2) of the MRTU& PULP Act,1971. Reply against grant of interim relief was filed by the company praying for dismissal of the application as well as the main complain as they were devoid of any substance.		Pending.
5.	Manish Nandkishor Mishra	ULP No.709/ 2004	Labour Court, Buldana.	Complaint was filed on 1/12/2004 by temporary workman who was removed from service on account of theft of factory property and breaking		Pending.

				company rules. Complainant prayed for reinstatement with full back wages. He had applied for interim relief on 1/12/2004. the company opposed the same. Written statement was filed by the company on 14/3/2005. further application was filed by the complainant praying that the charge against him and the findings of the enquiry officer be declared illegal. Examination of witnesses has taken place.		
6.	Girni Kamgar Sabha	ULP No.137/ 2002	Industrial Court, Akola.	Complaint was filed by Girni Kamgar Sabha on 23/9/2002 against the Company alleging unfair labour practise against their trainee and apprentice workers. Complainant had prayed that the workmen should be paid wages as decided and the difference in wages should be given to the workmen and they should be made permanent workmen. The company filed its reply on 7/10/2002. order was passed by the court to proceed without the Company's written statement. The company filed an application to set aside the said order on 14/3/2005. the complainant filed a reply on 4/7/2005 opposing the application made by the company.		Pending.
7.	Madhukar Ramchandra Badgujar	ULP No.47/2 000	Labour Court, Akola.	Complaint was filed by Madhukar Badgujar on 16/3/2000 against the company u/section 28 read with item I of Schedule IV of MRTU & PULP Act,1971. the complainant had been discharged from service on the grounds of absenteeism. He has prayed for his reinstatement to his usual position with full back wages. Complainant also applied for interim relief for the same till the		Pending.

				main complaint was not dealt with. The company had opposed the sought interim relief in its reply to the application. The company filed its written statement on 289/3/2005. examination and cross of the witnesses has taken place.		
8.	President, Girni Kamgar Sabha.	B.I.R No. 02 of 2004 (old No. 03 of 1997)	Labour Court, Buldana	Complaint was filed by the president of girni kamgar sabha on 8/10/1997 praying that the notice informing the deduction in wages be taken back, respondents No.1 and 2 be punished for affecting transfers without legal backing and that costs be provided for. Interim order was passed on 10/10/1997 directing the respondents to show cause and till then, the proposed action of the respondents was stayed. Reply was filed by the respondents on 14/10/1997.		Pending.
9.	Ajay Waghade	ULP No. 563/2004 (old No. 69/2003)	Labour Court, Buldana	Complaint was filed by Ajay Waghade praying for his reinstatement with back wages and continuity of service after he was terminated on grounds of misbehaviour. Application for interim relief was also made praying for reinstatement of complainant till the decision of the main complaint was made. Reply by the company opposing the application for interim relief was filed on 8/4/2005. The reply to the application for interim relief was taken as written statement to the main complaint on 30/12/2006.		Pending.
10.	Haribhau Bhikaji Charkhe	Misc. ULP No.705/04	Labour Court, Buldana.	Complaint was filed by Haribhau Chalke u/sec. 28, Sch.IV, item 1 of the MRTU & PULP Act alleging unfair labour practise by the company in		Pending.

				discharging him from service. The complainant prayed for his reinstatement with continuity of service and full back wages. Application was made by complainant on 26/8/2004 for condonation of delay. Reply to the application was made by the company on 28/12/2004. Written statement in reply to the complaint was filed by the company on 24/3/2005.		
11.	Girni Kamgar Sabha	ULP No.15/1999 (6/1998)	Labour Court, Akola.	Petition was filed by Girni Kamgar Sabha on 14/10/1998 u/sec.25(2) of MRTU & PULP Act,1971 praying for declaring the lockout illegal. An objection submission was filed in the court by the company on 15/10/1998 asking for dismissal of petition which was not accepted. Written statement was filed by the company on 9/11/1996. application was made by respondents for filing documents on 15/1/1999 was rejected by order dated 16/1/1999 after which application for stay of proceedings pending final disposal of revision was made on 18/1/1999. order was passed whereby the proceedings before the courts were stayed till 27/1/1999 and later order allowed documents to be filed. Revision petition was made to hear both the matters together which was disallowed. It was again prayed in revision petition for taking both matters which was allowed by order dated 4/5/1999.		Pending.
12.	Murlidhar Prasad Chaudhari	ULP Case No. 572/2004 (old No. 90/2003	Labour Court, Buldana.	Complaint was filed by Murlidhar Chaudhari on 15/7/2003 u/ sec.30(2) of MRTU & PULP Act,1971 praying for reinstatement with full back wages and continuity of service		Pending.

		)		declaring the order of termination on grounds of absenteeism illegal. Application for interim relief was also made by the complainant which was opposed by the company through reply cum application dated 22/8/2003. application for interim relief was rejected by order date 27/10/2004. written statement was submitted by the company on 17/3/2005. Application for interim relief was filed by complainant on 16/1/2007 to which reply was filed by the company on 27/2/2007. Order was passed on 5/4/2007 partly allowing the application and directing the company to pay 50% wages to applicant till disposal of main complaint. Revision petition was filed by the company on 25/4/2007 and application for stay was filed. Reply was file by Murlidhar Chaudhari on 16/6/2007. Application was made by the company on 26/6/2007 for correcting order sheet. Notes of argument were submitted on 26/7/2007.		
13.	Sheshrao Wamanrao Najan	ULP Case No.16/2006	Labour Court, Buldana.	Complaint was filed by Sheshrao Najan on 23/6/2006 u/sec. 28 read with sch.IV item 9 of MRTU & PULP against his termination order discharging him from service praying for reinstatement with full back wages and costs of the proceedings. Reply to the complaint was filed by the company on 30/12/2006.		Pending.
14.	Prabhakar Deorao Patil	ULP No. 160 of 2003.	Labour Court, Akola	Complaint was filed by Prabhakar Patil on 1/12/2003 u/sec.28 read with Sch.IV item 9 of MRTU & PULP Act, 1971 alleging unfair labour		Pending

				practise by the company for terminating him from service. Complainant prayed for resinstatement with full back wages. Application was made by complainant on 1/12/2003 for interim relief. Reply was filed by the company against the application for interim relief on 17/11/2004. examination and cross of witnesses was taken. the reply was taken as written statement on 30/12/2006.		
15.	Prakast Ite and Ors.	ULP Case No. 264/92 to 268/92	Labour Court, Akola.	Case was filed on 28/12/1992 u/sec.28 read with Sch.IV item 1 of MRTU & PULP Act,1971 praying for reinstatement with full back wages and costs for the proceedings. Application to dismiss the case was made by the company on 30/1/1993. application for interim relief was also filed. Reply to the same was given by the company. Interim order was passed on 6/2/1993 allowing the application and ordered the temporary reinstatement with subsistence allowance. Written statement was filed. Application was made by the company on 2/3/2000 praying to the court to pass necessary orders.		Pending.
16.	Sheshrao Wamanrao Najan	ULP No. 47/2006	Labour Court.	Case was filed u/sec.28(1-A) the Trade Union and Bombay Industrial Relations (Amendment) Act praying for the dissolution of the before existing body of the Girni Kamgar Sabha and complainants should be given recognition. The General Manager opposed his being made party to the case by filing application on 19/9/2006. this was opposed by complainants		Pending

				on 9/10/2006. application for interim relief was filed by complainants on 30/1/2006. it was prayed by the company for dismissal of the petition on 13/2/2007. application raising objection was dismissed by order dated 20/4/2007.		
17.	Jitendrakumar. The Respondents are the Joint President and the Deputy Manager of the Company	U.L.P. No. 93/03 of 2003	Labour Court, Akola	The Company was charged under section 28 read with item 1 of schedule IV of the M.R.T.U and P.U.L.P Act, 1971. Jitendra kumar was appointed on April 7, 2002 as the Assistant Manager (Technical) of the Company by Joint President. On June 28, 2003 Jitendra Kumar was not allowed in the premises by the security guard as per the instructions of the Joint President of the Company. Jitendra kumar had issued a notice through Registered AD to the Deputy General Manager of the Company as to the reason why he was terminated from his service without any prior notice. He was given a termination notice on July 3, 2003. Therefore Jitendra kumar has filed a complain stating that the Company has indulged into unfair trade practice, and the termination notice is illegal and be set aside. And the respondent be instructed to reinstate Jitendra kumar on his usual post. On July 1, 2003 Jitendra kumar has made an application for interim relief under section 30 (2) of the MRTP act and PULP act.		Pending.
18.	Pramod Rameshwar Ingle.	W.C.A. No. 04 of 2007.	Labour Court, Buldhana.	P.R. Ingle suffered accidental injury while on employment and claimed compensation amounting to Rs. 46860 for the same. He claims that the entire amount was not paid.	Rs. 20,374/-	Pending.

				Applicant has prayed for Condonation of Delay.		

19	Mr. Prabahakar Mane		Labour Court, Yavatmal Industrial Court, Yavatmal	Case filed for retrenchment Case filed for Unfair Trade Practice	- -	
20	Ms. Lifayatbi. Shaikh. Rahman	Complaint (ULP) No. 7/06	Labour Court, Yavatmal	Complaint was filed by Kifayatbi Sheikh Rehman against the company on the grounds of Unfair Labour Practise. The complainant used to work on a manually operated machine (G-manual machine) which was replaced by a newer advanced machine. The complainant was allegedly not trained to operate it was told to operate the same when it did not have adequate safety measures. The complainant was involved in an accident on 30/03/1997 in which she got seriously injured and has become disabled. The complainant alleged that she was promised compensation and work but was given neither. She was removed from service without any notice. It was prayed by the complainant that her removal from service was unfair labour practise on the part of the company and that she should be reinstated with continuity of service and full back wages.	5,08,116	Pending.
21	Kamal Sitaram	162/04	Labour Court, Akola	The non-applicant files a written statement submitting that the applicant never served continuously for a period of five years and was not entitled to payment of gratuity under the Payments of Gratuity Act. The rate of wages is not in		Written statement filed, pending.

				dispute.		
22	Janabai. Shivram	163/04	Labour Court, Akola	Same cause of action as mentioned in Sr. No.1		Written statement filed, pending.
23	Arjun. Sakharam	164/04	Labour Court, Akola	Same cause of action as mentioned in Sr. No.1		Written statement filed, pending.
24	Kasabi. Rambhao	165/04	Labour Court, Akola	Same cause of action as mentioned in Sr. No.1		Written statement filed, pending.
25	Sumanbai. Kashiram	166/04	Labour Court, Akola	Same cause of action as mentioned in Sr. No.1		Written statement filed, pending.
26	Jagdeo. Sampat	176/04	Labour Court, Akola	Same cause of action as mentioned in Sr. No.1		Written statement filed, pending.
27	Chandrabhaga	155/05	Labour Court, Akola	Same cause of action as mentioned in Sr. No.1		Written statement filed, pending.
28	Gunfa. Hari	127/05	Labour Court, Akola	Same cause of action as mentioned in Sr. No.4		Written statement filed, pending.

ii. Labour Cases filed by our Company :

Sr. No.	Name of the Opposite Party	Case No.	Court before which Litigation is Pending	Brief History	Amount in Dispute	Current Status
1	Girni Kamgar Sabha & Ors.	ULP No.05 of 1998.	Labour Court, Akola.	Application was filed by the company on 7/9/1008 against the Girni Kamgar Sabha and their workmen u/sec.25(1) of the MRTU & PULP Act,1971 for declaring the go-slow policy adopted by the opponent No.1 and its members as illegal strike. Reply was filed by the opponents on 1/9/1998. order was passed on the preliminary issue of whether the application made was tenable under law. The appeal was held maintainable. Caveat was filed by the company on 26.9.1998 praying for not passing any order without due notice. Application was filed by the company on 5/10/1998 for amendment of petition of reference due to sabotage and cessation of work by workmen. Reply was filed to the same by respondents on 8/10/1998. order was passed on 17/10/1998 disposing the application. Application was		Pending

				filed by the company to read evidence led through witness no.1 to 6 of the respondents as evidence. Application was filed by the company praying for permission to produce further evidence. Evidence and examination of witnesses was conducted.		
2	Aerovent Techno Fabs Engineers ("ATFE")	R.C.S. No.: 52/2006	In the Court Of Civil Judge Senior Division, Khamgaon	The Company has filed a suit for refund of purchase money plus damages. The Company had placed an order with the ATFE for supply of 4 Spot Humidifier Unit costing Rs. 6,900/- each. Out the four units supplied 2 were not functioning properly and hence the Company had send a number of letters to ATFE stating the problem with the 2 units and further stated that the defendant should arrange to replace the units. To this ATFE had assured the Company that it will take care of the complaint which was filed and send its representative to look into the matter. The Company has filed a claim of Rs. 15,000/- and in the event of decree for damages is passed then interest on the decreetal amount @ 12%p.a., alternatively be directed to supply 2 units by deducting the costs as per the bill and the cost of the suit.		The matter is pending. No notice of service of summons has been received by the Company from ATFE hence the Company has filed a further application to the court for service of suit summons by registered post AD.
3	Vardhan Syntex Kamgar Sangh, Mukunda Baburao Kharode, Gajanan Shamrao Mirge, Surendra Mahendra Jena, Nandkishor Kisanlal Sharma, Vitthal Rambhau Awatade,	U.L.P Case No. 1/2004	Labour Court, Akhola.	The Company has filed a Complaint under section 25 of the M.R.T.U. and P.U.L.P Act, 1971 i.e. reference for declaration of strike as illegal. The Company filed a complain against the Trade Union as the Union and its members had organized a meeting on January 8, 2004. Due to this none of the workers turned up for the shift for that day. There was a show cause notice put up calling upon the Applicants to state as to why the action should not be proceeded against them. The Company has filed a complaint stating that the Strike was illegal under section 24 of the		For Evidence

	Vijay Deorao Modke, Ananda Vishwasrao Deshmukh, Samadhan Rajaram Zadokar and Udaibhan Deorao Patil.			MRTP and PULP act. The company has asked the Court declare that the workers enlisted who were in the second shift on January 8, 2004 of the complainant factory remained absent from as they had entered to the snap strike and they were instigated by the Trade Union and its members and they did the said act without any vote or decision by non-applicant-B. They should also be held responsible for illegal strike.		

Civil Cases filed by our Company :

Sr. No.	Name of the Opposite Party	Case No.	Court before which Litigation is Pending	Brief History	Amount in Dispute	Current Status
1	Sandhya Enterprises	Sp. C.S. No. 8/2004	City Civil Court, Khamgaon	The Defendant Company is an agent of the Company and the contract (from 1/4/2002 to 31/3/2003) was renewed. A notice was served to the defendant by the advocates of the plaintiff to pay all the outstanding dues. The outstanding dues were not prayed and the plaintiff filed a suit for recovery of the amount due on account in respect of the unpaid purchase price of goods with interest by way of damages and prayed decree be passed against the defendant for a sum of Rs. 1,58,223.92/- (i.e. Rs. 1,43,769.20/- outstanding debit balance, Rs. 14,454.72/- interest @ 12% p.a. by way of damages) and also the cost of the suit be awarded.	1,58,223.92	Pending
2	J. K. Textiles	Sp. C.S. No. 99/97	Court of Civil Judge Khamgaon.	Suit was filed for the recovery of money on account of the unpaid price, along with the interest. An amount of Rs. 15,00,000/- have been claimed along with interest @ 24 % p.a.	Rs. 15,00,000	Pending

3.	Girni kamgar Sabha, Khamgaon.	[1]	In the Court of Civil Judge Senior Division, Khamgaon.	The Company has filed a sit for recovery of damages against Girni Kamgar Sabha, Khamgaon on the grounds that workers, members of the said union in the first shift caused stoppage of work, because of the General Manager (P&A) and General Manager (works) created a scene and insulted the officers and shouted slogans against the joint President Shri. Sethi of the Company. Despite issue of notice for recovery of damage caused by stoppage of work, the Defendant failed to pay up within the stipulated time, suit was filed for recovery of damages. It is prayed by the Company the Defendant union be directed to pay Rs. 70000/- as compensation by damages as the Defendant union has caused loss to the Company in the matter of production, with cost of suit and interest on the decreetal amount from date of suit till its full realization.	Rs. 70,000/-	Pending.
4	1. Kailash.[2] Kobragade. 2. Namdeo. Ramteke. 3. Savitri. Ramteke. 4. Shastriram. Ramteke. 5. Bhaskar. Ramteke. 6. Kamlakar. Ture. 7. Sambha. Ramteke. 8. Manohar. Ramteke. 9. Vishvanath. Ramteke. 10. Vithal. Chunarkar. 11. Tulsabai. Chunarkar.		Civil Court, Ghatanji.	Case was filed by the Company against the following persons for encroachment into the Company's plot of land. The Court has given judgment in favour of the company but possession formalities are pending.	-	Case still pending for final possession orders.

[1] Case number not mentioned.
[2] The case no. is not clear.

	12. Prakash. Bansod. 13. Bhola. Bansod. 14. Daulat. Khobragade. 15. Dadarao. Khobragade. 16. Pramod. Nanpar. 17. Ahilyabai. Nanpar. 18. Ramaji. Meshram. Ramdeo. Kaninde.					
5	Ramrao. Sitaram. Patil	281/2005	Civil Court, Dhulia	The Company has filed a suit against Ramrao Patil for permanent and mandatory injunction alleging that the Defendant has carried out illegal construction in the Company's premises and the Plaintiff prays that the Court Commissioner be appointed and be directed to visit the property to inspect, observe the construction, encroachment etc. Court Commissioner in his report states that the construction is illegal.		Pending

Criminal cases against our company : NIL

Criminal cases filed by our company : NIL

Cases against our promoters, Directors : NIL

Criminal cases against our promoters/Directors : NIL

Notices served on our Company :

Khamgaon Unit Synthetic Division

1) A notice has been served by the Maharashtra Pollution Control Board to M/s Khamgaon Syntex dated 28th December, 2006 (Notice no. MPCB/RO-AMT/2554 of 2006). The notice is a show cause notice. The notice states that a sample had been taken from the unit on 14th July, 2006 and after testing the sample it was observed that most parameters were much beyond the prescribed limits. In view of the above a notice was served directing the Company to show cause as to why suitable action under the provisions of Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention & Control of Pollution) Act, 1981 should not be initiated against the Company and the Company was required to reply to the notice within 7 days from the issue of the notice.

2) A notice has been served by the Maharashtra Pollution Control Board to M/s Vardhan Syntex dated 10th January, 2006 (Notice no. MPCB/PCI-III/TB/B-161). This notice states that the Maharashtra Pollution Control Board office has received a status report of Vardhan Syntex factory from the Sub-Regional Officer, Akola and Regional Officer, Amravati; the report states that Vardhan Syntex does not provide an adequate effluent plant treatment and disposing the effluent without treatment, which thereby causes nuisance to the surrounding area. On the basis of the report the Company was called upon alongwith relevant documents before the Member Secretary of the Board.

Dhule Unit

1. A notice has been served upon the Company by the Employee State Insurance Corporation on 25th July, 2006, stating that the Company has not paid the contributions as per the provisions of Employees State Insurance Act, 1948 and has also not submitted the returns of the contributions from April 2003 to March 2005.

Outstanding litigation involving Promoter Group Companies:

Listed Yash Birla Group Companies

1. Zenith Birla India Ltd (ZBIL)

i. Labour Cases filed against ZBIL :

Sr. no.	Case no.	Name of opposite party	Court before which litigation is pending	Brief history	Claim amount (Rs.)	Current status
1.	ULP 267/ 92	Prakash Fasale	Labour Court, Buldhana	Same cause of action as mentioned in Sr. No.1	----	For Arguments
2.	ULP 267/ 92	Ram Prasad	Labour Court, Buldhana	Same cause of action as mentioned in Sr. No.1	----	For Arguments
3.	ULP 268/ 92	Devendra	Labour Court, Buldhana	Same cause of action as mentioned in Sr. No.1	----	For Arguments
4.	BIRI/2000	GKS	Industrial Court Akola	On the request of the employees the company paid them Rs.1000/- towards festival advance, on the condition that the said advance shall be deductible in five equal installments at the time of payment of salary, and no further advance would be paid till then. Sarchitnis Girani Kamgar Sabha, which is a recognized trade union, (the Respondents) filed a suit in the year 2000 in the Labour Court, Buldhana wherein they misled the Court by contending that the payment of advance is a custom, and suppressed the fact that the said advance is again recovered by installments. The Court passed the order entertaining an application under Section 46(2) of BIR Act restraining the company from deducting the advance amount. The company has filed a revision petition before the Industrial Court, Akola, B.I.R. Case No./Revision No.1/2000, on 8th November 2000.		For arguments.
5.	ULP 20/02	Ganjan	Labour Court Akola	Gajan, a permanent employee of the Company has filed a complaint dated 29th July 2002 under Section 28 read with Item 1 of the MRTU & PULP Act, 1971 in the Labour Court, Akola as his services were terminated due to absence due to leave. He has prayed for reinstatement with continuity in	----	For arguments.

				service and full back wages and the matter is pending.		
6.	ULP 572/ 04 ULP Case No. 572/2004 (old No. 90/2003)	M. Choudhari	Labour Court Buldhana	Murlidhar Prahlad Choudhari was a permanent employee of the Company. On 26th February 2003, the company terminated Mr. Choudhari by issuing a charge sheet on the grounds of remaining absent. Mr. Choudhari filed a complaint in 2004 in the Labour Court, Buldhana under Section 30(2) of the MRTU & PULP Act, 1971 and states that his absence was due to illness, and prays that the Company be directed to reinstate him on his original post along with full salary. Whereas the Company contends that Mr. Choudhari was found guilty after holding departmental enquiry, and has admitted the charges leveled against him. The matter is pending in the Court. Complaint was filed by Murlidhar Chaudhari on 15/7/2003 u/ sec.30(2) of MRTU & PULP Act,1971 praying for reinstatement with full back wages and continuity of service declaring the order of termination on grounds of absenteeism illegal. Application for interim relief was also made by the complainant which was opposed by the company through reply cum application dated 22/8/2003. application for interim relief was rejected by order date 27/10/2004. written statement was submitted by the company on 17/3/2005. application for interim relief was filed by complainant on 16/1/2007 to which reply was filed by the company on 27/2/2007. order was passed on 5/4/2007 partly allowing the application and directing the company to pay 50% wages to applicant till disposal of main complaint. Revision petition was filed by the company on 25/4/2007 and application for stay was filed.reply was file by Murlidhar Chaudhari on 16/6/2007. application was made by the company on 26/6/2007 for correcting ordersheet. Notes of argument were submitted on 26/7/2007.	----	For Evidence
6.	Complaint ULP No. 160 of 2003.	Prabhakar Deorao Patil	Labour Court, Akola	Complaint was filed by Prabhakar Patil on 1/12/2003 u/sec.28 read with Sch.IV item 9 of MRTU & PULP Act, 1971 alleging unfair labour practise by the company for terminating him from service. Complainant prayed for	65,222	For evidence Pending.

				resinstatement with full back wages. Application was made by complainant on 1/12/2003 for interim relief. Reply was filed by the company against the application for interim relief on 17/11/2004. examination and cross of witnesses was taken. the reply was taken as written statement on 30/12/2006.		
7.	ULP No. 705/ 04 Misc. ULP No.705/04	H.Charkhe Haribhau Bhikaji Charkhe	Labour Court Akola Labour Court, Buldana	Complaint was filed by Haribhau Chalke u/sec. 28, Sch.IV, item 1 of the MRTU & PULP Act alleging unfair labour practise by the company in discharging him from service. The complainant prayed for his reinstatement with continuity of service and full back wages. Application was made by complainant on 26/8/2004 for condonation of delay. Reply to the application was made by the company onh 28/12/2004. written statement in reply to the complaint was filed by the company on 24/3/2005.	---	Pending
8.	C-231/95/____And WP (C) 788/2006	R.K.Gupta	VIIth Labour Court, Delhi and High Court, Delhi	The Presiding officer of the Labour Court No. VII, has passed an award dated 26th April 2005 directing that Mr. R.K.Gupta whose services were terminated by the Company, be reinstated in service. The Company has now filed a Writ Petition in the Delhi High Court challenging the award for which the necessary notice has been issued to the Respondent.	5,00,000	18th January,2007
9.	PGA/CA/71-21/2004	N.K.Malhotra	Deputy Commissioner of Labour	By an order dated 15th September 2005, the Controlling Authority under the Payment of Gratuity Act, 1972 and Asst. Commissioner of Labour has directed the Company to pay the outstanding gratuity amount of Rs.33,000/- with interest @10% to N.K.Malhotra who was employed as manager with the Company. The Company filed an appeal against the said order on 28/12/2005 before the Appellate Authority under the Payment of Gratuity Act, 1972 and Deputy Commissioner of Labour, Mumbai so as to make payment according to Company policy as the employee is from Manager Category. Order was passed on 16/5/2007 rejecting the said Appeal.	33,000/-	The Company shall make the payment shortly to settle the case
10.	ULP No.231/1992	A.A.Rangnekar	10th Labour Court at Bombay and Industrial Labour Court	A.A.Rangnekar,an employee of the Company filed a complaint under Items 1(a), 1(b), 1(d) and (f) of the MRTU & PULP Act,1971 as her services were terminated by the Company by order dated 8th February 1992. She prayed that the said termination order be quashed and set aside and that she may be reinstated	3,00,000/-	The company filed an Appeal against the said order. Order was passed rejecting the

				with continuity in service and full back wages. The court passed an order on 19th September,2005 and directed the Company to pay an amount of Rs.3,00,000/- compensation instead of reinstatement, back wages etc. of the deceased employee to her heirs.		Appeal, the same is awaited.
11.	Application (PGA) No.53&54 of 1997	I.S.Raju and Amba Shetty(Legal heir of I.S.Raju)	Deputy Commissioner of Labour	The company has filed an appeal before the Deputy Commissioner of Labour challenging the order of the 8th Labour Court at Mumbai dated 27/7/2005 directing it to pay a sum of Rs.57,231/- and Rs.66,173/- payable to two workers, I.S.Raju and Amba Shetty respectively. The Petition is pending.	57,231/- and 66,173/-	The next date of hearing is 9th Jauary,2008
12.	ULP 50/ 98	Pradip Digambar Banaitkar	Industrial Court, Aurangabad	Mr. Pradip Digambar Banaitkar has filed a Complaint under Section 26 and 28 read with Item 1(a), (b), (d), (e), (f) and (g) of Schedule IV of the MRTU & PULP Act, 1971 for terminating him from service on the grounds that he abused his superior, gave less production and remained absent. Mr. Pradip Banaitkar prays that, the Court hold the Company guilty of engaging into unfair labour practices and quash the impugned dismissal order thereby reinstating him in his continuous service, in addition to compensation and costs. The Complainant has not appeared in the Court after filing of the Complaint.	----	Pending
13.	ULP 71/ 2000	Namdeo Baburao Dhulgande	Labour Court, Aurangabad	Namdeo Baburao Dhulgande was terminated from services on the grounds of continuous and recurring absenteeism from work. He filed a Complaint ULP/ 71/ 2000, in the Labour Court at Aurangabad, under Section 28 (1) read with Item 1(a), (b), (d), (f) & (g) of Schedule IV of the MRTU & PULP Act, 1971 quashing the impugned dismissal order thereby reinstating him in service with continuity and full back wages. The matter is on-going and the evidence of the complainant has been recorded and that of the Respondents is still pending.	----	14TH Jan,08
14.	ULP 47/ 2001	Maharashtra Rajya Mathadi Transport & General Kamgar Union	First Labour Court, Thane	Case filed by the Union restraining the Company from terminating the Mathadi workers form its erstwhile Chemical Division. Ad-interim order was issued on 4/4/2001 directing the Company to maintain the status quo in respect of the services of the Mathadi workers. Revision application filed by the Companywith Industrial Court at Thane has also been rejected and the matter has again been referred back to	----	The Company has now filed an application to the First Labour Court at Thane for reviewing the Original Interim Order dated

				the First Labour Court at Thane.		4th April 2001. The next date of hearing in the matter is yet to be fixed.
15.	126/ 2004	Amrutlal M. Patel	Third Labour Court, Thane	Case filed against the Company for quashing of termination order and reinstatement into the services.	----	9th Jan,08
16.	ULP 46/ 2002	Mumbai Mazdoor Sabha	Labour Court, Nashik	Case filed by the Mumbai Mazdoor Sabha on behalf of the employees Mr. Gosavi, who has been dismissed by the Company. The case has been filed for his re-instatement with full back wages.	Not ascertainable	Matter pending
17.	W/P 2574/ 2002	Association of Engg. Workers	Bombay High Court	The Union has filed a case against the Company challenging the termination of workers belonging to the erstwhile Special Steel Division. Earlier, the Industrial Court at Thane upheld the Company's decision.	Not ascertainable	25th Jan,2008
18.	W/P 2026/ 1998	C. L. Johney	Bombay High Court	Case filed against the dismissal from service due to negligence while on duty. Earlier the Labour Court and Industrial Court has upheld the Company's decision.	----	On going
19.	W/P 4256/ 2001	Mrs. K.B. Joshi	Bombay High Court	Case filed by the Appellate Authority under Artivcle 226 and 227 of the Constitution of India and the Payment of Gratuity Act, 1972 and Additional Commissioner of Labour, Mumbai for non-payment of Gratuity. Earlier the Labour Commissioner and the Appellate Authority has upheld the petitioners claim as per order dated 8th June, 2001. The Company has now filed a Writ Petition challenging the claim.	1,37,811	On going

Note: as regard labour cases with sr. no 1-19, the company has filed an application in the relevant court for its transfer from zenith to khamgaon syntax India ltd.(a wholly owned subsidiary of zenith).

ii. Civil Cases filed against ZBIL :

Sr. No.	Case no.	Name of opposite party	Court before which litigation is pending	Brief history	Claim amount (Rs.)	Current status
1.	Long Civil Cause Suit No. 960/88	Paschimanchal Udyog	City Civil Court, Ahmedabad	A suit was filed in the year 1988 by a Company called Paschimanchal Udyog, claiming refund of Rs.50, 000/- advanced to the Company for service charges for importing certain materials. The Company has denied the contentions as false and the suit is pending.	50,000	Pending.
2.	T.E.&R. Suit No.24/25 of 2001	Hillcrest Constructions	Small Causes Court, Mumbai	Hill Crest Constructions (HCC), the owners and landlords of residential premises, had accepted the Company as a monthly tenant in respect of the same. HCC terminated the tenancy on the ground that it needed the premises for its own use. The Company, however, did not vacate the premises. HCC has therefore filed a suit in the Court of Small Causes at Bombay to obtain possession of the premises, and to obtain mesne profits as may be deemed fit by the Court. The Company has filed an Application for stay of the suit on 5th August 2003 and the suit is pending.	-	The date of hearing was14th August 2007 and the Company has been asked to hand over possession of the property before 30th Novembe r, 2007. The Company has filed appeal appeal against the order and matter is pending

3.	Special Civil Suit No. 675/04	Praj Industries Ltd.	City Civil Court, Pune	Praj Industries has filed a Special Civil Suit No. 675/04 against the Company in City Civil Court at Pune for the specific performance of a contract and recovery of unpaid consideration amounting to Rs.25,00,000 inclusive of the interest payable on the principal amount. Pay an interest of 18% p.a. on amount of Rs. 15,35,919/- from the date of the suit till the amount is paid. The Company has challenged the jurisdiction and the matter is pending for order.	25,00,000	Pending for argument on maintainability of Suit
4.	W.P.2474/1992	Ramson Enterprises	Delhi High Court	Ramson Enterprises, a dealer of the Company has filed a suit in 1992 in the Delhi High Court for recovery of Rs.15 lakhs towards an unpaid bill. The company in turn filed another civil suit in the High Court of Punjab and Haryana for recovery of Rs.7,72,912 along with interest @ 18% p.a. which was stayed till the decision of the previous suit instituted by Ramson Enterprises.	15,00,000	The next date of hearing is 3rd January,2008
5.	25/1993	Lohia Dyes & Chemicals	Rajasthan High Court	A Suit was filed by Lohia Gum & Chemicals Industries against the Company in 1991 for recovery of Rs.47114.80/- in the District Court, Jodhpur and an order was passed against the Company. The Company filed an Appeal in the Sessions Court, Jodhpur against the order of the District Court, but the Appeal was dismissed. The Company has filed an Appeal in the Rajasthan High Court in August 2005 against	47,115	Matter is pending.-

				the order of the Sessions Court, which is pending.		
6.	------	Shree Yarns Industries Ltd.	Board Level Review Committee of Punjab State Electricity Board	A petition was filed by Shreyans Industries Ltd. On 20th May 2002 against the Punjab State Electricity Board (PSEB) in the Dispute Settlement Authority, PSEB. An order was passed on 25th August 2003 against Shreyans Industries Ltd. for a claim of Rs.19,57,000/- Shreyans Industries Ltd. made a counter claim on Zenith Ltd. as the Paper Division was purchased from the Company. Shreyans Industries prays that the amount claimed by PSEB should be paid by the Company. An appeal was made by the Company against the PSEB and Shreyans Industries Ltd. against the orders dated 25/8/03 passed by Dispute Settlement Authority of the PSEB, Patiala whereby PSEB was allowed to charge energy loss for the period from July 1988 to 3/12/1992 and the Company prays that it is not liable to pay any amount.	19,57,000	Matter is pending.
7.	75/92	Royce Dyestuffs	Court of the Additional District and Sessions Judge, Delhi.	A suit was filed in the Court of the Additional District, Delhi, on 15th November, 1991 by Royce Dyestuffs Company against Zenith Ltd. for recovery of Rs. 99,999/- for the goods supplied to the Company. An ex-parte money decree was passed against the Company for Rs. 99,999/- with interest on 22nd July, 1996. Zenith Ltd. applied under Order IX, Rule 13 of the Code of Civil Procedure, 1908 for	99,999	Matter is pending

				setting aside the ex-parte decree and order dated 22nd July,1996 in the Court of the Additional District and Sessions Judge, Delhi on 23rd August, 1997.		
8.	Reg.Mu.No.80/2005	Umga Gears Pvt.Ltd.	Judicial Magistrate, Nashik.	Recovery Suit was filed by the other party as the Company had rejected the materials supplied by Umga Gears as the same is not as per the quality specifications of the Company. Order was passed favouring Umga Gears on 31/3/2007 and the Company was decreed to pay Rs.24,369.66 to the other party. The Company filed an appeal against the said order on 6/6/2007.	24,369.66/-	Matter is pending.
9.	59/93	Jayram Mukund Patil/ Vasudev J. Patil & others	Civil Court, Palghar. Dist. Thane.	Suit filed claiming encroachment of land adjacent to factory boundary at erstwhile Chemical Division at Tarapur, Dist. Thane.	----	Matter is pending.
10.	SC 850/ 2004	State of Maharashtra	Chief Judicial Magistrate, Alibag	The case pertains to fatal accident in the Khopoli Plant, for which necessary compensation has been deposited in the Maharashtra Labour Court. However, the matter is still pending.	25,00,000	29th Jan,2008
11.	OS 99/ 2006	Deccan Chromates Ltd.	City Civil Court, Hyderabad	A suit was filed against the Company claimimg the recovery of outstanding dues towards supply of materials to the erstwhile Chemical Dicision. The Company has denied the contentions as false and the suit is pending.	24,89,385	7th Jan,2008

iii. Criminal Cases filed against ZBIL :

Sr. no.	Case no.	Name of opposite party	Court before which litigation is pending	Brief history	Claim amount (Rs.)	Current status/
1.	614/SW/04 and Arbitration Application number 1470 of 2006.	Bimla Holdings Pvt. Ltd.	Metropolitan Magistrates Court at Esplanade, Mumbai.	Bimla Holdings Company Pvt. Ltd. Which had let out certain premises to the Company, has filed a Criminal complaint dated 20th August 2003 under Sections 415, 420, 427 read with Sections 34 and 114 of the Indian Penal Code against the Company, some of its Directors including Executive Director Shri. Arun Jain and its then Company Secretary, charging them of cheating it and knowingly or intentionally destructing the property and destroying the property and destroying its value and utility. Bimla Holdings have also filed an application for Arbitration in the Bombay High Court.	20,00,000/-	consent terms were drawn in the Arbitration whereby the parties had reached an out of court settlement and matter resolved..
2.	614/SW/04	Asst. Registrar of Companies, Maharashtra	Metropolitan Magistrates Court at Esplanade, Mumbai	Case filed by Registrar of Companies against the Company and the Directors pertaining to the 53 applications made by the depositors for recovering amount due. The Company Law Board passed an order directing the Company to repay the depositors on orbefore April 1992. The Company in accordance with the order repayed the depositors but erred	2,93,000/-	Case has been compounded and the Company has paid fine of Rs. 13,500/-

				in making the payments after the due date.		

