

# 20 MICRONS L I M I T E D 20 MICRONS LIMITED

**RED HERRING PROSPECTUS**  
Please read Section 60B of the Companies Act, 1956  
Date: August 19, 2008  
**100% Book Built Issue**

*[Incorporated as a Private Limited Company on June 29, 1987 under the Companies Act, 1956 as 20 Microns Private Limited vide Certificate of Incorporation issued by the Registrar of Companies, Ahmedabad, Gujarat. The name of the Company was changed to 20 Microns Ltd. upon conversion into Public Limited Company with effect from January 17, 1994 and a fresh Certificate of Incorporation was obtained from Registrar of Companies, Ahmedabad, Gujarat. Our Company has been allotted CIN No U99999GJ1987PLC009768].*

**Registered Office:** 9/10, GIDC Industrial Estate, Waghodia - 391760, Vadodara, Gujarat, India.  
**Tel.:** +91-2668-262001; **Fax:** +91-2668-262447; **E-mail:** co\_secretary@20microns.com; **Website:** www.20microns.com  
**Contact Person:** Mr. Nikunj Savaliya, Company Secretary & Compliance Officer

**PUBLIC ISSUE OF 43,50,632 EQUITY SHARES OF RS. 10/- EACH ("EQUITY SHARES") OF 20 MICRONS LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF RS. [•] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF RS. [•] PER EQUITY SHARE), CONSISTING OF A FRESH ISSUE OF 16,75,000 EQUITY SHARES ("FRESH ISSUE") AND AN OFFER FOR SALE OF 26,75,632 EQUITY SHARES BY GUJARAT VENTURE CAPITAL FUND 1995 (THE "SELLING SHAREHOLDER"), AGGREGATING TO RS. [•] CRORES (THE "ISSUE"). UPTO 2,17,532 EQUITY SHARES WILL BE RESERVED IN THE ISSUE FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE ISSUE LESS THE EMPLOYEE RESERVATION PORTION IS REFERRED TO AS THE "NET ISSUE". THE ISSUE WOULD CONSTITUTE 30.81% OF THE POST ISSUE PAID -UP CAPITAL OF THE COMPANY.**

**PRICE BAND: RS. 50/- TO RS. 55/- PER EQUITY SHARE OF FACE VALUE RS. 10/- EACH**

**THE ISSUE PRICE IS 5.0 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 5.5 TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND**

This Issue is being made in terms of clause 2.2.2 (a) (ii) & (b) (i) of SEBI (DIP) Guidelines, 2000, as amended from time to time, where by the "Project" has at least 15% participation by Financial Institutions/Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the fresh issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded. (In case of delay, if any in refund, 20 Microns Limited shall pay interest on the application money at the rate of 15% per annum for the period of delay).

In case of revision in the Price Band, the Bidding/Issue Period will be extended for 3 additional working days after revision of the Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Ltd. ("NSE"), by issuing a press release, and also by indicating the change on the website of Book Running Lead Manager ("BRLM") and at the terminals of the member/s of the Syndicate. This Issue is being made through the 100% Book Building Process wherein upto 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIB"), out of which 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds, subject to valid Bids being received at or above Issue Price. Mutual Funds applicants shall also be eligible for Proportionate allocation under the balance available for QIBs Further, not less than 15% of the Net Issue shall be made available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue shall be made available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

## RISK IN RELATION TO FIRST ISSUE

This being the first issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs. 10/- per Equity Share and the Issue Price is 5.0 times of the face value at the lower end of price band and 5.5 times of the face value at the higher end of price band. The Issue Price (as determined by the Company, in consultation with the Book Running Lead Manager to the Issue, on the basis of assessment of market demand for the Equity Shares offered by way of Book Building Process) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

## GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares 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 Red Herring Prospectus. Specific attention of the investors is invited to the statements in the section titled "Risk Factors" beginning on page no. viii of this Red Herring Prospectus.

## ISSUER'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Company and this Issue, which is material in the context of this Issue, that the information contained in this 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 make 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.

## IPO GRADING

The issue has been graded by Credit Analysis & Research Ltd. (CARE) and has been assigned the "IPO Grade 3" indicating Average Fundamentals; vide their letter dated July 16, 2008, which is valid for a period of two months. For further details in this regard please refer page no. 16.

## LISTING

The Equity Shares of the Company are proposed to be listed on Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). The Company has received the in-principle approvals from these Stock Exchanges for the listing of the Equity Shares pursuant to their letters dated March 27, 2008 and May 30, 2008 respectively. For the purpose of this Issue, BSE is the Designated Stock Exchange.

## BOOK RUNNING LEAD MANAGER TO THE ISSUE

### KEYNOTE

#### CORPORATE SERVICES LTD

#### KEYNOTE CORPORATE SERVICES LTD.

4<sup>th</sup> Floor, Balmer Lawrie Building, 5, J.N. Heredia Marg,  
Ballard Estate, Mumbai - 400 001.

**Tel:** +91-22- 30266000-3; **Fax:** +91-22- 22694323

**Website:** www.keynoteindia.net; **E-mail:** mbd@keynoteindia.net

**Contact Person:** Mr. Siddharth Seth

**SEBI Registration No.:** INM 000003606

**AMBI No.:** AMBI/ 040

## REGISTRAR TO THE ISSUE



#### INTIME SPECTRUM REGISTRY LIMITED

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

**Tel:** +91-22- 2596 0320 (9 Lines); **Fax:** +91-22- 2596 0328/29

**Website:** www.intimespectrum.com;

**E-mail:** 20microns.ipo@intimespectrum.com

**Contact Person:** Mr. Sachin Achar

**SEBI Registration No.:** INR 000003761

## ISSUE SCHEDULE

**BID/ ISSUE OPENS ON**

**Monday, September 08, 2008**

**BID/ ISSUE CLOSES ON**

**Thursday, September 11, 2008**

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## DEFINITIONS AND ABBREVIATIONS

| TERM                                                      | DESCRIPTION                                                                                                                               |
|-----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| "20 Microns", "the Company", "We", "us" and "our Company" | Unless the context otherwise requires, refers to 20 Microns Limited, a Public Limited Company incorporated under the Companies Act, 1956. |

### COMPANY RELATED TERMS

| TERM                              | DESCRIPTION                                                                                                                                                                                       |
|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Articles/ Articles of Association | The Articles of Association of the Company.                                                                                                                                                       |
| Auditors                          | The Statutory Auditors of the Company, being M/s Manubhai & Co., Chartered Accountants.                                                                                                           |
| Board/ Board of Directors         | The Board of Directors of the Company or a Committee constituted thereof.                                                                                                                         |
| Director(s)                       | Director(s) of 20 Microns Limited, unless otherwise specified.                                                                                                                                    |
| GVFL                              | GVFL Limited formerly known as Gujarat Venture Finance Limited                                                                                                                                    |
| Memorandum of Association         | The Memorandum of Association of the Company.                                                                                                                                                     |
| Promoters                         | Mr. Chandresh S. Parikh, Mr. Bhanubhai B. Patel, Mr. Anant K. Kamdar, Mr. Ramesh B. Patel, Mr. Rajesh C. Parikh, Mr. Atil C. Parikh, Mr. Sudhir R. Parikh and Eriez Finance & Investment Limited. |
| Promoter Group                    | Unless the context otherwise specifies, refers to those entities mentioned in the section "Our Promoters and Promoter Group" on page no. 123 of this Red Herring Prospectus.                      |
| Registered Office of our Company  | 9/10, GIDC Industrial Estate, Waghodia- 391760, Vadodara, Gujarat, India.                                                                                                                         |

### ISSUE RELATED TERMS AND ABBREVIATIONS

| TERM                                  | DESCRIPTION                                                                                                                                                                                                                                                |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Allotment/ Allotment of Equity Shares | Unless the context otherwise requires, issue of Equity Shares pursuant to this Issue.                                                                                                                                                                      |
| Allotee                               | A successful bidder to whom the Equity Shares are allotted.                                                                                                                                                                                                |
| 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 no. 259 of this Red Herring Prospectus                                                                |
| 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 cum Application Form              | The form in terms of which the Bidder shall make an indication to make an offer to subscribe to the Equity Shares and which will be considered as the application for the issue of the Equity Shares pursuant to the 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.                                                                                                                            |
| 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 an English national newspaper, a Hindi national newspaper and a Regional newspaper with wide circulation.                    |
| 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 an English national newspaper, a Hindi national newspaper and a Regional newspaper with wide circulation.                            |
| Book Building Process/ Method         | Book building mechanism as provided under Chapter XI of the SEBI Guidelines, in terms of which this Issue is made.                                                                                                                                         |

| TERM                                 | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| BRLM/ Book Running Lead Manager      | Book Running Lead Manager to this Issue, in this case being Keynote Corporate Services Limited.                                                                                                                                                                                                                                                                                                                                                                       |
| CAN/ Confirmation of Allocation Note | The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of Issue Price in the Book Building Process.                                                                                                                                                                                                                                                                                |
| Cap Price                            | The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted.                                                                                                                                                                                                                                                                                                                                         |
| Cut-off Price                        | The Issue Price finalized by the 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.                                                                                                                                                                                                                                                                                                                                      |
| 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 the Escrow Collection Banks transfer the funds from the Escrow Account(s) to the Public Issue Account, which in no event shall be earlier than the date on which the Prospectus is filed with the Registrar of Companies, Gujarat, following which the Board of Directors shall allot Equity Shares and the Selling Shareholders shall give delivery instructions for transfer of Equity Shares constituting Offer for Sale to successful Bidders.. |
| Designated Stock Exchange            | In this case being the Bombay Stock Exchange Limited.                                                                                                                                                                                                                                                                                                                                                                                                                 |
| DRHP/ Draft Red Herring Prospectus   | This Red Herring Prospectus 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 issued and the size (in terms of value) of the Issue.                                                                                                                                                                                                                                 |
| Equity Shares                        | Equity Shares of the 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 favor the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.                                                                                                                                                                                                                                                                                                          |
| Escrow Agreement                     | Agreement to be entered into amongst the Company, the Registrar to this Issue, the Escrow Collection Banks and the BRLM in relation to the collection of the Bid Amounts and where applicable, refunds, if any, of the amounts collected, to the Bidders on the terms and conditions thereof.                                                                                                                                                                         |
| Escrow Collection Bank(s)            | The banks, which are clearing members and registered with SEBI as Banker (s) to the Issue at which the Escrow Account for the Issue will be opened, in this case being Axis Bank, Canara Bank, HDFC Bank, HSBC Bank and ICICI Bank.                                                                                                                                                                                                                                   |
| First Bidder                         | The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form.                                                                                                                                                                                                                                                                                                                                                                                 |
| Floor Price                          | The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted.                                                                                                                                                                                                                                                                                                                                          |
| Indian National                      | As used in the context of a citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.                                                                                                                                                                                                                                                                                                                                        |
| Issue                                | The public issue of 43,50,632 Equity Shares of Rs. 10/- each, comprising of a Fresh Issue of 16,75,000 Equity Shares of our Company and an Offer for Sale of 26,75,632 Equity Shares by the Selling shareholders.                                                                                                                                                                                                                                                     |
| 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 terms of this Red Herring Prospectus or the Prospectus, as determined by the 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 in case of QIB and 100% in case of other than QIB applicants.                                                                                                                                                                                                                                                                                                 |
| Mutual Funds                         | Means Mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.                                                                                                                                                                                                                                                                                                                                          |

| TERM                                   | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Net Issue                              | The Issue less the employee reservation portion is referred to as the "Net Issue"                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Non Institutional Bidders              | All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders who have Bid for Equity Shares for an amount more than Rs. 100,000/- (but not including NRI's other than Eligible NRI's).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Non Institutional Portion              | The portion of the Net Issue being not less than 6,19,965 Equity Shares of Rs. 10/- each, available for allocation to Non Institutional Bidders.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Non-Resident Indian or NRI             | A person resident outside India, as defined under the FEMA and the FEMA (Transfer or Issue of Security by a person Resident Outside India) Regulations, 2000, as amended from time to time.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Offer for Sale                         | Transfer of 26,75,632 Equity Shares by the Selling Shareholder, pursuant to this Red Herring Prospectus.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Pay-in Date                            | Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders, as applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Pay-in-Period                          | Means:<br>(i) 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<br>(ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date.                                                                                                                                                                                                                                                                                                                                                                       |
| Price Band                             | The price band of a minimum price ("Floor Price") of Rs. 50/- and the maximum price ("Cap Price") of Rs. 55/- and includes revisions thereof.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Pricing Date                           | The date on which the Company in consultation with the BRLM finalizes the Issue Price.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Prospectus                             | The Prospectus, to be filed with the Registrar of Companies, Gujarat, containing, <i>inter alia</i> , 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Qualified Institutional Buyers or QIBs | Public financial institution as defined in Section 4A of the Companies Act, 1956, Scheduled Commercial Banks, Mutual Funds, Foreign Institutional Investors 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 (IRDA), Provident Funds with minimum corpus of Rs. 25 crores, Pension Funds with minimum corpus of Rs. 25 crores and National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India. |
| QIB Margin Amount                      | An amount representing at least 10% of the Bid Amount.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| QIB Portion                            | Consists of 20,66,550 Equity Shares of Rs. 10/- each, being upto 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| RHP/ 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. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/ Issue Opening Date and will become a Prospectus after filing with the RoC after determination of the Issue Price.                                                                                                                                                                                                                                                                                                                                              |
| Registrar/ Registrar to this Issue     | Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup [West], Mumbai - 400 078.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Retail Individual Bidders              | Individual Bidders (including HUF's) 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 14,46,585 Equity Shares of Rs. 10/- each, being not less than 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).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

| TERM                               | DESCRIPTION                                                                                                                                 |
|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| Selling Shareholder                | Shareholder offering Equity Shares in the Offer for Sale in this case being Gujarat Venture Capital Fund 1995.                              |
| Stock Exchanges                    | The Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.                                                         |
| Syndicate                          | The BRLM and the Syndicate Member.                                                                                                          |
| Syndicate Agreement                | The agreement to be entered into between the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue. |
| Syndicate Member                   | Keynote Capitals Limited, 4 <sup>th</sup> Floor, Balmer Lawrie Building, 5, J.N. Heredia Marg, Ballard Estate, Mumbai – 400 001             |
| Transaction Registration Slip/ TRS | The slip or document issued by the Syndicate Member to the Bidders as proof of registration of the Bid.                                     |
| Underwriters                       | The BRLM and the Syndicate Member.                                                                                                          |
| Underwriting Agreement             | The Agreement amongst the Underwriters and the Company to be entered into on or after the Pricing Date.                                     |

**GENERAL / CONVENTIONAL TERMS:**

| TERM                       | DESCRIPTION                                                                                                                                                                          |
|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Companies Act              | The Companies Act, 1956, as amended from time to time.                                                                                                                               |
| Financial Year/ Fiscal/ FY | The period of twelve months ended March 31 of that particular year.                                                                                                                  |
| Indian GAAP                | Generally Accepted Accounting Principles in India.                                                                                                                                   |
| Insurance Act              | Insurance Act, 1938, as amended from time to time.                                                                                                                                   |
| I. T. Act                  | The Income Tax Act, 1961, as amended from time to time.                                                                                                                              |
| I. T. Rules                | The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise.                                                                                                |
| Non Resident               | A person who is not resident in India except NRI's and FIIs.                                                                                                                         |
| RBI                        | Reserve Bank of India constituted under the RBI Act.                                                                                                                                 |
| RBI Act                    | The Reserve Bank of India Act, 1934 as amended from time to time.                                                                                                                    |
| SCRA                       | Securities Contract (Regulation) Act, 1956, as amended from time to time.                                                                                                            |
| SCRR                       | Securities Contracts (Regulation) Rules, 1957, as amended from time to time.                                                                                                         |
| SEBI                       | Securities and Exchange Board of India constituted under the SEBI Act.                                                                                                               |
| SEBI Act                   | Securities and Exchange Board of India Act, 1992, as amended from time to time.                                                                                                      |
| SEBI Guidelines            | The SEBI (Disclosure and Investor Protection) Guidelines 2000, as amended from time to time, including instructions, guidelines and clarifications issued by SEBI from time to time. |

**ABBREVIATIONS**

| ABBREVIATION | FULL FORM                                                                       |
|--------------|---------------------------------------------------------------------------------|
| AGM          | Annual General Meeting                                                          |
| AMBI         | Association of Merchant Bankers of India                                        |
| AS           | Accounting Standards issued by the Institute of Chartered Accountants of India. |
| AY           | Assessment Year                                                                 |
| BSE          | Bombay Stock Exchange Limited.                                                  |
| BG/LC        | Bank Guarantee/ Letter of Credit                                                |
| CAGR         | Compounded Annual Growth Rate                                                   |
| CDSL         | Central Depository Services (India) Limited.                                    |
| DP           | Depository Participant                                                          |
| ECS          | Electronic Clearing System                                                      |
| EGM          | Extra Ordinary General Meeting of the shareholders.                             |
| EPS          | Earnings per Equity Share.                                                      |
| ESOP         | Employee Stock Option Plan                                                      |
| FCNR Account | Foreign Currency Non Resident Account.                                          |

| ABBREVIATION               | FULL FORM                                                                                                                                                                                    |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FEMA                       | Foreign Exchange Management Act, 1999, as amended from time to time and the regulations issued there under                                                                                   |
| FII                        | Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time) registered with SEBI under applicable laws in India |
| FIs                        | Financial Institutions                                                                                                                                                                       |
| FIPB                       | Foreign Investment Promotion Board, Department of Economic Affairs, Ministry of Finance, Government of India                                                                                 |
| FVCI                       | Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000                                                                   |
| GDP                        | Gross Domestic Product                                                                                                                                                                       |
| GIR Number                 | General Index Registry Number                                                                                                                                                                |
| GoI/ Government            | Government of India                                                                                                                                                                          |
| HUF                        | Hindu Undivided Family                                                                                                                                                                       |
| INR / Rs./ Rupees          | Indian Rupees, the legal currency of the Republic of India                                                                                                                                   |
| NAV                        | Net Asset Value                                                                                                                                                                              |
| NRE Account                | Non Resident External Account                                                                                                                                                                |
| NRI                        | Non Resident Indian                                                                                                                                                                          |
| NRO Account                | Non Resident Ordinary Account                                                                                                                                                                |
| NSDL                       | National Securities Depository Limited                                                                                                                                                       |
| NSE                        | National Stock Exchange of India Limited                                                                                                                                                     |
| P/E Ratio                  | Price/Earnings Ratio                                                                                                                                                                         |
| PAN                        | Permanent Account Number                                                                                                                                                                     |
| RoC/Registrar of Companies | The Registrar of Companies, Gujarat, Dadra & Nagar Haveli                                                                                                                                    |
| RoNW                       | Return on Net Worth.                                                                                                                                                                         |

#### INDUSTRY RELATED TERMS

| TERM      | DESCRIPTION                                   |
|-----------|-----------------------------------------------|
| Caco3     | Calcium Carbonate                             |
| FGCC      | Fine ground Calcium Carbonate                 |
| GCC       | Ground Calcium Carbonate                      |
| HDPE bags | High Density Polythelyn Bags                  |
| MMDR      | Mines and Minerals Development and Regulation |
| MgCo3     | Magnesium Carbonate                           |
| NCC       | Natural Calcium Carbonate                     |
| PCC       | Precipitated Calcium Carbonate                |
| PVC       | Polyvinyl Chloride                            |
| VFD       | Variable Frequency Drive                      |

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

In this 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" and the word "Crore" means "ten million". In this Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

Throughout this Red Herring Prospectus, all figures have been expressed in Lacs unless otherwise stated. All references to "India" contained in this Red Herring Prospectus are to the Republic of India.

For additional definitions used in this Red Herring Prospectus, see the section "Definitions and Abbreviations" on page no. i of this Red Herring Prospectus. In the section entitled "Main Provisions of Articles of Association" on page no. 264 of this Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company. Industry data used throughout this Red Herring Prospectus has been obtained from industry publications and other authenticated published data. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes industry data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

### **CURRENCY OF PRESENTATION**

In this Red Herring Prospectus, all references to "Rupees" and "Rs." are to the legal currency of India.

## FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain “forward-looking statements”. These forward looking statements can generally be identified by words or phrases such as “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, or other words or phrases of similar import. Similarly, statements that describe the objectives, plans or goals also are forward-looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations include, amongst others:

- ◆ General economic and business conditions in India;
- ◆ The ability to successfully implement the strategy, growth and expansion plans and technological changes;
- ◆ Changes in the value of the Rupee and other currency changes;
- ◆ Changes in the Indian and international interest rates;
- ◆ Changes in Mining Regulations by the Government; and
- ◆ Changes in political conditions in India.

For further discussion of factors that could cause actual results to differ, please see the section entitled “Risk Factors” beginning on page no. viii of this Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company, the Directors, any member of the Lead Managers team nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the Lead Manager 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 Exchange.

## SECTION I- RISK FACTORS

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

Unless specified or quantified in the relevant risk factors below, the financial or other implications of any of the risks described in this section cannot be quantified:

### INTERNAL TO THE COMPANY

#### 1. *Criminal Litigation pending against Our Company.*

Ms. Amitaben Patel has filed a complaint against our Company under Section 138 of the Negotiable Instrument for dishonour of cheque for an amount of Rs. 12,003/- issued by the Company in favour of the accused.

As per the Company, the cheque was issued in the name of Ms. Amitaben Patel, towards repayment of the premature withdrawal of the deposit. The cheque was sent through courier but the same does not seem to have been delivered to her. Consequently at the request of Ms. Amitaben Patel, the Company issued another cheque bearing No. 231781 dated 23.08.2004 in place of the above cheque, after obtaining an indemnity from Ms. Amitaben Patel. The fresh cheque issued in lieu of cheque earlier cheque was en-cashed on 26.08.2004. Since the fresh cheque was issued, the Company issued stop payment instructions to the Bank in respect of the earlier cheque. Subsequently, the holder of the cheque presented the earlier cheque for payment (after en-cashing the fresh cheque) and in view of stop payment instructions, the same was not honoured. The next date of hearing is on 27<sup>th</sup> August 2008.

#### 2. *We are also a party to certain other legal proceedings that, if decided against us, could have an adverse effect on our reputation, business prospects and results of operations.*

Our Company is also involved in various other legal proceedings, which are pending before relevant authorities. Any rulings by any authorities against us would have a material impact on our operations. Classification of these legal and other proceedings instituted against our Company are given in the following table:

| Sr. No. | Particulars          | No. of cases | Amount (Rs.)      |
|---------|----------------------|--------------|-------------------|
| 1.      | Civil Cases          | 2            | 1,38,890.00       |
| 2.      | Labour related Cases | 9            | Not Ascertainable |
| 3.      | Central Excise       | 9            | 10,72,91,520.00   |
| 4.      | Service Tax          | 3            | 94,228.45         |
| 5.      | Sales Tax            | 9            | 8,56,028.96       |
| 6.      | Income Tax           | 1            | 4,35,532.00       |

#### Against the Group Company - Bruno Industrial Products Limited

| Sr. No. | Particulars     | No. of cases | Amount (Rs.) |
|---------|-----------------|--------------|--------------|
| 1.      | Income Tax Case | 1            | 7,00,583.00  |

### Management Perception

In case of the amount under dispute in case of Group Company, application has already been made u/s 154 of the Income Tax Act and no liability is expected to arise thereon.

We cannot assure you that these legal proceedings will be decided in our favour. Decisions in such proceedings adverse to our interests may have a material adverse effect on us, our results of operations, reputation and business prospects.

For further details of outstanding litigation pending against us and our group companies, please refer to the section titled "Outstanding Litigation" beginning on page no. 176.

**3. *We have certain contingent liabilities not provided for that may affect our financial conditions.***

The details of contingent liabilities as of March 31, 2008 appearing in our financial statements are as follows:

| Particulars                                             | Amount (Rs. in Lacs) |
|---------------------------------------------------------|----------------------|
| Sales Tax                                               | 16.22                |
| Claims from Excise authorities not acknowledged as debt | 2.29                 |
| Demand of Income disputed in appeal                     | 9.03                 |
| <b>Total</b>                                            | <b>27.54</b>         |

In the event such contingent liability materializes it may have an adverse affect on our financial performance.

### Management Perception

Subsequent to the above financial statement we have received an order from Income Tax authorities to the tune of Rs. 4.68 Lacs in our favour. We have been advised by our consultants that the chances of the above cases turning out in our favour are more in the rest of the cases.

**4. *The proposed expansion project of the Company is to be funded partly by term loan from IDBI and partly through the proposed public issue. Any delay/ failure in raising funds may adversely impact the implementation of the plans.***

Our proposed expansion project is funded by term loan from IDBI to the extent of Rs 10 Crores and the balance is to be funded through the proceeds of this issue. Any delay or failure in raising the funds from this issue may adversely affect the implementation of the project and financial performance of our Company.

**5. *We have not placed orders for the machineries and other equipments proposed to be purchased by us as a part of the objects of the issue. We may face time and cost overruns in relation to the same.***

We have not yet entered into any definite agreements or placed orders for some machinery and equipment amounting to 30% out of the total machineries and other equipments required for our project (please refer to the objects of the issue for details). We are subject to the risks on account of inflation in the price of machinery and other equipment that we require for the project. Further, in respect of the machinery/ equipment/ other project related services that we propose to import/ procure from overseas, we may be subject to the risks arising out of currency rate fluctuations. These factors may increase the overall cost of our project and have an adverse effect on our business and results of operations.

**6. *Our restated net profit for the Fiscal 2004 and Fiscal 2005 is in negative.***

Our restated net profit for the Fiscal 2004 and Fiscal 2005 is in negative. The net loss for the Fiscal 2004 is Rs. 531.16 lacs and for the Fiscal 2005 is Rs. 631.25 Lacs.

For further details, please see section titled “Financial Statements of the Issuer Company” beginning on page no. 130.

**7. *Our operations are subject to a degree of risk and could expose us to material liabilities, loss in revenues, and increased expenses.***

We operate in a competitive environment in India and abroad. There are several strategies adopted by our competitors to increase the market share through advertising, pricing, quality, service, new product introduction amongst others.

In order to protect our existing market share or capture market share in this highly competitive environment, we may be required to increase expenditure for advertising and promotions, and to develop new products. Due to inherent risks in the market place associated with advertising and new product introductions, including uncertainties about trade and consumer acceptance, increased expenditure may not prove successful in maintaining or enhancing our market share and could result in lower profitability. In addition, we may incur increased credit and other business risks as a result of competing for customers in a highly competitive environment. Our main competitors in the industry are English Indian Clays Limited, Ashapura Minchem Limited, Vimal Microns Limited, Omya India Private Limited, Wolkem India Private Limited and Imerys India Private Limited.

In the event we are not able to keep pace with our current or future competition, our business and financial performance could be adversely affected.

**8. *Our success depends on our management team and an inability to retain and attract talented staff may adversely affect our business.***

Our success is substantially dependent on the expertise and services of our management team. The loss of the services of key personnel may have an adverse effect on our business, financial condition and results of operations. Further, an increase in the rate of attrition of experienced employees would adversely affect our ability to implement our business strategies. We operate in a highly dynamic industry and there can be no assurance that we will be successful in recruiting and retaining a sufficient number of personnel with requisite skills to replace those personnel who leave. Further, our inability to attract and retain fresh talent could also hamper our ability to grow.

**9. *We may be exposed to risk pertaining to Labour unrest.***

We employ about 582 employees excluding contract labourers. Our business is highly labour-intensive and managing a team engaged in doing largely repetitive work poses serious challenge. Any disruptions in relationship with employees may lead to Labour unrest and thereby affect our business.

**Management Perception**

We are taking steps to reduce the risk of labour disruptions by converting as many processes to automated processes to reduce the impact on our business.

- 10. *Our business is dependent on the mining and manufacturing facilities. The loss or shutdown of operations at any point of the mining and manufacturing facilities may have a material adverse effect on our business and financial conditions.***

The business of the Company is dependent of the mining and manufacturing facilities. If the company is unable to operate its mines due to closure of the same by the Government Authorities if there are or any restrictions imposed by Government Authorities, then the Company may have to source their requirement of raw materials from outside agency at a higher rate which may affect the operations and performance of the Company in the long run.

#### **Management Perception**

We excavate maximum material from the mines during the normal climatic situations and also procure and stock enough material to ensure smooth and uninterrupted operations.

- 11. *We have not patented the process of manufacture of our products.***

We have not patented the process of manufacture of the specialty minerals and the micro and sub micronized technology developed and used by us. These processes are unique to our business. In the event any of our competitors replicating our processes, it may harm our operations and profits.

- 12. *The weaknesses as given in the appraisal report of Industrial Development Bank of India is as follows:***

Looking to the present bearish condition of capital market and failure of full subscription to public issue may impact implementation of project.

The factors viz. increased in competition and competition from unorganized sector, retention of talented staff, labour disruptions, un-patent manufacturing process, covenant of loan agreement, change in consumer preference, availability of substitute of finished products, delay in statutory approval, inadequate supply of raw materials/ others due to climatic/ other situations, increase in cost of raw material/ input, any change in Government policies, economic liberalization, currency exchange fluctuations, natural calamities, etc. may impact on its operations/ profitability and put pressure on its margin, may affect the company's operations and profitability. Increase in interest cost and high crude oil prices may impact its profitability.

- 13. *There are certain restrictive covenants in the loan agreement, which could influence our ability to expand thereby affecting our results of operations.***

The Company has availed credit facilities from the banks. Term loan agreements entered into by us with banks contain some covenants which require us to obtain the prior approval/ permission from the banks on the occurrence of certain events such as formulation of any scheme of amalgamation or reconstruction, undertaking of any new project or expansion, making any substantial change in our management set up, any change in our capital structure resulting in reduction of capital, etc. These covenants could influence our ability to expand thereby affecting our results of operations.

#### **Management Perception**

The Company has obtained the required appraisal for the proposed Public Issue.

**14. There are certain restrictive covenants in the shareholders agreement, which could influence our ability to expand thereby affecting our results of operations.**

We have entered into shareholders agreements with GVFL. The agreements expressly provide for the following negative restrictive covenants:

- (a) Not to increase the strength of the Board of Directors of the Company without prior written approval of GVFL.
- (b) Company not to start any other project or invest in any other project or Company manufacturing similar or related items, without the prior written approval of GVFL.
- (c) Company not to embark upon or undertake any expansion, diversification or make any change in the scope for the project without the prior written approval of GVFL.
- (d) Company not to pay any interest on any unsecured loans/ deposits, if at the time of such payment, there is any default in the payment of interest on the said debentures and/ or other moneys/ charges payable to GVFL.

For more information on Shareholders Agreement with GVFL, please refer section "History & Corporate Structure of the Company" on page no. 93.

**15. The details of unsecured loans as on March 31, 2008 is as under:**

| (Rs. in Lacs)                                   |               |
|-------------------------------------------------|---------------|
| Particulars                                     | 2007- 2008    |
| <b>Fixed Deposits</b>                           |               |
| From Directors                                  | 8.10          |
| From Others                                     | 712.26        |
|                                                 | <b>720.36</b> |
| Trade Deposit                                   | 5.80          |
| Sales Tax Loan under Sales Tax incentive scheme | 209.81        |
| <b>Total</b>                                    | <b>935.97</b> |

**16. Out of the Issue proceeds, only the Net Proceeds from the Fresh Issue will be available to us.**

The Issue is a combination of Fresh Issue and Offer for Sale. The entire expenses of the Issue will be borne by the Company which is in accordance to the subscription agreement entered into with GVFL. Accordingly, only the net proceeds i.e. proceeds from fresh issue less issue expenses will be available to the Company.

**17. Some of the entities promoted by our Promoters have incurred losses in the last three fiscal years.**

Details of the losses incurred by the entities promoted by our promoters in the last three fiscal years are as follows:

|         |                                          | (Rs. in Lacs) |       |      |
|---------|------------------------------------------|---------------|-------|------|
| Sr. No. | Name of the entity                       | Fiscal        |       |      |
|         |                                          | 2008          | 2007  | 2006 |
| 1.      | Bruno Industrial Products Limited        | -             | 11.92 | 2.39 |
| 2.      | Viking Paints Private Limited            | -             | 0.04  | 0.17 |
| 3.      | Nanotech Minerals India Private Limited  | 0.26          | 0.09  | 0.49 |
| 4.      | Aric Industrial Products Private Limited | -             | 0.08  | -    |
| 5.      | Trio Techno Minerals Private Limited     | 0.32          | 0.22  | 8.55 |

**18. *If we are unable to obtain required approvals and licenses in a timely manner, our business and operations may be adversely affected.***

We may from time to time, require certain approvals, licenses, registrations and permissions for undertaking our business for which we may be required to make applications in the future. If we fail to obtain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business could be adversely affected. Presently except for the renewal of some of the mining lease and lease of branch offices and the applications regarding renewal of factory licenses we are not awaiting any specific regulatory approval for the conduct of our business. For further details please see section titled “Our Business “and “Government/ Statutory and Business Approvals” beginning on page no. 68 and page no. 202 of this Red Herring Prospectus.

**19. *We have made applications for registration of trademarks, which are yet to be registered.***

We have made an application for registration of our trademark, which is pending registration. If such application for registration is not accepted or if any opposition is filed against our trademark applications we may lose the statutory protection available to us under the Trade Marks Act, 1999 for use of the trademark. For further details, please refer to section titled “Government/ Statutory and Business Approvals” beginning on page no. 202 of this Red Herring Prospectus.

**20. *We have limited protection of our intellectual property.***

We do not have a registered trademark over our name and corporate logo. Although we have filed trademark applications for our name and corporate logo with the Registrar of Trademarks and the same is pending for registration, no assurance can be provided that such applications will be approved. Until such time that we receive registered trademarks, we can only protect our name and corporate logo through any action under relevant common laws, including seeking any relief against “passing off”, which is the unauthorized use of a mark considered to be similar to another’s registered or unregistered trademarks.

## **EXTERNAL RISK FACTORS**

**1. *Competition from players in unorganized sector.***

The Company faces competition from unorganized sector/tiny sector whose costs are lower due to exemption from Excise Duty. The players in the unorganized sector change their formulations to absorb some of the cheaper ground material to lower their cost of production and in turn reducing their pricing. Competition from unorganized sector may force us to reduce the prices of our offerings and services, which may reduce our revenues and margins and/or decrease our market share, any of which could have a material adverse effect on our business, financial condition and results of operations.

**2. *Change in technology***

Any failure to keep abreast of the latest trends in the industry and more particularly in the Calcium Carbonate Industry, might adversely affect the competitiveness and ability of the Company to compete with newer generated products or quality standards.

3. *Evolving standards, changing consumer preferences and new product introductions have an important impact on the Company's business.*

The Company's success depends on its ability to keep pace with these changes. In addition, products developed by end-use companies may make the Company's products less competitive or redundant on account of development/ availability of substitutes.

#### **Management Perception**

The Company constantly endeavors to keep pace with the latest developments in the industry and is gradually strengthening its position to enhance its market share by introducing new grades and products, enhancing the logistics for the product delivery, extending geographical converge, etc.

4. *Our performance is linked to the stability in policies and political situation in India.*

The role of the Indian Central and State Governments in the Indian economy on producers, consumers and regulators has remained significant over the years. Since 1991, the Government of India has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Any political instability could delay the reform of the Indian economy and could have a material adverse effect on the market for Company's shares. We cannot assure that these liberalization policies will continue under the newly elected governments. Protests against privatization could slowdown the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting Company's foreign investment, currency exchange rates and other matters affecting investment in Company's securities 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 Company's business.

5. *Floods, earthquakes, terrorist attacks and other acts of violence or war/ destruction involving India and or other countries could adversely affect the country's business and economy, and consequently reflect on the Company's business. These acts may also result in a loss of business confidence, make travel another services more difficult and ultimately affect the Company's business, financial conditions and results of operations.*

The consequences of any of the above are unpredictable and the Company may not be able to foresee events that could have a material adverse effect on its business, financial condition and results of operations.

#### **Notes to risk factors**

1. Public issue of 43,50,632 equity shares of Rs. 10/- each for cash at a price of Rs. [●] per equity share, consisting of a fresh issue of 16,75,000 equity shares and an offer for sale of 26,75,632 equity shares by Gujarat Venture Capital Fund 1995 aggregating to Rs. [●] crores.
2. Based on the restated financial statements, the net asset value per equity share, as of March 31, 2008, was Rs. 22.85 against the face value of Rs. 10/- per equity share.
3. The average cost of acquisition of our equity shares by our promoters was Rs. 11.04/- per equity share. For further information, see the section titled "Capital Structure - Notes to Capital Structure" on page no. 20 of this Red Herring Prospectus.
4. Other than as stated in the section titled "Capital Structure", our Company has not issued any Equity shares for consideration other than cash.

5. Investors may note that in case of over-subscription in the issue, allotment to QIB bidders, non-institutional bidders and retail bidders shall be on a proportionate basis except that at least 10% of the fresh issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded.
6. Except as disclosed in the sections “ Capital Structure”, “ Our promoters and Promoter group” and ‘Our Management”; none of our promoters, our directors and our key managerial employees have any interest in our Company except to the extent of remuneration and reimbursement of expenses and to the extent of the equity shares held, if any, by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner or trustee and to the extent of the benefits arising out of each shareholding.
7. Any clarification or information relating to the issue shall be made available by the BRLM and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever.
8. Our Company has not made any loans and advances to any person(s)/ Company in which the Directors are interested other than as stated under related party transactions given on page no. 156.
9. We and the BRLM are obliged to keep this Red Herring Prospectus updated and inform the public of any material change/development until listing.
10. The prospective investors may contact the BRLM for any complaints pertaining to the offer including any clarification or information relating to the offer. The BRLM is obliged to provide the same to the prospective investors.

**PART I**  
**SECTION II - INTRODUCTION**

**SUMMARY**

**Overview of Mining Industry in India**

Minerals constitute the back-bone of economic growth of any nation and India has been eminently endowed with this gift of nature. There are many evidences that exploitation of minerals like coal, iron-ore, copper, lead-zinc has been going on in the Country from times immemorial. However, the first recorded history of mining in India dates back to 1774 when an English Company was granted permission by the East India Company for mining coal in Raniganj. M/s John Taylor & Sons Ltd. started gold mining in Kolar Gold Fields in the year 1880.

The first oil well was drilled in Digboi in the year 1866 - just seven years after the first ever oil well was drilled anywhere in the world viz. in Pennsylvania State, USA in 1859. Mining activities in the country however remained primitive in nature and modest in scale until the beginning of the current century. Thereafter, with progressive industrialization the demand for and hence the production of various minerals gradually went up. After India became independent, the growth of mining under the impact of successive Five Year Plans has been very fast. There are ambitious plans in coal, metalliferous and oil sectors to increase production of minerals during the 8<sup>th</sup> Five Year Plan and thereafter.

Mining has provided the answer to the manufacturing and energy needs of the humanity in the past century. Mining community around the world has contributed to the enrichment of the world through industrial development. Minerals are valuable natural resources being finite and non-renewable. They constitute the vital raw materials for many basic industries and are a major resource for development.

India has a large number of economically useful minerals and they constitute one-quarter of the world's known mineral resources.

In India, 80% of mining is in coal and the balance 20% is in various metals and other raw materials such as gold, copper, iron, lead, bauxite, zinc and uranium. India with diverse and significant mineral resources is the leading producer of some of the minerals. India is not endowed with all the requisite mineral resources. Of the 89 minerals produced in India, 4 are fuel minerals, 11 metallic, 52 non-metallic and 22 minor minerals.

Mineral fillers are finely ground mineral substance, usually inert, used as filler. Key physical characteristics of fillers include mean particle diameter, particle size distribution, aspect ratio, surface area, dispersibility and inherent colour. While various minerals can be added to a polymer to obtain a given performance characteristic, each may differ in the amount of property enhancement as well as in variables such as loading level and cost.

The uses and advantages of mineral fillers globally are as mentioned below:

- Minerals used as fillers in plastic compounds have traditionally been used to reduce material costs by replacing a portion of the polymer with a less expensive material. Nowadays many functional fillers or mineral modifiers are required to modify processing characteristics or finished part properties. Many are now also being used to reduce the level of more expensive additives such as pigments, flame retardants and impact modifiers.

- Mineral fillers make up less than 6 percent of the hot mix asphalt concrete by mass and generally less than about 3 percent. A typical mineral filler completely passes a 0.060 mm (No. 30) sieve, with at least 65 percent of the particles passing the 0.075 mm sieve. Minerals used in plastics include naturally occurring minerals such as calcium carbonate, talc, clays, barium sulphate, diatomite, mica and wollastonite, as well as synthetic grades and nano-sized minerals.
- Mineral fillers increase the temperature resistance of polymers such as polypropylene and polyamides, allowing them to compete with more expensive materials such as ABS or PBT, respectively, in applications such as automotive interiors. In the electronics area, which is growing at a rate of over 10% per year, minerals are being used to increase temperature resistance of plastics both during use and during fabrication.
- Minerals are added to WPC formulations to improve properties such as impact, heat distortion temperature and creep under load. Minerals such as talc can also increase lubricity and improve processing. Use of flame retardant minerals, including alumina trihydrate, antimony trioxide, magnesium hydroxide, borates and nanoclays, is increasing with the trend towards non-halogenated flame-retardants and increased use of flame retarded plastics in areas such as construction.
- As a filler in fine printing papers alumina trihydrate increases opacity and brightness and in paper coatings it imparts brightness, gloss and high ink receptivity. ATH is used as a reinforcing pigment in adhesives, where it improves cold flow properties and cohesion and stabilizes pH.
- Paints and primers represent the largest use for filler-grade barite (barium sulfate). High brightness micronized barite is used as an extender to provide the weight that customers equate with quality, and because of its low binder demand for high loadings.
- Dry-ground calcium carbonates are among the least expensive white fillers available. Wet-ground products are produced in finer particle size ranges. Wet-ground fine and ultrafine products are also sold in 75% solids slurry form for high volume paint and paper applications. Calcium carbonate is also the most widely used filler in adhesives and sealants.

India's ranking in 2005-06 in world production was 2<sup>nd</sup> in barytes and 4<sup>th</sup> in Talc/Steatite/pyrophyllite. Below is the table on the Statistics of World Production of Industrial Minerals:

| Industrial Minerals | Qty (Unit) | World Production | India Production | % Contribution | India's Rank     |
|---------------------|------------|------------------|------------------|----------------|------------------|
| Barytes             | '000 Tons  | 7,900            | 1,190            | 15.1           | 2 <sup>nd</sup>  |
| Talc/ Steatite      | '000 Tons  | 8,600            | 809              | 9.4            | 4 <sup>th</sup>  |
| Mica                | '000 Tons  | 300              | 4,643            | 1.6            | 10 <sup>th</sup> |

(Source: Industrial Minerals Yearbook 2006, IBM, Pg 1-6 Table-3)

## Our Business

Our Company was formed on the concept of using micronised extenders and we are one of the India's largest producers of white minerals with an annual turnover of over 1,45,000 tons from plants and deposits spanning in different regions of the country producing functional fillers, specialty chemicals and extenders which are supplied globally.

Our Company was incorporated in the year 1987 in Gujarat by our promoters, Mr. Chandresh S. Parikh, Mr. Bhanubhai B. Patel, Mr. Anant K. Kamdar and Mr. Ramesh B. Patel, who have over 30 years of experience in the minerals sector. We have 4 different captive mines and 8 manufacturing locations

spanned over the Country with total mineral reserve of 60,00,000 metric tonnes. Currently we have about 70 international customers based in 30 countries utilizing 450 product grades which are in addition to approx. 700 local customers spread across India.

Our renowned Top 10 customers based on the sales for the year ended March 31, 2008 are Berger Paints India Ltd., ICI India Ltd., Goodlass Nerolac, Plastiblend India Ltd., Asian Paints Ltd., Pidilite Industries Ltd., Kandui Fillerteknik, Finolex Cable Ltd., Shriram Polytech and Akzo Nobel coatings Ltd.

We have demonstrated our ability in providing specialized products and chemicals to our customers which is reflected by the repeated orders from them. We are an **ISO 9001:2000 certified** Company.

We cater to the various industrial segments which provide us with a good spread on a regular basis throughout the year. With the increase in demand for the products of our Company, we are making efforts to customize the products as per the needs of the clients. To achieve this objective we have developed our in-house Research and Development laboratory which is well equipped with the most of the advanced quality control instruments to produce minerals of highest standard of quality and consistency.

The table below gives a brief view of various applications of our products into the industry:

| Products                  | Brand Name      | Applications/ Industry                                                                                                                                                                                                                                                                              |
|---------------------------|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Natural Calcium Carbonate | MICRON CARB     | Paints, plastics, surface coatings, paper, food, pharmaceuticals, putty, sealants, rubber, cosmetics, explosives and pyrotechnic industry                                                                                                                                                           |
| China clay/ Kaolin        | MICRON CHINA    | Paper, ceramics, paint, plastics, rubber, cement                                                                                                                                                                                                                                                    |
| Talc                      | MICRON TALC     | Water based and concrete paints, wall paint undercoats, primers, anti-settling agents and plastics                                                                                                                                                                                                  |
| Dolomite                  | MICRON DOLOMITE | Rigid PVC pipes An additive for thermoplastic and as a hardening agent for rubber industry; Power Coating, Paints and Ceramic industry; Reinforced Polyester glass fibre; Leather cloth and flooring applications; Detergent applications; Glass industry (in manufacturing sheet & optical glass). |
| Silica                    | MICRON SILICA   | Architectural paint, powder coatings, traffic paint, protective coatings, silicon rubber, adhesives, sealants, wire and cable coating compounds, thermosets, thermoplastics, ceramics, high temperature insulation and epoxy castings                                                               |
| Mica                      | MICRON MICA     | Coatings and plastics                                                                                                                                                                                                                                                                               |
| Barytes                   | MICRON BARYTE   | Emulsion paints, primers, undercoats, nitrocellulose and synthetic paste fillers, industrial coatings, printing inks, powder coating and polymers.                                                                                                                                                  |

## **Our Strengths**

### **Multiple products**

The products of our Company consist of Natural Calcium Carbonate, China clay/ Kaolin, Talc, Dolomite, Silica, Mica, Iron Oxide and Barytes. The Company's multiple product lines help to protect it from reductions in demand for any one product type.

### **Strong Management team**

We have an experienced, qualified and dedicated Management team. Our promoters have over 30 years of experience in their respective fields. The Company's Board includes a combination of Management executives and independent members who bring around significant business experience to our Company. Our experienced Management and their in-depth understanding of the market in India will enable us to continue to take advantage of both current and future market opportunities.

### **Multi -locational facilities (geographically diversified)**

Our mining resources and plants are strategically located in the states of Rajasthan, Gujarat, and Tamil Nadu. Our manufacturing units are well connected with national - highways and railways. Location of our manufacturing unit helps us in reaching our customers economically.

### **Strong marketing and distribution network**

The Company has a wide spread distribution network and is operating marketing offices in the states of West-Bengal, Rajasthan, Gujarat, Maharashtra, Andhra Pradesh and Tamil Nadu. This distribution network enables our Company to distribute its product in almost every part of India.

### **Sales Force Effectiveness**

The focus on Sales Force Effectiveness as a key business driver has given a strong competitive edge to the Company over its competitors. Implementation of business planning tools, focus on technical support, field coaching and constant evaluation of product knowledge and training has helped in improving effectiveness and field force productivity. Customer segmentation has sharpened focus on key customers.

### **Strong Infrastructure availability**

The Company has a highly-developed operational infrastructure and uses highly efficient, low cost, production methods. The Company continuously strives to maintain its equipment to modern standards with the result that its existing infrastructure can be upgraded or expanded cost effectively and it regularly incorporates new technologies and implements innovative policies into its various manufacturing processes in order to maximize efficiency and maintain cost control. 20ML possesses about 72 hectares of mining area and has applied for additional 1,000 hectares of mining area for manufacturing facility across 8 locations of the Country with an existing consolidated capacity to produce 96,400 tonnes per annum. The technology and infrastructure used by the Company are based on industry standards.

### **Product innovation & Research and Development**

We continue to focus on fulfilling the customized demand of our clients through our R&D efforts. We invest our resources in understanding the consumer behavior and formulate strategies aimed at fulfilling the evolving and ever expanding consumer need. We believe that our focus on R&D would help us in

fulfilling the growing demand of our products. The Research and Development activity has helped us to enter into the market of less than 20 Microns particle size and also sub micron minerals. We continue to have a major market share of 2 micron particle size products market and we hope to build up substantial market in sub micronized products in the near future as is the case with 2 micron particle size products as of now.

#### **Reduction in Power and Fuel Cost**

Utilization of producer gas as a fuel is the cheapest substitute for LPG and electric power. We have reduced substantial power and fuel cost in the last one year by using coal to produce clean gas in the gasifier, keeping in mind the Clean-Green-Lean policy. It serves a dual advantage of better production and cleaner environment by using clean fuels.

#### **OUR STRATEGY**

##### **Focus on production of high value Speciality Minerals which would provide better margins**

We are one of the leading suppliers of Speciality Minerals in the Country. We strategise to focus more on the production of these minerals which have provided us a cutting edge over the other mineral providers.

##### **Improving cost structure**

We believe in providing quality products at competitive prices and to achieve the same we need to keep a tap on our cost and make our manufacturing processes cost effective. We intend to continue to identify efficient manufacturing operations and improved quality standards and increase profitability of the Company.

##### **Unique brand positioning**

We position ourselves as “Speciality Minerals providers” brand. We strive to provide solutions to our clients on the technological aspects of the minerals supplied by us to our clients.

## SUMMARY OF FINANCIAL AND OPERATING INFORMATION

## RESTATED STATEMENT OF ASSETS AND LIABILITIES - 20 MICRONS LIMITED

(Rs. in Lacs)

| Sr. No.  | Particulars                                                     | As at           |                 |                 |                 |                 |
|----------|-----------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|          |                                                                 | 31.03.2004      | 31.03.2005      | 31.03.2006      | 31.03.2007      | 31.03.2008      |
| <b>1</b> | <b>Fixed Assets</b>                                             |                 |                 |                 |                 |                 |
|          | Gross Block                                                     | 5,925.13        | 6,661.90        | 6,814.40        | 7,128.65        | 7,606.57        |
|          | Less: Depreciation                                              | 1,298.28        | 1,565.30        | 1,894.55        | 2,234.67        | 2,583.90        |
|          | <b>Net Block</b>                                                | <b>4626.85</b>  | <b>5,096.60</b> | <b>4,919.85</b> | <b>4,893.98</b> | <b>5,022.67</b> |
|          | Capital Work in Progress                                        | 411.60          | -               | 29.23           | 133.37          | 87.95           |
|          | Capital advances                                                | 122.07          | 14.07           | 19.10           | 14.66           | 24.29           |
|          | <b>Total A</b>                                                  | <b>5,160.52</b> | <b>5,110.67</b> | <b>4,968.18</b> | <b>5,042.01</b> | <b>5,134.91</b> |
| <b>2</b> | <b>Investment B</b>                                             | <b>6.27</b>     | <b>66.27</b>    | <b>66.32</b>    | <b>69.09</b>    | <b>69.09</b>    |
| <b>3</b> | <b>Current Assets, Loans &amp; Advances</b>                     |                 |                 |                 |                 |                 |
|          | Inventories                                                     | 933.87          | 632.04          | 625.52          | 902.58          | 1,283.00        |
|          | Sundry Debtors                                                  | 1,191.49        | 803.77          | 1,057.45        | 1,399.46        | 1,988.72        |
|          | Cash & bank Balances                                            | 163.27          | 152.95          | 179.26          | 191.92          | 303.89          |
|          | Loans and Advances                                              | 188.95          | 182.31          | 230.69          | 328.70          | 579.85          |
|          | Other Current Assets                                            | -               | 37.68           | 8.55            | 25.35           | 121.09          |
|          | <b>Total C</b>                                                  | <b>2,477.58</b> | <b>1,808.75</b> | <b>2,101.47</b> | <b>2,848.01</b> | <b>4,276.55</b> |
| <b>4</b> | <b>Liabilities and Provisions</b>                               |                 |                 |                 |                 |                 |
|          | Secured Loans                                                   | 3,022.64        | 2,991.93        | 3,060.09        | 3,329.11        | 3,715.94        |
|          | Unsecured Loans                                                 | 861.85          | 906.17          | 943.01          | 917.27          | 935.97          |
|          | Deferred Tax Liability                                          | 491.30          | 491.30          | 383.94          | 426.89          | 616.50          |
|          | Current Liabilities & Provisions                                | 767.38          | 726.34          | 730.00          | 909.69          | 1,368.58        |
|          | <b>Total D</b>                                                  | <b>5,143.17</b> | <b>5,115.74</b> | <b>5,117.04</b> | <b>5,582.97</b> | <b>6,636.99</b> |
| <b>5</b> | <b>Net worth (A+B+C-D)</b>                                      | <b>2,501.20</b> | <b>1,869.95</b> | <b>2,018.93</b> | <b>2,376.15</b> | <b>2,843.57</b> |
| <b>6</b> | <b>Represented by</b>                                           |                 |                 |                 |                 |                 |
|          | Equity Share Capital                                            | 1,244.48        | 1,244.48        | 1,244.48        | 1,244.48        | 1,244.48        |
|          | ESOP                                                            | -               | -               | -               | -               | 22.70           |
|          | Reserves & Surplus                                              | 1,256.72        | 625.47          | 1,319.83        | 1,319.83        | 1,576.39        |
|          | Less: Miscellaneous Expenses<br>(To the extent not written off) | -               | -               | -               | -               | -               |
|          | Less: Loss Account                                              | -               | -               | (545.38)        | (188.16)        | -               |
|          | <b>Net worth</b>                                                | <b>2,501.20</b> | <b>1,869.95</b> | <b>2,018.93</b> | <b>2,376.15</b> | <b>2,843.57</b> |

## RESTATED STATEMENT OF PROFIT AND LOSSES - 20 MICRONS LIMITED

(Rs. in Lacs)

| Sr. No.  | Particulars                                                                           | As at           |                 |                 |                 |                 |
|----------|---------------------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|          |                                                                                       | 31.03.2004      | 31.03.2005      | 31.03.2006      | 31.03.2007      | 31.03.2008      |
| <b>1</b> | <b>Income</b>                                                                         |                 |                 |                 |                 |                 |
|          | Sales                                                                                 |                 |                 |                 |                 |                 |
|          | of Products manufactured by the Company                                               | 4140.42         | 4682.62         | 4945.30         | 5891.87         | 6917.76         |
|          | of Products traded by the Company                                                     | 1042.88         | 969.12          | 1804.39         | 2849.83         | 3823.10         |
|          | <b>Total Income</b>                                                                   | <b>5183.30</b>  | <b>5651.74</b>  | <b>6749.69</b>  | <b>8741.70</b>  | <b>10740.86</b> |
|          | Other Income                                                                          | 27.55           | 41.84           | 37.09           | 42.37           | 51.65           |
|          | <b>Total</b>                                                                          | <b>5210.85</b>  | <b>5693.57</b>  | <b>6786.78</b>  | <b>8784.07</b>  | <b>10792.51</b> |
| <b>2</b> | <b>Expenditure</b>                                                                    |                 |                 |                 |                 |                 |
|          | Raw Material expenses                                                                 | 2196.19         | 2209.53         | 2774.75         | 3530.32         | 4476.32         |
|          | Operating Expenses                                                                    | 908.77          | 1043.04         | 1118.68         | 1523.41         | 1681.57         |
|          | Personnel Expenses                                                                    | 596.04          | 654.79          | 811.57          | 980.15          | 1323.12         |
|          | Administrative & Selling Expenses                                                     | 1045.49         | 1109.63         | 1261.92         | 1513.88         | 1749.94         |
|          | <b>Total</b>                                                                          | <b>4746.49</b>  | <b>5016.99</b>  | <b>5966.91</b>  | <b>7547.76</b>  | <b>9230.95</b>  |
| <b>3</b> | <b>Net Profit/ (Loss) before Interest, Depreciation, Tax and Extra-ordinary items</b> | <b>464.36</b>   | <b>676.58</b>   | <b>819.87</b>   | <b>1236.30</b>  | <b>1561.56</b>  |
|          | Extra-ordinary Items.                                                                 | 541.12          | 659.73          | -               | -               | -               |
| <b>4</b> | <b>Net Profit/ (Loss) before Interest, Depreciation &amp; Tax</b>                     | <b>(76.76)</b>  | <b>16.85</b>    | <b>819.87</b>   | <b>1236.30</b>  | <b>1561.56</b>  |
|          | Depreciation                                                                          | 261.99          | 299.12          | 340.36          | 355.46          | 372.55          |
|          | Finance & Exchange Variation                                                          | 364.38          | 346.18          | 371.47          | 415.68          | 564.92          |
|          | <b>Profit/ (Loss) before Tax</b>                                                      | <b>(703.13)</b> | <b>(628.45)</b> | <b>108.04</b>   | <b>465.17</b>   | <b>624.09</b>   |
|          | Provision for Taxation                                                                |                 |                 |                 |                 |                 |
|          | - Current Tax/ FBT                                                                    | -               | 2.80            | 30.00           | 65.00           | 18.00           |
|          | - Tax of earlier years                                                                | -               | -               | 5.29            | -               | (50.00)         |
|          | - Deferred Tax                                                                        | (171.97)        | -               | (107.36)        | 42.95           | 197.01          |
| <b>5</b> | <b>Profit/ (Loss) after Tax</b>                                                       | <b>(531.16)</b> | <b>(631.25)</b> | <b>180.10</b>   | <b>357.22</b>   | <b>459.08</b>   |
|          | <b>Profit available for appropriation</b>                                             | <b>(531.16)</b> | <b>(631.25)</b> | <b>180.10</b>   | <b>357.22</b>   | <b>459.08</b>   |
|          | Less: Liability under AS-15                                                           | -               | -               | -               | -               | 14.37           |
|          | Add: Transfer from General Reserve                                                    | 369.14          | -               | -               | -               | 12.89           |
|          | Balance b/f from Last Year                                                            | 54.90           | (107.12)        | (738.37)        | (558.26)        | (201.05)        |
|          | <b>Profit/(Loss) Transferred to B/S</b>                                               | <b>(107.12)</b> | <b>(738.37)</b> | <b>(558.26)</b> | <b>(201.05)</b> | <b>256.55</b>   |

## THE ISSUE

| Equity shares offered                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Issue                                                                                                                                                                                                                                                                      | 43,50,632 Equity Shares                                                                                                                                                                                                                                                                                                                 |
| <i>Which comprises of:</i>                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                         |
| Fresh Issue                                                                                                                                                                                                                                                                | 16,75,000 Equity Shares                                                                                                                                                                                                                                                                                                                 |
| Offer for Sale                                                                                                                                                                                                                                                             | 26,75,632 Equity Shares                                                                                                                                                                                                                                                                                                                 |
| <i>Of which:</i>                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                         |
| Employee Reservation Portion                                                                                                                                                                                                                                               | 2,17,532 Equity Shares                                                                                                                                                                                                                                                                                                                  |
| Net Issue to Public (Net Issue)                                                                                                                                                                                                                                            | 41,33,100 Equity Shares                                                                                                                                                                                                                                                                                                                 |
| QIB Portion *                                                                                                                                                                                                                                                              | Upto 20,66,550 Equity Shares (allocation on proportionate basis) out of which 5% of the QIB Portion 1,03,327 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only (Mutual Funds Portion), and the balance Equity Shares shall be available for allocation to all QIBs, including Mutual Funds. |
| Non-Institutional Portion*                                                                                                                                                                                                                                                 | Not Less Than 6,19,965 Equity Shares ( <i>allocation on proportionate basis</i> )                                                                                                                                                                                                                                                       |
| Retail Portion*                                                                                                                                                                                                                                                            | Not Less than 14,46,585 Equity Shares ( <i>allocation on proportionate basis</i> )                                                                                                                                                                                                                                                      |
| Equity Shares outstanding prior to the Issue                                                                                                                                                                                                                               | 1,24,44,800 Equity Shares                                                                                                                                                                                                                                                                                                               |
| Equity Shares outstanding post the Issue                                                                                                                                                                                                                                   | 1,41,19,800 Equity Shares                                                                                                                                                                                                                                                                                                               |
| <i>*Under subscription, if any, in any of the above categories would be allowed to be met with spill over, inter-se, from any other categories at the sole discretion of the Company and the BRLM, subject to at least 10 % of the issue size being allotted to QIB's.</i> |                                                                                                                                                                                                                                                                                                                                         |
| Use of Issue Proceeds                                                                                                                                                                                                                                                      | See the section titled "Objects of the Issue" on page no. 34 of this Red Herring Prospectus.                                                                                                                                                                                                                                            |

## ISSUE PROGRAM

| ISSUE OPENS ON             | ISSUE CLOSES ON              |
|----------------------------|------------------------------|
| Monday, September 08, 2008 | Thursday, September 11, 2008 |

## GENERAL INFORMATION

|                                 |                                                                                                                                                                 |
|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name of the Company</b>      | : 20 MICRONS LIMITED                                                                                                                                            |
| <b>Registered Office</b>        | : 9/10, GIDC Industrial Estate, Waghodia- 391760,<br>Vadodara, Gujarat, India.<br>Tel: (02668) 262001 Fax: (02668) 262447<br>E-mail: co_secretary@20microns.com |
| <b>Contact Person</b>           | : Mr. Nikunj Savaliya, Company Secretary &<br>Compliance Officer                                                                                                |
| <b>Registrar of the Company</b> | : RoC Bhavan, Opp. Rupal Park Society, Nr. Ankur<br>Bus Stand, Naranpura, Ahmedabad – 380 013.                                                                  |
| <b>Registration Number</b>      | : 04-9768                                                                                                                                                       |
| <b>CIN</b>                      | : U99999GJ1987PLC009768                                                                                                                                         |

At the time of Incorporation, the Registered Office of the Company was situated at “ARIC”, 66, Atmajyoti Nagar, Race Course, Baroda – 390 007. Subsequently, pursuant to a Special Resolution passed at the Extra-ordinary Meeting held on 10<sup>th</sup> February, 1991, the Registered Office of the Company was shifted to 253/254, G.I.D.C. Industrial Estate, Waghodia, District: Baroda. Thereafter, pursuant to a Board Resolution dated 17<sup>th</sup> July, 1994, the Registered Office of the Company was shifted to 9/10, G.I.D.C Industrial Estate, Waghodia, District Baroda, w.e.f. 20<sup>th</sup> July, 1994.

| Head Office                                                                                   | Corporate Office                                                                                              |
|-----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| 307/308, Arundeeep Complex,<br>Race Course Circle,<br>Vadodara- 390 007,<br>Gujarat,<br>India | 134-135,<br>Hindustan Kohinoor Industrial Complex,<br>L.B.S. Marg,<br>Vikhroli (W), Mumbai – 400 085<br>India |

For details regarding other branches of our Company see the section titled “Our Business” on page no. 68.