iv. Cases pertaining to Excise/ Custom/ Income Tax/ Sales Tax Laws filed against ZBIL :

Sr. no.	Case no.	Name of opposite party	Court before which litigation is pending	Brief history	Claim amount (Rs.)	Current status
1.	SLP (C) 17825 of 2006	Commissioner of customs (Preventive), Mumbai.	Supreme Court of India, Delhi	Petition filed by the Customs Department against the stay order passed by CESAT in the matter of department's claim of Rs.71.80 lakhs towards recovery of duty on the Import of Gold under Special Import License.	71,80,208	The matter is yet to be listed
2.	Appl. No. E/ 256/ 2002	Central Excise Department	Appellate commissioner Central Excise Tax	Various show cause notices issued by the Excise Department for the period March '98 to February '2000 for Rate Difference due to Classification Disputes. The notices have been issued by the excise department against the company for the difference in the rate of excise duty. Duty paid on Zinc waste and scrap under chapter 2620 @ 8% Advl, whereas department is asking to pay under chapter 7902 @ 15% Advl. Out of the total demand of Rs.53 lakhs, the Company has paid Rs.3.09 lakhs under protest.	53,34,689	The matter is pending.
3.	Appl no. 28/90 dt. 12/1/90	Central Excise Department	Commissioner of Central Excise (Appeals) Mumbai	Central Excise Divisional Officer at Amravati disallowed the duty exemption on exports for non- submission of export proof and demanded the payment of excise duty by its order dated 30/11/89. the Company has filed an appeal with the Collector of Central Excise (Appeals) for quashing of the order passed by the Divisional Office. The matter is due for hearing very shortly.	5,30,000	On going.
4.	Appeal no. E/ 1623/ 94-A	Central Excise Department	Commissioner of Central Excise, Mumbai	Appeal filed by the Central Excise Department against the deductions allowed by the Collector (Appeals) in respect of cash discount given by the Company's Tool division to its customers.	Not ascertainable.	On going

5.	Appl. No. E/ 2507/ 04 Mum	Central Excise Department	Dy. Comm. of Appeal Amravati	The matter is related to dispute on assessable value, where the Dy. Commissioner levied the excise duty on commissions paid to agents for yarn sales. The Company went into appeal against the said levy to the Commissioner (Appeals) who up-held the order of Dy. Commissioner on which the company filed an appeal in the CEGAT, which referred the matter back to Dy. Commissioner, where it is currently pending for final decision.	4,96,000	On going.
6.	ADJ/ 198/ B/ SDE/ KNR/ 04	District Collector, Dues Recovery Branch	Appellate Tribunal for Foreign Exchange, New Delhi	The Adjudicating Authority in the Office of the District Collector, imposed penalty in relation to non submission of proof of Bill of Entry. The Company went into appeal with Directorate of Enforcement against the order passed by the District Collector. The said appeal has been granted and the recovery proceedings have been stayed by the Tribunal till the disposal of the final hearing. The Appellate Tribunal of Foreign Exchange granted the stay on the recovery proceedings subject to deposit of 5% of the penalty amount i.e. Rs.2 lakhs.	40,00,000	The Company deposited Rs. 2 lakhs with the Tribunal. Order has been passed allowing the appeal and the sum of Rs. 2,00,000/- to be refunded.
7.	V/ 48/ D/ 74/ Adj/ 94 dt. 25.09.1981	Central Excise Department	Collector of Central Excise Chandigarh	The Company received a notice dated 2nd February, 1994 from the Collector, Central Excise, Chandigarh, claiming that the Company had contravened with the provisions of the Rules 9(1), 173F, 173G and 226 of the Central Excise Rules, 1944 and asking the Company to show cause as to why the sum of Rs. 1,14,53,344/- on account of short payment of excise duty on 2416.04 IMT of paper should not be recovered from them under the proviso to Section 11-A of the Central Excise and Salt Act, 1944 and why penal action should not be taken against them under Rules 9(2), 173-Q and 226 of the Central Excise Rules, 1944. the Company has submitted a detailed reply to the said notice and has prayed that the proceedings be stopped. The matter is pending.	1,14,53,344	On going

8.	Appl No. E/ 2109/ 92-NB (DB)	Central Excise Department	Collector of Central Excise, New Delhi.	The Collector passed an order dated 29th January 1992 demanding duty of Rs.11,86,325.32/- and Rs. 4,00,000/- as penalty on the ground that the Company had paid less excise duty than that which was due. The Company appealed against the said order on the 27th November 1997 to the Customs, Excise & Gold (Central) Appellate Tribunal, New Delhi (CEGAT), which was dismissed by order dated 19th December,1997. the Company filed an application for rectification of mistake in the said order dated 19th December 1997 before the CEGAT on 21st March 1998. In response to the Company's application for rectification, an order was passed by the CEGAT on 10th July 1998 for adjustment of MODVAT cess. Final adjustment orders are yet to be received.	15,86,326	On going.
9.	----	Sales Tax Department	The Deputy Commissioner of Sales Tax (Appeals) IV	During the period of assessment from 1st July 1985 to 30th June 1986, the Assistant Commissioner of Sales Tax (Assessment) IV passed an order dated 20th December 1989 directing the Company to pay Rs.7, 27, 958/- The Company filed an appeal against the said order before the Deputy Commissioner of Sales Tax (Appeals) IV, Maharashtra State, Bombay on 26th February, 1990, which is pending.	7,27,958	On going.
10.	----	Sales Tax Department	The Deputy Commissioner of Sales Tax (Appeals) XI	During the period of assessment from 1st July 1986 to 30th June 1987, the Sr. Assistant Commissioner of Sales Tax (Assessment), Bombay passed an order dated 7th August 1999 directing the Company to pay Rs.9, 96, 014/- The Company filed an appeal against the said order before the Deputy Commissioner of Sales Tax (Appeals) XI, Mumbai. The said appellate tribunal passed an order dated 29th November 2004 whereby the Company was held not entitled to any remission in the interest in C.S.T. as remission in interest was already granted in B.S.T. at the time of	9,96,014	On going.

				Assessment only.		
11.	----	Sales Tax Department	The Deputy Commissioner of Sales Tax (Appeals) IV, Bombay.	During the period of assessment from 1st July 1987 to 31st December 1988, the Assistant Commissioner of Sales Tax (Assessment), Bombay passed an order dated 30th March 1992 whereby the Company was directed to pay Rs.3, 47, 467/- The Company has filed an appeal before the Deputy Commissioner of Sales Tax (Appeals) IV, Bombay against the order on 21st April 1992, which is pending.	3,47,467	On going
12.	----	Asst. Comm. of Central Excise, Boisar, Thane	----	Demand cum show cause notice dated 24th March 2006 received from the Asst Commissioner of Central Excise, Boisar, Than e, claiming wrongful availment of CENVAT Credit on certain Capital Goods at our erstwhile Chemical Division at Boisar, Thane, which the Company has challenged.	1,17,033	On going.
13.	24.11.92	Income Tax Department	ITAT	Assessment Order Challenged	Not Ascertainable	Pertains to Assessment Year 1989-90
14.	21.03.03	Income Tax Department	ITAT	Assessment Order Challenged	Not Ascertainable	Pertains to Assessment Year 1997-98
15.	21.03.03	Income Tax Department	ITAT	Assessment Order Challenged	Not Ascertainable	Pertains to Assessment Year 1998-99
16.	21.03.03	Income Tax Department	ITAT	Assessment Order Challenged	Not Ascertainable	Pertains to Assessment Year 99-00

v. Civil Cases filed by ZBIL :

Sr. no.	**Case no.**	**Name of opposite party**	**Court before which litigation is pending**	**Brief history**	**Claim amount (Rs.)**	**Current status**
1.	ULP 01/ 04	VSKS	Labour Court Akola	The Company has filed a case in the Labour Court against the Labour Union for declaration of strike by workers as illegal. The case is pending.	----	For evidence
2.	SummarySuit No. 868 of 1994	Khatri Bros.& Anr.Bros.	High Court, Bombay.	The company has filed a Summary Suit in the Bombay High Court against Mr.Hiralal	11,92,710/-	Pending as the defendants are absconding.

				Ratanlal Khatri and Mr.Sanjay Hiralal Khatri for the recovery of Rs. 11,92,710 on account of dishonour of cheques. The summons have been issued but the defendants are absconding.		
3.	Suit No. 3174 of 1992.	Khatri Bros.	High Court, Bombay.	The Company had filed a suit dated 3rd September 1992 in the High Court at Bombay against M/s. Khatri Bros. & Anr. To claim an amount of Rs.12,26,247 being the amount owed under three invoices, and interest on the same up to the date of filing of the suit. An ex-parte decree was passed by the High Court on 23rd August 1993 granting the said amount to the Company.	12,26,247/-	Execution of decree pending.
4.	Suit No.2800 of 1992	Shree Mahalaxmi Agencies Pvt.Ltd.	High Court, Bombay.	The Company had filed a suit in 1992 in the High Court against Shree Mahalaxmi Agencies Pvt.Ltd. for the recovery of Rs.10,58,642/- being the principal and interest against the supply of zinc scrap by the Company to them. The Court passed an ex-parte decree on 30th June 1998 favouring the Company.	10,58,642/-	Execution of decree is pending. The Company has informed us that they are unaware of the current status as they have lost touch in the matter.
6.	CS 56/ 99	K.S. Suppliers	City Civil Court, Khamgaon	The Company had filed a suit in the City Civil Court, Khamgaon on 29th September, 1999 to recover an amount of Rs. 22,00,000/- from M/s. K.S.Suppliers, who had been appointed as a sales representative by the Company. The Court has passed a decree in 2004 in favour of the Company for Rs. 14, 56, 000/- with interest.	22,00,000	Execution of decree pending.
8.	Suit No. 728 of 1982.	Modi Dyes and Chemicals Industries.	High Court, Bombay.	The Company had filed a Suit in 1982 in the High Court, Bombay against M/s. Modi Dyes and Chemicals for recovery of Rs.1,12,689.64/- alongwith interest on Rs.94,480.60/- @21% p.a. from the date of filing the suit. The Court passed an ex-parte decree on 23/7/1993 against the other party for Rs.3,40,946.26/-	3,40,946.26/-	The execution of decree is pending.

9.	Suit No. 4507/ 93	K.K.Goyal	High Court, Bombay	Suit filed for recovery of balance amount of car loan and liquidated damages for abandoning services while under contract. Ex-parte decree passed in favour of the Company, could not be executed as the party is now absconding.	2,57,420/-	----
10.	4256/ 2000	Praj Industries Ltd.	High Court Bombay	M/s. Praj Industries Ltd. has entered into a contract with the Company for commissioning a ring dryer plant. The contract was breached by Praj Industries Ltd., and the Company has filed a suit in the year 2000 in the High Court, Bombay to recover the sum of Rs. 80,76,300 together with interest on Rs. 79,18,000 @ 24% p.a. The suit pending and has not yet come up for hearing.	80,76,300	Yet to come up for hearing.
11.	Suit No.6620/1987 and First Appeal No.855 of 1990	Board of Trustees of Bombay Port Trust	City Civil Court	Suit No.6620 of 1987 was filed by the Company for recovery in respect of 65 bales of waste paper. Order was passed on 30/8/1990 and a decree for Rs. 28275.04 was made in favour of the Company. BPT has gone in for Appeal in High Court against the decree of the City Civil Court.	68,820/-	Pending.
12.	Suit No.3897of 1988	Indian Roadways	High Court, Bombay	The Company had an agreement for transportation of goods with the Indian Roadways Corporation. Indian Roadways Corporation failed and neglected to deliver the goods to the Company. The Company had filed a suit in the year 1988 in the High Court to recover Rs. 4,49,200/- with interest from the Indian Roadways Corporation.	4,49,200/-	Pending.
13.	S.S.3923 of 1988	Kota Steel Re-rolling Mills Pvt. Ltd.	High Court Bombay	The Bombay High Court has passed an ex-parte decree dated 9th January, 1984 for Rs.1,96,906.50 plus interest @ 2% per annum from 19th March 1982 in favour of the Company in a suit filed by the Company against M/s. Kota Steel Re-rolling Missl Pvt. Ltd. the decree was not executed and it is	2,38,255.50/-	Execution of decree pending.

				presently time-barred due to a lapse of 12 years. However the Company is in the process of getting an extension of time for execution of decree.		
14.	S.S.3923 of 1988	Deegee Steel Traders	High Court Bombay	Recovery suit filed by the Company. The Court has passed ex-parte decree in Company's favour for sum of Rs. 8,72,110 which is yet to be executed as the property declared by the partners of Defendants firm are not sufficient to recover full dues.	8,72,110	Decree is yet to be executed.
15.	C.P.No.18/85	D.V.Raju Springs Pvt.Ltd.	High Court, Hyderabad.	The Company had filed a suit in the year 1985 against D.V.Raju Springs Pvt.Ltd. for the recovery of Rs.3,33,392/- in the High Court at Hyderabad. The defendant company has been wound up and the Company has filed its claim with the Official Liquidator, Hyderabad.	3,33,392/-	The Defendant Company has been wound up and the Company has filed its claim with the Official Liquidator, Hyderabad. The matter is pending.
16.	Appeal No. 769 of 1998 in Com.Petition No.408 of 1997	Grand Foundry Limited	High Court, Bombay.	The Company has filed a Petition in the Bombay High Court on 4th April 1997 for winding up of Grand Foundry Limited because of their failure to repay Rs.25,00,000/- which was a part of the Inter-Corporate Deposit granted by the Company to the other party. The Court by its order dated 10th July 1998 admitted the petition. The other party filed an Appeal against the said order, which was dismissed.	25,00,000/-	The amount is still to be recovered as the other party has been referred to BIFR.
17.	C.P.No. 436/ 97	Western Paques India Limited	High Court Bombay	The Company has filed a company petition in the High Court, Bombay, for winding up of Western Paques (India) Ltd. (WP) because WP failed to pay the outstanding principal and interest of Rs. 85,00,000/- towards inter-corporate deposit given to it by the Company. The Court has ordered for the winding up of the party in 1999. The Company is in the process of filing its claim with the Official Liquidator.	85,00,000	----
18.	1985/1994	D.K.Mehta	High Court Bombay	The Company had filed a suit in the year 1994 in the High Court of Bombay against	3,74,273	----

				Devendra Kumar Mehta to recover a sum of Rs. 3,74,272.36/- towards an amount advanced to him for the purchase of accomodation, including interest on the same. The suit is yet to come up for hearing.		
19.	28/ 1997	Ramson Enterprises	Punjab & Haryana High Court	The Company had filed civil suit no. 37/93 against Ramson Enterprises, for the recovery of Rs. 7,72,912/- in the Punjab & Haryana High Court, which was stayed vide an order dated 27/9/93, till the decision of the previous suit, instituted by the petitioner at Delhi.	7,72,912/-	28th Jan,2008
20.	123/ 98	Meghdoot Publishers & Ors.	Punjab & Haryana High Court	The Company had filed an Appeal dated 10th January 1992 in the Punjab & Haryana High Court against the award dated 10th March 1998 of the Arbitrator directing the Company to pay Rs. 2,50,000/- to Meghdoot Publishers towards security deposit lying with the Company and rejecting the Company's claim of Rs. 11,11,942/- towards material supplied to Meghdoot Publishers. The appeal is pending.	11,11,942	----
21.	Civil Suit No. 2/93 and Civil Appeal No. 20/ 2003	State of Maharashtra through Executive Engg. Raigad	Civil Judge Sr. Division at Panvel and Dist. Judge, Panvel and District Court at Alibaug, Raigad.	The said suit was filed against the State of Maharashtra for restraining the Company from lifting the water from the Patalganga river and charging exorbitant rate for water drawn. The Hon'ble Court passed the judgement on 20.10.2003 in favour of the Company, allowing it to un-interrupted lifting of water at only the prescribed nominal rate. The State of Maharashtra has now gone into Appeal in the District Court at Alibaug against the siad judgement and the matter is pending.	Not ascertainable	28th Jan,2008
22.	R.C.S. No.333/ 2004	Maharashtra Industrial Development Corporation, Nashik	Court of Hon'ble Civil Judge, Senior Division, Nashik.	On 6/07/2004, MIDC issued a notice of repossession of Plot No.61 at MIDC, Nashik that has been leased to the Company. Inspite of repeated request, MIDC has refused to withdraw	Not ascertainable.	03rd Feb,2008

				the notice. Hence the Company has filed a case, seeking injunction against MIDC for taking possession of the said plot of land and not to disturb the possession and grant any equitable relief in favour of the Company. On 30th September 2004, the Hon'ble Court has issued a stay order to MIDC from repossessing the plot till the final disposal of the matter.		
23.	Spl.Civil Suit 10/2005	Grinden India Pvt.Ltd.	Court of Civil Judge, Nashik.	Case was filed by the Company on 21/12/2005 for recovery of dues having supplied material to the defendant company which was accepted at that time.	26,02,415/-	Pending. .
24.	S.S. 5084/ 2000	New India Assurance Co. Ltd.	High Court, Bombay	Case filed against the insurance company for rejecting the Company's insurance claims towards loss of 1000 MT of Soda Ash imported from Romania was meant to be discharged at Mumbai Port which, due to un-authorized diversion of ship to China by the shipping co.	1,47,11,506/-	The matter is is pending for filing of written statement. The matter will now appear before the Prothonotary and Senior Master for Directions
25.	Suit No. 1454/88	Paschimanchal Udyog	High Court, Mumbai	Case filed by the Company against Udyog for a recovery of a sum of Rs. 53,314/- along with interest of Rs. 27,386/- as balance amount for service charges and expenses incurred for opening of a Letter of Credit and extending it from time to time.	80,700/-	Pending.
26	SS no. 2083/83	Amitabh Textiles Mills Ltd.	High Court, Mumbai	The Company has filed a Summary Suit on 10th October, 1983 for recovery of a loan granted to Amitabh Textiles Mills Ltd. and has claimed the amount wih interest on Rs. 3.00 lakhs @ 17% p.a. the defendants have been granted unconditional leave to defend the suit	5,05,000 + interest	Pending

vi. Criminal Cases filed by ZBIL

Sr. no.	Case no.	Name of opposite party	Court before which litigation is pending	Brief history	Claim amount (Rs.)	Current status
1.	106/ N/20/00 (The old case no. was 524/N/96)	Harbanslal Sharma	Metropolitan Magistrate	The company filed a complaint against Harbanslal Sharma in CB CID- Mumbai for cheating the Company under Section 420 of the Indian Penal Code and filed a suit for recovery of Rs.5,98,000/- the Metropolitan Magistrate, 28th Court passed an order to dispose off the property and to deposit a sum of Rs. 2,27,912 in fixed deposits in State Bank of India, Mumbai initially for the period of 12 months in the name of the learned Metropolitan Magistrate, 28th Court, Shri. Risbud. The Company is yet to recover the amount.	5,98,000/-	Accused absconding, case dormant
2.	2540/ SS/ 05	Modern Traders/ Sunil Shah	Metropolitan Magistrate, Mumbai	The Company has filed a complaint under Section 138 of the Negotiable Instruments Act, and section 420 of the Indian Penal Code in 2005 before the Metropolitan Magistrate, Bombay, against M/s. Modern Traders and its proprietor, Mr. Sunil Shah for dishonour of a cheque for Rs. 4,00,00/- drawn by Mr. Sunil Shah in favour of the Company. On 22nd June 2006, Mr. Sunil Shah has been convicted by the Court and imposed a fine of Rs. 7 lakhs, compensation of Rs. 1 lac to the Company and imprisonment of one month.	4,00,000	The Company has filed an appeal for revision in the order so as to increase the compensation to Rs.4 lakhs plus penalty.
3.	59/ S/ 1996 and 1164/ 03	V.D. Chokhani	High Court, Bombay	The Company has filed a Criminal Application in the Bombay High Court for leave to Appeal against the order dated 25th March 2003 passed by the Metropolitan Magistrate, Kurla, Mumbai acquitting Mr. V.D. Chokhani, an ex-employee of Indian Tool Manufacturers in a complaint filed by the Company under Section 630 of the Companies Act, 1956. the Application has been admitted and is pending for hearing.	----	Yet to be heard.

4.	CRPC 663/ 2003	Paradyne Infotech Ltd.	Judicial Magistrate Court, Nashik	The Company has filed Criminal case of cheating u/s. 420 of the Criminal Procedure Code referred with section 34 of the Indian Penal Code as they failed to make payment for the old computer systems purchased from the Company.	1,80,000	Pending

vii. Cases pertaining to excise/ customs/ income tax/ sales tax laws by ZBIL

Sr. no.	**Case no.**	**Name of opposite party**	**Court before which litigation is pending**	**Brief history**	**Claim amount (Rs.)**	**Current status**
1.	F. No. 161-CE/ APPL/ NGP/ 95/ 13981	Central Excise Department	CEGAT, Mumbai	Case pertains to product classification disputes of erstwhile Textile Division. Excise authorities demanded the pre-deposit of rate difference in duty, before the case is heard. Later the matter was settled and the pre-deposit was refunded by the department. However, immediately after that the department claimed it back treating it as a erroneous refund, which has been paid forthwith.	28,60,000	The Company has now filed an Appeal in CEGAT claiming the refund of the duty, final order for which is yet to be received.
2.	1829/ 82	Custom Department	High Court, Bombay	The Company had imported certain goods, in respect of which the Customs Authority did not accept the CIF value as declared in the contract, invoice and bill of entry and enhanced the same arbitrarily. The Company has therefore filed a writ petition in the Bombay High Court in the year 1986 under Articles 14, 19 (1) (g), 226, 265, 300A and 301 of the Constitutuion of India and has given a bank guarantee for Rs. 2,95,799/-. The Company has also undertaken that in case the petition fails, the Customs Authority would be entitled to the amount with interest @ 18% per annum. The case is pending.	2,95,799	Yet to come up for hearing
3.	----	Excise Department	High Court Bombay	The Company had filed a Writ Petition on 5th October 1984 in the High Court at Bombay, for the refund of customs tariff. The High Court passed an order dated 10th April 2002 stating that the Company is entitled to a refund of Rs.41,32,569.60	41,32,570	Money has been received
4.	7591/ 2004	Commissioner of Central Excise & Custom	High Court Bombay	The Company had filed a Writ Petition in the High Court claiming refund of excess excise duty of Rs. 13,69,328 which was granted to the Company vide an order to the commission dated 2nd February 2000.	13,69,328	The money has been received.
5.	----	Joint Comm. Sales Tax	Karnataka Appellate Tribunal	As per the Assessment order dated 18th June 2003 passed by the Deputy Commissioner of Commercial Taxes (Assts.), Bangalore under Section 13(5) of the Karnataka Tax on Entry of Goods Act, 1979 for the Assessment year 2000-01, the Company wa liable to pay an amount of Rs.13,81,931/-. The Company appealed before the Joint Commissioner of Commercial Taxes (Appeals), Belgaum but the appeal was dismissed	13,81,931	The matter is pending

				on 14th July 2004. the Company has apealed before the Karnataka Appellate Tribunal at Bangalore on 30th August 2004 against the order dated 14th July 2004 and the appeal is pending.		
6.	W.P.No. 3419 of 1996	M/s Commissioner of Provident fund	High Court Bench at Aurangabad	The Company's Aurangabad section was entitled to be exempted from the provisions of the Employees Provident Fund Act, 1952 for a period of three years from the date of its set up, i.e. 25th July,1989, as per Section 16 (d) of the Employees Provident Fund Act, 1952. accordingly, the Company claimed 'infancy protection' from the Assistant egional Provident Fund Commissioner, Employees Provident Fund Organisation (ARPFC) but the ARPFC proceeded to claim the amount of Rs. 4,00,986/- from the Company for the period from 25th July 1989 to 31st March 1992 under the said Act, by an order dated 8th February 1996. the Company filed an application dated 12th March 1996 for review of the impugned order, but the Company's plea was not granted and it was directed to pay the amount. The Company has filed a writ petition in the High Court, Bombay on 17th April 1996 praying that the order be quashed and set aside and the respondents be refrained from implementing the impugned order and to maintain status quo. The petition is pending.	4,00,986	Matter is pending
7.	S.S.1220/ 97	Sales Tax Officer, New Delhi	Delhi High Court	The Company filed the suit in Delhi High Court against the Sales Tax Department challenging their assessment order for AY 1990-91 demanding Rs.58.04 lakhs and also against the order of the Sales Tax Appellate Tribunal. The Company has also challenged the constitutional validity of the Central Government appointing certain statutory authorities.	58,03,550	Matter is pending
8.	----	Asst. Comm. Sales Tax, Kolkata	CTO Kolkata	In August 2003, the Sales Tax Department (West Bengal) claimed Rs. 21,30,000/- from the Company for the financial year 2000-01. the Company has disputed the slaim under Section 82 of the West Bengal Sales Tax Act, 1994 read with Rule 257 and 240 of the West Bengal Sales Tax Rules, 1995 read with section 9(2) of the Central Sales Act, 1956.	21,30,000	Matter is pending.
9.	----	Asst. Comm.Sales Tax, Kolkata	CTO Kolkata	In March 2004, the Sales Tax Department (West Bengal) claimed Rs. 5,66,000/- from the Company for the financial year 2001-02. the Company has disputed the claim under Section 82 of the West Bengal Sales Tax Act, 1994 read with Rule 257 and 240 of the West Bengal Sales Tax Act, 1995 read with section 9(2) of the Central Sales Act, 1956.	5,66,000	Matter is pending
10.	----	Asst. Comm of Central Excise, Boisar, Thane	Commissioner of Central Excise, Mumbai	Application filed for stay against the recovery of Excise Duty and penalty on asle of scrap, which the Company has challenged.	5,48,926	Matter is pending

INCOME TAX ORDER CHALLENGED

Sr. No.	Date/ year	Name of opposite party	Court/ Authority before which matter is pending	Matter	Claim Amount (Rs.)	Current Status
1.	19/04/05	Income Tax Dept.	DCIT 1(3), Mumbai	Assessment order challenged	Not ascertainable	Penalty proceedings u/sec.27 1 (1)(c) for A.Y.2002-03
2.	19/04/05	Income Tax Dept.	ACIT 1(3), Mumbai		Not ascertainable	Penalty proceedings u/sec.27 1 (1)(c) for A.Y.2001-02
3.	29/04/92	Income Tax Dept.	ITAT		Not ascertainable	Disallowance of various expenses for A.Y.1989-90
4.	--	Income Tax Dept.	ITAT		Not ascertainable	Disallowance of various expenses for A.Y.1995-96

viii. Sales Tax Assessment Order challenged (Indian Tool Division)

Sr.No.	Assessment Order Challenged	Assessing Authority	Date Issued	Claim Amount	Remark
1.	CST Kolkata	CST Kolkata	July 1986	2,41,000	Sales Tax F.Y. 81-82
2.	CST Kolkata	CST Kolkata	10/11/1987	91,000	Sales Tax F.Y. 82-83
3.	CST Kolkata	CST Kolkata	14/12/1992	1,87,000	Sales Tax F.Y. 83-84
4.	CST Kolkata	CST Kolkata	29/12/1993	36,000	Sales Tax F.Y. 84-85
5.	CST Kolkata	CST Kolkata	25/06/1991	2,75,000	Sales Tax F.Y. 86-87
6.	CST Kolkata	CST Kolkata	28/06/1995	2,20,000	Sales Tax F.Y. 92-93

All the above case matters are disputed U/s. 20 of the BF(ST) Act, 1941 read with Section 9(2) of the CST Act, 1956.

2. Dagger Forst Tools Limited (DFTL)

i.Cases Filed against DFTL :

Sr. No.	Name of the Opposite Party	Case No.	Court before which Litigation is Pending	Brief History	Amount in Dispute	Current Status
1.	Henrry D'Souza, Edwin D'Souza and Clifford D'Souza	Revision Application Number. 876 of 2007 and Criminal revision application stamp No. 5889 of 2006	Session for Greater Bombay.	An application made to set aside the order dated 18th of September, 1995 by the learned metropolitan magistrate under section 138 of the Negotiable Instruments Act	Rs. 56,61750/-	Pending.
2.	Assistant P.F. Commissioner, The	Summons no. MH/AUR/Circle	Employees Provident Fund Appellate	The Company was called the reply as to	Rs. 2,35,013/-	Pending

	Employees Provident Fund Organisation, Maharashtra, Sub-Regional Office, Aurangabad.	/61/MH/17973/ 3/96	Tribunal, Aurangabad	why the contribution to the fund for the period July 1996 to February 2002 has not been made. The company was ordered to pay the amount on leave encashment disbursed after 1997. The Company thereafter paid the amount under protest and went on appeal in the Employees Provident Fund Appellate Tribunal, which is still pending.		

ii.Cases Filed by DFTL :

Sr. No.	Name of the Opposite Party	Case No.	Court before which Litigation is Pending	Brief History	Amount in Dispute	Current Status
1.	Vikram Projects Limited	245/S of 1996	Metropolitan Magistrate Mumbai	Case has been filed by the Company against section 138 of the Negotiable Instruments Act for the recovery of Rs. 2,51,490/- against dishonour of cheque.	Rs. 2,51,490/-	Pending.
2.	Mid India Oil and Exports Limited		Small Causes Court Mumbai	The case has been filed u/s 138 of the Negotiable Instruments Act for recovery of amount against dishonour of cheque. The accused has obtained a stay from the High Court of Mumbai and was ordered to file a revision petition	Rs. 56,61750/-	

3. Shloka Infotech Ltd : Nil

4. Birla Kennametal Ltd (BKL)

i.Labour Cases filed against BKL :

Sr. no.	Case no.	Name of opposite party	Court before which litigation is pending	Brief history and prayer	Claim amount (Rs.)	Current status/ next date of hearing
1.	Writ Petition No. 2345 of 1993	Bhimrao Saluba Sonawane	High Court at Bombay, bench at Aurangabad	The other party, a workman, claims to have been removed without any reason and his salary was not paid for the month of April/ May 1989. There was an	-	The Company has informed us that the matter is pending.

				enquiry by the Deputy Labour Commissioner and the order was in favour of the Company. Thereafter, the workman filed a writ petition praying for reinstatement with back-wages and a deposit of Rs. 10,000 with the Court as an interim relief against the arrears of salary of the petitioner. The Company filed a reply to the petition on 1st October 1990. The prayer for interim relief was rejected by the Court on 22/7/1999.		

ii.Cases filed by BKL pertaining to Civil Laws :

Sr. no.	Case no.	Name of opposite party	Court before which litigation is pending	Brief history and prayer	Claim amount (Rs.)	Current status/ next date of hearing
1.	R.C.S No. 103/2000	M/s. Ambika Steels	Court of Civil Judge Junior Division at Aurangabad	Case was filed by the Company against M/s. Ambika Steels for recovery of Rs.18,117 (inclusive of interest) on failure of the opposite party to comply with the order placed with it by the Company on 25th January 2000. decree was obtained in the favour of the Company on 25th November 2002.	18,117/- (inclusive of interest)	The Company has informed us that as the expenses for the legal process are more than the dues, the same has not been followed up by them.
2.	R.C.S No. 1563/ 2000	A.V.I. Machines & Manufacturing	Court of the Joint Civil Judge Junior Division at Aurangabad	Suit was filed by the Company against A.V.I. Machines & Manufacturing for recovery of Rs. 77,388 by way of construction bill. Ex-parte order was passed on 2nd September 2002 in favour of the Company and the other party was decreed to pay Rs.77,388 with further interest @ 18% p.a. from filing of the suit till its full recovery along with costs for the case.	73,388/-	The Company has informed us that execution petition has been filed and the same has been transferred to Pune Court for execution as the property of the defendant is within the territorial jurisdiction of the Pune Civil Court and the same is to be followed up further.
3.	Spl. Civil Suit No. 594 of 1996	M/s.IES Agencies	District Court, Aurangabad	The case was filed bt the Company for recovery of amount of Rs. 1,77,286.49 alongwith 18% interest paid to the other party. The other party was appointed as distributor on 26/7/1995 and it issued purchase orders and asked for the goods to be sent through M/s. Laxmi Vikas Bank, Head quarter Coimbatore. The goods sent were to be cleared by the other party, but they were not and were lying in the bank. The bank communicated to the Company for payment of Rs. 5370 towards rental charges on 30/8/1996. the Company paid the said amount and got recovery of the goods and documents after IES declined to honour the goods. The Company has prayed for the recovery of amount Rs. 1,77,286.49 alongwith 18% future interest. Decree passed on 26th September awarded the Company	1,77,286.49	The Company has informed that the execution is pending.

				Rs. 1,43,009 alongwith 12% interest. Order was passed on 16/2/2001 awarding the Company Rs. 2,18,009 (inclusive of interest) alongwith Rs. 5,225 as costs.		
4.	R.C.S No. 278/ 2005	M/s. Tarun tools	Court of the Joint Civil Judge Junior Division at Aurangabad	The Company has filed a case against M/s. Tarun Tools for the recovery of amount of Rs. 82,688/- with 12% interest which has not been paid by the other party on the material that has been purchased by them from the Company.	82,688/-	Pending. Next date of hearing- 16/10/2007
5.	-	Amizara Enterprises	-	The Company has informed us that a legal notice has been issued by the Company's Advocate, but a case has not been filed in the Court as the amount due for recovery is Rs.9,734 and the legal expenses involved would be more than Rs. 10,000.	9734/-	The Company has informed us that a legal notice has been issued by the Company's Advocate, but a case has not been filed in the Court as the amount due for recovery is Rs.9,734 and the legal expenses involved would be more than Rs. 10,000.
6.	R.C.S No. 105/ 2000	M/s/ Auram Engg. Ltd.	District Court, Aurangabad	The case was filed by the Company against M/s. Auram Engg. Ltd. for recovery of amount of Rs. 60,966 due to failure of the party to collect and pay for material which had been ordered by them. Ex-parte order was passed on 10th July 2002 ordering the amount to be paid to the Company alongwith costs for the case. The Company has informed us that the same has been transferred to Pune Court for execution.	60,966/-	Pending for execution.
7.	Writ Petition No. 1627 of 1990	Union of India & Ors.	High Court, Bombay	Writ Petition was filed by the Company on 25th April 1990, challenging the actions of the Customs Authorities in denying to the Petitioners the benefit of exemption notification inspite of the goods being entitled to the benefit of exemption notification. Application was also made for interim relief.	-	Pending.

iii.**Cases filed by BKL pertaining to Criminal Laws :**

Sr. no.	Case no.	Name of opposite party	Court before which litigation is pending	Brief history and prayer	Claim amount (Rs.)	Current status/ next date of hearing
1.	Criminal Case No. 3441 of 2002	M/s. A.V.Tech, Shri. Arun Sharma (Partner of M/s. A.V. Tech), Shri. Vivek Gupta (Partner of M/s. A.V.Tech)	Before J.M.F.C at Aurangabad	The Company has filed a case against the accused under Section 138 of the Negotiable Instruments Act as the cheques amounting to Rs. 90,000 drawn on account of purchase of material from the Company were returned uncashed due to insufficient funds. A statutory notice dated 4th June 2002 u/sec. 138 of the Negotiable Instruments Act was issued by the Company to the party for paying up the amount of Rs. 90,000/-	90,000/-	The Company has informed us that the case has been filed on 15th June 2002 and it is pending.
2.	S.C.C No. 2642 of 2006	M/s. Style World	Chief Judicial Magistrates Court, Aurangabad	Case was filed against the party M/s. Style World. Refund of Rs. 10,000/- paid as advance to the party for supply of T-shirts was demanded by the Company. The party issued a cheque for Rs. 10,000/- towards discharge of its liability. The cheque was dishonoured for the reason of insufficient funds. The other party failed to arrange for the necessary funds for honouring the cheque issued to the Company.	10,000/-	Pending for appearance of accused. Next date of hearing- 16/10/2007

5. Birla Leasing And Infrastructure Limited (BLIL)

i.Criminal Cases filed by BLIL :

Sr. No	Name of the Party	Filing Date	Amount (Rs. In lakhs)
1	Indiana Dairy Products (I) Ltd.	15th January, 1997	8.65
2	Nygara Paper Product	09th October, 1997	7.56
3	Sol Ltd.	09th October, 1997	112.13
			128.34

Apart from above, there are total 89 cases pending against Birla Leasing and Infrastructure with the total amount to be claimed from these cases is Rs. 32.90 lakhs.

ii. Cases fild by BLIL pertaining to Tax Disputes

Tax Disputes

Sr. No.	Assessment Order Challenged	Assessing Authority	Date Instituted	Remarks
1	Assessment Year 1996-1997 to 2000-2001.	Income Tax Settlement Commission	20th March, 2003	Settlement Commission has admitted company's settlement applications u/s 245 D (1) of the Income Tax Act, 1961 on 25.10.2004. Company has paid all the due taxes of the said years. The Final order u/s 245 (D) (4) is awaited. Additional amount of the Income Tax payable shall be known when final order u/s 245 (D) (4) is passed.

iii.Notices to BLIL:

Show Cause Notice from SEBI.