## BOARD OF DIRECTORS

The Board of Directors of our Company comprises of:

| Sr. No. | Name                         | Designation                     | Status                          |
|---------|------------------------------|---------------------------------|---------------------------------|
| 1.      | Mr. Chandresh S. Parikh      | Chairman &<br>Managing Director | Executive & Non-Independent     |
| 2.      | Mr. Rajesh C. Parikh         | Joint Managing<br>Director      | Executive & Non-Independent     |
| 3.      | Mr. Sudhir R. Parikh         | Director (Finance)              | Executive & Non-Independent     |
| 4.      | Mr. Vishnu Varshney          | Nominee Director<br>GVFL        | Non-Executive & Non-Independent |
| 5.      | Mr. Mihir Joshi              | Nominee Director<br>GVFL        | Non-Executive & Non-Independent |
| 6.      | Mr. D. D. Bhattacharjee      | Nominee Director<br>IDBI        | Non-Executive & Independent     |
| 7.      | Mr. Vithaldas D. Talati      | Director                        | Non-Executive & Independent     |
| 8.      | Mr. Pravinchandra M.<br>Shah | Director                        | Non-Executive & Independent     |
| 9.      | Mr. Ram Devidayal            | Director                        | Non-Executive & Independent     |
| 10.     | Mr. Harish Sheth             | Director                        | Non-Executive & Independent     |

## BRIEF BIOGRAPHY OF THE DIRECTORS

**Mr. Chandresh S. Parikh**, our Chairman and Managing Director, aged 62 years, holds a Degree in Master of Science (Chemistry). He has played a very important role in the turnaround of the Company and has over 35 years of experience, In India and abroad, in various fields such as product development & commercialization of products developed through R & D etc. He started his career as R&D Chemist in the year 1968 with Suhrid Geigy Limited; Vadodara till 1972. Thereafter he joined in as a Chief Chemist with General Foam Products, Mombassa, Kenya in 1972 and continued with them till 1975. Thereafter he held Senior Executive positions as Technical Director and Executive Director in Banco Products (T) Ltd., Dar Es Salaam from 1975-82. As Technical Director he was in charge of Production and technical matters and as an Executive Director he was in overall charge and management of the affairs of that Company. He was a Managing Director in Aerofoam (Nigeria) Ltd., Lagoa, Nigeria during 1982-88. He came to India for the formation of 20 Microns Private Limited in 1987 and started commercial production from 1988. He holds 12.40% of the present paid-up capital of 20 Microns Limited.

**Mr. Rajesh C. Parikh, (Director)** aged 36 years has graduated with First Class Degree in Bachelor of Mechanical Engineering. He has also completed the Masters in business Administration. He is the Joint Managing Director of our Company. He started his career with Jyoti Limited, a Vadodara based Engineering Company, in the year 1994 as a Trainee Engineer and there after he was associated with the Company and held, on part time basis, few assignments for a new project to be established for China Clay. At the age of 27 he joined the Board and was in charge of Technical matters & Marketing of the product of the Company. His exposure to the consuming industries brought in him insight for business and industry. He holds 2.25% present paid-up capital of 20 Microns Limited.

**Mr. Sudhir R. Parikh, Fellow Chartered Accountant**, aged 54 years is the Whole Time Director (Finance) of our Company. He joined M/s. Lovelock & Lewes, an audit firm for a period of 1½ years. Subsequently, he held a senior executive position as Manager Accounts in Asian Dehydrates Limited in the year 1977, Nasik. He then joined as a Chief Accountant in M. H. Spinning & Mfg Co. Ltd., Ahmedabad in the year 1978. He was also an Executive Director in Banco Products (T) Ltd., Dar- E- Salaam, Tanzania and a Director in United Foam Private Limited, Waghodia. He has gathered good experience in Accounting, Finance, Taxation and Management. He looks after the Accounts, Finance, Banking and Administration of our Company. He holds 1.59% of the present paid-up capital of 20 Microns Limited.

**Mr. Vishnu Varshney** holds Bachelor's Degree of Electrical Engineering from Indian Institute of Technology, Kanpur. He is also an MS in Electrical Engineering and Master of Business Administration from Louisiana State University, USA. He worked for two years (1971-1973) with TANO Corporation, Metairie, USA, as Circuit and Systems Design Engineer. He also worked with Computer Research Centre, USA as a research Assistant from the year 1973 to 1975. He returned to India and joined UP State Industrial Development Corporation Limited as a Senior Manager (Projects) in the year 1975 till 1978. He then joined Gujarat Industrial Investment Corporation in the year 1979. Mr. Varshney has 35 years of work experience in equity investment, project planning, monitoring, follow-up, technology transfer and turnaround. He was selected by the World Bank and GIIC to start GVFL in July 1990. He was the first Venture Capitalist from India to undergo 18 weeks internship under the India Technology Development Projects of the World Bank in the US with Hambro International Equity partners, based in New York and Boston.

He has played an active role in shaping the legislation and regulations for the Indian Venture Industry as a Member, Secretary and President of the Indian Venture Capital Association. He was a member of K.B. Chandrashekhar Committee, appointed by SEBI, for drafting Venture Capital Guidelines. He was also a member of the Knowledge Park Committee appointed by the Govt. of India. He has been actively associated with CII, Nasscom, Indo American Chamber Of Commerce (IACC) and Ahmedabad chapter

of TIE. He has been awarded the inaugural **APVCA (Asia-Pacific Venture Capital Alliance) award** in recognition of his outstanding contribution to the Venture Capital and Private Equity Industry in Asia.

His leadership is harnessed by India's premier Venture Funds and Industry Associations, including the Rajasthan Venture Fund (Member, BOD), the National Institute of Design (NID), the Grassroot Innovation Augmentation Network (GIAN), CIIE at IIMA, IIT Kanpur, incubator and Foundation for Technology Transfer at I.I.T. Delhi.

His contribution has been recognized by CII Gujarat by a Lifetime Achievement Award and an Outstanding and Innovative Finance Man Award from Ahmedabad Finance Companies Association. At GIIC, he was instrumental in setting up some of the large companies where he also served on the Board. A few to mention are Setco Automotive Limited (formerly known as Gujarat Setco Clutch Limited), Gujarat Tyres (now Apollo Tyres), Munjal Auto Industries Limited (formerly known as Gujarat Cycles Limited) etc. He has built GVFL into one of the most dynamic Venture Capital Companies in India. He is well known in the Industry for nurturing the start up companies and 20 Microns Limited has immensely benefited from him.

**Mr. Mihir Joshi**, GVFL- Nominee Director holds degrees of ACS & AICWA. He topped in CS Final in Ahmedabad Centre and received Shirish H. Shah Memorial Award. He received the Best Participant Award in Secretarial Modular Training Program (SMTP - 2000) of 15 days organized at ICSI, Ahmedabad in August 2000. He has seven years of experience in Venture Capital (2001 - Till Date). He has also handled legal issues involving the Corporate Laws, General Laws and Criminal Laws and drafting of legal documents. Mr. Joshi has worked with assisted companies on issues related to deal structuring, IPO, fund raising, foreign collaboration, JVs, Approval from various Government Authorities (DCA, FIPB, RBI, SEBI, DGFT, Income Tax, Excise Dept.) and Corporate Governance, etc.

**Mr. D. D. Bhattacharjee**, IDBI- Nominee Director holds a degree in Bachelor of Science and Post Graduate Diploma in FOREX and Risk Management. He has 27 years of experience in the banking industry in the areas of project appraisal, project monitoring, risk assessment, risk mitigation, etc. and has held several executive positions in the head office and branches of Industrial Development Bank of India Limited. He is also on the board of Marwar Hotels Limited since 2005. He is also on the board of Gulijag Industries Limited since 2003.

**Mr. Vithaldas D. Talati** is a graduate of Commerce and Law and Fellow Member of the Institute of Company Secretaries of India. He has held several responsible positions for over 40 years in Sarabhai Group of Companies and was also a Company Secretary in Ambalal Sarabhai Enterprise Ltd., Vadodara. He has varied experience and knowledge in Company Law, Secretarial, other legal matters and also in Corporate Laws. He worked with Ambalal Sarabhai Enterprises Ltd., as a Company Secretary from the period 1979 to 1988. He then joined Sarabhai Electronics Ltd. in the year 1988 and worked with them for 2 years. In the year 1991, he joined Panchamahar Cement Company Ltd. as a Company Secretary till 1998.

**Mr. Pravinchandra M. Shah**, holds Degree in is M.Com, LLB, AICWA and ACS. He has an experience of more than 47 years in various fields of Accounting, Finance, Taxation (Direct and Indirect), Company Secretarial Matters, Legal Matters, General Administration, Labour Matters, etc. He started his career in the year 1959 with Textile Appliances & Instruments Co. Pvt. Ltd as Accountant cum Secretary till 1962. Mr. Shah has worked for more than 20 years (1966 - 1986) with Banco Products (India) Ltd and its group in different capacities, lastly as Director (Finance) and from the year 1989 onwards with Transpek Industry Ltd as Vice President (Finance). He has also worked as a consultant for over more than 13 years in the areas of Finance, Accounts, Taxation, Company Law and SEBI Matters, etc.

**Mr Ram Devidayal** holds Master Degrees in Commerce & Management. He has reach & extensive experience in the fields of Agrochemicals of 30 years of which 20 years in the Senior - 1<sup>st</sup> Line Management of the Companies to which he has been associated as Director. He is the Vice Chairman of Baroda Citizen Council & involved in Social activities of many NGOs. He has also been actively attached with various Associations, since last over a Decade, like Chamber of Commerce in Vadodara; Federations of Gujarat Industries; Gujarat Pesticides Formulations; etc. He has travelled widely round the Globe and participated in various International Seminars and led delegations several times.

**Mr. Harish Sheth** is a B.Sc. in Mechanical Engineering from the University of MICHIGAN, Ann Arbor and MBA from Colombia University, NEW YORK. He is the Chairman & Managing Director of Setco Automotive Limited (1982 - Till Date) and also the Director of Setco Engineering Pvt. Ltd. (1979 - Till Date), the Manufacturers of components for Clutches and other industries. Mr. Harish Sheth has been in the business of manufacturing Medium and Heavy Clutches for more than 25 years. He has also been involved with Automobile industry for its development & Up-gradation since last two decades.

**Compliance Officer & Company Secretary**

**Mr. Nikunj Savaliya**

20 Microns Limited  
307-308 Arundeeep Complex,  
Race Course Circle,  
Vadodara,  
Gujarat - 390 007, India.  
Tel: +91-0265-3057019; Fax: +91-0265-2333755  
Email: co\_secretary@20microns.com

**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 account or refund orders etc.**

**Legal Advisor to the Issue**

**Corporate Law Chambers India**

44 A, Nariman Bhavan,  
Nariman Point,  
Mumbai. 400 021.  
Tel: +91-22-66321528  
Fax: +91-22-66321531  
E mail: mail@corplawchambers.com  
Contact Person: Mr. A.Y. Srinivasan

**Bankers to the Company**

**State Bank of India**

Sp. Commercialized Branch,  
2<sup>nd</sup> Floor, Trident,  
Opp. GERI, Near Race Course,  
Vadodara - 390 023.  
Tel.: +91-0265-2310353/755; Fax: +91-0265-2310654  
Email: agm.04086@sbi.co.in

**ISSUE MANAGEMENT TEAM****Book Running Lead Manager to the Issue****KEYNOTE****CORPORATE SERVICES LTD****KEYNOTE CORPORATE SERVICES LTD.**

4<sup>th</sup> Floor, Balmer Lawrie Building,  
5, J.N. Heredia Marg,  
Ballard Estate, Mumbai – 400001  
Tel.: +91-022-30266000-3; Fax: +91-22-22694323  
Website: [www.keynoteindia.net](http://www.keynoteindia.net)  
E-mail: [mbd@keynoteindia.net](mailto:mbd@keynoteindia.net)  
Contact Person: Mr. Siddharth Seth  
SEBI Regn No: INM 000003606  
AMBI No.: AMBI / 040

**Registrar to the Issue****INTIME SPECTRUM REGISTRY LIMITED**

C-13, Pannalal Silk Mills Compound  
L.B.S. Marg, Bhandup (West),  
Mumbai – 400 078  
Tel: +91-22- 2596 0320 (9 Lines)  
Fax: +91-22- 2596 0328/29  
E-mail: [20microns.ipo@intimespectrum.com](mailto:20microns.ipo@intimespectrum.com)  
Website: [www.intimespectrum.com](http://www.intimespectrum.com)  
Contact Person: Mr. Sachin Achar  
SEBI Registration No : INR 000003761

**Syndicate Member****Keynote Capitals Limited**

4<sup>th</sup> Floor Balmer Lawrie Bldg,  
5, J.N. Heredia Marg,  
Ballard Estate, Mumbai – 400 001  
Tel: +91-22-30266044; Fax: +91-22-22694323  
E-mail: [kcl@keynoteindia.net](mailto:kcl@keynoteindia.net)  
Website: [www.keynoteindia.net](http://www.keynoteindia.net)  
Contact Person: Mr. Alpesh Mehta

**Bankers to the Issue & Escrow Collection Banks****Axis Bank**

Opp. GEB Office, Nr. Pizza Hut,  
Race Course Circle (North),  
Vadodara  
Tel: +91-0265-2311613; Fax: +91-0265-2351185  
E-mail: manish.tewari@axisbank.com  
Contact Person: Mr. Manish Tewari

**Canara Bank**

Capital Market Service Branch  
11, Homji Street, Varma Chambers Building,  
Ground Floor, Fort,  
Mumbai – 400 001  
Tel: +91-22-22692973; Fax: +91-22-22664140  
E-mail: mcity2422@canbank.co.in  
Contact Person: Mr. T. Muralidharan

**HDFC Bank**

2<sup>nd</sup> Floor, Process House,  
Kamala Mills Compound,  
Senapati Bapat Marg,  
Lower Parel,  
Mumbai – 400 013  
Tel: +91-22-24988484; Fax: +91-22-24963871  
E-mail: deepak.rane@hdfcbank.com  
Contact Person: Mr. Deepak Rane

**HSBC Bank**

HSBC, 52/60, M.G. Road,  
Fort, Mumbai – 400 001  
Tel: +91-22-67465614; Fax: +91-22-66536002  
Email: swapnilpavale@hsbc.co.in  
Contact Person: Mr. Swapnil Pavale

**ICICI Bank**

Capital Markets Division  
30, Mumbai Samachar Marg,  
Mumbai – 400 001  
Tel: +91-22-22627600; Fax: +91-22-22611138  
E-mail: venkataraghavan.t@icicibank.com  
Contact Person: Mr. Venkataraghavan

**IDBI Bank**

224-A, Mittal Court,  
'A' Wing, Nariman Point,  
Mumbai – 400 021  
Tel: +91-22-66588151; Fax: +91-22-66588130  
E-mail: sg.nadkarni@idbi.co.in  
Contact Person: Mr. S. G. Nadkarni

**Brokers to the Issue**

All the brokers registered with SEBI will be brokers to the said issue of equity shares.

**Auditors to the Company**

**Manubhai & Co.,**  
Chartered Accountants,  
2<sup>nd</sup> Floor, B wing,  
Premium House,  
Nr. Ellisbridge Railway Station, Ashram Road,  
Ahmedabad - 380 009.  
Tel.: +91-079-26580956  
Email: kaushik@manubhaico.com  
Website: www.manubhaico.com

**STATEMENT OF INTER SE ALLOCATION OF RESPONSIBILITIES FOR THE ISSUE**

The following table sets forth the distribution of responsibility and co-ordination for various activities by the Book Running Lead Manager Keynote Corporate Services Ltd. is acting as Sole Book Running Lead Manager to this Issue.

| Sr. No. | Activity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Responsibility & Coordinator |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| A.      | i) Capital Structuring with relative components and formalities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Keynote                      |
|         | ii) Structuring of the issue instrument                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                              |
| B.      | i) Offer document – draft and design of offer document, due diligence and completion of formalities with Stock Exchange, SEBI and Registrar of Companies.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Keynote                      |
|         | ii) Selection of Ad agencies, design of statutory advertisement and press releases                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                              |
| C.      | Marketing of the Issue, which will cover, interalia formulating of marketing strategies, preparation of publicity budget, arrangement for Ad Media Centres of holding conferences of Brokers, Investors etc, and Bankers to the Issue                                                                                                                                                                                                                                                                                                                                                                                                                      | Keynote                      |
| D.      | Selection of various agencies connected with the issue such as Registrars to the Issue, Printers and Brokers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Keynote                      |
| E.      | Selection of Bankers to the Issue, collection centres                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Keynote                      |
| F.      | Follow up with Bankers to the issue on collections and advising the issuer about closure of the issue based on correct figures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Keynote                      |
| G.      | Post issue activities will involve submission of statutory reports, essential follow up steps including finalization of basis of allotment, listing of instrument and dispatch of certificates and refunds, coordination with various agencies connected with the work such as registrars to the issue, bankers to the issue and the bank handling the refund business. Even if many of these activities will be handled by other intermediaries, the designated Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable to discharge this responsibility through suitable agreement with the issue company. | Keynote                      |

## **IPO GRADING**

This Issue has been graded by Credit Analysis & Research Ltd. (CARE) and has been assigned the “**IPO Grade 3**” indicating Average Fundamentals, through its letter dated July 16, 2008 which is valid for a period of two months. The IPO grading is assigned on a five point scale from 1 to 5 with an “IPO Grade 5” indicating strong fundamentals and an “IPO Grade 1” indicating poor fundamentals. A copy of the report provided by CARE, furnishing the rationale for its grading was available for inspection at our Registered Office from 10.00 am to 4.00 pm on Working Days from the date of this Red Herring Prospectus until the Bid/Issue Closing Date.

A summary of the rationale for the grading assigned by CARE to the Issue is extracted below:

The grading takes into account 20ML’s long and established track record in the micronised minerals industry, operating captive mines and geographical spread of its manufacturing facilities in a logistics intensive industry, diversified clientele and voluntary compliance with some of the provisions of clause 49 of the listing agreement since last five years. The grading is constrained by unsatisfactory financial performance in the recent past including availing of CDR (Cost Debt Restructuring) package, competition from players in the organized as well as unorganized sector, increasing cost of fuel, IPO linked project and modest financial profile as reflected by high overall gearing and moderate profit margins, especially in a rising interest rate scenario. The grading is further constrained by subdued return on net worth and EPS.

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

## **CREDIT RATING**

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

## **TRUSTEES**

As the Issue is of Equity Shares, the appointment of trustees is not required.

## **MONITORING AGENCY**

The Company has not appointed any monitoring agency for this Issue.

## **APPRAISING AGENCY**

The project of the Company has been appraised by Industrial Development Bank of India.

## BOOK BUILDING PROCESS

The Book Building Process refers to the process of collection of Bids, on the basis of this Red Herring Prospectus, within the Price Band. The Issue Price is fixed after the Bid/Issue Closing Date.

The principal parties involved in the Book Building Process are:

- (1) The Company;
- (2) The Book Running Lead Manager, in this case being Keynote Corporate Services Limited;
- (3) The Syndicate Member who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as underwriters. Syndicate Members are appointed by the BRLM;
- (4) The Registrar to the Issue in this case being Intime Spectrum Registry Limited; and
- (5) Escrow Collection Banks

The Equity Shares are being offered to the public through the 100% Book Building Process in accordance with the SEBI Guidelines, wherein upto 50% of the Net Issue shall be allocated on a proportionate basis to QIBs, including up to 5% of the QIB Portion that shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Portion shall be available for Allocation on a proportionate basis to all QIB Bidders, including Mutual Funds. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to the Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Out of the QIB reservation at least 10% of the fresh issue size shall be allotted to QIB's, failing which the full subscription monies shall be refunded.

In accordance with SEBI Guidelines, QIB's are not allowed to withdraw their Bid(s) after the Bid/ Issue Closing Date. **In addition, as per the present SEBI Guidelines, QIB's are required to pay 10% Margin Amount upon submission of the Bid cum Application Form during the Bidding Period and allocation to QIB's will be on a proportionate basis.** For further details see section titled "Issue Structure" on page no. 236.

The Company shall comply with the SEBI Guidelines and any other directions issued by SEBI for this Issue. In this regard, the Company has appointed Keynote Corporate Services Limited as the Book Running Lead Manager to manage the Issue and to procure the subscriptions to the Issue.

**The process of Book Building under the SEBI Guidelines is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.**

### Illustration of Book Building and Price Discovery Process

*(Investors may note that this illustration is solely for the purpose of easy understanding and is not specific to the Issue.)*

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 40/- to Rs. 48/- per share, issue size of 6,000 equity shares and receipt of nine bids from bidders, details of which are shown in the table below, the illustrative book would be as below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as shown below indicates the demand for the shares of the Company at various prices and is collated from bids from various investors.

| Number of equity shares bid for | Bid Price (Rs.) | Cumulative equity shares bid | Subscription |
|---------------------------------|-----------------|------------------------------|--------------|
| 500                             | 48              | 500                          | 8.33%        |
| 700                             | 47              | 1,200                        | 20.00%       |
| 1,000                           | 46              | 2,200                        | 36.67%       |
| 400                             | 45              | 2,600                        | 43.33%       |
| 500                             | 44              | 3,100                        | 51.67%       |
| 200                             | 43              | 3,300                        | 55.00%       |
| 2,700                           | 42              | 6,000                        | 100.00%      |
| 800                             | 41              | 6,800                        | 113.33%      |
| 1,200                           | 40              | 8,000                        | 133.33%      |

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs. 42/- in the above example. The issuer, in consultation with the BRLM will finalize the issue price at or below such cut-off price i.e. at or below Rs. 42/-. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

#### Steps to be taken for Bidding:

1. Check eligibility for making a Bid (see “Issue Procedure- Who Can Bid” on page no. 240 of this Red Herring Prospectus);
2. Ensure that the Bidder has a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
3. Ensure that you have mentioned your PAN No. in the Bid cum Application Form; and
4. Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form.

#### Bidding Period/Issue Period

| BID/ISSUE OPENS ON         | BID/ISSUE CLOSES ON          |
|----------------------------|------------------------------|
| Monday, September 08, 2008 | Thursday, September 11, 2008 |

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form except that on the Bid /Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and 1 p.m.** (Indian Standard Time) and uploaded until such time as permitted by the BSE and the NSE on the Bid /Issue Closing Date. Bids will only be accepted on working days i.e. Monday to Friday (excluding any public holidays).

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band shall not be more than 20% of the floor of the Price Band.

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

## Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with ROC, the Company proposes to enter into an Underwriting Agreement with the Underwriter for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Member does not fulfill its underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriter are subject to certain conditions, as specified therein.

The Underwriter has indicated its intention to underwrite the following number of Equity Shares:

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

| Name & Address of the Underwriter                                                                                                                                                                                                      | Indicative Number of Equity Shares to be Underwritten | Amount Underwritten (Rs. in Lacs) |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|-----------------------------------|
| <b>Book Running Lead Manager</b>                                                                                                                                                                                                       |                                                       |                                   |
| <b>Keynote Corporate Services Limited</b><br>4 <sup>th</sup> Floor, Balmer Lawrie Bldg,<br>5, J.N. Heredia Marg,<br>Ballard Estate, Mumbai – 400 001<br>Tel: +91-22-30266000-3<br>Fax: +91-22-22694323<br>E-mail: mbd@ketnoteindia.net | [●]                                                   | [●]                               |
| <b>Syndicate Member</b>                                                                                                                                                                                                                |                                                       |                                   |
| <b>Keynote Capitals Limited</b><br>4 <sup>th</sup> Floor, Balmer Lawrie Bldg,<br>5, J.N. Heredia Marg,<br>Ballard Estate, Mumbai – 400 001<br>Tel: +91-22-30266044<br>Fax: +91-22-22694323<br>E-mail: kcl@ketnoteindia.net             | [●]                                                   | [●]                               |

The amounts mentioned above are indicative and this would be finalized after determination of Issue Price and actual allocation of the Equity Shares. The Underwriting Agreement is dated [●].

In the opinion of the Board of Directors (based on a certificate given to them by BRLM and the Syndicate Member), the resources of the Underwriter are sufficient to enable it to discharge its underwriting obligations in full. The above-mentioned Underwriter is registered with SEBI under Section 12(1) of the SEBI Act or registered as broker/Merchant Banker with the Stock Exchange[s].

The Underwriter shall be responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default, the 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.

## CAPITAL STRUCTURE OF THE COMPANY

|          |                                                                     | (Rs. in Lacs)           |                                   |
|----------|---------------------------------------------------------------------|-------------------------|-----------------------------------|
|          | Particulars                                                         | Aggregate Nominal value | Aggregate value including premium |
| <b>A</b> | <b>AUTHORISED</b>                                                   |                         |                                   |
|          | 2,00,00,000 equity shares of Rs. 10/- each                          | 2000.00                 | 2000.00                           |
| <b>B</b> | <b>ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>                 |                         |                                   |
|          | 1,24,44,800 equity shares of Rs. 10/- each                          | 1244.48                 | 1244.48                           |
| <b>C</b> | <b>ISSUE IN TERMS OF THIS RED HERRING PROSPECTUS</b>                |                         |                                   |
|          | 43,50,632 equity shares of Rs. 10/- each                            | 435.06                  | [•]                               |
|          | <i>Which comprises:</i>                                             |                         |                                   |
|          | <b>OFFER FOR SALE</b>                                               |                         |                                   |
|          | 26,75,632 equity shares of Rs. 10/- each                            | 267.56                  | [•]                               |
|          | <b>FRESH ISSUE</b>                                                  |                         |                                   |
|          | 16,75,000 equity shares of Rs. 10/- each                            | 167.50                  | [•]                               |
|          | <i>Of which</i>                                                     |                         |                                   |
|          | <b>EMPLOYEE RESERVATION</b>                                         |                         |                                   |
|          | 2,17,532 equity shares of Rs. 10/- each                             | 21.75                   | [•]                               |
| <b>D</b> | <b>NET ISSUE TO THE PUBLIC</b>                                      |                         |                                   |
|          | 41,33,100 equity shares of Rs. 10/- each                            | 413.31                  | [•]                               |
|          | <i>Of which</i>                                                     |                         |                                   |
|          | <b>QIB PORTION</b>                                                  |                         |                                   |
|          | of upto 20,66,550 equity shares of Rs. 10/- each *                  | 206.65                  | [•]                               |
|          | <b>NON-INSTITUTIONAL PORTION</b>                                    |                         |                                   |
|          | of up to 6,19,965 equity shares of Rs. 10/- each *                  | 62.00                   | [•]                               |
|          | <b>RETAIL PORTION</b>                                               |                         |                                   |
|          | of not less than 14,46,585 equity shares of Rs. 10/- each *         | 144.66                  | [•]                               |
| <b>E</b> | <b>ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL AFTER THE ISSUE</b> |                         |                                   |
|          | 1,41,19,800 equity shares of Rs. 10/- each                          | 1411.98                 | [•]                               |
| <b>F</b> | <b>SHARE PREMIUM ACCOUNT</b>                                        |                         |                                   |
|          | Prior to the Public Issue                                           | 1319.83                 | 1319.83                           |
|          | Post the Public Issue                                               | [•]                     | [•]                               |

\*Under subscription, if any, in any of the above categories would be allowed to be met with spill over, inter-se, from any other categories at the sole discretion of the Company and the BRLM, subject to at least 10 % of the issue size being allotted to QIBs.

Changes in the authorized capital since inception are as follows:

| Date             | Authorised Capital Increased From                                               | Authorised Capital Increased to                                            |
|------------------|---------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| At Incorporation | -                                                                               | 30,000 equity shares of Rs. 100/- each aggregating to Rs.30.00 Lacs        |
| 06/07/1992       | 30,000 equity shares of Rs. 100/- each aggregating to Rs. 30.00 Lacs            | 1,00,000 equity shares of Rs. 100/- each aggregating to Rs. 100.00 Lacs    |
| 15/03/1994       | 1,00,000 equity shares of Rs. 100/- each aggregating to Rs. 100.00 Lacs         | 5,00,000 equity shares of Rs. 100/- each aggregating to Rs. 500.00 Lacs    |
| 20/04/1996       | <i>The face value of share of Rs. 100/- each was changed into Rs. 10/- each</i> |                                                                            |
| 20/09/1996       | 50,00,000 equity shares of Rs. 10/- each aggregating to Rs. 500.00 Lacs         | 1,00,00,000 equity shares of Rs. 10/- each aggregating to Rs. 1000.00 Lacs |
| 25/06/1998       | 1,00,00,000 equity shares of Rs. 10/- each aggregating to Rs. 1000.00 Lacs      | 1,50,00,000 equity shares of Rs. 10/- each aggregating to Rs. 1500.00 Lacs |
| 07/09/2000       | 1,50,00,000 equity shares of Rs. 10/- each aggregating to Rs. 1500.00 Lacs      | 2,00,00,000 equity shares of Rs. 10/- each aggregating to Rs. 2000.00 Lacs |

### Offer for Sale by Selling Shareholder

The Public Issue comprises an offer for sale of 26,75,632 Equity Shares by Gujarat Venture Capital Fund – 1995.

The Equity Shares constituting the Offer for Sale has been held by the Selling Shareholder for a period of more than one year from the date of filing of this Red Herring Prospectus with SEBI and are eligible to be offered for the proposed offer for sale.

### Notes to the Capital Structure:

#### 1. History of Paid-up Equity Share Capital of the Company is as follows:

| Date of Allotment | Face Value (Rs.) | Issue Price (Rs.) | No. of Shares | Cum. No. of shares | Nature of allotment                                                                                                                                           | Consideration |
|-------------------|------------------|-------------------|---------------|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| 29/06/1987        | 100              | 100               | 20            | 20                 | Subscription to Memorandum                                                                                                                                    | Cash          |
| 29/03/1988        | 100              | 100               | 10,060        | 10,080             | Further allotment of Shares to promoters (Chandresh Parikh, Bhanubhai Patel & Ramesh Patel), relatives and friends numbering to 3 shareholders <sup>(1)</sup> | Cash          |
| 12/07/1988        | 100              | 100               | 5,080         | 15,160             | Further allotment of Shares to promoter (Chandresh Parikh), relatives and friends numbering to 3 shareholders <sup>(2)</sup>                                  |               |
| 06/10/1988        | 100              | 100               | 2,000         | 17,160             | Further allotment of shares to promoter (Anant Kamdar), relatives and friends numbering to 2 shareholders <sup>(3)</sup>                                      |               |
| 08/12/1988        | 100              | 100               | 1,825         | 18,985             | Further allotment of shares to promoter (Ramesh Patel)                                                                                                        |               |
| 15/11/1989        | 100              | 100               | 1,500         | 20,485             | Further allotment of shares to promoter (Chandresh Parikh),                                                                                                   |               |

| Date of Allotment                                                            | Face Value (Rs.) | Issue Price (Rs.) | No. of Shares | Cum. No. of shares | Nature of allotment                                                                                                                                                                                    | Consideration |
|------------------------------------------------------------------------------|------------------|-------------------|---------------|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
|                                                                              |                  |                   |               |                    | relatives and friends numbering to 3 shareholders <sup>(4)</sup>                                                                                                                                       |               |
| 03/08/1990                                                                   | 100              | 100               | 500           | 20,985             | Further allotment of shares to promoter (Chandresh Parikh) & relative numbering to 1 shareholder <sup>(5)</sup>                                                                                        |               |
| 29/03/1994                                                                   | 100              | 100               | 10,520        | 31,505             | Further allotment of shares to promoters (Chandresh Parikh & Ramesh Patel), relatives and friends numbering to 7 shareholders <sup>(6)</sup>                                                           |               |
| 17/06/1994                                                                   | 100              | 100               | 94,515        | 1,26,020           | Bonus (1:3)                                                                                                                                                                                            | -             |
| 20/03/1995                                                                   | 100              | 100               | 83,570        | 2,09,590           | Further allotment of Shares to promoters (Chandresh Parikh, Anant Kamdar, Rajesh Parikh, Atil Parikh & Ramesh Patel), relatives, body corporate and friends numbering to 7 shareholders <sup>(7)</sup> | Cash          |
| 13/11/1995                                                                   | 100              | 100               | 22,430        | 2,32,020           | Further allotment of shares to promoters (Sudhir Parikh, Bhanubhai Patel & Ramesh Patel), relatives & friends numbering to 3 shareholders <sup>(8)</sup>                                               |               |
| Shares of Rs. 100/- each were subdivided into Rs. 10 per share on 20/04/1996 |                  |                   |               |                    |                                                                                                                                                                                                        |               |
| 11/07/1996                                                                   | 10               | 10                | 23,20,200     | 46,40,400          | Bonus (1:1)                                                                                                                                                                                            | -             |
| 22/09/1996                                                                   | 10               | 15                | 8,68,402      | 55,08,802          | Further allotment of shares to relatives, body corporate and friends numbering to 8 shareholders <sup>(9)</sup>                                                                                        | Cash          |
| 12/03/1997                                                                   | 10               | 15                | 91,000        | 55,99,802          | Further allotment of shares to promoter (Anant Kamdar), relatives, body corporate and friends numbering to 10 shareholders <sup>(10)</sup>                                                             |               |
| 30/03/1998                                                                   | 10               | 20                | 21,46,925     | 77,46,727          | Issue of shares subsequent to Amalgamation of Hi-tech Minerals Pvt Ltd, Aric Industrial Products Pvt Ltd, Fi-Microns and Minerals Pvt Ltd and United Minerals Pvt Ltd                                  | -             |
| 14/04/1998                                                                   | 10               | 15                | 1,57,466      | 79,04,193          | Further allotment of Shares to relatives and friends numbering to 21 shareholders <sup>(11)</sup>                                                                                                      | Cash          |
| 02/12/1999                                                                   | 10               | 47                | 5,21,721      | 84,25,914          | Further allotment of shares to relatives, body corporate and friends numbering to 47 shareholders <sup>(12)</sup>                                                                                      |               |
| 06/03/2000                                                                   | 10               | 47                | 10,63,830     | 94,89,744          | Issue of Shares to GVCF- 1995                                                                                                                                                                          |               |
| 01/04/2000                                                                   | 10               | 21                | 23,80,952     | 1,18,70,696        |                                                                                                                                                                                                        |               |
| 24/05/2000                                                                   | 10               | 47                | 5,42,533      | 1,24,13,229        | Further allotment of Shares to relatives, body corporate and friends numbering to 16 shareholders <sup>(13)</sup>                                                                                      |               |

| Date of Allotment | Face Value (Rs.) | Issue Price (Rs.) | No. of Shares | Cum. No. of shares | Nature of allotment                                                                       | Consideration |
|-------------------|------------------|-------------------|---------------|--------------------|-------------------------------------------------------------------------------------------|---------------|
| 30/03/2002        | 10               | 10                | 2,05,176      | 1,26,18,405        | Issue of Shares subsequent to Amalgamation of Fi Minerals Pvt Ltd.                        | -             |
| 30/03/2002        |                  |                   | (1,73,605)    | 1,24,44,800        | Cancellation of 1,73,605 shares held by 20ML in Fi Minerals Pvt Ltd, due to cross holding | -             |
| <b>Total</b>      |                  |                   |               | <b>1,24,44,800</b> |                                                                                           |               |

- (1) The minimum no. of shares allotted was 960 equity shares.  
(2) The minimum no. of shares allotted was 40 equity shares.  
(3) The minimum no. of shares allotted was 500 equity shares.  
(4) The minimum no. of shares allotted was 250 equity shares.  
(5) The minimum no. of shares allotted was 250 equity shares.  
(6) The minimum no. of shares allotted was 200 equity shares.  
(7) The minimum no. of shares allotted was 1,000 equity shares.  
(8) The minimum no. of shares allotted was 2,000 equity shares.  
(9) The minimum no. of shares allotted was 26,666 equity shares.  
(10) The minimum no. of shares allotted was 5,000 equity shares.  
(11) The minimum no. of shares allotted was 2,000 equity shares.  
(12) The minimum no. of shares allotted was 638 equity shares.  
(13) The minimum no. of shares allotted was 533 equity shares.

## 2. A] Capital Built-up of Promoters

| Name of Promoter        | Date of allotment/transfer & Fully Paid-up | Consideration | No. of shares    | Face Value (Rs.) | Issue Price (Rs.) | % to post issue capital |
|-------------------------|--------------------------------------------|---------------|------------------|------------------|-------------------|-------------------------|
| Mr. Chandresh S. Parikh | 29/03/1988                                 | Cash          | 10,000           | 10               | 10                | 0.07                    |
|                         | 12/07/1988                                 |               | 16,600           | 10               | 10                | 0.11                    |
|                         | 15/11/1989                                 |               | 7,500            | 10               | 10                | 0.05                    |
|                         | 03/08/1990                                 |               | 2,500            | 10               | 10                | 0.01                    |
|                         | 29/03/1994                                 |               | 32,000           | 10               | 10                | 0.23                    |
|                         | 17/06/1994                                 | Bonus         | 1,09,800         | 10               | 10                | 0.78                    |
|                         | 17/06/1994                                 |               | 96,000           | 10               | 10                | 0.68                    |
|                         | 20/03/1995                                 | Cash          | 1,40,000         | 10               | 10                | 0.99                    |
|                         | 11/07/1996                                 | Bonus         | 4,14,400         | 10               | 10                | 2.93                    |
|                         | 30/03/1998                                 | Amalgamation  | 5,34,512         | 10               | 20                | 3.78                    |
|                         | 31/07/2007                                 | Transfer      | 1,79,389         | 10               | 10                | 1.27                    |
| <b>Sub Total (A)</b>    |                                            |               | <b>15,42,701</b> |                  |                   | <b>10.92</b>            |
| Mr. Bhanubhai B. Patel  | 29/06/1987                                 | Cash          | 100              | 10               | 10                | 0.00                    |
|                         | 29/03/1988                                 | Transfer      | 5,000            | 10               | 10                | 0.03                    |
|                         | 17/06/1994                                 | Bonus         | 41,800           | 10               | 10                | 0.30                    |
|                         | 11/07/1996                                 |               | 60,400           | 10               | 10                | 0.43                    |
|                         | 28/02/1997                                 | Cash          | 1,26,166         | 10               | 15                | 0.89                    |
|                         | 30/03/1998                                 | Amalgamation  | 30,975           | 10               | 20                | 0.22                    |
| <b>Sub Total (B)</b>    |                                            |               | <b>2,64,441</b>  |                  |                   | <b>1.87</b>             |

| Name of Promoter     | Date of allotment/transfer & Fully Paid-up | Consideration | No. of shares | Face Value (Rs.) | Issue Price (Rs.) | % to post issue capital |
|----------------------|--------------------------------------------|---------------|---------------|------------------|-------------------|-------------------------|
| Mr. Anant K. Kamdar  | 29/06/1987                                 | Cash          | 100           | 10               | 10                | 0.00                    |
|                      | 06/10/1988                                 |               | 10,000        | 10               | 10                | 0.07                    |
|                      | 17/06/1994                                 | Bonus         | 30,300        | 10               | 10                | 0.21                    |
|                      | 20/03/1995                                 | Cash          | 10,000        | 10               | 10                | 0.07                    |
|                      | 11/07/1996                                 | Bonus         | 50,400        | 10               | 10                | 0.36                    |
|                      | 12/03/1997                                 | Cash          | 5,000         | 10               | 15                | 0.03                    |
|                      | 26/11/1997                                 | Transfer      | 14,799        | 10               | 15                | 0.10                    |
|                      | 30/03/1998                                 | Amalgamation  | 76,461        | 10               | 20                | 0.54                    |
|                      | 30/03/2002                                 |               | 6,850         | 10               | 10                | 0.04                    |
|                      | 31/07/2007                                 | Transfer      | 1,54,251      | 10               | 10                | 1.09                    |
| Sub Total (C)        |                                            |               | 3,58,161      |                  |                   | 2.54                    |
| Mr. Ramesh B. Patel  | 29/03/1988                                 | Cash          | 25,000        | 10               | 10                | 0.18                    |
|                      | 08/12/1988                                 |               | 18,250        | 10               | 10                | 0.13                    |
|                      | 29/03/1994                                 |               | 21,600        | 10               | 10                | 0.15                    |
|                      | 17/06/1994                                 | Bonus         | 1,94,550      | 10               | 10                | 1.38                    |
|                      | 20/03/1995                                 | Cash          | 1,05,700      | 10               | 10                | 0.75                    |
|                      | 13/11/1995                                 |               | 94,300        | 10               | 10                | 0.67                    |
|                      | 11/07/1996                                 | Bonus         | 4,59,400      | 10               | 10                | 3.25                    |
|                      | 28/03/1998                                 | Transfer      | 10,000        | 10               | 10                | 0.07                    |
|                      | 28/03/1998                                 |               | 3,500         | 10               | 10                | 0.02                    |
|                      | 30/03/1998                                 | Amalgamation  | 44,250        | 10               | 20                | 0.31                    |
| Sub Total (D)        |                                            |               | 9,76,550      |                  |                   | 6.92                    |
| Mr. Rajesh C. Parikh | 20/03/1995                                 | Cash          | 47,500        | 10               | 10                | 0.34                    |
|                      | 11/07/1996                                 | Bonus         | 47,500        | 10               | 10                | 0.34                    |
|                      | 30/03/1998                                 | Amalgamation  | 1,84,978      | 10               | 20                | 1.31                    |
| Sub Total (E)        |                                            |               | 2,79,978      |                  |                   | 1.99                    |
| Mr. Atil C. Parikh   | 20/03/1995                                 | Cash          | 47,500        | 10               | 10                | 0.34                    |
|                      | 11/07/1996                                 | Bonus         | 47,500        | 10               | 10                | 0.34                    |
|                      | 30/03/1998                                 | Amalgamation  | 34,020        | 10               | 20                | 0.24                    |
|                      | 30/03/2002                                 | Transfer      | 37,547        | 10               | 10                | 0.27                    |
|                      | 27/10/2007                                 | Transfer      | 1,13,411      | 10               | Gift              | 0.80                    |
| Sub Total (F)        |                                            |               | 2,79,978      |                  |                   | 1.99                    |
| Mr. Sudhir R. Parikh | 13/11/1995                                 | Cash          | 30,000        | 10               | 10                | 0.21                    |
|                      | 11/07/1996                                 | Bonus         | 30,000        | 10               | 10                | 0.21                    |
|                      | 30/03/1998                                 | Amalgamation  | 61,278        | 10               | 20                | 0.43                    |
|                      | 31/05/2003                                 | Transfer      | 2,872         | 10               | 47                | 0.02                    |
|                      | 12/09/2003                                 |               | 14,000        | 10               | 14                | 0.10                    |
|                      | 22/01/2004                                 |               | 4,000         | 10               | 15                | 0.03                    |
|                      | 22/01/2004                                 |               | 10,000        | 10               | 47                | 0.07                    |
|                      | 31/07/2007                                 |               | 46,195        | 10               | 10                | 0.33                    |
| Sub Total (G)        |                                            |               | 1,98,345      |                  |                   | 1.40                    |

| Name of Promoter                   | Date of allotment/transfer & Fully Paid-up | Consideration | No. of shares | Face Value (Rs.) | Issue Price (Rs.) | % to post issue capital |
|------------------------------------|--------------------------------------------|---------------|---------------|------------------|-------------------|-------------------------|
| Eriez Finance & Investment Limited | 24/05/2000                                 | Cash          | 1,10,662      | 10               | 47                | 0.78                    |
|                                    | 24/05/2000                                 |               | 56,750        | 10               | *                 | 0.40                    |
|                                    | 24/05/2000                                 |               | 1,79,000      | 10               | **                | 1.27                    |
|                                    | 06/09/2000                                 | Transfer      | 3,05,832      | 10               | 47                | 2.17                    |
|                                    | 20/11/2000                                 |               | 23,620        | 10               | 20                | 0.17                    |
|                                    | 08/03/2001                                 |               | 32,000        | 10               | 47                | 0.23                    |
|                                    | 30/03/2002                                 | Amalgamation  | 15,000        | 10               | ***               | 0.11                    |
|                                    | 22/01/2004                                 | Transfer      | 3,000         | 10               | 47                | 0.02                    |
|                                    | 25/03/2004                                 |               | 4,500         | 10               | 15                | 0.03                    |
|                                    | 25/03/2004                                 |               | 11,702        | 10               | 47                | 0.08                    |
|                                    | 28/07/2006                                 | Transfer      | 1,27,433      | 10               | 1                 | 0.90                    |
|                                    | 03/10/2006                                 |               | 22,716        | 10               | 1                 | 0.16                    |
|                                    | 03/10/2006                                 |               | 3,000         | 10               | 1                 | 0.02                    |
|                                    | 27/04/2007                                 |               | 1,38,820      | 10               | 1                 | 0.98                    |
|                                    | 31/07/2007                                 |               | 25,000        | 10               | 1                 | 0.18                    |
|                                    | 27/10/2007                                 |               | 25,350        | 10               | 1                 | 0.18                    |
|                                    | 26/03/2008                                 |               | 56,000        | 10               | 30                | 0.40                    |
|                                    |                                            |               | 1,87,100      | 10               | 2.50              | 1.32                    |
| Sub Total (H)                      |                                            |               | 13,27,485     |                  |                   | 9.40                    |
| Grand Total (A+B+C+D+E+F+G+H)      |                                            |               | 52,27,639     |                  |                   | 37.02                   |

Pursuant to the SEBI Guidelines, an aggregate of 20% of the post issue capital of the Company held by the Promoters shall be locked -in for a period of three years from the date of Allotment in the Issue and the balance shares held by promoters/ promoter group shall be locked in for one year.

## 2. B] Details of promoters holding which would be locked in for 3 years.

| Name of Promoter        | Date of allotment/ transfer & Fully Paid-up | Consideration | No. of shares | Face Value (Rs.) | Issue Price (Rs.) | % to post issue capital | Lock - in period |
|-------------------------|---------------------------------------------|---------------|---------------|------------------|-------------------|-------------------------|------------------|
| Mr. Chandresh S. Parikh | 29/03/1988                                  | Cash          | 10,000        | 10               | 10                | 0.07                    | 3 years          |
|                         | 12/07/1988                                  |               | 16,600        | 10               | 10                | 0.12                    | 3 years          |
|                         | 15/11/1989                                  |               | 7,500         | 10               | 10                | 0.05                    | 3 years          |
|                         | 03/08/1990                                  |               | 2,500         | 10               | 10                | 0.02                    | 3 years          |
|                         | 29/03/1994                                  |               | 32,000        | 10               | 10                | 0.23                    | 3 years          |
|                         | 17/06/1994                                  | Bonus         | 1,09,800      | 10               | --                | 0.78                    | 3 years          |
|                         |                                             |               | 96,000        | 10               | --                | 0.68                    | 3 years          |
|                         | 20/03/1995                                  | Cash          | 1,40,000      | 10               | 10                | 0.99                    | 3 years          |
|                         | 11/07/1996                                  | Bonus         | 4,14,400      | 10               | --                | 2.93                    | 3 years          |
| Sub Total (A)           |                                             |               | 8,28,800      |                  |                   | 5.87                    |                  |
| Mr. Bhanubhai B. Patel  | 29/06/1987                                  | Cash          | 100           | 10               | 10                | 0.00                    | 3 years          |
|                         | 29/03/1988                                  | Transfer      | 5,000         | 10               | 10                | 0.04                    | 3 years          |
|                         | 17/06/1994                                  | Bonus         | 71,800        | 10               | --                | 0.51                    | 3 years          |
|                         | 11/07/1996                                  |               | 1,30,400      | 10               | --                | 0.92                    | 3 years          |
| Sub Total (B)           |                                             |               | 2,07,300      |                  |                   | 1.47                    |                  |

| Name of Promoter                   | Date of allotment/ transfer & Fully Paid-up | Consideration | No. of shares | Face Value (Rs.) | Issue Price (Rs.) | % to post issue capital | Lock - in period |
|------------------------------------|---------------------------------------------|---------------|---------------|------------------|-------------------|-------------------------|------------------|
| Mr. Anant K. Kamdar                | 29/06/1987                                  | Cash          | 100           | 10               | 10                | 0.00                    | 3 years          |
|                                    | 06/10/1988                                  |               | 10,000        | 10               | 10                | 0.07                    | 3 years          |
|                                    | 17/06/1994                                  | Bonus         | 30,300        | 10               | --                | 0.21                    | 3 years          |
|                                    | 20/03/1995                                  | Cash          | 10,000        | 10               | 10                | 0.07                    | 3 years          |
|                                    | 11/07/1996                                  | Bonus         | 50,400        | 10               | --                | 0.36                    | 3 years          |
|                                    | 12/03/1997                                  | Cash          | 5,000         | 10               | 15                | 0.04                    | 3 years          |
|                                    | 26/11/1997                                  | Transfer      | 14,799        | 10               | 15                | 0.10                    | 3 years          |
| Sub Total (C)                      |                                             |               | 1,20,599      |                  |                   | 0.85                    |                  |
| Mr. Ramesh B. Patel                | 29/03/1988                                  | Cash          | 25,000        | 10               | 10                | 0.18                    | 3 years          |
|                                    | 08/12/1988                                  |               | 18,250        | 10               | 10                | 0.13                    | 3 years          |
|                                    | 29/03/1994                                  |               | 21,600        | 10               | 10                | 0.15                    | 3 years          |
|                                    | 17/06/1994                                  | Bonus         | 1,94,550      | 10               | --                | 1.38                    | 3 years          |
|                                    | 20/03/1995                                  | Cash          | 1,05,700      | 10               | 10                | 0.75                    | 3 years          |
|                                    | 13/11/1995                                  |               | 94,300        | 10               | 10                | 0.67                    | 3 years          |
|                                    | 11/07/1996                                  | Bonus         | 4,59,400      | 10               | --                | 3.25                    | 3 years          |
|                                    | 28/03/1998                                  | Transfer      | 10,000        | 10               | 10                | 0.07                    | 3 years          |
|                                    | 28/03/1998                                  |               | 3,500         | 10               | 10                | 0.02                    | 3 years          |
| Sub Total (D)                      |                                             |               | 9,32,300      |                  |                   | 6.60                    |                  |
| Mr. Rajesh C. Parikh               | 20/03/1995                                  | Cash          | 47,500        | 10               | 10                | 0.34                    | 3 years          |
|                                    | 11/07/1996                                  | Bonus         | 47,500        | 10               | --                | 0.34                    | 3 years          |
| Sub Total (E)                      |                                             |               | 95,000        |                  |                   | 0.67                    |                  |
| Mr. Atil C. Parikh                 | 20/03/1995                                  | Cash          | 47,500        | 10               | 10                | 0.34                    | 3 years          |
|                                    | 11/07/1996                                  | Bonus         | 47,500        | 10               | --                | 0.34                    | 3 years          |
| Sub Total (F)                      |                                             |               | 95,000        | -                | -                 | 0.67                    |                  |
| Mr. Sudhir R. Parikh               | 13/11/1995                                  | Cash          | 30,000        | 10               | 10                | 0.21                    | 3 years          |
|                                    | 11/07/1996                                  | Bonus         | 30,000        | 10               | --                | 0.21                    | 3 years          |
|                                    | 30/03/1998                                  | Amalgamation  | 61,278        | 10               | 20                | 0.43                    | 3 years          |
| Sub Total (G)                      |                                             |               | 1,21,278      |                  |                   | 0.86                    |                  |
| Eriez Finance & Investment Limited | 24/05/2000                                  | Cash          | 1,10,662      | 10               | 47                | 0.78                    | 3 years          |
|                                    | 24/05/2000                                  | Amalgamation  | 56,750        | 10               | 47*               | 0.40                    | 3 years          |
|                                    | 24/05/2000                                  |               | 1,79,000      | 10               | 47**              | 1.27                    | 3 years          |
|                                    | 06/09/2000                                  | Transfer      | 77,271        | 10               | 47                | 0.55                    | 3 years          |
| Sub Total (H)                      |                                             |               | 4,23,683      |                  |                   | 3.00                    |                  |
| Grand Total (A+B+C+D+E+F+G+H)      |                                             |               | 28,23,960     |                  |                   | 20.00                   |                  |

\*= shares held by Rosalee Finance & Investment Pvt Ltd, got amalgamated

\*\*= shares held by Triveni Caplease Pvt Ltd, got amalgamated

Note: The equity shares were Originally of Rs. 100/- each & they were subdivided into 10 equity shares of the face value of Rs. 10/- each, in April, 1996.

*Other requirements in respect of lock in*

As per clause 4.15.1 of the SEBI Guidelines, the locked-in Equity Shares held by the Promoters can 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. However, Equity Shares locked-in as minimum promoters' contribution under clause 4.11.1, of the SEBI Guidelines, can be pledged, only if, in addition to fulfilling the aforementioned requirements, such loans have been granted by such banks or financial institutions for the purpose of financing one or more of the objects of the issue.

Under Clause 4.16.1(a) of the SEBI Guidelines, the Equity Shares held by persons other than the Promoter prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of shares and Takeovers) Regulations, 1997, as applicable and as amended.

Further, under Clause 4.16.1(b) of the SEBI Guidelines, the Equity Shares held by the Promoter may be transferred to and amongst the Promoter group or to a new Promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of shares and Takeovers) Regulations, 1997, as applicable and as amended.

Except for equity shares held by Gujarat Venture Capital Fund 1995, being a Venture Capital Fund are exempt from the provisions for lock-in as per clause 4.14.2(i) of the SEBI (DIP) Guidelines, 2000, the entire pre-issue shares, apart from the shares held by the promoters, shall be locked in for a period of 1 year from the date of allotment in this Issue.