The Company has been issued a show cause notice dated March, 2007 for the Dematerialization of the Shares. There was a discrepancy in the issued capital and the capital listed with the exchange. There was a large quantum of unlisted shares which were dematerialized without obtaining in-principle approval from the SEBI.

In connection with the said Show Cause Notice, there was a hearing conducted at the Bombay Stock Exchange ("BSE"). The authorities at the BSE heard the officials of BLIL and thereafter declared that the matter would be referred to SEBI.

6. Birla Transasia Carpets Ltd (BTCL):

i.Cases filed against BTCL pertaining to Tax Disputes

Sr. No.	Assessment Order Challenged	Assessing Authority	Date of Institution	Claim Amt. (Rs. in lakhs)
1	**Sales Tax –**1998-99	U.P. Sales Tax	2001-02	6.93
	1999-00		2002-03	14.55
	2000-01		2003–04	114.97
	2001-02		2004-05	26.84
	2002-03		2005-06	31.76
	2003-04			30.89
				225.94
2	**Sales Tax –** 1985-86	Delhi Sales Tax	1987-88	1.14
	1990-91		1992-93	0.69
	1991-92		1993-94	0.13
	1993-94		1995-96	1.10
	1994-95		1996-97	1.74
	1995-96		1997-98	1.20
	1996-97		1998-99	1.18
	1997-98		1999-00	0.88
	1998-99		2000-01	16.02
	1999-00		2001-02	26.66
	2000-01		2002-03	7.58
	2001-02		2003-04	1.23
	2002-03		2004-05	1.53
	2003-04		2005-06	4.40
	2003-04		2005-06	0.13
				65.61
3	**Excise Demand**	CEGAT		**17.26**

ii.Cases pertaining to Labour Laws filed against BTCL :

Name	Assessing Authority	Date Instituted	
A. R. Zaidi	Labour Commissioner, GZB	1996	
A.K. Srivastav	Labour Commissioner, Delhi	1996	
A. K. Choudhary	Labour Commissioner, Delhi	1997	
J. M. Sharma	Civil Court, Ghaziabad	2000	
Sunder Singh	Labour Commissioner, Delhi	1998	
V. K. Mishra	Labour Commissioner, Ghaziabad	2001	
P.N.Pandey	Labour Commissioner, Ghaziabad	2001	

Amarjeet	Labour Commissioner, Ghaziabad	2001	
Aalam	Labour Commissioner, Ghaziabad	2001	
Noor Akram	Labour Commissioner, Ghaziabad	2001	
Bule Ram	Labour Commissioner, Ghaziabad	2001	
Azam	Labour Commissioner, Ghaziabad	2001	
Jagat Singh	Labour Commissioner, Ghaziabad	2001	
Santosh kumar	Labour Commissioner, Ghaziabad	2001	
S.P.Yadav	Labour Commissioner, Delhi.	2000	
Badruddin	Civil Court, Bullandsahr	2000	
Ram Kishore Saini	ALC, Bullandsahr	2004	
Rockwell Pumps	Civil Court, Ghaziabad	2003	
Nagendra Rai	Labour Commissioner, Delhi	1997	
R.N. Tiwari	High Court, Allahabad	1989	

Pollution Control Case:

Name	Assessing Authority	Date Instituted
Pollution Control Board	Special Judicial Magistrate (Pollution), Lucknow	1993
Pollution Control Board	Special Judicial Magistrate (Pollution), Lucknow	1993

The above cases are filed under Water (Prevention & Control of Pollution Act) 1974 by UPPCB against the Company. Non-bailable warrants were issued to the then directors of the Company for personal non-appearance before the Court as per the orders. At present the Company is in the process of filing the writ petition before High Court to get a stay in the above mentioned case.

iii.Criminal Cases filed by BTCL

Name of Party	Date	Amt.(Rs. in lakhs)
Vandana Polytex	10th September, 2003	0.74
Vandana Polytex	15th February, 2003	3.53
	TOTAL	**4.27**

iv.Cases filed by BTCL pertaining to Tax Disputes

Sr. No.	Assessment Order Challenged	Assessing Authority	Claim Amount (Rs. In lakhs)
1	Income Tax 1998-99	Tribunal	900.00

7. Birla Power And Solutions Limited (BPSL)

i.Labour Cases filed against BPSL:

Sr. No.	Name of the Opposite Party	Case No.	Court before which Litigation is Pending	Brief History	Amount in Dispute	Current Status
1	Shiv Badan Singh	LCA No. 19/2006	Labour Court, Indore.	Case has been filed against the Company under section 33-C(2) of the Industrial Disputes Act. Shiv Badan Singh has filed the complaint claiming unpaid wages plus other claims amounting to Rs. 2,54,060/-	Rs. 2,54,060/-	Pending.

2.	Nishit Bhatnagar	LCA No. 20/2006	Labour Court, Indore.	Case has been filed against the Company under section 33-C(2) of the Industrial Disputes Act. Nishit Bhatnagar has filed the complaint claiming unpaid wages plus other claims amounting to Rs. 2,25,000/-.	Rs. 2,25,000/-	Pending.
3.	Mr. B.B. Sharma	Conciliation Proceeding	Labour Court, Patna.	Conciliation proceedings have been filed under section 10 of the Industrial Dispute Act, for reinstatement of full wages.		Pending.
4.	Mr. Lal Babu.	Conciliation Proceeding	Labour Court, Patna.	Conciliation proceedings have been filed under section 10 of the Industrial Dispute Act, for reinstatement of full wages.		Pending.

ii. Civil Cases filed against BPSL :

Sr. No.	Name of the Opposite Party	Case No.	Court before which Litigation is Pending	Brief History	Amount in Dispute	Current Status
1.	M/s Kandola Shipyand.	Civil Suit No. 47 of 2000	Court of Civil Judge (Senior Division), Panaji	Case has been filed against the Company for Damages. M/s Kandola Shipyand had placed an order with the company for Generator worth Rs. 40,500/-. The said Generator was defective. The Company has filed a complaint for a decree directing the Company to replace the defective Generator Set with a new one or pass a decree to pay a sum of Rs. 40,500/- along with interest @ 24 % p.a.	Rs, 40,500/-	Pending.
2.	M/s Unitech Service Centre.	O.S. 108/2005	The Court of the Principal Subordinate Judge, Tirupathur.	Case has been filed for the recovery of Rs. 3,00,169/-. M/s Unitech Service Centre was the authorized dealers of the Company for sales, service and spares parts. M/s Unitech Service Centre has filed a case against the Company for recovery of the amount as per their credit notes supplied to the Company.	Rs. 3,00,169	The next date of hearing is 15.10.07
3.	Sawant Sales Agencies (P) Ltd.	C.S. (OS) No. 1642 of	High Court Delhi, New	Recovery has been filed against the Company. There were a few	Rs. 47,77,018/-	For admission of

		2006	Delhi.	debits notes amounting to Rs. 38,19,868/- were raised in favour of the Company for which the Company failed to issue Credit Notes towards it.	including interest @ 12 % on Rs. 38,19,868/-	Documents and next date of hearing 12/12/07
4.	M/s Material Movell (India) Pvt. Ltd.	Civil Suit No. 385 of 2005.	Court of Senior Civil Judge.	Recovery has been filed against the Company. There were a few invoices amounting to Rs. 1,75,170/- raised in favour of the Company for which the Company failed to issue Credit Notes towards it.	Rs. 1,75,170/- plus interest @ 24% p.m.	For arguments on 15/10/07.
5.	Kamaljit Singh		Tis Hazari, Delhi	The suit has been decreed in favour of the Party	5.84 + interest	Pending
6.	Pradeep Juneja		Civil Judge, Tiz Hazari		6.5	Next date of hearing is 30th July, 2007
7.	Sawan Sales		Civil Judge, Tiz Hazari	Recovery suit filed by the dealer	47.00	Next date of hearing is on 01st August, 2007 for filing of written statement.
8.	GC Agarwal		Civil Judge, Tiz Hazari	Appeal filed against the order of the lower court and appeal admitted	5.85	Pending

iii.Consumer Cases filed against BPSL :

Sr. No.	Name of the Opposite Party	Case No.	Court before which Litigation is Pending	Brief History	Amount in Dispute	Current Status
1.	M. Khan	441 of 1998	Before the Monopolies and Restrictive Trade Practices ("MRTP") Commission, Delhi.	Case has been filed against the Company under the Section 12-B of the MRTP Act, 1969 for the grant of compensation. M. Khan has purchased the Gen-Set amounting to Rs. 23,750/- which was defective and later had requested for a replacement by the Company. M. Khan has therefore filed an application stating that the Company are indulged/ carrying on unfair trade practices.	Rs. 1,50,000/-	Reserved for orders but no order have been received.
2.	MOD Fab Internation.	Appeal No. _____	State Commission, Lucknow.	An appeal has been filed against the Company under section 15 of the Consumer Protection Act, 1986 against the judgment and order dated 18/08/93 in case No. 592/92 whereby the relief was granted to the Company from paying Rs. 9390/- with the interest at		Pending.

				18% p.a. from 23/04/91, for the supply of a Defective Generator. The MOB Fab International has therefore filed an appeal to set aside the order.		
3.	Segal Enterprises.	Appeal No. 2560 of 2000	The State Consumer Disputes Redressal Commission, Uttar Pradesh.	An appeal has been filed against the Company under section 15 of the Consumer Protection Act, 1986 against the judgment and order dated 7/9/2000 in case No. 70/1997 whereby a relief was granted to the Company for the supply of the generator.		Pending.
4.	Shamim Ahmed.	Case No. 231/05	Consumer Forum, Saharanpur.	The Complaint has been filed against the Company under section 12 of the Consumer Protection Act, 1986 for the supply of a defective inventor. Hence the Company was asked to replace the inventor or repair the inventor.	Claim of Rs. 69,000/-	Pending.
5.	Vinayak James	Case No. 11/06	Consumer Forum, Jaipur.	The Complaint has been filed against the Company under section 12 of the Consumer Protection Act, 1986 for the supply of a defective inventor. Hence the Company was asked to replace the inventor or repair the inventor.	Rs. 88,000/-	Matter pending.
6.	Ajit Kr. Jain	Case No. 24 of 2006.	Consumer Forum, Agra.	An order dated 6/04/04 was passed against the Company whereby the Company was directed to pay Rs. 23,300/- or repay the inventor. The Company has filed an execution petition against the order.	Rs. 23,300/-	Pending.
7.	Shayam Khemka.	Case no. 71 of 2006	Consumer Forum, Sonbhadra.	Case has been filed against the Company under section 12 of the Consumer Protection Act, 1986 for supply of Defective inventor and Battery by the Company.	Rs. 1,52,000/-	Pending.
8.	Tarun Sharma.	Case No. 66 of 2007	Consumer Forum, Sawai Madhopu Rajasthan.	Case has been filed against the Company under section 12 of the Consumer Protection Act, 1986 for supply of Defective inventor and Battery by the Company.	Rs. 17,500 plus interest @ 18 % per annum.	Pending.
9.	Khairantilal	Case No. 116/06	Consumer Forum, Saharanpur.	Case has been filed against the Company under section 12 of the Consumer Protection Act, 1986 for supply of Defective inventor and Battery by the Company.	Rs. 14,000/-	Pending.
10.	Pawan Privithvi.	Case No. 6/07	Consumer Forum, Udhamsingh.	Case has been filed against the Company under section 12 of	Rs. 15,000/-	Pending.

				the Consumer Protection Act, 1986 for supply of Defective inventor and Battery by the Company.		
11	Simon N. V	Original Petition No. 528/2005	Consumer Disputes Redressal Forum, Thrissur.	The complainant has complained that they had purchased an inverter which was defective and caused a lot of problem. A complain had been lodged with the Company for the same but inspite the repairs the inverter was still defective. The complainant thereby filed a case against the Company under section 12 of the Consumer Disputes Act and prayed for a supply of genuine inverter or a refund of Rs. 16,750/- + 12% interest or Rs. 2,000 as cost + Rs. 5,000/- as Compensation.	Rs. 25,000/-	Pending.
	Naresh Kumar	**Case No. _____**	**Consumer Forum, Merrut.**	**Case has been filed against the Company under section 12 of the Consumer Protection Act, 1986 for supply of Defective inventor and Battery by the Company.**		**Pending.**

iv.Cases against BPSL pertaining to Sales Tax Cases/Excise :

Sr. No.	Name of the Opposite Party	Case No.	Court before which Litigation is Pending	Brief History	Amount in Dispute	Current Status
1	State of Kerala	SLP (C) No. 3721/2007	Supreme Court of India	Petition has been filed under section 136 of the Constitution of India against the final judgment and order dated 18.7.06 passed by the High Court of Kerala at Ernakulam in TRC No. 133 of 2003 & OP No. 30847 of 2002.	Rs. 24,05,859/-	Pending
2.	Sales Tax Department.		Additional Commission, Delhi.(2004-05)	The case was filed as the Company had failed to file Form C and F with the sales tax department in support of his claim of inter state sales at concession rate @ 4 % and branch transfer. Hence a penalty was levied on the Company.	Rs. 51,027/- Local and Rs. 6,785,030/- Central.	pending
3.	Sales Tax Department.		Additional Commission, Delhi. (2003-04)	The case was filed as the Company had failed to file Form C	**Rs. 83,59,433/-**	order awaited.

				and F with the sales tax department in support of his claim of inter state sales at concession rate @ 4 % and branch transfer. Hence a penalty was levied on the Company.		
4.	Sales Tax Department.		Additional Commission, Delhi. (2002-03)	The case was filed as the Company had failed to file Form C and F with the sales tax department in support of his claim of inter state sales at concession rate @ 4 % and branch transfer. Hence a penalty was levied on the Company.	**Rs. 1,86,15,205/-**	order awaited.
5.	Sales Tax Department.		Appeal in the tribunal. (2001-02)	The case was filed as the Company had failed to file Form C and F with the sales tax department in support of his claim of inter state sales at concession rate @ 4 % and branch transfer. Hence a penalty was levied on the Company.	Rs. 714510 Local and Rs. 5663403/- Central.	Pending.
6.	Sales Tax Department.		Appeal in the tribunal. (2000-01)	The case was filed as the Company had failed to file Form C and F with the sales tax department in support of his claim of inter state sales at concession rate @ 4 % and branch transfer. Hence a penalty was levied on the Company.	Rs. 1133204 local and Rs. 2276751 central.	Pending.
7.	Sales Tax Department Uttar Pradesh.		Appeal to the Joint Commissioner.2005-06	Provisional case was filed as the Company had failed to file Form C and F with the sales tax department. Hence a penalty was levied on the Company. The case is a provisional	Rs. 10,66,518/-	The case has ben heard Order Awaited.
8.	Sales Tax Department Uttar Pradesh		Joint Commissioner Trade Tax 2004-05	The case was filed as the Company had failed to file Form C and F with the sales tax department. Hence a penalty was levied on the Company.	Rs. 8,23,746/-	Pending.

9.	Sales Tax Department Uttar Pradesh.		Appeal to the Depute Commissioner 2003-04	The case was filed as the Company had failed to file Form C and F with the sales tax department. Hence a penalty was levied on the Company.	Rs. 69,88,842/- Central..	Matter is heard. Order Awaited
10.	Sales Tax Department Uttar Pradesh.		Trade Tax Tribunal,	Dispute for the tax levied on the sale of inverter Appeal under section 10 of the U.P. Sales tax act	Rs. 6,67,461 Local	Order awaited
11.	Sales Tax Department Uttar Pradesh.		Appeal to the Joint Commissioner 2002-03	The case was filed as the Company had failed to file Form C and F with the sales tax department. Hence a penalty was levied on the Company	Rs. 70,50,121.	Pending.
12.	Sales Tax Department Uttar Pradesh.	2000 – 01	Deputy Commissioner, Gazhiabad.	The case was filed as the Company had failed to file Form C and F with the sales tax department. Hence a penalty was levied on the Company	Rs. 89,493/-	Matter heard Order awaited.
13.	Sales Tax Department Uttar Pradesh.	April 2004	Joint Commissioner Appeal Sales Tax.	The case has been filed under the U.P Sales Tax Act. A penalty has been imposed on the Company for the delay in depositing the Tax to the Department.	Rs. 30,580/-	Pending.
14.	Sales Tax Department Uttar Pradesh.	May 2004	Joint Commissioner Appeal Sales Tax.	The case has been filed under the U.P Sales Tax Act. A penalty has been imposed on the Company for the delay in depositing the Tax to the Department.	Rs. 36,110/-	Pending.
15.	Sales Tax Department Uttar Pradesh.	August 2004	Joint Commissioner Appeal Sales Tax.	The case has been filed under the U.P Sales Tax Act. A penalty has been imposed on the Company for the delay in depositing the Tax to the Department.	Rs. 39,530/-	Pending
16.	Sales Tax Department Uttar Pradesh.	December 2004	Joint Commissioner Appeal Sales Tax	The case has been filed under the U.P Sales Tax Act. A penalty has been imposed on the Company for the delay in depositing the Tax to the Department.	Rs. 83,480/-	Pending
17.	Sales Tax Department Uttar Pradesh	2004 – 05	Joint Commissioner (Appeal) Trade Tax.	Appeal was filed against the Order dated 6/07/07 passed under section 22 whereas the	Rs. 2,27,605/-	Pending.

				disclosed sales of stabilizers are re-assessed to tax @ 12% instead of 4 % only.		
18.	Sales Tax Department Bihar.	2003-04	Appeal to the Joint Commissioner of Commercial Tax	The case was filed as the Company had failed to file Form C and F with the sales tax department. Hence a penalty was levied on the Company	Rs. 2,07,228/-	Pending.
19.	Sales Tax Department Bihar	2002 – 03	Appeal to the Joint Commissioner of Commercial Tax	The case was filed as the Company had failed to file Form C and F with the sales tax department. Hence a penalty was levied on the Company	Rs. 4,35,479/-	Pending
20.	Sales Tax Department Bihar	2001 – 02	Appeal to the Joint Commissioner of Commercial Tax	The case was filed as the Company had failed to file Form C and F with the sales tax department. Hence a penalty was levied on the Company	Rs. 4,95,730/-	Pending
21.	Sales Tax Department, Maharashtra, Mumbai	2002 – 03	Appeal before the Depute Commissioner of Sales Tax Appeals Mumbai.	The case was filed as the Company had failed to file Form C and F with the sales tax department. Hence a penalty was levied on the Company	Rs. 8,57,253/-	pending
22.	Sales Tax Department M.P., Bhopal	2002 – 03	Appellant Authority of Sales Tax, Bhopal.	The case was filed as the Company had failed to file Form C and F with the sales tax department. Hence a penalty was levied on the Company	Rs. 31,594 Local and Rs. 99,365/- Central	Matter is heard order awaited. As submisso of few document s is pending.
23.	Sales Tax Department M.P.	2003 – 04	Appellant Authority of Sales Tax, Bhopal.	The case was filed as the Company had failed to file Form C and F with the sales tax department. Hence a penalty was levied on the Company	Rs. 2.10	Pending
24.	Sales Tax Karnatka.	2003 – 04	Depute Commissioner Sales Tax	The case was filed as the Company had failed to file Form C and F with the sales tax department. Hence a penalty was levied on the Company	Rs. 75,250/-	Pending

v.Civil Cases filed by BPSL :

Sr. No.	Name of the Opposite Party	Case No.	Court before which Litigation is Pending	Brief History	Amount in Dispute	Current Status
1.	Mangala Motors (P) Ltd. and others.	Regular Suit No. _____ of 2001	Court of Civil Judge (Senior Division), Lucknow.	Case has been filed for the recovery of Rs. 2,47,126/-. Mangala Motors were the authorized dealers of the Company for sales, service and spares parts. Mangala Motors were suppose to pay an amount of Rs. 2,47,126/- to the Company towards the sales etc which they failed to pay despite of several reminders. Hence the Company has filed a decree for realization of the aforesaid amount.	Rs. 2,47,126/-	Evidence.
2.	Mr. Praneet Goyal	746 of 2000	Court of Civil Judge, Bulandsahar.	Case has been filed for the recovery of Rs. 13,05,953/- .Mr. Praneet Goyal were the authorized dealers of the Company for sales, service and spares parts. Mr. Praneet Goyal were suppose to pay an amount of Rs. 13,05,953/- to the Company towards the sales etc which they failed to pay despite of several reminders. Hence the Company has filed a decree for realization of the aforesaid amount.	Rs. 13,05,953/- plus interest @ 24% per annum.	Evidence.

vi. **Criminal Cases filed by BPSL**

Sr. No.	Name of the Opposite Party	Case No.	Court before which Litigation is Pending	Brief History	Amount in Dispute	Current Status
1	M/s. Yash Motors and Mr. Sanjay. Singhal	____of 2001	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonour of cheques. Payment was received from Yash Motors for Rs. 1,70,800/- by cheque. The cheques when presented for encashment were dishonored due to insufficient funds. An application for summoning witness had been made.	Rs. 1,70,800/-	Non Bailable Warrants have been issued against the accused. The next date of hearing is 28.9.07

2	Lilly & Lilly, Mr. D. Shimjith and Mr. Rinosh	____ of 2001	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonour of cheques. Payment was received from the accused for Rs. 50,000/- by cheque. The cheques when presented for encashment were dishonored due to insufficient funds. An application for summoning witness had been made.	Rs. 50,000/-	Non Bailable Warrants have been issued against the accused. The next date of hearing s 29.11.07
3	M/s. Online Systems and Mr. Sameer. Deshmukh	_____ of 2005	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonour of cheques. Payment was received from the accused for Rs. 1,26,134/- by cheque. The cheques when presented for encashment were dishonored due to payment stopped by drawer.	Rs. 1,26,134/-	Evidence by way of Affidavit has been filed. The next date of hearing is 28.1.08. For Summons.
4	M/s Sri Vijayalakshmi Power House and Mr. j. Balasubramani	____ of 2001	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonour of cheques. Payment was received from the accused for Rs. 99,022/- by cheque. The cheques when presented for encashment were dishonored due to payment stopped by drawer. An application for summoning witness had been made.	Rs. 99,022/-	Non Bailable Warrants has been issued against the accused. The next date of hearin is 30.10.07 for appearance of the accused.
5	M/s. Sakthi Marketing and Mr. K. Sakthiwel	____ of 2002	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of	Rs. 1,25,000/-	Bailable Warrant has been issued against the accused. The

				the Indian Penal Code for dishonour of cheques. Payment was received from the accused for Rs. 1,25,000/- by cheque. The cheques when presented for encashment were dishonored due to insufficient funds. Evidence by way of Affidavit has been filed.		next date of hearing is 13.2.08
6	M/s Kamal Motors and Mr. N. Murli Krishna	____ of 2002	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonour of cheques. Payment was received from the accused for Rs. 50,000/- by cheque. The cheques when presented for encashment were dishonored due to insufficient funds. An application for summoning witness had been made. Evidence by way of Affidavit has been filed.	Rs. 50,000/-	Non Bailable Warrant has been issued against the accused. The next date of hearing is 30.10.07
7	M/s. Japan Trading Corporation & Ors., Mr. V. K. Muthalagan and Mr. V. Srinivasan	____ of 2001	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonour of cheques. Payment was received from the accused for Rs. 5,10,000/- by cheque. The cheques when presented for encashment were dishonored due to insufficient funds. An application for summoning witness had been made. Evidence by way of Affidavit has been filed.	Rs. 5,10,000/-	Non Bailable Warrant has been issued against the accused. The next date of hearing is 29.11.07

8	M/s. Japan Trading Corporation & Ors., Mr. V. K. Muthalagan and Mr. V. Srinivasan	____ of 2001	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonour of cheques. Payment was received from the accused for Rs. 3,40,000/- by cheque. The cheques when presented for encashment were dishonored due to insufficient funds. An application for summoning witness had been made. Evidence by way of Affidavit has been filed.	Rs. 3,40,000/-	Non Bailable Warrant has been issued against the accused. The next date of hearing is 29.11.07
9	M/s. Kendrapara Machinery, Mr. S. K. Fazal Ali and Mr. S. K. Attar Ali	____ of 1997	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonour of cheques. Payment was received from the accused for Rs. 99,454/- by cheque. The cheques when presented for encashment were dishonored due to insufficient funds. An application for summoning witness had been made.	Rs. 99,454/-	Non Bailable warrants have been issued against the accused. The next date of hearing is 13.11.07
10	M/s. Sym Power Systems, Mr. Anand. Jacob and Mrs. Ancy. Anand	_____ of 2001	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 4,64,919/- by cheque. The cheques when presented for encashment were dishonored due to insufficient funds. An application for summoning witness had been made.	Rs. 4,64,919/-	Non Bailable Warrants have been issued against the accused. The next date of hearing is 25.10.07

11.	M/s Good Will Auto's	866 of 2002	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 2500,000/- by cheque. The cheques when presented for encashment were dishonored due to insufficient funds. An application for summoning witness had been made.	Rs. 25,00,000	Cross Examination. Next date of Hearing 1/10/07
12.	M/s. Gen Power, M. Ravindran and A. Rajan	_____ of 2005	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 2,00,000/- by cheque bearing Nos. 206203 and 206204 of Rs. 1,00,000/- each The cheques when presented for encashment were dishonored due to insufficient funds. An application for summoning witness had been made.	Rs. 2,00,000	Non bailable warrants have been issued.
13.	M/s. Gen Power, M. Ravindran and A. Rajan	_____ of 2004	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 31,000/- by cheque bearing Nos. 049332 for Rs. 16,000/- and 049333 of Rs. 15,000/- . The cheques when presented for encashment were dishonored due to insufficient funds. An application for summoning witness	Rs. 31,000/-	Non bailable warrants have been issued.

				had been made.		
14	M/s. Gen Power, M. Ravindran and A. Rajan	____ of 2004	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 50,000/- by cheque bearing No. 201187. The cheque when presented for encashment was dishonored due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 50,000/-	Non Bailable Warrants have been issued against the accused. The next date of hearing is 14.2.08 for appearance of the accused.
15	M/s. Gen Power, M. Ravindran and A. Rajan	____ of 2004	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 50,000/- each by cheque bearing Nos. 201180, 201181 and 201182. The cheque when presented for encashment was dishonored due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 1,50,000/-	Non Bailable Warrants have been issued against the accused. The next date of hearing is 14.2.08 for appearance of the accused.
16	M/s. Gen Power, M. Ravindran and A. Rajan	____ of 2004	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 50,000/- each by cheque bearing Nos. 201183, 201184 and 201185. The cheque when presented for encashment was dishonored due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 1,50,000/-	Non Bailable Warrants have been issued against the accused. The next date of hearing is 14.2.08 for appearance of the accused.

17	M/s. Gen Power, M. Ravindran and A. Rajan	____ of 2004	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 50,000/- each by cheque bearing Nos. 201177, 201178 and 201179. The cheque when presented for encashment was dishonored due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 1,50,000/-	Non Bailable Warrants have been issued against the accused. The next date of hearing is 14.2.08 for appearance of the accused.
18	M/s. Gen Power, M. Ravindran and A. Rajan	____ of 2004	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 50,000/- by cheque bearing No. 201192. The cheque when presented for encashment was dishonored due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs.50,000/-	Non Bailable Warrants have been issued against the accused. The next date of hearing is 14.2.08 for appearance of the accused.
19	M/s. Gen Power, M. Ravindran and A. Rajan	____ of 2004	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 50,000/- each by cheque bearing Nos. 049101, and 201186. The cheque when presented for encashment was dishonored due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 1,00,000/-	Non Bailable Warrants have been issued against the accused. The next date of hearing is 14.2.08 for appearance of the accused.

20	M/s. Gen Power, M. Ravindran and A. Rajan	____ of 2004	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 50,000/- each by cheque bearing Nos. 201193, 201194 and 201195. The cheque when presented for encashment was dishonored due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 1,50,000/-	Non Bailable Warrants have been issued against the accused. The next date of hearing is 14.2.08 for appearance of the accused.
21	M/s. Gen Power, M. Ravindran and A. Rajan	____ of 2004	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 50,000/- by cheque bearing No. 201191. The cheque when presented for encashment was dishonored due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 50,000/-	Non Bailable Warrants have been issued against the accused. The next date of hearing is 14.2.08 for appearance of the accused.
22	M/s. Gen Power, M. Ravindran and A. Rajan	____ of 2005	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 50,000/- each by cheque bearing Nos. 201196, and 201197. The cheque when presented for encashment was dishonored due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 1,00,000/-	Non Bailable Warrants have been issued against the accused. The next date of hearing is 14.2.08 for appearance of the accused.

23	M/s. Gen Power, M. Ravindran and A. Rajan	____ of 2004	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 50,000/- each by cheque bearing Nos. 187359, 187360 and 201176. The cheque when presented for encashment was dishonored due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 1,50,000/-	Non Bailable Warrants have been issued against the accused. The next date of hearing is 14.2.08 for appearance of the accused.
24	M/s. Gen Power, M. Ravindran and A. Rajan	____ of 2004	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 50,000/- by cheque bearing No. 201188. The cheque when presented for encashment was dishonored due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 50,000/-	Non Bailable Warrants have been issued against the accused. The next date of hearing is 14.2.08 for appearance of the accused.
25	M/s. Gen Power, M. Ravindran and A. Rajan	____ of 2004	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 50,000/- by cheque bearing No. 201190. The cheque when presented for encashment was dishonored due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 50,000/-	Non Bailable Warrants have been issued against the accused. The next date of hearing is 14.2.08 for appearance of the accused.

26	M/s. Gen Power, M. Ravindran and A. Rajan	____ of 2004	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 50,000/- by cheque bearing No. 201189. The cheque when presented for encashment was dishonored due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 50,000/-	Non Bailable Warrants have been issued against the accused. The next date of hearing is 14.2.08 for appearance of the accused.
27	Sawan Sales Agencies Pvt. Ltd., Mr. Gurbachanlal Gandhi and Ms. Savita. Gandhi	_____ of 2003	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 3,00,000/-. The cheque when presented for encashment was dishonored due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 3,00,000/-	The next date of hearing is 8.2.08 for evidence.
28	Sawan Sales Agencies Pvt. Ltd., Mr. Gurbachanlal Gandhi and Ms. Savita. Gandhi	_____ of 2003	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 9,00,000/-. The cheque when presented for encashment was dishonored due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 9,00,000/-	The next date of hearing is 14.7.08 for evidence.
29	Sawan Sales Agencies Pvt. Ltd., Mr. Gurbachanlal Gandhi and Ms. Savita. Gandhi	_____ of 2003	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of	Rs. 10,00,000/-	The next date of hearing is 12.2.08 for evidence.

				the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 10,00,000/-. The cheque when presented for encashment was dishonored due to insufficient funds. Evidence by way of Affidavit has been filed.		
30	Sawan Power Systems Pvt. Ltd., Mr. Amrit Lal Gandhi and Ms. Savita. Gandhi	_____ of 2003	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 8,00,000/-. The cheque when presented for encashment was dishonored due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 8,00,000/-	The next date of hearing is 14.7.08 for evidence.
31.	M/s Cadia System.	_____ of 2005	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 59,497/- by cheque. The cheques when presented for encashment were dishonored due to insufficient funds. An application for summoning witness had been made.	Rs. 59,497.	Summons have been issued. Next date of hearing 14/05/08
32.	M/s Cadia Systems and Mr. K. Sujit.	_____ of 2005	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 43,000/- by cheque.	Rs. 43,000/-	Next date of hearing 24/1/08

				The cheques when presented for encashment were dishonored due to insufficient funds. Evidence by way of Affidavit has been filed.		
33	M/s Cadia Systems and Mr. K. Sujit.	_____ of 2005	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 1,20,000/- by cheque. The cheques when presented for encashment were dishonored due to insufficient funds. An application for summoning witness had been made.	Rs. 1,20,000/-	Summons have been issued. Next date of hearing 24/1/08
34.	Atchaya Power House.	1276 of 2002.	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 2,50,000/- by cheque. The cheques when presented for encashment were dishonored due to insufficient funds. An application for summoning witness had been made.	Rs. 2,50,000/-	Cross Examination. Next date of hearing 31/1/08.
35.	Kamal Motors.	____ of 2002	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 50,000/- by cheque. The cheques when presented for encashment were dishonored due to	Rs. 50,000/-	Bailable warrants have been issued. Next date of hearing 30.10.07

				insufficient funds. An application for summoning witness had been made.		
36.	M/s. Sakhti Automobiles Ltd and Mr. Sideshwar. Singh	_____ of 2004	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 50,000/- by cheque. The cheques when presented for encashment were dishonored due to insufficient funds. An application for summoning witness had been made.	Rs. 50,000/-	Summons have been issued. Next date of hearing 29/10/07
37	M/s. Madhumati Enterprises and Mr. Suraj Kumar Mishra.	_____ of 2003	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 20,000/- by cheque. The cheques when presented for encashment were dishonored due to close of account. Evidence by way of Affidavit has been filed.	Rs. 20,000/-	Bailable warrants have been issued against the accused. The next date of hearing is 15.5.08 appearance of the accused.
38	M/s. B. N. Kejriwal & Bros, P. K. Kejriwal and Subhas. Kejriwal	____ of 2003	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 3,32,467/- by cheque. The cheques when presented for encashment were dishonored due to stoppage of payment. Evidence by way of Affidavit has been filed.	Rs. 3,32,467/-	The next date of hearing is 3.10.07

39	M/s. K. S. Automobiles and Ramesh Prasad. Singh	CC/498/01/05	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 3,37,840/- by cheque. The cheques when presented for encashment were dishonored due to insufficient funds.	Rs. 3,37,840/-	The next date of hearing is 10.7.08 for appearance.
40	Delta Enterprises, Ch. VN. Murthy and NV Kiran	CC/166/05/05	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 90,000/- by cheque. The cheques when presented for encashment were dishonored due to insufficient funds.	Rs. 90,000/-	The next date of hearing is 10.7.08 for appearance.
41	Delta Enterprises, Ch. VN. Murthy and NV Kiran	CC/165/05/05	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 30,000/- by cheque. The cheques when presented for encashment were dishonored due to insufficient funds.	Rs. 30,000/-	The next date of hearing is 10.7.08 for appearance.
42	Delta Enterprises, Ch. VN. Murthy and NV Kiran	CC/164/05/05	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 80,000/- by cheque. The cheques when presented for	Rs. 80,000/-	The next date of hearing is 10.7.08 for appearance.

				encashment were dishonored due to insufficient funds.		
43	M/s. Unitech Service Center, p. Salem Ahmed and Mr. Krishnamurthy	____ of 2005	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 25,000/- by cheque. The cheques when presented for encashment were dishonored due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 25,000/-	The next date of hearing is 2.1.08 for appearance of accused.
44	M/s. Unitech Service Center, p. Salem Ahmed and Mr. Krishnamurthy	3665/03	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 50,000/- by cheque. The cheques when presented for encashment were dishonored due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 50,000/-	Bailable warrants have been issued against the accused. The next date of hearing is 2.1.08 for appearance of accused.
45	M/s. Diamond Documentation, Mushtaq Ahmed and Abdul. Rehman	____ of 2005	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 3,00,000/- by cheque. The cheques when presented for encashment were dishonored due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs.3,00,000/-	Bailable warrants have been issued against the accused. The next date of hearing is 2.1.08 for appearance of accused.