The allotment of shares to Gujarat Venture Capital Fund, 1995 are as follows:

| Date of Allotment | No. of Shares    | Face Value | Price per Share | Consideration                          |
|-------------------|------------------|------------|-----------------|----------------------------------------|
| March 06, 2000    | 10,63,830        | 10         | 47              | Cash                                   |
| April 01, 2000    | 23,80,952        | 10         | 21              | Conversion of OCD's into Equity Shares |
| January 27, 2005  | 19,06,482        | 10         | 1               | Transfer                               |
| <b>Total</b>      | <b>53,51,264</b> |            |                 |                                        |

**3. Transactions in our Company's Equity Shares by our Promoter & their relatives or the directors of our Company during a period of six months preceding the date of filing of this Red Herring Prospectus with SEBI.**

The details of transactions in our Promoter & their relatives or the directors of our Company during a period of six months preceding the date of filing of this Red Herring Prospectus with SEBI is as follows:

| Date of Transfer | Name of the Transferor | Name of the Transferee             | No. of Shares | Transfer Price Per Share (Rs.) |
|------------------|------------------------|------------------------------------|---------------|--------------------------------|
| March 26, 2008   | Arun C. Patel          | Eriez Finance & Investment Limited | 10,000        | 30.00                          |
|                  | Arun C. Patel, HUF     |                                    | 10,000        |                                |
|                  | Pravir A. Patel        |                                    | 10,000        |                                |
|                  | Maneesha Patel         |                                    | 6,500         |                                |
|                  | Shriti A. Patel        |                                    | 6,500         |                                |
|                  | Kanan P. Patel         |                                    | 13,000        |                                |
|                  | Bhupendra B. Parikh    |                                    | 79,800        | 2.50                           |
|                  | Dhimat B. Parikh       |                                    | 1,07,300      |                                |

#### 4. Pre & Post Shareholding pattern of the Company

| Category of Shareholder                                                               | Pre-Issue           |                        | Post-Issue          |                         |
|---------------------------------------------------------------------------------------|---------------------|------------------------|---------------------|-------------------------|
|                                                                                       | Total no. of shares | % of pre issue capital | Total no. of shares | % of post issue capital |
| <b>Shareholding of Promoter and Promoter Group</b>                                    |                     |                        |                     |                         |
| <b>Indian</b>                                                                         |                     |                        |                     |                         |
| Individuals/ Hindu Undivided Family                                                   | 35,95,088           | 28.89                  | 35,95,088           | 25.46                   |
| Central Government/ State Government(s)                                               | 0                   | 0.00                   | 0                   | 0.00                    |
| Bodies Corporate                                                                      | 13,77,485           | 11.07                  | 13,77,485           | 9.76                    |
| Financial Institutions/ Banks                                                         | 0                   | 0.00                   | 0                   | 0.00                    |
| Any Others(Specify)                                                                   | 0                   | 0.00                   | 0                   | 0.00                    |
| <b>Sub Total(A)(1)</b>                                                                | <b>49,72,573</b>    | <b>39.96</b>           | <b>49,72,573</b>    | <b>35.22</b>            |
| <b>Foreign</b>                                                                        |                     |                        |                     |                         |
| Individuals (Non-Residents Individuals/ Foreign Individuals)                          | 10,34,606           | 8.31                   | 10,34,606           | 7.33                    |
| Bodies Corporate                                                                      | 0                   | 0.00                   | 0                   | 0.00                    |
| Institutions                                                                          | 0                   | 0.00                   | 0                   | 0.00                    |
| Any Others(Specify)                                                                   | 0                   | 0.00                   | 0                   | 0.00                    |
| <b>Sub Total(A)(2)</b>                                                                | <b>10,34,606</b>    | <b>8.31</b>            | <b>10,34,606</b>    | <b>7.33</b>             |
| <b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>           | <b>60,07,179</b>    | <b>48.27</b>           | <b>60,07,179</b>    | <b>42.54</b>            |
| <b>Public shareholding</b>                                                            |                     |                        |                     |                         |
| <b>Institutions</b>                                                                   |                     |                        |                     |                         |
| Mutual Funds/ UTI                                                                     | 0                   | 0.00                   | 0                   | 0.00                    |
| Financial Institutions / Banks                                                        | 0                   | 0.00                   | 0                   | 0.00                    |
| Central Government/ State Government(s)                                               | 0                   | 0.00                   | 0                   | 0.00                    |
| Venture Capital Funds                                                                 | 53,51,264           | 43.00                  | 26,75,632           | 18.95                   |
| Insurance Companies                                                                   | 0                   | 0.00                   | 0                   | 0.00                    |
| Foreign Institutional Investors                                                       | 0                   | 0.00                   | 0                   | 0.00                    |
| Foreign Venture Capital Investors                                                     | 0                   | 0.00                   | 0                   | 0.00                    |
| Any Other (specify)                                                                   | 0                   | 0.00                   | 0                   | 0.00                    |
| <b>Sub-Total (B)(1)</b>                                                               | <b>53,51,264</b>    | <b>43.00</b>           | <b>26,75,632</b>    | <b>18.95</b>            |
| <b>Non-institutions</b>                                                               | 0                   | 0.00                   | 0                   | 0.00                    |
| Bodies Corporate                                                                      | 99,231              | 0.80                   | 99,231              | 0.70                    |
| Individuals                                                                           | 0                   | 0.00                   | 0                   | 0.00                    |
| Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh | 2,03,795            | 1.64                   | 2,03,795            | 1.44                    |
| ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.    | 0                   | 0.00                   | 0                   | 0.00                    |
| Any Other (specify)                                                                   | 0                   | 0.00                   | 0                   | 0.00                    |

|                                                                                  |                    |               |                    |               |
|----------------------------------------------------------------------------------|--------------------|---------------|--------------------|---------------|
| Non-Resident Indians                                                             | 7,31,631           | 5.88          | 7,31,631           | 5.18          |
| (OCB's)                                                                          | 51,700             | 0.42          | 51,700             | 0.37          |
| Hindu Undivided Family                                                           | 0                  | 0.00          | 0                  | 0.00          |
| Demat - Clearing Member                                                          | 0                  | 0.00          | 0                  | 0.00          |
| Public Issue                                                                     | 0                  | 0.00          | 43,50,632          | 30.81         |
| <b>Sub-Total (B)(2)</b>                                                          | <b>10,86,357</b>   | <b>8.73</b>   | <b>54,36,989</b>   | <b>38.51</b>  |
| <b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>                              | <b>64,37,621</b>   | <b>51.73</b>  | <b>81,12,621</b>   | <b>57.46</b>  |
| <b>TOTAL (A)+(B)</b>                                                             | <b>1,24,44,800</b> | <b>100.00</b> | <b>1,41,19,800</b> | <b>100.00</b> |
| Shares held by Custodians and against which Depository Receipts have been issued | 0                  | 0.00          | 0                  | 0.00          |
| <b>GRAND TOTAL (A)+(B)+(C)</b>                                                   | <b>1,24,44,800</b> | <b>100.00</b> | <b>1,41,19,800</b> | <b>100.00</b> |

5. We, nor our Directors/ Promoters/ Promoters Group, nor their respective Directors and the BRLM have entered into any buy-back and/or standby or similar arrangements for purchase of Equity Shares from any person.
6. Our top ten shareholders and the number of Equity Shares held as on date of filing of this Red Herring Prospectus with SEBI:

| Sr. No.      | Name of the Shareholder            | Number of Shares   | % of issued Capital |
|--------------|------------------------------------|--------------------|---------------------|
| 1.           | Gujarat Venture Capital Fund 1995  | 53,51,264          | 43.00               |
| 2.           | Mr. Chandresh S. Parikh            | 15,42,701          | 12.40               |
| 3.           | Eriez Finance & Investment Limited | 13,27,485          | 10.67               |
| 4.           | Mr. Ramesh B. Patel                | 9,76,550           | 7.85                |
| 5.           | Mr. Anant Kamdar                   | 3,58,161           | 2.88                |
| 6.           | Mr. Rajesh C. Parikh               | 2,79,978           | 2.25                |
| 7.           | Mr. Atil C. Parikh                 | 2,79,978           | 2.25                |
| 8.           | Mr. Bhanubhai B. Patel             | 2,64,441           | 2.12                |
| 9.           | Mr. Narendra M. Patel              | 2,37,137           | 1.91                |
| 10.          | Mr. Sudhir R Parikh                | 1,98,345           | 1.59                |
| <b>Total</b> |                                    | <b>1,08,16,040</b> | <b>86.91</b>        |

7. Our top ten shareholders and the number of Equity Shares held by them ten days prior to the date of filing of this Red Herring Prospectus with SEBI:

| Sr. No.      | Name of the Shareholder            | Number of Shares   | % of issued Capital |
|--------------|------------------------------------|--------------------|---------------------|
| 1.           | Gujarat Venture Capital Fund 1995  | 53,51,264          | 43.00               |
| 2.           | Mr. Chandresh S. Parikh            | 15,42,701          | 12.40               |
| 3.           | Eriez Finance & Investment Limited | 13,27,485          | 10.67               |
| 4.           | Mr. Ramesh B. Patel                | 9,76,550           | 7.85                |
| 5.           | Mr. Anant Kamdar                   | 3,58,161           | 2.88                |
| 6.           | Mr. Rajesh C. Parikh               | 2,79,978           | 2.25                |
| 7.           | Mr. Atil C. Parikh                 | 2,79,978           | 2.25                |
| 8.           | Mr. Bhanubhai B. Patel             | 2,64,441           | 2.12                |
| 9.           | Mr. Narendra M. Patel              | 2,37,137           | 1.91                |
| 10.          | Mr Sudhir R Parikh                 | 1,98,345           | 1.59                |
| <b>Total</b> |                                    | <b>1,08,16,040</b> | <b>86.91</b>        |

8. Our top ten shareholders and the number of Equity Shares held as two years prior to the date of filing of the Prospectus with SEBI:

| Sr. No.      | Name of the Shareholder            | Number of Shares | % of issued Capital |
|--------------|------------------------------------|------------------|---------------------|
| 1.           | Gujarat Venture Finance Limited    | 34,44,782        | 27.68               |
| 2.           | Gujarat Venture Capital Fund 1995  | 19,06,482        | 15.32               |
| 3.           | Mr. Chandresh S. Parikh            | 13,63,312        | 10.87               |
| 4.           | Mr. Ramesh B. Patel                | 9,63,050         | 7.74                |
| 5.           | Eriez Finance & Investment Limited | 8,66,499         | 6.96                |
| 6.           | Mrs. Ilaben C. Parikh              | 2,92,800         | 2.35                |
| 7.           | Mr. Rajesh C. Parikh               | 2,79,978         | 2.25                |
| 8.           | Mrs. Rekha Anant Kamdar            | 2,17,450         | 1.75                |
| 9.           | Mr. Narendra M. Patel              | 2,15,219         | 1.73                |
| 10.          | Mrs. Ranjanben B. Patel            | 1,79,150         | 1.43                |
| <b>Total</b> |                                    | <b>97,28,722</b> | <b>78.17</b>        |

9. Total number of shareholders as on date is 66.
10. An over-subscription to the extent of 10% of the offer to public can be retained for purposes of rounding off to the nearest multiple of minimum allotment lot.
11. The Equity Shares will be issued and traded on the stock exchange only in dematerialized form. Hence the market lot of the equity shares is 1 (One share).
12. This Issue is being made in terms of clause 2.2.2 (a) (ii) & (b) (i) of SEBI (DIP) Guidelines, 2000, as amended from time to time, wherein at least 10% of the fresh issue size shall be allotted compulsorily to QIBs, failing which the full subscription monies shall be refunded.
13. At any given time there shall be only one denomination for the shares of our Company and the disclosures and accounting norms specified by SEBI from time to time shall be complied with.
14. The Company has not availed of any bridge loans to be repaid from the proceeds of the issue.
15. The Shareholders of the Company do not hold any warrant, options, convertible loan or any debenture, which would entitle them to acquire further Shares of the Company.
16. The Company has vide a resolution passed at the EGM held on 28/03/2007 proposed a scheme of Employee Stock Options wherein 5,53,431 equity shares had been granted. The equity share capital of the Company shall be altered to the extent of the shares so vested as per the options.
17. Except as stated above, there would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed. However our Company is considering the Pre - IPO placement of certain equity shares with certain investors, prior to the completion of the issue. In such a case the issue size offered to the public would be reduced to the extent of such pre- IPO placement subject to such minimum issue size of the post issue capital being offered to the public as may be permitted.
18. We do not presently 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 on allotment of shares

arising pursuant to the exercise of options issued under the Employee Stock Option Plan of the Company as disclosed in point no. 15 of this Red Herring Document. However, if business needs of the Company so require, we may alter the capital structure by way of split/ consolidation of the denomination of the shares/ issue of shares on a preferential basis or issue of bonus or rights or public issue of shares or any other securities whether in India or abroad during the period of six months from the date of listing of the Equity Shares issued under this Red Herring Prospectus or from the date the application moneys are refunded on account of failure of the Issue, after seeking and obtaining all the approvals which may be required for such alteration

19. The entire issue price is to be paid on application. Hence, there will be no partly paid up shares arising out of this issue.

20. Employee stock option scheme

Following are the details in relation to options granted under ESOP:

The Company has implemented Employee Stock Option Plan (ESOP), approved by their shareholders in the Extra-Ordinary General Meeting held on March 28, 2007, in their Compensation Committee Meeting held on July 21, 2007.

As per the ESOP, the Options granted would vest at the end of one year from the date of grant. The employees who have been covered under the plan have a period of one year from the date of vesting to exercise the options that are vested.

| Sr. No. | Particulars                                                      | 2007-08                                                                                                                                                                                           |                                              |
|---------|------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| a.      | Options granted                                                  | 553,431                                                                                                                                                                                           |                                              |
| b.      | Exercise Price                                                   | Rs. 14/- [The Exercise Price shall be the Book Value of the Equity Shares as on March 31, 2007 as reduced by 30% there of or the face value of an equity share i.e. Rs. 10/- whichever is higher] |                                              |
| c.      | Options Vested                                                   | 0                                                                                                                                                                                                 |                                              |
| d.      | Options Exercised                                                | 0                                                                                                                                                                                                 |                                              |
| e.      | Total no. of shares arising as result of exercise of Options     | 4,33,341                                                                                                                                                                                          |                                              |
| f.      | Options lapsed (Includes options forfeited and cancelled/lapsed) | 1,20,090 (Includes 20,700 options granted to Mr. Sudhir Parikh which have lapsed due to non-acceptance of the same by him).                                                                       |                                              |
| g.      | Variation in terms of Options                                    | None                                                                                                                                                                                              |                                              |
| h.      | Money realized by exercise of Options                            | 0.00                                                                                                                                                                                              |                                              |
| i.      | Total number of options in force                                 | 4,33,341                                                                                                                                                                                          |                                              |
| j.      | Employee wise details of options granted to:                     |                                                                                                                                                                                                   |                                              |
|         | Senior Managerial Personnel                                      | <b>Name of Key Managerial Personnel</b>                                                                                                                                                           | <b>No of Options granted under ESOS 2007</b> |
|         |                                                                  | Nirakar H. Desai                                                                                                                                                                                  | 10,000                                       |
|         |                                                                  | Rajiv C. Parikh                                                                                                                                                                                   | 10,000                                       |
|         |                                                                  | Darshana J Mankad                                                                                                                                                                                 | 6,000                                        |
|         |                                                                  | Suresh Jagetia                                                                                                                                                                                    | 6,000                                        |
|         |                                                                  | Ajay P. Joshi                                                                                                                                                                                     | 5,625                                        |
|         |                                                                  | Dipesh Goyal                                                                                                                                                                                      | 5,250                                        |

| Sr. No. | Particulars                                                                                                                                                                       | 2007-08               |       |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-------|
|         |                                                                                                                                                                                   | Arun B. Ajmeri        | 5,250 |
|         |                                                                                                                                                                                   | Rakesh S. Parikh      | 5,000 |
|         |                                                                                                                                                                                   | Lalit R. Parikh       | 4,688 |
|         |                                                                                                                                                                                   | Peshank Patel         | 4,688 |
|         |                                                                                                                                                                                   | Ramnath J. Rao        | 4,500 |
|         |                                                                                                                                                                                   | Gaurang Gandhi        | 4,400 |
|         |                                                                                                                                                                                   | Paresh D. Patel       | 4,125 |
|         |                                                                                                                                                                                   | Jagdish. C. Patel     | 3,600 |
|         |                                                                                                                                                                                   | Sanjay Mungra         | 3,438 |
|         |                                                                                                                                                                                   | Dinesh P Shah         | 2,500 |
|         |                                                                                                                                                                                   | Narendrakumar Patel   | 3,438 |
|         |                                                                                                                                                                                   | Jagat Oja             | 3,300 |
|         |                                                                                                                                                                                   | Dushyant Mehta        | 3,150 |
|         |                                                                                                                                                                                   | Vipul Chawda          | 3,125 |
|         | - Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.                                                   | None                  |       |
|         | - 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 | None                  |       |
| k.      | Diluted earnings per share pursuant to issue of shares on exercise of option calculated in accordance with AS 20 'Earnings per Share'                                             | 3.19                  |       |
| l.      | Pro Forma Adjusted Net Income and Earnings per Share                                                                                                                              |                       |       |
|         | <b>Particulars (as at 31.03.2008)</b>                                                                                                                                             | <b>Rs. In Million</b> |       |
|         | <b>Net Income</b>                                                                                                                                                                 |                       |       |
|         | <b>As Reported</b>                                                                                                                                                                | 469.04                |       |
|         | Add: Intrinsic Value Compensation Cost                                                                                                                                            | 22.70                 |       |
|         | Less: Fair Value Compensation Cost                                                                                                                                                | 29.33                 |       |
|         | <b>Adjusted Pro Forma Net Income</b>                                                                                                                                              | 462.41                |       |
|         | <b>Earning Per Share: Basic</b>                                                                                                                                                   |                       |       |
|         | As Reported                                                                                                                                                                       | 3.77                  |       |
|         | Adjusted Pro Forma                                                                                                                                                                | 3.77                  |       |
|         | <b>Earning Per Share: Diluted</b>                                                                                                                                                 |                       |       |
|         | As Reported                                                                                                                                                                       | 3.74                  |       |
|         | Adjusted Pro Forma                                                                                                                                                                | 3.74                  |       |
| m.      | 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                                                                                                                                          | 14.00                 |       |
|         | Weighted average fair value of options granted                                                                                                                                    |                       |       |

| Sr. No. | Particulars                                                                                  | 2007-08                                                                                                                                                                                                                                                                           |
|---------|----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         | 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                                                     | 6.46                                                                                                                                                                                                                                                                              |
| n.      | Description of method and significant assumptions used to estimate the fair value of options | The fair value of the options granted has been estimated using the Black-Scholes option pricing Model. Each tranche of vesting have been considered as a separate grant for the purpose of valuation. The assumptions used in the estimation of the same has been detailed below: |
|         | <b>Variables</b>                                                                             | <b>Weighted average values for options granted during the year</b>                                                                                                                                                                                                                |
|         | Stock Price                                                                                  | 19.09                                                                                                                                                                                                                                                                             |
|         | Volatility                                                                                   | 0.00%                                                                                                                                                                                                                                                                             |
|         | Risk free Rate                                                                               | 6.99%                                                                                                                                                                                                                                                                             |
|         | Exercise Price                                                                               | 14.00                                                                                                                                                                                                                                                                             |
|         | Time to Maturity                                                                             | 1.53                                                                                                                                                                                                                                                                              |
|         | Dividend Yield                                                                               | 0.00%                                                                                                                                                                                                                                                                             |
|         |                                                                                              | <b>6.46</b>                                                                                                                                                                                                                                                                       |

- **Stock Price:** The latest available valuation as per the independent valuer has been considered for the purpose of option valuation for the options granted.
- **Volatility:** We have considered nil volatility for the purpose of fair value calculation of the options granted prior to the listing of the shares of the company on a recognized stock exchange.
- **Risk-free rate of return:** The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities.
- **Exercise Price:** The options have been granted at Rs. 14/- per share per option.
- **Time to Maturity:** Time to Maturity/ Expected Life of options is the period for which the Company expects the options to be live. The minimum life of a stock option is the minimum period before which the options cannot be exercised and the maximum life is the life after which the options cannot be exercised.
- **Expected Dividend Yield:** Expected dividend yield has been calculated as an average of dividend yields for the four financial years preceding the date of the grant. As there is no dividend history, the expected dividend yield is considered to be Nil.

The Senior Management and the Employees have confirmed that there would not be any sale of equity shares arising pursuant to the exercise of the options granted within three months after the date of listing of the shares.

## OBJECTS OF THE ISSUE

The Issue comprises of a fresh issue of 16,75,000 Equity Shares by our Company and an Offer for Sale of 26,75,632 Equity Shares by the Selling Shareholders. Our Company will not receive any proceeds of the Offer for Sale by the Selling Shareholders.

### Objects of the Issue

We intend to utilize the proceeds of the Fresh Issue, after proportionate deduction of underwriting and management fees, selling commission and other expenses associated with the Issue (the “Net Proceeds”) for the following purposes:

1. To augment the resources for the current ongoing expansion of its manufacturing capacity at various locations and invest in the sub micron particle sizes required by end market.
2. General Corporate Purposes
3. To enable listing the Equity Shares of our Company on the Stock Exchanges.

### Rationale Objects

Our Company proposes to expand the existing capacities at Vadadla, Bhuj, Tirunelveli and Udaipur. We propose to introduce higher value added technology intensive, import substitute product which will increase profitability of our Company. We also propose to produce finer and pure material having size upto 0.7 microns at the expanded facilities. The proposed expansion would result in improvement in operational efficiencies leading to higher profitability as also increased market penetration, increased volumes and keep off competition.

The main objects clause of our Memorandum of Association and objects incidental to the main objects enable us to undertake our existing activities and the activities for which funds are being raised by our Company through this Issue. The Company has obtained required approvals from their lenders for the expansion program and their public issue.

### Requirement of Funds

The details of utilization of Net Proceeds are as per the table set forth below:

| (Rs. in Lacs)                                      |              |               |               |               |               |                 |
|----------------------------------------------------|--------------|---------------|---------------|---------------|---------------|-----------------|
| Description                                        | Haldwani     | Udaipur       | Vadadla       | Bhuj          | Tirunelveli   | Total           |
| Building                                           | 13.00        | 11.00         | 12.25         | 63.36         | 47.75         | 147.36          |
| Plant & Machinery                                  | 36.70        | 94.20         | 344.90        | 549.34        | 131.90        | 1,157.04        |
| Lab Equipment                                      | -            | -             | -             | -             | -             | -               |
| Electricals                                        | 11.95        | 22.95         | 25.00         | 45.07         | 48.30         | 153.27          |
| <b>Total [A]</b>                                   | <b>61.65</b> | <b>128.15</b> | <b>382.15</b> | <b>657.77</b> | <b>227.95</b> | <b>1,457.67</b> |
| Contingency @ approx 5% on the cost of the project |              |               |               |               |               | 72.33           |
| Issue Expenses [B]                                 |              |               |               |               |               | [•]             |
| General Corporate Purposes [C]                     |              |               |               |               |               | [•]             |
| <b>Total [A+B+C]</b>                               |              |               |               |               |               | <b>[•]</b>      |

## Means of Finance

The proposed means of finance for the project is as under:

| Source       | Amount<br>(Rs. in Lacs) |
|--------------|-------------------------|
| Public Issue | [•]                     |
| Term Loan    | 1,000.00                |
| <b>Total</b> | <b>[•]</b>              |

IDBI has appraised the expansion project of the Company and vide its letter dated May 16, 2008. IDBI has vide letter no. IDBI/ABO/MCG/No. 5101 dated May 16, 2008 and letter no. IDBI/ABO/MCG/No. 5751 dated July 16, 2008 sanctioned term loan to the extent of Rs. 10 crores towards part financing the expansion project. The details of the terms & conditions of sanction are as under:

## Term Loan

| Sr. No. | Particulars                                                            | Terms & Conditions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------|------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i       | Amount                                                                 | Rs. 1000 Lacs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| ii.     | Purpose                                                                | For expansion of capacities at various units of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| iii.    | Rate of Interest<br>(net of interest tax,<br>other levies /<br>duties) | The loan shall carry interest @ IDBI Bench Mark Prime Lending Rate <b>(BPLR) less 75 bps</b> (exclusive of interest tax, other levies, if any) payable on first day of every calendar month. (Present BPLR is 13.25%).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| iv      | Tenure                                                                 | 78 months                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| v       | Security                                                               | <p><b>1) Primary:</b><br/>           (i) extension of first charge on all movable and immovable properties, both present and future, of the company located at Vadadla, Bhuj, Swaroopganj and offices at Baroda and Mumbai ranking pari-passu with other lenders (viz. Exim Bank, SBI's WCTL) save and except book debts, subject to the charge created/to be created in favour of company's bankers on current assets for securing borrowing for working capital requirements;<br/>           (ii) exclusive charge on all movable and immovable properties, both present and future, of the company located at Tirunelveli.<br/>           (iii) exclusive charge on all movable machineries, both present and future, of the company located at, Udaipur and Haldwani</p> <p><b>2) Collateral:</b><br/>           Second pari passu charge on current assets of the company, both present and future.</p> <p><b>3) Third Party Guarantees</b><br/>           Personal Guarantee of Shri Chandresh Parikh and Rajesh Parikh, promoter's directors of the company.</p> |
| vi      | Repayment                                                              | 60 monthly installments commencing from 01/04/2010 (first 59 installments of Rs. 16.70 lacs each and last installment of Rs. 14.70 Lacs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

**The other main terms & conditions as mentioned in the sanction letter are as follows:**

The Company shall –

- a. Raise and utilise proportionate promoters' contribution by way of equity as envisaged in the means of finance;
- b. Furnish NoC from existing charge holders for creation of first pari passu charge over movable and immovable properties of the company for the loan as stipulated;
- c. Shall open and operate a "current account " with IDBI Ltd. to which the amount of the loan will be credited for the project;
- d. Obtain and furnish an undertaking from promoters agreeing to bring in additional funds if required, to meet shortfall in the means of financing to complete the project in the event of overrun, if any, in the project cost; and
- e. Shall not incur normal capital expenditure of more than Rs.1000 lakh per year without the prior approval of IDBI and shall not undertake any new project without any prior approval of IDBI.

The critical risk factors and their mitigations as given in the appraisal report of Industrial Development Bank of India are as follows:

Looking to the present bearish condition of capital market and failure of full subscription to the public issue, it may impact implementation of project.

The factors viz. increase in competition and competition from unorganized sector, retention of talented staff, labour disruptions, un-patent manufacturing process, covenant of loan agreement, change in consumer preference, availability of substitute of finished products, delay in statutory approval, inadequate supply of raw materials/ others due to climatic/ other situations, increase in cost of raw material/ input, any change in Government policies, economic liberalization, currency exchange fluctuations, natural calamities, etc. may impact on its operations/ profitability and put pressure on its margin, may affect the company's operations and profitability. Increase in interest cost and high crude oil prices may impact its profitability.

## DETAILED BREAK OF THE COST OF THE PROJECT

### 1. HALDWANI - DRY GRINDING PROCESS FOR TALC

Our Company is planning to set up a Dry Grinding process unit for Talc with a capacity of 7,000 tonnes per annum at Haldwani in the state of Uttaranchal. The Company proposes to setup the unit at a leased property which is yet to be identified. The approx. built up area of the unit would be 1500 sq. mtrs and an amount of Rs. 13.00 Lacs has been set aside in the project towards the lease deposit and structural and the other changes to be made at the unit. The details of other costs are as under:

| (Rs. in Lacs) |                                                                          |      |                          |              |
|---------------|--------------------------------------------------------------------------|------|--------------------------|--------------|
| Sr. No.       | Particulars                                                              | Nos. | Name of Supplier         | Amount       |
| <b>A</b>      | <b>PLANT &amp; MACHINERY</b>                                             |      |                          |              |
| 1.            | 42" pulverisor - brode chamber (With open bag filter, cyclone & ducting) | 2    | Laxmi Engineering Works  | 13.20        |
| 2.            | Jaw crusher (16 x 9) with motor (15 hp)                                  | 2    | Ambica Crushtech Pvt Ltd | 10.10        |
| 3.            | Feed conveyor belt for crusher                                           | 2    |                          | 2.50         |
| 4.            | Cylo                                                                     | 4    | Viking Paints Pvt. Ltd.  | 5.00         |
| 5.            | Rotary feeder with driver & VFD (3 hp)                                   | 4    |                          | 4.90         |
| 6.            | Erection & commissioning charges                                         |      |                          | 1.00         |
|               | <b>TOTAL [A]</b>                                                         |      |                          | <b>36.70</b> |
| <b>B</b>      | <b>ELECTRICALS</b>                                                       |      |                          |              |
| 1.            | Electrical control panel with cables                                     |      | Viking Paints Pvt. Ltd.  | 3.20         |
| 2.            | Additional power cost for 225 kva                                        |      |                          | 8.75         |
|               | <b>TOTAL [B]</b>                                                         |      |                          | <b>11.95</b> |
|               | <b>GRAND TOTAL [A+B]</b>                                                 |      |                          | <b>48.65</b> |

## 2. UDAIPUR - DRY GRINDING PROCESS FOR TALC

Our Company is planning for expansion of capacity of Dry Grinding Process for Talc from the existing 5,000 tonnes per annum to 17,000 tonnes per annum. The expansion would be carried out at the existing site. The cost of civil work for the proposed expansion as estimated by Viking Paints Pvt. Ltd. is Rs. 11 Lacs. The details of other costs are as under:

| (Rs. in Lacs)            |                                                                                                                                          |      |                          |               |
|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------|------|--------------------------|---------------|
| Sr. No.                  | Particulars                                                                                                                              | Nos. | Name of Supplier         | Amount        |
| <b>A</b>                 | <b>PLANT &amp; MACHINERY</b>                                                                                                             |      |                          |               |
| 1.                       | 42" pulverisor - brode chamber (With open bag filter, cyclone & ducting)                                                                 | 5    | Laxmi Engineering Works  | 33.30         |
| 2.                       | Classifire & complete system (02 nos classificire, blower (cap. 4500m <sup>3</sup> /hr., 800mm water column pressure) compressor 45 cfm) | 2    | Viking Paints Pvt. Ltd.  | 16.50         |
| 3.                       | Jaw crusher (12 x 9) with motor (15 hp)                                                                                                  | 4    | Ambica Crushtech Pvt Ltd | 19.70         |
| 4.                       | Feed conveyor belt for crusher                                                                                                           | 4    |                          | 4.90          |
| 5.                       | Cylo                                                                                                                                     | 8    | Viking Paints Pvt. Ltd.  | 10.00         |
| 6.                       | Rotory feeder with driver & vfd (3 hp)                                                                                                   | 8    |                          | 9.80          |
| <b>TOTAL [A]</b>         |                                                                                                                                          |      |                          | <b>94.20</b>  |
| <b>B</b>                 | <b>ELECTRICALS</b>                                                                                                                       |      |                          |               |
| 1.                       | Electrical control panel with cables                                                                                                     |      | Viking Paints Pvt. Ltd.  | 6.00          |
| 2.                       | Additional power cost for 450 Kva                                                                                                        |      |                          | 16.95         |
| <b>TOTAL [B]</b>         |                                                                                                                                          |      |                          | <b>22.95</b>  |
| <b>GRAND TOTAL [A+B]</b> |                                                                                                                                          |      |                          | <b>117.15</b> |

### 3. VADADLA - SPECIALITY CHEMICALS

Our Company is planning for expansion of capacity for Speciality Chemicals from the existing capacity of 2,400 tonnes per annum to 4,800 tonnes per annum. The Company also proposes to implement Wet Grinding Process with the capacity of 4,600 tonnes. These expansions would be at the existing site. The estimated cost for construction of shed for the proposed expansion is Rs. 12.25 Lacs. The details of other costs are as under:

|                   |                                       |      |                                        | (Rs. in Lacs)           |
|-------------------|---------------------------------------|------|----------------------------------------|-------------------------|
| Sr. No.           | Particulars                           | Nos. | Name of Supplier                       | Amount                  |
| A                 | PLANT & MACHINERY                     |      |                                        |                         |
| 1.                | Wet Grinding mill with gearbox, motor | 2    | Viking Paints Pvt. Ltd.                | 75.00                   |
| 2.                | Gasifier with piping                  | 1    |                                        | 20.00                   |
| 3.                | Coal shed                             | 1    |                                        | Self Constructed        |
| 4.                | Errection & Commissioning             | 1    | Viking Paints Pvt. Ltd.                | 20.00                   |
| 5.                | Cylo 42" Pulversior                   | 1    |                                        | 25.00                   |
| 6.                | Shed for Wet Grinding Mill            | 1    |                                        | Self Constructed        |
| 7.                | Rotary Dryer                          | 1    | Shri Krishna Industries                | 15.00                   |
| 8.                | Paddle Mixture                        | 1    | Hydro Press                            | 5.00                    |
| 9.                | Filter Press                          | 1    |                                        | 25.00                   |
| 10.               | Structure for each machine            |      |                                        | Viking Paints Pvt. Ltd. |
| 11.               | Compressor                            | 2    | Power Engineering                      | 15.00                   |
| 12.               | Drying platform                       | 1    | Self Constructed                       | 10.00                   |
| 13.               | Roots blower                          | 6    | Parekh Solids Handling                 | 18.00                   |
| 14.               | A.C. Frequency Drive                  | 3    | Epoch Electricals                      | 4.00                    |
| 15.               | Motor                                 | 3    | Chico Traders                          | 1.90                    |
| 16.               | Dozing pump                           | 3    | Excellent Engineering                  | 0.60                    |
| 17.               | Blower                                | 2    | Techflow Enterprise                    | 1.00                    |
| 18.               | Bag filter                            | 2    | Filter Concept                         | 19.00                   |
| 19.               | Gear Box                              | 1    | Elecon Engineering                     | 8.00                    |
| 20.               | Crusher system                        | 1    | Viking Paints Pvt. Ltd.                | 14.00                   |
| 21.               | Auto feeding system                   | 4    | Industrial Control Research Lab (ICRL) | 0.40                    |
| 22.               | Grinding Media                        | 1    | Vishal Glass Shots                     | 8.00                    |
| 23.               | Auto bagging machine                  | 4    |                                        | 8.00                    |
| 24.               | Cylo for F.G.                         | 4    | Parekh Solids Handling                 | 8.00                    |
| 25.               | De Dusting Filter                     | 3    |                                        | 4.00                    |
| TOTAL [A]         |                                       |      |                                        | 344.90                  |
| B                 | ELECTRICALS                           |      |                                        |                         |
| 1.                | Electrical control panel with cables  | 1    | Viking Paints Pvt. Ltd.                | 25.00                   |
| TOTAL [B]         |                                       |      |                                        | 25.00                   |
| GRAND TOTAL [A+B] |                                       |      |                                        | 369.90                  |

#### 4. BHUJ - FOR CALCINED CLAY

Our Company is presently having installed capacity of china clay products inclusive of calcined clay at Bhuj to the tune of 26,400 tonnes per annum. Through this proposed expansion our Company intends to increase the capacity of calcined clay by 12,000 tonnes per annum. The expansion would be carried out at the existing land and an amount of Rs. 63.36 Lacs is estimated to be spent on the construction of building. Details of the other costs are as under:

| (Rs. in Lacs) |                                                                                                 |      |                          |        |
|---------------|-------------------------------------------------------------------------------------------------|------|--------------------------|--------|
| Sr. No.       | Particulars                                                                                     | Nos. | Name of Supplier         | Amount |
| <b>A</b>      | <b>PLANT &amp; MACHINERY</b>                                                                    |      |                          |        |
| 1.            | Blunger                                                                                         | 1    | Viking Paints Pvt. Ltd.  | 11.00  |
| 2.            | Degriting Unit ((DGR 1503)                                                                      | 1    | Param Engineers          | 16.50  |
| a.            | Errection & Commissioning                                                                       |      |                          | 1.50   |
| 3.            | Delaminitor                                                                                     | 2    | Viking Paints Pvt. Ltd.  | 36.00  |
| 4.            | S.S Vibro Screen                                                                                | 5    | Penwalt India Ltd.       | 15.00  |
| 5.            | Round sump with agitator                                                                        |      |                          |        |
| a.            | Round sump.                                                                                     | 2    | Self Constructed         | 5.00   |
| b.            | Agitator with structure                                                                         | 2    | Viking Paints Pvt. Ltd.  | 9.50   |
| c.            | Motors (2no.agit. + 6 nos. Slu. Trf)                                                            | 9    | Chico Traders            | 2.00   |
| d.            | Gear box for agitator                                                                           | 2    | Emtci Engineering Ltd    | 5.85   |
| e.            | Errection & Commisioning                                                                        |      | Viking Paints Pvt. Ltd.  | 2.00   |
| 6.            | Slurry Transferring System                                                                      |      | Viking Paints Pvt. Ltd.  | 6.00   |
| 7.            | Filter Press                                                                                    |      |                          |        |
| a.            | PP Recess Type Filter Press                                                                     | 2    | Hydro Press Industries   | 120.55 |
| b.            | Errection & Commissioning                                                                       |      | Viking Paints Pvt. Ltd.  | 4.00   |
| 8.            | Rotary Dryer - 1313                                                                             | 2    | Calyx Enterprise         | 34.00  |
| a.            | Complete with base frame, Drive, lining and cake feed Systems with erection                     | 2    | Viking Paints Pvt. Ltd.  | 6.00   |
| 9.            | Waste Water Recovery Plant                                                                      |      |                          | 60.00  |
| 10.           | Calcliner 3121 Pollution Control Equipment                                                      | 1    | Viking Paints Pvt. Ltd.  | 12.00  |
| 11.           | Pre Calcinations                                                                                |      |                          |        |
| a.            | 42" pulverisior 1 nos                                                                           | 1    | Star Engineering         | 6.50   |
| b.            | Reverse pulse jet type dust collector                                                           |      | Filter System Technology | 13.10  |
| c.            | Blower with motor (30hp)                                                                        | 1    | Techno Air Engineers     | 1.25   |
| d.            | Air compressor                                                                                  | 1    | Atlas Copco (India) Ltd  | 10.00  |
| e.            | Variable frequency drive                                                                        | 1    | Epoch Electricals        | 1.02   |
| f.            | Motor 75 hp 2 nos. 1440 rpm                                                                     | 1    | Chico Traders            | 1.20   |
| g.            | Conveying Root Blower 1.2 M.T. per hour                                                         | 1    | Filter System Technology | 7.68   |
| h.            | Feed screw, geared motor piping, structure, rotary valve, main cable erection and commissioning |      | Viking Paints Pvt. Ltd.  | 8.00   |
| 12.           | Rotary Cooler                                                                                   |      |                          |        |
| a.            | Complete with base frame drive, lining and feed system erection                                 | 1    | Shri Krishna Industries  | 16.00  |
| b.            | Feed & Discharge System                                                                         | 1    | Viking Paints Pvt. Ltd.  | 1.50   |
| c.            | Coveying Root Blower 1.5MT                                                                      | 1    | Filter System Technology | 6.00   |
| d.            | Storage Cylo with MS Structure                                                                  | 3    | Viking Paints Pvt. Ltd.  | 10.00  |

|                          |                                                                                                                        |   |                          |               |
|--------------------------|------------------------------------------------------------------------------------------------------------------------|---|--------------------------|---------------|
| <b>13.</b>               | <b>Post Calcinations</b>                                                                                               |   |                          |               |
| a.                       | 42" Pulverisor 2 nos                                                                                                   | 1 | Star Engineering         | 5.78          |
| b.                       | Reverse pulse jet type dust collector                                                                                  | 1 | Filter System Technology | 10.39         |
| c.                       | Blower 2 nos with motor (25hp)                                                                                         | 2 | Techno Air Engineer      | 0.50          |
| d.                       | Vfd, feedr.v 2.0 hp 2 nos                                                                                              | 2 | Epoch Electricals        | 0.28          |
| e.                       | Feed screw, geared motor Piping, structure, rotary valve, main cable Classifier-ii, 02 set, erection and commissioning |   | Viking Paints Pvt. Ltd.  | 5.00          |
| f.                       | Motor 50hp for blower                                                                                                  | 1 | Akshar Agencies          | 1.00          |
| g.                       | Conveying root blower 1 mt per hour                                                                                    | 1 | Filter System Technology | 6.00          |
| h.                       | Bagging machine with weighing, packing and steaching                                                                   | 1 | Viking Paints Pvt. Ltd.  | 6.00          |
| <b>14.</b>               | <b>Gasifire 3240</b>                                                                                                   |   |                          |               |
| a.                       | Gasifire 3240                                                                                                          | 1 | Shri Krishna Industries  | 45.24         |
| b.                       | Gas pipeline                                                                                                           | 1 | Calyx Enter Prise        | 5.00          |
| c.                       | Civil work                                                                                                             |   |                          | 1.50          |
| <b>15.</b>               | <b>Material handling</b>                                                                                               |   |                          |               |
| a.                       | Instrumation & Automisation                                                                                            |   | Self Constructed         | 8.00          |
| b.                       | Loader & Tractor                                                                                                       | 1 | Ashpura Tractors         | 8.00          |
| c.                       | Weigh bridge                                                                                                           | 1 | Suzuki Weighing Scale    | 8.50          |
| d.                       | Civil work                                                                                                             |   | Self Constructed         | 1.00          |
| <b>TOTAL [A]</b>         |                                                                                                                        |   |                          | <b>549.34</b> |
| <b>B</b>                 | <b>ELECTRICALS</b>                                                                                                     |   |                          |               |
| 1.                       | Additional power cost for 400 KVA                                                                                      |   |                          | 13.07         |
| 2.                       | Main Supply Cable                                                                                                      |   |                          | 5.00          |
| 3.                       | Control Panel                                                                                                          |   |                          | 5.80          |
| 4.                       | PF Panel                                                                                                               |   | Krishna Engineers        | 3.05          |
| 5.                       | Main Distribution Panel                                                                                                |   |                          | 6.30          |
| 6.                       | Transformer 1,500 KVA                                                                                                  |   | Manish Electricals       | 11.85         |
| <b>TOTAL [B]</b>         |                                                                                                                        |   |                          | <b>45.07</b>  |
| <b>GRAND TOTAL [A+B]</b> |                                                                                                                        |   |                          | <b>639.41</b> |

## 5. TIRUNELVELI

Our Company is proposing to increase the installed capacity of Calcined Clay from the existing 2,400 tonnes per annum by 3,000 tonnes per annum. The expansion would be carried out at the existing land and an amount of Rs. 47.75 Lacs is estimated to be spent on the site development and construction of building for both the plants. Details of the other costs are as under:

The detailed cost break up is as under:

|                          |                                                                                                                         |      |                         |               | (Rs. in Lacs) |
|--------------------------|-------------------------------------------------------------------------------------------------------------------------|------|-------------------------|---------------|---------------|
| Sr. No.                  | Particulars                                                                                                             | Nos. | Name of Supplier        | Amount        |               |
| <b>A</b>                 | <b>PLANT &amp; MACHINERY</b>                                                                                            |      |                         |               |               |
| 1.                       | Rotary Dryer                                                                                                            |      | Shri Krishna Industries | 20.00         |               |
| 2                        | Basic Calciner 1414                                                                                                     |      |                         |               |               |
| a.                       | Calciner main shell with Tyre rings, Base frame, Thrust Roller Assembly, with drive                                     | 1    | Shri Krishna Industries | 18.15         |               |
| b.                       | Support roller assembly with bearing housing                                                                            | 6    | Param Engineers         | 5.10          |               |
| c.                       | Feed chamber, discharge hood, feed screw                                                                                | 1    | Calyx Enterprise        | 4.50          |               |
| d.                       | Refractory                                                                                                              |      | Gujarat Sales Corp      | 5.45          |               |
| e.                       | Refractory labour                                                                                                       |      | S. Kumar                | 0.60          |               |
| f.                       | Induced cyclone pipeline instrumentation for all pre and post system loss in weight feeder, feed silo and all structure | 10   | Viking Paints Pvt. Ltd. | 28.00         |               |
| g.                       | Blower with motor                                                                                                       | 1    | Techno Air Engineering  | 1.10          |               |
| h.                       | Gear motor for feed screw                                                                                               | 1    | Power Build             | 0.25          |               |
| i.                       | VFD                                                                                                                     | 1    | Epoch Electricals       | 0.15          |               |
| j.                       | Transportation                                                                                                          |      |                         | 2.00          |               |
| 3.                       | Pre Calcinations                                                                                                        |      |                         |               |               |
| a.                       | 32" pulverisior                                                                                                         | 2    | Laxmi Engineering Works | 7.70          |               |
| b.                       | Motor                                                                                                                   | 2    | Akshar Agency           | 1.50          |               |
| c.                       | Geared motor                                                                                                            | 2    | Power Build             | 0.50          |               |
| d.                       | Variable frequency drive (VFD)                                                                                          | 2    | Epoch Electricals       | 2.50          |               |
| e.                       | Root blower                                                                                                             | 1    | Parekh Solids Handling  | 5.10          |               |
| f.                       | Clasifier                                                                                                               |      | Viking Paints Pvt. Ltd. | 4.00          |               |
| g.                       | Blower with motor                                                                                                       |      | Techno Air Engineering  | 0.80          |               |
| h.                       | Bag filter                                                                                                              |      | Filter Concept          | 8.50          |               |
| i.                       | Piping                                                                                                                  |      | Viking Paints Pvt. Ltd. | 3.00          |               |
| j.                       | Errection & loading/ unloading                                                                                          |      |                         | 4.00          |               |
| k.                       | Material Handling (Loader & Tractor)                                                                                    |      | Bull Machine Pvt.Ltd.   | 9.00          |               |
| <b>TOTAL [A]</b>         |                                                                                                                         |      |                         | <b>131.90</b> |               |
| <b>B</b>                 | <b>ELECTRICALS</b>                                                                                                      |      |                         |               |               |
| 1.                       | 400 KVA power                                                                                                           |      | TEB                     | 6.00          |               |
| 2.                       | Central control panel, Main Distribution Panel, PF Panel                                                                |      | Krishna Engineers       | 14.00         |               |
| 3.                       | Transformer                                                                                                             |      | Manish Electricals      | 11.85         |               |
| 4.                       | VCB                                                                                                                     |      | Akshar Agencies         | 4.65          |               |
| 5.                       | CTPT                                                                                                                    |      |                         | 0.50          |               |
| 6.                       | Cables                                                                                                                  | 1    | Green Electricals       | 9.30          |               |
| 7.                       | Control Cables                                                                                                          | 2    |                         | 2.00          |               |
| <b>TOTAL [B]</b>         |                                                                                                                         |      |                         | <b>48.30</b>  |               |
| <b>GRAND TOTAL [A+B]</b> |                                                                                                                         |      |                         | <b>180.20</b> |               |

## General Corporate Purposes

In accordance with the policy set up by the Board, the Company proposes to retain flexibility in applying the remaining net proceeds for General Corporate Purposes, including acquisition of Mines, working capital requirement and up gradation of infrastructure. In accordance with the policies of the Board, the Management and the Company will have flexibility in utilizing issue proceeds earmarked for General Corporate purposes.

## Issue related Expenses

The expenses of this Issue include, amongst others, Lead management fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The entire expenses of the issue would be borne by the Company.

The estimated issue expenses are as follows:

| (Rs. in Lacs) |                                                                       |         |                         |                |
|---------------|-----------------------------------------------------------------------|---------|-------------------------|----------------|
| Sr. No.       | Nature of Expenses                                                    | Amount* | % to the Total Expenses | % to the Issue |
| 1.            | Lead Management Fee, Underwriting Commissions and Selling Commissions | [•]     | [•]                     | [•]            |
| 2.            | Advertising and Marketing Expenses                                    | [•]     | [•]                     | [•]            |
| 3.            | Printing and Stationery                                               | [•]     | [•]                     | [•]            |
| 4.            | IPO Grading Agency fee                                                | [•]     | [•]                     | [•]            |
| 5.            | Others (Registrar's Fee, Legal Fee, etc.)                             | [•]     | [•]                     | [•]            |
| <b>Total</b>  |                                                                       | [•]     | [•]                     | [•]            |

\* Will be incorporated after finalization of Issue Price

## Schedule of Implementation

The proposed schedule of implementation for the projects is detailed below:

| Location    | Commencement   | Completion   | Current Status                                                                                                                                 |
|-------------|----------------|--------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| Haldwani    | October - 2008 | March - 2009 | Location has been identified and quotations for plant & machinery have been obtained.                                                          |
| Udaipur     |                |              |                                                                                                                                                |
| Vadadla     |                |              |                                                                                                                                                |
| Bhuj        | March - 2008   | March - 2009 | Construction of building is in process, few of the machineries have been acquired and orders are being placed for the rest of the machineries. |
| Tirunelveli |                |              |                                                                                                                                                |

### Sources & Deployment of Funds

As per the Certificate dated July 21, 2008 from Manubhai and Co., Chartered Accountants, Ahmedabad, the Company has upto June 30, 2008, deployed an amount of Rs. 207.80 Lacs towards the proposed project, which has been presently funded through Internal Accruals. The details of the expenditure incurred towards the above mentioned objectives are as per the table provided below:

| (Rs. in Lacs)                 |               |
|-------------------------------|---------------|
| Particulars                   | Amount        |
| <b>Funds Deployed</b>         |               |
| Building                      | 7.76          |
| Plant & Machinery             | 107.94        |
| Advance for Capital Purchases | 45.16         |
| Public Issue Expenses         | 46.94         |
| <b>Total</b>                  | <b>207.80</b> |
| <b>Sources of Funds</b>       |               |
| Internal Cash Accruals        | 207.80        |
| <b>Total</b>                  | <b>207.80</b> |

### Year wise break up of the proceeds to be used

The year wise break up of funds to be incurred on the project under various heads is as follows:

| (Rs. in Lacs)                                             |                                      |                                            |               |
|-----------------------------------------------------------|--------------------------------------|--------------------------------------------|---------------|
| Particulars                                               | Amount spent during the year 2007-08 | Amount to be spent during the year 2008-09 | Total         |
| <b>Expansion /Setting up of Manufacturing capacities:</b> |                                      |                                            |               |
| Haldwani                                                  | -                                    | 65.00                                      | <b>65.00</b>  |
| Vadadla                                                   | 8.49                                 | 392.51                                     | <b>401.00</b> |
| Udaipur                                                   | -                                    | 135.00                                     | <b>135.00</b> |
| Bhuj                                                      | 11.53                                | 678.47                                     | <b>690.00</b> |
| Tirunelveli                                               | 35.78                                | 203.22                                     | <b>239.00</b> |
| <b>Issue Expenses</b>                                     | [•]                                  | [•]                                        | [•]           |
| <b>General Corporate Purposes</b>                         | [•]                                  | [•]                                        | [•]           |
| <b>Total</b>                                              | [•]                                  | [•]                                        | [•]           |

### Interim Use of Funds

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the net proceeds of the Issue within the objects of issue as specified in this Red Herring Prospectus. Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality interest or dividend bearing liquid instruments including deposits with banks for the necessary duration. Such investments would be in accordance with any investment criteria approved by our Board of Directors from time to time.

### Monitoring of Utilization of Funds

Our Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in this Red Herring Prospectus and place it before the Audit Committee.

Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilised in full. The statement will be certified by our statutory auditors.

Our Company shall be required to inform material deviations in the utilization of Issue proceeds to the Stock Exchanges and shall also be required to simultaneously make the material deviations/ adverse comments of the Audit committee/ monitoring agency public through advertisement in newspapers.

Except for proceeds from Offer for Sale by Gujarat Venture Capital Fund 1995, no part of the proceeds of the Issue will be paid by us as consideration to our Promoters, our Directors, key management personnel or companies promoted by our Promoters except in the usual course of business.

#### **Basic terms of the Issue**

The Equity shares being offered are subject to the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, the terms of this offer document and other terms and conditions as may be incorporated in the Allotment advice and other documents /certificates that may be executed in respect of the issue. The Equity shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, RBI, ROC and /or other authorities as in force on the date of issue and to the extent applicable.

## BASIS FOR ISSUE PRICE

The Issue Price will be determined by us in consultation with the BRLMs on the basis of the demand from investors for the Equity Shares through the Book-Building Process. The face value of the Equity Shares is Rs. 10/- and the Issue Price is 5.0 times the face value at the lower end of the Price Band and 5.5 times the face value at the higher end of the Price Band.

### Qualitative Factors

The company is one of the leading suppliers of Speciality Minerals in the Country and has an experienced, qualified and dedicated management team to carry out its activities. The Company's multiple product line helps the company to protect it from reduction in demand for any one product type. The mining resources and plants of the company are well diversified which helps in a better reach to the consumers. The company continues to focus on fulfilling the customized demand of the clients through its R & D efforts.

### Quantitative Factors

Information presented in this section is derived from our restated audited financial statements for the years ended March 31, 2008, March 31, 2007 and March 31, 2006.

#### 1. Basic and Diluted Earnings per Share (EPS)

| Year ended              | Basic EPS<br>(Rs.) | Weight |
|-------------------------|--------------------|--------|
| March 31, 2006          | 1.45               | 1      |
| March 31, 2007          | 2.87               | 2      |
| March 31, 2008          | 3.69               | 3      |
| <b>Weighted Average</b> | <b>3.04</b>        |        |

#### 2. Price Earning Ratio (P/E) in relation to the Issue Price of Rs. [●] per Equity Share of Rs. 10/- each

| Sr. No. | Particulars                                                                                                        |             |
|---------|--------------------------------------------------------------------------------------------------------------------|-------------|
| a.      | P/E ratio based on Weighted average EPS for the three years ended March 31, 2006, 2007 and 2008 at the Floor Price | 16.45 times |
| b.      | P/E ratio based on Weighted average EPS for the three years ended March 31, 2006, 2007 and 2008 at the Cap Price   | 18.09 times |
| c.      | Industry P/E                                                                                                       |             |
|         | Highest (Hindustan Copper Limited)                                                                                 | 62.61       |
|         | Lowest (Facor Alloys Limited)                                                                                      | 2.92        |
|         | Industry Composite                                                                                                 | 17.00       |

*(Source: Capital Market: July 14- July 27, 2008; Segment- Mining)*

### 3. Return on Net worth (RoNW)

| Year ended              | RoNW (%)     | Weight |
|-------------------------|--------------|--------|
| March 31, 2006          | 9            | 1      |
| March 31, 2007          | 15           | 2      |
| March 31, 2008          | 16           | 3      |
| <b>Weighted Average</b> | <b>14.50</b> |        |

**Note:** Net worth as appearing in the restated audited summary statement of assets and liabilities for the respective period has been considered for computation of Return on Net worth.

### 4. Minimum Return on Total Net Worth after Issue required to maintain Pre-Issue EPS for the year ended March 31, 2008

- At the Floor Price - 5.27
- At the Cap Price - 4.92

### 5. Net Asset Value (NAV) per share, post-Issue and comparison with the Issue Price

|                          | NAV (Rs.) |
|--------------------------|-----------|
| NAV as at March 31, 2008 | 22.85     |
| NAV after the Issue*     | [•]       |
| Issue Price              | [•]       |

\* Assuming Net worth as per Financial Statements as at March 31, 2008

$$\text{NAV per Share} = \frac{\text{Net worth as restated at the end of the year}}{\text{Number of equity share outstanding at the end of the year}}$$

### 6. Comparison with other listed companies

| Company                                                                  | Equity<br>(Rs. in Cr.) | Sales<br>(Rs. in Cr.)<br>(31/03/2008) | NAV<br>(Rs.) | EPS<br>(Rs.) | Market<br>Price (Rs.)<br>(20/07/2008) | P/E   |
|--------------------------------------------------------------------------|------------------------|---------------------------------------|--------------|--------------|---------------------------------------|-------|
| Ashapura Minechem Limited                                                | 15.79                  | 1,495.6                               | 62.2         | 17.2         | 111.20                                | 6.47  |
| Cubex Tubings Limited                                                    | 7.41                   | 91.0                                  | 48.8         | 12.9         | 42.50                                 | 3.29  |
| English Indian Clays Limited                                             | 4.47                   | 266.4                                 | 135.5        | 43.4         | 602.35                                | 13.88 |
| Gujarat Mineral Development Corporation Limited                          | 31.80                  | 980.7                                 | 66.8         | 16.6         | 227.90                                | 13.73 |
| Gulshan Sugars & Chemicals Limited                                       | 10.25                  | 61.0                                  | 36.9         | 5.9          | 26.90                                 | 4.56  |
| Hindustan Copper Limited                                                 | 768.22                 | 1,580.3                               | 9.6          | 3.5          | 219.15                                | 62.61 |
| Facor Alloys Limited                                                     | 18.58                  | 225.2                                 | 2.7          | 3.3          | 9.73                                  | 2.92  |
| <i>(Source: Capital Market: July 14- July 27, 2008; Segment- Mining)</i> |                        |                                       |              |              |                                       |       |
| 20 Microns Limited                                                       | 12.44                  | 107.92                                | 22.85        | 3.69         | -                                     | -     |

The peer group listed companies, as stated above, are not strictly comparable in view of the different product mix catered by the Companies and that all the Companies listed above may not be carrying on manufacturing activities. These Companies are considered as peer group since they are engaged in the minerals business except Hindustan Copper Limited and Facor Alloys Limited which have been considered since they have the highest and Lowest P/E in the mining/ minerals industry.

The Issue Price of Rs. [●] per Equity Share has been determined by us, in consultation with the BRLMs on the basis of the demand from investors for the Equity Shares through Book Building Process and is justified based on the above accounting ratios. For further details, see the section titled “Risk Factors” on page no viii and the financials of the Company including important profitability and return ratios, as set out in the section titled “Financial Statements” on page no. 130 of this Red Herring Prospectus, for a more informed view.

**STATEMENT OF TAX BENEFITS**

To,  
The Board of Directors,  
20 Microns Limited,  
307/308, Arundeeep Complex,  
Race Course,  
Vadodara 390 015.

We M/s Manubhai & Co. Chartered Accountants are the Statutory Auditors of M/s 20 Microns Limited having its registered office at 9/10 GIDC Industrial Estate, Waghodia District Vadodara and Corporate office at 134-135, Hindustan Kohinoor Industrial Estate, LBS Marg, Vikhroli (w), Mumbai. We hereby certify that under the current tax laws, the following tax benefits inter-alia, will be available to the Company and the members of the Company. However a member is advised to consider in his/her/its own case the tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislation may not have direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

As per the existing provisions of the I.T Act and other laws as applicable for the time being in force, the following tax benefits and deductions are and will, inter-alia be available to M/s 20 Microns Limited and its shareholders.

We believe that there are no special tax benefits available to the Company and its shareholders.

**General tax benefits available:****A. TO THE COMPANY**

1. Dividend income (whether interim or final), in the hands of the Company as distributed or paid by any other Company is completely exempt from tax in the hands of the Company, under section 10(34) of the IT Act.
2. Long-term capital gains would be subject to tax at the rate of 20% (plus applicable surcharge and education cess) as per the provisions of section 112(1)(b) of the IT Act. However, as per the proviso to Section 112(1), the long term capital gains resulting on transfer of listed securities or units, or zero coupon bonds (not covered by section 10(36) and 10(38)), would be subject to tax at the rate of 20% with indexation benefits or 10% without indexation benefits (plus applicable surcharge and education cess) as per the option of the assessee.
3. Long term capital gain arising from the sale of equity shares in any Company through a recognized stock exchange or from the sale of units of an equity oriented fund shall be exempt from Income Tax, if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax, as per the provisions of section 10(38) of the IT Act.
4. As amended by Finance Act, 2008, Short term capital gains arising from the transfer of equity shares in any company through a recognized stock exchange or from the sale of units of equity-oriented fund shall be subject to tax @ 15% provided such a transaction is subject to Securities Transaction Tax, as per the provisions of section 111A of the IT Act.
5. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the IT Act, the Company would be entitled to exemption from tax on gains arising from transfer

of the long term capital asset [not covered by section 10(36) and section 10 (38)], if such capital gain is invested in any of the long-term specified assets in the manner prescribed in the said section.

Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.

6. In accordance with and subject to the provisions of section 32 of the Income tax Act, the Company will be allowed to claim depreciation on specified tangible and intangible assets as per the rates specified. Besides normal depreciation, the Company, in terms of section 32(1)(ia), shall be entitled to claim depreciation @ 20% of actual cost on new plant and machinery acquired after 31st March, 2005.
7. In accordance with and subject to the provisions of section 35D of the Income tax Act, the Company will be entitled to amortise, over a period of five years, all expenditure in connection with the proposed public issue subject to the overall limit specified in the said section.
8. Under Section 115 JAA (1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under Section 115 JB of the Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 7 years succeeding the year in which the MAT becomes allowable.

## **B. TO RESIDENT SHAREHOLDERS**

1. Dividend (whether interim or final) declared, distributed or paid by the Company is completely exempt from tax in the hands of the shareholders of the Company as per the provisions of section 10(34) of the IT Act.
2. Any income of minor children clubbed with the total income of the parent under section 64(1A) of the IT Act, will be exempt from tax to the extent of Rs. 1500 per minor child under section 10(32) of the IT Act.
3. As per the provisions of Section 112(1)(a) of the IT Act, long-term capital gains would be subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1)(b), the long term capital gains resulting on transfer of listed securities or units [not covered by sections 10(36) and 10(38)], would be subject to tax at the rate of @ 20% with indexation benefits or 10% without indexation benefits (plus applicable surcharge and education cess) as per the option of the assessee.
4. Long term capital gain arising from the sale of equity shares in any Company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and the sale is subject to Securities Transaction tax, as per the provisions of section 10(38) of the IT Act.
5. As amended by Finance Act, 2008, Short term capital gains arising from the transfer of equity shares in any company through a recognized stock exchange or from the sale of units of equity-oriented fund shall be subject to tax @ 15% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax, as per the provisions of section 111A of the IT Act.

6. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.
7. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the IT Act, the shareholders would be entitled to exemption from tax on long term capital gains arising on transfer of their shares in the Company (not covered by sections 10(36) and 10(38)), if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section.

Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.

8. In case of a shareholder being an individual or a HUF, in accordance with and subject to the conditions and to the extent specified in Section 54F of the IT Act, the shareholder would be entitled to exemption from long term capital gains on the sale of shares in the Company (not covered by sections 10 (36) and 10 (38)), upon investment of net consideration in purchase/construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis.

Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains shall be charged to tax as long-term capital gains in the year in which such residential house is transferred.

#### **C. TO NON-RESIDENT INDIAN SHAREHOLDERS (OTHER THAN MUTUAL FUNDS, FIIs, FOREIGN VENTURE CAPITAL INVESTORS)**

1. Dividend (whether interim or final) declared, distributed or paid by the Company is completely exempt from tax in the hands of the shareholders of the Company as per the provisions of section 10(34) of the IT Act.
2. Any income of minor children clubbed with the total income of the parent under Section 64(1A) of the IT Act will be exempt from tax to the extent of Rs. 1,500 per minor child per year in accordance with the provisions of section 10(32) of the IT Act.
3. In the case of shareholder, being a non-resident Indian and subscribing to shares in convertible foreign exchange, in accordance with and subject to the conditions and to the extent specified in Section 115D read with Section 115E of the IT Act, long term capital gains arising from the transfer of shares of an Indian Company (not covered by sections 10(36) and 10(38)), will be subject to tax at the rate of 10% as increased by a surcharge and education cess at an appropriate rate on the tax so computed, without any indexation benefit but with protection against foreign exchange fluctuation.
4. In case of a shareholder being a non-resident Indian, and subscribing to shares in convertible foreign exchange in accordance with and subject to the conditions and to the extent specified in Section 115F of the IT Act, the nonresident Indian shareholder would be entitled to exemption

from long term capital gains (not covered by sections 10(36) and 10(38)) on the transfer of shares in the Company upon investment of net consideration in modes as specified in sub-section (1) of Section 115F.

5. In accordance with the provisions of Section 115G of the IT Act, Non Resident Indians are not obliged to file a return of income under Section 139(1) of the IT Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the IT Act.
6. In accordance with the provisions of Section 115H of the IT Act, when a Non Resident Indian become assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer along with his return of income for that year under Section 139 of the IT Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
7. As per the provisions of section 115 I of the I.T. Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that year under Section 139 of the IT Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the IT Act.
8. In accordance with and subject to the conditions and to the extent specified in Section 112(1) (c) (read with proviso) of the IT Act, tax on long term capital gains arising on sale on listed securities or units not covered by sections 10(36) and 10(38) will be, at the option of the concerned shareholder, 10% of capital gains (computed without indexation benefits) or 20% of capital gains (computed with indexation benefits) as increased by a surcharge and education cess at an appropriate rate on the tax so computed in either case.
9. As per the provisions of section 10(38), long term capital gain arising from the sale of equity shares in any Company through a recognised stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax.
10. As per the provisions of section 111 A, Short Term capital gains arising from the transfer of equity shares in any Company through a recognised stock exchange or from the sale of units of equity-oriented fund shall be subject to tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
11. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.
12. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the IT Act, the shareholders would be entitled to exemption from tax on long term capital gains (not covered by sections 10(36) and 10(38)) arising on transfer of their shares in the Company if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains

exempted earlier would become chargeable to tax as long term capital gains in the year in which the specified asset is transferred or converted into money.

13. In case of a shareholder being an individual or a HUF, in accordance with and subject to the conditions and to the extent specified in Section 54F of the IT Act, the shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the sale of shares in the Company upon investment of net consideration in purchase/ construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier, would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.
14. As per the provisions of Section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non-Resident.

#### **D. TO OTHER NON-RESIDENTS**

1. Dividend (whether interim or final) declared, distributed or paid by the Company is completely exempt from tax in the hands of the shareholders of the Company, under section 10(34) of the IT Act.
2. Any income of minor children clubbed with the total income of the parent under Section 64(1A) of the IT Act will be exempt from tax to the extent of Rs. 1500 per minor child per year, in accordance with the provisions of section 10(32) of the IT Act.
3. In accordance with and subject to the conditions and to the extent specified in Section 112(1) (c) of the IT Act, tax on long term capital gains arising on sale on listed securities or units will be, at the option of the concerned shareholder, 10% of capital gains (computed without indexation benefits) or 20% of capital gains (computed with indexation benefits) as increased by a surcharge and education cess at an appropriate rate on the tax so computed in either case.
4. As per the provisions of section 10(38), long term capital gain arising from the sale of equity shares in any Company through a recognised stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income tax, if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax.
5. As per the provisions of section 111 A, Short Term capital gains arising from the transfer of Equity Shares in any Company through a recognized stock exchange or from the sale of units of equity-oriented fund shall be subject to tax @ 10%, provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
6. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.
7. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the IT Act, the shareholders would be entitled to exemption from tax on gains arising on transfer of their shares in the Company (not covered by sections 10(36) and 10(38)) if such

capital gain is invested in any of the long term specified asset in the manner prescribed in the said section.

Where the long term asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.

8. In case of a shareholder being an individual or a HUF, in accordance with and subject to the conditions and to the extent specified in Section 54F of the IT Act, the shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38) on the sale of shares in the Company upon investment of net consideration in purchase/construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis.

Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

9. As per the provisions of Section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non Resident.

#### **E. TO FOREIGN INSTITUTIONAL INVESTORS (FIIS)**

1. In case of a shareholder being a FIIs, in accordance with and subject to the conditions and to the extent specified in Section 115AD of the IT Act, tax on long term capital gain (not covered by sections 10(36) and 10(38) will be 10% and on short term capital gain will be 30% as increased by a surcharge and education cess at an appropriate rate on the tax so computed in either case.

However short term capital gains on sale of Equity Shares of a Company through a recognized stock exchange or a unit of an equity oriented fund effected on or after 1st October 2004 and subject to Securities transaction tax shall be taxed @ 10% as per the provisions of section 111A. It is to be noted that the benefits of Indexation and foreign currency fluctuation protection as provided by Section 48 of the IT Act are not available to FIIs.

2. As per the provision of Section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non Resident.
3. Long term capital gain arising from the sale of Equity Shares in any Company through a recognized stock exchange or from the sale of units of an equity oriented fund shall be exempt from income tax, if such sale takes place after 1<sup>st</sup> of October 2004 and such sale is subject to Securities Transaction tax, as per the provisions of section 10(38) of the IT Act.
4. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.

5. In accordance with and subject to the conditions and to the extent specified in section 54EC of the IT Act, the shareholders would be entitled to exemption from tax on long term capital gains (not covered by sections 10 (36) and 10(38) arising on transfer of their shares in the Company, if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long term specified assets is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long term specified asset is transferred or converted into money.
6. Under section 196D(2) of the Act, no deduction of tax at source will be made in respect of income by way of capital gains arising from the transfer of securities referred to in section 115AD(1)(b).

#### **F. TO MUTUAL FUNDS**

In case of a shareholder being a Mutual fund, as per the provisions of Section 10 (23D) of the IT Act, any income of Mutual Funds registered under the SEBI Act or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India would be exempt from Income Tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

#### **G. TO VENTURE CAPITAL COMPANIES/ FUNDS**

In case of a shareholder being a Venture Capital Company/ Fund, as per the provisions of Section 10(23FB) of the IT Act, any income of Venture Capital Companies/ Funds registered with the SEBI, would be exempt from Income Tax, subject to the conditions specified in the said subsection.

#### **Benefits under the Wealth Tax Act, 1957**

As per the prevailing provisions of the above Act, no Wealth Tax shall be levied on value of shares of the Company.

#### **Benefits under the Gift Tax Act**

As no Gift tax is leviable in respect of gifts made on or after October 1, 1998, any gift of shares will not attract gift tax.

#### **Notes**

1. All the above benefits are as per the current tax laws as amended by the Finance Act, 2007 and will be available only to the sole/ first named holder in case the shares are held by joint holders.
2. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the double taxation avoidance agreements, if any, between India and the country in which the non-resident has fiscal domicile.
3. In view of the individual nature of tax consequences, each investor is advised to consult his/ her own tax advisor with respect to specific tax consequences of his/ her participation in the scheme.
4. Tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefits which an investor can avail.

5. Our views expressed herein are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

**Place:** Ahmedabad

**Date:** July 21, 2008

**For, Manubhai & Co.,**  
**Chartered Accountants**

**(K.C. Patel)**

**Partner**

**Membership No.:** 30083

## SECTION III- ABOUT THE ISSUER COMPANY

### INDUSTRY

#### Mining industry in India

Minerals constitute the back-bone of economic growth of any nation and India has been eminently endowed with this gift of nature. There are many evidences that exploitation of minerals like coal, iron-ore, copper, lead-zinc has been going on in the Country from times immemorial. However, the first recorded history of mining in India dates back to 1774 when an English Company was granted permission by the East India Company for mining coal in Raniganj. M/s John Taylor & Sons Ltd. started gold mining in Kolar Gold Fields in the year 1880.

The first oil well was drilled in Digboi in the year 1866 - just seven years after the first ever oil well was drilled anywhere in the world viz. in Pennsylvania State, USA in 1859. Mining activities in the country however remained primitive in nature and modest in scale until the beginning of the current century. Thereafter, with progressive industrialization the demand for and hence the production of various minerals gradually went up. After India became independent, the growth of mining under the impact of successive Five Year Plans has been very fast. There are ambitious plans in coal, metalliferous and oil sectors to increase production of minerals during the 8th Five Year Plan and thereafter.

Mining has provided the answer to the manufacturing and energy needs of the humanity in the past century. Mining community around the world has contributed to the enrichment of the world through industrial development. Minerals are valuable natural resources being finite and non-renewable. They constitute the vital raw materials for many basic industries and are a major resource for development.

Industrial Minerals are geological materials which are mined for their commercial value, which are not fuel (mineral fuels) and are not sources of metals (metallic minerals). They are used both in their natural state and after beneficiation either as raw materials or as additives in a wide range of applications.

Attapulgit, Barytes, Bentonite, Borates, Calcium Carbonates, Diatomite, Feldspar, Gypsum, Kaolin, Mica, Perlite, Plastic (or ball) clays, Sepiolite, Silica, Talc, Vermiculite, Wollastonite and Zeolites are all industrial minerals.

Industrial minerals are essential raw materials used in most industrial activities. They are used in a wide range of industries such as Paints, Electronics, Metal casting and Foundry, Paper, Plastics, Glass, Ceramics, Detergents, Pharmaceuticals, Cosmetics, Construction materials and Agriculture to mention just a few. They are also used as processing aids for the food and feed industries and are increasingly important in environmental engineering (waste and flue gas treatment, water purification, etc.)

*(Source: Wikipedia [http://en.wikipedia.org/wiki/Industrial\\_minerals](http://en.wikipedia.org/wiki/Industrial_minerals))*

Among the important non-metallic minerals, the rise in the production in 2005-06 was observed in limestone (3%), dolomite (2%), and Kaolin (17%). The overall mineral production in the country maintained a growing trend. Among the non-metallic minerals, about 96% value was shared by limestone, kaolin, dolomite, steatite, gypsum, diamond, etc.

*(Source: Industrial Minerals Yearbook 2006, IBM, Pg 1-3 Section Mining)*

India's ranking in 2005-06 in world production was 2<sup>nd</sup> in Barytes and 4<sup>th</sup> in Talc/Steatite/Pyrophyllite. Below is the table on the Statistics of World Production of Industrial Minerals:

| Industrial Minerals | Qty (Unit) | World Production | India Production | % Contribution | India's Rank     |
|---------------------|------------|------------------|------------------|----------------|------------------|
| Barytes             | '000 Tons  | 7,900            | 1,190            | 15.1           | 2 <sup>nd</sup>  |
| Talc/ Steatite      | '000 Tons  | 8,600            | 809              | 9.4            | 4 <sup>th</sup>  |
| Mica                | '000 Tons  | 300              | 4,643            | 1.6            | 10 <sup>th</sup> |

(Source: Industrial Minerals Yearbook 2006, IBM, Pg 1-6 Table-3)

Limestone is produced widely in India. As much as 86% of the output in 2005-06 was contributed by seven principal states: Andhra Pradesh (18%), Madhya Pradesh (15%), Rajasthan (16%), Gujarat (11%), Chhattisgarh (9%), Tamil Nadu (9%), and Karnataka (8%). Nearly 35% output of Kaolin in 2005-06 was reported from Gujarat followed by Kerala (30%) and Rajasthan (15%).

India has a large number of economically useful minerals and they constitute one-quarter of the world's known mineral resources.

In India, 80% of mining is in coal and the balance 20% is in various metals and other raw materials such as gold, copper, iron, lead, bauxite, zinc and uranium. India with diverse and significant mineral resources is the leading producer of some of the minerals. India is not endowed with all the requisite mineral resources. Of the 89 minerals produced in India, 4 are fuel minerals, 11 metallic, 52 non-metallic and 22 minor minerals.

Mineral fillers are finely ground mineral substance, usually inert, used as filler. Key physical characteristics of fillers include mean particle diameter, particle size distribution, aspect ratio, surface area, dispersibility and inherent colour. While various minerals can be added to a polymer to obtain a given performance characteristic, each may differ in the amount of property enhancement as well as in variables such as loading level and cost.

### **Kaolin**

Kaolin is fine white clay mainly composed of kaolinite but other related minerals such as halloysite are also considered. Kaolin is formed through the alteration or kaolinization of feldspar-rich parent rocks by weathering or hydrothermal processes. The ultimate breakdown product of most rock-forming minerals is kaolinite.

### **Kaolin production and consumption in Asia:**

Kaolin resources within Asia are potentially capable of supplying much of the regional demand although imports from USA, Brazil and potentially Australia will remain very important for some years to come. Focusing on higher value kaolin's it is suggested that some sectors offering market opportunities include the following:

- Japan's large papermaking industry especially for high-end coating clays and potentially lightweight newsprint-filler calcined clays.
- China's high growth in papermaking especially following the commissioning of new facilities of APP over the past year or two.
- China's fibre glass industry as Taiwan moves some major operations across the strait.
- Advanced automotive catalyst honeycomb substrate markets in Japan, Korea and Taiwan.

- White-firing, low impurity clays for tableware especially growth in Thailand and Indonesia. Also white-firing clays for use in engobes, glaze and as matrix in granito tiles.
- Paint and coated-rubber grade kaolins, especially calcined kaolin as partial replacement of titanium dioxide.

### **Kaolin Production in the Asian Region**

In excess of an estimated 5 million tonnes of kaolin is produced in the Region from India in the west through to China, Korea and Japan in the Far East. China is obviously one of the major producers of kaolin with an estimated one and a half million tonnes mined annually from more than 600 mines.

Korea, Indonesia, India and Thailand are also among the other largest current producers of Kaolin. Several of the regional economies are only now recovering from the 1997-98 recession, but the strength of China's performance has in some ways made up the deficit in total output as well as consumption with the incredible construction-led growth since 1990.

The Production of Kaolin in India at 1097 thousand tonnes in 2005-06 increased by 17% over that in the previous year mainly due to the high demand in major states. 25 principal producers accounted for about 84% output of Kaolin in 2005-06. The contribution of natural and processed Kaolin in 2005-06 was 78% and 22%, respectively, against 76% and 24% in the previous year.

*(Source: Industrial Minerals Yearbook 2006, IBM, Pg 49-1 Section Production)*

Reserves are found in most states but proven reserves are concentrated in Kerala, Gujarat, West Bengal, Orissa, Rajasthan, Karnataka and Jharkhand. Gujarat was the leading producing state of Kaolin accounting for 36% production in 2005-06 followed by Kerala 31% and the remaining states for the rest. Indian production is amongst the largest in Asia.

China Clay deposits worked in India are mostly of pocket-type. Opencast manual mining is followed in most Kaolin mines. Almost all the China Clay user industries except Cement, Insecticides, and Refractories consume processed Kaolin. The natural China clay is processed in India mostly by conventional method of levigation/washing. In addition, few niche players use high-tech processes such as hydro-cyclone separator, high intensity magnetic separator, bleaching, spray drying, and Calcination.

### **Kaolin – Major Producers in India**

Some of the major players in the Kaolin industry are: English India Clays Ltd (EICL), 20 Microns Limited, Kerala Clays & Ceramic Products, Amrapali China Clay, Mokdumnagar China Clays, and INDAL. Processed Kaolin is being marketed under various trade names mostly in levigated and spray dried forms. Crude Kaolin is also marketed directly.

### **Calcium Carbonate**

Calcium carbonate is a chemical compound, with chemical formula  $\text{CaCO}_3$ . It is commonly used medicinally as a calcium supplement or as an antacid. Calcium carbonate is the active ingredient in agricultural lime. Calcium Carbonate is one of the most widely used Industrial Minerals across the world

The vast majority of calcium carbonate used in industry is extracted by mining or quarrying. Pure calcium carbonate (e.g. for food or pharmaceutical use), can be produced from a pure quarried source (usually marble) or it can be prepared by passing carbon dioxide into a solution of calcium hydroxide.

After quarrying, further treatment is required to process Natural Calcium Carbonates (NCC) of the highest quality, known generically as Ground Calcium Carbonate (GCC). Precipitated Calcium Carbonate (PCC) is a synthetic Calcium Carbonate produced industrially by means of a recarbonisation process. Both GCC and PCC are used in a wide range of applications and for each end-use; there exists a tailor-made product, where fineness and particle size distribution are optimally balanced to meet the technical demands of that particular requirement.

(Source: <http://www.ima-eu.org/fileadmin/downloads/minerals/CalCarb05.pdf>)

Ground calcium carbonate (GCC) and precipitated calcium carbonate (PCC) are used as fillers and extenders in a variety of applications, including plastic, paint, paper, adhesives and many others. Consumption of GCC is about six times that of PCC.

The second-largest U.S. market for GCC is the plastics industry. The largest plastics market for GCC is in polyvinyl chloride (PVC) plastics. In other parts of the world, particularly Asia, this market is driven by the growing domestic economies and export activities of the developing countries. In automotive plastics, GCC is used as an extender in order to achieve cost reductions. The U.S. market for FGCC in plastics is projected to grow at an average annual rate of 2.2% through 2007.

The largest market for PCC in the United States is the paper industry, where it is used predominantly as filler. In 2002, approximately 90% of the PCC produced was consumed by the paper industry. PCC has been experiencing a growth surge since 1986. This growth is attributed to the paper industry's conversion from acid papermaking technology to alkaline and to the success of the PCC on-site satellite plant concept where producers supply product from plants located adjacent to paper mills.

Smaller markets for PCC exist in the paint and coatings, pharmaceuticals and plastics industries. In the automotive sealants industry, stearate-coated PCC is increasingly consumed in PVC plastisols for underbody coating.

Japanese consumption of GCC grew at an average annual rate of 3.0% between 1991 and 2002. The paper industry was the fastest growing segment of the market. This trend, however, is not projected to continue into the future. Future GCC demand is expected to decline by 0.8% during the next five years, with the paper segment expected to decline by 2.1% per year. GCC demand for plastics, paint and elastomers is projected to be flat during 2002–2007.

(Source: <http://www.sriconsulting.com/CEH/Public/Reports/724.6000/>)

### **Calcium Carbonate – World Approach**

The major growth area for the next five years will be in Asia, especially China, particularly in the form of satellite GCC plants at paper mills. According to the estimates by Roskill Research Group, the world consumption of GCC will rise by an average of 3% per annum and reach 67.6 million Tonnes by 2010. Paper will continue to be the largest market for GCC, accounting for an estimated 28 million Tonnes of consumption by 2010, while consumption in plastics will reach 12.2 million Tonnes.

(Source: <http://www.roskill.com/reports/ground> Ground Calcium Carbonate 2004-05)

Two large companies with operations throughout the world are the major producers, accounting for a significant proportion of total supply. Omya, a privately held Company with its headquarters in Switzerland, is the largest producer. The other is Imerys, a publicly quoted Company with its headquarters in Paris. A number of other medium sized suppliers have operations in more than one country or region and there are numerous small suppliers serving more local markets.

Omya, operating 74 plants in 40 countries, is estimated to account for over 70% of the supply of paper grade GCC. They have an estimated capacity of 21.8 million TPA, making them by far the largest

producer accounting for 39% of global production of fine grades of GCC. Other leading producers of finer grades of GCC are Imerys, Huber Engineered Materials and Speciality Minerals, while Global Stone and Franklin Minerals are leading producers of coarser grades based on limestone.

### Calcium Carbonate – India

India is a very large country but there is a scarcity of high quality calcitic marbles. Many marbles in Rajasthan are dolomitic in nature and are too abrasive to be used in GCC. There are some calcitic type marbles in Gujarat, which are quarried for blocks and decorative stone. The availability of waste for GCC is limited and expensive.

Indian industry is estimated to consume 0.6 Mtpy of GCC. Consumption of minerals in paint is estimated at 80-100,000tpy, of which GCC forms only a small proportion. More than 70% of the paint market is for decorative paint, 20% for industrial uses and others. Four companies, Asian Paint, Goodlass Nerolac/Kansai Paint, Berger Paints and ICI India account for 75% of the market. Around 60% of the paint production in India is from the Bombay/Baroda area.

Plastics production in 1998 was 3.4Mt and was expected to rise to 8Mt by 2006 with commodity plastics accounting for 85% of the total. Major end users are packaging PVC cables, molded luggage and PVC pipes and fittings. 70% is produced by extrusion, 25% by injection molding and 5% by blow and roto-moulding. Consumption of GCC in plastics in India is not known but it is the most common pigment used. Coated GCC is used in PVC cables and in PVC extrusions. Local products are supplemented by imported grades of GCC and Calcined kaolin.

*(Source: Roskill Information Services, Economics of GCC, Second Edition 2005)*

### Calcium Carbonate – Uses

#### i. Paper:

Over the last 30 years, the use of Calcium Carbonate has grown significantly as technology in the paper industry has moved from acid to neutral sizing. Today, Calcium Carbonate is the most widely used mineral in papermaking. GCC and PCC are used both as 'filler' and a coating pigment, and help produce papers with high whiteness and gloss and good printing properties.

#### ii. Plastics/PVC/Rubber:

Calcium Carbonate is by far the most important mineral for compounding with polymers. By weight it accounts for more than 60% of the filler and reinforcements market. Main applications include plasticized and rigid PVC, unsaturated polyesters, polypropylene and polyethylene. Other important areas of use include rubber, foamed latex carpet-backings, sealants and adhesives.

#### iii. Paints & Coatings:

In paints and coatings, Calcium Carbonate has established itself as the main extender. Fineness and particle-size distribution can contribute to the opacity of coatings. Moreover, Calcium Carbonate can offer improvements in weather resistance, anti-corrosion and rheological properties, coupled with low abrasiveness, low electrolyte content, and a pH stabilizing effect. In water-based systems Calcium Carbonate reduces the drying time.

#### iv. Environment

As a natural product, Calcium Carbonate is perfect for environmental protection applications. For example, flue gas desulphurization, drinking water treatment, wastewater treatment and forest and lake liming for the neutralization of acid rain, are all growth areas for the use of Calcium Carbonate. It has a natural buffer-effect and works as a pollution-filter. These properties, likewise, apply to the derivative products.

v. Agriculture:

Guarantees an adequate supply of calcium to plants and stabilizes the pH-value of the soil. These characteristics make Calcium Carbonate an important fertilizer for the agriculture and forestry sectors.

### **Barytes**

Barytes is a mineral consisting of Barium Sulphate, derived from a Greek word meaning heavy. About 90% Barytes produced worldwide is used in oil and gas drilling as a weighing agent because of its unique physical and chemical properties. It is also widely used as feedstock for various barium chemicals production, and as an extender and filler. The Mangampet deposit in Cuddapah district of Andhra Pradesh is the single largest deposit in the world. India is one of the leading producers and exporters of Barytes in the world.

Barytes (Barite) is the naturally occurring mineral form of barium sulphate. Its main properties are its high specific gravity (4.5), very low solubility; it is non-toxic, and also chemically and physically unreactive. It is extracted by both surface and underground mining, followed by simple physical processing methods to produce correctly sized product and to remove extraneous materials.

Barytes has a place in the following industries:

- Barytes is used as a weighting agent for drilling fluids in oil and gas exploration.
- For value addition in cars, electronics, TV screens, rubber, and glass ceramics and paint industry, radiation shielding and medical applications (barium meals).

Barytes is supplied in a variety of forms and the price depends on the amount of processing; filler applications commanding higher prices following intense physical processing by grinding and micronising, and there are further premiums for whiteness and brightness and colour.

### **Barytes – World Approach**

China and India together account for almost 60% of the world's Barytes reserves and resources. The only other country with substantial Barytes reserves is USA, which has 9% of the world as total. The USA is easily the largest Barytes consumer, accounting for 39% of world demand in 2005, some 87% of which was imported. In contrast, China is the other major Barytes consumer, accounting for 13% of world demand, although in this case demand was met entirely from domestic production. Three US companies account for about 85% of world sales of drilling fluids. These are MI-SWACO (42%), Baroid Drilling Fluids (30%) and Baker Hughes Inteq (13%). They also control a significant proportion of Barytes production and processing capacity worldwide.

Fillers are the third significant market for Barytes, accounting for 600,000t or 8% of world consumption in 2005. About half of this is used in the automobile industry. The market for filler applications is expected to grow at around 2.5%py to 2015. 20 Microns contributes to this market in its Barytes portfolio.

*(Source: Roskill Information Services, Barytes <http://www.roskill.com/reports/barytes> )*

Barytes are generally categorized into two different grades- Snow white which is mainly used in the Paint, Paper, Rubber and Chemical industry. The Off-color Barytes is generally used in the Oil and Gas drilling operations. 20 Microns Limited caters to the Snow-white grade.

The table below gives an insight into the Production of Barytes grade wise & state wise in India:

(Qty in tonnes; Value in Rs. '000)

| State            | 2004-2005  |           |           |          | 2005-2006  |           |           |          |
|------------------|------------|-----------|-----------|----------|------------|-----------|-----------|----------|
|                  | Grade      |           | Total     |          | Grade      |           | Total     |          |
|                  | Snow White | Off Color | Qty       | Value    | Snow White | Off Color | Qty       | Value    |
| Andhra Pradesh   | 5,523      | 11,48,710 | 11,54,233 | 5,00,350 | 43,222     | 11,39,869 | 11,83,091 | 4,44,486 |
| Himachal Pradesh | -          | 1,014     | 1,014     | 1,318    | -          | 549       | 549       | 714      |
| Rajasthan        | 117        | 3,667     | 3,784     | 3,526    | 729        | 5,470     | 6,199     | 2,458    |
| Total India      | 5,640      | 11,53,391 | 11,59,031 | 5,05,194 | 43,951     | 11,45,888 | 11,89,839 | 4,47,658 |

(Source: Industrial Minerals Yearbook 2006, IBM, Pg 16-3 Table-4)

Barytes mines in India are worked open-cast, except a few in Rajasthan and Andhra Pradesh. Barytes is typically milled before marketing in crushing/ grinding plants. While marketing, Barytes is graded into two varieties: Off-Color and Snow-White. The White and Snow-white varieties are used generally as fillers in the manufacture of rubber goods, as an opacifying material in the manufacture of Paints and Paper. The Off -Color Barytes is used for manufacturing chemicals or as drilling mud.

(Source: [http://www.mineralsuk.com/britmin/mp3baryte\\_nov05.pdf](http://www.mineralsuk.com/britmin/mp3baryte_nov05.pdf))

### Barytes Statistics

World production in 2006 was 8.3 million tonnes which was mainly from:

| Country    | Production |
|------------|------------|
| China      | 4.6 mt     |
| India      | 1.2 mt     |
| USA        | 0.5 mt     |
| Morocco    | 0.3 mt     |
| EU - 27    | 0.3 mt     |
| Iran       | 0.25 mt    |
| Kazakhstan | 0.2 mt     |
| Mexico     | 0.2 mt     |
| Turkey     | 0.15 mt    |
| Vietnam    | 0.1 mt     |

60% of the consumption was by USA, China and European countries

| Country | Production |
|---------|------------|
| USA     | 3.0 mt     |
| China   | 1.1 mt     |
| EU - 27 | 0.9 mt     |

(Source: [www.barytes.org](http://www.barytes.org))

## Dolomite

Dolomite is a mineral composed of Calcium Magnesium Carbonate. Theoretically, dolomite contains  $\text{CaCO}_3$  54.35% and  $\text{MgCO}_3$  47.7%. However, in nature, dolomite is not available in this exact proportion. In commercial parlance, the rock containing 40-45%  $\text{MgCO}_3$  is usually called Dolomite. Many conglomeratise it with Calcite grouping it in the Calcium Carbonate range of products. Dolomite is also being used as Fillers in detergents, steel, paints and ceramics industry. Dolomite is also widely used in the exterior paints, primers, powder coatings, emulsion paints, etc. It is also used as integral filler in the Paper industries for providing smoothness and gloss. Dolomite also finds use in a number of applications as a source of magnesium such as glass and ceramics manufacturing. Farmers use dolomite for agricultural pH control. The chemical industry uses dolomite in making magnesium salts including magnesia, magnesium oxide, used in pharmaceuticals.

Dolomite occurrences are widespread across India. The majority of 91% of the dolomitic reserves are distributed among seven states: Madhya Pradesh (26%), Andhra Pradesh (15%), Chhattisgarh (11%), Orissa (11%), Karnataka (8%), Gujarat (7%), Rajasthan (7%), and Maharashtra (5%). The other 9% is distributed evenly among various other states of India.

Orissa, the leading producing state of Dolomite, accounted for 32% production in 2005-06 followed by Chhattisgarh (24%), Andhra Pradesh (21%), and others. The tabular format below shows the production quantities and value for past 2 years for various states across India.

| State          | 2004-05          |                 | 2005-06          |                  |
|----------------|------------------|-----------------|------------------|------------------|
|                | Qty              | Value           | Qty              | Value            |
| Andhra Pradesh | 11,18,203        | 2,22,163        | 9,16,002         | 2,18,870         |
| Chhattisgarh   | 10,43,093        | 2,32,892        | 10,77,908        | 2,46,764         |
| Gujarat        | 64,676           | 7,240           | 38,557           | 4,027            |
| Jharkhand      | 2,33,163         | 1,55,986        | 3,00,351         | 1,91,047         |
| Karnataka      | 2,79,511         | 3,93,378        | 3,11,390         | 38,375           |
| Madhya P       | 1,38,180         | 13,757          | 1,13,213         | 16,445           |
| Maharashtra    | 1,08,672         | 13,855          | 1,15,378         | 15,063           |
| Orissa         | 12,45,680        | 2,14,092        | 14,02,073        | 3,25,473         |
| Rajasthan      | 1,08,128         | 16,151          | 1,53,247         | 20,256           |
| <b>Total</b>   | <b>43,39,306</b> | <b>9,15,714</b> | <b>44,28,119</b> | <b>10,76,320</b> |

(Source: Industrial Minerals Yearbook 2006, IBM, Pg 32-4 Table-4)

## Uses of dolomite and benefits of dolomite

Dolomite mines are generally worked by opencast method of mining. Few of the mines are semi-mechanized. Steel plants draw a majority of supplies of dolomite for use as flux and also as a refractory material. The requirement of low silica dolomite is increasing in steel plants across the country.

## Talc/ Soapstone

Talc is a mineral composed of hydrated magnesium silicate. A coarse grayish-green high talc rock is soapstone or steatite. In loose form, it is the widely used substance known as talcum powder. It occurs as foliated to fibrous masses, its monoclinic crystals being so rare as to be almost unknown. It has a perfect basal cleavage, and the folia are non-elastic, although slightly flexible. Its colour ranges from white to grey or green and it has a distinctly greasy feel. Its streak is white.

## Talc – World

Reviewing the latest data provided by the British Geological Survey (BGS) and US Geological Survey (USGS), the total world talc production ranges between 8.3 – 8.6 million tonnes. Below table provides a production chart for worldwide countries producing Talc in 2001-02 and 2005-06:

| World Talc Production |                  | (In tonnes)      |
|-----------------------|------------------|------------------|
| Country               | 2001-02          | 2005-06          |
| Argentina             | 1,665            | 11,492           |
| Australia             | 1,73,446         | 1,51,582         |
| Austria               | 1,37,776         | 1,66,569         |
| Bhutan                | 13,528           | 42,791           |
| Brazil                | 3,97,000         | 4,01,124         |
| Canada                | 45,000           | 66,000           |
| China                 | 25,55,500        | 27,00,000        |
| Colombia              | 15,000           | 15,000           |
| Egypt                 | 36,827           | 50,000           |
| Finland               | 4,76,620         | 5,08,169         |
| France                | 4,17,000         | 4,16,000         |
| India                 | 5,78,857         | 6,27,216         |
| Iran                  | 65,779           | 1,10,000         |
| Italy                 | 1,26,868         | 1,40,000         |
| Japan                 | 18,478           | 21,000           |
| Mexico                | 77,650           | 64,827           |
| Morocco               | 5,844            | 2,000            |
| N. Korea              | 60,000           | 50,000           |
| Nepal                 | 3,923            | 5,832            |
| Norway                | 24,626           | 24,000           |
| Pakistan              | 50,733           | 20,564           |
| Peru                  | 10,737           | 9,500            |
| Russia                | 1,11,645         | 1,50,000         |
| S. Korea              | 47,712           | 83,471           |
| South Africa          | 3,030            | 8,469            |
| Spain                 | 1,19,000         | 97,000           |
| Sweden                | 14,000           | 7,000            |
| Thailand              | 6,838            | 10,270           |
| UK                    | 4,947            | 6,000            |
| USA                   | 8,63,000         | 8,42,000         |
| <b>Total World</b>    | <b>6,539,778</b> | <b>6,874,651</b> |

(Source: Industrial Minerals Magazine July 2007 Talking Talc Pg 27)

## Talc – India

Substantial resources of Talc quantities are established in Rajasthan (50%) and Uttarakhand (32%). By grades, cosmetic grade accounts for about 26% share in the total resources followed by Paper & textiles (21%).

India's two leading Talc producers – Golcha Associated and Golcha group – are based out of Jaipur, Rajasthan and they dominate the supply of high quality material and speciality grades for markets as cosmetics and polymers. According to Golcha Associated group, total Indian Talc production for 2005-06

amounted to 860,000 tonnes with Udaipur - Rajasthan accounting for 52.3%, Bhilwara - Rajasthan accounting for 29%, Haldwani - Uttaranchal for 11.6%, and Kurnool - Andhra Pradesh for 7.4%.

*(Source: Industrial Minerals Magazine July 2007 Talking Talc Pg 33)*

Indian Talc, mined in Rajasthan and Andhra Pradesh, is comparable with the best Talc quality among the world, ranking second best in the world after Italian Talc. The four key markets of Paper, Ceramics, Plastics, and Paints account for approx 80% of the world talc demand. Certainly, the wide range of applications encourages large talc players to have a diverse talc grade portfolio and thus protects them somewhat against isolated market downturns.

### **Talc - Applications**

The key market drivers for Talc at present are the automotive sector (for talc use in auto plastics), hosing starts (for talc in ceramics/roofing/paints), and advertising (talc consumption in paper market). The overriding trend has been the growth of the Asian markets in these sectors which have been emulating formulation trends in Europe and US. Growth markets for Talc are also environmentally driven, such as water-based industrial coatings and packaging materials. Talc is used in papermaking, its largest market, in light weight coated papers for pitch control and as a mineral coating pigment. Talc also provides opportunities to improve the profitability for paper-makers by utilizing its properties of platyness, softness, organophilicity, hydrophobicity, and chemical inertness. Talc also eliminates anti-blocking during unwinding, while substituting for expensive materials such as Mica. The Plastic market is one which continues to show promise for mineral fillers, with most producers continuing to develop new products for polymer applications, especially for the automotive sector.

### **Silica**

Silica or silicon dioxide is one of the most common minerals in the earth's crust. In nature, silica occurs as a crystalline mineral in many and varied forms. The ground silica is inherently bright white, low in moisture and inert in nature. The most common is quartz, commonly clear or white.

The main uses of silica sand are in:

- The manufacture of flat glass, container glass, speciality glass, foundry mouldings and chemicals.
- It is also used in paint industry, plastic industry and
- In ceramics and epoxy castings.

### **Mica**

Mica is a generic term applied to a group of Complex Alumino-silicate minerals having a sheet or plate like structure with different composition and physical properties. When split into thin films, they remain tough and elastic even at high temperature. Mica possesses some of the most outstanding combinations of chemical, physical, electrical, thermal and mechanical properties which are not found in any other product. Mica deposits are found in India, Africa, Brazil and China. The principal deposits of Mica in India are found in Bihar, Jharkhand, Rajasthan, and Andhra Pradesh. Mica is again classified into Muscovite Mica and Phlogopite Mica.

India's monopoly in the production and export of sheet mica in the world is the same even after hundred years of production. There are still abundant resources available in the country to meet the domestic requirements and export demand.

Natural sheet Mica is used in electrical and electronic industries in the form of blocks, splittings, and films. Ground Mica is used in the Rubber industry as a dusting agent and as inert filler in the production of rubber. Mica fillers increase the hardness, tensile strength, and tear resistance of rubber articles. In Plastics industry, Mica is used as a filler and reinforcer in thermoplastics to improve the electrical properties, flexural strength & modulus, stiffness, heat deflection temperatures and resistance. Dry ground Mica powder is used in small quantities in cosmetic applications. Because of high resistance of Mica to the effect of sun rays, moisture, gases, water, and other chemicals, dry ground Mica powder is used in small quantity to improve the decorative coatings and luster of wallpaper, printing papers, etc. Wet ground Mica powder is used in Paints, Cosmetics, Rubber, etc. as filler.

## OUR BUSINESS

20 Microns Limited started its journey on June 29, 1987 with 2 individuals venturing in the production of Micronized Minerals in India as import substitute and enhancing the market demand for additional applications to the same. Micronized Minerals was an imported item till 1987-88 & there were no manufacturers for the same in the country. The Promoters, on account of sensitive market vibrations and taking advantage of these eventualities, set up a small unit at Waghodia with an annual capacity of 2400 MT.

Since the Promoters had the expertise in paint industry, they first targeted the said industry to market these Micronized Minerals and created a good cost – benefit option to the customers. The beginning of the growth of 20ML was attributed to Berger Paints Limited, Kolkata as its 1<sup>st</sup> Customer during the year 1988.

While selling to the Paints Industry, Plastic Industry which had a growth potential for different grades of Micronised Minerals, was also brought in to the net in the year 1989. During 1988, the plastic market was being catered by non-micronized mineral producers and chemically manufactured Calcium Carbonates. 20ML marketed the concept of using micronized ground calcium carbonate and other minerals and eventually the plastic processing customers started switching over to 20 ML.

20ML, one of the pioneers in the Micronized minerals, was thus the trend setter in the market for usage of ultrafine minerals ranging from 20 microns to 2 microns particle size. Over the years, 20ML, capitalizing on its strength of developing products, as per market needs and with on-going Research & Development, has introduced minerals of sub micron size and helped all the Industrial segments to get benefits in terms of functional properties & pricing of their products.

With its constant efforts and technical support, 20ML popularized the concept of finer Calcium Carbonate and other Minerals Fillers and innovated a good substitute for Paint & Plastic Industries during the year 1990. Usage of grades of finer particle in the range of 20 Microns and finer grades for Calcium Carbonate/Talc/Kaolin /Dolomite and Mica is very common now for various industrial segments. Till 1987, most of the customers in Paints and Plastic were serviced by dealers and 20ML sensed the opportunity to exploit it to the best of Industry and reaped its benefit with one to one customer interaction which helped in generating customer confidence and product development too.

20ML, having multi-locational reach can cater its wide ranged customers with its several marketing Offices throughout the Country. The Plant & Warehouses are located at all strategic locations to take advantage of Logistics. This helps substantially to achieve a positive growth to the business. As 20ML is catering to various Industrial segments, Business is also divided in 3 major division based on the targeted end users segment. This helps in focused approach to various industrial segments and new business is generated with technical information exchanged with the customers. This interaction also helps in new product development as per the market needs.

20ML marketing and other activities are mainly operating through two major segments in Minerals namely VAD (Value Added Products) and C&C (Commodity and Consumers). The segments are mainly to have a focus on the specific market. Both the segments have separate marketing teams to take care of the customer's requirements.

20ML constantly endeavors to broaden the risk base by targeting its applications to industries other than Paint & Plastics. The other applications include Rubber, Cement, Paper, Ceramics etc. The key strengths of 20ML are in its understanding of the client requirements, carrying out various tests in its laboratory and developing specific grade of products which meet with specific requirement of each of its customers. It also has a modern, well-equipped R & D facility that continuously carries out product and process

development activities for enhancing product quality, improving operational efficiencies and augmenting the product lines.

Our Research and Development activities and Quality Control include the following:

## 1 Research and Development

The Research and Development Center (R&D Center) of the Company located at village Vadadla, Dist-Vadodara, Gujarat is a well-equipped unit possessing all adequate facilities to carryout well-diversified R&D work pertaining to the minerals and their application in different fields. A team of highly devoted 20 scientists are continuously engaged in the R & D work. The center's activities are always aimed at achieving the Company's objective to be globally competitive by way of product innovation, up-gradation of technology and continuous improvement in quality of the finished goods.

During tenure of the Company, the R & D center has established, without the aid of any external agency / consultant, a number of plants based upon the technology developed by the center it self. A few examples are:

- The plant for wet processing of China Clay at Bhuj (Gujarat). The process that is being followed comprises of preparing slurry of the crude material followed by number of processing steps, including passing the processed slurry through a super conducting magnet (the only magnet of its kind in India) for beneficiation of Clay. The finished products so obtained are a value added products having better colour and enhanced brightness and are used in various applications like in paints, paper, rubber etc.
- The calcination plant to manufacture ultra-fine and bright Calcined Clay products at Bhuj (Gujarat). In this plant pure and bright Clay obtained as per the aforesaid process is calcined under controlled conditions. Formerly LPG was being used as a fuel for calciner but recently we have started using the coal / wood based gasifire which has resulted in to a large saving of the energy cost.
- Plants for dry grinding of Calcite, Dolomite, Talc etc, at various locations like Waghodia (Gujarat), Vadadla (Gujarat), Swaroopganj near Abu (Rajasthan), Alwar (Rajasthan), Udaipur (Rajasthan), Beawar (Rajasthan), Hosur (Karnataka) and Tirunelvally (Tamilnadu).
- Plant for manufacture of synthetic Sodium Aluminum Silicate sold under our brand name of MEGASIL at Waghodia (Gujarat).
- Plant for manufacture of synthetic Barium Sulphate from natural Baryte at Vadadla (Gujarat). The work of establishment of the new plants for manufacture of Synthetic Barium Sulphate, Aluminum Tri-hydrate (ATH) and Magnesium Hydroxide is also in progress.

Moreover, 20Microns Ltd. is a customer-oriented Company. In order, therefore, to fulfill the customers' demands, the *Product Application Center*, a section of the R & D Center, strongly focuses on developing the materials as per the customer's requirements. And for the same the center possesses all the necessary equipments / facilities to test the materials as demanded by the customer. For instance:

- When the material is to be used as RM in manufacture of **Paints**, a small batch of the paint is prepared at the Product Application Center and properties (like Specific Gravity, Viscosity, Dry Film Brightness & Contrast Ratio, Scrub Resistance etc.) of the paint so obtained are studied. By doing so the Center has come out with the findings that many of our products are able to replace

Titanium Dioxide to a considerable extent without compromising with the paint properties. This ultimately results in to cost saving to the customer.

- For **Plastic** applications various properties like Melt Flow Index, Tensile Strength, Elongation etc properties are studied at the Product Application Center. The Center possesses the necessary equipments like the Compounding Machine, Melt Flow Index Tester and Extruder etc.
- For products used in **Paper** application, either as a filler in the wet-end process or for coating purpose, the properties like the extent of retention, enhancement of brightness and gloss, the scattering coefficient / opacity, extent of abrasion, printability etc. are being studied by making use of the equipments like Brightness Meter, Sheet Forming Machine, Gloss Meter, Abrasion Tester etc.
- As far as use of our products in **Ceramic** application is concerned, the Product Application Center possesses adequate facilities to study the properties like Firing Brightness, Dry and Total Shrinkage etc.
- For **Textile Printing** application the Center studies printability and other properties of the “*Khadi*” prepared by making use of our product (viz. Megasil-50H) on cloth.

The Center has tied up with several external agencies such as Central Glass & Ceramic Research Institute, Kolkata; SICART, Vallabh Vidyanagar (Gujarat); IIT, Mumbai., Smart Instruments Company Pvt. Ltd., Mumbai, etc. for testing of the samples for specific tests like Scanning Electron Microscopic study, XRD analysis, Surface Area Measurement etc.

The center, in line with its tradition, has developed number of innovative as well as the value added synthetic products like Megasil-ZX, Megasil-90, Precipitated Barium Sulphate, Lithomer-R & Lithomer-A, Polaid PVC, Polaid TPT, Polaid OP-MB & Polaid OP 2, Optigloss & Glazex-90 etc. Several other products like Lumishine, Filteraid, Reactive Silica, Pearl Pigments etc. are in pipeline process.

20ML has continuous association with the Paint Research Association of England, Society of Plastic Engineers, India and Central Pulp and Paper Research Institute, India; which enables the Company to explore the developments and requirements of all major industries using functional fillers and extenders.

## 2 Quality Control

- Manual sorting to recover maximum white ore.
- Analysis of chemical properties – before dispatched to work.
- Particle size analysis
- Test for physical properties like bulk density, oil absorption, brightness, etc.
- Testing of hydrophobicity, oil absorption and uniformity of coating.
- XRD & electron microscope analysis
- Certification for the quality test

Our quality control model seeks to ensure that products supplied to our clients meet the quality standards globally and are of consistent quality.

## **Engineering Division**

Apart from the business of manufacturing of Micronised Minerals, the Company is also engaged in the business of manufacture of plants and equipment for the processing of industrial minerals, ores and recovery of secondary raw materials from waste generated from mineral processing which is particularly known as the Engineering Division of the Company.

The manufacturing unit is located at Waghodia, GIDC, a prime Industrial and business centre in Western India located near Vadodara. The work force consists of around 10 to 12 skilled and qualified personnel, with experience and expertise in the areas of mechanical engineering, process engineering, mineral processing, instrumentation and automation. The unit is headed by Mr Dinesh Shah who is himself a Diploma in Mechanical Engineer and takes care of the production. He is supported by Design Engineer, Erection and Commissioning Engineer and a Process Engineer.

20ML has a state-of-the-art Research Centre, fully arrayed with most modern testing and analytical equipments. The R & D efforts are distributed in five main areas – Applications Technology, Process technology, Product and Equipment Development, Trials and work Laboratories. In this centre, it undertakes need-based research to develop prototypes so as to improve the quality and efficiency of their products. Due focus is also laid on the efficiency and performance of the equipment being designed and developed.

After the product is developed in R & D Centre, the process Engineer designs a Pilot Plant and manufactures at 20 Engineering Division with the assistance of Design Engineer. Once the product is made on pilot plant, it is test marketed and after successful test marketing, scale up is done by Design Engineer on Autocad. The product is then taken up on full scale Production Plant. While making full scale production plant, equipments available in the market are purchased directly but critical components and equipments are made by 20M Engineering Division.

The machineries of the unit includes lathe, grinding-cutting, bending, drilling, software driven design office, engineering measuring instruments and other standard machinery for running engineering workshop. The technology developed by 20ML engineering division are tested in 20M other plants and then commercialized on day to day basis with continuous improvement for better efficiency and economic production. 20 ML engineering has produced and supplied various machineries to 20ML plants -units at Bhuj, Vadadla and Hosur and the same have been running successfully.

The Engineering division is an in house facility developed for manufacturing of machines and provides engineering services to all the other mineral processing units of the Company. The manufacturing of machines at our own unit helps us in keeping the technology with us and also reduces the cost of manufacturing the same.

## **GREEN TECHNOLOGY**

20ML, since inception, has always believed in the philosophy of “Green” environment practice within its manufacturing facilities. In today’s manufacturing climate, we are seeing more and more interest and attention being given to this particular concept – reducing emissions, reducing waste, and conserving energy.

We often discover that processing wastes at manufacturing facilities are initially viewed as a liability for a business can become an asset, by even generating some income. 20 Microns has effectively succeeded in this direction by selling off its entire wastage material lying at its manufacturing sites by finding & creating a newer market for the same, where it could be effectively utilized. In few locations where the wet process is used to manufacture the products, the wastage water is also recycled at various stages to

be utilized in the cooling process within the production chain. 20 Microns has also invested in a few equipments within its process cycle to minimize the dusting of powder occurring at its manufacturing sites.

20ML wet process is energy intensive and to reduce the cost, the Company produces its own producer gas from Lignite, Coal and Waste wood.

The present manufacturing locations of the Company are given below:

| State     | Location    | Products                             |
|-----------|-------------|--------------------------------------|
| Gujarat   | Vadadla     | Micronized Minerals (marble based)   |
|           | Waghodia    | Micronized Minerals                  |
|           | Bhuj        | Processed China Clay & Calcined Clay |
| Rajasthan | Swaroopgunj | Micronized Minerals                  |
|           | Udaipur     | Micronized Minerals                  |
|           | Alwar       | Micronized Minerals                  |
| Tamilnadu | Hosur       | Micronised Minerals                  |
|           | Tirunelveli | Micronised Minerals & process clay   |

## GUJARAT

### **Waghodia:-**

In 1987, 20 ML started its operations of micronised minerals at plot no. 253 -254 measuring approx. 7300 SQM at Waghodia GIDC approx. 25 Km. away from Vadodara city with an installed capacity of 2400 MTPA. In view of the potential market, the Company after amalgamation with other companies in the group dealing in similar product range, expanded its activity on various other plots of land in the same GIDC Industrial Estate viz plot no.9,10, 11, 256, 728-729 and 336 measuring approx. 19500 sq.mts., the Installed Capacity thereby increasing to 14,500 metric tonnes per annum. The Engineering division of the Company is also located at Waghodia.

### **Vadadla:-**

In 1995, 20 ML set up an integrated unit at Vadadla (20 Km from Waghodia) having an installed capacity of 15,500 metric tonnes per annum for Dry Minerals & 1800 metric tonnes per annum for Wet Process Minerals. The unit is located at plot no. 172, Village Vadadla, Near Samalaya, Savli district, Baroda.

### **Mamuara, Bhuj:-**

We have a unit at Bhuj which manufactures processed china clay and calcined clay through wet grinding process. The unit is located at Mamuara village about 25 Km away from Bhuj. This unit was set up in the year -1994- with an installed capacity of 26,400 tonnes per annum.

## RAJASTHAN

### **Swaroopgunj:-**

In view of strategic approach to install manufacturing facilities near the Raw Material sources and catering to the regional customers, the Company acquired land at Rajasthan Industrial Investment Corporation, Swaroopgunj, near Abu Road, Rajasthan, measuring 32,850 s.q.m during 1992\_. The

installed capacity of micronized minerals at this unit is 8,500 metric tonnes per annum. With a view to developing and intensifying the operations of our Company in the State of Rajasthan, the Company had selected two more manufacturing places one at Alwar and another at Udaipur.

#### **Alwar: -**

During 2001, our Company set up another unit at Alwar in an area admeasuring 6530 s.q.m. to manufacture micronized minerals with an installed capacity of 7180 TPA.

#### **Udaipur: -**

For cashing on the Logistic advantage of availability of Talc around Udaipur and procuring the best material for the purposes of exports, we set up a unit at Udaipur during 2005\_ with an installed capacity of 2600 TPA.

### **TAMILNADU**

#### **Hosur:-**

With a view to securing Raw Material viz. Barytes and Calcium Carbonate, which are available in plenty in the Southern India and catering to the need of the customers located in that area, we set up a unit at SIPCOT, Hosur to manufacture 10,690 metric tonnes per annum of micronized minerals during 1995.

#### **Tirunelveli:--**

We set up a unit at village Karuvallur and Puthur in dist Tirunelveli during 2005\_ for manufacturing of china clay with a capacity of 10,000 metric tonnes per annum.

### **Installed Capacity & Capacity Utilisation**

| Financial Year | Particulars                              | Installed Capacity |         | Utilized Capacity |         |
|----------------|------------------------------------------|--------------------|---------|-------------------|---------|
|                |                                          | In M.T.            | In %age | In M.T.           | In %age |
| 2005-2006      | Dry Ground Minerals                      | 61,600             | 100     | 53,934            | 87.55   |
|                | China Clay Hydrous/ Refined and Calcined | 26,400             | 100     | 17,761            | 67.28   |
|                | Speciality Chemicals                     | 2,400              | 100     | 949               | 39.54   |
| 2006-2007      | Dry Ground Minerals                      | 61,600             | 100     | 60,097            | 97.56   |
|                | China Clay Hydrous/ Refined and Calcined | 26,400             | 100     | 15,880            | 60.15   |
|                | Speciality Chemicals                     | 2,400              | 100     | 1,250             | 52.08   |
| 2007-2008      | Dry Ground Minerals                      | 67,600             | 100     | 61,129            | 90.43   |
|                | China Clay Hydrous/ Refined and Calcined | 26,400             | 100     | 14,793            | 56.03   |
|                | Speciality Chemicals                     | 2,400              | 100     | 1,937             | 80.71   |

*Note: Capacity is variable depending upon the Micron size.*

### **Product Application**

Initially minerals were crudely processed using old fashioned mills and the powders were marketed as 300 mesh materials. 20 ML started its operations to cater to the paint industry. At that time convincing customers to use micronised minerals as fillers in paints was very difficult but 20 microns created

awareness of the benefits of using such products and penetrated into the paint industry by offering micronised minerals of international standards ranging from 2 – 20 microns.

Due to the advent of engineering plastics in the history of plastic industry, micronised minerals were required to add certain characteristics to influence the behaviour and improve the mechanical & electrical properties of various plastics as also reduce the cost of end products.

China Clay is mainly used in paint, paper, cable, adhesives, printing ink and pharmaceutical industry. It is used in cable manufacturing as it has insulation properties. It is also used as replacement for Titanium Dioxide.

Depending upon the qualities that are desired in the end product, each of the aforesaid products is suitable for a particular application. The applications are as under:

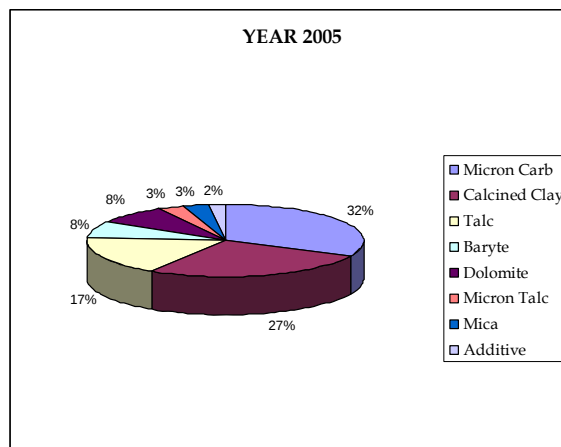
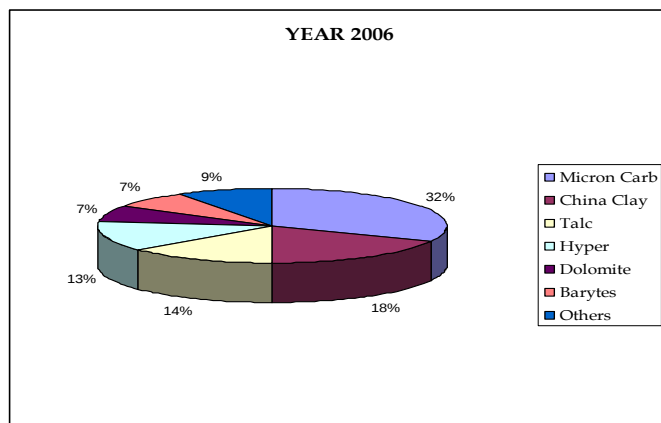
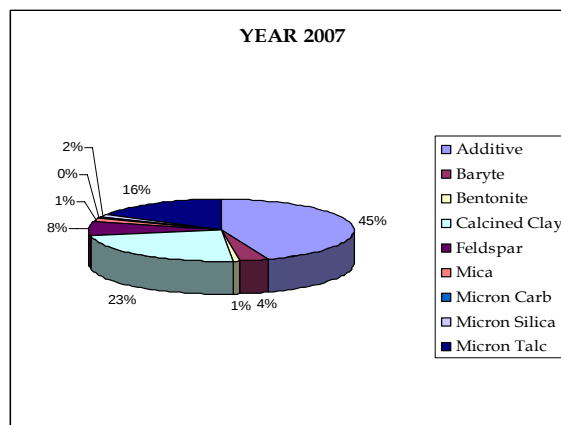
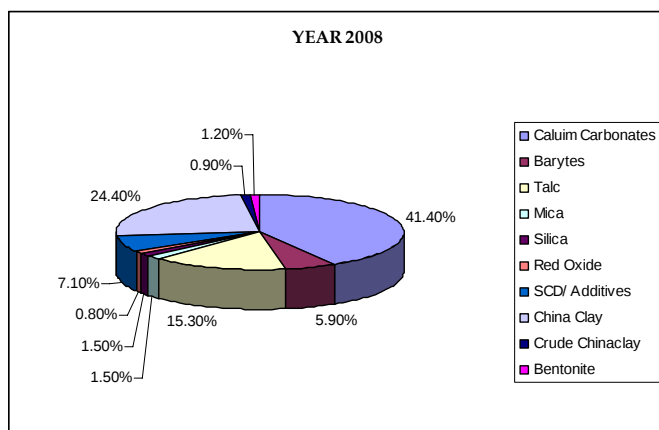
| Products                  | Brand Name      | Applications/Industry                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------------------------|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Natural Calcium Carbonate | Micron Carb     | Paints, plastics, surface coatings, paper, food, pharmaceuticals, putty, sealants, rubber, cosmetics, explosives and pyrotechnic industry.                                                                                                                                                                                                                                                                                     |
| China clay/ Kaolin        | Micron China    | Paper, ceramics, paint, plastics, rubber, cement                                                                                                                                                                                                                                                                                                                                                                               |
| Talc                      | Micron Talc     | Water based and concrete paints, wall paint undercoats, primers, anti-settling agents and plastics.                                                                                                                                                                                                                                                                                                                            |
| Dolomite                  | Micron Dolomite | <ul style="list-style-type: none"> <li>▪ Rigid PVC pipes;</li> <li>▪ An additive for thermoplastic and as a hardening agent for rubber industry;</li> <li>▪ Power Coating, Paints and Ceramic industry;</li> <li>▪ Reinforced Polyester glass fibre;</li> <li>▪ Leather cloth and flooring applications;</li> <li>▪ Detergent applications;</li> <li>▪ Glass industry (in manufacturing sheet &amp; optical glass).</li> </ul> |
| Silica                    | Micron Silica   | Architectural paint, powder coatings, traffic paint, protective coatings, silicon rubber, adhesives, sealants, wire and cable coating compounds, thermo sets, thermoplastics, ceramics, high temperature insulation and epoxy castings.                                                                                                                                                                                        |
| Mica                      | Micron Mica     | Coatings and plastics.                                                                                                                                                                                                                                                                                                                                                                                                         |
| Barytes                   | Micron Baryte   | Emulsion paints, primers, undercoats, nitrocellulose and synthetic paste fillers, industrial coatings, printing inks, powder coating and polymers.                                                                                                                                                                                                                                                                             |

Our Company ventured into the international markets in the year 1992 and over the years has developed a large sustaining market and customer base. The international markets had a huge demand for the speciality minerals which were fulfilled by the Chinese business houses and the Company made an attempt to bridge the gap of supply and demand by offering from India.

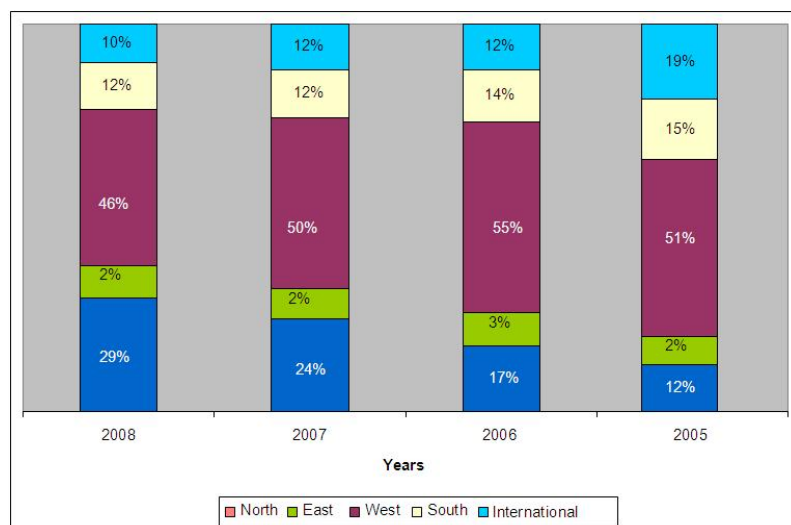
The international market has been favorable due to general economic boom in various sectors of paint, rubber and paper industry. This scenario coupled with better technical support to and close co-ordination with our customers has helped the Company to achieve a rise of 30% in the export turnover in FY 07.

Our revenues (including other income) have grown from Rs. 56.93 crores. in fiscal 2005 to Rs. 107.40 crores in fiscal 2008, and our PAT increased from Rs. 0.28 crores in fiscal 2005 to Rs. 4.59 crores in fiscal 2008.

The graph below provides a breakdown of our products and the revenues generated during the fiscal 2008, 2007, 2006 and 2005.



The following table summarizes geographical revenues in Fiscal 2008, 2007, 2006 and 2005:



Our Top 10 international clients based on the turnover for 2007-2008 are as detailed below:

| Clients                       | Country      | Sales for the year ended<br>31 <sup>st</sup> March 2008<br>(Rs. in Lacs) |
|-------------------------------|--------------|--------------------------------------------------------------------------|
| Generation Chemicals          | Jordan       | 76.29                                                                    |
| PT Beruang Mas Multi Kimia    | Indonesia    | 75.55                                                                    |
| Berger Paints Bangladesh Ltd. | Bangladesh   | 74.69                                                                    |
| Jordan Sipes Paints Co. Ltd.  | Jordan       | 59.26                                                                    |
| L'Aprochimide                 | Italy        | 54.47                                                                    |
| Kapchi Coatings               | Egypt        | 45.30                                                                    |
| Jotun Saudia Co. Ltd.         | Saudi Arabia | 38.23                                                                    |
| Red Sea Paints Co. Ltd.       | Saudi Arabia | 37.30                                                                    |
| USG Middle East Ltd.          | Saudi Arabia | 33.08                                                                    |
| Oxyhin Sdn Bhd                | Malaysia     | 29.73                                                                    |

The top 10 international clients have contributed to the extent of 4.85% of the turnover of the Company for the year ended 31<sup>st</sup> March 2008.