46	New India Auto Agencies and Shri c. Ummer Kutti	_____ of 1999	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 5,04,745/- by cheque. The cheques when presented for encashment were dishonored due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 5,04,745/-	Non Bailable warrants have been issued against the accused. The next date of hearing is 5.2.08 for appearance of accused.
47	M/s. Pramil Traders and Mr. Parneet. Goyal	27/6	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed under section 138 of the Negotiable instruments Act and under section 420 of the Indian Penal Code for dishonor of cheques. Payment was received from the accused for Rs. 2,00,000/- by cheque. The cheques when presented for encashment were dishonored due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 2,00,000/-	Non Bailable warrants have been issued against the accused. The next date of hearing is 8.2.08
48	M/s. Kavin Auto Ageny and Mr. Jesuretnam	____ of 2001	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed by the company under Section 138 of the Negotiable Instruments Act and under Secton 420 of the Indian Penal Code for dishonour of cheques. Payment has been received from the accused for Rs. 2,95,000/- by cheques. When the cheques were presented for encashment the same were dishonoured due to insufficient funds.	Rs. 2,95,000/-	Evidence by way of Affidavit has been filed. The Next Date of hearing is 19.2.08
49	M/s. Kavin Auto Ageny and Mr. Jesuretnam	____ of 2001	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed by the company under Section 138 of the Negotiable Instruments Act and under Secton 420 of the Indian Penal Code for dishonour of	Rs. 2,00,000/-	Evidence by way of Affidavit has been filed. The Next Date of hearing is

				cheques. Payment has been received from the accused for Rs. 2,00,000/- by cheques. When the cheques were presented for encashment the same were dishonoured due to insufficient funds.		19.2.08
50	M/s. Kavin Auto Ageny and Mr. Jesuretnam	____ of 2001	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed by the company under Section 138 of the Negotiable Instruments Act and under Secton 420 of the Indian Penal Code for dishonour of cheques. Payment has been received from the accused for Rs. 30,000/- by cheques. When the cheques were presented for encashment the same were dishonoured due to insufficient funds.	Rs. 30,000/-	Evidence by way of Affidavit has been filed. The Next Date of hearing is 19.2.08
51	M/s. Kavin Auto Ageny and Mr. Jesuretnam	____ of 2001	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed by the company under Section 138 of the Negotiable Instruments Act and under Secton 420 of the Indian Penal Code for dishonour of cheques. Payment has been received from the accused for Rs. 15,000/- by cheques. When the cheques were presented for encashment the same were dishonoured due to insufficient funds.	Rs. 15.000/-	Evidence by way of Affidavit has been filed. The Next Date of hearing is 19.2.08
52	M/s. Kavin Auto Ageny and Mr. Jesuretnam	____ of 2001	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed by the company under Section 138 of the Negotiable Instruments Act and under Secton 420 of the Indian Penal Code for dishonour of cheques. Payment has been received from the accused for Rs. 50,000/- by cheques. When the cheques were presented for encashment the same were dishonoured due to insufficient funds.	Rs. 50,000/-	Evidence by way of Affidavit has been filed. The Next Date of hearing is 19.2.08
53	M/s. Kavin Auto Agency and Mr. Jesuretnam	____ of 2001	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed by the company under Section 138 of the Negotiable Instruments	Rs. 10,000/-	Evidence by way of Affidavit has been filed.

				Act and under Secton 420 of the Indian Penal Code for dishonour of cheques. Payment has been received from the accused for Rs. 10,000/- by cheques. When the cheques were presented for encashment the same were dishonoured due to insufficient funds.		The Next Date of hearing is 19.2.08
54	M/s. Universal Engineering Co., Mr. P. Mohana. Krishna, Mrs. Zulnar. Haque and Mr. Abdul. Haque.	____ of 2001	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed by the company under Section 138 of the Negotiable Instruments Act and under Secton 420 of the Indian Penal Code for dishonour of cheques. Payment has been received from the accused for Rs. 13,00,000/- by cheques. When the cheques were presented for encashment the same were dishonoured due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 13,00,000/-	Non Bailable Warrant has been issued against the accused. Next date of hearing is 20.2.08
55	M/s. Universal Engineering Co., Mr. P. Mohana. Krishna, Mrs. Zulnar. Haque and Mr. Abdul. Haque.	_____ of 2001	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed by the company under Section 138 of the Negotiable Instruments Act and under Secton 420 of the Indian Penal Code for dishonour of cheques. Payment has been received from the accused for Rs. 11,26,191/- by cheques. When the cheques were presented for encashment the same were dishonoured due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 11,26,191/-	Non Bailable Warrant has been issued against the accused. Next date of hearing is 18.2.08
56	M/s. Universal Engineering Co., Mr. P. Mohana. Krishna, Mrs. Zulnar. Haque and Mr. Abdul. Haque.	705/4/04 of 2001	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed by the company under Section 138 of the Negotiable Instruments Act and under Secton 420 of the Indian Penal Code for dishonour of cheques. Payment has been received from the	Rs. 11,50,000/-	Non Bailable Warrant has been issued against the accused. Next date of hearing is 3.10.07

				accused for Rs. 11,50,000/- by cheques. When the cheques were presented for encashment the same were dishonoured due to insufficient funds. Evidence by way of Affidavit has been filed.		
57	M/s. Universal Engineering Co., Mr. P. Mohana. Krishna, Mrs. Zulnar. Haque and Mr. Abdul. Haque.	____ of 2001	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed by the company under Section 138 of the Negotiable Instruments Act and under Secton 420 of the Indian Penal Code for dishonour of cheques. Payment has been received from the accused for Rs. 2,78,134/- by cheques. When the cheques were presented for encashment the same were dishonoured due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 2,78,134/-	Non Bailable Warrant has been issued against the accused. Next date of hearing is 3.10.07
59	M/s. Priya Enterprises and Mr. S. V. Jayakrishnan	____of 2004	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed by the company under Section 138 of the Negotiable Instruments Act and under Secton 420 of the Indian Penal Code for dishonour of cheques. Payment has been received from the accused for Rs. 1,00,000/- by cheques. When the cheques were presented for encashment the same were dishonoured due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 1,00,000/-	Non Bailable Warrants have been issued against the accused. The next date of hearing is 25.2.08
60	M/s. Priya Enterprises and Mr. S. V. Jayakrishnan	____of 2005	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed by the company under Section 138 of the Negotiable Instruments Act and under Secton 420 of the Indian Penal Code for dishonour of cheques. Payment has been received from the accused for Rs. 2,07,557/- by cheques. When the cheques	Rs. 2,07,557/-	Bailable Warrants have been issued against the accused. The next date of hearing is 25.2.08

				were presented for encashment the same were dishonoured due to insufficient funds. Evidence by way of Affidavit has been filed.		
61	M/s. Power Point and Mr. Paneer	___ of 2002	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed by the company under Section 138 of the Negotiable Instruments Act and under Secton 420 of the Indian Penal Code for dishonour of cheques. Payment has been received from the accused for Rs. 1,72,600/- by cheques. When the cheques were presented for encashment the same were dishonoured due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 1,72,600/-	The Next date of hearing is 26.11.07
62	M/s. Power Point and Mr. Paneer	___ of 2002	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed by the company under Section 138 of the Negotiable Instruments Act and under Secton 420 of the Indian Penal Code for dishonour of cheques. Payment has been received from the accused for Rs. 1,72,600/- by cheques. When the cheques were presented for encashment the same were dishonoured due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 1,72,600/-	The Next date of hearing is 4.10.07
63	M/s. Mahesh Enterprises, Mr. Bajrang lal Agarwal and Mr. Mahesh. Agarwal	____ of 2004	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed by the company under Section 138 of the Negotiable Instruments Act and under Secton 420 of the Indian Penal Code for dishonour of cheques. Payment has been received from the accused for Rs. 14,26,219/- by cheques. When the cheques were presented for encashment the same were dishonoured due	Rs. 14,26,219/-	Bailable warrants have been issued against the accused. The next date of hearing is 4.12.07

				to insufficient funds. Evidence by way of Affidavit has been filed.		
64	M/s. Vinayaka Enterprises and Mr. P. Rajesh	____ of 2005	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed by the company under Section 138 of the Negotiable Instruments Act and under Secton 420 of the Indian Penal Code for dishonour of cheques. Payment has been received from the accused for Rs. 2,00,000/- by cheques. When the cheques were presented for encashment the same were dishonoured due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 2,00,000/-	For Appearance. The next date of hearing is 22.10.07
64	M/s. Bhajan Enterprises and Mr. Bharat. Kumar	____ of 2004	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed by the company under Section 138 of the Negotiable Instruments Act and under Section 420 of the Indian Penal Code for dishonour of cheques. Payment has been received from the accused for Rs. 2,00,000/- by cheques. When the cheques were presented for encashment the same were dishonoured due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 2,00,000/-	For Appearance. The next date of hearing is 25.2.08
65	M/s. Sindhu Electric Company, Mr. J. Ravi Jai Ram and Mr. J. Balu	981 of 2002	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed by the company under Section 138 of the Negotiable Instruments Act and under Section 420 of the Indian Penal Code for dishonour of cheques. Payment has been received from the accused for Rs. 50,000/- by cheques. When the cheques were presented for encashment the same were dishonoured due to insufficient funds.	Rs. 50,000/-	Non Bailable warrants have been issued against the accused. The next date of hearing is 15.1.08
66	Pramod. Chabbria for Ashok Rock	____ of 1999	Additional Chief Metropolitan	Case has been filed by the company under Section 138 of the	Rs. 50,000/-	Bailable warrants have been issued

	Drills		Magistrate, New Delhi	Negotiable Instruments Act and under Section 420 of the Indian Penal Code for dishonour of cheques. Payment has been received from the accused for Rs. 50,000/- by cheques. When the cheques were presented for encashment the same were dishonoured due to payment stopped by drawer.		against the accused. The next date of hearing is 5.10.07
67	M/s. Kirabo Software Solutions Pvt. Ltd., Mr. Vishnu. Vardhan. Reddy, Mr. B. V. V. Ramana and Mr. Ketala. Srinivas	____ of 2003	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed by the company under Section 138 of the Negotiable Instruments Act and under Section 420 of the Indian Penal Code for dishonour of cheques. Payment has been received from the accused for Rs. 2,76,000/- by cheques. When the cheques were presented for encashment the same were dishonoured due to insufficient funds. Evidence by way of Affidavit has been filed.	Rs. 2,76,000/-	Bailable warrants have been issued against the accused. The next date of hearing is 13.11.07
68	M/s. Auto World, Mr. Rajesh, Vijaya Raj and Jayanchi Lal	____ of 2000	Additional Chief Metropolitan Magistrate, New Delhi	Case has been filed by the company under Section 138 of the Negotiable Instruments Act and under Section 420 of the Indian Penal Code for dishonour of cheques. Payment has been received from the accused for Rs. 11,93,803/-/- by cheques. When the cheques were presented for encashment the same were dishonoured due to insufficient funds.	Rs. 11,93,803/-	For evidence. The next date of hearing is 31.10.07

Consumer Cases filed by BPSL:

Sr. No.	Name of the Opposite Party	Case No.	Court before which Litigation is Pending	Brief History	Amount in Dispute	Current Status
1	Burlington Express	Case No. ____ of 1996	State Commission Delhi	Case has been filed by the Company in the Consumer Forum under section 17 of the	The Company has claimed an amount of Rs. 8,55,020.44 /- and a further interest	Pending. The matter going to come up for hearing.

				Consumer Protection Act, 1986, stating the their has been a delay in delivery of goods by Burlington Express amounting to false representation.	@ 18% per annum.	
2.	Shri. Khem Chand Sharma.	Appeal No. 40/1995.	The U.P. State Consumer Disputes Redressal Commission, Lucknow.	An appeal has been filed by the Company under section 15 of the Consumer Protection Act, 1986 against the judgment and order dated 25/03/1994 of the District Consumer Protection Forum. Aligarh in Case No. 1138/93. Vide the order the Company was directed to pay Rs. 50,000/- to Shri Khem Chand Sharma for the supply of a defective Generator. The Company has therefore appealed to set aside the order.	Rs. 50,000/-	Pending.
3.	Phool Chand Agarwal.	Appeal No. 743 of 2000	The State Consumer Disputes Redressal.	An appeal has been filed by the Company under section 15 of the Consumer Protection Act, 1986 against the judgment and order dated 17/02/2000 of the District Consumer Protection Forum, Mathura in Case No. 276 of 1994 whereby the Company was directed either to change the Generator or pay an amount of Rs. 16,000/-. The Company has therefore filed an appeal against the order.	Rs. 16,000/-	Pending.

P.B. Bharadwaj Group :

i. There is no listed company by P.Bhardwaj Group

Unlisted Yash Birla Group Companies

1. Asian Distributors Private Limited (ADPL)

i.Civil Cases filed by ADPL :

Recovery Case:

Sr. No.	Name of the Opposite Party	Place of Litigation	Court before which Litigation is Pending	Year	Claim Amount (Rs. In lakhs)	Status
1	Gurunanak Industries	Mumbai	High Court	1994	2.73	Next Date of hearing is awaited

2. Birla Bombay Private Limited (BBPL)

i.Cases filed against BBPL pertaining to Tax Disputes:

Sr. No.	Assessment Order Challenged	Assessing Authoritys	Date Instituted	Claim Amount (Rs. In lakhs)	Status
1	Assessment Year 1998-1999	Income Tax Appellate Tribunal	26th May, 2004	24.77	Next date of hearing on 9th July, 2007
2	Assessment Year 2001-2002	Income Tax Appellate Tribunal	13th June, 2005	4.96	No date fixed
3	Assessment Year 2001-2002	Income Tax Appellate Tribunal	24th January, 2006	6.12	No date fixed

3. BCI International Limited

Cases filed against BCIIL

Consumer Dispute Redressal Forum

Sr. No.	Name of Party	Court of Litigation	Nature of Case	Date instituted
1.	Mr. Vinod. Dhanuka & Ors.	Bandra	Consumer Dispute	16th May, 2005

The Complainants are the flat owners of the building. The Complainant has filed the suit against the Company for failure & negligence of the contractual and statutory obligations.

4 Birla Concepts India Private Limited : Nil

5 Birla Lifestyle Pvt. Ltd : Nil

6 Birla Perucchini Limited

Cases filed against Perucchini:

Sr. No.	Name of Party	Place	Nature of Cases	Amount Claimed	Payable as per our books (Rs. In Lakhs)	Date of Notice
1.	Sheikh Industries	Pune	Legal notice received through Advocate	11.46	3.04	29th March, 2000
2.	Shree Precoated	Pune	Trial is in Process at Pune Court	0.18	-0.14	8th November, 2000
3.	Sharda Ispat Ltd	Nagpur	Legal notice received through Advocate	2.45	2.44	10th November, 2000
4.	S.P.Kulkarni	Aurangabad	Legal Notice received through Advocate	8.10	7.59	9th October, 2001
5.	Shilpa Industries	Chiplun	Legal Notice received through Advocate	1.66	0.92	30th October., 2001
6.	Classic Metal	Mumbai	U/s 138 of the Negotiable Instruments act, trial is in process in the Mumbai Court	0.36	0.08	7th August, 2000
7.	Vardhaman Industries	High Court, Mumbai	u/s 433, 434, 439	24.25	17.64	Case withdrawn
8.	Vardhaman Industries	Aurangabad	U/s 138 of the Negotiable Instruments act,	24.25	17.64	Out of court settlement reached
9.	Sunil Deshpande	Aurangabad	Legal Notice received through Advocate	2.92	0.26	23rd November, 2002
10.	Vishal Electricals, Aurangabad	Aurangabad	Summons received from Court	2.59	1.35	20th January, 2004
11.	Gajanand Industries	Aurangabad	Legal Notice received through Advocate	0.46	0.46	14th January, 2004
12.	Pillar Induction	Mumbai	Winding up Petition u/s 433, 434 of the Companies Act filed in the Mumbai High Court.	8.67	4.05	July, 2003
13.	Snam Alloys	Pondicherry	Summons received from Court	3.76	3.07	May, 2004
14.	Associated Engineering	Kolhapur	Recovery Suit filed by the Party	7.74	5.53	

Note:
1. Birla Peruchhini has sent legal notice to M/s Shree Precoated, Pune for Rs. 3.83 lakhs towards excess payment on account of excise.
2. Company has filed legal case against three accused employee (SBM, VRB, SVD) for Rs 24.24 Lakhs in Court.
3. Company has filed FIR against accused employee (Shyam Thampi) for misappropriation of Funds to the tune of Rs 11.25 Lakhs

Arbitration

A tripartite agreement was executed in March, 2000 between IL&FS, Birla Perucchini Limited and promoters of Birla Perucchini Limited (BPL) for subscription of optionally convertible preferential shares (OCPS). The agreement, inter-alia, provided that any obligations raising or emerging from or by virtue of this agreement would be made as between each of the parties described as promoters. In 2002, IL&FS invoked a put option on the promoters to sell their entire stake in view of Birla 148 Perucchini Limited being referred to BIFR. IL&FS called upon the promoters for redemption of OCPS for a price of Rs.1123.56 lakhs. This claim was disputed by the promoters and the same was referred to the arbitrator in India. The arbitrator Justice S.B. Barucha (Retd.) passed an award upholding the claim of IL&FS and ordered Promoters of Birla Perucchini Limited for purchase of OCPS for a sum of

Rs.1235.11 lakhs. The Promoters were made liable jointly and severally to pay to IL&FS. The payment was made by the Promoters in India but not by Fonderia Perucchini. Hence, the Indian Promoters, i.e., Mr. Yashovardhan Birla, Birla International Ltd, Shearson Investments and Trading Company Pvt. Ltd, Schimitar Investment & Trading Co. Pvt. Ltd (amalgamated with Godavari Corporation Pvt. Ltd.) Dagger Forst Tools Ltd. and Birla Peruchhini Ltd. filed an application for arbitration for claiming the share of Fonderia Perucchini for the payment made to IL&FS.

The matter is pending before the Tribunal at Verbania, Italy.

7 Godavari Corporation Private Limited

i.Criminal Cases Filed by Godavari Corporation Pvt. Ltd

Sr. No.	Name of the Opposite Party	Place of Litigation	Court before which Litigation is Pending	Date Instituted	Claim Amount (Rs. In lakhs)	Particulars	Status
1	Mr. B. L. Jain	Mumbai	Additional Metropolitan Magistrate, 33rd Court at Ballard Pier, Mumbai	18th January, 2000	25.00	Loan against shares was given to Mr. Jain. He issued cheques which were bounced. Case has been filed under Section 138 of Negotiable Instruments Act for dishonour of cheques. The case is still pending	Next date of hearing is awaited

ii.Cases filed by Godavari pertaining to tax disputes

Sr. No.	Assessment Order Challenged	Assessing Authority	Date Instituted	Claim Amount (Rs. In lakhs)	Status
1	Assessment Year 1997-1998 u/s 143(3) by Joint Commissioner of Income Tax S.R 6 u/s 147. By Income Tax Officer 1(1)(4)	Income Tax Appellate Tribunal	07th July, 2005	Rs 25.44 lakhs in the matter of Interest, Ready Shares & Speculation Loss.	The hearing is awaited
2	Assessment Year 1998-1999 u/s 143(3) Joint Commissioner of Income Tax SR-6	Income Tax Appellate Tribunal	23rd February, 2005	Rs 69.67 lakhs in the matter of Interest.	The hearing is awaited
3	A.Y. 2001-2002	CIT Appeal (1)	10th April, 2006	In the matter of rent & Legal & Professional fees	The next hearing is on 17th July, 2007
4	A.Y. 2003-2004	CIT Appeal (1)	14th March, 2006	Rs. 172.23 lakhs in the matter of Interest and Miscellaneous Expenses	The next hearing is on 7th July, 2007

Godavari Corporation Pvt. Limited, one of the Promoters of Birla Perucchini Limited (BPL) alongwith other Indian Promoters of BPL filed an application for arbitration for claiming Rs. 1235.11 lakhs, being the share of Fonderia Perucchini, for the payment made to IL&FS with respect to redemption of optionally convertible preferential shares issued by Birla Perucchini Limited.

Notices Given To The Company

Order by SEBI against Schimitar Investment Trading Corporation Limited (amalgamated with Godavari Corporation Pvt. Ltd.)

SEBI vide its letter dated 30th December, 2005 issued a show cause notice to Schimitar Investment Trading Corporation Limited (amalgamated with Godavari Corporation Pvt. Ltd.) for violation of Regulations 3, 4(a), 4(b) & 4(b) & 4(e) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 and Regulations 7(1), 8(2) & 11(1) of SEBI (SAST) Regulations, 1997 read with Section 11 B and Section 11(4) of the SEBI Act, 1992.

Godavari Corporation Private Limited replied to the show cause notice on July 24, 2006.

Further, on 5th January, 2007, SEBI has passed an order against Schimitar Investment and Trading Corporation Limited (now amalgamated with Godavari Corporation Private Limited) wherein Schimitar has been barred from buying, selling and dealing or accessing the securities market in any manner for a period of six months from the date of the order.

Schimitar Investment Trading Corporation Limited (amalgamated with Godavari Corporation Pvt. Limited) preferred an appeal with Securities Appellate Tribunal (SAT) on the above order by SEBI and SAT has issued stay order on 2nd February, 2007.

8 Shloka Publications Private Limited : Nil

9 Tungabhadra Holdings Pvt. Ltd
Cases filed against THPL

The Excise Department has filed an appeal in Tribunal against the order of the Commissioner (Appeal) who has set aside the order of Asst. Commissioner refusing Tungabhadra Holding Pvt. Ltd. the excise license on G-39, MIDC, Tarapur.

Cases filed by THPL

1. The Company has received letter from Central Excise claiming their ownership on Plot No. G-39, MIDC, Tarapur (purchased by the Company from DRT), the Company has filed a suit on Union of India (Central Excise) for restraining the Excise officers from disturbing and obstructing the peaceful occupation & possession by the Company.

The Court has decided in favour of the Company but Excise Department had filed a revised application against impugnedorder, which is still pending

10 Viking Travels Pvt. Ltd

Cases filed by Viking

Sr. No.	Name of Party	Court of Litigation	Nature of Case	Date instituted
1	M/s Freeway Marketing India	Mumbai	Recovery Case	1.06
2	Ms. S. Gidwani	Mumbai	Recovery Case	0.30
3	M/s Meltroll Engineering Pvt. Ltd.	Mumbai	Recovery Case	0.38
4	M/S Vatsa Entertainment Limited	Mumbai	Recovery Case	1.07
	Total			**2.81**

11. Birla International Pvt. Ltd.

Cases filed against BIPL

Pertaining to Statutory Laws:

- Income-Tax Appeals for the Assessment Years 1997-98 to 2001-02, are pending before the ITAT, Mumbai. The amount is not ascertainable
- Income-Tax Appeals for the Assessment Years 2002-03, is pending before CIT (Appeals), Mumbai. The amount is not ascertainable
- Wealth Tax Appeals for the Assessment years 1986-87 to 1992-93 is pending before the ITAT, Mumbai and the amount for the same is not ascertainable
- Income Tax appeal for the Assessment years 1996-97 to 1998-99 is pending before the ITAT, Mumbai and the amount for the same is not ascertainable.

12. Birla Electricals Ltd.

Cases file by BEL

Pertaining to Criminal Case:
Cases related to Sec. 138 – Dishonour of Cheques

Details of Sec. 138 Case Filed in Mumbai Court against our Distributors

Sr. No.	Distributor	Amount (Rs. In lakhs)
1.	Johari Enterprises, Indore, M. P.	0.40
2.	Johari Enterprises, Indore, M. P.	5.51
3.	Enbee Enterprises, New Delhi	5.23
4.	T. R. Enterprises, New Delhi	4.75
5.	Kamala Stores, West Bengal	1.60
6.	Anil Enterprises, Varanasi, U. P.	0.50
7.	Shri. Shyam Sales, Kanpur	2.00
8.	Shri. Shyam Sales, Kanpur	1.00
9.	Shri. Shyam Sales, Kanpur	0.50
10.	Shri. Shyam Sales, Kanpur	0.50
11.	Shri. Shyam Sales, Kanpur	0.50
12.	Rajkamal Marketing, Indore	0.50
13.	Rajkamal Marketing, Indore	0.10
14.	Rajkamal Marketing, Indore	0.50
15.	Ramdev Marketing, Indore	1.00
16.	Ramdev Marketing, Indore	0.65
	Total	**25.24**

Pertaining to Civil Case:
Details of Court Decree received in favour of Birla Electricals Ltd for which execution needs to be field for in Delhi Court against our Distributor

Sr. No.	Name of Party	Amount (Rs. In lakhs)
1.	M/s. Akriti Marketing	**8.50**

Unlisted Companies of P.Bharadwaj Group

1 Polytex Limited : Nil

2 Divit Textiles Private Limited : Nil

3	**Haryana Television Ltd**	**:**	**Nil**
4	**Spinweave Textiles Private Limited**	**:**	**Nil**

Material Developments since the Last Balance Sheet Date:

There are no material developments since the last balance sheet date.

Other than the above, in the opinion of the Board of Directors of the Company, there have not arisen, since the date of the last financial statements disclosed in this Offer Document, any circumstance that materially or adversely affect or are likely to affect the profitability of the Company or the value of its consolidated assets or its ability to pay its material liabilities within the next twelve months other than as disclosed in the offer document.

GOVERNMENT APPROVALS/ LICENSING ARRANGEMENTS

Our Company has received all the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for its business and no further approvals are required by our Company for carrying on its present business activities. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of our Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, our Company can undertake this Issue and its current business activities and no further major approvals from any statutory authority are required to continue those activities.

The following statement sets out the details of licenses, permissions and approvals taken by our Company under various Central and State Laws for carrying out its business.

Sr. No.	Issuing Authority	Registration/ License No.	Nature of Registration/License	**Date**
1	Registrar of Companies, Maharashtra	No.3429 of 1941-42	Certificate of Incorporation of Jamod Ginning Company Pvt. Ltd	**24/09/1941**
2	Registrar of Companies, Maharashtra	11-3429	Certificate of Incorporation Consequent of change of Name from Jamod Ginning Company Pvt. Ltd to Birla Agro Pvt Ltd	**08/10/1998**
3	Registrar of Companies, Maharashtra	11-3429	Certificate of Incorporation Consequent of change of Name from Birla Agro Pvt Ltd to Birla Cotsyn (India) Pvt Ltd	**09/12/2005**
4	Registrar of Companies, Maharashtra	CIN U17110MH1941PLC003429	Certificate of Incorporation Consequent of change of Name from Birla Cotsyn (India) Pvt Ltd to Birla Cotsyn (India) Ltd	**30/05/2006**
5.	Registrar of Companies, Maharashtra	11 – 3429	Certificate of Registration of Special Resolution passed for the Alteration of Objects	**17/01/2005**
6.	Registrar of Companies,. Maharashtra	11 – 3429	Certificate of Registration of Order of Company Law Board bench confirming alteration of objects.	**23/06/1978**
7.	Director of Income Tax	AAACJ1362K	Permanent Account Number of Birla Cotsyn (India) Ltd.	**-**
8	National Securities Depository Limited	MUMB11504D	Tax Deduction Account Number for Birla Agro Pvt Ltd	**17/06/2004**
9	The Synthetic & Rayon Textiles Export Promotion Council (Set up by Ministry of Textiles, Govt. of India	Regn of Membership No.SR /MFG/ 0969/ 2006-07	Registration cum Membership	**7/12/2006 valid upto 31/03/2011**
10	Senior Director, Directorate of Industrial Safety & Health, Nagpur.	License No. 66004 Sanction No. 27977 Registration. No. 105/BUL/2c (1)	Factory License for the Synthetic unit at Khamgaon	**22/3/2001**
11	Deputy Commissioner of Central Excise	Registration Number AAACJ1362KXM001	Registration for manufacturing of Exercisable goods Viz Viscose Yarn, P.V. Yarn, Polyester Yarn	**16/10/2006**
12	Office of the Superintendent of Service Tax for Dhule	GTA/NSK/JD/BC(I) PL/ 31/D&N/2005-2006	Service tax Registration	**24/3/2006**

	and Nandurbar District, Central Excise &Customs HDQRS at Dhule			
13	Ministry of Commerce (Jt.Director General of Foreign Trade)	IEC0305001531	Certificate of Importer- Exporter Code (IEC) for units at Khamgaon, Ghattanji, Dhule, MIDC Khamgaon	**07/04/2005**
14	Certificate for use of a Boiler – Bombay Boiler Inspection Department	MR / 10748	For use of Mutitubler Water Tube Boiler at Khamgaon, Synthetic Division	**23/08/ 2006 Validity expired on 21/6/2007 Applied for renewal and also change of name. Expected in 8 days time. Asked the unit to send the requisition letter given to the authorities.**
15	Maharashtra Pollution Control, Board-Mumbai	MPCB/PCI-III/EIC-AM-0372-05/R/CCHWA/72	Consent to operate under section 26 of Water (Prevention & Control of Pollution) Act, 1974 & under section 21 of the Air (Prevention & Control of Pollution) Act, 1981 and Authorisation/Renewal of Authorisation under Rule 5 of the Hazardous Wastes (Management & Handling) Rules 1989 and Amendment Rules, 2003 for Synthetic Division at Khamgaon.	**25/01/2006 given in favour of Vardhan Syntex subsequently amended-vide N0. BO/WPAE/ Amendment /TB / B-298 dated ted 17/04/2006 in favour of Khamgaon Syntex (India) Ltd. the business of which was taken over Birla Cotsyn with effect from August 2006. validity expires on on 30/9/2009**
16	Deputy Commissioner of Central Excise-Amravati	AAACJ1362KXM001	Central Excise Registration Certificate in Form RC for Synthetic Division at Khamgaon Unit.	**31/10/ 2006**
17	Ministry of Commerce and Industry	102/SIA/IMO/2007	IEM Licence – for Khamgaon MIDC unit for manufacture of Synthetic or Artificial Filament Yarn, Whether or Not Textured, High tenacity, Mutiple or cabled - 21000 spindles. Cotton Ginning, Lleaning and Baling – 8250 Bales Cotton Spinning in Mills- 36000 spindles	**8/1/2007**
18	Ministry of Commerce and Industry	1767/SIA/IMO/2007 Dated 18th June 2007	IEM Licence – for Malkapur for manufacture of Cotton Sinning	**18/6/2007**

			in Mills- 36000 spindles, Cotton Weavingand Procesing – 18919 Thous./MT Bleaching and Dyeing of Cloth and Yarn other than by hand – 20736 Thous/M.T	
19	Sales Tax Department	444303C1	Central Sales Tax Registration Number for unit at Khamgaon	**1/4/2006**
20	Sales Tax Department	27870235228C	Central Sales Tax TIN for unit at Khamgaon	**1/4/2006**
21	Sales Tax Department	444303S1	Value Added Sales Tax (VAT) Registration Number for unit at Khamgaon	**1/4/2006**
22	Sales Tax Department	27870235228V	VAT TIN for unit at Khamgaon	**1/4/2006**
23	Department of Industries , Mantralaya, Mumbai	D.O.No.HPC-1107/C.R. 75/Ind-8	Offer of Mega Project Status for the Malkapur project of the company.	**9/5/2007**
24	EPCG Licence	N0. 330012724	For Khamgaon Syntex	**28/7/2006 Valid for a period of 8 years . Expiring on 28/7/2014**
25	EPCG Licence	N0. 330015029	For Birla Cotsyn	**8/2/2007 Valid for a period of 8 years . Expiring on 8/2/2015**
26	EPCG Licence	N0. 330015084	For Birla Cotsyn	**14/2/2007 Valid for a period of 8 years . Expiring on 14/2/2015**
27	EPCG Licence	330016218/2/11/00	For Birla Cotsyn	**28/5/2007 Valid for a period of 8 years . Expiring on 28/5/2015**
28	Office of the Regional Provident Fund Commissioner, Bombay	MH/23664/PF/App/ LNK/140	Issued originally to Vardhan Syntex ltd.. Applied for change of name.	**29/6/2007**
29	Joint Director of Steam Boilers, Nashik	AP/1616	Permission to use Vetical cross tube boiler at Dhule	**Applied for renewal. Expired on 14/9/2007**
30	Weight and Scale Department, Dhule	325	Certification for use of weighing equipments	**16/7/2007**
31	Executive Engineer, MIDC, division, Phase II Akola		Water Supply Connection in Plot No. C-6/1 in MIDC, Malkapur Industrial Area.	**6/9/2007**
32.	Executive Engineer, MIDC, division, Phase II, Akola	EE/DB/AKL/1921 of 2007	Approval of plans for the Proposed factory Building of plot.No. C-61	**30/8/2007 (No validity period is mentioned)**
33.	Reginal Officer,	MPC/ROAmt/ Buldana/ 145	Approval for the manufacture of	**31/7/2007**

	Maharashtra Pollution Control Board, Amravati.		Cotton Yarn 120T/Month (Only Spinning activity allowed/ No activities of dyeing, bleaching,scouring, Washing, Sizing, printing or any effluent/emission generating activity allowed)	**Consent is granted for a period upto Commissioning of the unit.**
34	SRO, Maharashtra Pollution control Board at Akola	For clearance with respect to Pollution control at Malkapur for the new plant	Applied on 1/7/2007	1
35.	MIDC	Factory Plan approval	Applied on 3/7/2007	2.

After the name of the Company was changed from Birla Cotsyn Private Limited to Birla Cotsyn (India) Limited with effect from 30th May, 2006, intimation of the same has been given to the following authorities:

1. The Sales Tax Officer, the Sales Tax Office, Khamgaon,
2. The Chief Officer, Municipal Council, Khamgaon,
3. The Post Master, Post Office, Nadura Road, Khamgaon,
4. The Maharashtra Labour Welfare Fund, Mumbai,
5. The Labour Officer, Buldhana,
6. The Junior Engineer, M.S.E.B., Khamgaon,
7. The General Manager, Bharat Sancham Nigam Limited, Buldhana Telecom District, Khamgaon,
8. The Chief Engineer, M.S.E.B., Buldhana,
9. The Regional Provident Fund Commissioner, Akola, and
10. The Professional Tax Officer, Sales Tax Office, Khamgaon.

Applied for: -

1.	To the Nodal agency, Union Bank of India	For availing benefit under TUF scheme	Applied on 18/6/2007

Approvals to be obtained after commissioning of the project at Malkapur:

S.No.	Description
1	Fire and Safety
2	Registration Under Factories Act
3.	Labour Law Registration under Contract Labour Law
4	Explosives

SECTION IX - REGULATORY AND STATUTORY DISCLOSURES

Authority for the Present Issue

The issue of Equity Shares by our Company has been proposed by the resolution of the Board of Directors passed at their meeting held on 20th November 2007 The shareholders of our Comp uthorizeduthorised and approved this Issue under section 81(1A) of the Act by a Special Resolution at our Extra Ordinary General Meeting held on 18th December, 2006.

Prohibition by SEBI

Our Company, our Directors, our Promoters, the Directors of our Promoter Companies or persons in control of our Promoter Companies, the group companies, companies promoted by or Promoters and companies or entities with which our Company's Directors are associated as directors / promoters / partners have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. The listing of any securities of our Company has never been refused at anytime by any of the stock exchanges in India. Our Company, our Promoters, their relatives, group companies and associate companies has, not been detained as willful defaulters by RBI/government authorities and there are no violations of securities laws committed by them in the past or pending against them.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Clause 2.2.1 of the SEBI DIP Guidelines as explained under, with the eligibility criteria calculated in accordance with Restated Financial Statnts:
a) Our Company has net tangible assets of at least Rs. 300 Lakhsin each of the preceding 3 full years of which not more than 50% is held in monetary Assets and is compliant with Clause 2.2.1(a) of the SEBI Guidelines as under:

(Rs. in Lakhs)

Particulars	**For the year ended**		
	March 31st, 2007	**March 31st, 2006**	**March 31st, 2005**
Fixed Assets (Net)	3,063.98	367.73	242.56
Investments	0.50	917.00	917.00
Current Assets, Loans & Advances	3,621.00	1,015.75	1,014.67
Less: Current Liabilities & provisions	1,484.84	46.46	53.70
Net Tangible Assets	**5,200.95**	**2,346.94**	**2,227.93**
Monetary Assets	**833.42**	**5.92**	**15.63**

Net tangible assets are defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves, if any), trade investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and secured as well as unsecured long term liabilities).

Monetary assets include cash on hand and bank baes.

b) Our Company has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years and is compliant with Clause 2.2.1(b) of the SEBI Guidelines.

(Rs. in Lakhs)

Particulars	**For the year ended**				
	March 31st, 2007	**March 31st, 2006**	**March 31st, 2005**	**March 31st, 2004**	**March 31st, 2003**
Net Profit after tax/ Distributable Profit	256.97	67.92	5.47	11.98	(99)

c) Our Company has a networth of at least Rs.1 Crore in each of the three preceding full years of 12 months each and is in compliance with Cla© 2.2.1(c) of the SEBI Guidelines.

(Rs. in Lakhs)

Particulars	**For the year ende[d]**		
	March 31st, 2[00]7	**March 31st, 2[00]6**	**March 31st, 2005**
Equity Share Capital(including share application money)	2283.08	226.97	226.97
Reserves & Surplus	856.76	1798.36	1731.47
Net Worth	**3139.84**	**2025.33**	**1958.44**

d) Our Company has not changed its name within the last year.

e) Our Company shall ensure that the aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. public issue by way of offer document + firm allotment + promoters' contribution through the offer document) does not exceed five (5) times our pre- issue net worth as per the audited balance sheet of the last financial year.