#### **Seasonality of the business:**

We cater to the various industrial segments which provide us with a good spread on a regular basis throughout the year.

#### **Human resources**

The Company continues its focus on attracting and retaining the best talent available. Specific participation and interactions by the employees helped the Company to maintain and enhance their skills and capabilities at all levels.

Industrial relations continued to be very supportive and cordial at all levels and the trade union actively participated in the smooth implementation of the modifications in incentive linked productivity schemes

We believe that our employees are a key contributor to our success. We had 582 employees as at March 31, 2008. Our success depends to a great extent on our ability to recruit, train and retain high quality professionals. Accordingly, we place emphasis on the human resources function in our organization. We focus on the skills of our employees and ensure that regular training is provided to them at all levels.

### **Our Strengths**

#### **Multiple products**

The products of our Company consist of Natural Calcium Carbonate, China clay/ Kaolin, Talc, Dolomite, Silica, Mica, Iron Oxide and Barytes. The Company's multiple product lines help to protect it from reductions in demand for any one product type.

#### **Strong Management team**

We have an experienced, qualified and dedicated Management team. Our promoters have over 30 years of experience in their respective fields. The Company's Board includes a combination of Management executives and independent members who bring around significant business experience to our Company. Our experienced Management and their in-depth understanding of the market in India will enable us to continue to take advantage of both current and future market opportunities.

#### **Multi -locational facilities (geographically diversified)**

Our mining resources and plants are strategically located in the states of Rajasthan, Gujarat, and Tamil Nadu. Our manufacturing units are well connected with national – highways and railways. Location of our manufacturing unit helps us in reaching our customers economically.

#### **Strong marketing and distribution network**

The Company has a wide spread distribution network and is operating marketing offices in the states of West-Bengal, Rajasthan, Gujarat, Maharashtra, Andhra Pradesh and Tamil Nadu. This distribution network enables our Company to distribute its product in almost every part of India.

#### **Sales Force Effectiveness**

The focus on Sales Force Effectiveness as a key business driver has given a strong competitive edge to the Company over its competitors. Implementation of business planning tools, focus on technical support, field coaching and constant evaluation of product knowledge and training has helped in improving effectiveness and field force productivity. Customer segmentation has sharpened focus on key customers.

#### **Strong Infrastructure availability**

The Company has a highly-developed product operational infrastructure and uses highly efficient, low cost, production methods. The Company continuously strives to maintain its equipment to modern standards with the result that its existing infrastructure can be upgraded or expanded cost effectively and it regularly incorporates new technologies and implements innovative policies into its various manufacturing processes in order to maximize efficiency and maintain cost control. 20ML possesses about 72 hectares of mining area and has applied for additional 1,000 hectares of mining area for manufacturing facility across 8 locations of the Country with an existing consolidated capacity to produce 96,400 metric tonnes per annum. The technology and infrastructure used by the Company are based on industry standards.

### Product innovation

We continue to focus on fulfilling the customized demand of our clients through our R& D efforts. We invest our resources in understanding the consumer behavior and formulate strategies aimed at fulfilling the evolving and ever expanding consumer need. We believe that our focus on R&D would help us in fulfilling the growing demand of our products.

It can be observed that 20 Microns products find applications in diversified industries. Hence, 20 Microns does not have exposure to any particular industry.

Some of our valued customers are listed below:

| PRODUCT APPLICATION | CLIENTS                                                                                                                                                                                                                                    |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Paint               | Goodlass Nerolac, Asian Paints, ICI, Berger Paints, Jenson Nicholson, Rajdoot Paints, Shalimar Paints etc.                                                                                                                                 |
| Plastics            | Finolex Cables, Supreme Industries, Jain Plastics, Jain Irrigation, TIPCO, Bajaj Polyester, Kabra Extrusion Group, IPCL, Royal Cushion Vinly Products, Bhor Industries, Plastiblends India, Hydro S & S Industries, Sanghi Industries etc. |
| Paper               | N R Paper and Boards Ltd, Balkrishna Industries Ltd, Gayatri Shakti Paper and Boards Ltd.                                                                                                                                                  |
| Ceramics            | Euro Cernaics, H R Johnson.                                                                                                                                                                                                                |
| Adhesives           | Hankle, Altana Insulators.                                                                                                                                                                                                                 |

### OUR STRATEGY

#### Focus on production of high value Speciality Minerals which would provide better margins

We are one of the leading suppliers of Speciality Minerals in the Country. We strategise to focus more on the production of these minerals which have provided us a cutting edge over the other mineral providers.

#### Improving cost structure

We believe in providing quality products at competitive prices and to achieve the same we need to keep a tap on our cost and make our manufacturing processes cost effective. We intend to continue to identify efficient manufacturing operations and improved quality standards and increase profitability of the Company.

#### Unique brand positioning

We position ourselves as “Speciality Minerals providers” brand. We strive to provide solutions to our clients on the technological aspects of the minerals supplied by us to our clients.

**Technology/ Process of manufacturing:**

20 Microns' processing technology of minerals is divided into three parts. They are as follows:

- a) Dry Processing of minerals
- b) Wet Processing of minerals
- c) Chemical route of manufacturing from minerals

**PRELIMINARY:**

The Input i.e. Calcite, Dolomite, Lime Stone, Marble, Barytes, Talc, Silica, Whiting etc., are purchased in Lumps and / or Powder Form, supplied in loose or packed in HDPE bags from our own mines or other various suppliers / pulverizers. These lumps and powder are further crushed /ground and separated. Job workers / pulverizers, who also crush the corresponding stone into powder form, also do this grinding job. We process each mineral powder separately, as per the process given here in below.

**PROCESS:**

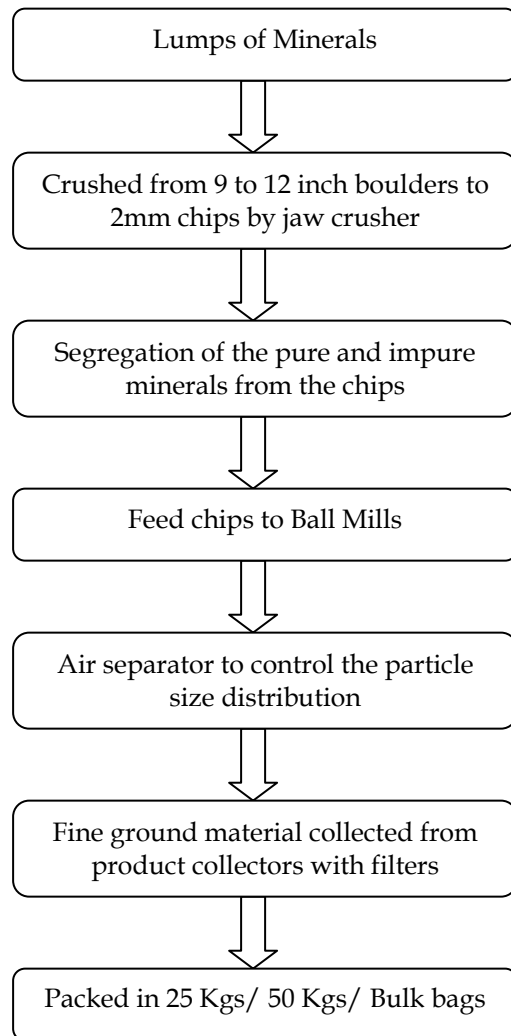
Our process involves separation of the powder according to the particle size after size reduction grinding. This means that if some one wants to get of particle size below 20 microns, 10 microns, 5 microns then we will separate out the powder in two forms. One portion of the powder will contain particle size bigger than 20 microns. This will be called coarse powder while other portion will contain particle smaller than 20 microns. This is called fine powder. Then the coarse material is either sold as it is at lower value or ground in Ball mill or pulverized to lower mesh and sold as lower grades mesh material.

The lumps are crushed with jaw crusher and ground by pulveriser or other grinding mills and are converted into powder. The input, in powder form, is fed to the hopper and screw conveyer into a high speed Air Separator that is connected to filter and blower. The powder is passed along the air for separation with particles. The uncoated powder gets separated in separator and fine material is collected at the bottom of filter and filled in the bags.

Above referred uncoated material is taken-up for coating. The micronised minerals are coated with different coating agents of approximately 0.3 Min. % to 8.0 % Max., which improves the quality of fillers for free flowing. Similarly, other types of minerals like Limestone, Talc, Dolomite and Silica etc. are also processed separately one after another as and when required. However by carrying out coating process no new product comes in existence. The basic structure, Physical and chemical properties of mineral also does not change while coating is done.

## Dry Processing of Minerals

The flow chart of Dry grinding technology is:



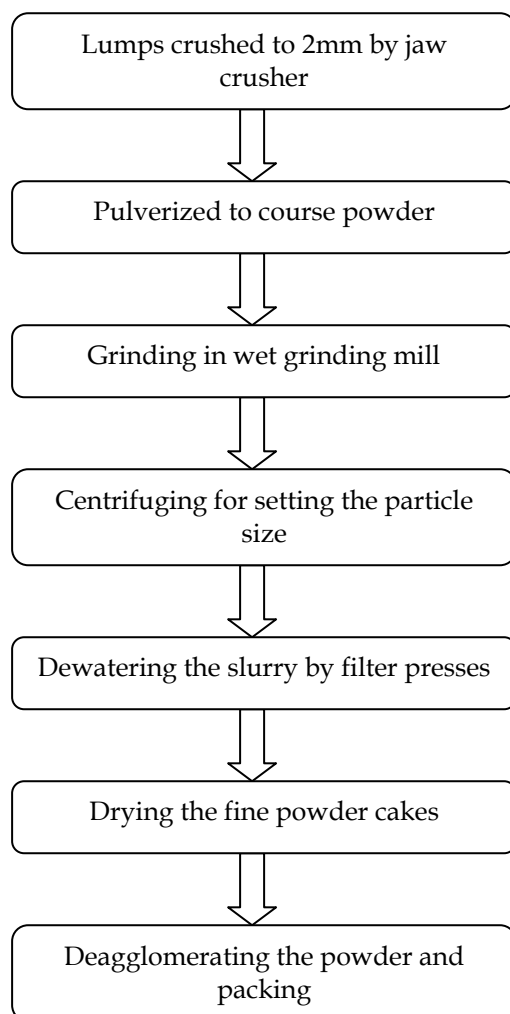
### Wet Processing of Minerals

The Raw Material of Clay as received from the Mines is stored in the Storage Yard in sufficient quantity. The lumps that are accepted are converted into Slurry form by adding water and chemical, if required. The same is then uniformly fed into Blunger Machine for size reduction and Silica Separation.

The Impurities are removed by passing through High Gradient Magnetic Separator and collected into Waste Tank. The product slurry is then fed into Filter Press, after completion of Chemical Process, for Dewatering and converting the same into Cake form.

The Cake is then fed into Noodle Machine and passed through Dryer. Dry Noodle is then fed into Grinding Mill for converting into Powder. It is then fed into Rotary Kiln for Calcination. After Calcination, the Calcined powder is passed through DeAgglomerated process for final packing.

The flow chart of Wet grinding technology is:



The Company started its manufacturing with the unique dry grinding technology way back in 1989. Subsequently as requirement of more finer functional minerals was assessed, the Company developed its own technology of wet grinding based on 10 years of sound back-up of dry grinding experience. The Wet grinding technology of 20 microns is its own and not ventured or aspired/inspired from any other concurrent technologies. The chemical technology of making synthetic products from existing minerals is also a brainchild of 20 microns with its own engineering team working in coherence with the R&D team of product development.

#### **Advantages of Wet Grinding Process:**

Wet ground calcium carbonate is superior to dry ground calcium carbonate.

In wet process-due to floatation method it improves:

- Colour of the material
- Reduces impurity level
- It helps to produce ultrafine material where uniform particle size distribution takes place which helps to dispersion in the end use.

Advantage of wet ground  $\text{CaCO}_3$  over dry ground  $\text{CaCO}_3$  in various applications

- Plastics

Proper surface treatment takes place during wet grinding, renders the particles completely hydrophobic which increases chemical inertness & improves compatibility in polymer system during process which helps in smooth Dispersion and Flow properties, it is unaffected by moisture and imparts Better reinforcement which results into better mechanical properties

- Paint

In the paint application due to wet grinding, it achieves ultra fine particles size pigmentary qualities & results into efficient extender of white pigments which gives outstanding dispersion properties & imparts

- ✓ High gloss
- ✓ No hazing
- ✓ Excellent gloss retention

It also improves other mechanical & optical properties in powder coating system and Reduces consumption of costly pigment like  $\text{TiO}_2$ .

- Paper

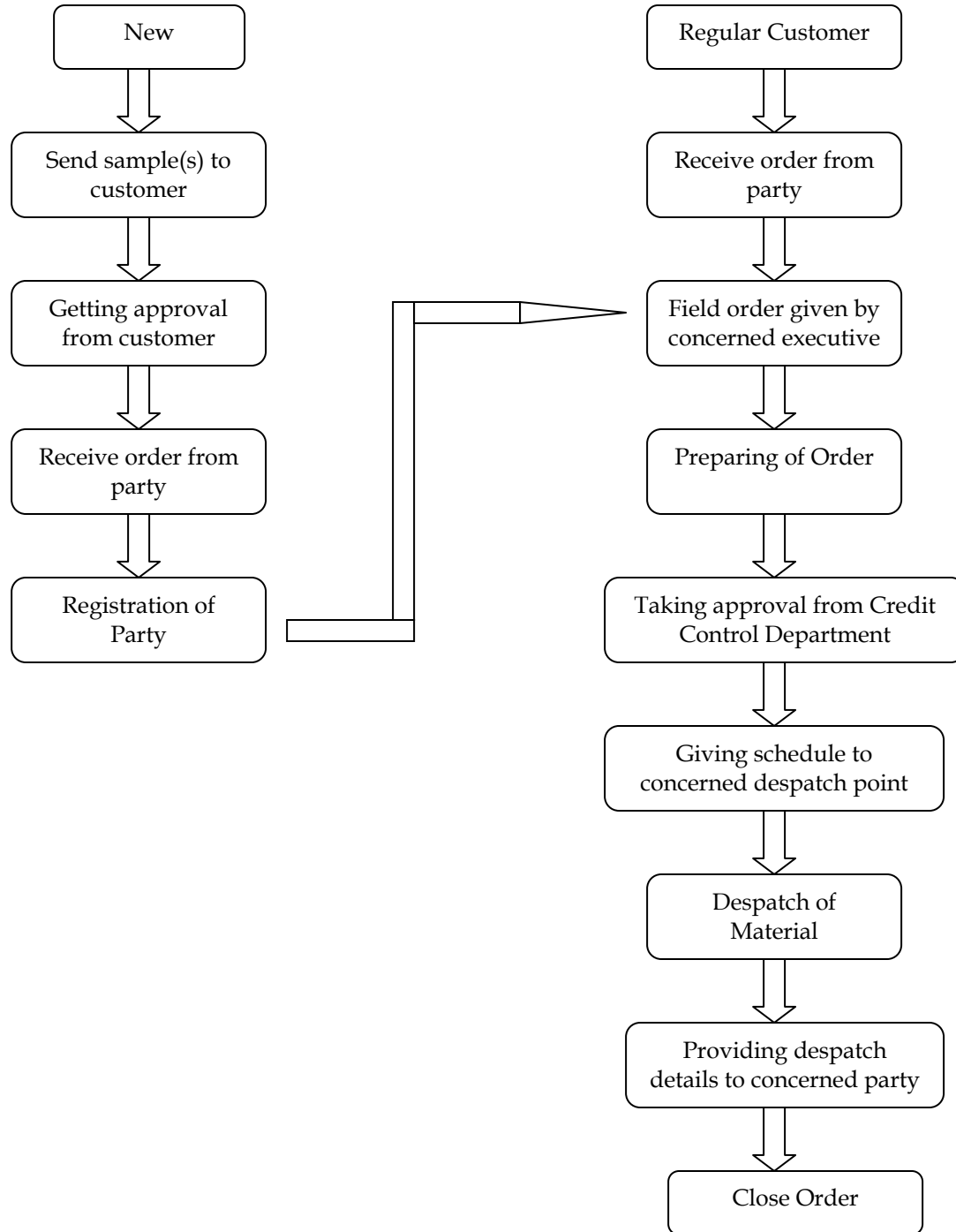
In this application particle size plays major role to achieve end product's performance & due to high energy cost in present paper manufacturing by acidic process, they have started to shift alkaline process where for filling 50 to 98 %-below 2 microns is required for different application.

Due to controlled & uniform particle size distribution, it improves following properties:

- ✓ It exhibits favorable strength properties
- ✓ High brightness of end product
- ✓ Improves aging properties
- ✓ Reduces costly optical brighteners & binders
- ✓ It saves energy in pulp refining

- ✓ Better drying & drainage in paper machine

### Delivery Model of the Company



## Insurance

The Company has taken insurance to cover different risks for articles in different locations. The Insurance cover is for different amounts. Details are as follows:

| Policy No                | Date of Expiry | Location                       | Details                                      | Amount Insured | Premium |
|--------------------------|----------------|--------------------------------|----------------------------------------------|----------------|---------|
| 222200/11/08/11/00000091 | 10-Apr-09      | Hosur                          | Fire - Plant & Machinery                     | 1750000        | 998     |
| 222200/11/08/13/00000223 | 30-Apr-09      | Waghodia                       | Fire - Stock                                 | 1500000        | 11032   |
| 222200/11/08/11/00000228 | 02-May-09      | Bhuj/Sirohi/<br>Vadodara       | Fire - Mines Stock<br>(Moras,Tundav,Mamuara) | 650000         | 528     |
| 222200/11/08/11/00000314 | 24-May-09      | Bhuj                           | Fire- R.M Stock                              | 30000000       | 29495   |
| 222200/11/08/11/00000351 | 25-May-09      | Bhuj                           | Fire - Plant & Machinery                     | 379268754      | 376122  |
| 222200/11/08/11/00000309 | 27-May-09      | Swaroopgunj                    | Fire - R M Stock                             | 5000000        | 3343    |
| 222200/11/08/11/00000334 | 28-May-09      | Swaroopgunj                    | Fire- Building and Plant &<br>Machinery      | 85324615       | 33501   |
| 222200/11/07/12/00000625 | 04-Jul-09      | Udaipur                        | Fire - R M Stock-Plot No.F-38                | 8000000        | 8989    |
| 222200/11/08/11/00000626 | 04-Jul-09      | Udaipur                        | RM Stock - Plot No.194 (A)                   | 2500000        | 1910    |
| 222200/11/07/11/00000624 | 16-Jul-08      | Bhuj                           | RM Stock                                     | 500000         | 382     |
| 222200/11/07/12/00000676 | 25-Jul-09      | Swaroopgunj                    | RM Stockin processing                        | 8000000        | 6724    |
| 222200/11/07/12/00000678 | 25-Jul-09      | Alwar                          | RM Stockin processing                        | 8000000        | 6724    |
| 222200/11/07/12/00000673 | 25-Jul-09      | Hyderabad                      | RM Stockin processing                        | 2000000        | 1528    |
| 222200/11/08/11/00000834 | 09-Aug-09      | Mumbai                         | Fire - Stock material                        | 3000000        | 2275    |
| 222200/11/08/11/00000829 | 08-Aug-09      | Mumbai                         | Mumbai Office - 134-135                      | 2500000        | 949     |
| 222200/11/08/11/00000827 | 08-Aug-09      | Mumbai                         | Mumbai Office - 206                          | 3475000        | 1317    |
| 222200/11/08/11/00000832 | 08-Aug-09      | Vadadla                        | Fire - R M Stock                             | 26000000       | 27936   |
| 222200/11/08/11/00000309 | 27-May-09      | Swaroopgunj                    | Fire - R M Stock Godown                      | 5000000        | 5414    |
| 222200/11/08/11/00000678 | 25-Jul-09      | Alwar                          | Fire - stock-in process                      | 5500000        | 4171    |
| 222200/11/08/13/00000798 | 14-Aug-09      | Alwar                          | Fire - R M Stock                             | 12000000       | 14184   |
| Policy Pending           | 14-Aug-09      | Alwar                          | Fire - Building/Plant &<br>Machinery         | 21519385       | 23261   |
| Policy Pending           | 21-Aug-09      | Waghodia/<br>Vadadla &<br>Bhuj | EEI - Lab Equipments/ A.C.<br>Drive          | 12341789       | 78003   |
| 222200/44/07/58/30000090 | 09-Sep-08      | Bhuj                           | EEI-IBM Server                               | 375000         | 4214    |
| 222200/44/07/58/30000094 | 20-Sep-08      | Tirunelveli                    | EEI-Computer                                 | 164020         | 1843    |
| 222200/11/07/11/00001206 | 22-Sep-08      | Baroda                         | Fire Policy-Plant and<br>Machinery           | 14796215       | 15898   |
| 222200/11/07/11/00000647 | 30-Sep-08      | Swaroopgunj                    | Fire - R M Stock                             | 500000         | 352     |
| 222200/44/07/58/30000119 | 23-Oct-08      | Bhuj                           | EEI - Computer                               | 3423700        | 34620   |
| 222200/48/07/01/00000464 | 24-Oct-08      | Bhuj                           | EEI-Laptop 14 Nos.                           | 476000         | 4814    |

| Policy No                 | Date of Expiry | Location    | Details                            | Amount Insured | Premium |
|---------------------------|----------------|-------------|------------------------------------|----------------|---------|
| 222200/44/07/58/30000109  | 30-Oct-08      | Udaipur     | A.C Fre.Drive - 2 Nos.             | 323960         | 3276    |
| 22220046/07/77/00000193   | 09-Nov-08      | Udaipur     | Laptop - 10 Nos.                   | 267000         | 3750    |
| 222200/46/07/77/00000193  | 09-Nov-08      | Bhuj        | EEL-Laptop 10 Nos                  | 267000         | 3749    |
| 222200/46/07/77/00000166  | 27-Nov-08      | HO          | EEL-SONY Multimedia Projector      | 90000          | 1264    |
| 222200/44/07/58/30000085  | 28-Nov-08      | Waghodia    | EEL-Lab Equipment                  | 12341789       | 78003   |
| 222200/11/07/11//00001342 | 04-Dec-08      | Waghodia    | Fire - Plot No.9-10-11             | 70818519       | 56336   |
| 222200/11/07/11//00001344 | 04-Dec-08      | Vadadla     | Fire - Plot No.253-254             | 5881298        | 4878    |
| 222200/11/07/11//00001345 | 04-Dec-08      | Baroda      | Fire - Plot No.256                 | 3506496        | 2847    |
| 222200/11/07/11//00001343 | 04-Dec-08      | Baroda      | Fire - Plot No.728-729             | 7759336        | 5155    |
| 222200/11/07/11//00001339 | 04-Dec-08      | Baroda      | Fire - Vadadla                     | 114202084      | 88519   |
| 222200/48/07/52/70000033  | 03-Jan-09      | Baroda      | OPS - Room No.603-604              | 1402500        | 2309    |
| 222200/48/07/52/70000032  | 03-Jan-09      | Baroda      | OPS - Room No.301-302              | 1522000        | 2179    |
| 222200/48/07/52/70000031  | 03-Jan-09      | Baroda      | OPS - Room No.507-508              | 1556000        | 2231    |
| 222200/11/07/11/00001382  | 07-Jan-09      | Udaipur     | Fire - Stock                       | 15000000       | 14157   |
| 222200/48/07/07/00000678  | 09-Jan-09      | Udaipur     | Money Insurance                    | 10200000       | 1964    |
| 222200/48/07/07/00000678  | 12-Jan-09      | Hosur       | Money Insurance                    | 10200000       | 1964    |
| 222200/11/07/11/00001565  | 06-Feb-09      | Bhuj        | Fire - Stock                       | 2200000        | 1691    |
| 222200/48/07/07/00000707  | 10-Feb-09      | Mumbai      | Money Insurance                    | 6140000        | 1212    |
| 222200/11/07/11/00001576  | 13-Feb-09      | Baroda      | Gandhidham Godown Stock            | 500000         | 742     |
| 222200/44/07/51/30000146  | 26-Feb-09      | Tirunelveli | EEL-Magnet Brakdown                | 64785339       | 20719   |
| 222200/44/07/58/30000147  | 26-Feb-09      | Bhuj        | EEL-Magnet Accessories             | 9050000        | 55641   |
| 222200/44/07/51/30000148  | 26-Feb-09      | Bhuj        | Machinery Insurance                | 57102529       | 318195  |
| 222200/48/07/32/00000818  | 08-Mar-09      | Tirunelveli | Breake-down-Water heater/TV/Fridge | 129400         | 939     |
| 222200/48/07/52/70000027  | 07-Mar-09      | Baroda      | OPS-Room 505-506                   | 1590000        | 3398    |
| Renewed-Policy Pending    | 07-Mar-08      | Baroda      | OPS-Room 307-308                   | 2941000        | 4840    |
| 222200/48/07/52/70000026  | 07-Mar-09      | Mumbai      | OPS-Room 309                       | 415000         | 796     |

### Land (Property/ Purchase of Property)

Our Company has manufacturing/ mining units at various locations as given herein under:

The details of mines taken on lease by 20 Microns Limited are as follows:

| Sr. No. | Location                                       | Product         | Expiry Date        | Period of Lease |
|---------|------------------------------------------------|-----------------|--------------------|-----------------|
| 1.      | Chhotaudepur, Village Tundva, Gujarat          | Dolomite        | September 24, 2018 | 20 Years        |
| 2.      | Mamuara, Bhuj, Gujarat                         | China Clay      | *                  | 20 Years        |
| 3.      | Moras Village, district Pindwara, Rajasthan    | Calcite         | *                  | 20 Years        |
| 4.      | Moovirunthali Village, Tamil Nadu              | Calcite         | July 11, 2024      | 20 Years        |
| 5.      | Devra Village, Fathegarh, Jaisalmer, Rajasthan | Silicious Earth | *                  | 20 Years        |
| 6.      | Devra Village, Fathegarh, Jaisalmer, Rajasthan | Silicious Earth | *                  | 20 Years        |
| 7.      | Atapada Village, Sojat-Pali, Rajasthan         | Limestone       | **                 | 20 Years        |
| 8.      | Sajit Village, Fathegarh, Jaisalmer, Rajasthan | Silicious Earth | **                 | 20 Years        |
| 9.      | Sajit Village, Fathegarh, Jaisalmer, Rajasthan | Silicious Earth | **                 | 20 Years        |
| 10.     | Sajit Village, Fathegarh, Jaisalmer, Rajasthan | Silicious Earth | *                  | 20 Years        |
| 11.     | Sajit Village, Fathegarh, Jaisalmer, Rajasthan | Silicious Earth | *                  | 20 Years        |

\* The lease term for these mines have expired and the Company has applied for renewal of the same

\*\* Originally the leases were in the names of the third parties. The Company had entered into agreements for transfer of the lease and had applied to the concerned governments for transfer of lease in favour of the Company.

The details of the other locations wherein the Company operates are as follows:

#### A) Corporate and Marketing Office - Freehold Property

| Sr. No. | Name & Address                                                                   |
|---------|----------------------------------------------------------------------------------|
| 1.      | <b>Vadodara</b>                                                                  |
| a.      | 307/308, Arundeeep Complex, Race Course South, Vadodara - 390 007.               |
| 2.      | <b>Mumbai</b>                                                                    |
| a.      | 134/135, Hindustan Kohinoor Ind. Estate L.B.S. Marg, Vikhroli, Mumbai - 400 083. |
| b.      | 206, Hindustan Kohinoor Ind. Estate L.B.S. Marg, Vikhroli, Mumbai -400 083.      |

**B) Marketing Office - Rented Premises**

| Sr. No.   | Name & Address                                                                       | Name of the Lessor                                                                                                  | Period of Lease          |
|-----------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|--------------------------|
| <b>1.</b> | <b>New Delhi</b>                                                                     |                                                                                                                     |                          |
| a.        | C-31, Community Center, 4th Floor, Near Janak Cinema, Janakpuri, New Delhi - 110058. | Royal Infotainment Private Limited, NZ-214 B, 1 <sup>st</sup> Floor, Virendra Naga, Gali No.3, New Delhi            | 01.05.2007 to 30.04.2010 |
| <b>2.</b> | <b>Gujarat</b>                                                                       |                                                                                                                     |                          |
| a.        | 301-302, Arundeeep Complex, Race Course Circle (South), Vadodara - 390 007           | Ms. Ami Dhaval Patel                                                                                                | 01.06.2006 to 31.05.2015 |
| b.        | 309 Arundeeep Complex, Race Course Circle (South), Vadodara - 390 007                | Mr. Om Prakash Tandon                                                                                               | 01.09.2007 to 31.08.2016 |
| c.        | 310 Arundeeep Complex, Race Course Circle (South), Vadodara -390 007                 | Mr. Daya Krishan Arora<br>28-A, Punit Nagar, New Sama Road, Vadadara                                                | 01.09.2007 to 31.08.2016 |
| d.        | 410, Arundeeep Complex, Race Course Circle (South), Vadodara -390 007                | Mr. Shivdas J Samani<br>Sica Nagar, X Floor, V P Road, Fadkewadi, Mumbai- 400 004                                   | 16.03.2008 to 15.03.2013 |
| e.        | 505-506, Arundeeep Complex, Race Course Circle (South), Vadodara - 390 007           | Mr. Mukulal Banwarilal Gupta (HUF) & others<br>Ex-Protecta<br>305 - 306, G.I.D.C Estate, Vithal Udyognagar- 388 121 | 01.06.2004 to 31.05.2012 |
| f.        | 507 - 508 Arundeeep Complex, Race Course Circle (South), Vadodara - 390 007          | ExC and CA<br>Plot No. 2006/8 & 9<br>GIDC Estate, Phase IV, Vithal Udyognagar - 388 121                             | 16.10.2006 to 15.10.2011 |
| g.        | 603 Arundeeep Complex, Race Course Circle (South), Vadodara -390 007                 | Mr. Kanubhai N Amin<br>5, Balkrishna Society, Nr. Utkarsh Vidhyalaya, Race Course, Vadodara                         | 01.02.2008 to 31.05.2009 |
| h.        | 604 Arundeeep Complex, Race Course Circle (South), Vadodara -390 007                 | Ms. Chhayaben K Amin<br>5, Balkrishna Society, Nr. Utkarsh Vidhyalaya, Race Course, Vadodara                        | 01.02.2008 to 31.05.2009 |
| <b>3.</b> | <b>Udaipur</b>                                                                       |                                                                                                                     |                          |
| a.        | Plot No. F-38, M.I.A, Madri, Udaipur                                                 | Ucron India<br>F-38, M.I.A, Udaipur                                                                                 | 01.04.2005 to 31.03.2010 |
| b.        | E 258-259, M.I.A, Udaipur                                                            | Mr. Sharan Chhabria<br>E 258-259, M.I.A, Udaipur                                                                    | 14.12.2007 to 13.12.2010 |
| <b>4.</b> | <b>Rajasthan</b>                                                                     |                                                                                                                     |                          |
| a.        | Plot No. F-184 (A), M.I.A, Alwar                                                     | Resistance Alloys<br>F-184 (A), M.I.A, Alwar                                                                        | 01.04.2007 to            |

| Sr. No.   | Name & Address                                                          | Name of the Lessor                                     | Period of Lease          |
|-----------|-------------------------------------------------------------------------|--------------------------------------------------------|--------------------------|
| b.        | Plot No.258, M.I.A, Alwar                                               | Mr. Anilkumar Goyal                                    | 01.04.2007 to 31.03.2010 |
| c.        | E 18A, RIICO Estate, Abu Road, Rajasthan                                | Mr. Umesh                                              | 01.01.2008 to 30.11.2008 |
| d.        | G 108, RIICO Estate, Abu Road, Rajasthan                                | Mr. Rajendra Agrawal                                   | 01.01.2008 to 30.11.2008 |
| e.        | F-135, RIICO Estate, Abu Road, Rajasthan                                | Mr. Santosh Gandhi                                     | 08.06.2008 to 07.05.2009 |
| <b>5.</b> | <b>Kolkata</b>                                                          |                                                        |                          |
| a.        | Rajlaxmi Apartment, 35/1A Padda Pukur Road, Kolkata - 700020.           | Mr. Sudhir Sadhukhan                                   | 01.02.2008 to 31.12.2008 |
| <b>6.</b> | <b>Hyderabad</b>                                                        |                                                        |                          |
| a.        | Plot No 85, Block No 6, Gautam Nagar, Bowenpally, Secunderabad. 500011. | Mr. Ramachander House No. 12-12, Fathenagar, Hyderabad | 01.01.2008 to 30.11.2008 |

### C) Manufacturing - Freehold Property

| Sr. No.   | Name & Address                                                                            | Products Manufactured |
|-----------|-------------------------------------------------------------------------------------------|-----------------------|
| <b>1.</b> | <b>Gujarat</b>                                                                            |                       |
| a.        | Plot No. 172, 174, 175, Village: Vadadla, Jarod-Samalaya Road, Tal. Savli, Dist. Vadodara | Marble based Products |
| b.        | Plot No. 157, Mamuara, Bhuj                                                               | China Clay            |
| c.        | Plot No. 36, Garadia, Tal. Savli, Dist. Vadodara                                          | Marble based Products |
| <b>2.</b> | <b>Tamil Nadu</b>                                                                         |                       |
| a.        | Survey No 65, 104/3, Thenkasi Road, Pathur Village, Alangalum Via, Tirunelveli - 627 851  | China Clay            |
| b.        | 108, Thenkasi Road, Pathur Village, Karuvallur, Tirunelveli - 627 851                     | China Clay            |

### D) Manufacturing - Leasehold Property

| Sr. No.   | Name & Address                                          | Name of the Lessor                                                        | Date of Lease Agreement | Product Manufactured  |
|-----------|---------------------------------------------------------|---------------------------------------------------------------------------|-------------------------|-----------------------|
| <b>1.</b> | <b>Gujarat</b>                                          |                                                                           |                         |                       |
| a.        | Plot No. 253 & 254, G.I.D.C., Waghodia, Dist. Vadodara. | 99 years lease from Gujarat Industrial Development Corporation, Ahmedabad | August 19, 1997         | Marble based Products |
| b.        | Plot No. 256, G.I.D.C Estate, Waghodia, Dist. Vadodara  |                                                                           | March 29, 1989          |                       |
| c.        | Plot No. 336, G.I.D.C Estate, Waghodia, Dist. Vadodara  |                                                                           | To be executed          |                       |
| d.        | Plot No. 9 & 10, G.I.D.C. Waghodia, Dist. Vadodara      |                                                                           | July 06, 1990           |                       |
| e.        | Plot No. 11, G.I.D.C. Waghodia, Dist. Vadodara          |                                                                           | October 14, 1999        |                       |
| f.        | Plot No. 728-729, G.I.D.C., Waghodia, Dist. Vadodara.   |                                                                           | March 18, 1992          | Engineering Unit      |

| Sr. No.   | Name & Address                                                                 | Name of the Lessor                                                                        | Date of Lease Agreement | Product Manufactured  |
|-----------|--------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-------------------------|-----------------------|
| <b>2.</b> | <b>Rajasthan</b>                                                               |                                                                                           |                         |                       |
| a.        | Plot No. F-140, Industrial Area, M.I.A., Alwar                                 | Rajasthan State Industrial Development & Investment Corporation Ltd<br>Lease for 99 years | April 22, 1975          | Marble based Products |
| b.        | Plot No. F-141, Industrial Area, M.I.A., Alwar                                 |                                                                                           |                         | Marble based Products |
| c.        | Plot No. F-142, Industrial Area, M.I.A., Alwar                                 |                                                                                           | April 26, 1977          | Marble based Products |
| d.        | Plot No. 75 & 76, RIICO Industrial Estate, Area, Sarupgunj-307023              |                                                                                           | January 01, 1994        | Marble based Products |
| e.        | Plot No. E-74, RIICO Industrial Estate, Area, Sarupgunj-307023                 |                                                                                           | January 01, 1991        |                       |
| f.        | Plot No. F- 82 and 85, H 83-84 RIICO Industrial Estate, Area, Sarupgunj-307023 |                                                                                           | January 01, 2000        |                       |
| g.        | Plot No. 77 to 81, RIICO Industrial Estate, Area, Sarupgunj-307023             |                                                                                           | January 01, 1996        |                       |
| <b>3.</b> | <b>Tamil Nadu</b>                                                              |                                                                                           |                         |                       |
| a.        | Plot No. 23-24, SIPCOT Indl. Estate, Hosur, Dist. Dharampuri                   | State Industries Promotion Corp. of Tamilnadu Ltd.<br>Lease for 99 years                  | October 14, 1995        | Barites               |

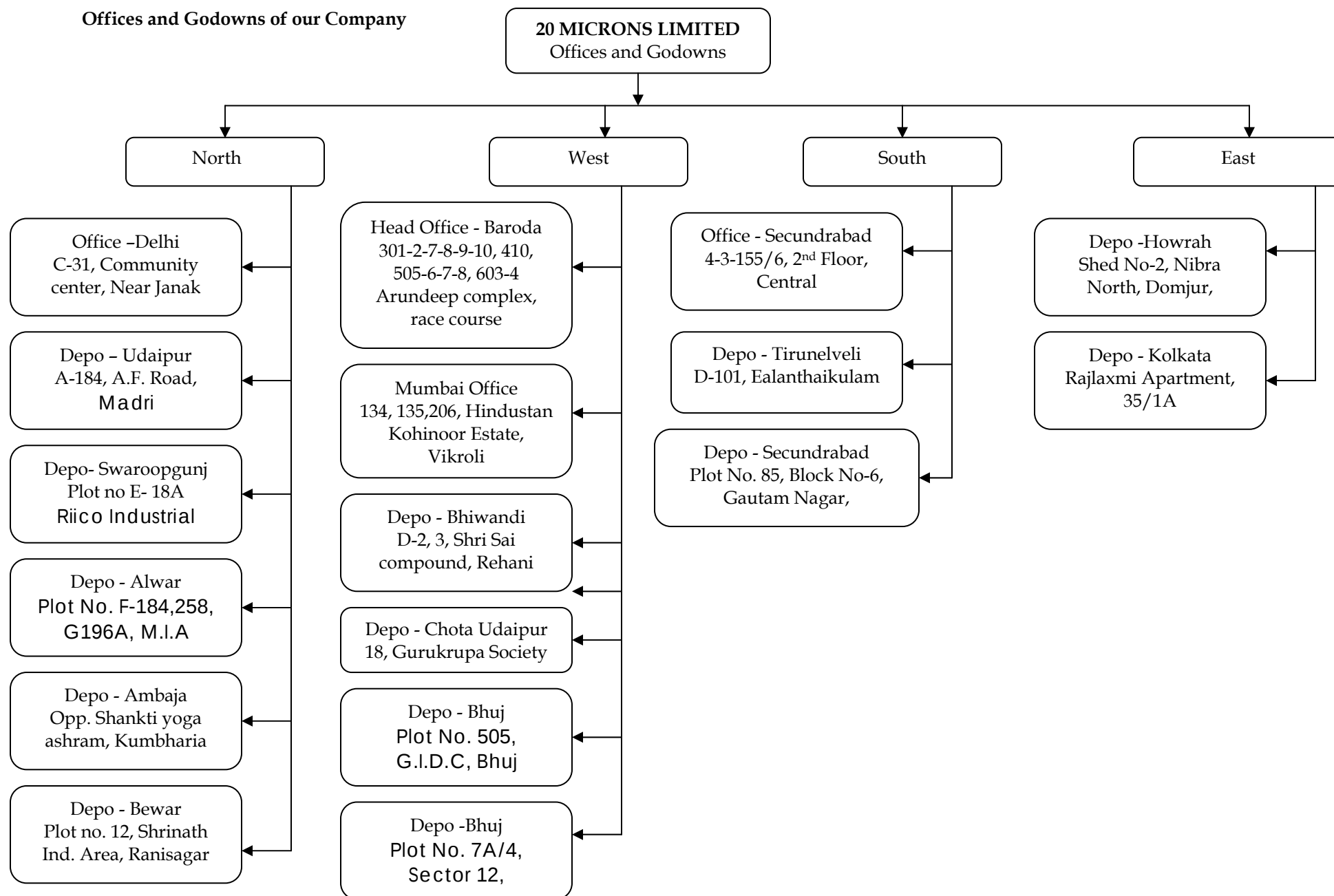
#### E) Sales Depots/Godowns - Own Premises

| Sr. No. | Name & Address                                                             | Date of Agreement |
|---------|----------------------------------------------------------------------------|-------------------|
| 1.      | D-2/D-3, Shri Sai Sadguru Compound, B/H Gosrani Compound, Rehnal, Bhiwandi | November 12, 1997 |

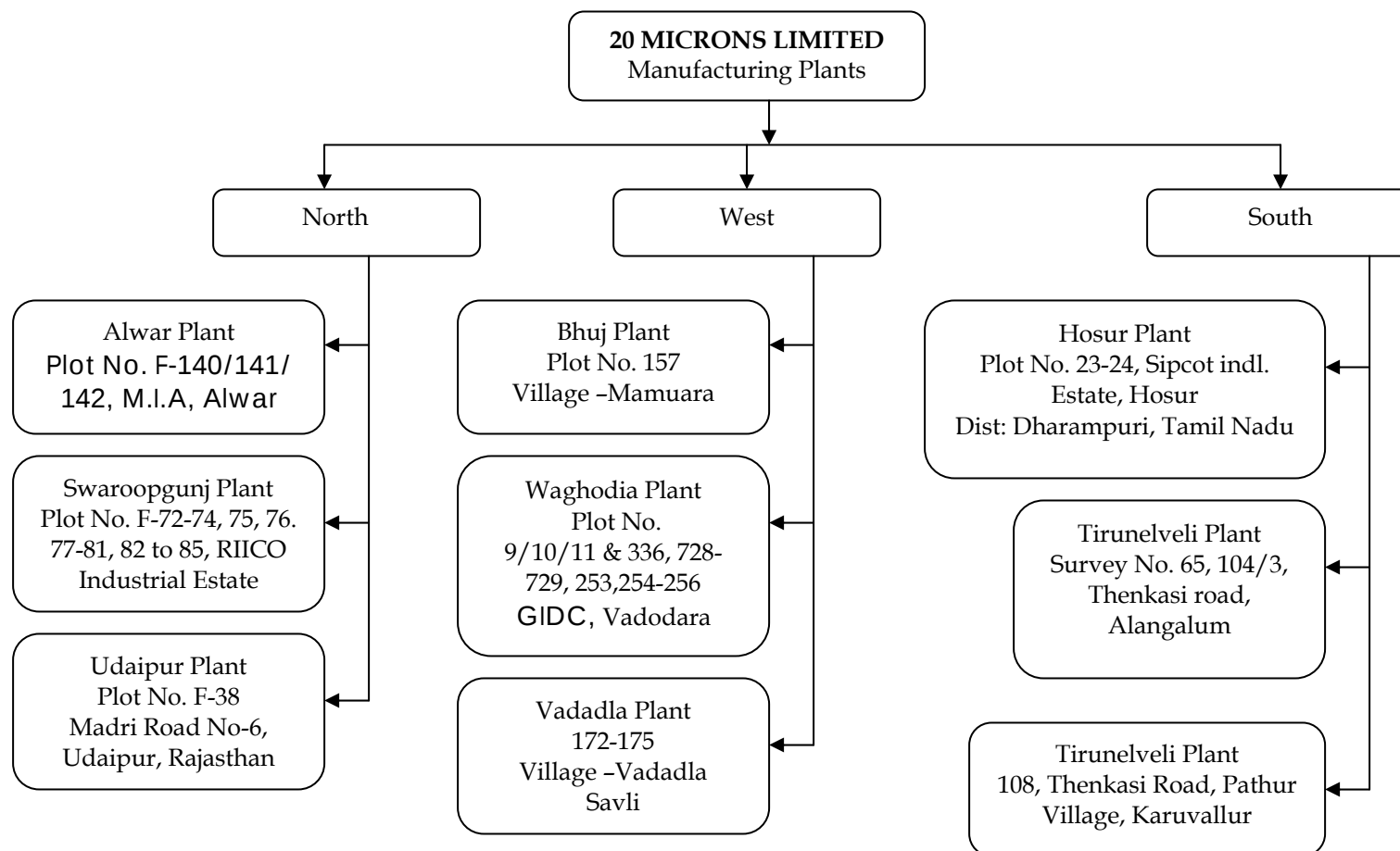
#### F) Sales Depots/Godowns - Rented Premises

| Sr. No.   | Name & Address                                                                                    | Name of Lessor/ Tenure of Lease                                                     | Date of Agreement        |
|-----------|---------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|--------------------------|
| <b>1.</b> | <b>Kolkata</b>                                                                                    |                                                                                     |                          |
| a.        | Shed No. 2, Khaitan No. 32, Nibra North, Domjur, Opp. Lal Bari Bus Stop, Bankra, Howrah - 711 403 | P R Engineering Pvt. Ltd. 33/1, Netaji Subash Road, Room No. 846, Kolkata - 700001. | 21.02.2008 to 20.01.2009 |
| <b>2.</b> | <b>Hyderabad</b>                                                                                  |                                                                                     |                          |
| a.        | 4-3-115/6, IInd Floor, Sayam Complex, Hill Street, Ranigunj, Secunderabad - 500 003               | Mr. C.B. Sayam, Bhoiguda, Secunderabad                                              | 01.01.2008 to 30.11.2008 |
| <b>3.</b> | <b>Tamil Nadu</b>                                                                                 |                                                                                     |                          |
| a.        | Door No. 41, (Old No. 16.), GNT Road, Puzhal, Chennai                                             | Mr. G. Saravanaperumal & Mrs. S. Vijayalaxshmi                                      |                          |
| <b>4.</b> | <b>Rajasthan</b>                                                                                  |                                                                                     |                          |
| f.        | F-60, RIICO Estate, Beawar                                                                        | J.J. Cement Pipe Industries                                                         | 01.04.2008 to 28.02.2009 |

## Offices and Godowns of our Company



## Manufacturing Plants of our Company



## SWOT Analysis

| Strengths                                                                                                                                                                                                                                                                                                                                                                                        | Weakness                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Own mines which have adequate reserves to be utilized.</li> <li>• Integrated supply chain and well spread manufacturing units at strategic locations.</li> <li>• Wide spread distribution infrastructure.</li> <li>• Established brand image in India.</li> <li>• One stop shop for all the leading Industrial White Minerals in the country</li> </ul> | <ul style="list-style-type: none"> <li>• Competition from unorganized sector.</li> <li>• Lack of adequate communication, infrastructure at remote mining/ manufacturing locations.</li> <li>• Significant transport cost.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Opportunities                                                                                                                                                                                                                                                                                                                                                                                    | Threats                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <ul style="list-style-type: none"> <li>• Upgrading consumers through innovation to new levels of quality and performance.</li> <li>• <u>Consistent growth in demand in user industries:</u> The markets in the developed and under-developed countries are opening up. Vertical growth is expected considering increase in demand due to increase of per capital consumption.</li> </ul>         | <ul style="list-style-type: none"> <li>• <u>Change in fiscal benefits:</u> The new policies formulated by the government levies hiked taxes and duties like the sales tax, turnover tax, octroi, service tax, electricity duty, cross subsidies, etc.</li> <li>• <u>Dumping of low value products by importers into local market:</u> The quantitative restrictions on the imports of certain chemicals has been removed and most of the chemicals are under open general list (OGL) makes the competition in the domestic market stiffer as the goods from the foreign lands are dumped on Indian shores.</li> <li>• <u>Ever increasing cost of fuel and power:</u> chemical industry is highly capital-intensive and the cost of capital in our country is very high. We also have to bear the increasing cost of fuel and power which are required by our Company in abundance.</li> <li>• <u>Slower responses to the changes in technology and market requirements:</u></li> <li>• <u>Competition from the suppliers from the un-organized sector:</u> The suppliers in the un-organized sector provide raw material to the prospective clients at a competitive price due to which the market share is reduced to a certain extent.</li> <li>• Our business may be subject to natural disasters and operational risks.</li> </ul> |

## HISTORY AND CORPORATE STRUCTURE OF THE COMPANY

### Brief History

The Company was incorporated and registered under the Companies Act, 1956 as a Private Limited Company vide Certificate of Incorporation No. 9768 of 1987 on 29th June, 1987 at Ahmedabad & subsequently, it became a Public Limited Company on 17<sup>th</sup> January, 1994.

The Company which was promoted by Mr. Bhanubhai B. Patel, Mr. Anant K. Kamdar & Mr. Chandresh S. Parikh, was a Pioneer in the Mineral Industry and has established itself as one of the top five Mineral manufacturers in India.

Since the concept of micronization was totally new and revolutionizing in the Indian market and the introductory product from the Company was of a 20 Micron particle size, the name sounded quite unique and substantially relevant to the Industry. This is how the Company was named and is now a major brand recognized in the industries we serve.

Mr. Chandresh S. Parikh, with his innovative insight, business acumen and farsightedness and with the active support of Mr. Bhanubhai B. Patel and Mr. B. B. Parikh, ventured to start this Mineral Processing Company. He was supported by Mr. Bhanubhai B. Patel who has wide experience in Paints industry, Mr. Anant K. Kamdar and Mr. B. B. Parikh who was a marketing Director (Mr. B.B. Parikh disassociated himself from the Company during the year 2003).

The Company commenced its Commercial Operations on 04.10.1988 by setting an industrial unit at WAGHODIA, Gujarat with an annual Capacity of 2,400 MT.

With a view to meeting with increasing demand of Micronized Minerals and focusing attention for carrying on the same business, separate legal entities as named below were incorporated by separate group of Promoters in complete co-ordination and leadership of Mr. Chandresh S. Parikh.

| Sr. No. | Name of the Company                      | Incorporated on    |
|---------|------------------------------------------|--------------------|
| 1.      | Hi-tech Minerals Private Limited         | February 12, 1990  |
| 2.      | Fi-Microns & Minerals Private limited    | March 09, 1992     |
| 3.      | Aric Industrial Products Private Limited | June 20, 1988      |
| 4.      | United Microns Private Limited           | January 25, 1988   |
| 5.      | Fi-Minerals Private Limited              | September 06, 1996 |

Subsequently, realizing the importance and rationale of Amalgamation such as:

- i) To achieve economies on large scale, Synergy of operations and optimization of costs,
- ii) To lead to a greater economy and efficiency by sharing rather than duplicating productions, distributions, marketing, research, management services, and facilities.
- iii) To combine resources of all the companies would be better utilized for the purpose of future growth and development,

All the above companies were amalgamated with 20ML, upon completion of all legal formalities, including obtaining High Courts' Orders of the respective States in that behalf. The entire process of amalgamation was completed during 1998 and 2002.

This has helped the Company to become a Flagship Company and a conglomerate. 20 ML also became a multi-locational Company with an annual capacity of 90,400 metric tonnes and paid-up share capital of Rs. 1244 Lacs. The manufacturing operations are carried on at Waghodia, Vadadla & Bhuj in Gujarat; Alwar, Swaroopgunj & Udaipur in Rajasthan and Hosur & Tirunelveli in Tamilnadu. The manufacturing activities at Bhuj are being carried on by Wet Process and to facilitate operations of the said unit, imported Cryogenic Magnetic Separator was installed thereat. This has brought about maximization of yield and better returns. The Company had also obtained mining leases at Chhotaudaipur & Mamuara in Gujarat for Dolomite and China Clay, respectively; Moras in Rajasthan for Calcite and Tirunelveli in Tamilnadu for Lime Stone. The Company has a wide spread Marketing set-up with the Offices at Kolkata, Mumbai, Delhi, Hyderabad & Vadodara.

The Products of the Company have been widely accepted in different industries like Paints, Paper, Plastics, Cement, Rubber, Ceramics, etc. The sales turnover for FY 07 increased to Rs. 8,741 Lacs from Rs 6749 Lacs in FY 06. This increase was mainly due to effective marketing of value added products & increase in consumption by Plastics, Extrusions, Petrochemicals & paper industries across the Country. This growing industry has helped the mineral industry to grow at the same rate. The focus on higher capacity utilization at all manufacturing locations and identification of high-value products has also added to higher turnover.

The Company has well equipped Research and Development Center (R&D Center) located at village Vadadla, Dist-Vadodara, Gujarat is a well equipped unit possessing all adequate facilities to carryout well diversified R&D work pertaining to the minerals and their application in different fields. The center's activities are always aimed at achieving the Company's objective to be globally competitive by way of product innovation, up-gradation of technology and continuous improvement in quality of the finished goods. The Company has a customer oriented approach and the R & D Centre lines up its activities to cater to their needs. The R & D Centre is working on its own without the support of any outside agency and has developed various mineral based Value Added Products & Speciality Chemicals.

During the year ended 31.03.2008, the Company's turnover amounted to Rs. 11,469 Lacs, including Exports turnover of Rs. 1,162 Lacs & net profit of Rs. 459 Lacs. Despite adverse effects due to devastating Earthquake in Bhuj in the year 2001 and it's after shocks, the Company came out successfully from those ill-effects and made a remarkable turnaround.

### Major Achievements

| Year | Achievement                                                          |
|------|----------------------------------------------------------------------|
| 1988 | Ventured into Micronised Minerals for Paints                         |
| 1989 | Plastindia generated inroads into plastic market                     |
| 1990 | Investment in expanding the Micronising process and R&D facilities   |
| 1991 | Expansion of production capacity to 17,000 TPA at Waghodia (Gujarat) |
| 1992 | Acquired Dolomite Mines (Lease) at Chotta Udaipur (Gujarat)          |
| 1992 | Implementation of total quality management TQM.                      |
| 1994 | Production capacity increased by 17,000 TPA at WAGHODIA (Gujarat).   |
| 1994 | Acquired the mining lease of China Clay in Kutch district            |
| 1994 | R&D division becomes a separate entity itself                        |
| 1995 | New Unit installed at Vadadla (Gujarat) with 18,000 TPA capacity     |
| 1996 | Acquired the mining lease of Dolomite in Chotta Udaipur in Gujarat   |
| 1997 | Planned - China Clay project at Bhuj (Gujarat) - Green field Project |
| 1997 | Acquired Mining Lease for China Clay at Mamuara, Kutch (Gujarat)     |

| Year | Achievement                                                                                                  |
|------|--------------------------------------------------------------------------------------------------------------|
| 1998 | Further acquired Mining Lease of Calcite in Sirohi District of Rajasthan                                     |
| 1998 | Ordered first of its kind Cryogenic Super Conducting Magnetic Separator for Kaolin project at Bhuj (Gujarat) |
| 1998 | Accepted Venture Fund participation for the growth of the Company                                            |
| 1999 | Introduced Value Added products for Pigments replacement                                                     |
| 2001 | Installed Plant Of 6000 TPA Capacity At Alwar (Rajasthan) 1997                                               |
| 2001 | Bhuj Plant of China Clay affected by Natural Calamity Earthquake                                             |
| 2004 | China Clay Production planned at Tirunelveli                                                                 |
| 2005 | Acquired Land at Tirunelveli and implementation started at T'velli for China Clay in South                   |
| 2006 | Plant Capacities at all locations achieved at + 85%                                                          |

### Our Main Objects

Our main objects as presently contained in our Memorandum are as follows:

- To purchase, take on lease or otherwise acquire mining works, mining grounds, mining rights, mines, ponds, plot of land in India or elsewhere, believed to contain various types of minerals whether natural or otherwise.
- To pulverize, refine, classify, calcine, coat various chemicals minerals either singly or combination for its use by any industry.
- To manufacture, produce, upgrade, mix, extract, convert, pulverise, refine, process, import, export, buy sell and to act as wholesalers, retailers commission agents, brokers, distributors, factors and dealers in all types of minerals whether natural, synthetic or otherwise either in lump, slurry, powder form or in any other form.
- To carry on business of manufacturers, producers, refiners, processors, importers, exporters, wholesalers, retailers, commission agents, brokers, distributors, factors and dealers in all types of plastics and its raw materials like plasticizers, lubricants, stabilisers and waxes.
- To carry on business as manufacturers, buyers, sellers, importers, exporters and dealers in any and all kinds of paints, pigments, varnishes dye-stuff and all kinds of products and by-products arising therefrom or in connection therewith and all implements, materials and things incidental to, or useful in connection with, any such business.
- To carry on the business as manufactures, buyers, sellers, distributors, agents, stockists, refiners, importers and exporters of and dealers in detergents, washing powders and soaps.
- To carry on business of manufacturers of and dealers in papers and its raw materials.
- To carry on business, either on its own account or on account of constituents of buyers, sellers, importers and exporters of and dealers in cements, silica, building materials.

**Changes in our Memorandum of Association**

| Date of Shareholder's Approval | Nature of Changes in the Memorandum of Association                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| July 04, 2003                  | Object clause amended to include - To manufacture, buy, sell, exchange, fabricate, assemble, finish, refine, repair, alter, improve, convert, manipulate, prepare for market, import, export, let on hire and otherwise deal in all kinds of plants, machinery and equipments such as gasifires, oil engines, diesel engines kerosene engines petrol engines, hand and industrial blowers of all description and sizes, mining machines, grinding machines milling machines, drilling boring and tapping machines, lathe machines, gear cutting and gear grinding machines, tools for metal cutting and metal working, hammers and forging machines, welding machines and equipments, welding electrodes, press sheet metal shaping machines and equipments, wire working and converting machines, weighing machines and weights, printing machines, cutting machines, wood working machines, sewing machine, apparatus, utensils, receptacles, substances, ingredients and components, materials, articles and things and machine tools of all types, size and description necessary or convenient for carrying on the business or process of the Company and things capable of being used in connection with any business of the Company. |

**Subsidiaries of the Company**

Our Company currently has no Subsidiary Companies.

**Corporate Debt Restructuring**

There was a severe strain on the operations and pressure on the Cash Flow position of the Company post earthquake (year 2003-04).

The broad reasons for the financial crunches were: Impact of non operating of Cryogenic Magnet at Bhuj, which was affected by Earthquake; Global competition causing reduced mark up levels; Reduction in import duties causing global competition and steep rise in power and fuel costs due to international price factors.

IDBI reviewed the operations of the Company in respect of the immediately preceding two years and being satisfied, took a positive and pragmatic view and approached the CDR cell for debt restructuring.

After careful considerations, the CDR Empowered Group approved the comprehensive debt-restructuring package keeping cut off date as 1<sup>st</sup> April 2003 with concessions and relief's which includes reduction in the rates of interest, waiver of the differential rate of interest, penal rates of interest and liquidated damages, funding of the interest installment into term loan, conversion of the working capital into term loan and re-fixation of the payment of term loan installment. IDBI, EXIM and State Bank of India gave effect to the above reliefs.

Subsequently, the Company made a turnaround in the year 2006-07 and approached the Institutions once again for getting an exit from CDR. Considering the performance of the Company all the three Institutions have given an exit to the Company from CDR.