Further, if the number of allottees in the proposed Issue is less than 1,000 allottees, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after our Company becomes liable to pay the amount, our Company shall pay interest at the rate of 15% per annum for the delayed period.

DISCLAIMER CLAUSES

SEBI DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGERS, ALLBANK FINANCE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, ALLBANK FINANCE LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED DECEMBER 24,2007 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

I WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC., AND OTHER MATERIALS IN CONNECTION WITH THE FINALIZATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

II. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH OUR COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY OUR COMPANY,

WE CONFIRM THAT:

A. THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

B. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY THE SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

C. THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED ISSUE.

D. BESIDE US, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT SUCH REGISTRATIONS ARE VALID TILL DATE.

E. WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

III. WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

IV. THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

GENERAL DISCLAIMER

Investors may note that our Company, its Directors and its BRLMs, accept no responsibility for statements made other than in this Draft Red Herring Prospectus or in the advertisement or any other material issued by or at the instance of the Issuer Company or BRLMs and that any one, placing reliance on any other source of information would do so at their own risk.

The BRLMs, do not accept any responsibility save to the limited extent as provided in terms of the Memorandum of Understanding entered into between our Company and the BRLMs dated December 19,2007 and the Underwriting Agreement to be entered into between our Company and the Underwriters.

All information shall be made available by our Company and the BRLMs to the public and investors at large and no selective or additional information would be available for any section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc. We shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from

time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs, FIIs and Foreign Venture Capital Funds Registered with SEBI. This Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Delhi only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF THE BOMBAY STOCK EXCHANGE LIMITED

Bombay Stock Exchange Limited ("the Exchange") has given vide its letter dated [•] permission to this Company to use 'he Exchange's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
ii. warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
iii. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer clause of the NSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to the NSE. The NSE has by its letter dated (●) given permission to the Company to use the NSE's name in its offer document as one of the stock exchanges on which the Company's securities are proposed to be listed. The NSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by the NSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that the Company's securities will be listed or will continue to be listed on the NSE nor does it take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company. 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 NSE 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.

UNDERTAKING FROM PROMOTERS

We Company accepts full responsibility for the accuracy of the information given in this Draft Red Herring Prospectus and confirms that to the best of their knowledge and belief, there are no other facts, the omission of which makes any statement in this Draft Red Herring Prospectus misleading and we further confirm that we have made all reasonable inquiries to ascertain such facts. We 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 proposed composite issue or for the price at which the equity shares are offered or for the correctness of the statements made or opinions expressed in this Draft Red Herring Prospectus.

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 this Draft Red Herring Prospectus has been suppressed, withheld and/or incorporated in the manner that would amount to misstatement/mis-representation and in the event of its transpiring at any point of time till allotment /refund, as the case may be, that any information/material has been suppressed/withheld and /or amounts to an misstatements/misrepresentation , the promoters /directors undertake to refund the entire application monies to all subscribers within seven days thereafter without prejudice to the provision of section 63 of the Companies Act,1956.

We will update the Draft Red Herring Prospectus and keep the Public informed of any material changes in the document till the listing and trading.

FILING

A copy of the Draft Red Herring Prospectus has been filed with the Corporate Finance Department of SEBI at: SEBI Bhawan, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.

A copy of the Draft Red Herring Prospectus, along with the documents required to be filed under 60B of the Companies Act would be delivered for registration to the Registrar of Companies, 100 Everest Building, Marine Lines, Mumbai – 400 020, Maharashtra and a copy of the Offer Document to be filed under Section 60 of the Companies Act would be delivered for registration with RoC.

LISTING

Application has been made to the Bombay Stock Exchange Limited and National Stock Exchange for permission to deal in and for an official quotation of our Equity Shares. Our existing Equity Shares are not listed on any Stock Exchanges in India.

Bombay Stock Exchange Limited shall be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB, Non Institutional and Retail portion.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Bombay Stock Exchange, we shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after we become liable to repay it, i.e., from the date of refusal or within 70 days from the date of Bid/ Issue Closing Date, whichever is earlier, then we and all our directors jointly and severally shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE and NSE are taken within seven working days of finalization of Basis of Allotment for the Issue.

CONSENTS

Necessary Consents for the issue have been obtained from the following

1. Directors of our Company
2. Promoters of our Company
3. No Objection from Bankers to our Company
4. Auditors to our Company
5. Book Running Lead Managers to the Issue
6. Legal Advisor to the Issue
7. Registrar to the Issue
8. Company Secretary
9. Compliance Officer
10. Bankers to the Issue
11. Underwriters to Issue

The said consents would be filed along with a copy of the Draft Red Herring Prospectus with the Registrar of Companies, 100 Everest Building, Marine Lines, Mumbai – 400 020, Maharashtra**,** as required under Sections 60 and 60B of the

Companies Act, 1956 and such consents have not been withdrawn up to the time of delivery of the Draft Red Herring Prospectus, for registration with the Registrar of Companies, 100 Everest Building, Marine Lines, Mumbai – 400 020, Maharashtra

EXPERT OPINION

Except as stated elsewhere in this Draft Red Herring Prospectus, our Company has not obtained any expert opinions

Public Issue Expenses

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

Rs. in Lakhs

Sr. No	Particulars	Amount	% of total Issue Expenses	% of total Issue size
a)	Book Running Lead Managers' fees, Underwriting commission & selling commission	[●]	[●]	[●]
b)	Registrars fees	[●]	[●]	[●]
c)	Legal Advisor's fees	[●]	[●]	[●]
d)	Advertisement and Marketing expenses	[●]	[●]	[●]
e)	Stock Exchange fees for providing bidding terminals	[●]	[●]	[●]
f)	SEBI fees on filing of Offer Document	[●]	[●]	[●]
g)	Other Miscellaneous expenses (Auditors fees, Listing Fees, etc)	[●]	[●]	[●]
	Total	**[●]**	**[●]**	**[●]**

FEES PAYABLE TO THE BRLMS, BROKERAGE AND SELLING COMMISSION

The total fees payable to the BRLMs including brokerage and selling commission for the Issue will be as per the Memorandum of Understanding executed between our Company and the BRLMs dated December 19,2007, a copy of which is available for inspection at our Registered Office and forms part of Material Contracts & Documents.

FEES PAYABLE TO THE REGISTRAR TO THE ISSUE

The fees payable to the Registrar to the Issue, Adroit Financial Services Pvt. Ltd., will be as per the Memorandum of Understanding executed between our Company and the Registrar dated October 31,2007 a copy of which is available for inspection at our Registered Office and forms part of Material Contracts & Documents.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.

PREVIOUS PUBLIC OR RIGHTS ISSUES IN THE LAST 5 YEARS
Our Company has not made any public or rights issue of Equity Shares/Debentures in the last 5 years.

PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH

Our Company has not issued any Equity Shares for consideration other than cash except as detailed in the section entitled 'Capital Structure' on page no [*] in this Draft Red Herring Prospectus.

COMMISSION OR BROKERAGE ON PREVIOUS ISSUES

Since this is the initial public offering of the Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of our Company since its inception.

PARTICULARS REGARDING PREVIOUS PUBLIC ISSUES MADE BY COMPANIES UNDER THE SAME MANAGEMENT DURING THE LAST THREE YEARS

Three Group Companies of Yash Birla Group viz.. Birla power Solutions Limited , Dagger Fortst Tools Limited and Zenith Birla International Limited have made Public Issues /Rights issues during the last three years and the details are as under.

1. BIRLA POWER SOLUTIONS LIMITED

In April 2006 Birla Power Solutions Limited came out with a public issue of 120,00,000 equity shares of Rs. 10/- each for cash at a premium of Rs. 32 per share (i.e. issue price of Rs. 42/- per share) aggregating to Rs. 5040 Lakhs vide the prospectus dated March 08, 2006. The issue opened on March 24, 2006 and closed on March 29, 2006.

The main objects of the issue were:

- To finance the cost of expansion of the capacities of the existing products of the company viz. Diesel Genset, Multi Purpose Engines, Alternators and Fuel Tank
- To finance the setting up of a new plant for manufacturing LPG/CNG Gensets, Inverter, Engines and Acoustic Hoods
- To meet the margin money for working capital requirement
- To meet the expense of the issue

The funding requirement and means of finance are given below:

FUNDS REQUIREMENT

(Rs. In lakhs)

Sr. No.	Particulars	Amount
1.	Factory Building	
	Site Development	100.00
	Building & Civil work	920.52
2.	Purchase of Assets	
	Plant & Machinery	1,818.19
	Misc. Fixed Assets	496.70
3	Preliminary & Preoperative Expenses	102.10
4	Contingencies	333.54
5	Issue Expenses	350.00
6	Margin Money for Working Capital	918.95
	Total	**5040.00**

MEANS OF FINANCE

(Rs. In lakhs)

Sr. No.	Particulars	Amount
1.	Proceeds from Public Issue	5040.00
	Total	**5040.00**

The company also issued 12,80,000 Equity Shares of Rs.10/- each at a premium of Rs.33/- per share to M/s Bennett & Coleman & Co. Ltd on a preferential allotment basis. The shares were listed on 2nd November 2006.

Promise v/s Performance:

The company had fully spent the funds it received through the above issue as under and the same has been informed to the Stock Exchanges and the Share holders along with the audited results for the quarter ended 31st March 2007.

DETAILS OF UTILISATION OF PUBLIC ISSUE FUNDS.		
a.Total Funds received	Rs. 5041.34	
b. Payment made	Rs. 5041.34	

Particulars specified in Prospects	Estimated Expenditure	Payment Released
Factory Building		
(a) Site Development	100.00	100.00
(b) Building & Civil work	920.52	920.52
Purchase of Assets		
(a) Plant & Machinery (Including Misc. Fixed Assets)	2314.89	2314.89
Preliminary & Preoperative Expenses	102.10	43.20
Contingencies	333.54	333.54
Issue Expenses	343.55	343.55
Margin Money & Working Capital	926.74	985.64
	5041.34	5041.34

1	Land Development/Contruction of Building	January 2006	June 2006	January 2007
2	Placing order for Plant & Machinery	February 2006	April 2006	May 2006
3	Plant & Machinery Procurement	March 2006	August 2006	October 2006
4	Procurement of Other Fixed Assets	June 2006	August 2006	January 2007
5	Erection/Installation of Plant & Machinery	May 2006	September 2006	January 2007
6	Trial Production/Commercial Production	October 2006		February 2007

The time overrun was on acount of delay in delivery of Plant & Machinery from suppliers, however, there was no cost overrun.

2. DAGGER FORST TOOLS LIMITED :

Dagger Forst Tools Limited had come out with a composite issue of equity shares of Rs. 10/- each aggregating to Rs. 2900.00 lakhs comprising of:

Rights issue of 33,24,954 equity shares of Rs. 10/- each for cash at a premium of Rs. 23 per share (i.e. at a price of Rs. 33 per share) aggregating to Rs. 1,097.23 lakhs to the existing equity shareholders of the company in the ratio of (5) equity shares for every (7) equity shares held as on July 06, 2007 (record date) and

Public issue of 4006150 equity shares of Rs. 10/- each for cash at a price of Rs. 45 inclusive of premium aggregating to Rs. 1,802.77 lakhs including promoter's contribution of 4,00,000 equity shares for cash at a price of Rs. 45 inclusive of

premium aggregating to Rs. 180.00 lakhs. Thus net offer to the public is 36,06,150 equity shares of Rs. 10/- for cash at a price of Rs. 45 inclusive of premium aggregating to Rs. 1622.77 lakhs. The Net Public Issue was 30.09% of the post issue paid up capital of the Company.

Schedule of Implementation

			As per Prospectus		
Sr. No.		**Activity**	**Commencement**	**Completion**	**Actual/Expected**
A	**Civil Work**	1. Preparation of building drawing & approval from GDA	Sep-07	Oct-07	Oct-07
		2. Finalization of Contractor	Sep-07	Sep-07	Sep-07
		3. Commencement of Civil Work	Oct-07	Jul-08	In Progress
B	**Manpower**	1. Recruitment	Oct-07	May-08	In Progress
		2. On the job training at site	Jul-08	Sep-08	In Progress
C	**Plant & Machinery**	1. Quotation from supplier	Jun-06	Sep-07	Aug-07
		2. Order Placement & Establishing L/C	Nov-07	Dec-07	Jan-08
		3. Delivery	Feb-08	Aug-08	Will Begin in Feb 08
		4. Installation and Commissioning	Aug-08	Oct-08	Will Begin As per Schedule
		5. Electrical Installation & Air conditioning	May-08	Aug-08	Will Begin As per Schedule
E	**Commencement of Commercial Production**		November 2008		Expected November 2008
F	**Government Approval**	1. L.T. Connection	Nov-07	2008 January	In Progress
		2. Water Supply	Oct-07	Dec-07	In Progress

3.ZENITH BIRLA INTERNATIONAL LIMITED

The Company has come out with a follow-on Public Issue of 2,38,18,182 Equity Shares of Rs.10/- each offered at a fixed price of Rs.55/- per share (including a premium of Rs.45/- per share) aggregating to Rs.13,100 Lakhs to finance its expansion project, working capital requirements and to meet the issue expenses. The said issue was opened for subscription on 16th October, 2006 and closed on 20th October, 2006. The issue was fully subscribed and the basis of allotment was finalized in consultation with the Bombay Stock Exchange Ltd. and the new equity shares were listed on BSE with effect from 21st November, 2006.

The objects of the issue were:

1. Setting up additional facilities for manufacture of Mechanical tubes
2. Working Capital (existing business)
3. Margin Money for Working Capital (Mechanical tube Business)
4. To meet the issue expenses.

FUND REQUIREMENT

The total fund requirement is detailed below:

Sr. No.	Description	(Rs. In lakhs)
1	Mechanical Tube Project	8822
2	Preliminary & Pre Operative Expenses	150
3	Contingency	221
4	Working Capital (existing business)	2150
5	Margin Money for Working Capital (mechanical tube)	557
6	Public Issue Expenses	1200
	Total	**13100**

MEANS OF FINANCE

Sr. No.	Description	(Rs. In lakhs)
1	Promoters Participation in Public Issue	2500
2	Proceeds from the Public Issue	10600
	Total	**13100**

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company other than as given in the statement of legal cases

Promise v/s Performance:
As against the projected amount of Rs.13100 lakhs estimated for the project, the company is yet to spend Rs.80.98 crores as under. The same has been informed to the Stock Exchange and the Share holders along with the unaudited results for the quarter ended 30th September 2007.

The details of utilisation of Public Issue proceeds of Rs. 131 crores towards ongoing project is given hereunder:

(Rs.in Lakhs)

Sr. No.	Particulars	Projected Amount	Balance amount to be spent
I	Land & Site Development	42	-
II	Building	1,576	1,051
III	Plant & Machinery	7,157	6,109
IV	Miscellaneous Fixed Assets	47	42
	Sub Total	**8,822**	**7,202**
V	Preliminary & Pre-operative Exps.	150	118
VI	Public Issue Expenses	1,200	-
VII	Contingency	221	221
VIII	Working Capital (Existing)	2,150	-
IX	Working Capital (Project)	557	557
	Total	**13,100**	**8,098**

Pending full utilization, the balance amount is held in Current/Fixed deposit /liquid assets accounts. Similarly the Company has also deployed the available surplus in reducing its working capital and cash credit utilization for ensuring the timely availability of resources when required.

Activity - Mechanical Tube Project	As per Prospectus Commencement Date	As per Prospectus Completion Date	Actual/Expected
Acquisition of Land	Existing Land in Khopoli will be utilized for setting up Mechanical Tube Project	Completed	Completed
Development of Land	September 2006	November 2006	June 2007
Building			
Factory Building	December 2006	June 2007	April 2008
Auxilliary Building	December 2006	May 2007	March 2008
Machine Foundation	February 2007	May 2007	March 2008
Administrative Building	March 2007	June 2007	June 2008
Plant and Machinery			
Indigenous - Placement of order	November 2006	January 2007	January 2008
Delivery at Site	April 2007	August 2007	July 2008
Imported - Placement of order	October 2006	December 2006	October 2007
Delivery at Site	May 2007	July 2007	August 2008
Erection of Plant and Machinery	June 2007	October 2007	September 2008
Trial Run		November 2007	October 2008
Commercial Production		December 2007	December 2008

The delay in the project has been on account of slight modification in the Project Plan due change product specification which was derived from a fresh market survey conducted by the Company of the customer requirements.

OUTSTANDING DEBENTURES OR BOND ISSUE OR PREFERENCE SHARES:
Our Company has no outstanding debentures or bond issue or redeemable preference shares.

STOCK MARKET DATA FOR OUR COMPANY'S EQUITY SHARES
This being an initial public issue, no stock market data is available.

MECHANISM FOR REDRESSAL OF INVESTOR'S GRIEVANCES:

Our Company has constituted a Shareholders Grievance Committee to look into the redressal of shareholders/Investors complaints such as Issue of duplicate/split/consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares, complaints for non receipt of dividends etc. For further details on this committee, please refer under the head 'Corporate Governance' on page [*] of this DRHP. To expedite the process of share transfer, our company has appointed Adroit Financial Services Pvt. Ltd. as the Registrar and Share Transfer Agents of Our Company vide Memorandum of Understanding dated October 31,2007.

DISPOSAL OF INVESTOR'S GRIEVANCES AND REDRESSAL MECHANISM

Our Company assures that the Board of Directors in respect of the complaints, if any to be received shall adhere to the following schedules:

	Nature of complaint	Time Table
1.	Non-receipt of refund	Within 10 days of receipt of complaint subject to production of satisfactory evidence
2.	Change of Address Notification	Within 10 days of receipt of information
3.	Any other complaint in relation to Offer for Sale	Within 10 days of receipt of complaint with all relevant details

Our company has appointed Mr. Tushar Dey, Company Secretary, as Compliance Officer who would directly deal with SEBI officer with respect, to implementation/ compliance of various laws, rules, regulations and other directives issued by

SEBI and matters related to investor complaints .The investors may contact the Compliance Officer in case of any offer related problems. The Compliance Officer would be available at the Registered Office of our Company. He may be contacted at the following address:

Birla Cotsyn (India) Limited
Dalamal House, 1st Floor,
J.B. Marg,
Nariman Point,
Mumbai – 400 021
Maharashtra
Tel: +91-22- 66168400/ 413
Fax +91-22- 22047835
e-mail: complianceofficer@birlacotsyn.com

CHANGES IN AUDITORS DURING THE LAST THREE YEARS WITH REASONS THEREOF:

In the Sixty Third Annual General Meeting of the Shareholders held on 29th Sep 2005 M/s Dalal & Shah, Chartered Accountants were appointed by the Shareholders of our Company as Auditors in place of previous auditors, M/S M.L.Choraria & Associates, Chartered Accountants

CAPITALISATION OF RESERVES OR PROFITS DURING THE LAST FIVE YEARS:

Our company had issued 11348400 bonus Equity shares on 16/8/06 in the ratio of 5 shares for every one share held by capitalizing Rs.113484000 out of the Share Premium account. For details please refer to Section "Capital Structure" on page no. [*] of this DRHP.

REVALUATION OF ASSETS DURING THE LAST FIVE YEARS:

Our company has revalued its free hold land, except a piece of land located at Bhilwara, Rajasthan, pending transfer from erstwhile Khamgaon Syntex (India) Limited, and held for disposal in the year 2006-07.This has resulted in increase in the value of Free Hold Land by Rs.1529.91 Lakhs.

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SECTION X - OFFERING INFORMATION

ISSUE STRUCTURE

This Issue is being made through a 100% Book Building Process. The Issue comprises of Public offering of [●] equity shares of Rs. 10/- each for cash at a price of Rs. [●] per equity share aggregating to Rs. 14418 lakhs (hereinafter referred to as the "issue") .the issue comprises promoters contribution of [●] equity shares of Rs. 10/- each for cash at a price of Rs. [●] per equity share aggregating to Rs. 3665 lakhs (hereinafter referred to as promoters contribution) and employee reservation of [●] equity shares of Rs. 10/- each for cash on competitive basis at a price of Rs. [●] per equity share aggregating Rs. 725 lakhs (hereinafter referred to as the "employee reservation portion"). The issue less the promoters contribution and employee reservation portion is referred to as net issue to public (hereinafter referred to as " the net issue" or " net issue to the public")."The net issue" would constitute [●] % the fully diluted post issue paid-up capital of our company. The details of the issue structure are as follows:

	QIBs	**Non Institutional Bidders**	**Retail Individual Bidders**	**Eligible Employees/ Employee Reservation Portion**
Number of Equity Shares*	Not more than [●] Equity Shares of Rs 10 each at a price of Rs([●] aggregating to Rs 5014.00 Lakhs	Not less than [●] Equity Shares of Rs 10 each at a price of Rs([●] aggregating to Rs 1504.20 Lakhs	Not less than [●] Equity Shares of Rs 10 each at a price of Rs([●] aggregating to Rs3509.80 Lakhs	Upto [●] Equity Shares of Rs 10 each at a price of Rs([●] aggregating to Rs 725.00 Lakhs
Percentage of Issue Size available for allocation	Not more than 50% of the Net Issue to the public (of which 5% shall be reserved for Mutual Funds) or Net Issue to the public less allocation to Non-Institutional Bidders and Retail Individual Bidders.* Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The Unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of the Net issue to the public .	Not less than 35% of the Net issue to the public .	Upto 5% of the issue size
Basis of Allocation if respective category is oversubscribed	Proportionate	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000/- and in	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000/- and in	[•] Equity Shares and in multiples of [•] Equity Shares.	[•] Equity Shares and in multiples of [•] Equity Shares.

	multiples of [•] Equity Shares.	multiples of [•] Equity Shares.		
Maximum Bid	Not exceeding the size of the issue, subject to regulations as applicable to the Bidder	Not exceeding the size of the issue, subject to regulations as applicable to the Bidder	Such number of Equity Shares per retail individual investor so as to ensure that the Bid amount does not exceed Rs. 1,00,000/- which has to be in multiples of [•] Equity Shares.	Not exceeding the size of the issue, subject to regulations as applicable to the Bidder
Mode of Allotment	Dematerialized mode	Dematerialized mode	Dematerialized mode	Dematerialized mode
Trading Lot/Market lot	One (1) Equity Share	One (1) Equity Share	One (1) Equity Share	One (1) Equity Share
Who can apply**	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI, multilateral and bilateral development financial institutions, Venture Capital Funds registered with SEBI, foreign Venture capital investors registered with SEBI, State Industrial Development Corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 Lakhs and pension funds with minimum corpus of Rs. 2500 Lakhs in accordance with applicable law.	Companies, Corporate Bodies, Scientific Institutions, Societies, Trusts, Resident Indian individuals, HUF (in the name of Karta), and NRIs (applying for an amount exceeding Rs. 1,00,000/-)	Individuals (including NRIs and HUFs in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs. 1,00,000 in value.	All or any of the following:(a)a permanent employee of the Company as on the date of filing of the Red Herring Prospectus with the RoC and based working and present in India as on the date of submission of the Bid cum Application Form.(b) a director of the Company, except any Promoters or members of the Promoter group, whether a whole time Director part time Director or otherwise as of the date Draft Red Herring Prospectus based and present in India as on the date of submission of the Bid cum Application Form.
Terms of payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application form to the members of the syndicate	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application form to the members of the syndicate	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application form to the members of the syndicate	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application form to the members of the syndicate

Margin Amount	10% of the Bid amount in respect of bids placed by QIB bidder on bidding	Full amount on bidding	Full amount on bidding	Full amount on bidding

* Subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in any category, would be allowed to be met with spill over inter-se from any other categories, at the discretion of our Company in consultation with the BRLMs subject to applicable provisions of SEBI Guidelines.

** In case the Bid Cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid Cum Application Form.

Note:
Equity Shares being offered through this Draft Red Herring Prospectus can be applied for in dematerialized form only.

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 Red Herring Prospectus, Bid-cum-Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advice, and other documents/certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to this 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, Registrar of Companies and/or other authorities, as in force on the date of this Issue and to the extent applicable.

Investors should note:

The SEBI Guidelines have been amended on September 19, 2005. Pursuant to those amendments, certain significant changes have been made, including with regard to the allocation procedure for QIBs. Certain changes may be made to the terms of the Issue and the description of the Issue procedure based on the discussions the BRLMs may have on clarifications that they may obtain from SEBI and the Stock Exchanges.

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 Equity Shares of our Company including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by our Company after the date of Allotment. See the section titled "Main Provisions of the Articles of Association of our Company" beginning on page 161 of this Draft Red Herring Prospectus for a description of the Articles of Association.

Mode of Payment of Dividend

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. We shall pay dividends in cash.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10 each are being issued in terms of this Draft Red Herring Prospectus at a price of Rs. [●] per share. The Floor Price is Rs. - and the Cap Price is Rs. per Equity Share. At any given point of time, there shall be only one denomination for the Equity Shares of our Company, subject to applicable laws.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

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

For further details on the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see "Main Provisions of the Articles of Association of the Company" beginning on page of this Draft Red Herring Prospectus.

Market Lot and Trading Lot

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

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

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidder, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares transferred, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of equity share(s) by the person nominating.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

a. to register himself or herself as the holder of the Equity Shares; or
b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in this 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 to change the nomination, they are requested to inform their respective depository participant.

Application by Eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI

It is to be distinctly understood that there is no specific reservation for NRIs or FIIs registered with SEBI or FVCIs registered with SEBI.

As per RBI regulations, OCBs cannot participate in the Issue.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Net Issue to the Public including devolvement of underwriters, if any, within 60 days from the Bid/Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days, we and every director of our Company who is an officer in default, becomes liable to repay the amount with interest as per Section 73 of the Companies Act. If the number of allottees in the proposed Issue is less than 1,000 allottees, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after we become liable to pay the amount, we shall pay interest at the rate of 15% per annum for the delayed period.

Arrangements for Disposal of Odd Lots
Since, our Equity Shares will be traded in dematerialized form only; the marketable lot is one (1) Equity Share. Therefore, there is no possibility of any odd lots.

Jurisdiction
The jurisdiction for the purpose of this Issue is with competent courts/authorities in Mumbai, India.

Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Application in Issue

Equity Shares being issued through this Red Herring Prospectus can be applied for in the dematerialised form only.

Restrictions, if any on Transfer and Transmission of Equity Shares

The restrictions, if any, on the Transfer and Transmission of our Equity Shares are contained in "article –article " as appearing on page [●] of this Draft Red Herring Prospectus.

Compliance with SEBI Guidelines

Our Company shall comply with all requirements of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time. Our Company shall comply with all disclosure norms as specified by SEBI from time to time.

Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime after the Bid/ Issue Opening Date but before Allotment, without assigning any reason therefore.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% book building method where in up to 50% of the Net Issue to Public shall be allocated on a proportionate basis to Qualified Institutional Buyers with 5 % of compulsory allocation to mutual funds only and the remainder of the Qualified Institutional Buyers portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid being received at or above the issue price. Further, not less than 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. We, in consultation with the BRLM, reserve the right to reject any Bid procured by any or all members of the Syndicate without assigning any reasons therefore in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, we would have a right to reject the Bids only on technical grounds.

We, in consultation with the BRLM would have proportionately allocate to QIBs based on a number of criteria, which will typically include, but would not be limited to, the following: prior commitment, investor quality, price, earliness of bid, existing and continued shareholding of QIBs during the period prior to the Bid Opening Date and until the date of pricing.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allotment of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized us to make the necessary changes in this Draft Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

Category	**Colour of Bid-cum-Application Form**
Indian Nationals or NRIs applying on a non-repatriation basis	White
NRIs or FIIs or Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Red
Eligible Employees of the Company.	Blue

Who Can Bid?

- Indian nationals resident in India who are majors, in single or joint names (not more than three);
- HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity shares;
- Indian mutual funds registered with SEBI;
- Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and Regulations, as applicable);
- Venture capital funds registered with SEBI;
- Foreign venture capital investors registered with SEBI;
- State Industrial Development Corporations;

- Insurance companies registered with the Insurance Regulatory and Development Authority;
- Provident funds with minimum corpus of Rs.2500 lakhs and who are authorized under their constitution to invest in Equity Shares;
- Pension funds with minimum corpus of Rs.2500 lakhs and who are authorized under their constitution to invest in Equity Shares;
- Multilateral and bilateral development financial institutions;
- Trusts/Societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/Societies and who are authorized under their constitution to hold and invest in equity shares;
- Eligible Non-residents including NRIs and FIIs on a repatriation basis or a non- repatriation basis subject to applicable local laws; and
- Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares.
- Any other QIBs permitted to invest, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Offer;
- Eligible employees

As per existing regulations, OCBs are prohibited from investing in this Issue.

Note: The BRLMs and Syndicate Members shall be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations if any. However, associates and affiliates of BRLMs and Syndicate Member may subscribe for equity shares in the issue, including the QIBs and Non-Institutional portion where the allocation is on proportionate basis.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Bids by Mutual Funds

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 share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

Bids by Eligible NRIs

NRI Bidders to comply with the following:

1. Individual NRI Bidders can obtain the Bid cum Application Forms from our Registered Office, members of the Syndicate or the Registrar to the Issue.
2. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for resident Indians (White in color). All instruments accompanying bids shall be payable in Mumbai only.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of our post-issue paid-up capital (i.e., 10% of xxxxxxxx Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. Under the current foreign investment policy applicable to us foreign equity participation up to 100% is permissible under the automatic route.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity

Bids by SEBI registered VCF and FVCI:
As per the current regulations, the following restrictions are applicable for investments by SEBI registered VCFs and FVCIs:

The SEBI (Venture Capital) Regulations, 1996, and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the investment by any VCF or FVCI should not exceed the prescribed investment limit as the case may be.

It is to be distinctly understood that there is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.

The above information is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modifications or changes in the applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Bids by non-residents including NRIs, FIIs and Foreign Venture capital Funds registered with SEBI on a repatriation basis.

Bids and Revision to Bids must be made:

- On the prescribed Bid cum Application Form or Revision Form, as applicable (blue in colour) and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- . In a single name or joint names (not more than three)
- NRIs for a Bid Amount of up to Rs. 1,00,000 would be considered under the Retail Bidders portion for the purposes of allocation and Bids for a Bid amount of more than Rs. 1,00,000 would be considered under the Non-Institutional Bidders portion for the purposes of allocation; by FIIs or Foreign Venture Capital Fund and Bilateral Development Financial Institution for a minimum of such number of Equity Shares and in multiples of [•] thereafter that the Bid Amount exceeds Rs. 1,00,000; for further details see "Maximum and Minimum Bid Size" at page (●) of this Draft Red Herring Prospectus.
- . In the names of individuals, or in the names of FIIs or in the names of Foreign Venture Capital Funds, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- . Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be despatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Maximum and Minimum Bid size
For Retail Bidders: The Bid must be for minimum [xxxx] number of Equity Shares and in multiples of [xx] Equity Shares thereafter subject to maximum bid amount of Rs. 1,00,000 In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000. In case the Bid Amount is over Rs. 1,00,000 due to revision or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allotment under the Non-Institutional Bidders category. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

For Others (Non-Institutional Bidders and QIBs) Bidders: The Bid must be for a minimum of such number of Equity Shares in multiples of [*] such that the Bid Amount payable by the Bidder exceeds Rs. 1,00,000 and in multiples of [*] Equity Shares thereafter. A Bid cannot be submitted for more than the net Issue to the public. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1,00,000, for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000 or less due to a revision in Bids or revision of Price Band, the same would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

For Bidders in the Employee Reservation Portion

The Bid must be for a minimum of [xx] Equity Shares and in multiples of [xx] Equity Shares thereafter. The maximum Bid in this portion cannot exceed (●) Equity Shares. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the Bidding Options not exceeding Rs.1,00,000 may bid at Cut-off price. The allotment in the employee reservation portion will be on proportionate basis.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

Information for the Bidders

a) The Company will file this Draft Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/Issue Opening Date.
b) The Price Band shall be advertised at least one day prior to the Bid Opening Date/Issue Opening Date. With regard to the Price Band, the Bidders can be guided by the secondary market prices of the Equity Shares.
c) The members of the Syndicate will circulate copies of this Draft Red Herring Prospectus along with the Bid-cum-Application Form to their potential investors.
d) Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of this Draft Red Herring Prospectus along with the Bid-cum- Application Form can obtain the same from the registered office of the Company or from the BRLM, or from a member of the Syndicate.
e) The Bids should be compulsorily submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of a member of the Syndicate. The Bid-cum-Application Forms, which do not bear the stamp of a member of the Syndicate, will be rejected.

Method and Process of bidding

1. We, with the BRLM shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date in the Red Herring Prospectus filed with RoC and publish the same and the Price Band in two national newspapers (one each in English and Hindi) and a regional newspaper (Marathi) and on websites of BRLM and Company as appearing on the cover page. This advertisement, subject to the provisions of Section 66 of the Companies Act and shall be in the format prescribed in Schedule XX-A of SEBI DIP Guidelines, as amended vide SEBI Circular no. SEBI / CFD / DIL / DIP / 14 / 2005 / 25 / 1 dated January 25, 2005. The members of the Syndicate shall accept Bids from the Bidders during the Issue Period.
2. Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.
3. The Bidding Period shall be a minimum of 3 working (three) days and not exceed 7 working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be informed to the Stock Exchanges and published in two national newspapers (one each in English and Hindi) and one regional newspaper (Marathi) and on websites of BRLM and Company, as appearing on the cover page and the Bidding Period may be extended, if required, by an additional 3 (three) days, subject to the total Bidding Period not exceeding ten working days.
4. During the Bidding Period, the Bidders may approach the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.
5. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" on page (●) of this Draft Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.
6. The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the Section ' Issue procedur'e beginning " on page (●) of this Draft Red Herring Prospectus.
7. The members of the Syndicate will enter each option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum application Form.
8. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the ' Issue procedur'e beginning " on page (●) of the Draft Red Herring Prospectus.

Bids at Different Price Levels

1. The Price Band shall be advertised at least one day prior to the Bid Opening Date/ Issue Opening Date in [ ], an English language newspaper with wide circulation, [ ], a Hindi language newspaper with wide circulation and [ ] a Marathi newspaper with wide circulation and also on the websites of the BRLM and the Company, as appearing on the cover page. Bidders are advised to be guided by the price of our listed Equity Shares in the secondary market for the purposes of making a decision to invest in the Equity Shares offered as part of this Issue. The Bidders can bid at any price within the Price Band, in multiples of [ ].
2. We, in consultation with the BRLM, can revise the Price Band during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three additional days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the Floor of the Price-band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the Floor Price disclosed in this Draft Red Herring Prospectus.
3. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi), and one regional newspaper (Marathi) and also indicating the change on the relevant websites of the BRLM, Company and the terminals of the members of the Syndicate.
4. We, in consultation with the BRLM, can finalise the Offer Price within the Price Band without the prior approval of, or intimation to, the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 1,00,000 may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.**
6. Retail Individual Bidders who bid at the Cut-off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders, who bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut-off could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 1,00,000 of the bidder wants to continue to bid at Cut-off Price), with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs.1, 00,000, the Bid will be considered for allocation under the Non-Institutional category in terms of this Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downward for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidders shall be deemed to have approved such revised Bid at Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded form the Escrow Account.
9. In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application Size shall remain [ ] Equity Shares irrespective of whether the Bid Amount payable on such Minimum Application is not in the range of Rs. 5,000 to Rs.7, 000. The Company in consultation with the BRLMs shall accordingly stipulate the minimum application size (in terms of number of shares) falling within the aforesaid range.

Application in the Issue

Equity Shares being issued through this Draft Red Herring Prospectus can be applied for in the dematerialized form only.

Escrow Mechanism

1. The Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms of the Draft Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account of the Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement with the Company. Payment of refund to the Bidders shall also be made from the Escrow Agreement and this Draft Red Herring Prospectus.

2. The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between the Company, the Syndicate, Escrow Collection Bank(s) and the Registrars to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Collection Account

Each Bidder, who is required to pay Margin Amount greater than 0%, shall, with the submission of the Bid-cum-Application Form draw a cheque, demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph "Payment Instructions" on page (●) of this Draft Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid-cum-Application Forms accompanied by cash shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds whose bids have been accepted from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account, lying credited with Escrow Collection Banks shall be held for the benefit of the Bidders who are entitled to refunds. On the Designated Date, and no later than 15 days from the Bid / Issue Closing Date, the Escrow Collection Bank(s) shall refund all amount payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation to the Bidders.

Each category of Bidders (i.e. QIBs, Non Institutional Bidders, Retail Individual Bidders) would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Money payable by each category of Bidders is mentioned under the heading "Issue Structure" on page (●) of this Draft Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date which shall be a minimum period of two (2) days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.

If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had applied for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid Closing Date/Issue Closing Date, failing which the Company shall pay interest @15% per annum for any delay beyond the periods mentioned above.