### RESTRUCTURING SCHEME

The details of restructuring proposal as approved under the CDR system are as follows:

|      |                                                                                                                         |   |                                                                                                                                                                                                                                                                                                                               |             |                                                   |                                                            |
|------|-------------------------------------------------------------------------------------------------------------------------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|---------------------------------------------------|------------------------------------------------------------|
| i)   | Cut-off date                                                                                                            | : | April 1, 2003                                                                                                                                                                                                                                                                                                                 |             |                                                   |                                                            |
| ii)  | Business restructuring                                                                                                  | : | No business restructuring is envisaged.                                                                                                                                                                                                                                                                                       |             |                                                   |                                                            |
| iii) | Sale of surplus assets/<br>investments                                                                                  | : | Not applicable.                                                                                                                                                                                                                                                                                                               |             |                                                   |                                                            |
| iv)  | Reduction in rates of interest<br>on term loans/working<br>capital borrowings                                           | : | Term Loan (Cut off date : April 1 , 2003)                                                                                                                                                                                                                                                                                     |             |                                                   |                                                            |
|      |                                                                                                                         |   | Institution                                                                                                                                                                                                                                                                                                                   | Loan<br>O/s | Present<br>rate                                   | Proposed rate                                              |
|      |                                                                                                                         |   | IDBI                                                                                                                                                                                                                                                                                                                          | 1235        | 17.74%<br>(WAVR)                                  | 12.05% from 1.04.03 to<br>31.1.04 and 10.25%<br>thereafter |
|      |                                                                                                                         |   | Exim<br>Bank                                                                                                                                                                                                                                                                                                                  | 307         | 15.00%                                            | -do-                                                       |
|      |                                                                                                                         |   | GSFC                                                                                                                                                                                                                                                                                                                          | 85          | 17%(with<br>1%rebate<br>for<br>timely<br>payment) | -do-                                                       |
|      |                                                                                                                         |   | <u>Working Capital</u><br>SBI's working capital advances, and bill discounting facilities granted by SIDBI and SBI Factors & Commercial Services Pvt. Ltd., shall carry interest @ SBI's PLR w. e. f April 1, 2003.                                                                                                           |             |                                                   |                                                            |
| v)   | Reschedulement of principal                                                                                             | : | The repayment schedules in respect of term loan outstanding aggregating to Rs.1627 lakh (IDBI - Rs. 1235 lakh, Exim - Rs. 307 lakh, GSFC - Rs. 85 lakh) are proposed to be revised so that the entire outstanding loan shall be repaid in 24 quarterly installments commencing from July 1, 2007 and ending on April 1, 2013. |             |                                                   |                                                            |
| vi)  | Conversion of irregular<br>portion of W. C. limits into<br>Working Capital Term Loan<br>(WCTL) and repayment<br>thereof | : | A part of working capital limits to the extent of Rs. 450 lakh, would be converted into working capital term loan (WCTL) carrying interest at 10.25% p.a. and repayable in 24 quarterly installments commencing from April 1, 2006                                                                                            |             |                                                   |                                                            |

|       |                                                                                                                                         |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                          |                                                                                                 |                  |
|-------|-----------------------------------------------------------------------------------------------------------------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|------------------|
| vii)  | Conversion of overdue/ future interest into various instruments (like Debentures / Preference Shares/ etc.) and repayment terms thereof | : | Interest accrued and accruing from July 01, 2003 upto September 30, 2004 on the outstanding term loans of IDBI, Exim Bank & GSFC would be funded on simple basis. The total FITL amount would be Rs. 231 lakh, which would be interest free and would be repaid in 8 quarterly installments commencing from July 1, 2006.                                                                                                                                                         |                                                                                                          |                                                                                                 |                  |
| viii) | Conversion of overdue interest into equity and post-conversion shareholding pattern                                                     | : | Not applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                          |                                                                                                 |                  |
| ix)   | Waivers                                                                                                                                 | : | i) Waiver of interest differential of Rs. 92 lakh in respect of the IDBI and EXIM Bank after the earthquake, i.e. reduction in rate of interest for 2 years – from 1.4.2001 to 31.3.2003 – from the respective documented rates to 14% p.a. and recovering the same in 5 quarterly installments commencing from 1.7.04<br>ii) Waiver of FILD (i.e. compound interest penal charges) aggregating to Rs 16 lakh arising on account of funding the TL/WCTL interest on simple basis. |                                                                                                          |                                                                                                 |                  |
| x)    | Sacrifices                                                                                                                              | : |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Loss of interest income on NPV basis) arising out of the proposed reduction in the interest on the loans | Loss of interest income on NPV basis) arising out of not charging any interest on proposed FITL | Total sacrifices |
|       |                                                                                                                                         |   | IDBI                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 470                                                                                                      | 41                                                                                              | 511              |
|       |                                                                                                                                         |   | GSFC                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 29                                                                                                       | 3                                                                                               | 32               |
|       |                                                                                                                                         |   | Exim Bank                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 74                                                                                                       | 10                                                                                              | 84               |
| xi)   | Fresh term loan(s) and repayment(s) thereof                                                                                             | : | No additional finance by the term lenders is envisaged.                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                          |                                                                                                 |                  |
| xii)  | Fresh working capital borrowing                                                                                                         | : | No increase in the existing working capital limit has envisaged for the current year. However, the WC bank i.e. SBI would be required to sanction need – based enhanced working capital limits in the future years. As per the financial projections, the additional requirement of bank borrowings would be Rs. 145 lakh in the next FY (2004-05) and another Rs. 109 lakh in the following year (2005-06).                                                                      |                                                                                                          |                                                                                                 |                  |
|       |                                                                                                                                         |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                          |                                                                                                 |                  |
| xiii) | Promoters contribution and sources thereof                                                                                              | : | No additional promoters' contribution has been envisaged under the package.                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                          |                                                                                                 |                  |
| xiv)  | Upfront payment                                                                                                                         |   | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                          |                                                                                                 |                  |
| xv)   | Additional security                                                                                                                     |   | The existing term loans from IDBI and EXIM Bank are proposed to be additionally secured by way of mortgage on                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                          |                                                                                                 |                  |

|        |                                                                          |                                                                                                                                                                                                     |
|--------|--------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |                                                                          | two office properties located at Mumbai and Vadodara (approx. market value – Rs. 45 lakh). IDBI and EXIM Bank would cede 1 <sup>st</sup> pari-passu charge to SBI for securing its WCTL.            |
| xvi)   | Security conditions (may include pledge of promoters' equity in the Co.) | Promoters have pledged 3.64 lakh shares of the company to additionally secure the term loan of IDBI. No additional pledge of shares has been stipulated in terms of the present debt restructuring. |
| xvii)  | Statutory compliance                                                     | Complied with                                                                                                                                                                                       |
| xviii) | Right to reverse the waiver                                              | In cash of non-acceptance of any of the terms & conditions of the proposed restructuring package                                                                                                    |

#### DETAILS OF RELIEFS AND CONCESSIONS: INSTITUTION/BANK-WISE

##### A. INSTITUTIONS:

| <u>IDBI</u> |                                   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------|-----------------------------------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i)          | Reduction in the rate of interest | : | The rate of interest on loan outstanding of Rs. 1235 lakh would be reduced w.e.f April 1, 2003 from the existing document rates of 17.74% p.a. (WAVR) TO 12.05% P.A. U upto January 31, 2004 and to 10.25% p.a. thereafter.                                                                                                                                                                                                                                                                                  |
| ii)         | Revision in repayment schedule    | : | The repayment schedules in respect of term loan outstanding aggregating Rs.1235 lakh would be received so that the entire outstanding loan shall be repaid in 24 quarterly installments commencing from July 1, 2007 and ending on April 1, 2013 (the first 4 installments would be of Rs. 23.75 lakh each and the next 20 installments would be of Rs.57 lakh each)                                                                                                                                         |
| iii)        | Funding of Interest               | : | An aggregate amount of Rs. 175 lakh (approx.), representing the simple interest accruing on term loan outstanding from July 1, 2003 upto September 30, 2004, at the reduced rates as proposed under this package, would be funded without applying any compound/penal interest on the overdue interest. The funded interest would not carry any interest (interest-free) and would be repaid in 8 quarterly installments commencing from July 1, 2006.                                                       |
| iv)         | Waiver                            | : | <p>i) Waiver of interest differential of Rs. 88 lakh in respect the restructuring package sanctioned by IDBI after the earthquake (reduction in rate of interest for 2 years – from 1.4.2001 to 31.3.2003 – from the respective documented rates to 14% p.a. and recovering the same in 5 quarterly installments commencing from 1.7.04).</p> <p>ii) Waiver of FILD (i.e. compound interest and penal charges) aggregating to Rs. 12 lakh arising on account of funding the TL interest on simple basis.</p> |

| <b>Exim Bank</b> |                                   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------|-----------------------------------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i)               | Reduction in the rate of interest | : | The rate of interest on term loan outstanding Rs. 307 lakh would be reduced w.e.f. April 1, 2003 from the existing document rates of 15% p.a. to 12.5% p.a. upto January 31, 2004 and to 10.25% p.a. thereafter.                                                                                                                                                                                                                                                                                                                          |
| ii)              | Revision in repayment schedule    | : | The repayment schedules in respect of term loan outstanding aggregating Rs. 307 lakh would be revised so that the entire outstanding loan shall be repaid in 24 quarterly installments commencing from July 1, 2007 and ending on April, 1 2013 (the first 4 installments would be Rs. 6 lakh each and the next 20 installments would be of Rs. 14.1625 lakh each)                                                                                                                                                                        |
| iii)             | Funding of Interest               | : | An aggregate amount of Rs. 43 lakh (approx.), representing the simple interest accrued and accruing on term loan outstanding from July 1, 2003 upto September 30, 2004 at the reduced rates as proposed under this package would be funded without applying any compound/penal interest on the overdue interest. The funded interest would not carry interest (interest-free) and would be repaid in 8 quarterly installments commencing from July 1, 2006.                                                                               |
| iv)              | Waiver                            | : | i) Waiver of interest differential of Rs. 4 lakh * in respect of the restructuring package sanctioned by IDBI after the earthquake (reduction in rate of interest for 2 year - from 1.4.2001 to 31.3.2003 - from the respective documented rates to 14% p.a. and recovering the same 5 quarterly installments commencing from 1.7.04). ii) Waiver of FILD (i.e. compound interest and penal charges) aggregating to Rs. 3 lakh arising on account of funding the TL interest on simple basis.<br>* subject to reconciliation by EXIM BANK |
| v)               | Sacrifice on account of interest  | : | Rs. 84 lakh due loss interest income (on NPV basis), arising out of the proposed reduction in the interest on the loans and not charging any interest on the proposed FITL                                                                                                                                                                                                                                                                                                                                                                |
| <b>GSFC</b>      |                                   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| i)               | Reduction in the rate of interest | : | The rate of interest on term loan outstanding of Rs. 85 lakh would be reduced w.e.f. April 1, 2003 from the existing document rates of 17% p.a. 12.5% p.a. upto January 31, 2004 and to 10.25% p.a. thereafter.                                                                                                                                                                                                                                                                                                                           |
| ii)              | Revision in repayment schedule.   | : | The repayment schedules in respect of term loan outstanding aggregating loan Rs. 85 lakh would be revised so that the entire outstanding loan shall be repaid in 24 quarterly installments commencing from July 1, 2007 and ending on April 1, 2013 (the first 4 installments would be Rs. 1.75 lakh each and the next 20 installments would be Rs. 4 lakh each)                                                                                                                                                                          |
| iii)             | Funding of Interest               | : | An aggregate amount of Rs. 13 lakh (approx.), representing the simple interest accrued and accruing on term loan                                                                                                                                                                                                                                                                                                                                                                                                                          |

|     |                                                 |   |                                                                                                                                                                                                                                                                                                                                                 |
|-----|-------------------------------------------------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     |                                                 |   | outstanding from July 1, 2003 upto September 30, 2004 at the reduced rates as proposed under this package, would be funded without applying any compound/penal interest on the overdue interest. The funded interest would not carry any interest (interest free) and would be repaid in 8 quarterly installments commencing from July 1, 2006. |
| iv) | Waiver                                          | : | Waiver of FILD (i.e. compound interest and penal charges) aggregating to Rs. 1 lakh arising on account of funding the TL interest on simple basis.                                                                                                                                                                                              |
| v)  | Sacrifice on account of interest rate reduction | : | Rs. 32 lakh due to loss of interest income (on NVP basis), arising out of the proposed reduction in the interest on the loans and not charging any interest on the proposed FITL                                                                                                                                                                |

#### B. BANKS:

| <b>State Bank of India</b> |                                            |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------------|--------------------------------------------|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i)                         | Rate of interest on Working Capital Limits | : | SBI shall charge interest on the working capital advances @ PLR (i.e. 10.25 % p.a.) w.e.f the date (APRIL 1, 2003). The bank has been currently charging interest @ PLR + 2.25 % (12.5 % at present) - the excess interest charges till now would be adjusted in repayment of WCTL.                                                                                                                                                                                             |
| ii)                        | Conversion in WCTL                         | : | An amount of Rs. 450 lakh of working capital limits as on March 31, 2004 (representing a portion of slow / non - moving raw material stock being held by the company as a buffer stock) would be converted into working capital term loan (WCTL) carrying interest at 10.25% p.a. and repayable in 24 quarterly installments commencing from April 1, 2006 (the first 4 installments would be of Rs. 8.75 lakh each and the next 20 installments would be Rs. 20.75 lakh each). |
| iii)                       | Waiver                                     | : | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

#### ADDITIONAL CONDITIONS

1. The company shall not undertake any further expansion or make any new capital investments (for any amount exceeding Rs. 5 lakh), without obtaining the prior approval of 'Monitoring Committee' in writing.
2. Banks/Institutions shall have the right to appoint Concurrent Auditor with direct reporting arrangement in case the company defaults in meeting its commitments.
3. The company shall not to declare any dividend on its equity shares without obtaining the prior consent of the secured creditors.
4. The promoters would agree to bring in interest -free funds to meet any shortfall in cash-flow projections to meet the payment obligations.
5. Banks/ Institutions shall review the performance of the company from time to time and shall have the right to accelerate the loan repayments depending upon the cash flow of the company.

6. Banks/Institutions shall have the absolute discretion of resetting the interest rate after every 3 years.
7. Banks/ Institutions shall have the 'Right of recompense' for the restructuring package.
8. The receipts of the company shall be monitored through 'TRA' to be opened by SBI and a suitable waterfall structure may be created whereby after meeting the company's essential running expenses and bank dues , the surplus would be appropriated towards dues of the term lenders on pro-rata basis. The 'waterfall arrangements' will be approved by the 'Monitoring Committee'.
9. The WCTL of SBI to be pari-passu first charges on the existing and additional securities charged to IDBI and EXIM Bank and pledge of shares. The company shall also create a fist pari-passu charge by way of mortgage in favour of IDBI, Exim Bank and SBI (for WCTL only ) over its office premises at 307/308 Arundee Complex, Race Course South, Vadodara- 390 007 and at 134, 1<sup>st</sup> Floor , Hindustan Kohinoor Industrial Complex , LBC Marg , Vikhroli (W) , Mumbai .
10. In the event of SBI not taking up the additional limit , either the company shall tie-up with another bank for the amount (on terms satisfactory/ acceptable to SBI) or the promoters shall fund the shortfall from their own sources by infusion of fresh equity/ interest – free funds.
11. In the event of the company defaulting in meeting its post-restructured payment obligations, the banks / institutions shall have the absolute right to convert upto 20% of their outstanding term loans into company's equity shares, at par.
12. 20ML has been facing liquidity problems due to maintenance of a lager buffer stock (of raw materials) and also delayed payments by its large customers. SBI, the working capital banker, would be carrying out periodical audit of stock & receivables for monitoring the same. Monitoring committee will review the operations of the Company. It would also consider and approve the cash budget to be submitted by the Company as per the periodicity specified and any utilization of any surplus cash.
13. Interest application will be at monthly rests.
14. The lenders shall reserve the right to cancel, suspend, reduce or modify including withdrawal with retrospective effect, all or any of the relief's and concessions and/ or amend or vary the terms and conditions thereof, in the event of default.
15. All other terms & conditions, as have been already stipulated by the banks/ institutions for the existing loans shall also apply mutatis-mutandis to the restructuring package.

## Shareholders Agreements

### (i) Debenture Subscription Agreement

The Company and twenty one others (described therein as the Promoters of the Company) and Gujarat Venture Finance Ltd., a Company incorporated under the Companies Act, 1956 and having its Registered Office at 1<sup>st</sup> Floor, Premchand House Annexe, Behind Popular House, Ashram Road, Ahmedabad 380 009 (therein and herein after referred to as “GVFL”) have entered into a Debenture Subscription Agreement dated 2<sup>nd</sup> July 1998 by which the Company offered to issue to GVFL and GVFL agreed to subscribe to 5,00,000-10% Unsecured Convertible Debentures of Rs.100/- each (hereinafter referred to as “the said debentures”) on the terms and conditions set out in the Debenture Subscription Agreement.

### Materials terms of the Debenture Subscription Agreement

|                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Number of debentures to be issued and subscribed for | 5,00,000-10% Unsecured convertible debentures of Rs. 100/- each of the total nominal value of Rs.5,00,00,000/-                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Purpose of the Issue                                 | For part financing the projects mentioned in Schedule I to the Agreement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Other Material Terms                                 | <ul style="list-style-type: none"> <li>▪ Company to amend its Memorandum and Articles of Association as advised by GVFL.</li> <li>▪ GVFL has a right to make disbursement towards the said debentures, in one or more installments as may be decided by GVFL at its discretion. Company to allot the said debentures within 30 days of the disbursement failing which the Company to pay interest at 15% p.a. from the date of disbursement till date of allotment. Company to issue Debenture within one month from the date of allotment.</li> <li>▪ GVFL has the option to covert and/or redeem the said debentures in such installments as GVFL may decide at any time after completion of 36 months from the date of first disbursement but before completion of 54 months from the date of first disbursement. In the event of exercise of the option, the said debentures or any portion thereof shall be converted into equity shares of the Company at a price as provided in the Debenture Subscription Agreement, subject to a minimum of Rs.10/- per share. If the option is not exercised, the said debentures shall get converted into equity shares of the Company on completion of 54 months from the date of first disbursement, at the conversion price as mentioned in the Debenture Subscription Agreement.</li> <li>▪ Company to keep the subscription amount in a special account with a nationalized bank and the withdrawals from the special account shall be subject to verification by GVFL.</li> <li>▪ Company to obtain prior approval of GVFL for any increase or change in the capital structure of the Company.</li> <li>▪ So long as GVFL holds any debenture or equity share in the Company, it shall have the right to nominate Directors on the Board of the Company and to withdraw the nomination, in proportion of 40% of the total strength of the Board.</li> <li>▪ Company to take written approval of GVFL for appointment of Managing Director/Executive Director/Whole time Director of the Company.</li> <li>▪ Special provisions have been made for transacting certain important</li> </ul> |

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items of business.

- GVFL has the right to depute one or more observers to attend the meetings of the Board or Committees thereof and the General Meetings.
  - Company and the promoters to ensure that the equity shares of the Company are offered to the public and the same be listed on recognized stock exchanges before 31<sup>st</sup> March 2002, failing which an offer for sale of shares held by GVFL shall be made by the promoters at their costs and expenses. (This date has been modified by a subsequent Agreement dated 29<sup>th</sup> February 2000 between the parties to the Debenture Subscription Agreement).
  - Company to submit to GVFL duly audited accounts within six months of the close of the accounting year of the Company.
  - Company to obtain prior concurrence of GVFL to any material modification or cancellation of the Company's agreements with its machinery suppliers or collaborators.
  - Company to promptly inform GVFL of the happening of any labour strikes, lockouts, shut-downs, or other similar happenings which are likely to have adverse effect on the Company's profits or business.
  - Certain powers of management given to GVFL under certain circumstances stated in the Debenture Subscription Agreement.
  - Right of termination given to GVFL under certain circumstances.
  - Disputes under the Debenture Subscription agreements are to be resolved through arbitration under the provisions of Arbitration and Conciliation Act 1996. Disputes are subject to jurisdiction of courts at Ahmedabad.
  - The Agreement shall be in force so long as GVFL and/or Gujarat Venture Capital Fund-1995 continues to hold shares or the said debentures or both equivalent to 5% of the paid up capital of the Company or till the Company remains unlisted, whichever is later or any amount is due to GVFL from the Promoters or the Company.
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#### **Negative covenants in the Debenture Subscription Agreement**

1. Not to increase the strength of the Board of Directors of the Company without prior written approval of GVFL.
2. Company not to start any other project or invest in any other project or Company manufacturing similar or related items, without the prior written approval of GVFL.
3. Company not to embark upon or undertake any expansion, diversification or make any change in the scope for the project without the prior written approval of GVFL.
4. Company not to pay any interest on any unsecured loans/ deposits, if at the time of such payment, there is any default in the payment of interest on the said debentures and/ or other moneys/ charges payable to GVFL.
5. Company not to transfer/sell the intellectual property rights or franchise for the production development/sales to any party without the prior written approval of GVFL.

6. Board of Directors of the Company not to take any decision which would be contrary to the terms and conditions of the Debenture Subscription Agreement.

(ii) Supplementary Subscription Agreement

In addition to the Debenture Subscription Agreement, the Company and 19 others (who were all parties to the Debenture Subscription Agreement) and Gujarat Venture Finance Ltd., (therein and herein after referred to as "GVFL") have entered into a Supplementary Subscription Agreement dated 29<sup>th</sup> February 2000 ("the said Supplementary Agreement") by which GVFL agreed to make contribution of Rs.5,00,00,000/- to the Company and the Company offered to issue and allot to GVFL such number of equity shares of Rs.10/- each of the Company at a price of Rs.47/- per share. In addition, the Promoters were to make a contribution of Rs.5,00,00,000/- to the Company and the Company was to issue and allot to the Promoters equity shares of Rs.10/- each of the Company, at a price of Rs.47/- per share.

**Material terms of the said Supplementary Agreement**

1. The 5,00,000 debentures of the value of Rs.5,00,00,000/- subscribed by GVFL to be converted into equity shares of the Company at a price of Rs.21/- per share from 1<sup>st</sup> April 2000.
2. GVFL to make additional financial contribution in proportion to the amount of contribution invested by the promoters.
3. Equity shares are to be offered to the public and are to be listed on stock exchanges before 1<sup>st</sup> April 2001, instead of 31<sup>st</sup> March 2002 as mentioned in the Debenture Subscription Agreement.
4. Subsequent to listing, all the provisions of the Debenture Subscription Agreement and the said Supplementary Agreement shall stand terminated, except the following:
  - GVFL shall have the right to appoint Directors on the Board of the Company as per Article X of the Debenture Subscription Agreement.
  - Certain issues mentioned in the said Supplementary Agreement to be discussed and decided only at a Board meeting wherein the nominee Director of GVFL is present.
5. Agreement to stand terminated if the shareholding of GVFL is below 5% of the paid up share capital of the Company.

**Other Agreements**

Except the contracts/ agreements entered in the ordinary course of the business carried on or intended to be carried on by 20 ML, 20 ML has not entered into any other agreement/ contract.

**Strategic/ financial Partners**

The Company does not have any Strategic / Financial Partners.

## KEY INDUSTRY REGULATIONS AND POLICIES

The Mines and Minerals (Development and Regulation Act, 1957, ('MMDR') and the Mines Act, 1952, together with the rules and regulations framed under them, constitute the basic laws governing the mining sector in India.

The relevant rules in force under the MMDR Act, are the Mineral Concession Rules, 1960, and the Mineral Conservation and Development Rules, 1988. The health and safety of the workers is governed by the Mines Rules, 1955 created under the jurisdiction of the Mines Act, 1952.

The Mineral Concession Rules, 1960 outline the procedures and conditions for obtaining a Prospecting License or Mining Lease. The Mineral Conservation and Development Rules, 1988 lays down guidelines for ensuring mining on a scientific basis, while at the same time, conserving the environment. The provisions of Mineral Concession Rules and Mineral Conservation and Development Rules are, however, not applicable to coal, atomic minerals and minor minerals. The minor minerals are separately notified and come under the purview of the State Governments. The State Governments have for this purpose formulated the Minor Mineral Concession Rules.

### For Mineral Industry

Industrial Licenses are regulated under the Industries (Development & Regulation) Act, 1951. The requirements of Industrial Licenses have been progressively reduced and Calcium Carbonate is not amongst the industries that require compulsory industrial licensing.

*(Source: Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India. Website Link: [http://dipp.nic.in/manual/manual\\_0403.pdf](http://dipp.nic.in/manual/manual_0403.pdf))*

## OUR MANAGEMENT

### Board of Directors

Under the Articles of Association, our Company is required to have not less than three Directors and not more than twelve Directors. Our Company has Ten Directors on our Board of Directors.

The following table sets forth details regarding our present Directors.

| Name, Age, Father's Name, Designation, Address, DIN No. and Occupation                                                                                                                                                                                           | Nationality | Qualification                                                                | Date of Appointment/reappointment & term of appointment | Other Directorships                                                                                                                                                                                                       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Mr. Chandresh S. Parikh</b><br>(62 years)<br>S/o Shantilal M. Parikh<br><br><b>Chairman &amp; Managing Director</b><br><br>604-B, Bhadraklok, J.P. Road,<br>Vadodara - 390 007<br><b>DIN No.:</b> 00041584<br><b>Occupation:</b> Business                     | Indian      | ▪ Master of Science<br>(Chemistry)                                           | 29/03/1988<br>01/04/2007<br>3 years                     | ▪ Speciality Minerals Limited<br>▪ Dispersive Minerals and Chemicals India Limited<br>▪ Bruno Industrial Products Limited<br>▪ Ultra Minchem Equipments Private Limited<br>▪ Eriez Finance & Investment Limited           |
| <b>Mr. Rajesh C. Parikh</b><br>(36 years)<br>S/o Chandresh S. Parikh<br><br><b>Joint Managing Director</b><br>B-604, Bhadraklok<br>Apartment, Nr. Tube Company, Old Padra Road,<br>Vadodara - 390 007<br><b>DIN No.:</b> 00041610<br><b>Occupation:</b> Business | Indian      | ▪ Bachelor of Mechanical Engineering<br>▪ Masters in Business Administration | 02/07/1998<br>01/04/2007<br>3 years                     | ▪ Dispersive Minerals and Chemicals India Limited<br>▪ Bruno Industrial Products Limited<br>▪ Ultra Minchem Equipments Private Limited<br>▪ Eriez Finance & Investment Limited                                            |
| <b>Mr. Sudhir R. Parikh</b><br>(54 years)<br>S/o Rameshkant Parikh<br><br><b>Director (Finance)</b><br><br>55, Shivashray Society,<br>Saiyyed Vasana Road,<br>Vadodara - 390 007<br><b>DIN No.:</b> 0041649<br><b>Occupation:</b> Business                       | Indian      | ▪ Chartered Accountant                                                       | 10/04/2000<br>01/04/2007<br>3 years                     | ▪ Speciality Minerals Limited<br>▪ Dispersive Minerals and Chemicals India Limited<br>▪ Bruno Industrial Products Limited<br>▪ Nanotech Minerals India Private Limited<br>▪ Ultra Minchem Equipments Private Limited<br>▪ |

| Name, Age, Father's Name, Designation, Address, DIN No. and Occupation                                                                                                                                                                                                       | Nationality | Qualification                                                                                                                                                               | Date of Appointment/ reappointment & term of appointment                  | Other Directorships                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Mr. Vishnu R. Varshney</b><br>(61 years)<br>S/o Shri Rajaram Varshney<br><br><b>Nominee Director- GVFL</b><br><br>"Sai Kutir", 4, Radhe Kishan Bungalows, Judges Bungalows Road, Vastrapur, Ahmedabad - 380 054<br><b>DIN No.:</b> 00060129<br><b>Occupation:</b> Service | Indian      | <ul style="list-style-type: none"> <li>▪ Bachelor of Electrical Engineering</li> <li>▪ MS in Electrical Engineering</li> <li>▪ Master of Business Administration</li> </ul> | 10/04/2000<br>Re-appointed at the 21 <sup>st</sup> AGM held on 29/05/2008 | <ul style="list-style-type: none"> <li>▪ GVFL Limited</li> <li>▪ E-Infochips Limited</li> <li>▪ Net4Nuts Limited</li> <li>▪ Rajasthan Asset Management Company Pvt. Ltd.</li> <li>▪ Sahajanand Laser Technology limited</li> <li>▪ E-Cube India Solutions Limited</li> <li>▪ Celestial Biologicals Limited</li> <li>▪ Ceon Solutions Limited</li> <li>▪ Century Pharmaceuticals Limited</li> </ul> |
| <b>Mr. Mihir Joshi</b><br>(31 years)<br>S/o Mr. Arvind Joshi<br><br><b>Nominee Director- GVFL</b><br><br>A- 402, "Shukan- II", Ramdevnagar, Satellite, Ahmedabad - 380 015<br><b>DIN No.:</b> 00823615<br><b>Occupation:</b> Service                                         | Indian      | <ul style="list-style-type: none"> <li>▪ ACS</li> <li>▪ AICWA</li> </ul>                                                                                                    | 23/08/2007<br>Appointment at the 21 <sup>st</sup> AGM held on 29/05/2008  | <ul style="list-style-type: none"> <li>▪ Rapid Radio Solutions Private Limited</li> </ul>                                                                                                                                                                                                                                                                                                          |
| <b>Mr. D. D. Bhattacharjee</b><br>(52 years)<br>S/o Late Dinesh Chandra Bhattacharjee<br><br><b>Nominee Director- IDBI</b><br><br>Mayur CHS, Yashodham, Film City Road, Goregaon (East), Mumbai - 400 063<br><b>DIN No.:</b> 00448990<br><b>Occupation:</b> Service          | Indian      | <ul style="list-style-type: none"> <li>▪ Bachelor of Science</li> <li>▪ Post Graduate Diploma in FOREX and Risk Management</li> </ul>                                       | 29/04/2005<br>Not to Retire                                               | <ul style="list-style-type: none"> <li>▪ Guljag Industries Ltd.</li> <li>▪ GVFL Trustee Company Pvt. Ltd.</li> </ul>                                                                                                                                                                                                                                                                               |

| Name, Age, Father's Name, Designation, Address, DIN No. and Occupation                                                                                                                                                                         | Nationality | Qualification                                                                                            | Date of Appointment/reappointment & term of appointment                            | Other Directorships                                                                                                       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| <b>Mr. Vithaldas D. Talati</b><br>(79 years)<br>S/o Shri Dahyalal Talati<br><br><b>Director</b><br><br>19/C, Sheetalata Society,<br>Nr Satyam Society,<br>Karelibaug, Vadodara<br><b>DIN No.:</b> 00009120<br><b>Occupation:</b> Profession    | Indian      | <ul style="list-style-type: none"> <li>▪ LLB</li> <li>▪ FCS</li> </ul>                                   | 27/02/2001<br>Re-appointed at<br>the 21 <sup>st</sup> AGM<br>held on<br>29/05/2008 | Nil                                                                                                                       |
| <b>Mr. Pravinchandra M. Shah</b><br>(70 years)<br>S/o Shri Mangaldas Shah<br><br><b>Director</b><br><br>"Anand" D-1, Bhavna<br>Society, Ajwa Road,<br>Vadodara - 390 019<br><b>DIN No.:</b> 00017558<br><b>Occupation:</b> Consultant          | Indian      | <ul style="list-style-type: none"> <li>▪ M.Com</li> <li>▪ LLB</li> <li>▪ AICWA</li> <li>▪ ACS</li> </ul> | 05/08/2006<br>Appointed at<br>the 20 <sup>th</sup> AGM<br>held on<br>31/07/2007*   | Nil                                                                                                                       |
| <b>Mr. Ram Devidayal</b><br>(57 years)<br>S/o Mr. Amirchand T.<br>Gupta<br><br><b>Director</b><br><br>Flat No. 17, Sakseria<br>Building, 74, Marine Drive,<br>Mumbai - 400 020<br><b>DIN No.:</b> 00238853<br><b>Occupation:</b> Industrialist | Indian      | <ul style="list-style-type: none"> <li>▪ Masters degree in Commerce &amp; Management</li> </ul>          | 13/10/2007<br>Appointment at<br>21 <sup>st</sup> AGM held<br>on 29/05/2008*        | <ul style="list-style-type: none"> <li>▪ Devidayal Sales Limited</li> <li>▪ Banco Products (India) Limited</li> </ul>     |
| <b>Mr. Harish Sheth</b><br>(60 years)<br>S/o Mr. Kiritkant Sheth<br><br><b>Director</b><br>2 <sup>nd</sup> Floor, Ila Kunj, 32,<br>Nepeansea Road, Mumbai -<br>400 036.<br><b>DIN No.:</b> 01434459<br><b>Occupation:</b> Industrialist        | Indian      | <ul style="list-style-type: none"> <li>▪ B.Sc. in Mechanical Engineering</li> </ul>                      | 10/12/2007<br>Appointment at<br>the 21 <sup>st</sup> AGM<br>held on<br>29/05/2008* | <ul style="list-style-type: none"> <li>▪ Setco Automotive Limited</li> <li>▪ Setco Engineering Private Limited</li> </ul> |

\* To retire by rotation

## BRIEF BIOGRAPHY OF THE DIRECTORS

**Mr. Chandresh S. Parikh**, our Chairman and Managing Director, aged 62 years, holds a Degree in Master of Science (Chemistry). He has played a very important role in the turnaround of the Company and has over 35 years of experience, In India and abroad, in various fields such as product development & commercialization of products developed through R & D etc. He started his career as R&D Chemist in the year 1968 with Suhrid Geigy Limited; Vadodara till 1972. Thereafter he joined in as a Chief Chemist with General Foam Products, Mombassa, Kenya in 1972 and continued with them till 1975. Thereafter he held Senior Executive positions as Technical Director and Executive Director in Banco Products (T) Ltd., Dar Es Salaam from 1975-82. As Technical Director he was in charge of Production and technical matters and as an Executive Director he was in overall charge and management of the affairs of that Company. He was a Managing Director in Aerofoam (Nigeria) Ltd., Lagoa, Nigeria during 1982-88. He came to India for the formation of 20 Microns Private Limited in 1987 and started commercial production from 1988. He holds 12.40% of the present paid-up capital of 20 Microns Limited.

**Mr. Rajesh C. Parikh, (Director)** aged 36 years has graduated with First Class Degree in Bachelor of Mechanical Engineering. He has also completed the Masters in business Administration. He is the Joint Managing Director of our Company. He started his career with Jyoti Limited, a Vadodara based Engineering Company, in the year 1994 as a Trainee Engineer and there after he was associated with the Company and held, on part time basis, few assignments for a new project to be established for China Clay. At the age of 27 he joined the Board and was in charge of Technical matters & Marketing of the product of the Company. His exposure to the consuming industries brought in him insight for business and industry. He holds 2.25% present paid-up capital of 20 Microns Limited.

**Mr. Sudhir R. Parikh, Fellow Chartered Accountant**, aged 54 years is the Whole Time Director (Finance) of our Company. He joined M/s. Lovelock & Lewes, an audit firm for a period of 1½ years. Subsequently, he held a senior executive position as Manager Accounts in Asian Dehydrates Limited in the year 1977, Nasik. He then joined as a Chief Accountant in M. H. Spinning & Mfg Co. Ltd., Ahmedabad in the year 1978. He was also an Executive Director in Banco Products (T) Ltd., Dar- E- Salaam, Tanzania and a Director in United Foam Private Limited, Waghodia. He has gathered good experience in Accounting, Finance, Taxation and Management. He looks after the Accounts, Finance, Banking and Administration of our Company. He holds 1.59% of the present paid-up capital of 20 Microns Limited.

**Mr. Vishnu Varshney** holds Bachelor's Degree of Electrical Engineering from Indian Institute of Technology, Kanpur. He is also an MS in Electrical Engineering and Master of Business Administration from Louisiana State University, USA. He worked for two years (1971-1973) with TANO Corporation, Metairie, USA, as Circuit and Systems Design Engineer. He also worked with Computer Research Centre, USA as a research Assistant from the year 1973 to 1975. He returned to India and joined UP State Industrial Development Corporation Limited as a Senior Manager (Projects) in the year 1975 till 1978. He then joined Gujarat Industrial Investment Corporation in the year 1979. Mr. Varshney has 35 years of work experience in equity investment, project planning, monitoring, follow-up, technology transfer and turnaround. He was selected by the World Bank and GIIC to start GVFL in July 1990. He was the first Venture Capitalist from India to undergo 18 weeks internship under the India Technology Development Projects of the World Bank in the US with Hambro International Equity partners, based in New York and Boston.

He has played an active role in shaping the legislation and regulations for the Indian Venture Industry as a Member, Secretary and President of the Indian Venture Capital Association. He was a member of K.B. Chandrashekhar Committee, appointed by SEBI, for drafting Venture Capital Guidelines. He was also a member of the Knowledge Park Committee appointed by the Govt. of India. He has been actively associated with CII, Nasscom, Indo American Chamber Of Commerce (IACC) and Ahmedabad chapter

of TIE. He has been awarded the inaugural **APVCA (Asia-Pacific Venture Capital Alliance) award** in recognition of his outstanding contribution to the Venture Capital and Private Equity Industry in Asia.

His leadership is harnessed by India's premier Venture Funds and Industry Associations, including the Rajasthan Venture Fund (Member, BOD), the National Institute of Design (NID), the Grassroot Innovation Augmentation Network (GIAN), CIIE at IIMA, IIT Kanpur, incubator and Foundation for Technology Transfer at I.I.T. Delhi.

His contribution has been recognized by CII Gujarat by a Lifetime Achievement Award and an Outstanding and Innovative Finance Man Award from Ahmedabad Finance Companies Association. At GIIC, he was instrumental in setting up some of the large companies where he also served on the Board. A few to mention are Setco Automotive Limited (formerly known as Gujarat Setco Clutch Limited), Gujarat Tyres (now Apollo Tyres), Munjal Auto Industries Limited (formerly known as Gujarat Cycles Limited) etc. He has built GVFL into one of the most dynamic Venture Capital Companies in India. He is well known in the Industry for nurturing the start up companies and 20 Microns Limited has immensely benefited from him.

**Mr. Mihir Joshi**, GVFL- Nominee Director holds degrees of ACS & AICWA. He topped in CS Final in Ahmedabad Centre and received Shirish H. Shah Memorial Award. He received the Best Participant Award in Secretarial Modular Training Program (SMTP - 2000) of 15 days organized at ICSI, Ahmedabad in August 2000. He has seven years of experience in Venture Capital (2001 - Till Date). He has also handled legal issues involving the Corporate Laws, General Laws and Criminal Laws and drafting of legal documents. Mr. Joshi has worked with assisted companies on issues related to deal structuring, IPO, fund raising, foreign collaboration, JVs, Approval from various Government Authorities (DCA, FIPB, RBI, SEBI, DGFT, Income Tax, Excise Dept.) and Corporate Governance, etc.

**Mr. D. D. Bhattacharjee**, IDBI- Nominee Director holds a degree in Bachelor of Science and Post Graduate Diploma in FOREX and Risk Management. He has 27 years of experience in the banking industry in the areas of project appraisal, project monitoring, risk assessment, risk mitigation, etc. and has held several executive positions in the head office and branches of Industrial Development Bank of India Limited. He is also on the board of Marwar Hotels Limited since 2005. He is also on the board of Gulijag Industries Limited since 2003.

**Mr. Vithaldas D. Talati** is a graduate of Commerce and Law and Fellow Member of the Institute of Company Secretaries of India. He has held several responsible positions for over 40 years in Sarabhai Group of Companies and was also a Company Secretary in Ambalal Sarabhai Enterprise Ltd., Vadodara. He has varied experience and knowledge in Company Law, Secretarial, other legal matters and also in Corporate Laws. He worked with Ambalal Sarabhai Enterprises Ltd., as a Company Secretary from the period 1979 to 1988. He then joined Sarabhai Electronics Ltd. in the year 1988 and worked with them for 2 years. In the year 1991, he joined Panchamahar Cement Company Ltd. as a Company Secretary till 1998.

**Mr. Pravinchandra M. Shah**, holds Degree in is M.Com, LLB, AICWA and ACS. He has an experience of more than 47 years in various fields of Accounting, Finance, Taxation (Direct and Indirect), Company Secretarial Matters, Legal Matters, General Administration, Labour Matters, etc. He started his career in the year 1959 with Textile Appliances & Instruments Co. Pvt. Ltd as Accountant cum Secretary till 1962. Mr. Shah has worked for more than 20 years (1966 - 1986) with Banco Products (India) Ltd and its group in different capacities, lastly as Director (Finance) and from the year 1989 onwards with Transpek Industry Ltd as Vice President (Finance). He has also worked as a consultant for over more than 13 years in the areas of Finance, Accounts, Taxation, Company Law and SEBI Matters, etc.

**Mr Ram Devidayal** holds Master Degrees in Commerce & Management. He has reach & extensive experience in the fields of Agrochemicals of 30 years of which 20 years in the Senior – 1<sup>st</sup> Line Management of the Companies to which he has been associated as Director. He is the Vice Chairman of Baroda Citizen Council & involved in Social activities of many NGOs. He has also been actively attached with various Associations, since last over a Decade, like Chamber of Commerce in Vadodara; Federations of Gujarat Industries; Gujarat Pesticides Formulations; etc. He has travelled widely round the Globe and participated in various International Seminars and led delegations several times.

**Mr. Harish Sheth** is a B.Sc. in Mechanical Engineering from the University of MICHIGAN, Ann Arbor and MBA from Colombia University, NEW YORK. He is the Chairman & Managing Director of Setco Automotive Limited (1982 – Till Date) and also the Director of Setco Engineering Pvt. Ltd. (1979 – Till Date), the Manufacturers of components for Clutches and other industries. Mr. Harish Sheth has been in the business of manufacturing Medium and Heavy Clutches for more than 25 years. He has also been involved with Automobile industry for its development & Up-gradation since last two decades.

#### **Relationships between Directors**

Mr. Chandresh S. Parikh is the father of Mr. Rajesh Parikh who is also the promoter and Director of our Company.

#### **Borrowing Powers of the Directors in our Company**

Pursuant to a resolution passed by the shareholders on May 29, 2008 in accordance with the provisions of the Companies Act, 1956, our Board has been authorized to borrow from time to time, any sum or sums of money for the purposes of our Company, upon such terms and conditions and with or without security, as the Board of Directors may think fit and in particular by the issue of bonds, perpetual or redeemable debenture-stock or any mortgage, charge or other security on the undertaking of the whole or any part of the Company including its uncalled capital. Our Company may borrow money up to Rs. 100.00 Crores.

**Remuneration of our Directors***Compensation of Managing Director***Mr. Chandresh S. Parikh**

The Board of Directors of the Company has reappointed Mr. Chandresh S. Parikh as Managing Director for a fresh term of three years effective 1<sup>st</sup> April, 2007. The Managing Director shall not be liable to retire by rotation. The remuneration payable to him is Rs. 23.98 Lacs per annum. The details of remuneration payable to him include the following:

| Particulars                        | Remuneration*            |
|------------------------------------|--------------------------|
| Basic Salary                       | Rs. 1,60,000/- per month |
| House Rent Allowance               | Nil                      |
| Reimbursement of medical allowance | Rs. 6,688/- per month    |
| Other Allowances                   | Rs. 13,370/- per month   |

*Compensation of Joint Managing Director***Mr. Rajesh C. Parikh**

The Board of Directors of the Company reappointed Mr. Rajesh C. Parikh as Joint Managing Director for a fresh term of three years effective 1<sup>st</sup> April, 2007. The Joint Managing Director shall be liable to retire by rotation. The remuneration payable to him is Rs. 17.99 Lacs per annum.

The details of remuneration payable to him include the following:

| Particulars                        | Remuneration*            |
|------------------------------------|--------------------------|
| Basic Salary                       | Rs. 1,07,000/- per month |
| House Rent Allowance               | Rs. 16,050/- per month   |
| Reimbursement of medical allowance | Rs. 5,127/- per month    |
| Other Allowances                   | Rs. 8,913/- per month    |

*Compensation of Whole Time Director***Mr. Sudhir R. Parikh**

The Board of Directors of the Company reappointed Mr. Sudhir R. Parikh as Whole Time Director, designated as Director [Finance] for a fresh term of three years effective 1<sup>st</sup> April, 2007. The Whole Time Director shall be liable to retire by rotation. The remuneration payable to him is Rs. 17.99 Lacs per annum. The details of remuneration payable to him include the following:

| Particulars                        | Remuneration*            |
|------------------------------------|--------------------------|
| Basic Salary                       | Rs. 1,07,000/- per month |
| House Rent Allowance               | Rs. 16,050/- per month   |
| Reimbursement of medical allowance | Rs. 5,127/- per month    |
| Other Allowances                   | Rs. 8,913/- per month    |

\* In addition to the above, all the three persons namely Mr Chandresh S Parikh, Mr Rajesh C Parikh and Mr. Sudhir R Parikh are entitled to the Company's contribution to provident fund.

## Compliance with Corporate Governance requirements

The provisions of the Listing Agreement to be entered into with the Stock Exchange(s) will be applicable to our Company immediately upon the listing of our Equity Shares with the Stock Exchanges. Our Company has complied with the corporate governance code in accordance with Clause 49 to the extent possible. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

Currently our Board has Ten Directors, of which the Chairman of the Board is an Executive and non-independent Director, and in compliance with the requirements of Clause 49 of the Listing Agreement, our Company has Three Executive Directors and Seven Non-Executive Directors on our Board.

In terms of the Clause 49 of the Listing Agreement, our Company has already constituted the following committees.

### *Audit Committee*

The Audit Committee comprises of three Non-Executive Directors of whom Mr. Diptimoy D. Bhattacharjee (Independent Director) is the Chairman. Other members include Mr. Vishnu Varshney (Non - Independent Director), Mr. Pravinchandra M. Shah (Independent Director) and Mr. Ram Devidayal (Independent Director).

The Directors are responsible to oversee the finance function. The head of internal audit and the representative of the statutory auditors are invitees to the audit committee. The Company Secretary is the secretary to the committee. All members of the committee are financially literate; two members, including the Chairman of the committee, have accounting and financial management expertise. The Audit Committee of the Board, inter alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- Efficiency and effectiveness of operations.
- Safeguarding of assets and adequacy of provisions for all liabilities
- Reliability of financial and other management information and adequacy of disclosures.
- Compliance with all relevant statutes.

The Audit Committee is empowered, pursuant to its terms of reference, inter alia, to:

- Investigate any activity within its terms of reference and to seek any information it requires from any employee;
- Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

The role of the Committee shall be as under:

- (a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- (b) Recommending the appointment and removal of external auditors, fixation of audit fee and approval of payment of fees for any other service rendered by the auditors;
- (c) Reviewing with the management the financial statements before submission to the Board, focusing primarily on:
  - Any changes in accounting policies and practices

- Major accounting entries based on exercise of judgment by management
  - Qualifications in draft audit report
  - Significant adjustments arising out of audit
  - The going concern assumption
  - Compliance with accounting standards
  - Compliance with legal requirements concerning financing statements
  - Any related party transactions i.e. transactions of the Company of material nature with the top management or their relatives, with shareholders with large holdings in the Company or their subsidiaries etc. that may have potential conflict with the interests of the Company at large;
- (d) Reviewing with the management, external and internal auditors, the adequacy of internal control systems and the Company's statement on the same prior to endorsement by the Board;
- (e) Reviewing reports of internal audit and discussion with internal auditors on any significant findings and follow-up thereon;
- (f) Reviewing the findings of any internal investigations by the internal auditors and where there is suspected fraud or irregularity or failure of internal control systems of a material nature reporting the matter to the Board;
- (g) Discussion with the external auditors, before the audit commences, on nature and scope of audit, as well as after conclusion of the audit, to ascertain any areas of concern and review the comments contained in their management letter;
- (h) The audit committee should invite such of the executives, as it considers appropriate (and particularly head of the finance function) to be present at the meeting of the Committee, but on occasions, it may also meet without the presence of any executives of the Company.
- (i) The Company Secretary shall act as secretary to the Committee.

### *Remuneration Committee*

The Remuneration Committee currently comprises of Mr. Vishnu Varshney (Non - Independent Director), the Chairman, Mr. Vithaldas D. Talati (Independent Director), Mr. Pravinchandra M. Shah (Independent Director) and Mr. D.D. Bhattacharjee (Independent Director).

The remuneration policy of the Company is based on several criterions which include responsibility, performance and potential of the Executive Director and growth of the Company. The remuneration committee is vested with all the necessary powers and authorities to recommend and ensure appropriate disclosure on the remuneration of the Managing Director, Jt. Managing Director and the Whole-time Director.

Remuneration to Executive Directors i.e., Managing Director, Jt. Managing Director and Whole time Director has been paid to them in terms of the resolutions passed at the General Meetings of the Company under Section 269, 309 and other applicable provisions of the Companies Act, 1956 and the resolution passed in that behalf by the Remuneration Committee of Directors duly constituted pursuant to Schedule XIII of the Companies Act, 1956.

The remuneration to the Executive Directors consists of a fixed salary and other perquisites as per the Rules of the Company. The Provident Fund is contributed as per Provident Fund Rules. The Non-Executive Directors are not paid any remuneration except the sitting fees for attending the Board and Committee Meetings.

***Nomination and Compensation Committee***

The nomination and compensation committee currently comprises of Mr. Chandresh S. Parikh (Non-Independent Director), the Chairman, Mr. Rajesh C. Parikh (Non-Independent Director), Mr. Pravinchandra M. Shah (Independent Director), Mr. Vithaldas D. Talati (Independent Director) and Mr. Ram Devidayal (Independent Director)

***Share Transfer/ Investors Grievance Committee***

The share transfer and investors grievance committee was constituted by our Directors. The share transfer/ investors grievance committee currently comprises of Mr. Pravinchandra M. Shah (Independent Director) as the Chairman. Other members include Mr. Vithaldas D. Talati (Independent Director), Mr. D. D. Bhattacharjee (Independent Director) and Mr. Sudhir R. Parikh (Non- Independent Director).

Apart from the Company Secretary, any one of Mr. R.C. Parikh and Mr. S.R. Parikh, the Whole time Directors and Mr. Nikunj Savaliya, the Company Secretary has been duly authorized to make necessary endorsement in the names of the transferees on the reverse of the share certificates, once the transfers are approved by the Committee.

The share transfer/ Investors Grievance Committee has been constituted to address *inter alia*, shareholder and investors complaints, issue of duplicate share certificates, approve transfer, transmission and transposition of shares and other shareholders issues.

***Committees for Redressal of Depositors***

Redressal of Depositors Committee has also been constituted by our Directors. This committee comprises of Mr. Rajesh C. Parikh (Non-Independent Director) as the Chairman and Mr. Mihir Joshi (Independent Director). This committee looks after all matters relating to deposits such as payment of interest on due dates, repayment of principal, maintenance of liquidity and other matters relating to Section 58A of the Companies Act, 1956 and Rules made there under. The committee is required to submit its report at the end of the year.

**Shareholding of Directors in our Company**

Except as below, our Directors do not hold any Equity Shares in our Company:

| <b>Name of Director</b> | <b>No. of Equity Shares held</b> |
|-------------------------|----------------------------------|
| Mr. Chandresh S. Parikh | 15,42,701                        |
| Mr. Rajesh C. Parikh    | 2,79,978                         |
| Mr. Sudhir R. Parikh    | 1,98,345                         |

**Interest of our Directors**

Except as stated in the “Statement of Related Party Transaction” beginning on page no. 156 of this Red Herring Prospectus, all our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of our Board and Committees as well as to the extent of remuneration and/or reimbursement of expenses payable to them in accordance with the provisions of the Companies Act and in terms of our Articles of Association. Our Director may also be regarded as interested in the

Equity Shares, if any, held by them or their relatives in our Company or that may be subscribed by and allotted/transferred to the companies, firms and trusts and other entities in which they are interested as Directors, members, partners, trustees or otherwise.

Except as stated herein under and in section titled “History and Corporate Structure” beginning on page no. 93 of this Red Herring Prospectus, our Company has not entered into any contracts, agreements or arrangements during the preceding two years from the date of this Red Herring Prospectus, in which our Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

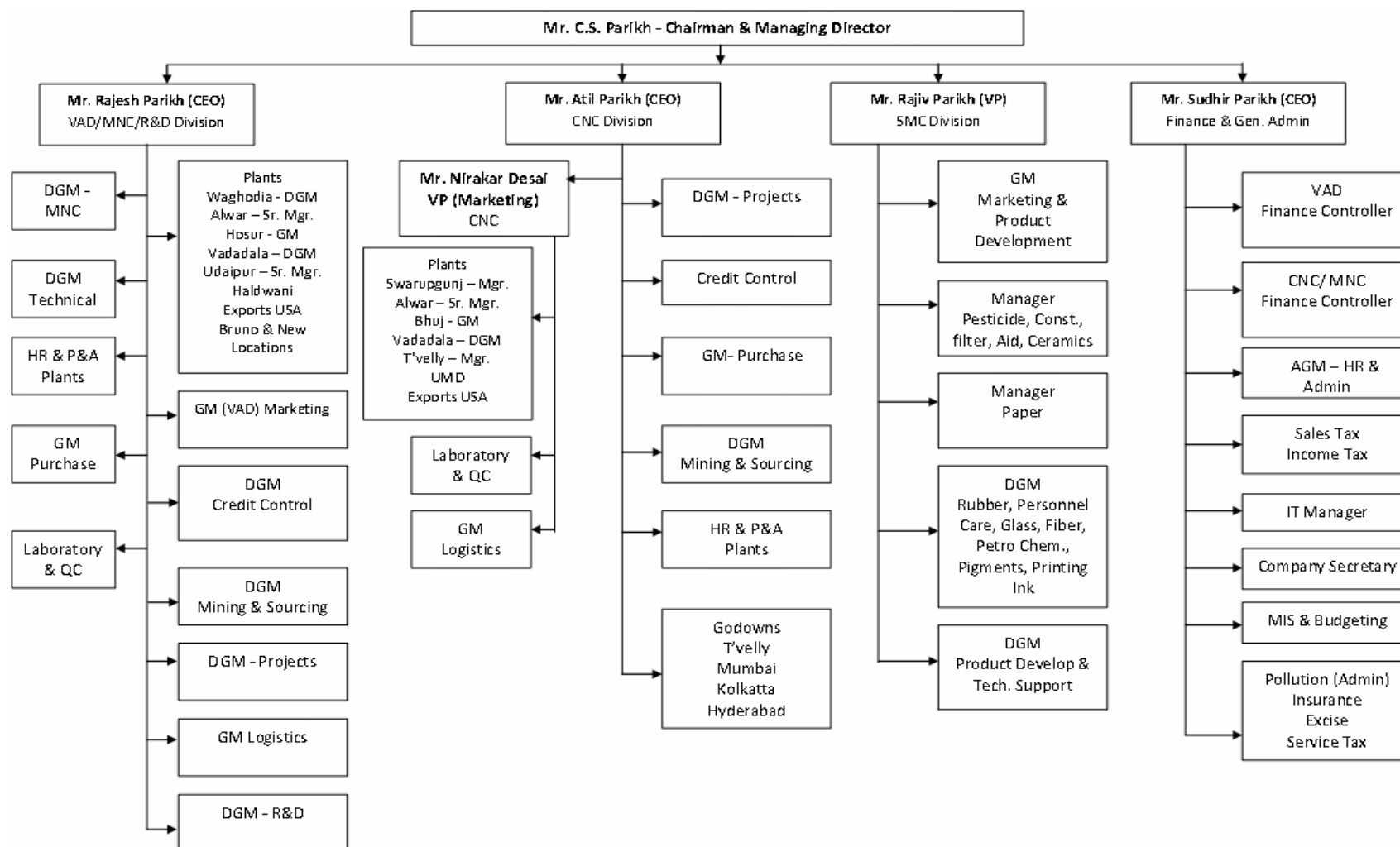
### Changes in our Board of Directors

The changes in our Board of Directors during the last three years are as follows:

| Name                      | Date of Change    | Reason for Change                              |
|---------------------------|-------------------|------------------------------------------------|
| Mr. Harish Sheth          | December 10, 2007 | Appointment as an additional Director          |
| Mr. Ram Devidayal         | October 13, 2007  | Appointment as an additional Director          |
| Mr. Bharat Kanani         | August 23, 2007   | Cessation due to Resignation                   |
| Mr. Mihir Joshi           | August 23, 2007   | Appointment as Nominee Director of GVFL        |
| Mrs. Darshana J. Mankad   | February 01, 2007 | Cessation due to Resignation                   |
| Mr. Pravinchandra M. Shah | August 05, 2006   | Appointment as an Additional Director          |
| Mrs. Vasanthi Mohanram    | April 29, 2005    | Cessation due to Resignation                   |
| Mr. D. D. Bhattacharjee   | April 29, 2005    | Appointment in place of Mrs. Vasanthi Mohanram |

## Management Organisation Structure

Our management organization structure is set forth below:



### Our Key Managerial Personnel

In addition to our whole-time Directors, the details of our key managerial employees, as of the date of this Red Herring Prospectus, are as follows:

| Name                             | Age (Years) | Designation     | Qualification             | Date of Joining | Total Experience (in years) | Previous Employer                 |
|----------------------------------|-------------|-----------------|---------------------------|-----------------|-----------------------------|-----------------------------------|
| Mr. Dipesh Goyal                 | 36          | GM - Marketing  | B. Sc, M.B.A.             | 01/03/96        | 14                          | Mangalam Timber Products Pvt Ltd  |
| Mr. Paresh Dhirajlal Patel       | 58          | DGM - R&D       | B.Sc.                     | 01/09/98        | 39                          | Sarabhai Chemicals                |
| Mr. Rajiv Chandrakant Parikh     | 41          | V P - Marketing | B. Com.                   | 04/11/01        | 22                          | Jetex Carborators Pvt Ltd         |
| Mr. Nirakar H. Desai             | 43          | V P - Marketing | MSc., Geology             | 14/08/88        | 19                          | Nil                               |
| Mr. Lalit Rameshkant Parikh      | 52          | GM - Commercial | DEE, PDTC, DME, PDTV      | 03/04/96        | 29                          | Banco Products India Ltd          |
| Mr. Peshank Kantibhai Patel      | 39          | DGM             | M.Sc., Bio Chemistry,     | 25/09/94        | 14                          | Core Parrentals (Core Healthcare) |
| Mr. Narendrakumar R. Patel       | 48          | DGM             | B. Com                    | 15/02/05        | 25                          | Skypack Services Specialist Ltd   |
| Mr. Sanjay Mungra                | 35          | DGM             | B.E. (Production)         | 01/04/05        | 13                          | Avadh Industries                  |
| Mr. Jagat Ojha                   | 40          | GM              | B.Sc, ICWA inter          | 15/07/99        | 16                          | Royal Cushion Ltd                 |
| Mr. Ajay P. Joshi                | 39          | GM              | M.Sc (Part-I) B.Sc (Chem) | 13/07/93        | 14                          | Nil                               |
| Mr. Rakesh Subhashchandra Parikh | 31          | DGM             | DPCT                      | 02/11/95        | 12                          | Nil                               |
| Mr. Dinesh P Shah                | 49          | DGM             | DME                       | 11/07/05        | 29                          | Standard Radiators Ltd            |
| Mr. Jagdish Chimanbhai Patel     | 41          | Manager         | M.Sc Geology              | 23/04/93        | 15                          | Nil                               |
| Mr. Gaurang Gandhi               | 33          | Sr. Manager     | B.Com., M.Com - Part 1    | 11/05/95        | 12                          | Nil                               |
| Mr. Arun B. Ajmeri               | 43          | GM              | M.Sc (Tech)               | 13/11/90        | 17                          | Nil                               |
| Mr. Dushyant Mehta               | 38          | Manager         | ITI                       | 21/10/02        | 17                          | Gujarat Cycles Ltd                |

| Name                       | Age (Years) | Designation        | Qualification              | Date of Joining | Total Experience (in years) | Previous Employer    |
|----------------------------|-------------|--------------------|----------------------------|-----------------|-----------------------------|----------------------|
| Mr. Ramnath Jagannivas Rao | 45          | GM                 | B.Sc. , MBA                | 07/01/02        | 20                          | Bell Ceramics Ltd    |
| Mr. Vipul Chawda           | 37          | AGM-HR             | B. Com., PGD. IRPM, PGD.HR | 01/12/06        | 12                          | Fortune Infotech Ltd |
| Mrs. Darshana J Mankad     | 47          | Finance Controller | B.com, FCA                 | 01/02/94        | 23                          | Nil                  |
| Mr. Suresh Jagetia         | 46          | Finance Controller | B.Sc., Inter CA            | 14/07/94        | 26                          | Dhatu Sanskar Ltd    |

**Note:** Except Mr. Lalit Rameshkant Parikh, who is a brother of Mr. Sudhir R. Parikh, none of the key managerial personnel are relatives of the promoters. As on date all the employees named above were on the roll of the Company as permanent employees.

#### Shareholding of the Key Managerial Personnel

None of our key managerial personnel hold our Equity Shares, except as mentioned below:

| Sr. No. | Name                 | No. of Equity Shares |
|---------|----------------------|----------------------|
| 1.      | Mr. Nirakar H. Desai | 5,000                |
| 2.      | Mr. Rajiv C. Parikh  | 5                    |

#### Bonus or Profit Sharing Plan for our Key Managerial Personnel

There are no profit sharing plans or schemes for our key managerial personnel.

#### Loans to Key Managerial Personnel

The following loans are outstanding against our Key Managerial Personnel

| Sr. No. | Name of the Employee | Amount Outstanding as on March 31, 2008 |
|---------|----------------------|-----------------------------------------|
| 1.      | Ajay Joshi           | 1,48,323                                |
| 2.      | Arun Ajmeri          | 1,61,200                                |
| 3.      | Dipesh Goyal         | 1,16,850                                |
| 4.      | Jagdish Patel        | 59,934                                  |
| 5.      | N H Desai            | 4,86,426                                |
| 6.      | Paresh Patel         | 48,562                                  |
| 7.      | Peshank Patel        | 38,925                                  |
| 8.      | R J Rao              | 1,04,296                                |
| 9.      | Rajiv Parikh         | 4,69,436                                |
| 10.     | Rakesh Parikh        | 26,634                                  |
| 11.     | Suresh Jagetia       | 3,31,777                                |

### Interest of Key Managerial Personnel

Except as disclosed below none of our key managerial personnel have any interest in our Company except to the extent of remuneration and reimbursement of expenses.

Set forth below are our key managerial personnel who are Directors in our Promoter Group companies.

| Sr. No. | Name                    | Directorships                                                                                                                       |
|---------|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| 1.      | Mr. Peshank K. Patel    | <ul style="list-style-type: none"> <li>Speciality Minerals Limited</li> <li>Eriez Finance &amp; Investment Limited</li> </ul>       |
| 2.      | Mrs. Darshana J. Mankad | <ul style="list-style-type: none"> <li>Speciality Minerals Limited</li> <li>Nanotech Minerals India Pvt. Ltd.</li> </ul>            |
| 3.      | Mr. N.H. Desai          | <ul style="list-style-type: none"> <li>Trio Techno Minerals Private Limited</li> <li>Eriez Finance &amp; Investment Ltd.</li> </ul> |
| 4.      | Mr. L. R. Parikh        | <ul style="list-style-type: none"> <li>Trio Techno Minerals Private Limited</li> </ul>                                              |
| 5.      | Mr. Rajiv C. Parikh     | <ul style="list-style-type: none"> <li>Eriez Finance &amp; Investment Limited</li> <li>Nanotech Minerals India Pvt. Ltd.</li> </ul> |
| 6.      | Mr. Rakesh Parikh       | <ul style="list-style-type: none"> <li>Viking Paints Private Limited</li> </ul>                                                     |

### Changes in the Key Managerial Personnel in the last three years

The changes in our key managerial personnel during the last three years are as follows:

| Sr. No. | Name                       | Designation                                     | Date of Joining   | Date of Leaving | Reason |
|---------|----------------------------|-------------------------------------------------|-------------------|-----------------|--------|
| 1.      | Mr. Dinesh Shah            | Deputy General Manager                          | July 11, 2005     | -               | -      |
| 2.      | Mr. Vipul Chawda           | Assistant General Manager HR and Administration | December 01, 2006 | -               | -      |
| 3.      | Mr. Narendrakumar R. Patel | DGM                                             | February 15, 2005 | -               | -      |
| 4.      | Mr. Sanjay Mungra          | DGM                                             | April 01, 2005    | -               | -      |

### Employees

The total manpower directly employed by our Company as on March, 2008 is 582.

The breakup of our existing manpower is as follows:

| Sr. No. | Category     | Existing   |
|---------|--------------|------------|
| 1.      | Skilled      | 265        |
| 2.      | Unskilled    | 217        |
|         | <b>Total</b> | <b>582</b> |

Our Company shall take necessary steps for recruitment of additional manpower in due course and the breakup of the total manpower post expansion would be as under:

| Sr. No. | Category     | Future manpower |
|---------|--------------|-----------------|
| 1.      | Skilled      | 412             |
| 2.      | Unskilled    | 300             |
|         | <b>Total</b> | <b>712</b>      |

**Payment or benefit to our Officers (non-salary related)**

No benefit or payments have been made to any officer of our Company. The Company does not intend to give any benefit or any payment to any of our employees in future except incentive as explained above. As far as payment of Directors is concerned, no benefits have been allowed except as per the terms of the contract for the services.

## OUR PROMOTERS AND PROMOTER GROUP

## Promoters

Our Company has been promoted by:

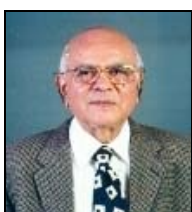
1. Mr. Chandresh S. Parikh;
2. Mr. Bhanubhai B. Patel.
3. Mr. Anant K. Kamdar;
4. Mr. Ramesh B. Patel;
5. Mr. Rajesh C. Parikh;
6. Mr. Atil C. Parikh
7. Mr. Sudhir R. Parikh; and
8. Eriez Finance & Investment Limited

The details of our Promoters who are individuals are as follows:



| Identification Particulars | Details                                                 |
|----------------------------|---------------------------------------------------------|
| Permanent Account Number   | AEUPP 6458D                                             |
| Passport No.               | Z 108375                                                |
| Driving License Number     | 6VD/94/91472                                            |
| Bank Account Number        | 013010100023523 (Axis Bank, Race Course Branch, Baroda) |
| Date of Birth              | March 06, 1946                                          |

**Mr. Chandresh S. Parikh**, our Chairman and Managing Director, aged 62 years, holds a Degree in Master of Science (Chemistry). He has played a very important role in the turnaround of the Company and has over 35 years of experience, In India and abroad, in various fields such as product development & commercialization of products developed through R & D etc. He started his career as R&D Chemist in the year 1968 with Suhrid Geigy Limited; Vadodara till 1972. Thereafter he joined in as a Chief Chemist with General Foam Products, Mombassa, Kenya in 1972 and continued with them till 1975. Thereafter he held Senior Executive positions as Technical Director and Executive Director in Banco Products (T) Ltd., Dar Es Salaam from 1975-82. As Technical Director he was in charge of Production and technical matters and as an Executive Director he was in overall charge and management of the affairs of that Company. He was a Managing Director in Aerofoam (Nigeria) Ltd., Lagoa, Nigeria during 1982-88. He came to India for the formation of 20 Microns Private Limited in 1987 and started commercial production from 1988. He holds 12.40% of the present paid-up capital of 20 Microns Limited.



| Identification Particulars | Details                                                 |
|----------------------------|---------------------------------------------------------|
| Permanent Account Number   | ADOPP 6445P                                             |
| Passport No.               | Z 1024857                                               |
| Driving License Number     | GJ 07/009384/01                                         |
| Bank Account Number        | 038010100021491 (Axis Bank, Race Course Branch, Baroda) |
| Date of Birth              | January 03, 1927                                        |

**Mr. Bhanubhai B. Patel**, (aged 81 years) after his graduation in Science discipline, availed practical experience in business in his father's factory. In the year 1962 he established a paint manufacturing unit under the name of Comet Paint Pvt. Ltd., and a resin manufacturing unit under the name of Syndicate Pvt. Ltd. In the year 1978, he started offering technical guidance to units manufacturing paints and resins in Tanzania, Kenya, Nigeria, Mauritius, and African Countries. It was then he found that even underdeveloped countries, used micronized extenders for making paints while ordinary quality had been in India. Thus, he conceived the idea of starting to manufacture micronized extenders and promoted 20 Microns Pvt. Ltd. in the year 1987. He holds 2.12% of the present paid-up capital of 20 Microns Limited.



| Identification Particulars | Details                                                            |
|----------------------------|--------------------------------------------------------------------|
| Permanent Account Number   | ADYPK2666D                                                         |
| Passport No.               | E 6465500                                                          |
| Driving License Number     | GJ07/104098/01                                                     |
| Bank Account Number        | 317502010010209, (Union Bank of India, Khand Bazar Branch, Mumbai) |
| Date of Birth              | November 10, 1943                                                  |

**Mr. Anant K. Kamdar** aged 64 years has graduated from Mumbai University in B.Sc. Chemistry. After graduation, he started working with Asian Paints Limited in Mumbai under their production department. Mr. Kamdar then joined Comet Paints Limited of Vallabh Vidyanagar in the year 1967. In the year 1987, he started a Company named Rosalee Colours Pvt. Ltd, as an independent venture into Industrial Paint systems and became the Managing Director of the Company. Mr. Kamdar has an experience of over 4 decades in the industry. This experience has helped the Company in understanding the industry's specific requirements and delivering the products to meet the same. Mr. Kamdar is also offering services as Director in M/s. Aroma Chemical Agencies (India) Pvt. Ltd., M/s Engineering and Chemical (India) Pvt. Ltd., M/s Alchemie Agencies Pvt. Ltd. and M/s Finco Trade-link Pvt. Ltd. He holds 3.54% of the present paid-up capital of 20 Microns Limited.



| Identification Particulars | Details                                                 |
|----------------------------|---------------------------------------------------------|
| Permanent Account Number   | AIMPP9771D                                              |
| Passport No.               | 034379084                                               |
| Driving License Number     | N7381882                                                |
| Bank Account Number        | 038010100239592, Axis Bank, Race Course Branch, Baroda) |
| Date of Birth              | September 24, 1937                                      |

**Mr. Ramesh B. Patel**, aged 70 years holds bachelor's Degree of Architecture from M.S. University Baroda. Mr. Patel also holds Masters of Architecture & urban design degree from Yale University, USA. Since last 35 years, Mr. Patel has been holding the design executive position in an Architectural-Engineering firm since 1987. He has also been associated with leading International Architects such as Rudolph, Potman, Pelli, Isozaki and Pei. Mr. Patel has designed projects all over the world. The largest single structure project designed by him is the award winning Marriott hotel in New York City. He has won numerous honors and award for his design work. Mr. Patel is a member of American Institute of architects, Royal Institute of British Architects, American Institute of planners and National Council of Architectural Registration Board. He holds 7.85% of the present paid-up capital of 20 Microns Limited.



| Identification Particulars | Details                                                 |
|----------------------------|---------------------------------------------------------|
| Permanent Account Number   | ADAPP 1063H                                             |
| Passport No.               | Z 108376                                                |
| Driving License Number     | GJ06/042373/03                                          |
| Bank Account Number        | 013010100023566 (Axis Bank, Race Course Branch, Baroda) |
| Date of Birth              | December 28, 1971                                       |

**Mr. Rajesh C. Parikh, (Director)** aged 36 years has graduated with First Class Degree in Bachelor of Mechanical Engineering. He has also completed the Masters in business Administration. He is the Joint Managing Director of our Company. He started his career with Jyoti Limited, a Vadodara based Engineering Company, in the year 1994 as a Trainee Engineer and there after he was associated with the Company and held, on part time basis, few assignments for a new project to be established for China Clay. At the age of 27 he joined the Board and was in charge of Technical matters & Marketing of the product of the Company. His exposure to the consuming industries brought in him insight for business and industry. He holds 2.25% present paid-up capital of 20 Microns Limited.



| Identification Particulars | Details                                                 |
|----------------------------|---------------------------------------------------------|
| Permanent Account Number   | AMFPP 1595E                                             |
| Passport No.               | E 0455899                                               |
| Driving License Number     | 6VD/97/190300                                           |
| Bank Account Number        | 013010100833783 (Axis Bank, Race Course Circle, Baroda) |
| Date of Birth              | September 04, 1977                                      |

**Mr. Atil C. Parikh**, aged 30 years, holds a Bachelor's degree in Chemical Engineering from Gujarat University. He then began his career working as a Management Trainee with 20 Microns Limited in 1999-2000. Later, he relocated to USA and completed his MBA with Finance specialization from California. On completion of MBA he joined a Financial Services firm, The Tax Credit Company, where he held a position of a Management Analyst in 2003 and worked for 2 years contributing to various aspects of the industry ranging from Marketing, Analysis, HR and Operations. In the year 2005, he rejoined 20 Microns Limited as Management Analyst. He contributed in developing certain strategies and revamping few departments within the organization. He was later on given full charge of the CNC division overlooking all the major activities within that division. He holds 2.25% of the present paid-up capital of 20 Microns Limited.



| Identification Particulars | Details                                                 |
|----------------------------|---------------------------------------------------------|
| Permanent Account Number   | ACAPP7539B                                              |
| Passport No.               | E 2555276                                               |
| Driving License Number     | 580832/87/AR                                            |
| Bank Account Number        | 013010100001139 (Axis Bank, Race Course Branch, Baroda) |
| Date of Birth              | September 22, 1953                                      |

**Mr. Sudhir R. Parikh, Fellow Chartered Accountant**, aged 54 years is the Whole Time Director (Finance) of our Company. He joined M/s. Lovelock & Lewes, an audit firm for a period of 1½ years. Subsequently, he held a senior executive position as Manager Accounts in Asian Dehydrates Limited in the year 1977, Nasik. He then joined as a Chief Accountant in M. H. Spinning & Mfg Co. Ltd., Ahmedabad in the year 1978. He was also an Executive Director in Banco Products (T) Ltd., Dar- E- Salaam, Tanzania and a Director in United Foam Private Limited, Waghodia. He has gathered good experience in Accounting, Finance, Taxation and Management. He looks after the Accounts, Finance, Banking and Administration of our Company. He holds 1.59% of the present paid-up capital of 20 Microns Limited.

20ML confirms that the Permanent Account Number, Bank Account Numbers, Passport Number of the Promoter being individual as been submitted to the Stock Exchanges at the time of filing of the Draft Offer Document.

**Details of the Promoter being a Company****Eriez Finance & Investment Limited**

| Identification Particulars | Details                   |
|----------------------------|---------------------------|
| Permanent Account Number   | AAACZ0643B                |
| CIN No.                    | U65990 GJ 1995 PLC 026316 |
| Bank Account Number        | 013010200002846           |

**Eriez Finance & Investment Limited**, the Company, bearing Registration Number 04 - 26316, was registered with Registrar of Companies, Gujarat, Dadra & Nagar Haveli as "20 Microns Finance and Investment Limited" and incorporated on 14/06/1995. The name of the Company was subsequently changed to "Eriez Finance and Investment Limited" on 13/08/2002. The Registered Office is located at 347, GIDC Industrial Estate, Waghodia, District: Vadodara. The Company was promoted by Mr. Chandresh S Parikh, Mr. Bhupendra B Parikh, Mr. Bhanubhai B Patel, Mr. Dhimant B Parikh, Mr. Sudhir R Parikh, Mr. Rajesh C Parikh and Mr. Jagdish Parikh. Eriez is carrying on the business of Investment.

**Board of Directors of Eriez Finance & Investment Limited as on 30<sup>th</sup> June, 2008 is as follows:**

| Sr. No. | Name                    | Designation |
|---------|-------------------------|-------------|
| 1.      | Mr. Chandresh S. Parikh | Chairman    |
| 2.      | Mr. Rajesh C. Parikh    | Director    |
| 3.      | Mr. Rajiv C. Parikh     | Director    |
| 4.      | Mr. Peshank K. Patel    | Director    |
| 5.      | Mr. N.H. Desai          | Director    |

**Shareholding Pattern as on 30<sup>th</sup> June, 2008**

| Sr. No. | Shareholder's Category        | No. of Shares    | Percentage (%) |
|---------|-------------------------------|------------------|----------------|
| 1.      | Directors and their Relatives | 2,575            | 0.08           |
| 2.      | Bodies Corporate              | 80,000           | 2.46           |
| 3.      | Foreign Holdings              | 5,89,941         | 18.16          |
| 4.      | Others                        | 25,75,595        | 79.30          |
|         | <b>Total</b>                  | <b>32,48,111</b> | <b>100.00</b>  |

**Financial Performance**

| Particulars        | (Rs. in Lacs)  |                |                |
|--------------------|----------------|----------------|----------------|
|                    | March 31, 2006 | March 31, 2007 | March 31, 2008 |
| Total Income       | 3.14           | 0.87           | 3.78           |
| PBT                | 1.71           | (0.43)         | 1.80           |
| PAT/ (Loss)        | 1.56           | (0.43)         | 1.43           |
| Share Capital      | 466.81         | 474.81         | 474.81         |
| Reserves & Surplus | 2.50           | 2.50           | 2.86           |
| Net Current Assets | 8.41           | 5.17           | 1.75           |

Eriez Finance & Investment Limited is an unlisted Company registered as NBFC with Reserve Bank of India. The Company is not under winding up.

### Other Details

|                                                                                                                                                     |    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|----|
| Public Issue or rights issue in the preceding 3 years                                                                                               | No |
| Whether the Company has become a sick Company within the meaning of sick industrial Companies (Special Provisions Act, 1985 or is under winding up) | No |

### Common Pursuits

There are no common pursuits of this Company with the Issuer Company.

### Interest in promotion of Our Company

There is no direct contribution of this Company in the promotion of our Company

### Interest in the property of Our Company

Our Promoters do not have any interest in any property acquired by our Company within two years preceding the date of this Red Herring Prospectus or proposed to be acquired by our Company.

### Relationship of Promoters with each other and with the Directors

Mr. Rajesh C. Parikh (Promoter and Joint Managing Director) and Mr. Atil Parikh (Promoter) are the sons of Mr. Chandresh S. Parikh (Chairman and Managing Director). Mr. Bhanubhai B Patel (Promoter) is the husband of the sister of Mr Ramesh B Patel (Promoter). Apart from this there is no relation of any of the promoters with each other and the Directors.

### Payment of benefits to our Promoters during the last two years

Except as stated in the section titled "Financial Information" beginning on page no. 130, there has been no payment of benefits to our Promoters during the last two years from the date of filing this Red Herring Prospectus.

### Related Party Transactions

For details of the related party transactions, see the "Related Party transactions" forming part of section titled "Financial Information" on page no 156.

## DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors, in their discretion and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. No dividends have been paid by our Company during the last five fiscal years.

**PART II****SECTION - IV FINANCIAL INFORMATION****AUDITOR'S REPORT**

To,  
The Board of Directors,  
20 Microns Limited,  
9/10, GIDC Estate,  
Waghodia,  
Vadodara - 397160.

Dear Sirs,

We have examined the attached financial information of 20 Microns Ltd., as approved by the Board of Directors of the Company, prepared in terms of the requirements of Paragraph B, Part II of Schedule II of the Companies Act, 1956 and the Securities and Exchange Board of India ( Disclosure and Investor Protection ) Guidelines, 2000 as amended to date ( SEBI Guidelines ) and in terms of our engagement agreed upon with you in accordance with our engagement letter dated 10<sup>th</sup> December 2007 in connection with the proposed issue of Equity shares of the Company.

These information have been extracted by the Management from the financial statements for the years ended 31.03.2004, 31.03.2005, 31.03.2006, 31.03.2007 and 31.03.2008. Audit for the financial years ended 31.03.2004 and 31.03.2005 was conducted by previous auditors, M/s N. C. Vaishnav & Co., and accordingly reliance has been placed on the financial information examined by them for the said years. The financial reports included for these years, i.e., 2004 & 2005 are based solely on the report submitted by them. M/s N. C. Vaishnav & Co. have also confirmed that the restated financial information has been made after incorporating,

- a) Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.
- b) Adjustments for the material amounts in the respective financial years to which they relate.
- c) And there are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments

In accordance with the requirements of Paragraph B of Part II of Schedule II to the Act, the SEBI Guidelines and terms of our engagement agreed with you, we further report that:

- A. The Restated Summary Statement of Assets and Liabilities of the Company, including as at 31.03.2004 and 31.03.2005 examined and reported upon by M/s N. C. Vaishnav & Co., on which reliance has been placed by us and as at 31.03.2006, 31.03.2007 and 31.03.2008 examined by us, as set out in Annexure to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Notes and Changes in Significant Accounting Policies (**Refer 'Annexures 1 to 4'**).
- B. The Restated Summary Statement of Profit or Loss of the Company for the years then ended, including for the years ended 31.03.2004, & 31.03.2005 examined by M/s N. C. Vaishnav & Co. and who have submitted their reports on which reliance has been placed by us and for the years

ended 31.03.2006, 31.03.2007 and 31.03.2008 examined by us, as set out in Annexure to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Notes and Changes in Significant Accounting Policies (**Refer 'Annexures 1 to 4'**).

- C. Based on above and also as per the reliance placed on the reports submitted by the previous auditors, M/s N. C. Vaishnav & Co. for the respective years, we are of the opinion that the restated financial information have been made after incorporating:
- a. Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.
  - b. Adjustments for the material amounts in the respective financial years to which they relate.
  - c. Further there are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.
- D. We have also examined the following other financial information setout in Annexure prepared by the Management and approved by the Board of Directors relating to the Company for the years ended 31.03.2006, 31.03.2007 and 31.03.2008. In respect of the years ended 31.03.2004 and 31.03.2005 these information's have been included based upon the reports submitted by previous auditors M/s N. C. Vaishnav & Co. and relied upon by us.
1. Statement of Cash Flow as appearing in '**Annexure 5'**;
  2. Accounting Ratios as appearing in '**Annexure 6'**;
  3. Statement of Unsecured Loans as appearing in '**Annexure 7'**;
  4. Statement of debtors as appearing in '**Annexure 8'**;
  5. Details of loans and advances as appearing in '**Annexure 9'**;
  6. Statements of Dividends as appearing in '**Annexure 10'**;
  7. Capitalization statement as appearing in '**Annexure 11'**;
  8. Statement of Secured Loans as appearing in '**Annexure 12'**;
  9. Details of Contingents Liabilities as appearing in '**Annexure 13'**;
  10. Statement of Related Parties transactions as appearing in '**Annexure 14'**;
  11. Statement of Tax Shelter as appearing in '**Annexure 15'**;
  12. Details of qualification appearing in the audit report as given in '**Annexure 16'**;
  13. Significant changes in the Accounting Policies as appearing '**Annexure 17'**;
  14. Details of Investments as appearing in '**Annexure 18'**;

In our opinion the financial information contained in Annexure 1 to 3 of this report read along with the Significant Accounting Policies and Notes (Refer Annexures) prepared after making adjustments and regrouping as considered appropriate have been prepared in accordance with Part IIB of Schedule II of the Act and the SEBI DIP Guidelines.

Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed issue of equity shares of the Company. Our report and should not be used for any other purpose except with our consent in writing.

**For Manubhai & Co.**  
**Chartered Accountants**

Sd/-

**(K.C. Patel)**  
Partner  
**Membership No.: 30083**

**Place:** Ahmedabad

**Date:** July 21, 2008

## ANNEXURE - 1

## RESTATED STATEMENT OF ASSETS AND LIABILITIES - 20 MICRONS LIMITED

(Rs. in Lacs)

| Sr. No.  | Particulars                                                     | As at           |                 |                 |                 |                 |
|----------|-----------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|          |                                                                 | 31.03.2004      | 31.03.2005      | 31.03.2006      | 31.03.2007      | 31.03.2008      |
| <b>1</b> | <b>Fixed Assets</b>                                             |                 |                 |                 |                 |                 |
|          | Gross Block                                                     | 5,925.13        | 6,661.90        | 6,814.40        | 7,128.65        | 7,606.57        |
|          | Less: Depreciation                                              | 1,298.28        | 1,565.30        | 1,894.55        | 2,234.67        | 2,583.90        |
|          | <b>Net Block</b>                                                | <b>4626.85</b>  | <b>5,096.60</b> | <b>4,919.85</b> | <b>4,893.98</b> | <b>5,022.67</b> |
|          | Capital Work in Progress                                        | 411.60          | -               | 29.23           | 133.37          | 87.95           |
|          | Capital advances                                                | 122.07          | 14.07           | 19.10           | 14.66           | 24.29           |
|          | <b>Total A</b>                                                  | <b>5,160.52</b> | <b>5,110.67</b> | <b>4,968.18</b> | <b>5,042.01</b> | <b>5,134.91</b> |
| <b>2</b> | <b>Investment B</b>                                             | <b>6.27</b>     | <b>66.27</b>    | <b>66.32</b>    | <b>69.09</b>    | <b>69.09</b>    |
| <b>3</b> | <b>Current Assets, Loans &amp; Advances</b>                     |                 |                 |                 |                 |                 |
|          | Inventories                                                     | 933.87          | 632.04          | 625.52          | 902.58          | 1,283.00        |
|          | Sundry Debtors                                                  | 1,191.49        | 803.77          | 1,057.45        | 1,399.46        | 1,988.72        |
|          | Cash & bank Balances                                            | 163.27          | 152.95          | 179.26          | 191.92          | 303.89          |
|          | Loans and Advances                                              | 188.95          | 182.31          | 230.69          | 328.70          | 579.85          |
|          | Other Current Assets                                            | -               | 37.68           | 8.55            | 25.35           | 121.09          |
|          | <b>Total C</b>                                                  | <b>2,477.58</b> | <b>1,808.75</b> | <b>2,101.47</b> | <b>2,848.01</b> | <b>4,276.55</b> |
| <b>4</b> | <b>Liabilities and Provisions</b>                               |                 |                 |                 |                 |                 |
|          | Secured Loans                                                   | 3,022.64        | 2,991.93        | 3,060.09        | 3,329.11        | 3,715.94        |
|          | Unsecured Loans                                                 | 861.85          | 906.17          | 943.01          | 917.27          | 935.97          |
|          | Deferred Tax Liability                                          | 491.30          | 491.30          | 383.94          | 426.89          | 616.50          |
|          | Current Liabilities & Provisions                                | 767.38          | 726.34          | 730.00          | 909.69          | 1,368.58        |
|          | <b>Total D</b>                                                  | <b>5,143.17</b> | <b>5,115.74</b> | <b>5,117.04</b> | <b>5,582.97</b> | <b>6,636.99</b> |
| <b>5</b> | <b>Net worth (A+B+C-D)</b>                                      | <b>2,501.20</b> | <b>1,869.95</b> | <b>2,018.93</b> | <b>2,376.15</b> | <b>2,843.57</b> |
| <b>6</b> | <b>Represented by</b>                                           |                 |                 |                 |                 |                 |
|          | Equity Share Capital                                            | 1,244.48        | 1,244.48        | 1,244.48        | 1,244.48        | 1,244.48        |
|          | ESOP                                                            | -               | -               | -               | -               | 22.70           |
|          | Reserves & Surplus                                              | 1,256.72        | 625.47          | 1,319.83        | 1,319.83        | 1,576.39        |
|          | Less: Miscellaneous Expenses<br>(To the extent not written off) | -               | -               | -               | -               | -               |
|          | Less: Loss Account                                              | -               | -               | (545.38)        | (188.16)        | -               |
|          | <b>Net worth</b>                                                | <b>2,501.20</b> | <b>1,869.95</b> | <b>2,018.93</b> | <b>2,376.15</b> | <b>2,843.57</b> |

## ANNEXURE - 2

## RESTATED STATEMENT OF PROFIT AND LOSSES - 20 MICRONS LIMITED

(Rs. in Lacs)

| Sr. No.  | Particulars                                                                           | As at           |                 |                 |                 |                 |
|----------|---------------------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|          |                                                                                       | 31.03.2004      | 31.03.2005      | 31.03.2006      | 31.03.2007      | 31.03.2008      |
| <b>1</b> | <b>Income</b>                                                                         |                 |                 |                 |                 |                 |
|          | Sales                                                                                 |                 |                 |                 |                 |                 |
|          | of Products manufactured by the Company                                               | 4140.42         | 4682.62         | 4945.30         | 5891.87         | 6917.76         |
|          | of Products traded by the Company                                                     | 1042.88         | 969.12          | 1804.39         | 2849.83         | 3823.10         |
|          | <b>Total Income</b>                                                                   | <b>5183.30</b>  | <b>5651.74</b>  | <b>6749.69</b>  | <b>8741.70</b>  | <b>10740.86</b> |
|          | Other Income                                                                          | 27.55           | 41.84           | 37.09           | 42.37           | 51.65           |
|          | <b>Total</b>                                                                          | <b>5210.85</b>  | <b>5693.57</b>  | <b>6786.78</b>  | <b>8784.07</b>  | <b>10792.51</b> |
| <b>2</b> | <b>Expenditure</b>                                                                    |                 |                 |                 |                 |                 |
|          | Raw Material expenses                                                                 | 2196.19         | 2209.53         | 2774.75         | 3530.32         | 4476.32         |
|          | Operating Expenses                                                                    | 908.77          | 1043.04         | 1118.68         | 1523.41         | 1681.57         |
|          | Personnel Expenses                                                                    | 596.04          | 654.79          | 811.57          | 980.15          | 1323.12         |
|          | Administrative & Selling Expenses                                                     | 1045.49         | 1109.63         | 1261.92         | 1513.88         | 1749.94         |
|          | <b>Total</b>                                                                          | <b>4746.49</b>  | <b>5016.99</b>  | <b>5966.91</b>  | <b>7547.76</b>  | <b>9230.95</b>  |
| <b>3</b> | <b>Net Profit/ (Loss) before Interest, Depreciation, Tax and Extra-ordinary items</b> | <b>464.36</b>   | <b>676.58</b>   | <b>819.87</b>   | <b>1236.30</b>  | <b>1561.56</b>  |
|          | Extra-ordinary Items.                                                                 | 541.12          | 659.73          | -               | -               | -               |
| <b>4</b> | <b>Net Profit/ (Loss) before Interest, Depreciation &amp; Tax</b>                     | <b>(76.76)</b>  | <b>16.85</b>    | <b>819.87</b>   | <b>1236.30</b>  | <b>1561.56</b>  |
|          | Depreciation                                                                          | 261.99          | 299.12          | 340.36          | 355.46          | 372.55          |
|          | Finance & Exchange Variation                                                          | 364.38          | 346.18          | 371.47          | 415.68          | 564.92          |
|          | <b>Profit/ (Loss) before Tax</b>                                                      | <b>(703.13)</b> | <b>(628.45)</b> | <b>108.04</b>   | <b>465.17</b>   | <b>624.09</b>   |
|          | Provision for Taxation                                                                |                 |                 |                 |                 |                 |
|          | - Current Tax/ FBT                                                                    | -               | 2.80            | 30.00           | 65.00           | 18.00           |
|          | - Tax of earlier years                                                                | -               | -               | 5.29            | -               | (50.00)         |
|          | - Deferred Tax                                                                        | (171.97)        | -               | (107.36)        | 42.95           | 197.01          |
| <b>5</b> | <b>Profit / (Loss) after Tax</b>                                                      | <b>(531.16)</b> | <b>(631.25)</b> | <b>180.10</b>   | <b>357.22</b>   | <b>459.08</b>   |
|          | <b>Profit available for appropriation</b>                                             | <b>(531.16)</b> | <b>(631.25)</b> | <b>180.10</b>   | <b>357.22</b>   | <b>459.08</b>   |
|          | Less: Liability under AS-15                                                           | -               | -               | -               | -               | 14.37           |
|          | Add: Transfer from General Reserve                                                    | 369.14          | -               | -               | -               | 12.89           |
|          | Balance b/ f from Last Year                                                           | 54.90           | (107.12)        | (738.37)        | (558.26)        | (201.05)        |
|          | <b>Profit/(Loss) Transferred to B/S</b>                                               | <b>(107.12)</b> | <b>(738.37)</b> | <b>(558.26)</b> | <b>(201.05)</b> | <b>256.55</b>   |

**ANNEXURE - 3****Notes to Adjustments carried out in Restated Financial Statements****PROFIT & LOSS ACCOUNT**

Inter divisional transfers amounting to Rs. 651.40 Lacs and Rs. 967.40 Lacs is reduced from the sales and raw material consumption figures in the years 2002-2003 and 2003-2004 respectively.

**BALANCE SHEET**

Other Current Assets denote claims receivable on the date of Balance Sheet, which were merged in Cash and balance in the respective Balance Sheet as at 31<sup>st</sup> March 2006.

**ANNEXURE – 4****SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEARS ENDED 31.03.2004, 31.03.2005, 31.03.2006, 31.03.2007 & 31.03.2008:****1. Historical Cost Basis:**

The financial statements are prepared under the historical cost convention and in accordance with applicable mandatory accounting standards and relevant presentation requirements of the Companies Act, 1956.

**2. Use of Estimates**

The preparation of the financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

**3. Revenue Recognition**

- A. The Company follows accrual system of accounting for recognizing revenue and expenses.
- B. Sales figures are inclusive of Excise duty, Value Added Tax, Central Sales Tax and freight in case of landed rates but are net of sales returns, and rate difference adjustments.
- C. Domestic sales are accounted on dispatch of products to customers and export sales are accounted on the basis of the dates of export invoice.
- D. Export benefits available under the prevalent scheme are accrued in the year in which the goods are exported and are accounted to the extent considered recoverable.

**4. Fixed Assets and Depreciation**

- A. Fixed assets include all expenditure of capital nature and stated at cost (net of Cenvate, wherever applicable) less accumulated depreciation.
- B. Depreciation of fixed assets is provided on straight-line method at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- C. In respect of addition and sales of assets during the year, depreciation is provided on pro rata basis.
- D. In case of lease hold land, 95 % cost of lease is being amortized over a period of 20 years or the life of the lease whichever is less.
- E. Expenditure on projects pending capitalization is shown under the head “Capital Work In Progress” which will be capitalized in respective heads of Fixed Assets after commencement of commercial production.
- F. Machinery spares either procured along with plant and machineries or subsequently and whose useful life is expected to be irregular are capitalized and depreciated over residual use life of related plant and machinery.

**5. Impairment of Fixed Assets**

- A. Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists an assets recoverable amount is estimated, an impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.
- B. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased.

**6. Inventories:**

The Company values its inventory in the following Manner.

- A. Mined Material is valued at the cost of extraction and other direct expenses incurred on mining and bringing material to its present location.
- B. Inventory of raw material, out sourced materials (Finished Products) finished goods are valued at cost or net realizable value whichever is lower. For this purpose cost is arrived at on first in first out basis.
- C. Stores & Spares are valued at cost of purchase. For this purpose cost is arrived at on first in first out basis.

**7. Foreign Exchange Transactions:**

Transactions of foreign currency are recorded at the exchange rate as applicable at the date of transaction. Monetary items outstanding as on balance sheet date are revalued at exchange rate prevailing on balance sheet date and the gain / loss is recognized in Profit and Loss Account.

**8. Investments**

- A. Current Investments are carried at the lower of cost and quoted / fair value, computed category wise.
- B. Long-term investments are stated at cost added by directly attributable cost. Provision for diminution in the value of long-term investments is made only if such a decline is of other than temporary in nature in the opinion of the management.

**9. Employee Benefits**

- A. Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered service. The expense is recognized at the present value of the amount payable determined using actuarial valuation technique. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.
- B. Long term benefits in the form of provident fund and pension scheme whether in pursuance of any law or otherwise are accounted on accrual basis.
- C. Short term employee benefits are recognized as expenses at the undiscounted amount in the profit

and loss account of the year in which the related services is rendered.

- D. In respect of employees stock option , the excess of fair price on the date of grant over the exercise price is recognized as compensation in the year in which option is granted

#### **10. Borrowing Cost.**

Borrowing costs attributable to the acquisition and construction of assets are capitalized as part of the cost of such assets up to the date when such asset is ready for its intended use. Other borrowing cost is treated as revenue expenditure.

#### **11. Taxes on Income**

- A. Tax expense comprise of current, deferred and fringe benefit taxes.
- B. Current income tax and fringe benefit tax is measured at the amount expected to be paid to tax authorities in accordance with the Indian Income Tax Act.
- C. Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future.
- D. Minimum Alternate Tax (MAT) Credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT Credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

#### **12. Provisions, Contingent Liabilities and Contingent Assets.**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow or resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

#### **13. General:**

Accounting policies not specifically referred to are consistent with generally accepted accounting practice.

**Note:** Policies stated at paragraphs 2, 5, 8, 9, 10, 11, 12 & 13 are as stated in the audited financial statements for years ended March 31, 2006, 2007 and 2008.

**B. Notes on Accounts**

1. Particulars of Contingent Liabilities are as under:

(Rs. in Lacs)

| Particulars                                                                                                   | For the year ending March 31st |        |       |       |       |
|---------------------------------------------------------------------------------------------------------------|--------------------------------|--------|-------|-------|-------|
|                                                                                                               | 2004                           | 2005   | 2006  | 2007  | 2008  |
| Demand of Sales tax disputed in appeal.                                                                       | 272.75                         | 272.75 | 85.96 | 83.48 | 16.22 |
| Claims from Excise authorities not acknowledged as debt.                                                      | 385.86                         | 760.69 | 2.29  | 2.29  | 2.29  |
| Demand of Income Tax disputed in appeal.                                                                      | --                             | 1.18   | --    | 9.03  | 9.03  |
| Estimated amount of contract (net of advances) remaining to be executed on capital account, not provided for. | 50.00                          | 20.00  | 19.12 | 15.10 | 28.37 |
| Amount covered by recompense clause                                                                           | --                             | 33.19  | 43.16 | 80.88 | --    |
| Outstanding Guarantee furnished by Company's Bankers                                                          | 67.65                          | 67.65  | --    | --    | --    |

2. In the opinion of the management, the current assets, loans and advances are stated at a value, which is realizable in the ordinary course of business and provision is made for all known material liabilities.
3. A) Particulars of Securities charged to lenders are as under:

| Sr. No. | Details of property                                                                                                                                                                   | First charge                          | First Pari passu charge           | Second Charge                          |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|-----------------------------------|----------------------------------------|
| i       | Present and future movable and immovable assets located at Plot no 172, 174 and 175 Vadadla, Dist. Baroda.                                                                            |                                       | IDBI & SBI<br>For Term Loan       | SBI<br>for Working Capital             |
| ii      | Present and future movable and immovable assets located at Plot No 157 Village Mamuara, Dist. Bhuj.                                                                                   |                                       | IDBI, EXIM & SBI, For Term Loan   | SBI<br>for Working Capital             |
| iii     | Office premises situated at 307/308, Arundeeep Complex, Race Course, Baroda and at 134 & 135, 1 <sup>st</sup> Floor, Hindustan Kohinoor Ind. Complex, LBS Marg, Vikhroli (W), Mumbai. |                                       | IDBI, EXIM & SBI<br>For Term Loan | SBI<br>for Working Capital             |
| iv      | Present and future movable and immovable assets located at Plot No F-75/76/82/85 and H-83/84, RIICO Industrial area, Swaroopgunj, Rajasthan.                                          |                                       | IDBI, EXIM & SBI<br>For Term Loan | SBI<br>for Working Capital             |
| v       | Movable and immovable Assets located at Plot No. 253/254, Waghodia Dist. Baroda (Excluding those as per sr. no. ix)                                                                   | SBI<br>For Working Capital            |                                   | SIDBI.<br>Suppliers Bills Discounting  |
| vi      | Movable and immovable Assets located at Plot No. 9, 10, 11, 728 and 729, at G.I.D.C. Waghodia Dist. Baroda.                                                                           | SBI<br>For Working Capital            |                                   |                                        |
| vii     | Movable and immovable Assets located at Plot No. Plot No. 23/24 at Hosur, Tamilnadu.                                                                                                  | SBI<br>For Working Capital            |                                   | SIDBI.<br>Suppliers Bills Discounting. |
| viii    | Hypothecation of all the current assets of the company                                                                                                                                | SBI<br>For Working Capital            |                                   |                                        |
| ix      | Specific machineries located at plot No. 253/254, GIDC, Waghodia, Dist. Baroda.                                                                                                       | SIDBI<br>Suppliers Bills Discounting. |                                   |                                        |

All the term loans, working capital borrowings are further collaterally secured by personal guarantee of Chairman and Managing Director and Whole Time Director of the Company.

- B) Deferred credits are secured by respective assets financed on personal guarantee of one of the directors of the company.
4. A) Based on the information available with the Company regarding the status of the suppliers as defined under the "Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertaking Act 1993". The name of the Small Scale and Ancillary Industrial Undertaking to whom amount are due for more than 30 days from the due date are as under: (As per the audited accounts for the year ended 31/03/2008)

|                          |                             |
|--------------------------|-----------------------------|
| Ankur Minerals           | Ankita Industries           |
| J B Packaging            | Adithya Plastics Industries |
| Parimal Industries       | Gurukrupa Pulversers        |
| Shreeji Microns          | H D Enterprises             |
| Adinath Soap Stone Udyog | Gajendra Enterprises        |
| Soham Poly Plast [P] Ltd | Ambica Chemicals Industries |
| Indo Talc Micronized Co  |                             |

- B) Sundry Creditors for goods included amount due to the Small Scale Industrial undertaking as under.

| For the year ending March31st |       |       |       |       |
|-------------------------------|-------|-------|-------|-------|
| 2004                          | 2005  | 2006  | 2007  | 2008  |
| 22.45                         | 13.92 | 63.43 | 49.00 | 37.89 |

(Rs. in Lacs)

C) The management has initiated the process of identifying enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small, and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2008 has been made in the financials statements based on information received and available with the Company. Further, in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.

5. Auditors remuneration:

| Particulars            | For the year ending March31st |      |      |      |      |
|------------------------|-------------------------------|------|------|------|------|
|                        | 2004                          | 2005 | 2006 | 2007 | 2008 |
| Audit Fees             | 1.36                          | 1.58 | 1.93 | 2.25 | 3.00 |
| For Tax Audit          | 0.21                          | 0.21 | --   | --   | --   |
| For Tax Matter         | 0.21                          | 0.21 | --   | --   | --   |
| In other capacity      | 0.86                          | 0.30 | Nil  | 0.20 | 2.19 |
| Out of Pocket Expenses | --                            | --   | 0.14 | 0.32 | 0.12 |

(Rs. in Lacs)

6. A) Managerial Remuneration under Section 198 of the Companies Act, 1956 paid or payable during the year, to the Directors:

(Rs. in Lacs)

| Particulars             | For the year ending March 31st |              |              |              |              |
|-------------------------|--------------------------------|--------------|--------------|--------------|--------------|
|                         | 2004                           | 2005         | 2006         | 2007         | 2008         |
| Salaries and Allowances | 17.76                          | 15.47        | 17.92        | 26.20        | 54.57        |
| Contribution to P. F.   | 1.58                           | 1.55         | 1.79         | 2.63         | 5.39         |
| Value of Stock option   | Nil                            | Nil          | Nil          | Nil          | 1.04         |
| <b>Total</b>            | <b>19.34</b>                   | <b>17.02</b> | <b>19.71</b> | <b>28.83</b> | <b>61.00</b> |

B) Since managerial personnel are not paid commission, Computation of net profit under Section 349 of the Companies Act, 1956 is not stated.

7. Licensed and Installed Capacity.

A) Licensed: License is not required under the Industries (Development & Regulation) Act.

B) Installed Capacity:

| Particulars                                                     | Unit | For the year ending March 31st |         |         |         |         |
|-----------------------------------------------------------------|------|--------------------------------|---------|---------|---------|---------|
|                                                                 |      | 2004                           | 2005    | 2006    | 2007    | 2008    |
| Dry Ground Minerals                                             | MT   | 79000*                         | 79000*  | 61600*  | 61600*  | 67600*  |
| Wet Ground Minerals, China Clay, Hydrous/ Refined and Calcined. | MT   | 31200**                        | 30000** | 26400** | 26400** | 26400** |
| Speciality Chemicals                                            | MT   | --                             | 6000    | 2400    | 2400    | 2400    |
| Mined Minerals                                                  | MT   | NA                             | NA      | --      | --      | --      |
| Paints                                                          | MT   | 1200                           | 1200    | --      | --      | --      |

Installed capacity being technical matter is taken as per certificate of Chairman and Managing director and not verified by the auditors.

\* Capacity is variable depending upon the Micron size.

\*\* Capacity is stated on the basis of Technical Report.

8. Particulars in respect of goods manufactured / traded.

(As per audited accounts for the year ended 31.03.2004).

(Rs. in Lacs)

| Particulars   | Micronised Minerals Finished products |           | Mined Minerals |           | Others Finished products |           |
|---------------|---------------------------------------|-----------|----------------|-----------|--------------------------|-----------|
|               | Qty.(MT)                              | Value Rs. | Qty (MT)       | Value Rs. | Qty (MT)                 | Value Rs. |
| Opening Stock | 5629                                  | 240.40    | 6898           | 18.86     | 7                        | 1.08      |
| Sales         | 105449                                | 6136.05   | 10334          | 49.16     | 553                      | 86.09     |
| Closing Stock | 3691                                  | 172.42    | 5828           | 18.36     | 22                       | 3.53      |

(As per audited accounts for the year ended 31.03.2005).

Rs. in Lacs)

| Particulars   | Micronised Minerals Finished products |           |
|---------------|---------------------------------------|-----------|
|               | Qty.(MT)                              | Value Rs. |
| Opening Stock | 3691                                  | 172.42    |
| Sales         | 86846                                 | 5751.38   |
| Closing Stock | 7402                                  | 347.37    |

(As per audited accounts for the year ended 31.03.2006, 31.03.2007 and 31.03.2008)

## (i) Dry Ground Minerals

(Rs. In Lacs)

| Particulars                               | For the year ending March31st |         |        |         |        |         |
|-------------------------------------------|-------------------------------|---------|--------|---------|--------|---------|
|                                           | 2006                          |         | 2007   |         | 2008   |         |
|                                           | Qty MT                        | Value   | Qty MT | Value   | Qty MT | Value   |
| Opening Stock                             | 5452                          | 200.01  | 12670  | 285.08  | 13897  | 346.17  |
| Production                                | 53934                         | --      | 60097  | --      | 61129  | --      |
| Purchase for Resale                       | 67001                         | 1033.36 | 97160  | 1753.02 | 118030 | 2415.79 |
| Purchase for Resale<br>(Inter Divisional) | 8716                          | --      | 4080   | --      | 2920   | --      |
| Sales *                                   | 96723                         | 5414.32 | 126808 | 7075.53 | 156134 | 8559.85 |
| Inter Divisional<br>Sales                 | 25710                         | --      | 33302  | --      | 31715  | --      |
| Closing Stock                             | 12670                         | 285.08  | 13897  | 346.17  | 8127   | 400.79  |

## (ii) Wet Ground Minerals

(Rs. In Lacs)

| Particulars                               | For the year ending March31st |         |        |         |        |         |
|-------------------------------------------|-------------------------------|---------|--------|---------|--------|---------|
|                                           | 2006                          |         | 2007   |         | 2008   |         |
|                                           | Qty MT                        | Value   | Qty MT | Value   | Qty MT | Value   |
| Opening Stock                             | 2647                          | 138.31  | 1890   | 52.64   | 2826   | 85.71   |
| Production                                | 17761                         | --      | 15880  | --      | 14793  | --      |
| Purchase for Resale                       | 924                           | 7.24    | 3397   | 56.25   | 142    | 1.15    |
| Purchase for Resale<br>(Inter Divisional) |                               | --      | 205    | --      | -205   | --      |
| Sales *                                   | 19464                         | 1468.91 | 16811  | 1661.31 | 12753  | 1992.12 |
| Inter Divisional Sales                    |                               |         | 1735   | --      | 1058   | --      |
| Closing Stock                             | 1868                          | 51.78   | 2826   | 85.71   | 3950   | 238.62  |

## (iii) Others:

(Rs. In Lacs)

| Particulars               | For the year ending March31st |        |        |        |        |        |
|---------------------------|-------------------------------|--------|--------|--------|--------|--------|
|                           | 2006                          |        | 2007   |        | 2008   |        |
|                           | Qty MT                        | Value  | Qty MT | Value  | Qty MT | Value  |
| Opening Stock             | 3662                          | 15.95  | 3045   | 15.41  | 1876   | 15.78  |
| Production                | 11654                         | --     | 7037   | --     | 12510  | --     |
| Sales *                   | 1002                          | 324.29 | 1912   | 598.86 | 1902   | 916.98 |
| Inter Divisional<br>Sales | 11269                         | --     | 6269   | --     | 10118  | --     |
| Closing Stock             | 3045                          | 15.41  | 1876   | 15.78  | 2367   | 17.49  |

\* Sales quantity includes sales of out sourced materials.

## 9. Particulars of Raw Materials Consumed.

(Rs. in Lacs)

| Particular   | For the year ending March31st |         |           |         |            |         |            |         |            |         |
|--------------|-------------------------------|---------|-----------|---------|------------|---------|------------|---------|------------|---------|
|              | 2004                          |         | 2005      |         | 2006       |         | 2007       |         | 2008       |         |
|              | Qty<br>MT                     | Value   | Qty<br>MT | Value   | Qty*<br>MT | Value   | Qty*<br>MT | Value   | Qty*<br>MT | Value   |
| Dry Minerals | 71757                         | 1693.57 | 102736    | 1615.75 | 57534      | 1100.15 | 67373      | 901.57  | 69242      | 942.42  |
| Wet Minerals | 23948                         | 101.38  | 40671     | 91.20   | 53795      | 303.95  | 58434      | 199.41  | 66608      | 254.50  |
| Others       |                               |         |           |         |            | 409.78  |            | 719.42  | 0          | 1079.47 |
| Total        | 95705                         | 1794.95 | 143407    | 1706.95 | 105725     | 1813.88 | 12587<br>0 | 1820.40 | 13585<br>0 | 2276.39 |

## 10. Value of imported and indigenous material consumed

(Rs. in Lacs)

| Particulars        |            | For the year ending March31st |       |         |       |         |           |         |       |         |       |
|--------------------|------------|-------------------------------|-------|---------|-------|---------|-----------|---------|-------|---------|-------|
|                    |            | 2004                          |       | 2005    |       | 2006    |           | 2007    |       | 2008    |       |
|                    |            | Value                         | %     | Value   | %     | Value   | %         | Value   | %     | Value   | %     |
| Raw Material       | Imported   |                               |       |         |       | 11.20   | .40       | 144.39  | 7.84  | 231.20  | 10.15 |
|                    | Indigenous | 2130.65                       | 100   | 2380.94 | 100   | 2716.03 | 99.6<br>0 | 1676.01 | 92.06 | 2045.19 | 89.85 |
| Total              |            | 2130.65                       | 100   | 2380.94 | 100   | 2727.23 | 100       | 1820.40 | 100   | 2276.39 | 100   |
| Machinery Spares # | Imported   | 0.94                          | 0.65  | 0.47    | 0.24  | 13.07   | 6.20      | 2.07    | 0.65  | 8.32    | 2.90  |
|                    | Indigenous | 143.68                        | 99.35 | 195.57  | 99.76 | 197.10  | 93.8      | 319.01  | 99.35 | 279.81  | 97.10 |
| Total              |            | 144.62                        | 100   | 196.04  | 100   | 210.17  | 100       | 321.08  | 100   | 288.13  | 100   |

# Also includes spares consumed for repairs.

## 11. Value of imports on C.I.F basis in respect of:

(Rs. in Lacs)

| Particulars      | For the year ending March 31 <sup>st</sup> |      |       |        |        |
|------------------|--------------------------------------------|------|-------|--------|--------|
|                  | 2004                                       | 2005 | 2006  | 2007   | 2008   |
| Raw Materials    | Nil                                        | Nil  | 16.49 | 166.36 | 138.09 |
| Machinery Spares | 0.94                                       | 0.47 | 28.83 | 2.07   | 33.92  |
| Capital Goods    | 6.00                                       | 5.44 | 8.97  | 4.70   | 1.32   |

## 12. Expenditure in foreign currency:

(Rs. in Lacs)

| Particulars      | For the year ending March31st |      |       |       |       |
|------------------|-------------------------------|------|-------|-------|-------|
|                  | 2004                          | 2005 | 2006  | 2007  | 2008  |
| Travelling       | Nil                           | 1.85 | 9.34  | 19.68 | 33.59 |
| Sales Commission | Nil                           | 2.94 | 37.92 | 19.38 | 20.14 |
| Other Matters    | 6.86                          | Nil  | Nil   | 16.33 | 20.01 |

## 13. Earnings in foreign currency

(Rs. in Lacs)

| Particulars          | For the year ending March31st |        |        |        |         |
|----------------------|-------------------------------|--------|--------|--------|---------|
|                      | 2004                          | 2005   | 2006   | 2007   | 2008    |
| FOB Value of Exports | 842.11                        | 936.83 | 722.04 | 969.44 | 1084.82 |

## 14. Gratuity. (As per audited accounts for the year ended 31.03.2008)

The Company adopted Accounting Standard AS-15 (Revised 2005) on Employee Benefits effective from 1<sup>st</sup> April 2007. Consequent to the adoption of AS-15, net transitional liability of Rs. 21.77 Lacs (net of tax Rs. 14.37 Lacs) has been adjusted against general reserve/ profit and loss account in accordance with transitional provision in the Standard.

The following table sets out the status of the gratuity plan as required under AS 15 (Revised 2005) and the reconciliation of opening balances of the present value of the defined benefit obligation.

**A. Changes in Present Value of Obligations.**

| (Rs. in Lacs)                                               |                |
|-------------------------------------------------------------|----------------|
| Particulars                                                 | March 31, 2008 |
| Present Value of Obligation as at the beginning of the year | 82.6           |
| Interest Cost                                               | 7.02           |
| Current Service Cost                                        | 8.79           |
| Actuarial (gain) / Loss on obligations                      | (8.87)         |
| Benefits paid                                               | (2.56)         |
| Present value of Obligation as at the end of the year       | 86.98          |

**B. Changes in the Fair Value of Plan Assets.**

| (Rs. in Lacs)                                          |                |
|--------------------------------------------------------|----------------|
| Particulars                                            | March 31, 2008 |
| Fair Value of Plan Assets at the beginning of the year | 60.83          |
| Expected Return on Plan Assets                         | 4.90           |
| Contributions                                          | 0.92           |
| Actuarial Gain / (loss) on Plan Assets                 | (4.90)         |
| Fair Value of Plan Assets at the end of the year       | 61.75          |

**C. The amount recognized in balance sheet.**

| (Rs. in Lacs)                                          |                |
|--------------------------------------------------------|----------------|
| Particulars                                            | March 31, 2008 |
| Present Value of Obligations as at the end of the year | 86.98          |
| Fair value of plan Assets as at the end of the year    | 61.75          |
| Net Asset / ( Liability) recognized in Balance sheet   | (25.23)        |

**D. Amount recognized in the Profit and loss account.**

| (Rs in Lacs)                                          |                |
|-------------------------------------------------------|----------------|
| Particulars                                           | March 31, 2008 |
| Current Service Cost                                  | 8.79           |
| Interest Cost                                         | 7.02           |
| Expected Return on Plan Assets                        | (4.90)         |
| Net actuarial (gain) / loss recognized in the year    | (3.96)         |
| Expenses Recognized in the statement of Profit & Loss | 6.95           |

This amount is disclosed in schedule ' o ' payment to and provision for employees

**E. Assumptions**

| Particulars                             | March 31, 2008 |
|-----------------------------------------|----------------|
| Discount Rate                           | 8.50 %         |
| Rate of increase in Compensation Levels | 5.00 %         |
| Rate of Return on Plan Assets           | 8.00 %         |

15. Related party disclosures as required under the Accounting Standard AS – 18 on “Related Party Disclosures” issued by Institute of Chartered Accountants of India are given below:

**(As per audited accounts for the year ended 31.03.2008)****(A) List of related parties:****i. Key Management Personnel**

- |    |                 |                                  |
|----|-----------------|----------------------------------|
| a. | Shri C S Parikh | - Chairman and Managing Director |
| b. | Shri S R Parikh | - Whole Time Director            |
| c. | Shri R C Parikh | - Jt. Managing Director          |

**ii. Relatives of Key Management Personnel:**

- |    |                          |                                 |
|----|--------------------------|---------------------------------|
| a. | Mrs. Ila C Parikh        | - Wife of Shri C S Parikh       |
| b. | Shri Atil C Parikh       | - Son of Shri C S Parikh        |
| c. | Shri Lalit R Parikh      | - Brother of Shri Sudhir Parikh |
| d. | Mrs Dharmistha S Parikh. | - Wife of Shri Sudhir Parikh    |
| e. | Mrs Sejal Parikh         | - Wife of Shri Rajesh C Parikh  |

**iii. Enterprises where significant influence exists:**

- |    |                                              |
|----|----------------------------------------------|
| a. | Specialty Minerals Ltd.                      |
| b. | Dispersive Minerals and Chemicals India Ltd. |
| c. | Bruno Industrial Products Ltd.               |

**iv. Enterprises that exercises significant influence over the Company:**

- |    |                                      |
|----|--------------------------------------|
| a. | Gujarat Venture Capital Fund – 1995. |
|----|--------------------------------------|

## (B) Disclosures required for related parties transaction:

(Rs. in Lacs)

| Sr. No   | Particulars                                                      | Enterprises where significant influences exist<br>Rs | Key Managerial Personnel<br>Rs | Relatives of Key Management Personnel<br>Rs | Total<br>Rs |
|----------|------------------------------------------------------------------|------------------------------------------------------|--------------------------------|---------------------------------------------|-------------|
| <b>A</b> | <b>Transactions during the year</b>                              |                                                      |                                |                                             |             |
| 1.       | Sales                                                            | 190.68                                               | -                              | -                                           | 190.68      |
| 2.       | Purchases                                                        | 159.91                                               | -                              | -                                           | 159.91      |
| 3        | Royalty                                                          | 9.60                                                 | -                              | -                                           | 9.60        |
| 4        | Loan                                                             | 29.00                                                | -                              | -                                           | 29.00       |
| 5.       | Remuneration *                                                   | -                                                    | 61.00                          | 13.63                                       | 73.59       |
| 6.       | Deposits                                                         |                                                      |                                |                                             |             |
|          | ➤ Received during the year                                       |                                                      | 2.50                           | 12.65                                       | 15.15       |
|          | ➤ Interest paid on deposits                                      |                                                      | 0.24                           | 3.72                                        | 3.96        |
| <b>B</b> | <b>Amount Outstanding as at Balance Sheet date on account of</b> |                                                      |                                |                                             |             |
| 1        | Sales                                                            | 269.49                                               | -                              | -                                           | 269.49      |
| 2        | Deposits                                                         | -                                                    | -                              | 34.45                                       | 34.45       |
| 3        | Loan and interest                                                | 31.54                                                | -                              | -                                           | 31.54       |
| 4        | Royalty                                                          | 9.60                                                 | -                              | -                                           | 9.60        |

\* Remuneration includes contribution to Provident fund and value of stock option.

16. The deferred tax liability comprise of the following:  
(As per audited accounts for the year ended 31.03.2008)

| Particulars                                                                                         | (Rs. In Lacs)                           |                                |                                         |
|-----------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------|-----------------------------------------|
|                                                                                                     | As at<br>31 <sup>st</sup><br>March 2007 | Change<br>during the<br>period | As at<br>31 <sup>st</sup><br>March 2008 |
| <b>A. Deferred Tax Liability</b>                                                                    |                                         |                                |                                         |
| Difference between WDV of fixed assets as per the Income Tax Act, 1961 and the Companies Act, 1956. | 900.09                                  | 2.08                           | 902.17                                  |
| <b>B. Deferred Tax Assets</b>                                                                       |                                         |                                |                                         |
| Provision for Doubtful Debts                                                                        | 4.55                                    | (4.55)                         | --                                      |
| Unabsorbed losses and Depreciation                                                                  | 468.65                                  | (191.55)                       | 277.10                                  |
| * On account of transitional gratuity liability under accounting standard AS-15 (Revised 2005)      | --                                      | 8.57                           | 8.57                                    |
| <b>Net Deferred Tax Liabilities (A-B)</b>                                                           | <b>426.89</b>                           | <b>189.61</b>                  | <b>616.50</b>                           |

\* (Adjusted against the charge of the same in Profit &amp; Loss Account)

## 17. Calculation of earning per share:

## A) Basic:

(Rs. In Lacs)

| Particulars                                                       | For the year ending March31st |              |             |             |             |
|-------------------------------------------------------------------|-------------------------------|--------------|-------------|-------------|-------------|
|                                                                   | 2004                          | 2005         | 2006        | 2007        | 2008        |
| Profit / (Loss) attributable to shareholders (Rs.)                | 68.02                         | (Rs. 631.23) | 180.06      | 357.21      | 459.09      |
| Weighted average no. of Equity shares outstanding during the year | 1,24,44,800                   | 1,24,44,800  | 1,24,44,800 | 1,24,44,800 | 1,24,44,800 |
| Nominal Value of Equity Shares (Rs.)                              | Rs. 10/-                      | Rs. 10/-     | Rs. 10/-    | Rs. 10/-    | Rs. 10/-    |
| Basic earning / (loss) per shares (Rs.)                           | (0.54)                        | (5.07)       | 1.45        | 2.87        | 3.69        |

## B) Diluted:

| Particulars                                                       | For the year ending March31st |             |             |             |             |
|-------------------------------------------------------------------|-------------------------------|-------------|-------------|-------------|-------------|
|                                                                   | 2004                          | 2005        | 2006        | 2007        | 2008        |
| Profit / (loss) attributable to shareholders (Rs.)                | (531.16)                      | (631.25)    | 180.06      | 357.21      | 459.09      |
| Weighted average no. of Equity shares outstanding during the year | 1,24,44,800                   | 1,24,44,800 | 1,24,44,800 | 1,24,44,800 | 1,25,64,284 |
| Nominal Value of Equity Shares (Rs.)                              | Rs. 10/-                      | Rs. 10/-    | Rs. 10/-    | Rs. 10/-    | Rs. 10/-    |
| Basic earning / (loss) per shares (Rs.)                           | (4.26)                        | (5.07)      | 1.45        | 2.87        | 3.65        |

## 18. Employees Stock Option scheme. (As per audited accounts for the year ended 31.03.2008)

The Shareholders of the Company at the Extra Ordinary General Meeting held on March 28, 2007, approved the introduction of the Employees Stock Option Scheme - 2007 for grant of 6,22,240 Equity Shares of the Company. Pursuant to this approval, the company instituted ESOP-2007. The compensation committee of the Company administered this plan.