Electronic Registration of Bids

(a) The members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one BSE/NSE on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.
(b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on an half hourly basis. On the Bid Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the Stock Exchanges.
(c) The aggregate demand and price for bids registered on the electronic facilities of NSE and BSE will be downloaded on an half hourly basis, consolidated and displayed on-line at all bidding centers. A graphical representation of consolidated demand and price would be made available at the bidding centers during the bidding period.
(d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
    - Name of the investor (Investors should ensure that the name given in the bid cum application form is exactly the same as the name in which the Depository Account is held. In case the Bid-cum-Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form.)
    - Investor Category –Individual, Corporate, NRI, FII, or Mutual Fund, etc.
    - Numbers of Equity Shares bid for.

- Bid price.
- Bid-cum-Application Form number.
- Whether Margin Amount is made upon submission of Bid-cum-Application Form.
- Depository Participant Identification No. and Client Identification No. of the Demat Account of the Bidder.

(e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or the Company.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) The BRLM/ member of the Syndicate also has the right to accept the Bid or reject it without assigning any reason, in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed on page (●) in this Draft Red Herring Prospectus.

(h) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company or BRLM are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company.

(i) It is also to be distinctly understood that the approval given by BSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by BSE nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE.

Build Up of the Book and Revision of Bids

(a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.

(b) The book gets build up at various price levels. This information will be available with the BRLM on a regular basis.

(c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.

(d) Revisions can be made in both the desired numbers of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

(e) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Draft Red Herring

(f) Prospectus. In case of QIBs, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders.

(g) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she has placed the original Bid. Bidders are advised to retain copies of the blank Revision Forms and the revised Bid must be made only in such Revision Form or copies thereof.

(h) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or**

her having revised the previous Bid.

(i) In case of discrepancy of data between BSE or NSE and members of the Syndicate, the decision of the BRLM based on the physical records of BSE or NSE shall be final and binding to all concerned.

Price Discovery and Allocation

(a) After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with the Company.

(b) The Company, in consultation with the BRLM shall finalise the "Issue Price", the number of Equity Shares to be allotted and the allocation to successful QIB Bidders. The allocation will be decided based on the quality of the Bidder and the size, price and time of the Bid.

(c) The allocation for QIBs would be upto 50% of the Issue Size would be discretionary. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and not less than 35% of the Issue Size, respectively, would be on proportionate basis in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

(d) Under-subscription, if any, in any category would be allowed to be met with spill over from any of the other categories at the discretion of the Company, in consultation with the BRLMs However, if the aggregate demand by Mutual Funds is less than 70,000 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB portion has been met, under-subscription, if any, would be allowed to be met with spillover from any other category or combination of categories at the discretion of Company, in consultation with the BRLMs and the Designated Stock Exchange.

(e) Allocation to NRIs, FIIs, foreign venture capital funds, multi-lateral and bilateral development financial institutions registered with SEBI applying on repatriation basis will be subject to the applicable laws, rules, regulations, guidelines and approvals.

(f) The BRLMs, in consultation with the Company shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.

(g) The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning reasons whatsoever but before allotment. In terms of SEBI DIP guidelines, QIB bidders shall not be allowed to withdraw their bid after the bid / issue closing date.

Notice to QIBs: Allotment Reconciliation

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Issuance of Confirmation of Allocation Note

a. Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, the investor should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.

b. The Members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The despatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the full Bid Amount into the Escrow Account on or prior to the time of bidding shall pay in full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN.

c. Bidders who have been allocated Equity Shares and who have already paid the full Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrars to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The despatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for allotment to such Bidder.

d. The Issuance of CAN is subject to "Notice to QIBs: Allotment Reconciliation" as set forth under the chapter "Issue Procedure" of this Draft Red Herring Prospectus.

Signing of Underwriting Agreement and ROC Filing

a. The Company, the BRLM, and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.

b. After signing the Underwriting Agreement, the company will update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with ROC

The Company will file a copy of the Prospectus with the Registrar of Companies, Mumbai, situated at The Registrar of Companies, Maharashtra, 100, Everest, Marine Lines, Mumbai-400002 in terms of Section 56, Section 60 and Section 60B of the Companies Act, 1956.

Announcement of Pre-Issue Advertisement

Subject to section 66 of the Companies Act, the Company shall after receiving final observation, if any, on this Draft Red Herring Prospectus with SEBI, publish an advertisement, in the form prescribed by the SEBI DIP guidelines in two widely circulated newspapers (one each in English. Hindi and Marathi).

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by the Company after filing of the Prospectus with the RoC. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Issue Price. Any material updates between the date of the Draft Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by the Company after the filing of the Prospectus with the RoC. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Issue Price along with a table showing the number of Equity Shares to be issued. Any material updates between the date of the Draft Red Herring Prospectus and the date of the Prospectus will be included in such statutory advertisement.

Designated Date and Allotment of Equity Shares

1. The Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company would allot the Equity Shares to the allottees. The Company would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the allottees shall be completed within two working days of the date of finalization of the basis of allotment. In case, the Company fails to make allotment or transfer within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.
2. **In accordance with the SEBI DIP Guidelines, Equity Shares will be issued and allotment shall be made only in the dematerialised form to the allottees.** Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

General Instructions:

Do's:

(a) Check if you are eligible to apply;
(b) Read all the instructions carefully and complete the resident Bid-cum-Application Form (white in colour) or Non-Resident Bid-cum-Application Form (blue in colour)
(c) Ensure that the details about Depository Participant and Beneficiary Account are correct, as Allotment of Equity Shares will be in the dematerialized form only. Ensure that the Bids are submitted at the Bidding Centers only on forms bearing stamp of the Syndicate Member;
(d) Investors must ensure that the name given in the Bid cum Application form is exactly the same as the name in which the Depository account is held. In case the Bid cum Application Form is submitted in Joint names, it should be ensured that the Depository account is also held in the same Joint names and are in the same sequence in which they appear in the Bid cum Application Form.
(e) Ensure that you have been given a TRS for all your Bid options;
(f) Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
(g) Ensure that the Bid is within the Price Band.
(h) Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more and attach a copy of the PAN Card and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating allotment of PAN along with the application for the purpose of verification of the number, with the Bid cum Application Form. In case you do not have a PAN, ensure that you provide a declaration in Form 60 or 61 as the case may be together with the permissible documents as address proof
(i) Ensure that demographic details (as defined herein below) are updated true and correct in all respects.

Don'ts:

(a) Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
(b) Do not Bid for lower than minimum Bid size;
(c) Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;
(d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
(e) Do not pay Bid amount in cash;
(f) Do not Bid at cut off price (for QIB Bidders, Non-Institutional Bidders for whom the Bid Amount exceeds Rs. 100,000);
(g) Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws / regulations.
(h) Do not send Bid cum Application Form by post; instead submit the same to a member of the Syndicate only.
(i) Do not submit bid accompanying with Stock Invest.
(j) Do not provide your GIR number instead of your PAN as bid is liable to be rejected on those ground.
(k) Do not submit the Bid without the QIB Margin Amount, in case of a Bid by QIB.

Instructions for completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and/or revision Forms from the members of Syndicate

Bids and Revisions of Bids

Bids and revisions of Bids must be:

(a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians, blue colour for NRI or FII or foreign venture capital fund registered with SEBI applying on repatriation basis.

(b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.

(c) The Bids from the Retail Individual Bidders must be for a minimum of [ ] Equity Shares and in multiples of [ ] thereafter subject to a maximum of Rs. 1,00,000.

(d) For non institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid amount exceeds Rs. 1,00,000 and in multiples of [ ] Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulations.

(e) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

(f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Eligible Employees

1. For the purpose of the Employee Reservation Portion, Eligible Employee means permanent employees of our company who are on the pay-roll of our Company as on xxxxxxxxxxxx.
   (a) Bids under Employee Reservation Portion by Eligible Employees shall be made only in the prescribed Bid cum Application Form or Revision Form (i.e. Blue colour Form).
   (b) Eligible Employees, as defined above, should mention the Employee Number at the relevant place in the Bid cum Application Form.
   (c) The sole/ first bidder should be Eligible Employees as defined above.
   (d) Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.
   (e) Bids by Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
   (f) Bidding at cut-off is allowed only for employees whose bid amount is less than or equal to Rs. 1,00,000.
   (g) Bids made by the employees under both employee reservation portion as well as in the net issue shall not be treated as multiple bids.
   (h) If the aggregate demand in this category is less than or equal to (●) Equity Shares at or above the issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
   (i) Any under subscription in Equity Shares reserved for Employees would be treated as part of the Net issue and allocation to be made in accordance with the description in Basis of Allocation as described in ' Issue procedure' beginning " on page (●) of this Draft Red Herring Prospectus.
   (j) If the aggregate demand in this category is greater than (●) Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. These bank account details would be printed on the refund order, if any, to be sent to Bidders or used for sending the refund through Direct Credit to or ECS. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Company shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders or giving credit through ECS or Direct Credit and occupation (hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid-cum-Application Form would not be used for these purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic details as available on its records.

Refund Orders/ Allocation Advice/ CANs would be mailed at the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidders in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk. Please note that any such delay shall be at the Bidders sole risk and neither the Company, Escrow Collection Bank(s) nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered Societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Article of Association and/or Bye Laws must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made by provident fund with the minimum corpus of Rs. 2500 lakhs and pension fund with the minimum corpus of Rs. 2500 lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made by Mutual Fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

The Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions as the Company and the BRLMs may deem fit.

Payment Instructions

The Company shall open an Escrow Account of the Company with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form. The BRLMs and Syndicate Member(s) shall also open Escrow Accounts of the Syndicate with one or more of the Escrow Collection Banks for the collection of the margin amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account to the Issue

Payment into Escrow Account to the Issue

1. The Bidders for whom the applicable Margin Amount is equal to 100% shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the member of the Syndicate.

2. ***In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of the Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.***

3. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:

   (i) In case of Resident Bidders: "Escrow Account - BCIL Public Issue - R"
   (ii) In case of Non-resident bidders: "Escrow Account - BCIL Public Issue - NR"
   (iii) In case of Employees of our Company: "Escrow Account – BCIL Public Issue – Employees"
   (iv) In case of Resident QIB Bidders: "Escrow Account - BCIL Public Issue - QIB- R"
   (v) In case of Non Resident QIB Bidders: "Escrow Account - BCIL Public Issue – QIB - NR"

   - In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
   - In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.

4. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account of the Company.

5. The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders till the Designated Date.

6. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.

7. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

8. Payments should be made by cheque, or demand drafts drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the center where the Bid cum Application Form is submitted. Outstation cheque/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/ Money Orders/ Postal Orders will not be accepted.

Payment by Stockinvest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by Account Payee cheques or drafts shall be submitted to the Members of the Syndicate at the time of submitting the Bid-cum-Application Form. The Members of the Syndicate may at their discretion waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form.

No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals
Individuals may make bid in single or joint names (not more than three). In the case of joint Bids, all refunds will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids
A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. In this regard, illustrations of certain procedures which may be followed by the Registrar to the Issue to detect multiple applications are provided below:

1. All applications with the same name and age will be accumulated and taken to a separate process file as probable multiple master.
2. In this master, a check will be carried out for the same PAN / GIR numbers. In cases where the PAN/GIR numbers are different, the same will be deleted from this master.
3. Then the addresses of all these applications from the address master will be strung. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names.
4. The applications will be scanned for similar DP ID and Client ID numbers. In case applications bear the same numbers, these will be treated as multiple applications.
5. After consolidation of all the masters as described above, a print out of the same will be taken and the applications physically verified to tally signatures as also father's / husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bidders in the Employee Reservation portion can also bid in the Net Issue to the Public and such Bids shall not be treated as multiple Bids

The Company reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number (PAN)
Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of an Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the application form.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by**

the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.

Unique Identification Number – MAPIN

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining Unique Identification Number (UIN) and the requirement to contain/ quote UIN under the SEBI (Central Database of Market Participants) Regulations, 2003 by its circular bearing number MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UIN's in a phased manner. The press release states that the cut-off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs. 100,000 to Rs. 500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs. 500,000, an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of this Draft Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations. Therefore, MAPIN is not required to be quoted with the Bids.

Our Right to Reject Bids

The Company and the BRLM reserve the right to reject any Bid without assigning any reason therefore in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected inter-alia on the following technical grounds:

1. Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;
2. Age of First Bidder not given;
3. In case of Partnership firms, the shares may be registered in the name of individual partners and no firm as such shall be entitled to apply.
4. Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
5. PAN photocopy/ PAN Communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bids at a price less than the lower end of the Price Band;
8. Bids at a price more than the higher end of the Price Band;
9. Bids at cut-off price by Non-Institutional and QIB Bidders;
10. Bids for number of Equity Shares, which are not in multiples of [•];
11. Category not ticked;
12. Multiple bids as defined in this Draft Herring Prospectus;
13. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
14. Bids accompanied by Stock invest/money order/ postal order/ cash;
15. Bids not duly signed by the sole/joint Bidders;
16. Bid-cum-Application Form does not have the stamp of the Syndicate Member;
17. Bid-cum-Application Form does not have Bidder's depository account details;
18. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Draft Red Herring Prospectus and as per the instructions in this Draft Red Herring Prospectus and the Bid-cum-Application Form; or
19. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations see the details regarding the same at [•] of this Draft Red Herring Prospectus.
20. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity;
21. Bids by OCBs;
22. Bids by US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act or other than in reliance Regulation S under the Securities Act; and
23. Bids by NRIs not disclosing their residential status;
24. If GIR number is mentioned instead of PAN number.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a de-materialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among our Company, the Depositories and the Registrar,
1. An Agreement dated 4th Oct 2007 among NSDL, our Company and Adroit Corporate Services Pvt Ltd and

2. An Agreement dated 6th September 2007 among CDSL, our Company and Adroit Corporate Services Pvt Ltd

All Bidders can seek allotment only in Dematerialized mode. Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).
5. Non Transferable allotment advice or refund orders will be directly sent to the Bidders by the registrar to the Issue.
6. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
7. The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
8. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
9. The trading of Equity Shares of the Company would only be in dematerialized form for all investors in the demat segment of the respective Stock exchanges.

Communications
All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Pre-Issue and Post Issue Related Problems
We have appointed Mr. Tushar Dey as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:
Birla Cotsyn (India) Ltd
1st Floor, Dalamal House,
Nariman Point, Mumbai - 400 021.
Tel: +91-22-66168400
Fax: +91-22-2204 7835
Email: ipo@birlacotsyn.com Web site:www.birlacotsyn.com

Procedure and Time Schedule for Transfer of Equity Shares
The Issue will be conducted through a "100% book building process" pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on [•] and expire on [•]. Following the expiration of the Bidding Period, our Company, in consultation with the BRLMs, will determine the issue price, and, in consultation with the BRLMs, the basis of allotment and entitlement to allotment based on the bids received and subject to the confirmation by the BSE. Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The Prospectus will be filed with SEBI and the Registrar of Companies and will be made available to investors. SEBI Guidelines require our Company to complete the allotment to successful bidders within 15 days of the expiration of

the Bidding Period. The Equity Shares will then be credited and allotted to the investors' demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

Disposal of Applications and Applications Money and Interest in case of Delay
The Company shall ensure despatch of allotment advice, refund orders (except for Bidders who receive refunds through Electronic Transfer of Fund) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of date of finalisation of basis of allotment of Equity Shares. The Company shall dispatch refund orders above Rs. 1500/-, if any, by registered post or speed post at the sole or first bidder's sole risk, except for Bidders who have opted to receive refunds through the ECS facility or RTGS or Direct Credit.

The Company shall despatch refund orders, as per the procedure mentioned under section "Dispatch of Refund Orders" ' Issue procedure' beginning " on page (●) of this Draft Red Herring Prospectus, at the sole or First Bidder's sole risk.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

The Company shall use its best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalization of the basis of allotment.

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI Guidelines, the Company further undertakes that:

i) Allotment of Equity Shares shall be made only in dematerialized form within 15 days of the Bid/Issue Closing Date;

ii) Dispatch of refund orders will be done within 15 days from the Bid /Issue Closing Date; and

iii) The Company shall pay interest at 15% per annum (for any delay beyond the 15 days time period as mentioned above), if allotment is not made, refund orders / credit intimation are not dispatched and in case where refund is made through electronic mode, the refund instructions have not been given to the clearing system in the disclosed manner and / or demat credits are not made to investors within the fifteen day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrars to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received except where the refund or portion thereof is made in electronic manner as described above. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

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

"**Any person who:**
a. makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or
b. otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,
shall be punishable with imprisonment for a term which may extend to five years."

Basis of Allocation

1. **For Retail Individual Bidders**
   - Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the successful Retail individual Bidders will be made at the Issue Price.

- The Net Issue size less allocation to Non-Institutional Bidders and QIBs shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [•] Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their valid bids.
- If the aggregate demand in this category is greater than [•] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [•] Equity Shares. For the method of proportionate basis of allocation, refer below.

2. **For Non Institutional Bidders**

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIBs and Retail Portion shall be available for allocation to Non- Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [•] Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than [•] Equity Shares at or above the Issue Price; allocation shall be made on a proportionate basis up to a minimum of [•] Equity Shares. For the method of proportionate basis of allotment refer below.

3. **For QIB Bidders**
- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIBs will be made at the issue price.
- The Issue size less allocation to Non-Institutional portion and Retail Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- The allotment shall be undertaken in the following manner –
  a. In the first instance, allocation to mutual funds for upto 5% of the QIB portion shall be determined as follows-
     i) In the event that bids from mutual funds exceed 5% of the QIB portion, allocation to mutual funds shall be done on a proportionate basis upto 5% of the QIB portion.
     ii) In the event that the aggregate demand from mutual funds is less than 5% of QIB portion, then all mutual funds shall get full allotment to the extent of valid bids received above the issue price.
     iii) Equity Shares remaining unsubscribed, if any, not allocated to mutual funds shall be available to all QIB Bidders as set out in as (b) below;
  b. In the second instance, allocation to all QIBs shall be determined as follows –
     i) In the event that the over subscription in the QIB portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for upto 95% of the QIB portion.
     ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of equity shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
     iii) Under-subscription below 5% of the QIB portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

4. **For Employee Reservation Portion**
- Bids received from the eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the successful Employees will be made at the Issue Price.
- If the aggregate demand in this portion is less than or equal to (●) Equity Shares at or above the Issue Price, full allocation shall be made to Employees to the extent of their demand.
- If the aggregate demand in this portion is greater than (●)Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer below.
- Only eligible Employees shall apply under the Employee reservation portion.

Undersubscription, if any, in any category would be allowed to be met with spillover from any other category at the sole discretion of our company and the BRLMs

Method of Proportionate Basis of Allocation
In the event of the issue being over-subscribed, the Company shall finalise the basis of allotment to Retail Individual Bidders and Non-Institutional Bidders in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrars to the issue

shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner. Allotment to the Bidders shall be made in the marketable lots on a proportionate basis as explained below.

a. Bidders will be categorized according to the number of Equity Shares applied for by them.
b. The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, being the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
c. Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, being the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
d. If the proportionate allotment to a Bidder is a number that is more than [•] but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
e. In all Bids where the proportionate allotment is less than [•] Equity Shares per Bidder, the allotment shall be made as follows:
   - Each successful Bidder shall be Allotted a minimum of [•] Equity Shares; and
   - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
   - Each successful Bidder shall be allotted a minimum of [•] Equity Shares.
f. If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

a. Issue details

Sr. No.	Particulars	Issue details
1	Issue size	100 lakhs Equity Shares
2	Allocation to QIB (minimum 10% of the Issue)	50 lakhs Equity Shares
	Of which:	
	a. Reservation For Mutual Funds, (5%)	2.50 lakhs Equity Shares
	b. Balance for all QIBs including Mutual Funds	47.50 lakhs Equity Shares
3	Number of QIB applicants	10
4	Number of Equity Shares applied for	250 lakhs Equity Shares

b. Details of QIB Bids

Sr. No.	Type of QIB bidders#	No. of shares bid for (in Lakhs)
1	A1	25
2	A2	10
3	A3	65
4	A4	25
5	A5	25
6	MF1	20
7	MF2	20
8	MF3	40
9	MF4	10
10	MF5	10
	TOTAL	**250**

 # A1-A5: (QIB Bidders other than Mutual Funds), MF1-MF5 (QIB Bidders which are Mutual Funds)

c. Details of Allotment to QIB Bidders/Applicants

(Number of equity shares in lakhs)

Type of QIB bidders	Shares bid for	Allocation of 5 /1 lakh Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 180 lakhs Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
A1	25	0	4.80	0
A2	10	0	1.92	0
A3	65	0	12.48	0
A4	25	0	4.80	0
A5	25	0	4.80	0
MF1	20	0.50	3.74	4.24
MF2	20	0.50	3.74	4.24
MF3	40	1.0	7.48	8.48
MF4	10	0.25	1.87	2.12
MF5	10	0.25	1.87	2.12
	250	**2.50**	**47.50**	**21.20**

Please note:

1. The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in the section titled "Issue Structure" beginning on page (●) of this Draft Red Herring Prospectus.
2. Out of 50 lakhs Equity Shares allocated to QIBs, 2.50 lakh (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 100 lakh shares in the QIB Portion.
3. The balance 47.50 lakhs Equity Shares [i.e. 50 – 2.5 (available for Mutual Funds only)] will be allocated on proportionate basis among 10 QIB Bidders who applied for 250 lakh Equity Shares (including 5 Mutual Fund applicants who applied for 100 lakh Equity Shares).
4. The figures in the fourth column titled "Allocation of balance 95 lakhs Equity Shares to QIBs proportionately" in the above illustration are arrived as under:

    1. For QIBs other than Mutual Funds (A1 to A5)= Number of Equity Shares Bid for X 47.5/247.5
    2. For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e., in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 47.5/247.5
    3. The numerator and denominator for arriving at allocation of 47.5 lakhs Equity Shares to the 10 QIBs are reduced by 2.5 lakh shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Letters of Allotment or Refund Orders

The Company shall give credit of Equity Shares to the beneficiary account with depository participants within 2 working days of finalisation of the basis of 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 dispatch refund orders, if any, of value upto Rs. 1,500 by "Under Certificate of Posting", and will dispatch refund orders above Rs. 1,500, if any, by registered post only at the sole or first Bidder's sole risk within 15 days of the Bid / Issue Closing date and adequate funds for the purpose shall be made available to the Registrars by our Company. Applicants to whom refunds are made through Electronic transfer of funds will be sent a letter through "Under Certificate of Posting" within 15 days of closure of issue, intimating them about the mode of credit of refund, the bank where refunds shall be credited along with the amount and the expected date of electronic credit of refund.

The Company shall ensure dispatch of refund orders / refund advice, if any, by "Under Certificate of Posting" or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS, as applicable, only at the First Bidder's sole risk within 15 days of the Bid / Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode (s) disclosed shall be made available to the Registrars by the Company.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI guidelines, the Company undertakes that:

- Allotment shall be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- **Dispatch of refund orders:** Refunds will be done within 15 days from the Bid / Issue Closing Date at the sole or First Bidder's sole risk. The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrars to the Issue; and
- **Interest in case of delay in dispatch of allotment letters / refund orders:** The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders have not been dispatched to the applicants or if, in case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from Bid / Issue closing date.

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 Bids are received. The Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

The Company will provide adequate funds to the Registrars to the Issue for making refunds to unsuccessful applicants as per the mode disclosed under "Dispatch of Refund Order" appearing in ' Issue procedure' beginning " on page (●) of this DRHP.

Dispatch of Refund Orders

The payment of refund, if any, would be done through various modes in the following order of preference –

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centers - Ahmedabad, Bangalore, Bhubneshwar, Kolkatta, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvanthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR Code as appearing on a cheques leaf from the Depositories. The payment of refunds is mandatory through this mode for applicants having a bank account at any of the above-mentioned fifteen centers, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.
2. Direct Credit – Applicants having bank accounts with the Refund Bankers, in this case being [*], shall be eligible to receive funds through direct credit. Charges, if any, levied by the Refund Bankers for the same would be borne by the Company.
3. RTGS – Applicants having a bank account at any of the above-mentioned fifteen centers and whose refund amount exceeds Rs. Ten Lakhs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Bid-cum-Application form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the refund banks for the same would be borne by the Company. Charges, if any, levied by the applicants' bank receiving the credit would be borne by the applicant.

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 1, 2 & 3 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 upto Rs. 1,500 and through Speed Post / Registered Post for refund orders of Rs. 1,500 and above.

Undertaking by the Company

The Company undertake as follows:

a. that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
b. that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
c. that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed under the heading "Dispatch of Refund Orders" in ' Issue procedure' beginning " on page (●) of this Draft Red Herring Prospectus shall be made available to the Registrar to the Issue by the Company;
d. that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of Issue, giving details of the bank where refunds shall be credited alongwith the amount and expected date of electronic credit of refund;
e. that the promoter's contribution in full, shall be brought in advance before the issue opens for public subscription;
f. that the refund orders or allotment advice to the Eligible NRIs or FIIs shall be dispatched within specified time; and
g. that no further Issue of Equity Shares shall be made until the Equity Shares Issued through this Draft Red Herring Prospectus are listed or until the Bid Money's are refunded on account of non-listing, under-subscription etc.

Utilisation of Issue Proceeds

The Board of Directors of the Company certifies that:

a. all monies received out of the Issue shall be credited / transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
b. details of all monies utilised out of the Issue referred above shall be disclosed under an appropriate separate head in its balance sheet indicating the purpose for which such monies have been utilised;
c. details of all unutilised monies out of the Fresh Issue, if any, shall be disclosed under the appropriate separate head in its balance sheet indicating the form in which such unutilised monies have been invested.

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the GoI and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy of the Government of India, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment.

Subscription by Non-Residents

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or the requirements of the Investment Company Act.

Accordingly, the Equity Shares are only being offered and sold (i) in the United States to entities that are both "qualified institutional buyers", as defined in Rule 144A of the Securities Act and "qualified purchasers" as defined under the Investment Company Act and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

As per the current regulations, OCBs cannot participate in this Issue.

The above information is given for the benefit of the Bidders. We, the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Pre-Issue and Post Issue related problems

Our Company has appointed Mr. Tushar Dey, Company Secretary as the Compliance Officer and he may be contacted at the following address:

1st Floor, Dalamal House,
Nariman Point,
Mumbai – 400 021.
Tel: +91-22-2282 1173/74,
Fax: +91-22-2204 7835.

SECTION XI - DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

A) RIGHTS OF MEMBERS

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 rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and our Memorandum and Articles.

B) MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY:

*3.

SHARES

The Authorised Share Capital of the Company shall be in accordance with the Clause 5 of the Memorandum of Association of the Company from time to time with power to increase or reduce the share capital of the Company and to divide the share capital for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions, as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company.

*3A.

Both the parties with the respective affiliates will at all times hold shares, directly or indirectly equally and in equal proportion in the total paid up share capital of the Company, except if any party refuses to subscribe to the shares offered to that party by the Company

4.
The Company shall have power to issue Preference Shares 'carrying a right to redemption out of profits which would otherwise be available for dividend, or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or liable to be redeemed at the option of the Company, and the Board may, subject to the provisions of Sections 80 and 80A of the Act, exercise such power in such manner as it thinks fit.

5.
Subject to the provisions of these Articles the Shares shall be under the control of the Directors who may allot or otherwise dispose of the same on such terms and conditions, and at such time as the Directors think fit and with power to issue any shares as fully paid up in consideration of services rendered to the Company in its formation or otherwise, provided that where the Directors decide to increase the issued capital of the Company by the issue of further shares, the provisions of Section 81of the Act, will be complied with. Provided further that the option or right to call of share shall not be given to any person except with the sanction of the Company in General Meeting.

6.
(A) Where the board decides to increase the subscribed capital of the Company by allotment of further shares then, unless the requirements of Section 81 (IA) of the Act are compiled with :

(i) Such further shares shall be offered to the persons who on 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 that date;

(ii) The offer aforesaid shall be made by the notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to be declined;

(iii) After the expiry of the time specified in the notice aforesaid or on receipt of earlier information from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as the Board thinks most beneficial to the company;

(iv) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any person, subject to such person being approved by the Board.

(B) Whenever any shares are to be offered to the members including shares issued on conversion of debentures or loans the Board may dispose of any shares, which by reason of the proportion borne by them to the number of persons entitled to such offer or by reason of any other difficulty In apportioning the same, cannot in the opinion of the Board be conveniently offered to the members in such manner as the thinks beneficial to the company.

(C) Nothing In these Articles shall apply to the increase of the subscribed capital of the company caused by exercise of option attached to the debentures Issued or loans raised by the company to convert such debentures or loans into shares in the company or to subscribe for shares in the company provided that the terms of issue of such debentures or loans which include a term providing for an option to convert the debentures or loans into shares or to subscribe for shares in the company and such terms:

(i) have been approved by a Special Resolution of the Company before the issue of the debentures or the raising of the loans, and also;

(ii) either it has been approved by the Central Government before the issue of debentures or raising of the loans, or is in conformity with the rules, if any, made by the government in this behalf.

7.
(A) Subject to the provisions of Section 79 of the Act, it shall be lawful for the Company to issue at a discount shares of a class already issued.

(B) Notwithstanding anything contained in Section 79, 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 Director(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 the Regulations made by the Securities and Exchange Board of India in this behalf:

Explanation:- "Sweat Equity Shares" means Equity Shares issued by the Company to Employees or Directors at a discount or for consideration other than cash for providing know-how or making available right in the nature of Intellectual Property Rights or Value Additions, by whatever name called.

(b) All the limitations, restrictions and provisions relating to Equity Shares shall be applicable to such sweat Equity Shares issued under sub clause (a) hereinabove.

8.
(A) The Company may subject to compliance with the provisions Section 76 of the Act, exercise the power of paying underwriting commission and brokerage on the issue of shares, debentures and any other securities, to any person in consideration of:

(i) His subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in, or debentures, any other securities of the company,

OR

(ii) His procuring or agreeing to procure subscriptions whether absolutely or conditionally, for any shares in, or debentures of security of the company.

(B) Such underwriting commission and/or brokerage shall be per as per Securities Contracts (Regulation) Rules. 1957, promulgated by Government under the Securities Contracts (Regulation) Act, 1956.

(C) The Company shall have power to buy its own securities as provided in Section 77A as introduced by the Companies (Amendment) Act 1999 and/or guidelines issued by SEBI and/or such other appropriate authorities (including any statutory modifications or enactment thereunder). In the event of non-compliance of provisions of Section 77A or other applicable provisions-, if any, of the Companies Act, 1956 and/or SEBI Guidelines and/or guidelines/notification order issued any other appropriate/ conserved Authorities, the Company shall not have the power to buy its own shares, unless the consequent reduction of capital is effected and sanctioned in accordance with sections 100 to 104 or section 402 or other applicable provisions (if any) of the Act.

9.
Save as herein provided, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not, except as ordered by a Court of Competent Jurisdiction or as by law required, be bound to recognise any trust, benami or equitable or other claim to or interest in such shares on any fractional part of a share whether or not it shall have express or other notice thereof.

SHARE CERTIFICATE

10.
The certificate of title to shares shall be issued under the Seal of the Company.

*11.
Every member shall be entitled free of charge to one certificate for all the share of each class registered to his name or, if any member so wishes to \ several certificates each for one or more of such shares, but in respect of each additional certificate which does not comprise shares in lots of market units or trading, the Board may charge a sum as the Board may determine. Unless the conditions of issue of any shares otherwise provide, the Company shall either within three months after the date of allotment and on surrender to the Company of its letter making the allotment of its fractional coupons of requisite value (save in the case of issue against letters of acceptance or of renunciation or in the case of issue of bonus shares) or within one month of receipt of the application, for registration of the transfer, sub-division, consolidation, renewal or exchange of any of its shares, as the case may be, complete and have ready for delivery the certificates of such shares. Every certificate of shares shall specify the name of the person in whose favour the certificate is issued, the shares to which it relates and the amount paid up thereon. Particulars of every certificate issued shall be entered in the Register maintained in the form set In the Companies (Issue of Share Certificates) Rules, 1960,

12. (i)
If any certificate of any share/shares be surrendered to the Company for sub-division or consolidation or if any certificate be defaced, on or old, decrepit, worn out or where the cages on the reverse for recording transfers have been fully utilized, then upon surrender thereof to the Company, the Board may order the same to be cancelled and may issue a new certificate in lieu thereof, and any certificate be lost or destroyed them, upon proof thereof to the satisfaction of the Board, and on such indemnity as the Board thinks fit being given a new certificate in lieu thereof, shall be given to party entitled to the share to which such lost or destroyed certificate relates. Where a new certificate has been issued as aforesaid it shall state on the face of it and against the stub or counterfoil that it is issued in lieu of a share certificate or is a duplicate issued for the one so replaced and, in the case of certificate issued in place of one which has been lost or destroyed, the word ‘duplicate’ shall be stamped or punched in bold letters across the face thereof. For every certificate issued under this Article, there shall be paid to the Company such out of Pocket expenses incurred by the Company in investigating evidence as the Board may determine.

(ii)
No fee shall be charged for sub-division and consolidation of share and debenture certificate and for sub-division of letter of allotment and split consolidation, renewal and pucca transfer receipts into denominations corresponding to the market units of trading, for subdivision of renunceable letters of rights, for issue of new certificates in replacement of those which are old decrepit or worn out. or where the cages on the reverse for recording transfers have been fully utilised., Provided that the Company may charge such fees as may be agreed by it with the stock exchange with which its shares may be enlisted for the time being for issue of new certificates in replacement of those that are torn, defaced, lost or destroyed and for sub-division and consolidation of shares and debenture certificates and for sub-division of letters of allotment and split, consolidation, renewal and pucca transfer receipts into denominations other than those fixed for the market units of trading.

(iii)
Notwithstanding anything contained in the Articles, unless otherwise resolved by the Board, no request for sub-division or consolidation of Equity Share Certificates into denominations of less than 100 Equity Shares shall be accepted except when such sub-division or consolidation is required to be made to comply with a statutory order or an order of a competent court of law.

(iv)
Without in any way derogating from the powers conferred on the Board by these Articles, the Board shall be entitled to refuse an application for transfer of less than 100Equity Shares of the Company, subject however to the following exceptions:

(a)
Transfer of Equity Shares made in pursuance of any provision of law or a statutory order of a competent court of law

(b)
Transfer of not less than 100 Equity Shares in the aggregate in favour of the same transferee under two or more transfer deeds, out of which one or more relate to the transfer of less than 100 Equity Shares, provided that where a person is holding Equity Shares in lots higher than the market trading unit and sells the market trading unit the remaining Equity Shares even though less than 100 in number shall be permissible to stand in his own name.

(c)
Transfer of entire Equity Shares of the existing member holding less than 100 Equity Shares to one or more transferees whose holding in the Company will be less than 100 Equity Shares after
the said transfer.

(d)
Transfer of Equity Shares made at the discretion of the Directors under special circumstances, which are less than 100 to avoid undue hardship in genuine cases.

DEMATERIALISATION OF SECURITIES

13. (a)

For the purposes of this Article, unless the context otherwise requires:

“Beneficial owner” means a person whose name is recorded as such a depository;

“SEBI Board” means the Securities and Exchange Board of India;

“Bye-laws” means bye-laws made by a depository under Section 26 of the Depositories Act, 1996;

“Depositories Act” means the Depositories Act, 1996 (22 of 1996) including any statutory modification or re-enactment thereof for the time being in force;

“Depository” means a company formed and registered under the Companies Act, 1956 (1 of 1956)-and which has been granted a certificate of registration under sub-section (1 A) of Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);

“Record” includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by regulations made by the SEBI Board;

“Regulations” means the regulations made by the SEBI Board;

“Security” means such security as may be specified by the SEBI Board.

(b)

Notwithstanding anything contained in these Articles of Association the Company shall be entitled to dematerialise its shares, debentures and other securities pursuant to the Depositories Act, 1996, including any statutory modifications or re-enactment thereof and to offer for subscription in a dematerialised form. The Company shall further be entitled to maintain

a Register of members with details of members holding shares both material and dematerialised form(s) in any media as permitted by law including any form electronic media.

(c)

Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.

(d)

Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or hold securities with a depository.

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.

* (e)

All securities held by a depository shall be dematerialised and shall be in a fungible form.

Nothing contained in Sections 153,153A, 153B, 187B, 187C, 372 and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial-owners.

(f) (i)

Notwithstanding anything to the contrary contained in the Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

(f) (ii)
Save as otherwise provided in (i) above, the depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it. (f) (iii)

Every person holding equity share capital 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 subjected to all the liabilities in respect of the securities held by a depository.

(g)

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 bye-laws and the Company in that behalf.

(h)

If a beneficial owner seeks to opt out of a depository in respect of any security, the beneficial owner shall inform the depository accordingly. The depository shall on receipt of intimations above make appropriate entries in its records and shall inform the Company.

The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner of the transferee as the case may be.

(i)

Notwithstanding anything to the contrary contained in the Articles.

i. Section 83 of the Act shall not apply to the shares held with a depository.

ii. Section 108 of the Act shall not apply to transfer of security effected by the transfer and the transferee both of whom are entered as beneficial owners in the records of a depository

(j)

The Register and index of beneficial owners maintained by a depository under Section 11 of the Depositories Act shall be deemed to be an index of Members and Register and index of Debenture holders as the case may be for the purposes of the Act.

JOINT HOLDERS OF SHARES

14

Where two or more persons are registered as holders of any share they shall be deemed to hold the same as joint-tenants with benefit of survivorship subject to the provisions following and to the other provisions of these

Articles relating to joint-holders :

(a) The Company shall not be bound to register more than four persons as the joint-holders of any shares.

(b) The joint-holders of a share shall be liable severally as well as jointly in respect of all payments which thought to be made in respect of such share.

(c) On the death of any of such joint-holders the survivor or survivors shall be the only person/persons recognised by the Company having any title to or interest in such shares but the Board may require such evidence of death as it may deem fit.

(d) Only the person whose name stands first in the Register as on the joint-holders of any share shall be entitled to delivery of the certificate relating to such shares.

CALLS

15.

The Directors may, from time to time, subject to the terms on which any shares may have been issued, make such calls as they think fit upon its Members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made payable; fixed times, and each Member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board

16.

A call shall be deemed to have been made at time when the resolution of the Directors authorising such call was passed at a meeting of the Directors.

17.

Not less than 15 days' notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid provided that before the time for payment of such call the Directors may by notice in writing to the members, revoke the same.

18.

If by the terms of issue of any shares or otherwise, the whole or part of the amount of issue price thereof is made payable at any fixed time or by installments at fixed times, every such amount or issued price or installment thereof shall be payable as if it were a call duly made by Directors and of which due notice had been given and all the provisions herein contained in respect of calls shall apply to such amount or issue price or installments accordingly.

19.

If the sum payable in respect of any call or installment be not paid on or before the day appointed for the payment thereof, the holder for the time being of the share in respect of which the call shall have been made or the installments shall be due, shall pay interest for the same at the rate of 18 percent per annum, from the day appointed for the payment thereof to the actual payment or at such other rate as may be decided by the Board.

20.

The Directors may from time to time at their discretion extend the time fixed for the payment of any call and may extend such time as to all or any of the shareholders who for residence or any other cause, the Directors may deem fairly entitled to such extension but no shareholder shall be entitled to such extension save as a matter of grace and favour.

21.

On the trial or hearing of any action or suit brought by the Company against any Member or his representative to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is, or was when the claim arose, on the Register of the Company as a holder, or one of the holders of the number of shares in respect of which such claim is made that the resolution making the call is duly recorded in the minute book and that the amount claimed is not entered as paid in the books of the Company, and it shall not be necessary to prove the Appointment of the Directors who made any call not that a quorum of Directors was present at the meeting at which any call was made not that such meeting was duly convened or constituted, not any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

22.

The Board may if it thinks fit, receive from any Member willing to advance the same, all or any part of the money due upon the share held by him beyond 'the sums actually called for, and upon the money so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of calls made upon the share in respect of which such advance has been made, the Company may pay interest at such rate not exceeding, unless the Company in General Meeting shall otherwise direct, 6per cent per annum as the Member paying such sums as advance and the Board agree upon. Money so paid in excess of the amount of call shall not rank for dividends or confer a right to participate in profits. The Board may at any time repay the amount so advanced upon giving such member not less than three months notice in writing.

FORFEITURE AND LIEN

*23.

If any Member fails to pay any call or installment on or before the day appointed for the payment of the same Directors may at any time thereafter during such time as the call or installment remains unpaid, subject to the approval of the Company in the general meeting, serve a notice on such member requiring him to pay the same together with any interest that may have accrued and expenses that may have been incurred by the Company by reasons of such non-payment.

24.

The notice shall name a day (not being less than 21 days from the date of the Notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place or places appointed the shares in respect of which such call was made or installment is payable will be liable to be forfeited.

25.

If the requirement 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 thereafter before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share not actually paid before the forfeiture.

26.

When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by any commission or neglect to give such notice or to make entry as aforesaid.

27.

Any share so forfeited shall be deemed to be the property of the Company and the Directors may sell re-allot or otherwise dispose of the same in such manner they think fit.

28.

The Directors may, at any time before any share so forfeited is sold, re-alloted or otherwise disposed of, annul the forfeiture thereof upon conditions as they think fit.

29.

Any member whose shares have been forfeited shall notwithstanding such forfeiture, be liable to pay and shall forthwith pay to the Company all calls, installments, interest and the expenses, owing upon or in respect of such shares at the time of forfeiture together with interest thereupon, from the time of the forfeiture until payment at 12 percent per annum such other rate as the Directors may determine and the Directors may enforce the payment thereof without any deduction of allowance for the value of shares at the time of forfeiture but shall not be under any obligation to do so. The liability of the ex-shareholder will be only upto the amount not paid by the purchaser.

*30.

The forfeiture of a share shall involve the extinction at the time of the forfeiture, of all interest in and also of all claims and demands against the Company in respect of the shares forfeited, and all other rights incidental to the share except only such of those rights as by these Articles are expressly saved.

31.

A duly verified declaration in writing that the declarant is a Director of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and the receipt of the Company for the consideration of any, given for the shares on the sale or disposition thereof, shall constitute a given title to such shares.

32.

The Company shall have a first and paramount lien upon all the shares (other than fully paid up shares) registered in the name of each member (which solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interests in any share shall be created except upon the footing and condition that Article 9 hereof will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed registration of a transfer of shares shall operate as a waiver of the Company's Iien if any, on such shares. The Directors may at any time declare any shares wholly or in part to be exempt from the provisions of this clause.

33.

For the purpose of enforcing such lien, the Directors may sell the shares subject thereto in such manner as they think fit, but no sale shall be made until such period as aforesaid shall have elapsed and until notice in writing of the intention to sell have served on such member, his committee, curator bonis or other person recognised by the Company as entitled to represent such member and default shall have been made by him or them in the payment of the sum payable as aforesaid for seven days after such notice. The net proceeds of any such sale shall be applied in or towards satisfaction of such party of the amount in respect of which the lien exists as is presently payable by such member, and the residue (if any) paid to such member his executors, administrators, or other representative's or person so recognised as aforesaid.

34.

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers by these presents given the Directors may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the register in respect of the shares sold and after his name has been entered in the register in respect of

such shares his title to such shares shall not be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition, nor impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively. Such person to whom such shares is sold, re-allotted or disposed of may not (unless by express agreement) be liable to pay any calls, amounts, installments, interest and expenses owing to the company prior (to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interest or bonuses accrued or which might have accrued upon the share before the time of completing such purchase or before such allotment.

35.

Where any shares under the powers in that behalf herein contained are sold by the Director and the certificate thereof has not been delivered to the Company by the former holder of the said shares the Director may issue new certificate in lieu of certificate not so delivered.

TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES

36.

The instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act, and/or any statutory modification thereof for the time being shall be duly complied with in the respect of all transfers of shares and registration thereof.

37.

Application for the registration of the transfer of a share may be made either by the transferee or the transferor provided that, where such application is made by the transferor, no registration shall, in the case of partly paid shares be effected unless the Company has given notice of the application to the transferee in the manner prescribed by the Act and, subject to the provisions of any of relevant Articles hereof, the Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.

38.

Before registering any transfer tendered for registration the Company may, if it so thinks fit, give notice by letter posted in the ordinary course to the registered holder that such transfer deed has been lodged and that, unless objection is taken, the transfer will be registered and if such registered holder fails to lodge an objection in writing at the office of the Company within seven days from the posting of such notice to him he shall be deemed to have admitted the validity of the said transfer.

39.

The Company shall keep a “Register of Transfers” and therein fairly and distinctly enter particulars of every transfer of any shares.

*40.

The Board may refuse any transfer or transmission of any shares or interest of a member in or debentures of the Company. In case of such refusal, the Board shall, within two months from the date of such application for transfer or transmission, send notice of refusal to the transferee and transferor or to person giving intimation of such transmission as the case may be, giving reasons for such refusal.

Provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any person or persons indebted to the Company on any account whatsoever except a lien on the shares.

41.

(a) No transfer shall be made to minor or person of unsound mind.

(b) No fee shall be charged for registration of transfer, grant of probate, grant of letter of administration, certificate of death or marriage, Power of Attorney or similar other instruments.

42.

All instruments of transfer duly approved shall be retained by the Company and in case of refusal, instrument of transfer shall be returned to the person who lodges the transfer deeds.

43.

If the Directors refuse to register the transfer of any shares, the Company shall, within one month from the date on which the instrument of transfer was lodged with the Company or intimation given, send to the transferor and the transferee or the person giving intimation of such transfer notice of such refusal giving reasons for refusal.

44.

On giving seven days' notice by advertisement in a newspaper circulating in the District in which the Registered Office of the Company is situated the Register of Members and share transfer register may be closed during such time as the Directors think fit not exceeding in the whole forty five days in each year but not exceeding thirty days at a time. The Directors may in consultation with Stock Exchange(s) fix a day as a record date in case of Bonus, Rights issue and interim dividend.

45.

The executors or administrators or the holder of a succession certificate in respect of shares of deceased member (not being one of several joint-holders) shall be the only person whom the Company shall recognize as having any' title to the share registered in the name of such member and in case of the death of any one or more of the joint-holders of any registered shares, 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 estate of a deceased joint-holder from any liability on shares held by him jointly with any other person. Before recognizing any legal representative or heir or a person otherwise claiming title to the shares, the Company may require him to obtain a grant of probate or letters of administration or succession certificate, or other legal representation as the case may be from a competent Court, provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with production of probate or letters of administration or a succession certificate or such other legal representation upon such terms as to indemnity or otherwise as the Board may consider desirable.

46.

Any person becoming entitled to or to transfer shares in consequence the death or insolvency of any member, upon producing such evidence that he sustains the character in respect of which he proposes to act this Article or of his title as the Directors think sufficient, may with the sent of the Directors (which they shall not be under any obligation to be registered as member in respect of such shares or may subject to regulations as to transfer herein before contained transfer such This Article is hereinafter referred to as "The Transmission Article". to any other provisions of these Articles, if the person so become entitled to shares under this or the last proceeding Article shall elect registered as a member in respect of the share, himself he shall deity send, to the Company a notice in writing signed by him stating that elects. If he shall elect to transfer to some other person he shall executive instrument of transfer in accordance with the provisions of these Articles relating to the transfer of shares. All the limitations, restrictions and provisions of these Articles relating to the rights to transfer and the registry of transfers of shares shall be applicable to any such notice or transfer aforesaid.

47.

Subject to any other provisions of these Articles if the Directors in their sole discretion are satisfied, in regard thereof, a person becoming entitled to a share in consequence of the death or insolvency of a member may receive and give a discharge for any dividends or other moneys payable in respect of the share.

48.

NOMINATION OF SHARES

(a) Every holder of shares in, or holder of debentures of, the Company may, at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his death.

(b) Where the shares in, or debentures of, the Company are held by more than one person jointly, the joint holders may together nominate in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.

(c) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise in respect of such shares in, or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in, or debentures of the Company, the nominee shall, on the death of the shareholder or holder of debentures of, the Company or, as the case may be, on the death of the joint holders thereof become entitled to all the rights to the shares in or debentures of the Company or, as the case may be, all the joint holders, in relation to such shares, or debentures of the company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

* (d) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make a nomination to appoint, in the prescribed manner, any person to become entitled to shares in or debentures of, the Company, in the event of his death, during the minority.

TRANSMISSION OF SHARES

49.

(a) Any person who becomes a nominee by virtue of the provision of section 109-A of the Act, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, may elect, either :

i. to be registered himself as holder of the share or debenture, as the case may be; or

ii. to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debentureholder, as the case may be, could have made.

(b) If the person being a nominee, so becoming entitled, elects to be registered as the holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death Certificate of the deceased shareholder or debentureholder, as the case may be.

(c) All the limitations, restrictions and provisions of the Act relating to the right to transfer and the registration of transfers of shares or debentures shall be applicable to any such notice of transfer as aforesaid as if the death of the member had not occurred and the notice of transfer were a transfer signed by that shareholder or debenture-holder, as the case may be.

(d) A person, being a nominee, becoming 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 share or debenture except that he shall not, before being registered as a member in respect of his share or debenture, be entitled to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer share or debenture, and if the notice is not complied with within ninety days from the receipt thereof, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with.

SHARE WARRANTS

50.

Subject to the provisions of Sections 114 and 115 of the Act and subject to any directions which may be given by the Company in General Meeting the Board may issue share warants in such manner and on such terms and conditions as the Board may deem fit. In case of such issue Regulations 40 to 43 of Table 'A' in Schedule I to the Act. shall apply.

*51.

The Company may exercise the power of conversion of its shares into stock and reconvert any stock into paid-up shares of any denomination, in that case Regulations 37 to 39 of Table 'A' in Schedule I to the Act shall apply.

ALTERATION OF CAPITAL

52.

The Company may by ordinary resolution from time to time alter the condition of the Memorandum of Association as follows :

(a) Increase the share capital by such amount to be divided into shares of such amount as may be specified in the resolution;

(b) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(c) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum so however, that in the sub-division the proportion between the amount paid and the amount if any unpaid on each reduced share shall be the same as it was in the share from which the reduced share is derived; and

(d) 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.

53.

The resolution whereby any share is subdivided or consolidated may determine that, as between the members registered in respect of the shares shall have some preference or special advantage as regards dividend capital, voting or otherwise over or as compared with the other or others subject nevertheless to the provisions of the Sections 86, 89 and 106 of, the Act.

54.

Subject to the provisions of Sections 100 to 105 inclusive of the Act, the Board may accept from any member the surrender of all or any of his shares on such terms and conditions as shall be agreed.

MODIFICATION OF RIGHTS

55.

If at any time the share capital is divided into different classes of shares the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be carried with consent in writing of the holders of three fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the share of that class. To every such separate meeting the provisions of these Articles, relating to General Meeting shall apply but so that the necessary quorum shall be two persons at least holding or representing by proxy one-tenth of the Issued shares of the class, but so that if at any adjourned meeting of such holders of shares of the class present in person or by proxy may demand a poll and, on a poll, shall have one vote for each shares of the class of which he is the holder. The Company shall comply with the provisions of Section 192 of the Act as to forwarding a copy of any such agreement or resolution to the registrar.

BORROWING POWERS

56.

(a) The Board may, from time to time, at its discretion, subject to Sections 292 & 293 of the Act raise or borrow, either from the Directors, members or from elsewhere and secure the payment of any sum or sums of money for the purpose of the company, provided however, that where the moneys to be borrowed; together with moneys already borrowed, by the company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid-up capital of the company and its free reserve that is to say, reserves not set apart for any specific purpose, the Board shall not borrow such moneys without the consent of the Company in General Meeting. Every resolution passed by the Company in General Meeting in relation to the exercise of the power to borrow moneys shall specify the total amount upto which moneys may be borrowed by the Board of Directors.

(b) The Board may, by a resolution passed at a meeting, delegate to any committee of directors, the Managing Director, the Manager or any other Principal Officer of the Company or in the case of a branch office of the Company, a Principal Officer of the branch office, its power to borrow or secure payment for the purpose of the company specifying the total amount (including outstanding at any time) upto which moneys may be borrowed by such delegate.

(c) No debt incurred by the company in excess of the limit imposed by this clause shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this article has been exceeded.

57.

The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects which money may be borrowed as it thinks fit, and in particular, by the issue of bonds, perpetual or borrowed redeemable debentures or debenture-stock, or any mortgage, charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being provided that debentures with the rights to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting and subject to the provisions of the Act.

58.

Any debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special privilege as to redemption, surrender drawings, allotment of shares, appointment privileges of Directors and otherwise, debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued. Debenture, debenture-stock, bonds or other securities with a right to allotment of conversion into share shall not be issued except with sanction of the Company in General Meeting.

59.

Save as provided in Section 108 of the Act no transfer of debenture shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of debentures.

60.

If the Board refuses to register the transfer of any debentures, the Company shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transferor notice of the refusal.

RESERVES

61.

Subject to the provisions of the Act the Board shall, in accordance with Section 205(2A) of the Act, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks proper as reserve which shall, at the discretion of the Board be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company, as the Board may from time to time think fit). The Board may also carry forward any profit which it may think prudent not to divide without setting them aside as a reserve.

62.

At any General Meeting it may resolved that the whole or any part of the undivided profits of the Company (which expression shall include any premiums received on the issue of shares and any profits or other sums which have been set aside as a reserve or reserves or have been carried forward without paying dividend) be capitalised and distributed amongst such of the Members as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised amount be applied on behalf of such Members in paying up in full any unissued shares, debentures, 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 Members in full satisfaction of their interest in the said capitalised amount, provided that any such sum standing to a credit of a share premium account or a Capital Redemption Reserve Account may for the purpose of this Article only be applied in the paying up in unissued shares to be issued to Members of the Company as fully paid bonus shares.

63.

For the purpose of giving effect to any resolution under two last preceding Articles the Directors may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular may issue fractional certificate, and may fix the value for distribution of any specific assets and may determine that each payment shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all the parties and may vest such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or Capitalised funds as may seem expedient to the Directors. Where requisite, a proper contract shall be filed in accordance with Section 75 of the Act and the Directors 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.

GENERAL MEETINGS

64.

The Company shall, in pursuance of the provisions of Section 166 of the Act, in each year hold in addition to any other General Meetings, a General Meeting as its Annual General Meeting and shall specify the meeting as the Annual General Meeting in the notices calling the same.

65.

All meetings of the company other than the Annual General Meeting shall be called "Extra Ordinary General Meeting". The Directors may, whenever they think fit, call an Extra-ordinary General Meeting provided however that if at any time they are not in India, the Directors capable of acting and who are sufficient in number to form a quorum and who are present in India may call an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which such a Meeting may be called by the Board.

66.

The Board of Directors of the Company shall, on the requisition of such member or members of the Company as is specified in sub-section (4) Section 169 of the Act forthwith proceed to call an Extra- ordinary General Meeting of the Company and with respect to any such requisition and/ or any Meeting to be called pursuant thereto, all the other provisions of Section 169 of the Act and any statutory modification thereof for the time being in force shall apply.

*67.

A General Meeting whether an Annual General Meeting or an Extra Ordinary General meeting shall be called by giving not less than 21 days notice in writing. Provided that a General Meeting may be called after giving shorter notice as provided by the Section 171 (2) of the Companies Act. 1956.

The accidental omission to give any such notice to or the non receipt of any such notice by, any of the Members to whom it should be given or received shall not invalidate any resolution passed or proceedings held at any such meeting.

68.

No General Meeting (either Annual or Extra-ordinary) shall be competent to enter upon, discuss or transact any item of business deemed to be special, unless notice thereof is given in the notice convening the meeting.

69.

Five members entitled to vote are present in person shall be quorum for a General Meeting. When more than one of the joint-holders of a share is present, not more than one of them shall be counted for ascertaining the quorum. Several executors or administrators of a deceased person in whose sole name shares stand shall for the purposes of this clause be deemed joint holders thereof.

70.

No business shall be transacted at any General Meeting unless the quorum requisite shall be present at the commencement of the business.

*71.

lf within half an hour from the time appointed for the Meeting a quorum be not present, the Meeting if convened upon a requisition of shareholders, shall be dissolved but in any other case it shall stand adjourned to the same day in the next week at same time and place, unless the same shall be public holiday in which case the meeting shall stand adjourned to the next day following the public holiday at the same time and place and if at such adjourned meeting a quorum be not present within half an hour from the time appointed for the meeting, those members who are present and not being less than two persons shall be a quorum and may transact the business for which the meeting was called.

*72.

At every General Meeting the chair shall be taken by the chairman of the Board of Directors. If at any meeting the Chairman of the Board of Directors be not present within thirty minutes after the time appointed for holding the meeting or though present be unwilling to act as Chairman, the Co-Chairman shall take the Chair at the meeting and if the Co-Chairman also be not present or unwilling to act, then the members present shall choose one of the directors present to be chairman or if no director shall be present and willing to take the chair, then the members present shall choose one of their members, being a member entitled to vote, to be Chairman.

73.

No business shall be discussed at any General Meeting except election of a chairman, while the chair is vacant.

74.

No resolution submitted to a meeting, unless proposed by the chairman of the meeting, shall be discussed or put to vote until the same has been proposed by a member present and entitled to vote, and seconded by another member present and entitled to vote at such meeting.

75.

Any act or resolution which, under the provisions of this Article or of the Act, is permitted shall be sufficiently so done or passed if effected by an ordinary resolution unless either the Act, or the Articles specifically require such Act to be done or Resolution passed by a Special Resolution.

*76.

Deleted.

77.

The Chairman of a General Meeting may adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. It shall not be necessary to give notice to the members of such adjournment or to the time, date and place appointed for the holding of the adjourned meeting.

78.

At any general meeting a resolution put to vote of the meeting shall unless a poll is demanded be decided on a show of hands.

79.

A declaration by the chairman that on a show of hands a resolution has or has not been carried either unanimously or by a particular majority and an entry to that effect in the books containing the minutes of the meeting of the company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against such resolution.

80.

Before on the declaration of the result of the voting on any resolution by a show of hands, a poll may be ordered to be taken by the Chairman of the meeting on his own motion and shall be ordered to be taken by him on demand made in that behalf by the person or persons specified below, that is to say :

(i) by any member or members present in person or by proxy and having not less than one-tenth, of the total voting power in respect of the resolution

OR

(ii) by any member or members present in person or by proxy and holding shares in the company conferring a right to vote on the resolution being shares on which an aggregate sum not less than fifty thousand rupees has been paid-up;

The demand for poll may be withdrawn at any time by the person or persons who made the demand.

81.

Subject to the provisions of the Act, the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken. This result of the poll shall be deemed to be the decision of the meeting or the resolution on which the poll was taken.

82.

Any poll duly demanded on the question of adjournment and on the election of chairman, shall be taken forthwith. A poll demanded on any other question shall be taken at such time not exceeding 48 hours from the time when the demand was made as the Chairman may direct.

83.

If a poll be demanded, the demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

*83A.

The minutes of the General Meeting shall be prepared, signed and entered into the minute book within 30 days from the date of conclusion of the General Meeting.

VOTES OF MEMBERS

84.

(i) On a show of hands every member present in person and being a holder of equity shares shall have one vote and every person present either as a proxy on behalf of a holder of equity shares or as a duly authorised representative of a body corporate being a holder of equity shares, if he is not entitled to vote in his own right shall have one vote.

(ii) On a poll the voting rights of a holder of equity shares shall be as specified in Section 87of the Act.

(iii) The voting rights of the holders of the Preference Shares including the Redeemable Cumulative Preference Shares shall be in accordance with the provisions of Section 87of the Act.

(iv) No Company or body corporate shall vote by proxy so long as a resolution of its Board of Directors under Section 187 of the Act is in-force and the representative named in such resolution in present at the General Meeting at which the vote by proxy is tendered.

85.

A person becoming entitled to a share shall not, before being registered as member in respect of the share, be entitled to exercise in respect thereof any rights conferred by membership in relation to meetings of the company.

If any member be a lunatic or idiot, he may vote whether on a show of hands or at a poll by his committee, or other legal curator and such last mentioned persons may give their votes by proxy provided that at least twenty four hours before the

time of holding the meeting or adjourned meeting, as the case may be, at which any such, person proposes to vote, he shall satisfy the Board of his rights under this Article and the Board shall have previously admitted his right to vote at such meeting in respect thereof.

86.

Where there are joint holders of any share any one of such persons may vote at any meeting either personally or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting either personally or by proxy then that one of such joint holders so present whose name stands prior in order on the Register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or Administrators of a deceased member in whose name any share stands shall for the purpose of this Article be deemed joint-holder thereof.

87.

The instrument appointing a proxy shall be in writing under the hand of the appointer or of his Attorney duly authorised in writing or if such appointer is a corporation under its Common Seal or the hand of its Attorney.

88.

The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarized certified copy of that power of authority shall be deposited at the office of the Company not less than forty eight hours before the time appointed for holding the meeting at which the person named in the instrument proposes to vote and in default thereof the instrument of proxy shall not be treated as valid.

89.

A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument of transfer of the share in respect of which the vote is given. Provided that no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received at the office of the Company or by the Chairman of the meeting before the vote is given. Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion thinks fit for the due execution of an instrument of proxy and that the same has not been revoked.

*90.

Every instrument appointing a proxy shall, as nearly as the circumstances may admit, be in the form set out in Schedule IX to the Act.

91.

No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting, shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.

92.

No member shall be entitled to exercise any voting rights either personally or by proxy at any Meeting of Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

*92A.

The Company will be managed by a team of professionals independent of either Party, under the supervision of the Board, constituted in accordance with the These Articles. The management policy of the Company in the ordinary course of its business shall be determined by the Board from time to time.

DEADLOCK

*92B.

1. In case of a Deadlock, status quo shall be maintained on the relevant matter, which is the subject matter of the Deadlock such that the functioning and the operations of the Company are not affected by reason of the Deadlock. Any person of the YB Group or the PB Group may serve upon the other, a notice to the effect that a Deadlock exists ("**Deadlock Notice**"). The subject matter shall be referred by the YB Group to a person nominated by that Group (hereinafter called "**the YB Group Nominee**") and by the PB Group to a person nominated by that Group (hereinafter called "**the PB Group Nominee**") who will jointly attempt to resolve the issue constituting the Deadlock within a period of thirty (30) days from the date of receipt of the Deadlock Notice by the recipient Party.

2. In case the Nominee or nominees of the parties have not been able to resolve the Deadlock within the prescribed period of thirty (30) days, the subject matter constituting the Deadlock shall be referred by the YB Group and the PB Group to Mr.Yash Birla or his nominee and Mr. Bhardwaj or his nominee ("the Promoters") who shall thereafter in good faith jointly attempt to resolve the Deadlock in an amicable manner. It is hereby clarified for the avoidance of doubt that such a person or the persons shall not be deemed to be an arbitrator(s).

3. The"Promoters" will attempt to resolve the issue within a period of sixty (60) days after receipt of the written notification in this regard. The decision of the Promoters shall be final and binding on the YB Group and the PB Group, unless the YB Group or the PB Group, as the case may be, ("**Dissenting Group**"), serves upon the other ("**Recipient Group**"), a notice ("**Dissenting Notice**") within 30 days of receipt by the YB Group and the PB Group of the decision of the "Promoters", to the effect that they do not concur with the decision of the Promoters.

4. In the event the "Promoters" of the Parties fail to reach a settlement of the deadlock or the decision of the "Promoters" is not acceptable to either Party, then the matter or issue that has resulted in the Deadlock may be referred to Arbitration in accordance with the provisions of Clause 20 of the Agreement or the YB group or the PB group shall have the option to terminate the JV agreement under the provisions of clause 16 of the JV Agreement, and shall also have the right to sell of its shareholding in the Company, to any person with the first right of refusal available to the other party to purchase the shareholding of the party seeking to terminate the JV Agreement, at the Fair Market Value.

DIRECTORS GENERAL PROVISIONS

*93.

Until otherwise determined by the Company in General Meeting the number of directors shall not be less than three and not more than twelve and in any event the number of Directors of either party on the Board shall be in equal proportion at all times.

94.

(a) The First Directors of the Company are:

1) Sunderlal B. Dalal

2) Bajaranglal Birla

3) Mahadeo Singhi

4) M. H. Vora

95.

The Directors shall have power at any time to appoint any person as a Director as an addition to the Directors already appointed but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company and shall be eligible for re-election.

96.

Unless otherwise determined by the Company in General Meeting a Director shall not be required to hold any Share qualification.

97.

A person who is not a retiring Director shall, subject to the provision of the Act. be eligible for appointment to the office of Director at any General Meeting if he or some member intending to propose him has not less than fourteen days before the meeting, left at the office of the Company, a notice in writing under his hand signifying his candidature for the office of a Director or the intention of such member to propose him as a candidate for that office, as the case may be, alongwith a deposit of five hundred rupees which shall be refunded to such person or as the case may be, to such member, if the person succeeds in getting elected as a Director. The Company shall duly comply with provisions of Section 257of the Act for informing the members the candidature of a person for the office of a Director.

98.

(a) The remuneration of every Director by way of sitting fees for each Meeting of the Board or Committee, of those attended by him shall be such sum as the board may determine from time to time decide but not exceeding such sums as may be prescribed by the Act or the Central Government from time to time.

* (b) All other remuneration, if any payable by the Company to each Director, whether in respect of his services as a Managing Director or a Director in the whole or part time employment of the Company shall be determined by the Board in accordance with and subject to the provisions of these Articles and of the Act. The Directors shall be entitled to be paid their reasonable traveling and hotel and other expenses incurred in consequence of their attending at Board and Committee Meetings, and otherwise in the execution of their duties as Directors.

99.

The continuing Directors may, in the event of any vacancy in their body so that if the number falls below the minimum number fixed above, the Directors shall not except for the purpose of filling vacancies or for summoning a General Meeting, act so long as the number is below the minimum.

100.

Subject to the provisions of Sections 297,299,300 and 314 of the Act, the Director (including Managing Director) shall not be disqualified by reason of his or their office as such, from holding office under the Company or from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with a relative of such Directors or the Managing Director or with any firm in which any Director or a relative shall be a partner or with any other partner or with a Private Company in which such Director is a member or Director interested, be avoided nor shall any interested Director be liable to account to the Company for any profit realised by the Director or otherwise so contracting or being such member or so in such contract or arrangement by reason any of such Directors holding that office of the fiduciary relation thereby established.

APPOINTMENT OF DIRECTORS

*101.

The Company in General Meeting, may subject to the provisions of these Articles; and the Act, at any time elect any person to be a Director and may from time to time increase or reduce the number of Directors subject to the clauses mentioned above and the maximum number and proportion agreed upon by and between the Parties, and may also determine in what rotation such increased or reduced number of Directors are to go out of office.

*102.

If any Director appointed by the Company in General Meeting vacates office as a Director before his term of office will expire in the normal course, the resulting casual vacancy may be filled up by the Board at a Meeting of the Board but any person so appointed shall retain his office so long only as the vacating Director would have retained the same if no vacancy had occurred, provided that the Board may not fill such a vacancy by appointing thereto, any person who has been removed from office of Director under Section 284of the Act, and further provided that if the Director who vacated his office is from one of the Parties then the person appointed to fill in the casual vacancy, shall belong to that group, from which the Director who vacated his office belonged.

103.

(a) Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to any financing Corporation or Company or body corporate (hereinafter referred to as ‘‘the Financial Institutions”) or so long as the Financial Institutions hold any shares or debentures in the Company as a result of direct subscription or underwriting or conversion of loans/debentures into Equity Capital of the Company. Such Financial Institutions shall have a right to appoint from time to time one or more persons as Directors on the Board of Directors of Company which Directors is hereinafter referred to as “the Nominee Director”. The Nominee Director shall not be required to hold shares and shall not be liable to retire by rotation of Directors. The Financial Institutions may at any time and from time to time remove the nominee Director appointed by it and may, in the event of such removal and also in the case of death or resignation of the Nominee Director, appoint another in his place and also fill any vacancy which may occur as a result of the Nominee ceasing to hold office for any reason whatsoever. Such appointment or removal shall be made in writing by the Financial Institutions and shall be delivered to the Company at its Registered Office. Each such Nominee Director shall be entitled to attend all General Meetings, Board meetings and Meetings of the Committee of which he is a Member and the Financial Institutions appointing him shall also be entitled to receive notices of all such Meetings as also the minutes of all such Meetings. The nominee Directors shall be paid all remuneration fees, allowances, expenses and other money to which other Directors are entitled, subject as aforesaid the Nominee Directors shall be entitled to the same rights and, privileges and subject to the same obligations as any other Director of the Company. The Nominee Director shall ipso facto vacate his office immediately upon the moneys which are owing by the Company to the Financial Institutions are paid off or on the Financial Institutions ceasing to hold Shares/Debentures in the Company.

(b) In connection with any collaboration arrangement entered into by the Company with any Company or Corporation or any firm or person for supply of technical know-how and/or machinery or technical advice, the Directors may authorise such Company, Corporation, firm or person hereinafter in this clause referred to as “Collaborator” to appoint from time to time any person as a Director of the Company (hereinafter referred to as “Special Director”) and may agree that such Special Director shall not be liable to retire by rotation so however that such Special Director shall hold office so long as such collaboration Agreement remains in force, unless otherwise agreed upon between the Company and such collaborator under the collaboration arrangement or at any time thereafter as may be provided in the Collaboration Agreement. The Collaborator may at any time and from time to time remove any such Special Director appointed by it and may at any time of such removal and also in case of death or resignation of the person so appointed appoint any other person as a Special Director in the place of the Special Director and such appointment or removal shall be made in writing signed by such Company or Corporation or any partner of the Firm or such person and shall be delivered to the Company at its Registered Office. It is clarified that every collaborator entitled to appoint a Director under this Article may appoint on such person as a Director and so that if more than one collaborator is so entitled there may be at any time as many special directors as the Collaborators eligible to make the appointment.

*104.

The Board may appoint any person to act as an Alternate Director for a Director during the latters absence for a period of not less than three months from the state in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee whilst he holds office as an Alternate Director, shall be entitled to notice of Meeting of the Board and to attend and vote thereat accordingly, but he shall ipso facto vacate office if and when the absent Director returns to state in which Meetings of the Board are accordingly held or the absent Director vacates office as a Director. It is however agreed that in the event of a Director belonging to the YB Group or the PB Group being absent from the state in which the Board Meetings are ordinarily held, the Alternate Director to be appointed by the Board, shall belong to the same group as the Director is whose place the Alternate Director is being appointed belonged.

*105.

The Board may from time to time appoint one or more of their number to be whole time Director or Directors with such designation, for such period, on such remuneration, with such functions and on such terms as the Directors may think fit, necessary or expedient, and subject to the terms of the Agreement entered into, if any, in any particular case, the Board of Directors may also revoke any such appointment.

ROTATION OF DIRECTORS

106.

* (a) Not less than two-third of the total number of Directors shall be persons whose period of office is liable to termination by retirement of Directors by rotation, Mr. P. B. Bhardwaj and Mr. Yashovardhan Birla being Directors not liable to retire by rotation.

(b) At each Annual General Meeting of the Company one third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office.

(c) The Director to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on same day those to retire shall, in default of, and subject to, any agreement among themselves be determined by lot.

(d) If at any Annual General Meeting all the Directors appointed under Articles 99 and 122 hereby are not exempted from retirement by rotation under Section 255 of the Act then to the extent permitted by the said Section the exemption shall extend to the Director or Director appointed under Article 99 subject to the foregoing provision as between Directors appointed under any of the Articles referred to above, the Director or Directors who shall not be liable to retire by rotation shall be determined by and in accordance with their respective seniorities as may be determined by the Board,

107.

A Retiring Director shall be eligible for re-election and shall act as a Director throughout the Meeting at which he retires.

108.

Subject to any resolution for reducing the number of Directors, if at any meeting at which an election of Directors ought to take place, the places of the retiring Directors not filled up by the Meeting, the meeting shall stand adjourned till the next succeeding day which is not a public holiday at the same time and place and if at the adjourned meeting the places of the Retiring Directors are not filled up, the Retiring Directors or such of them as have not had their places filled up shall (if willing to continue in office) be deemed to have been re-elected at the adjourned meeting.

*109.

The Directors may meet together for the despatch of business adjourned and otherwise regulate their meetings and proceedings as they think fit. A Board meeting shall be held every 3 months. Notice in writing of every meeting of the Directors shall ordinarily be given by a Director or such other officer of the Company duly authorised in this behalf to every Director.

*110.

Valid quorum for any meeting of the Board of Directors shall be atleast two Directors or one-third of its total strength; whichever is higher, provided that at least one Director nominated by YB Group and one Director nominated by PB Group are present at the beginning and throughout the meeting. If a quorum shall not be present within half an hour from the time appointed for holding a meeting of the Directors the meeting shall be adjourned until such date and time as the Directors present shall fix, subject to the provisions of section 288 of the Companies Act, 1956.

111.

The Secretary of the Company may at any time, and upon request of any two Directors shall, summon a meeting of the Directors.

*112.

Subject to the provisions of Sections 316, 372 (5) and 386 of the Act any question arising at any meeting shall be decided by a majority of votes. Each Director having one vote.

*113.

Mr. P.B. Bharadwaj, nominee of the P.B. Group shall be appointed as the permanent Chairman of the Board and Mr. Yashovardhan Birla, nominee of the YB Group shall be appointed as the permanent Co-chairman of the Board. Mr. Bharadwaj shall preside over as Chairman of all Board meetings and General Meetings. In the absence of Mr. P. B. Bharadwaj at the Board Meetings or General meetings, Mr. Yashovardhan Birla shall preside over as the Chairman. It is clarified that the Chairman shall be included for determining the total strength of the Board. If at any time at a meeting of the Board of Directors, the Chairman and Co-Chairman are not present within half an hour of the time appointed for holding the meeting, the Directors present shall choose one of their member to be the Chairman or Co-Chairman of such meeting.

114.

A meeting of Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Articles of the Company and the act for the time being vested in or exercisable by the Directors generally.

115.

The Directors may subject to compliance of the provisions of the Act, from time to time delegate any of their powers to committees consisting of such member or members of their body as they think fit and may from time to time revoke such delegation. Any Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Directors. The meetings and proceedings of any such Committee, if consisting of two or more members, shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulation made by then Directors under this Article.

116.

All acts done at any meeting of the Directors of a Committee of the Directors or by any person acting as a Director shall be valid notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Directors, Committee or persons acting as aforesaid or that they or any of them were disqualified.

117.

A resolution may be passed by the Directors or Committee thereof by circulation in accordance with the provisions of Section 289 of the Act. And any such minutes of any meeting of Directors or of any Committee or of the Company if purporting to be signed by the Chairman of such Meeting or by the Chairman of the next succeeding meeting shall be receivable as Prima Facie evidence of the matters in such minutes.

*117A

All resolutions of the Board or any committee of Directors shall be passed by a majority of votes of the Directors entitled to vote. No resolution shall be passed or decision be taken by the Board of Directors at a meeting of the Board or by any committee of Director, in respect of any of the matters referred as "**Common Reserved Items**" in the Joint Venture Agreement, unless the affirmative vote of at least one Director nominated by the YB Group and the PB Group is obtained.

*117B

The Company shall ensure that no meeting of the Board is held unless at least 21 days written notice or shorter period, if all the Directors accord their consent thereto, of that meeting has been given to each Director (including Alternate Directors) of the Company, and the quorum is present thereat.

*117C

The minutes of the Board Meeting shall be prepared within 30days of the conclusion of the meeting and comments thereon shall be sought from the Directors. The minutes shall be finalised and signed by the Director who presided over as

Chairman of the Meeting and circulated to all members of the Board members before the next Board Meeting.

POWERS OF DIRECTORS

*118A

The Directors shall appoint a Chief Executive Officer (CEO), who can also be appointed as the Managing Director/Whole Time Director/ Manager, who shall be in charge of the day-to-day management of the Company and shall be subject to the superintendence, guidance and direction of the Board of Directors of the Company.

*118B

For the purpose of the day-to-day management of the Company it is construed that CEO with his team is entirely responsible for Company's operations and those who are not in whole time directorship of the Company are not responsible for such acts of the CEO and his team. To make things more clear it is noted that all criminal and civil action, if any committed by the Company as a result of any act of commission or omission of the CEO and his team will not be the responsibility of non executive directors.

118.

Subject to the provisions of the Act, the control of the Company shall be vested in the Directors who shall be entitled to exercise all such powers and do all such acts and things as may be exercised or done by the company and/or not hereby or by law expressly required or directed to be exercised or done by the Company or General Meeting but subject nevertheless to the provisions of any law and of these presents from time to time made by the Company in the General Meeting, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulations had not been made.

119.

Notwithstanding anything contained in these Articles of Association including interalia in Articles 5 & 6 of the Articles of Association of the company and in view of the provisions of Securities & Exchange Board of India (SEBI) and the guidelines and clarifications issued by the SEBI from time to time, the Board of Directors shall proceed with any proposal to increase the subscribed capital of the Company by issue of securities including inter alia equity shares, convertible debentures, cumulative redeemable preference shares, subject to any directions to the contrary which may be given by the Company in General Meeting.

(i) In the case of a rights issue - to such shareholders who are registered with the company on the date to be fixed by the Board of Directors by this Article as the record date, with power to the Board to make simultaneously with the rights issue an additional offer by way of reservation to such persons at such percentage as may be prescribed by SEBI or any other appropriate Authority.

(ii) In case of a public issue of securities being a further issue of capital - a reservation of such percentage of further issue would be made to employees (including working Directors/workers on the record date on an equitable basis, provided, however, that the shares not taken up by the employees (including working Directors/workers would be added to the public category of the public issue or such other category as may be permitted by the SEBI or any other appropriate Authority.

(iii) The Rights issue of Securities made in accordance with the guidelines issued by the SEBI in relation to the reservation for employees, (including working Directors) workers or any other category shall be require further consent of the company in General Meeting.

(iv) The Board of Directors is further empowered to consolidate any fractions that may arise on account of any fractional rights in a further issue of securities including interalia shares, convertible Debentures or Cumulative Redeemable Preference Shares and the Board is empowered to appoint one or more Directors and/or designated employee of the company or any Registrar or Manager to the Issue to sell the securities resulting on consolidation of such fractional rights to any person whatsoever as may be authorised/ permissible as part of the terms of the issue. The Board is further empowered to distribute in cash the sale proceeds (after deducting expenses and/costs, if any of or incidental to the sale) prorate among the members having the fractional right on the record date of the issue the Board of Directors is specifically empowered to make the further issue of capital without issuing fractional coupons or fractional certificates by providing for payment to the members having fractional rights of cash amount equivalent to the net value thereof after deducting sale expenses.

120.

Without prejudice to the general powers conferred by the preceding Article the Directors may from time to time and at any time subject to the restriction contained in the Act, delegate to managers, secretaries, officers, assistants and other employees or other persons (including any firm or body corporate) any of the powers authorised and discretion for the time being vested in the Directors.

121.

The Directors may authorise any such delegate or attorney as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.

122.

All deeds, agreements and documents and all cheques, promissory notes, drafts, hundies, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company, shall be signed, drawn, accepted or endorsed or otherwise executed as the case may be by such persons (including any firm or body corporate) whether in the employment of the company or not and in such manner as the Directors shall from time to time by resolution determine.

123.

The Directors may make such arrangements as may be thought fit for the management of the Company's affairs abroad and may for this purpose (without prejudice to the generality of their powers) appoint local bodies and agents and fix their remuneration, and delegate to them such powers as may be deemed requisite or expedient. The Foreign seal shall be affixed by the authority and in the presence of, and instruments sealed therein shall be signed by, such persons as the Directors shall from time to time by writing under the common seal appoint. The Company may also exercise the powers of keeping-Foreign Registers such regulations not being inconsistent with the provisions of Sections 157 and 158 of the Act, the Board may from time to time make such provisions as it may think fit relating there to and may comply with the requirements of any local law.

124.

A Manager or Secretary may be appointed by the Directors on such terms, and on such remuneration and upon such conditions they may think fit, and any Manager or Secretary so appointed may be removed by the Directors. A Director may be appointed as Manager or Secretary, subject to Sections 197-A, 314,387 and 388 of the Act.

125.

Any provision of the Act or these regulations required or authorising a thing to be done by a Director, Manager or Secretary shall not be satisfied by its being done by the same person acting both as Director and as, or in place of the Manager or Secretary.

MANAGING DIRECTORS

126.

Subject to the provisions of Sections 197-A, 269, 316 and 317 of the Act the Board may from time to time appoint one or more Directors, to be Managing Director or Managing Directors of the Company and may from time to time, (subject to the provisions of any contract between him or them and the company), remove or dismiss him or them from office and appoint another or others in his place or their places.

127.

Subject to the provisions of Sections 255 of the Act, and Article 102(d) hereof, a Managing Director shall not, while he continues to hold that office, be subject to retirement by rotation, and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire, but (subject to the provisions of any contract between him and the Company) he shall be subjected to the same provisions as to resignation and removal as the other Directors, and he shall, ipso facto and immediately, cease to be a Managing Director, if he ceases

to hold the office of Director from any cause.

128.

Subject to the provisions of Sections 198,309, 310 and 311 of the Act, a Managing Director shall, in addition to the remuneration payable to him as a Director of the Company under the Articles, receive such additional remuneration as may from time to time be sanctioned by the Company.

129.
* (a)

Subject to the general supervision, control and direction of the Board and subject as hereinabove provided, the Managing Director and/ or Wholetime Director and/or Manager shall conduct and manage the business and affairs of the Company and shall have power and authority on behalf of the Company to acquire any properties, rights and privileges and to make all purchases and sales and to enter into all contracts and execute all agreements or other documents and to do all other acts and things usual, necessary or desirable in the management of the affairs of the company or in carrying out its objects, and shall have power to institute, conduct, refund, compromise, refer to arbitration and abandon any legal and other proceedings, claims and disputes in which the company is concerned and shall have power to appoint and employ in or for the purpose of the transaction and management of the affairs and business of the Company or otherwise for the purposes thereof such managers experts, secretaries, chemists, technicians, engineers, brokers, lawyers, clerks, workmen, servants and other employees as he or they shall think proper with such powers and duties and upon such terms as to duration of office, remuneration or otherwise as he or they think fit and from time to time to remove and suspend them or any of them and generally to appoint and employ any person or person in the services or for the purposes of the Company as he or they shall think fit upon such terms and conditions as they he or shall think proper and generally to do all such things and acts as are required to carry out existing business as well as expansion plans and such projects and capital expenditure as is required to effectively run the business of the company for projects.

* (b)

The Managing Director and/or Whole Director and/or CEO shall have power to sign cheques on behalf of the Company and to operate all banking accounts of the company and to sign and endorse cheques, interest warrants, dividend warrants and other instruments, payable to the Company and to recover and receive interest and dividend on shares and securities belonging to the company, as may be authorised by the Board of Directors in their meetings, represented by both the Parties.

* (c)

Receipts signed by the Managing Director and/or Wholetime Director and/or Manager for any money or property received in the usual course of business of the company or for any moneys, goods or property lent or payable or belonging to the company shall be effectual discharge on behalf of and against the company for the moneys, funds or property which, if such receipts shall be acknowledged, shall be deemed to have been received and the person paying any such moneys shall not be bound to see to the application or be answerable for any misapplication thereof. The Managing Director and/or Wholetime Director and/or Manager shall also have the power to operate on the account or accounts of the Company with any bank or banks and to sign and endorse cheques on behalf of the Company. The Managing Director and/or Whole time Director and/or Manager shall also have power to open current, overdraft, cash credit or fixed deposit accounts with any Bank, Company, firm or individual and to operate them.

130.

The Managing Director and/or Wholetime Director shall have power to sub-delegate all or any of the powers authorities and discretions for the time being vested in them and in particular from time to time to provide by the appointment of any attorney or attorneys of the Company in any specified locality in such manner as they may think fit.

COMMENCEMENT OF BUSINESS

131.

The Company shall not at any time commence any business in relation to any of the objects stated in clause lll(C) of the Memorandum of Association unless the provisions of sub-section (A) of Section 149 of the Act have been duly complied with by it.

DIVIDENDS

132.

Subject to rights of members entitled to shares (if any) with preferential or special rights attached to them, the profits of the Company from time to time determined to be distributed as dividend in respect of any year or other period shall be applied for payment of dividend on the shares in proportion to the amount of capital paid up on the shares provided that unless the Board otherwise determines all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid up on the shares during any portion or portions of the period in respect of which dividend is paid provided always that subject as aforesaid any capital paid-up on a share during any portions in respect of which dividend is declared shall (unless the Board otherwise determines on the terms of issue otherwise provide, as the case may be), only entitled the holder of such share to an apportioned amount of such dividend as from the date of payment but so that where capital is paid up in advance of calls such capital shall not confer a right to participate in profit.

133.

The Company in General Meeting may declare a dividend to be paid to the Members according to their rights and interests in the profits and may, subject to the provisions of Section 207 of the Act, fix the time for payment.

134.

No larger dividend shall be declared than as recommended by the Directors, but the Company in General Meeting may declare a smaller dividend.

135.

No dividend shall be payable except out of the profits of the Company of the year or any other undistributed profits and no dividend shall carry interest as against the Company.

136.

The declaration of the Directors as to the amount of the net profits of the Company for any year shall be conclusive.

137.

The Directors may from time to time pay to the members such interim dividends as in their judgement the position of the Company justifies.

138.

The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists subject to Section 205-A of the Act.

139.

Any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the member, be set off against the call.

140.

A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer.

141.

Where any instrument of transfer of shares has been delivered to the company for registration and the transfer of such shares has not been registered by the Company it shall notwithstanding anything contained in any other provisions of the Act and to clause 140 hereof:

(a) Transfer the dividend in relation to such shares to the special account referred to in Section 205 A of the Act unless the Company is authorised by the registered holder of such share in writing to pay such dividend to the transferee specified in such instrument of transfer; and

(b) Keeping abeyance in relation to such shares any offer or right shares under clause (a) of sub-section (1) of Section 81 of the Act and any issue of fully paid-up bonus shares in pursuance of sub-section (3)of Section 205of the Act.

142.

Any one of the several persons who are registered as joint-holders of any amount of dividends in respect of such shares.

143.

Unless otherwise directed any dividend may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto, or in the case of joint-holders to the registered address of that one whose name stands first on the Register in respect of the joint-holding or to such person and such address and the member or person entitled or such joint-holders as the case may be, may direct and every cheque or warrant so sent shall be made payable to the person or to the order of the person to whom it is sent or to the order of such other person as the member or person entitled or such joint holder as the case may be may direct.

144.

The payment of every cheque or warrant sent under the provisions of the last preceding Articles shall, if such cheque or warrant purports to be duly endorsed, be a good discharge to the Company in respect thereof provided nevertheless that the Company shall not be responsible for the loss of any cheque, dividend, warrant or postal money order which shall be sent by post to any members or by his order to any other person in respect of any dividend.

No unclaimed dividend shall be forfeited by the Board and the Company shall comply with all the provisions of Section 205-A of the Act, in respect of an / unclaimed or unpaid dividend.

*144A

There shall be no forfeiture of unclaimed dividends before the claim becomes barred by law.

ACCOUNTS

*145A

The Parties agree that the statutory auditors of the company shall be of an international repute, which the parties shall mutually appoint. The Company shall follow accounting principles and practices consistent with applicable Indian laws and regulations.

The Board of Directors shall appoint internal auditors with the mutual consent of both the Parties.

145.

(a) The Company shall keep at its Registered Office proper books of account with respect to:

(i) all sums of money received or expended by the Company and the matters in respect of which the receipt and expenditure take place;

(ii) all sales and purchases of goods by the Company;

(iii) the assets and liabilities of the Company;

(iv) such particulars relating to utilisation of material or labour or other items of costs as may be prescribed by section 209(1)(d) of the Act, as amended.

All or any of the books of account aforesaid may be kept at such other place in India as the Board of Directors may decide and when the Board-of Directors so decides, the Company shall, within 7days of the decision, file with the Registrar a notice in writing giving the full address of that other place.

(b) Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with the provisions of clauses (1) if proper books of account relating to the transactions effected at the branch office are kept at that office and proper summarised returns made upto dates at intervals of not more than three months are sent by the branch office to the Company as its Registered Office or other the place referred to in clause (1)

(c) The books of account and other books and papers shall be open to inspection by any Director during business hours.

(d) The books of account relating to a period of not less than eight years immediately preceding the current year together with the vouchers relative to any entry in such books of account shall be preserved in good order.

(e) The Books of Accounts and other books and papers of every Company shall, subject to the provisions of Section 209 A be open for inspection during business hours :

(i) By the Registrar, or

(ii) By such officer of Government as may be authorised by the Central Government in this behalf without any previous notice to the Company or to any office thereof

146.

(1) The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors.

(2) No member (not being a Director) shall have any right to inspect any account or books or document of the Company except as conferred by law or authorised by the Board or by the Company in General Meeting.

147.

(1) At every Annual General Meeting of the Company/the Directors shall lay before the Company :

(a) a Balance Sheet as at the end of the period specified in sub-clause (2) hereof; and

(b) a Profit and Loss Account for the Period.

(2) The Profit and Loss Account shall relate to the period beginning with the day immediately after the period for which the account was last submitted and ending with a day which shall not precede the day of the meeting by more than 6 months, or in cases where an extension of time has been granted for holding of the meeting under the second provision to sub-section (1) of section 166 of the Act, by more than 6 months and the extension so granted.

(3) The period to which the account aforesaid relates is referred to in these presents as a “financial year” and it may be less or more than a calendar year but it shall not exceed fifteen months provided that it may extend to eighteen months where special permission has been granted in that it may extend to eighteen months where special permission has been granted in that behalf by the Registrar of Companies.

148.

(a) Every Balance Sheet of the Company shall give a true and fair view of the state of affairs of the Company as at the end of the financial year and shall, subject to the provisions of Section 211of the Act, be in the form set out in part I of Schedule VI to the Act, or as near thereto as circumstances admit or in such other form as may be approved by the General Government either generally or in any particular case, and in preparing the Balance Sheet due regard shall be had as far as

may be, to the general instruction for preparation of the Balance Sheet under the heading ‘‘Notes’’ at the end of that Part.

(b) Every Profit and Loss Account of the Company shall give a true and fair view of the Profit and Loss of Company for the financial year and shall comply with the requirements of Part II of Schedule VI to the Act, so far as they are applicable thereto.

(c) The Balance Sheet and the Profit and Loss Account of the Company shall not be treated as not disclosing a true and fair view of the state of affairs of the company, merely by reason of the fact that they do not disclose any matters which are not required to be disclosed by virtue of the provisions contained in the said Schedule VI or by virtue of a notification or order issued under Section 211of the Act.

149.

* (a) Every Balance Sheet and Profit and Loss Account of the Company shall be signed on behalf of the Board of Directors by the Managing Director, Wholetime Director, Manager or Secretary, if any, and by not less than two Directors of the Company (of whom one shall represent the YB Group and one the PB Group) one of whom shall be a Managing Director, where there is one.

(b) The Balance Sheet and Profit and Loss Account shall be approved by the Board of Directors before they are signed on their behalf and before they are submitted to the Auditors for their report thereon.

(c) The Profit and Loss Account shall be annexed to the Balance Sheet and the Auditor’s Report, if any, shall be attached thereto.

150.

(a) There shall be attached to every Balance Sheet laid before the Company in General Meeting, a Report by its Directors with respect to :

(i) the state of the Company’s affairs.

(ii) the amounts, if any, which they propose to carry to any reserves in such Balance Sheet.

(iii) the amount, if any, which they recommended should be paid by way of dividend; and

(iv) material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the Balance Sheet relates and the date of the Report.

(b) The Board’s Report shall so far as is material for the appreciation of the state of the Company’s affairs by its members and will not in the Boards opinion be harmful to the business of the Company or any of its subsidiaries, deal with any changes which have occurred during the financial year:

(i) in the nature of the Company’s business.

(ii) in the Company’s subsidiaries or in the nature of the business carried on by them and

(iii) generally in the classes of business in which the Company has an interest.

(c) The Board Report shall subject to the provisions of sub-section(2A) of Section 217, of the Act, also include a statement showing the name of every employee of the Company:

(i) If employed through out the financial year was in receipts of remuneration for that year which, in the aggregate, was not less than or such limits as may be prescribed by the Act from time to time.

(ii) If employed for part of a financial year was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than such limit as may be prescribed by the act, from time to time.

Such statement shall also Indicate

(1) Where in such employees is a relative of any director or manager of the Company and if so, the name of such Director;

(2) Such other particulars as may be prescribed.

(d) The Board shall give the fullest information and explanations in their report or in cases falling under the provision to Section 222 of the Act in an addendum to that report on every reservation, qualification or adverse remark contained in the Auditor's Report.

(e) The Board's Report and any addendum therein shall be signed by its Chairman if he is authorised in that behalf by the Board and where he is not so authorised shall be signed by such number of Directors as are required to sign the Balance Sheet and the Profit and Loss Account of the Company by virtue of sub-clauses (1) and (2) of Article 146.

151.

(a) A copy of every such Profit & Loss Account and Balance Sheet (including the Auditor 's Report and every other document required by law to be annexed or attached to the Balance Sheet), shall atleast twenty-one days before the meeting at which the same are to be laid before the Members, be send to the Members of the Company, to every trustee for holders of debentures issued by the Company, whether such member or trustee is or is not entitled to have notice of General Meeting of the Company sent to him and to all persons other than such members or trustees being persons so entitled, provided that the Company shall not be required to sent the aforesaid documents, if the said documents are made available for inspection at its Registered Office during working hours for a period of twenty one days before the date of the meeting and a statement containing the salient features of such documents, in the prescribed form, is sent to every member of the company and to every trustee for the holders of any debentures issued by the company not less than twenty-one days from the date of the meeting.

(b) Any member or holder of debentures of the Company and any person from whom the company has accepted a sum of money by way of deposit shall, on demand be entitled to be furnished, free of cost, with a copy of the last Balance Sheet of the Company and of every document required by law to be annexed or attached thereto, including the Profit and Loss Account and the Auditor's Report.

152.

(a) The Company shall within Thirty days from the date on which the Balance Sheet and Profit and Loss Accounts have been laid before the Company at the Annual General Meeting or where the Annual General Meeting for any year has not been held, within Thirty days from the latest day on or before which that meeting should have been held in accordance with the provisions of the Act file with the Registrar three copies of the Balance Sheet and the Profit and Loss Accounts signed by the Managing Director, Manager or Secretary of the Company, or if there be none of these by a Director of the Company, together with three copies of all documents which are required by the Act to be annexed or attached to such Balance Sheet or Profit and Loss Accounts.

(b) If any Annual General Meeting of the Company before which the Balance Sheet is laid as aforesaid does not adopt the Balance Sheet or if the Annual General Meeting of the Company for any year has not been held, a statement to that effect and all the reasons therefore shall be annexed to the Balance Sheet and to the copies thereof required to be filed with the Registrar.

NOTICES

153.

The Company shall comply with the provisions of Section 53,172 and 190 of the Act, as to serving of notices.

154.

Every person who, by operation of law or by transfer or by other means whatsoever, shall become entitled to any shares shall be bound by every notice in respect of such share which previously to his name and address being entered on the register, shall be duly given to the persons from whom he derives his title to such share.

155.

Any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these presence shall, notwithstanding such member be then deceased and whether or not the Company has notice of his demise, be deemed to have been duly served in respect of any registered shares whether held solely or jointly with other persons by

such member, until some other person be registered instead as the holder or joint-holders thereof and such service shall for all the purposes of these presents be deemed a sufficient service of such notice or documents on his or her heirs, executors or administrators, and all persons, if any, jointly interested with him or her in any such share.

156.

The signature to any notice to be given by the Company may be written or printed.

RECONSTRUCTION

*157.

On any sale of the undertaking of the Company the Directors or the Liquidators in a winding up may, if authorised by a special resolution in that regard, accept fully paid or partly paid up shares, debentures or securities of any other company whether incorporated in India or not, other than existing or to be formed for the purchase in whole or in part of the property of the Company, and the Directors (if the profits of the company permit), or the Liquidators (in a winding-up) may distribute such shares or securities or any other property of the Company amongst the members without realisation or vest the same in trustees and any special resolution may provide for the distribution or appropriations of the cash, shares or other securities, benefits or property otherwise than in accordance with the strict legal rights of the members or contributories of the Company and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all the holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorized and waive all rights in relation thereto save only in case the Company, is proposed to be or is in the course of being wound up, such statutory right, if any under Section 494of the Act, as are incapable of being varied or excluded by these presents.

SECRECY

*158.

(a) No member or other person (not being a Director) shall be entitled to enter upon the property of the company or to inspect, or examine the Company's premises or properties of the Company without the permission of the Director, or subject to Article 125 to require discovery of or any information respecting any details of the Company's trade or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interest of the Company to communicate.

* (b) Every Director, CEO, Manager, Secretary, Auditor, Trustee, Member or a Committee, Servant, Officer, Agent, Accountant or other person employed in the business of the Company shall observe strict Secrecy respecting all transactions of the Company with its customers or others and the statement of accounts with individuals and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the directors or by a court of law except so far as may be necessary in order to comply with any of the provisions in these presents contained. Except as may be specifically permitted by the directors or otherwise required under law all proceedings of the Directors shall be strictly confidential and no Director shall knowingly disclose such proceedings to a third party.

WINDING UP

159.

If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that as early as may be the losses shall be borne by the members in proportion to the capital paid-up or which ought to have been paid-up at the commencement of the winding-up on the shares held by them respectively. And if in a winding-up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid-up at the commencement of the winding-up the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding-up which is paid-up or which ought to have been paid-up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

160.

In the event of Company being wound-up, whether voluntarily or otherwise, the liquidators may with the sanction of a Special Resolution divide among the contributories, in specie or in kind any part of the assets of the Company and may with the like sanction vest any part of the assets of the company in Trustees upon such trusts for the benefit of the contributories or any of them, as the liquidators with like sanction, shall think fit.

INDEMNITY

161.

Subject to the provisions of Section 201 of the Act, every Director, Manager, Secretary and other Officer or employee of the Company shall be indemnified against and it shall be the duty of the Directors to pay out of the funds of the Company, all costs, losses and expenses including traveling expenses which any such Director, Manager or Secretary or other officer or employee may incur or become liable to, by reason of any contract entered into or any way in the discharge of his or their duties and in particular so as not to limit the generality of the foregoing provisions against all liabilities incurred by him or by them as such Director, Manager Secretary Officer or Employee in defending any proceedings whether civil or criminal in which judgement is given in his or their favour or he or they is or are acquired, or in connection with any application under Section 633 of the Act, in which relief is granted by the Court and the amount for which such indemnity is provided shall immediately attach as between property of the Company and have priority as the members over all other claims.

162.

Subject to the provisions of the act, and so far as such provisions permit, no Director, Auditor or other Officer of the Company shall be liable for acts, receipts, neglects or defaults of any other director or officer, or for joining in any receipt or act for conformity, or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property required by order of the Director for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss occassioned by any error of judgement, omission, default or oversight on his part, or for any loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happens through his own dishonesty.

THE SEAL

163.

The Board shall provide a common seal for the purposes of the Company and from time to time destroy the same and substitute new seal in lieu thereof and shall provide for the safe custody of the seal for the time being. The seal shall only be used under the authority of the Director ’s or a committee of the directors authorised by Directors in that behalf, and every instrument to which the seal shall be affixed shall be signed by a Director and shall be countersigned by the Secretary or by a second Director or by some other person appointed by the Directors for the purpose, provided that the Certificates of shares or Debentures (if any) of the company shall be sealed and signed in the manner provided for by the Companies (Issue of Share Certificate) rules 1960, or any statutory amendment thereof for the time being in force.

164.

The Company may exercise the powers conferred by Section 56 with regard to having an official seal for use abroad and such powers shall be vested in the Board.

ARBITRATION

*165.

Whenever any difference arises between the Company on one hand and any of the members, their executors, administrators or assigns and on the other hand with regard to the true intent or interpretation or the incidence or consequences of these articles or of any relevant statutes with regard to anything done, executed, omitted or suffered in pursuance of these

Articles or any relevant statutes, or with respect of any breach or alleged breach or otherwise relating to these Articles or to any statute affecting the Company or to any of the affairs of the Company, every such difference shall be referred to the decision of two or more arbitrators (but not one) one each to be appointed by each of the parties in difference.

166.

The costs of an incidental charges to any such reference and award shall be borne by the parties in differences in such proportion as may be determined by the arbitrators.

167.

The submission to and award of arbitration shall be governed by the provisions of the Arbitration Act in force in India for the time being.

SECTION XII - OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTIONS

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Offer Document) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this Offer Document, delivered to the Registrar of Companies, Maharashtra located at Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of our Company situated at Dalamal House, 1st Floor, J.B. Marg, Mumbai 400 021. Maharashtra, India from 10.00 a.m. to 4.00 p.m. from the date of this Offer Document to until the date of Closing of the Issue.

A) Material Contracts:

1. Letter of our company dated July 16,2007 appointing Allbank Finance limited as Book Running Lead Manager for the issue
2. Letter of our company dated September17,2007 appointing Saffron Capital Advisors Limited as Co BRLM for the issue.
3. Letter of our company dated September17 ,2007 appointing Nexgen Captals Limited as Co BRLM for the issue.
4. Letter of our company dated December 14,2007 appointing Chartered Capital and Investment Limited as Co BRLM for the issue
5. Memorandum of Understanding between our Company , the BRLM and Co- BRLMs dated December 19,2007.
6. Statement of Inter –se of allocation of Resposnsibilities among the BRLMs for the issue dated December 14,2007 .
7. Memorandum of Understanding between our company and M/s. Adroit Corporate Services Pvt Ltd. , Registrar to the Issue dated October 31, 2007.
8. Escrow agreement dated (●) between our Company, BRLMs, CBRLMs, Registrar, the Syndicate Members and the Escrow Collection Banks.
9. Syndicate Agreement dated (●) between our Company, BRLM, CBRLMs and the Syndicate Members
10. Underwriting Agreement dated (●) between our Company, BRLM, CBRLMs and the Syndicate Members

Material Documents

1. Memorandum and Articles of Association of our Company as amended ;
2. Certificate of incorporation dated September 24, 1941 issued by the Registrar of Companies, Maharashtra
3. Report of Ahmedabad Textile Industry's Research Association regarding the assessment of Techno- Economical Feasibility of Integrated Textile Project of our Company. Vide their report No. CLC/RMS/TFR/158 dated December 2006.
4. Financial Appraisal Report of SBI Capital Markets Limited for Forward Integration Plan for Synthetic & Cotton Yarn dated January 2006 and Integrated Textile Project at MIDC, Malkapur dated February 2007 alongwith our company's letter no. BCIL/VN/278/06/ dated December 6th 2007 to SBI Capital Markets limited and their response letter no. PASF/NSM/BCIL dated December,13,2007
5. Copy of the resolution passed at the meeting of the Board of Directors held on November 20,2006 and resolution passed under section 81(1A) of the Companies Act, 1956 at the Extra Ordinary General Meeting of our Company held on December 18,2006 authorising the issue.
6. Shareholders resolution dated 30th October 2007 for borrowing powers. 293(1)(d) of the Companies Act, 1956.
7. Copies of Annual reports of our Company for the years ended 31st Mar 2003, 2004, 2005, 2006 and 2007.

8. Annual reports for the last 3 years, as applicable, of the group companies;

9. Sanction Letters for the Term loans :

S.No	Name of the Lender	Amount	Reference	Date
1.	SBI, Cuffe Parade, Mumbai	15.00	IFBM:RM:II:2158	14/9/2007
2.	Sicom, Nariman Point, Mumbai,	10.00	FUNDS/F0589/06-07/SMN	10/5/2005
3.	UTI Bank, Bandra East, Mumbai	15.00	WZ/HS/10788/2006-07	10/10/2006
4.	Union Bank of India, Mahalakshmi, Mumbai	20.00	MAH:: 2006	27/10/2006
5.	Indian Overseas Bank, Thane Branch, Naupada, Thane.	25.00	Nil	25/5/2007
6.	Centurion Bank Of Punjab Ltd.Nariman Point, Mumbai	5.00	CAD/07-08	10/8/2007
7.	Dena Bank, Corporate Business Branch, BKC, Mumbai.	15.00	PS/11507/2007	26/ 9/2007
8.	Oriental Bank of Commerce	15.00	CN/23/L/31/07/2007	27/10/2007
9.	Bank of India	25.00	MCBB:CM:RSK:2007-08	05/11/2007
10	LIC of India	15.00	Inv/proj/BCIL/RS/	26.11.2007

10. Resolution of the members of our Company passed at the Sixty Fifth Annual General Meeting held on August 3,2007 appointing M/s Dalal & Shah., Chartered Accountants as the statutory auditors.

11. Report of the statutory Auditor M/s. Dalal & Shah Chartered Accountants, dated September 26,2007 as mentioned in the Prospectus

12. Letter dated September 26,2007, from the tax auditors of our Company M/s Dalal & Shah, Chartered Accountants confirming tax benefits and tax shelter as mentioned in the Draft Red Herring Prospectus

13. Consent letter dated, September 26 , 2007 from statutory / tax auditors, M/s Dalal & Shah, Chartered Accountants for inclusion of their reports on accounts and tax benefits & tax shelters report in the form and context in which they appear in the Draft Red Herring Prospectus

14. Certificate from the auditors M/s., Dalal & Shah, Chartered Accountants dated December 14, 2007 regarding the sources and deployment of funds and amount committed.

15. Copy of the Board Resolution dated April 11,2007 regarding appointment of Mr. Tushar Dey as our Company secretary and compliance officer

16. Copies of Undertakings from M/s Birla Cotsyn (India) Ltd

17. Consents of BRLM, CBRLMs, Advisor to the issue ,Auditors, Bankers to our Company, Legal Advisors, Directors, Company Secretary, Compliance Officer, Registrars and Bankers to the Issue, to include their names in the Offer Document to act in their respective capacities.

18. Legal Due Diligence Report dated December 17, 2007 from Crawford Bayley & Co., Advocates as Legal Advisors to the Issue for vetting and approval of Offer Document.

19. Resolution of the meeting of the board of directors held on August 3, 2007 for the formation of our Company's audit committee, Investor Grievances Committee and Project monitoring committee.

20. Specific General Powers of Attorney executed by Mr. P.B. Bhardwaj, Mr. Yashovardhan Birla, Mr Y.P. Trivedi, Mr.Mohan Jayakar, Mr.Navinchandra Chhaganlal Shah and Mohandas Shenoy Adige in favour of Mr P.V.R.Murthy for signing and making necessary changes in this Offer Document.

21. Specific General Power of Attorney executed by Mr. Sanjay Agarwal in favour of Mr Tushar Dey dated for signing and making necessary changes in this Offer Document.
22. In principle listing approval from BSE and NSE dated [•] and dated [•]respectively;
23. Due Diligence Certificate dated December 24, 2007 to SEBI from M/s. AllBank Finance Ltd.
24. SEBI observation letter No. [•] dated and reply of the Lead Manager to the same dated [•].
25. No Objection certificates from the banks & financial institution who have sanctioned (CC/OD/Term Loan) to carry on the proposed public issue.
26. Scheme of arrangement and High court order related to Zenith Limited.
27. Copy of tripartite agreement among NSDL, our Company and the Registrar, M/s. Adroit Corporate Services Pvt Ltd dated October 4, 2007
28. Copy of tripartite agreement among CDSL, our Company and the Registrar, M/s. Adroit Corporate Services Pvt Ltd dated September 6, 2007
29. Memorandum of understanding between the Government of Maharashtra and our company dated August 21,2007 for availing a special package of incentives for the proposed project of our Company
30. Deed of Assignment dated March 16, 2007 for assigning the lease rights of Land at Khamgaon from Zenith Birla (India) Ltd. to Birla Cotsyn (India) Ltd. with confirming party as Khamgaon Syntex Ltd.
31. Joint Venture Agreement dated December 5, 2006 between YBG and PBG for operating our company with 50:50 share holding in the promoters' contribution.
32. Business transfer agreement dated Aug 1, 2006 between Khamgaon Syntex (India) Ltd and Birla Cotsyn (India) Ltd

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes

DECLARATION

We, the Directors of the Company, certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, applicable, as the case may be, have been complied with and no statement made in this Draft Red herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or guidelines issued, as the case may be, and that all approvals and permissions required to carry on our business have been obtained, are currently valid and have been complied with. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTORS OF OUR COMPANY

Sr. No.	Name of The Director	Designation	Signature
1	Mr. P.B. Bhardwaj	Chairman	For and on behalf of Mr. P.B. Bhardwaj SPA Holder
2	Mr. Yashovardhan Birla	Co chairman	For and on behalf of Mr. Yashovardhan Birla SPA Holder
3	Mr. P.V.R .Murthy	Director	
4	Mr.Sanjay Agarwal	Director	For and on behalf of Mr.Sanjay Agarwal SPA Holder
5	Mr Y.P. Trivedi	Director	For and on behalf of Mr Y.P. Trivedi SPA Holder
6.	Mr.Mohan Jayakar	Director	For and on behalf of Mr.Mohan Jayakar SPA Holder
7.	Mr.Navinchandra Chhaganlal Shah	Director	For and on behalf of Mr.Navinchandra Chhaganlal Shah SPA Holder
8	Mohandas Shenoy Adige	Director	For and on behalf Mohandas Shenoy Adige SPA Holder

Signed by Mr K.K. Baheti Chief Executive officer and President

Signed by Mr Tushar Dey Company Secretary & Compliance Officer

Place: Mumbai
Date: 24.12.2007

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