Number of the options granted, exercised and cancelled at the end of the financial year 2008:

| Particulars         | No of Equity shares |
|---------------------|---------------------|
| Granted             | 5,53,431            |
| Already accepted    | 4,54,041            |
| Lapsed              | 99,390              |
| Still to be offered | 68,809              |

## 19. The Company operates only in one business segment i.e. Industrial Minerals. In view of this, no separate Disclosure is required under AS -17.

## ANNEXURE - 5

## RESTATED STATEMENT OF CASH FLOW - 20 MICRONS LIMITED

(Rs. In Lacs.)

| Particulars                                                     | As at           |                 |                 |                 |                 |
|-----------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                                                 | 31.03.2004      | 31.03.2005      | 31.03.2006      | 31.03.2007      | 31.03.2008      |
| <b>A. Cash Flow from Operating Activities</b>                   |                 |                 |                 |                 |                 |
| Net Profit before tax and extra ordinary items                  | (162.01)        | 31.28           | 108.04          | 465.16          | 624.09          |
| <b>Adjusted for :</b>                                           |                 |                 |                 |                 |                 |
| Depreciation charge                                             | 261.99          | 299.12          | 340.36          | 355.46          | 372.55          |
| Gratuity Provision                                              | -               | -               | -               | -               | 3.47            |
| Bad debts written off                                           | -               | 22.59           | 5.67            | 3.39            | 4.05            |
| Loss on Sale of Assets                                          | 7.07            | 3.25            | 1.21            | 5.01            | (1.39)          |
| Fixed Assets written off                                        | 4.74            | 0.52            | -               | -               | -               |
| Extra Ordinary Exps                                             | (33.44)         | -               | -               | -               | -               |
| Provision for Bad debts                                         | 47.63           | -               | -               | 13.39           | 3.29            |
| Provision for Loans and advances                                | 11.53           | -               | -               | -               | -               |
| Depletion in Stock                                              | 290.29          | 659.73          | -               | -               | -               |
| Remission of Dr/cr balances                                     | 1.34            | (4.18)          | (12.40)         | (12.58)         | (9.51)          |
| Finance Charges & Exchange Variation                            | 364.38          | 346.18          | 371.47          | 415.68          | 564.92          |
| Stock Option                                                    | -               | -               | -               | -               | 22.70           |
| Other Income                                                    | (9.82)          | (25.80)         | (18.04)         | -               | -               |
| Interest Income                                                 | (16.44)         | (11.85)         | (6.64)          | (7.45)          | (12.97)         |
| Gain on sale of Investments                                     | -               | -               | -               | (1.02)          | -               |
| <b>Operating Profit before working capital changes</b>          | <b>767.26</b>   | <b>1,320.83</b> | <b>789.67</b>   | <b>1237.05</b>  | <b>1571.20</b>  |
| <b>Adjusted for :</b>                                           |                 |                 |                 |                 |                 |
| Increase/ (Decrease) in Trade Payable                           | (193.76)        | (32.84)         | (5.60)          | 128.27          | 360.57          |
| Increase/ (Decrease) in Trade and receivables                   | (37.35)         | (391.03)        | (252.82)        | (358.80)        | (596.59)        |
| Increase (Decrease) in loans/advances                           | 41.60           | 91.03           | (10.98)         | (44.52)         | (153.53)        |
| Increase/ (Decrease) in Other Current Assets                    | -               | -               | (8.56)          | (16.80)         | 18.86           |
| Increase (Decrease) in Inventories                              | (400.43)        | (301.83)        | 6.52            | (277.05)        | (380.43)        |
| <b>Cash Generated from Operation</b>                            | <b>177.32</b>   | <b>686.16</b>   | <b>518.23</b>   | <b>668.16</b>   | <b>820.08</b>   |
| Finance Charges and Exchange variation                          | 204.94          | 268.13          | 371.47          | 415.68          | 564.92          |
| Direct Taxes paid                                               | 4.24            | 4.67            | 10.38           | 50.04           | 107.25          |
| <b>Net Cash Inflow in the course of Operating Activities</b>    | <b>(31.86)</b>  | <b>413.35</b>   | <b>136.38</b>   | <b>202.54</b>   | <b>160.88</b>   |
| <b>B. Cash Flow from Investing Activities</b>                   |                 |                 |                 |                 |                 |
| Sale of Fixed assets                                            | 1.90            | 3.44            | 4.51            | 9.64            | 27.75           |
| Write off of Assets                                             | -               | -               | 31.12           | -               | -               |
| Purchase of fixed assets (Net)                                  | (186.38)        | (401.07)        | (224.46)        | (448.38)        | (482.18)        |
| Sale of Investments                                             | -               | -               | 5.03            | 1.24            | -               |
| Purchase of Investments                                         | -               | -               | -               | (3.00)          | -               |
| Interest Received                                               | 16.44           | 11.85           | 6.64            | 7.45            | 12.97           |
| <b>Net cash used for investing activities</b>                   | <b>(168.04)</b> | <b>(385.78)</b> | <b>(177.16)</b> | <b>(433.16)</b> | <b>(454.43)</b> |
| <b>C. Cash Flow from Financing Activities</b>                   |                 |                 |                 |                 |                 |
| Borrowings (Net) long term                                      | 95.64           | 78.05           | (96.50)         | (128.42)        | 405.53          |
| Borrowings (Net) short term                                     | 76.41           | (115.94)        | 163.59          | 371.70          | -               |
| Net Cash Inflow/(outflow) in the course of financing activities | <b>172.05</b>   | <b>(37.89)</b>  | <b>67.09</b>    | <b>243.28</b>   | <b>405.53</b>   |
|                                                                 | (27.85)         | (10.32)         | 26.31           | 12.66           | 111.98          |

|                                             |        |        |        |        |        |
|---------------------------------------------|--------|--------|--------|--------|--------|
| Cash and cash equivalents - opening balance | 191.12 | 163.28 | 152.95 | 179.26 | 191.92 |
| Cash and cash equivalents - closing balance | 163.28 | 152.95 | 179.26 | 191.92 | 303.90 |

**Note:** The difference in the figures given as Finance Charges and Exchange Variation in Cash Flow from operations and cash generated from operations indicated the amount of interest debited and converted into term Loan.

## ANNEXURE - 6

### ACCOUNTING RATIOS - 20 MICRONS LIMITED

(Rs. in Lacs)

| Particulars                                                      | As at      |            |            |            |            |
|------------------------------------------------------------------|------------|------------|------------|------------|------------|
|                                                                  | 31.03.2004 | 31.03.2005 | 31.03.2006 | 31.03.2007 | 31.03.2008 |
| Earning Per Share                                                | (4.27)     | (5.07)     | 1.45       | 2.87       | 3.69       |
| Net Asset Value Per Share                                        | 20.10      | 15.03      | 16.22      | 19.09      | 22.85      |
| Return on Net Worth                                              | -21%       | -34%       | 9%         | 15%        | 16%        |
| Total number of Equity Shares outstanding at the end of the year | 12,444,800 | 12,444,800 | 12,444,800 | 12,444,800 | 12,444,800 |
| Weighted Average No of Equity Shares                             | 12,444,800 | 12,444,800 | 12,444,800 | 12,444,800 | 12,444,800 |
| Net Worth ( Excluding Revaluation Reserves)                      | 2501.20    | 1869.95    | 2018.93    | 2376.15    | 2843.57    |
| Net Profit as restated                                           | (531.16)   | (631.24)   | 180.10     | 357.22     | 459.08     |

#### Formulae of accounting ratios

Return of Net Worth = (Net profit as restated / Net Worth) \* 100

Earning per share = Net profit as restated / Weighted average No of Equity Share

Net Asset Value/Book Value per share = Net Worth / Total number of Equity Shares outstanding at the end of the year

## ANNEXURE - 7

### STATEMENT OF UNSECURED LOANS - 20 MICRONS LIMITED

(Rs. in Lacs)

| Particulars                                            | As at         |               |               |               |               |
|--------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
|                                                        | 31.03.2004    | 31.03.2005    | 31.03.2006    | 31.03.2007    | 31.03.2008    |
| <b>Fixed Deposits</b>                                  |               |               |               |               |               |
| From Directors                                         | -             | 32.92         | 38.34         | 6.85          | 8.10          |
| From Others                                            | 637.42        | 615.95        | 616.68        | 656.41        | 712.26        |
|                                                        | <b>637.42</b> | <b>648.87</b> | <b>655.02</b> | <b>663.26</b> | <b>720.36</b> |
| <b>Trade Deposit</b>                                   | 1.72          | 6.85          | 6.45          | 10.37         | 5.80          |
| <b>Sales Tax Loan under Sales Tax incentive scheme</b> | 222.70        | 250.45        | 281.54        | 243.64        | 209.81        |
| <b>Total</b>                                           | <b>861.84</b> | <b>906.17</b> | <b>943.01</b> | <b>917.27</b> | <b>935.97</b> |

## ANNEXURE - 8

## STATEMENT OF SUNDRY DEBTORS - 20 MICRONS LIMITED

(Rs. in Lacs)

| Particulars                                          | As at           |               |                 |                 |                 |
|------------------------------------------------------|-----------------|---------------|-----------------|-----------------|-----------------|
|                                                      | 31.03.2004      | 31.03.2005    | 31.03.2006      | 31.03.2007      | 31.03.2008      |
| Unsecured considered goods<br>(More than six months) | 178.71          | 74.09         | 38.59           | 24.67           | 110.52          |
| (Less than six months)                               | 1,012.78        | 729.68        | 1,018.86        | 1,374.79        | 1,878.20        |
| <b>Total</b>                                         | <b>1,191.49</b> | <b>803.77</b> | <b>1,057.45</b> | <b>1,399.46</b> | <b>1,988.72</b> |

**Note:** Amounts of debtor companies in which directors are interested are given in notes

## ANNEXURE - 9

## STATEMENT OF SUNDRY DEBTORS - 20 MICRONS LIMITED

(Rs. in Lacs)

| Particulars                                         | As at           |               |                 |                 |                 |
|-----------------------------------------------------|-----------------|---------------|-----------------|-----------------|-----------------|
|                                                     | 31.03.2004      | 31.03.2005    | 31.03.2006      | 31.03.2007      | 31.03.2008      |
| Unsecured considered good<br>(More than six months) | 178.71          | 74.09         | 38.59           | 24.67           | 110.52          |
| (Less than six months)                              | 1,012.78        | 729.68        | 1,018.86        | 1,374.79        | 1,878.20        |
| <b>Total</b>                                        | <b>1,191.49</b> | <b>803.77</b> | <b>1,057.45</b> | <b>1,399.46</b> | <b>1,988.72</b> |

## ANNEXURE - 10

## SCHEDULE OF ADVANCES - 20 MICRONS LIMITED

(Rs. in Lacs)

| Particulars                                                                  | As at         |               |               |               |               |
|------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
|                                                                              | 31.03.2004    | 31.03.2005    | 31.03.2006    | 31.03.2007    | 31.03.2008    |
| <b>ADVANCES</b>                                                              |               |               |               |               |               |
| Trade Advances                                                               | 58.74         | 67.70         | 25.13         | 55.95         | 188.06        |
| Staff Advance                                                                | 29.96         | 54.31         | 73.90         | 60.50         | 48.90         |
| Other Advance                                                                | 29.70         | 21.90         | 48.16         | 108.41        | 189.24        |
| Deposits                                                                     | 70.55         | 76.07         | 92.06         | 129.20        | 153.63        |
| <b>Total</b>                                                                 | <b>188.95</b> | <b>219.98</b> | <b>239.25</b> | <b>354.06</b> | <b>579.83</b> |
| <b>Above amount includes transactions with the following related parties</b> |               |               |               |               |               |
| Eriez Finance & Investment Ltd.                                              | -             | 7.58          | -             | -             | -             |
| Speciality Minerals Ltd.                                                     | -             | -             | -             | -             | 30.96         |
| <b>Total</b>                                                                 | <b>-</b>      | <b>7.58</b>   | <b>-</b>      | <b>-</b>      | <b>30.96</b>  |

## ANNEXURE - 10

## DIVIDEND

The Company has not declared any dividend in the last 5 years.

## ANNEXURE - 11

## CAPITALISATION STATEMENT - 20 MICRONS LIMITED

(Rs. in Lacs)

| Particulars                      | Pre Issue<br>As at 31.03.2008 | Post Issue      |
|----------------------------------|-------------------------------|-----------------|
| Borrowings                       |                               |                 |
| <b>Secured</b>                   |                               |                 |
| Short Term Debts                 | 1,925.81                      | 1,925.81        |
| Long Term Debts                  | 2,726.09                      | 3,726.09        |
| <b>Total Borrowings</b>          | <b>4,651.90</b>               | <b>5,651.90</b> |
| <b>Shareholder's Fund</b>        |                               |                 |
| Equity Share Capital             | 1,244.48                      | 1,411.98        |
| Reserves and Surplus             | 1,576.38                      | [•]             |
| <b>Total Shareholder's Funds</b> | <b>2,820.86</b>               | <b>[•]</b>      |
| <b>Total Debt/ Equity</b>        | <b>1.65</b>                   | <b>[•]</b>      |
| <b>Long Term Debt/Equity</b>     | <b>0.97</b>                   | <b>[•]</b>      |

**Note:** Information pertaining to Share Capital and Reserves post issue can be ascertained only after completion of Book Building Process.

## ANNEXURE - 12

## STATEMENT OF SECURED LOANS - 20 MICRONS LIMITED

(Rs. in Lacs)

| Particulars                                      | 31.03.2004     | 31.03.2005     | 31.03.2006     | 31.03.2007     | 31.03.2008     |
|--------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>TERM LOANS</b>                                |                |                |                |                |                |
| Industrial Development Bank of India             | 1346.75        | 1410.22        | 1410.12        | 1333.53        | 1155.94        |
| EXIM Bank of India                               | 336.46         | 351.28         | 351.21         | 334.09         | 283.50         |
| Gujarat State Financial Corporation              | 97.55          | 100.35         | -              | -              | -              |
| State Industries Promotion Corp of Tamilnadu Ltd | 0.10           | -              | -              | -              | -              |
| State Bank of India - WCTL                       | -              | 450.00         | 454.03         | 419.32         | 318.14         |
| State Bank of India                              | 1112.76        | 546.63         | 725.22         | 1078.44        | 1692.41        |
| Small Industries Development Bank of India       | 95.25          | 95.44          | 80.44          | 104.27         | 193.33         |
| ABN AMARO Bank                                   | 7.75           | 2.98           | -              | -              | -              |
| Kotak Mahindra Primus                            | 4.44           | 17.20          | 26.22          | 14.25          | 26.49          |
| HDFC Bank                                        | 8.59           | 4.45           | -              | -              | -              |
| ICICI BANK LTD                                   | 8.72           | 9.96           | 7.09           | 40.77          | 42.97          |
| Rajasthan Finance Corporation                    | -              | -              | 5.76           | 4.44           | 3.16           |
| GIDC                                             | 4.27           | 3.41           | -              | -              | -              |
| <b>Total</b>                                     | <b>3022.64</b> | <b>2991.92</b> | <b>3060.09</b> | <b>3329.11</b> | <b>3715.94</b> |

## Principal Terms of Secured Loans and Assets charged as Security

| Sr. No. | Lender & Type of Facility/ Sanction Letter No & Date                                                                                               | Amount Sanctioned | Amount Availed | Amount outstanding as on 31.03.2008 | Security                                                                                                                                                                  | Terms of Repayment                                                                                                                                                                                     |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1       | <b>Industrial Development Bank of India</b><br>LOI/6521/PFD/LOI dated January 5, 1995<br>Term Assistance under Project Finance Scheme              | Rs. 490 Lacs      | Rs. 490 Lacs   | Rs. 114.56 Lacs                     | First Mortgage on all the moveable and Immoveable properties of the Company. (Subject to Prior change on specified movables created/ to be created in favour of Company). | Repayable in 70 monthly installments of Rs. 79,200/- each commencing from July 1, 2007 and ending on July 1, 2008 and Rs. 1,95,000/- each commencing from July 1, 2008 and ending on April 1, 2013.    |
| 2       | <b>Industrial Development Bank of India</b><br>Ref. No. 2430/WRO/PFD (F)/ LOI dated March 19, 1996<br>Term Assistance under Project Finance Scheme | Rs. 850 Lacs      | Rs. 850 Lacs   | Rs. 596.38 Lacs                     | First Mortgage on all the moveable and Immoveable properties of the Company. (Subject to Prior change on specified movables created/ to be created in favour of Company). | Repayable in 70 monthly installments of Rs. 4,11,500/- each commencing from July 1, 2007 and ending on July 1, 2008 and Rs. 10,14,000/- each commencing from July 1, 2008 and ending on April 1, 2013. |
| 3       | <b>Industrial Development Bank of India</b><br>Ref No 3768/IDBI/MBO/CFD/LOI dated March 31, 2000<br>Term Assistance under Project Finance          | Rs. 900 Lacs      | Rs. 475 Lacs   | Rs. 445 Lacs                        | First Mortgage on all the moveable and Immoveable properties of the Company. (Subject to Prior change on specified movables created/ to be created in favour of Company). | Repayable in 70 monthly installments of Rs. 3,00,000/- each commencing from July 1, 2007 and ending on July 1, 2008 and Rs. 7,56,750/- each commencing from July 1, 2008 and ending on April 1, 2013.  |
| 4       | <b>Industrial Development Bank of India</b><br>IDBI/ABO.No./1216/CFD/TWEM/2004-05 dated May 25, 2004<br>Funded Interest Term Loan                  | Rs.175 Lacs       | Rs. 175 Lacs   | -                                   |                                                                                                                                                                           | Repayable in 8 quarterly installments of Rs. 21,87,500/- each commencing from July 1, 2006 and ending on April 1, 2008                                                                                 |
| 5       | <b>State Bank of India</b>                                                                                                                         | Rs. 19.00 Cr FBWC | Rs. 19.00 Cr   | Rs. 1692.14 Lacs                    | <b>Primary Security</b><br>Hypothecation of stocks of RM, Semi finished goods, Finished Goods, other consumable stores and spares.                                        |                                                                                                                                                                                                        |
|         |                                                                                                                                                    | Rs. 3.50 Cr NFBWC |                |                                     | <b>For WCTL</b><br>Pari Passu Charge on the                                                                                                                               |                                                                                                                                                                                                        |

| Sr. No. | Lender & Type of Facility/ Sanction Letter No & Date | Amount Sanctioned                                                              | Amount Availed | Amount outstanding as on 31.03.2008 | Security                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Terms of Repayment |
|---------|------------------------------------------------------|--------------------------------------------------------------------------------|----------------|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
|         |                                                      |                                                                                |                |                                     | existing and additional securities charged to IDBI and EXIM for (i) Plot no 157, Bhuj (ii) 172,174 and 175, Vadadla (iii) F 75,76,82 and 85, H 83-84 RIICO IA, Swaroopgunj, Rajasthan. (iv) 307/308, Arundeeep Complex, Vadodara. (v) 134,135, 1st Floor, Hindustan Kohinoor Complex, Vikhroli, Mumbai. (vi) Pledge of 3,63,700 shares                                                                                                                                                                                                                                                                                                              |                    |
|         | State Bank of India                                  | Rs. 3.25 Crores Corporate Loan<br><br>Rs. 2.85 Crores Standby Letter of Credit |                |                                     | <b>Collateral</b><br>First Charge over Immoveable Property situated at Plot no 253-254 GIDC, Waghodia.<br><br>1st charge over Fixed assets located at Plot no 9,10,11,728 and 729 at GIDC Waghodia, Baroda.<br><br>1st charge over fixed assets located at Plot no 23 and 24, SIPCOT, Hosur, Tamilnadu.<br><br>2nd charge over assets located at Plot no 157 Bhuj, Plot no 172,174 and 175, Vadadla F 75,76,82,85 and H 83-84 Swaroopgunj, rajasthan. Office Premises: 307/308, Arundeeep Complex, Vadodara and 134/135, Hindustan Kohinoor Complex, Vikhroli, Mumbai. Also to be secured by the personal guarantees of Mr. Chandresh S Parikh, Mr. |                    |

| Sr. No. | Lender & Type of Facility/ Sanction Letter No & Date                                               | Amount Sanctioned | Amount Availed  | Amount outstanding as on 31.03.2008 | Security                                                                                            | Terms of Repayment                                                                                                                                   |
|---------|----------------------------------------------------------------------------------------------------|-------------------|-----------------|-------------------------------------|-----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
|         |                                                                                                    |                   |                 |                                     | Bhanubhai B Patel and Mr. Rajesh C Parikh.                                                          |                                                                                                                                                      |
| 6       | Export Import Bank of India<br>OIF:EOU:D -369:381 dated 22nd May 2000<br>Funded Interest Term Loan | Rs. 700 Lacs      | Rs. 307.50 Lacs | Rs. 283.50 Lacs                     | First Pari Pass charge on moveable and Immoveable assets at Bhuj, Mumbai, Swaroopgunj and Vadodara. | Repayable in 72 monthly installments of Rs. 2,00,000/- each from May 1, 2007 to April 2008 and Rs. 4,72,500/- each from May 1, 2008 to April 1, 2013 |
|         |                                                                                                    | Rs. 43 Lacs       | Rs. 43 Lacs     | -                                   |                                                                                                     | Repayable in 8 quarterly installments of Rs 5,37,000/- each commencing from July 1, 2006 and ending on April 1, 2008                                 |

## ANNEXURE - 13

## DETAILS OF CONTINGENT LIABILITY - 20 MICRONS LIMITED

(Rs. in Lacs)

| Particulars                                                                                                       | As at         |                |               |               |              |
|-------------------------------------------------------------------------------------------------------------------|---------------|----------------|---------------|---------------|--------------|
|                                                                                                                   | 31.03.2004    | 31.03.2005     | 31.03.2006    | 31.03.2007    | 31.03.2008   |
| Estimated amount of Contracts (net of advances) remaining to be executed on capital account not provided for      | 50.00         | 20.00          | 19.12         | -             | 28.37        |
| Outstanding Guarantee furnished by Company's Banker                                                               | 67.65         | 67.65          | -             | -             | -            |
| Unexpired Letter of credits issued by banker of the Company                                                       | -             | -              | -             | -             | 9.03         |
| Income Tax                                                                                                        | -             | 1.18           | -             | -             | 16.22        |
| Sales Tax                                                                                                         | 272.75        | 272.75         | 85.96         | 83.48         | 83.48        |
| Claims from Excise authorities not acknowledged as debt                                                           | 385.86        | 760.09         | 2.29          | 2.29          | 2.29         |
| Amount covered by Recompense Clause of sanction letter of SBI as part of overall restructuring carried out by CDR | -             | 33.19          | 43.16         | 80.88         | -            |
| <b>Total</b>                                                                                                      | <b>776.26</b> | <b>1155.46</b> | <b>150.53</b> | <b>166.65</b> | <b>55.91</b> |

## ANNEXURE - 14

## STATEMENT OF RELATED PARTY TRANSACTIONS - 20 MICRONS LIMITED

## A. Key Managerial Personnel -

|                          | Name               | Position                       |
|--------------------------|--------------------|--------------------------------|
| Key Managerial Personnel | Shri C S Parikh    | Chairman and Managing Director |
|                          | Shri R C Parikh    | Jt. Managing Director          |
|                          | Shri Sudhir Parikh | Whole Time Director            |

## B. Relative of Key Managerial Personnel -

| Promoter                 | Name of Relative        | Relationship |
|--------------------------|-------------------------|--------------|
| Shri Chandresh S. Parikh | Smt Ila C Parikh        | Wife         |
| Shri Chandresh S. Parikh | Shri Atil C Parikh      | Son          |
| Shri Sudhir R. Parikh    | Shri Lalit R Parikh     | Brother      |
| Shri Sudhir R. Parikh    | Smt Dharmistha S Parikh | Wife         |
| Shri Rajesh C Parikh     | Smt Sejal R Parikh      | Wife         |

| Name of The Party                           | Nature of Control                             |
|---------------------------------------------|-----------------------------------------------|
| Speciality Minerals Ltd                     | Enterprise Where Significant Influence Exists |
| Dispersive Minerals and Chemicals India Ltd | Enterprise Where Significant Influence Exists |
| Bruno Industrial Products Ltd               | Enterprise Where Significant Influence Exists |

|                              |     |
|------------------------------|-----|
| D. Subsidiary                | Nil |
| E. Group / Associate Company | Nil |

## Details of Related Party Transactions

(Rs. in Lacs.)

| Sr. No. | Name                                         | Nature of Transaction                | Relationship                                   | For the year ended March 31st |       |       |       |        |
|---------|----------------------------------------------|--------------------------------------|------------------------------------------------|-------------------------------|-------|-------|-------|--------|
|         |                                              |                                      |                                                | 2004                          | 2005  | 2006  | 2007  | 2008   |
| 1.      | Speciality Minerals Ltd.                     | Sale of Minerals                     | Enterprises where significant influence exists | -                             | -     | -     | 94.64 | 151.05 |
|         |                                              | Purchase of Minerals                 |                                                | 53.88                         | 57.27 | 62.10 | 97.70 | 126.98 |
|         |                                              | Royalty receivable                   |                                                | -                             | -     | -     | -     | 9.60   |
|         |                                              | Loans and Advances given             |                                                | -                             | -     | -     | -     | 29.00  |
|         |                                              | Interest receivable on loan          |                                                | -                             | -     | -     | -     | 2.54   |
| 2.      | Dispersive Minerals and Chemicals India Ltd. | Sale of Minerals                     | Enterprises where significant influence exists | -                             | -     | -     | -     | 28.57  |
|         |                                              | Purchase of Minerals                 |                                                | -                             | -     | -     | -     | 29.65  |
| 3.      | Bruno Industrial Products Ltd.               | Sale of Minerals                     | Enterprises where significant influence exists | -                             | -     | -     | -     | 11.04  |
|         |                                              | Purchase of Minerals                 |                                                | -                             | -     | -     | -     | 3.26   |
| 4.      | Shri C S Parikh                              | Remuneration                         | Key Managerial Personnel                       | 8.94                          | 8.37  | 9.86  | 14.94 | 23.98  |
|         | Shri S R Parikh                              |                                      |                                                | 4.56                          | 4.30  | 4.98  | 6.98  | 17.99  |
|         | Shri R C Parikh                              |                                      |                                                | 4.61                          | 4.35  | 4.88  | 6.98  | 17.99  |
|         | Mrs. Dharmistha Parikh                       | Relative of Key Managerial Personnel | Relative of Key Managerial Personnel           | 1.02                          | 0.96  | 0.96  | 1.39  | 1.68   |
|         | Shri Lalit R Parikh                          |                                      |                                                | 3.45                          | 3.76  | 4.41  | 5.97  | 5.97   |
|         | Shri Atil C Parikh                           |                                      |                                                | -                             | 0.28  | 0.28  | 5.97  | 5.97   |
| 5.      | Shri C S Parikh                              | Deposits Received                    | Key Managerial Person                          | -                             | 6.00  | 1.00  | 9.50  | -      |
|         | Mrs. Ila C Parikh                            |                                      | Relative of Key Managerial Personnel           | -                             | 23.30 | -     | 21.50 | 9.00   |
|         | Mrs. Dharmistha Parikh                       |                                      |                                                | -                             | -     | 2.15  | 2.00  | 3.15   |
|         | Shri Atil C Parikh                           |                                      |                                                | -                             | -     | 1.50  | 4.00  | -      |
|         | Mrs. Sejal Parikh                            |                                      |                                                | -                             | -     | -     | 1.00  | 0.50   |
| 6.      | Shri C S Parikh                              | Interest Paid on Deposits            | Key Managerial Person                          | -                             | -     | 0.88  | 0.33  | 0.24   |
|         | Mrs. Ila C Parikh                            |                                      | Relative of Key Managerial Personnel           | 0.61                          | 0.28  | 2.89  | 2.75  | 2.82   |
|         | Mrs. Dharmistha Parikh                       |                                      |                                                | -                             | 0.01  | 0.22  | 0.16  | 0.32   |
|         | Shri Atil C Parikh                           |                                      |                                                | 0.05                          | 0.05  | -     | 0.25  | 0.41   |
|         | Mrs. Sejal Parikh                            |                                      |                                                | -                             | -     | -     | 0.12  | 0.17   |
|         |                                              |                                      |                                                |                               |       |       |       |        |

## ANNEXURE - 15

## STATEMENT OF TAX SHELTERS - 20 MICRONS LIMITED

(Rs. In Lacs)

| Particulars                                               |                  | For the Financial Year Ended |                 |                |               |               |
|-----------------------------------------------------------|------------------|------------------------------|-----------------|----------------|---------------|---------------|
|                                                           |                  | 31.03.2004                   | 31.03.2005      | 31.03.2006     | 31.03.2007    | 31.03.2008    |
| Tax Rate including surcharge                              |                  | 35.88%                       | 36.59%          | 33.66%         | 33.66%        | 33.99%        |
| <b>Profit before Tax as restated</b>                      | <b>A</b>         | (162.01)                     | 31.28           | 108.04         | 465.16        | 624.09        |
| Tax at Notional Rate                                      |                  | (58.12)                      | 11.44           | 36.37          | 156.57        | 212.13        |
| Adjustments                                               |                  |                              |                 |                |               |               |
| <b>Permanent Differences</b>                              | <b>B</b>         |                              |                 |                |               |               |
| Loss on Sale of Assets                                    |                  | 7.07                         | 3.25            | 1.21           | 5.11          | 2.26          |
| Disallowable Expenses                                     |                  | 1.31                         | 2.35            | 1.12           | 1.61          | 4.11          |
| Income Tax Refund                                         |                  | -                            | (0.66)          | (2.31)         | (0.93)        | -             |
| Other Disallowances                                       |                  | -                            | -               | (2.37)         | (1.33)        | (12.89)       |
| <b>Total B</b>                                            |                  | <b>8.38</b>                  | <b>4.95</b>     | <b>(2.34)</b>  | <b>4.47</b>   | <b>(6.52)</b> |
| <b>Timing Differences</b>                                 | <b>C</b>         |                              |                 |                |               |               |
| Difference between Book Depreciation and Tax Depreciation |                  | (287.75)                     | (277.08)        | (19.30)        | 2.03          | (3.32)        |
| Provision for Bad and Doubtful Debts                      |                  | -                            | -               | 10.92          | 13.39         | 3.29          |
| Disallowable U/s 43 B                                     |                  | 20.98                        | (11.68)         | (11.78)        | (0.77)        | 17.24         |
| <b>Other Adjustments</b>                                  |                  | (323.73)                     | (659.72)        | -              | -             | -             |
| <b>Total C</b>                                            |                  | <b>(590.51)</b>              | <b>(948.49)</b> | <b>(20.16)</b> | <b>14.65</b>  | <b>17.20</b>  |
| <b>Net Adjustments</b>                                    | <b>D = B + C</b> | <b>(582.13)</b>              | <b>(943.54)</b> | <b>(22.50)</b> | <b>19.12</b>  | <b>10.68</b>  |
| <b>Taxable Income</b>                                     | <b>E = A + D</b> | <b>(744.14)</b>              | <b>(912.26)</b> | <b>85.54</b>   | <b>484.28</b> | <b>634.77</b> |
| Tax Savings thereon                                       |                  | (266.96)                     | (333.80)        | 28.79          | 163.01        | 215.76        |

**Note:** The Income Tax Liability has been computed as per the Income Tax Act 1961/relevant Tax returns/communications sent to the Assessing Officer. However these have not been recast, depending on the assessed liability taking into account appellate orders.

## ANNEXURE - 16

## Qualifications in Auditors' Report

## Year 2003-04

In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to and read with Note No 11 for diminution in value of stocks, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view In conformity with the accounting principles generally accepted in India.

**Note No 11:** Company has been valuing the slow and non moving inventory of raw materials at net realizable value as estimated by the management. In view of the change in the product mix, technology changes in manufacturing process, management has ascertained permanent diminution in its value amounting to Rs 2,90,29,086/- has been written off during the year.

## Auditors' Remarks:

## Year 2004-05

In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to and read with Note No 8 for inventory written off/credits granted and Note No 10 for impairment review along with other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view In conformity with the accounting principles generally accepted in India.

**Note No 8:** Company has slow and non moving material as part of its inventory. Company has also such material at sites of customers on account of rejection. In view of the change in the product mix, technological changes, deterioration in the quality of the material over the years in manufacturing process, management is of the view that such materials has no value and has decided to write off such materials amounting to Rs 6,59,72,644/- which includes credit of stocks abandoned at customers end. (P Year Rs 2,90,29,086/-).

**Note No 10:** Company has not carried out any impairment review of its assets, as required by AS 28 on Impairment of Assets.

## Remarks of Auditors on the Qualifications referred to in respective Years.

| Year    | Auditor's Qualification                                                  | Auditors Remarks as on date                                                                                                                         |
|---------|--------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| 2003-04 | Permanent diminution in the value of stock, written off Rs 2,90,29,086/- | The permanent diminution has already been provided for in the account.                                                                              |
| 2004-05 | Stocks written off Rs 6,59,72,744/-                                      | Stocks have already been written off in the Profit and Loss account                                                                                 |
| 2004-05 | Impairment review of Assets                                              | There being no indication of any impairment loss on the date of balance sheet, impairment review of assets has not been carried out as on 31.03.05. |

## ANNEXURE - 17

## SIGNIFICANT CHANGES IN THE ACCOUNTING POLICIES

There are no changes in the significant Accounting policies for the past 5 years.

## ANNEXURE - 18

## STATEMENT OF INVESTMENTS

| (Rs. in Lacs)                                                                                 |             |              |              |              |              |
|-----------------------------------------------------------------------------------------------|-------------|--------------|--------------|--------------|--------------|
| Particulars                                                                                   | 31.03.2004  | 31.03.2005   | 31.03.2006   | 31.03.2007   | 31.03.2008   |
| <b>Quoted Investments</b>                                                                     |             |              |              |              |              |
| Asian Paints I Ltd -10 Equity shares of Rs 10/-                                               | 0.03        | 0.03         | 0.03         | -            | -            |
| Ashapura Minechem -10 Equity shares of Rs 10/-                                                | 0.01        | 0.01         | 0.01         | -            | -            |
| Banco Products I Ltd -100 Equity shares of Rs 10/-                                            | 0.05        | 0.05         | 0.05         | -            | -            |
| Berger Paints I Ltd -10 Equity shares of Rs 10/-                                              | 0.01        | 0.01         | 0.01         | -            | -            |
| English India china clay -50 Equity shares of Rs 10/-                                         | 0.03        | 0.03         | 0.03         | -            | -            |
| Goodlass Nerolac I Ltd -100 Equity shares of Rs 10/-                                          | 0.01        | 0.01         | 0.01         | -            | -            |
| Hindustan Inks and Resins Ltd-10 Equity shares of Rs 10/-                                     | 0.02        | 0.02         | 0.02         | -            | -            |
| Hindustan Lever Ltd- 5 Equity shares of Rs 10/-                                               | 0.01        | 0.01         | 0.01         | -            | -            |
| ICI I Ltd - 10 Equity shares of Rs 10/-                                                       | 0.01        | 0.01         | 0.01         | -            | -            |
| Plastiblends I Ltd - 50 Equity shares of Rs 10/-                                              | 0.02        | 0.02         | 0.02         | -            | -            |
| Reliance Ind Ltd - 10 Equity shares of Rs 10/-                                                | 0.02        | 0.02         | 0.02         | -            | -            |
| Shalimar Paints I Ltd - 10 Equity shares of Rs 10/-                                           | 0.00        | 0.00         | 0.00         | -            | -            |
| Tata Chemicals Ltd - 10 Equity shares of Rs 10/-                                              | 0.01        | 0.01         | 0.01         | -            | -            |
| <b>Aggregate Value</b>                                                                        | <b>0.23</b> | <b>0.23</b>  | <b>0.23</b>  | <b>0.00</b>  | <b>0.00</b>  |
| <b>Market Value</b>                                                                           | <b>0.48</b> | <b>0.66</b>  | <b>1.16</b>  | <b>-</b>     | <b>-</b>     |
| <b>Unquoted Investments</b>                                                                   |             |              |              |              |              |
| 49960 Equity Shares of Speciality Minerals P. Ltd.                                            | 5.00        | 5.00         | 5.00         | -            | -            |
| 80000 Equity Shares of Eriez Finance                                                          | -           | -            | -            | 8.00         | 8.00         |
| 60000 0.10% Redeemable Preference Shares of Rs. 100/- each of Eriez Finance & Investment Ltd. | -           | 60.00        | 60.00        | 60.00        | 60.00        |
| <b>Others</b>                                                                                 |             |              |              |              |              |
| N.S.C. (Lodged with Sales Tax)                                                                | 1.04        | 1.04         | 1.09         | 1.09         | 1.09         |
| <b>Total</b>                                                                                  | <b>6.27</b> | <b>66.27</b> | <b>66.32</b> | <b>69.09</b> | <b>69.09</b> |

Industrial Development Bank of India Limited has vide letter no. IDBI/ABO/MCG/No. 5101 dated May 16, 2008 and letter no. IDBI/ABO/MCG/No. 5751 dated July 16, 2008, sanctioned financial assistance of Rs. 1400 Lacs to 20 Microns Limited. The details of the terms & conditions of sanction are as under:

### 1. Term Loan

| Sr. No. | Particulars                                                   | Terms & Conditions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i       | Amount                                                        | Rs. 1000 Lacs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| ii.     | Purpose                                                       | For expansion of capacities at various units of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| iii.    | Rate of Interest (net of interest tax, other levies / duties) | The loan shall carry interest @ IDBI Bench Mark Prime Lending Rate <b>(BPLR) less 75 bps</b> (exclusive of interest tax, other levies, if any) payable on first day of every calendar month. (Present BPLR is 13.25%).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Iv      | Tenure                                                        | 78 months                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| v       | Security                                                      | <p><b>1) Primary:</b><br/>           (i) extension of first charge on all movable and immovable properties, both present and future, of the company located at Vadadla, Bhuj, Swaroopganj and offices at Baroda and Mumbai ranking pari-passu with other lenders (viz. Exim Bank, SBI's WCTL) save and except book debts, subject to the charge created/to be created in favour of company's bankers on current assets for securing borrowing for working capital requirements;<br/>           (ii) exclusive charge on all movable and immovable properties, both present and future, of the company located at Tirunelveli.<br/>           (iii) exclusive charge on all movable machineries, both present and future, of the company located at, Udaipur and Haldwani</p> <p><b>2) Collateral:</b><br/>           Second pari passu charge on current assets of the company, both present and future.</p> <p><b>3) Third Party Guarantees</b><br/>           Personal Guarantee of Shri Chandresh Parikh and Rajesh Parikh, promoter's directors of the company.</p> |
| vi      | Repayment                                                     | 60 monthly installments commencing from 01/04/2010 (first 59 installments of Rs. 16.70 lacs each and last installment of Rs. 14.70 Lacs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

## 2. Working Capital Facility

| Sr. No. | Particulars                                                                  | Terms & Conditions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------|------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i       | Limit / Amount                                                               | Rs.400 lakh (Rs. four hundred lakhs only)<br>(out of overall WC limit of Rs.1900 lakh)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| ii      | Rate of Interest<br>(exclusive of<br>interest tax, other<br>levies / duties) | <b>BPLR less 50 bps</b> payable monthly.<br>(Present BPLR is 13.25%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| iii     | Security                                                                     | <p><b><u>Primary:</u></b><br/>First pari-passu charge by way of hypothecation on all current assets viz. stocks of raw materials, semi finished goods, finished goods, other consumable store and spares and receivables of the company.</p> <p><b><u>Collateral:</u></b><br/>A first pari-passu charge on all movable and immovable properties, both present and future, of the company's fixed assets situated at GIDC-Waghodia and Hosur, Tamilnadu.<br/>Second pari passu charge on fixed assets of the company located at Vadadla, Bhuj, Swaroopganj and offices at Baroda and Mumbai.</p> <p><b><u>Third Party Guarantees:</u></b><br/>Personal Guarantee of Shri Chandresh Parikh and Rajesh Parikh, promoter's directors of the company.</p> |

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Management's Discussion and Analysis of Financial Condition and Results of operations as Reflected in the Financial Statements

#### a. Overview of the Business of our Company

The Company started manufacturing of micronized minerals in a small way with an Installed Capacity of 2,400 metric tonnes per annum in October 1988. Since then our Company has been expanding its capacity every year to reach the present capacity of 90,400 MT. The Company which has already attained International repute and global status, is still looking up to expand its capacity to 1,91,900 metric tonnes per annum, more particularly described in section named as 'Objects of the issue'.

#### b. Significant Development Subsequent to Last Financial Period

There was a severe strain on the operations and pressure on the Cash Flow position of the Company post earthquake, mainly due to the higher Interest burden on the loans availed by it and non functioning of a major equipment at Bhuj due to Earthquake. IDBI referred the case to CDR and reliefs were granted to the Company, which helped the Company to have a turn around. The Company has now taken an exit from CDR.

Except as stated above, the directors confirm that there have been no events or circumstances since the date of the last financial statements as disclosed in this offer document which materially or adversely affect or is likely to affect the trading or profitability of the Company, or the value of its assets, or its ability to pay liabilities within the next twelve months.

#### c. Factors that may affect Results of Operations

Except as otherwise stated in this Offer Document, the Risk Factors given in this Offer Document and the following important factors could cause actual results to differ materially from the expectations include, among others:

- **Mining Policies:** Any change in the Mining Policies implemented by the Government may adversely affect the operations of the Company;
- **General economic and business conditions:** Any material change in the economic and business conditions may affect the Company adversely, which are not anticipated as of now;
- **Company's ability to successfully implement its strategy and its growth and expansion plans:** The Company is confident of implementing its strategy and its growth and expansion plans successfully and intime;
- **Factors affecting industrial activity:** Our business is highly labour-intensive and managing a team engaged in doing largely repetitive work poses serious challenge. Any disruptions in relationship with employees may lead to Labour unrest and thereby affect our business;
- **Increasing competition in the industry:** There are small unorganized suppliers who try to cater to the Industry, at low costs. The technology edge available with the Company has helped in sustaining the customers. There are no entry barriers in the Industry. In case of new Companies entering the Industry, the competition may increase;

- **Increases in raw materials prices:** Any abnormal increase in the rate of raw materials purchased by us, as compared to the normal increase considered for the working, may affect our working adversely;
- **Increases in Fuel Costs:** Our costs include a substantial part of freight as one of the elements. Any abnormal increase in the fuel cost may affect our working adversely;

d. **Discussion on Results of Operations**

**Analysis of Financial Performance of 20 Microns Limited**

The following discussion of the financial condition and results of operations for the financial year ending March 31, 2007, 2006, 2005 and 2004 respectively including the notes thereto and the reports thereon which appear in this Offer Document.

The Audited Financial Statements are prepared in accordance with the Indian Accounting Standards

| (Rs. in Lacs)                                      |                   |                   |                   |                   |
|----------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Particulars                                        | March 31,<br>2005 | March 31,<br>2006 | March 31,<br>2007 | March 31,<br>2008 |
| Sales                                              | 5651.74           | 6749.69           | 8741.70           | 10740.86          |
| Other Income                                       | 41.84             | 37.09             | 42.37             | 51.65             |
| Net Income                                         | 5693.57           | 6786.78           | 8784.07           | 10792.51          |
| Depreciation                                       | 299.12            | 340.36            | 355.46            | 372.55            |
| Depreciation as % of Sales                         | 5.29              | 5.04              | 4.07              | 3.47              |
| Finance Cost                                       | 346.18            | 371.47            | 415.68            | 551.95            |
| Finance Cost as % of Sales                         | 6.13              | 5.50              | 4.76              | 5.14              |
| Profit / (loss) before Tax                         | (628.45)          | 108.04            | 465.17            | 624.09            |
| Profit / (loss) before Tax as % of Sales           | (11.12)           | 1.60              | 5.32              | 5.81              |
| Provision for Taxation                             | 2.80              | (72.07)           | 107.95            | 165.01            |
| Profit / (loss) after tax and extra ordinary items | (631.25)          | 180.10            | 357.22            | 459.08            |

e. **Comparison of Recent Financial Years/ Periods with Previous Financial Years/ Periods**

**Financial performance for FY 2008 vs. FY 2007**

**Sales:**

Our Sales for the Fiscal 2008 is Rs. 10,740.86 lacs as compared to Rs. 8741.70 lacs in Fiscal 2007, which shows an impressive growth of 22.87%. The growth in sales has been driven by all its areas of operations. There has been an increase of 23% in the quantity of goods sold. The increase can mainly be attributed to the overall industrial growth in all our applications and increase in the sales of speciality chemicals division

**Interest & Financial Charges:**

Interest & Financial Expenses has increased to Rs. 551.95 lacs in Fiscal 2008 from Rs. 415.68 lacs in Fiscal 2007. The increase is mainly due to additional working capital finance taken from bank and increase in interest rates.

**Depreciation:**

Depreciation on the Fixed Assets has increased from Rs. 355.46 lacs in Fiscal 2007 to Rs. 372.55 lacs in Fiscal 2008, due to some additions in fixed assets at Bhuj, Hosur, Swaroopganj and Vadadla.

**Net Profit after Tax:**

Our Net profit has increased by 28.51% in Fiscal 2008 to Rs. 459.08 lacs as compared to Rs. 357.22 lacs in Fiscal 2007. The increase is due to increase in our total income as well as improved efficiency. As a percentage of total income also, net profit has increased from 4.07% to 4.25%. The impact of Deferred Tax has been substantial in the current year and the Profit is reduced by Rs. 197 lacs due to the provision of the same. Since the brought forward losses/unabsorbed Depreciation are now set off against the current year's profits, the tax liability arises and the same has affected out earnings after tax.

**Financial performance for FY 2007 vs. FY 2006****Sales:**

The Sales for the Fiscal 2007 increased to Rs. 8741.70 lacs from Rs. 6749.69 lacs in fiscal 2006, which shows an increase of 29.51%. This increase was mainly due to effective marketing of value added division & increase in consumption of Plastics, Extrusions, Petrochemicals & paper segment across the country. This growing industry has helped the mineral industry to grow at same rate.

**Interest & Financial Charges:**

Interest & Financial Expenses has increased from Rs. 371.47 lacs in fiscal 2006 to Rs. 415.68 lacs in fiscal 2007. The increase is mainly due to additional working capital finance taken from bank.

**Depreciation:**

Depreciation on the Fixed Assets has increased from Rs. 340.36 lacs in fiscal 2006 to Rs. 355.46 lacs in fiscal 2007, the reason being additions made in Fixed Assets.

**Net Profit after Tax:**

Our Net profit has increased by 98.35% in fiscal 2007 to Rs. 357.21 lacs as compared to Rs. 180.10 lacs in fiscal 2006. The increase is due to increase in our total income as well as improved efficiency. As a percentage of total income also, net profit has increased from 2.65% to 4.07%.

**Financial performance for FY 2006 vs. FY 2005****Sales:**

The Sales for the Fiscal 2006 were Rs. 6749.69 lacs as compared to Rs. 5651.74 lacs in fiscal 2005, which is an increase of 19.43%. Rise in the Total Income was a result of focusing on higher capacity utilization at all manufacturing units, identification of high-value products as compared to low-value products & more emphasis on improvement of the quality of the products of the Company. As a result of above, the Company had lowered the presence in such segments which were exposed to lower prices and longer credit periods to stabilize on the net earnings. However the Company made efforts to diversify into high volume products viz- bentonite, bauxite etc and accordingly efforts have been channelised in these directions. The Company is expecting better results in upcoming years.

### **Interest & Financial Charges:**

Interest & Financial Expenses has increased from Rs. 346.18 lacs in fiscal 2005 to Rs. 371.47 lacs in fiscal 2006. The increase is mainly due to interest paid on the additional working capital finance taken State Bank of India in the fiscal 2006.

### **Depreciation:**

Depreciation on the Fixed Assets has increased from Rs. 299.12 lacs in fiscal 2005 to Rs. 340.36 lacs in fiscal 2006, the reason being addition made in Fixed Assets. During the fiscal we have added new manufacturing location at Tirunelveli, purchased land with building and new machineries were also installed, hence increase in the depreciation. Besides this additions of calciner and ancillary equipments at Bhuj were installed.

### **Net Profit after Tax:**

Our Net profit for the fiscal 2006 was Rs 180.10 lacs as compared to loss of Rs. 631.25 lacs in fiscal 2005. The increase is primarily due to lower operating expenses and high margins in our value added products sales.

**An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:**

#### **1. Unusual or infrequent events or transactions**

There have been no events, other than as described in this Offer Document, which may be called "unusual" or "infrequent".

#### **2. Significant economic changes that materially affected or are likely to affect income from continuing operations**

Government's policy on Mining Industry will have major bearing on Companies involved in these sectors. Any major changes in policies of government would have a significant impact on the profitability of our Company. Except the above, there are no significant economic changes that may 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**

Apart from the risks disclosed in this Red Herring Prospectus, there are no other trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

#### **4. Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known**

Review of trends in the Mineral industry over the past few years and current developments within the user industry shows positive improvements in terms of quantum, jump in demand from existing user industry and also from new users such as paper, Plastic, Paints, rubber, cement industry etc. The unorganized sector is also expected to fall in line due to rationalization of duties and taxes. The expected increase in transportation costs due to future increase in petroleum products would have adverse impact on the input cost. Hence, the Company does not foresee any factors that would adversely affect cost as a percentage of revenue.

5. **The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices**

The increase in turnover is a mix of increase in sales volume and increase in sales prices.

6. **Total turnover of each major industry segment in which the Company operated**

The Company is operating only in one segment namely "Micronised Minerals". However, the management of the Company estimates that there is a market of Micronized Minerals in India both from organized and unorganized sector.

7. **Status of any publicly announced new product**

The Company has not publicly announced any new products. However the Company may deal in any new product, depending on the demand in future.

8. **The extent to which the business is Seasonal**

No major cyclical trends are observed in this industry neither are there any government controls or regulatory framework impinging on the industry.

9. **Dependence on single or few suppliers / customers**

The Company sources the raw material from a number of suppliers and is not under threat from excessive dependence on any single or few suppliers. Similarly, the Company has Global and nationwide customers of its products and hence there is no dependence on any single customer.

10. **Competitive conditions**

The Company faces competition from small players in unorganized sector. However, in the long run, all the small and medium players are expected to be covered in single policy to pay excise duty on the products, which would have level playing field to all the players.

## FINANCIAL & OTHER INFORMATION OF OUR GROUP COMPANIES

The Companies that are part of our Group Companies are as follows:

| Sr. No. | Name of the Group Companies                   |
|---------|-----------------------------------------------|
| a.      | Speciality Minerals Limited                   |
| b.      | Dispersive Minerals & Chemicals India Limited |
| c.      | Bruno Industrial Products Limited             |
| d.      | Viking Paints Private Limited                 |
| e.      | Nanotech Minerals India Private Limited       |
| f.      | Aric Industrial Products Private Limited      |
| g.      | Trio Techno Minerals Private Limited          |
| h.      | Ultra Minchem Equipments Private Limited      |

The details of our Group Companies are as below:

### a. Speciality Minerals Limited (SML)

SML was incorporated on 28/10/1993 as Speciality Minerals Pvt. Ltd. with the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. Its CIN is U15543GJ1993PLC020540. The Company is engaged in the business of Mining & Processing of China Clay. Its registered office is situated at 9/10, GIDC Industrial Estate, Waghodia, Dist. Vadodara- 391760.

#### Board of Directors

The Board of Directors of SML as on 30<sup>th</sup> June 2008 comprises of the following persons:

| Sr. No. | Name                    |
|---------|-------------------------|
| 1.      | Mr. Chandresh S. Parikh |
| 2.      | Mr. Sudhir R. Parikh    |
| 3.      | Mrs. Darshana J. Mankad |
| 4.      | Mr. Peshank K. Patel    |

#### Shareholding Pattern

The shareholding pattern of SML as on 30<sup>th</sup> June 2008 is as follows:

| Sr. No. | Shareholder's Category        | No. of Shares | Percentage (%) |
|---------|-------------------------------|---------------|----------------|
| 1.      | Directors and their Relatives | 28,490        | 56.96          |
| 2.      | Venture Capital               | 21,510        | 43.00          |
| 3.      | Others                        | 20            | 0.04           |
|         | <b>Total</b>                  | <b>50,020</b> | <b>100.00</b>  |

#### Financial Performance

(Rs. in Lacs)

| Particulars                | Financial Year Ended 31st March |         |         |
|----------------------------|---------------------------------|---------|---------|
|                            | 2005-06                         | 2006-07 | 2007-08 |
| Sales                      | 62.09                           | 94.85   | 520.36  |
| Other Income               | 0.03                            | 0.15    | 0.43    |
| Total Income               | 62.12                           | 95.00   | 520.79  |
| Profit After Tax           | 0.28                            | 1.37    | 3.04    |
| Equity Share Capital       | 5.00                            | 5.00    | 5.00    |
| Reserves & Surplus         | 0.96                            | 2.34    | 5.38    |
| EPS (Rs.)                  | 0.56                            | 2.74    | 6.07    |
| Book Value Per Share (Rs.) | 11.93                           | 14.68   | 20.75   |

**b. Dispersive Minerals & Chemicals India Limited (DMCIL)**

DMCIL was incorporated as Rosalee Surcoats Private Limited on 04/02/1991 with the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. The name of the Company was changed to "Dispersive Minerals & Chemicals India Limited" on 26<sup>th</sup> June, 2007. Its CIN is U14100GJ1991PTC015009. DMCIL is engaged in the business of manufacturing of decorative paints and chemicals. Its registered office is situated at 347, GIDC Industrial Estate, Waghodia, Dist. Vadodara- 391760.

*Board of Directors*

The Board of Directors of DMCIL as on 30<sup>th</sup> June 2008 comprises of the following persons:

| Sr. No. | Name                    |
|---------|-------------------------|
| 1.      | Mr. Chandresh S. Parikh |
| 2.      | Mr. Sudhir R. Parikh    |
| 3.      | Mr. Rajesh C. Parikh    |

*Shareholding Pattern*

The shareholding pattern of DMCIL as on 30<sup>th</sup> June 2008 is as follows:

| Sr. No. | Shareholder's Category        | No. of Shares   | Percentage (%) |
|---------|-------------------------------|-----------------|----------------|
| 1.      | Directors and their Relatives | 2,30,490        | 60.10          |
| 2.      | Bodies Corporate              | 1,45,000        | 37.81          |
| 3.      | Others                        | 8,010           | 2.09           |
|         | <b>Total</b>                  | <b>3,83,500</b> | <b>100.00</b>  |

*Financial Performance*

| Particulars                | (Rs. in Lacs)                               |         |         |
|----------------------------|---------------------------------------------|---------|---------|
|                            | Financial Year Ended 31 <sup>st</sup> March |         |         |
|                            | 2004-05                                     | 2005-06 | 2006-07 |
| Sales                      | 84.86                                       | 66.43   | 75.26   |
| Other Income               | 1.17                                        | 2.34    | 5.68    |
| Processing Fees            | 7.84                                        | -       | -       |
| Total Income               | 93.87                                       | 68.77   | 80.93   |
| Profit After Tax           | 4.46                                        | 0.73    | 5.41    |
| Equity Share Capital       | 20.00                                       | 20.00   | 20.00   |
| Reserves & Surplus         | 4.77                                        | 5.50    | 10.91   |
| EPS (Rs.)                  | 22.3                                        | 3.65    | 27.05   |
| Book Value Per Share (Rs.) | 123.85                                      | 127.5   | 154.55  |

**c. Bruno Industrial Products Limited (BIPL)**

BIPL was incorporated as Micro Mech Private Limited on 05/08/1992 with the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. The name of the Company was changed to “Bruno Industrial Products Limited” on 2<sup>nd</sup> April, 2007. Its CIN is U25200GJ1992PLC018109. Presently BIPL is engaged in the business of Manufacturing of Master Batches from plastic granuals. Its registered office is situated at C-1/B-160, GIDC Industrial Estate, Waghodia, Dist. Vadodara- 391760.

*Board of Directors*

The Board of Directors of BIPL as on 30<sup>th</sup> June 2008 comprises of the following persons:

| Sr. No. | Name                    |
|---------|-------------------------|
| 1.      | Mr. Chandresh S. Parikh |
| 2.      | Mr. Rajesh C. Parikh    |
| 3.      | Mr. Sudhir R. Parikh    |
| 4.      | Mr. Atil C. Parikh      |

*Shareholding Pattern*

The shareholding pattern of BIPPL as on 30<sup>th</sup> June 2008 is as follows:

| Sr. No. | Shareholder's Category        | No. of Shares   | Percentage (%) |
|---------|-------------------------------|-----------------|----------------|
| 1.      | Directors and their Relatives | 78,500          | 31.33          |
| 2.      | Bodies Corporate              | 48,713          | 19.44          |
| 3.      | Others                        | 1,23,335        | 49.23          |
|         | <b>Total</b>                  | <b>2,50,548</b> | <b>100.00</b>  |

*Financial Performance*

| Particulars                | (Rs. in Lacs)                               |         |         |
|----------------------------|---------------------------------------------|---------|---------|
|                            | Financial Year Ended 31 <sup>st</sup> March |         |         |
|                            | 2005-06                                     | 2006-07 | 2007-08 |
| Sales                      | 0.65                                        | 24.59   | 68.87   |
| Other Income               | 1.77                                        | 7.87    | 8.16    |
| Total Income               | 2.43                                        | 32.47   | 77.03   |
| Profit After Tax           | (2.39)                                      | (11.92) | 0.22    |
| Equity Share Capital       | 25.05                                       | 25.05   | 25.05   |
| Reserves & Surplus         | 47.11                                       | 35.18   | 35.40   |
| EPS (Rs.)                  | (0.96)                                      | (4.75)  | 0.09    |
| Book Value Per Share (Rs.) | 28.86                                       | 24.09   | 24.13   |

**d. Viking Paints Private Limited (VPPL)**

VPPL was incorporated as Viking Paints Private Limited on 30/07/2004 with the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. The name of the Company was changed to "Omya Paints Private Limited" and back to Viking Paints Pvt Ltd on 27.12.2005. Its CIN is U2422GJ2004PTC044537. The Company is yet to commence any commercial activity. Its registered office is situated at B-101/102, Shivaranjani Apartment, Near Rajesh towers, Gotri Road, Dist. Vadodara.

*Board of Directors*

The Board of Directors of VPPL as on 30<sup>th</sup> June 2008 comprises of the following persons:

| Sr. No. | Name              |
|---------|-------------------|
| 1.      | Mr. Rakesh Parikh |
| 2.      | Mr. Umed Gohil    |

*Shareholding Pattern*

The shareholding pattern of VPPL as on 30<sup>th</sup> June 2008 is as follows:

| Sr. No. | Shareholder's Category        | No. of Shares | Percentage    |
|---------|-------------------------------|---------------|---------------|
| 1.      | Directors and their Relatives | -             | -             |
| 2.      | Bodies Corporate              | 10,000        | 100.00        |
|         | <b>Total</b>                  | <b>10,000</b> | <b>100.00</b> |

*Financial Performance*

| Particulars                | (Rs. in Lacs)                               |         |         |
|----------------------------|---------------------------------------------|---------|---------|
|                            | Financial Year Ended 31 <sup>st</sup> March |         |         |
|                            | 2005-06                                     | 2006-07 | 2007-08 |
| Sales                      | -                                           | 0.04    | 21.45   |
| Other Income               | -                                           | -       | 8.23    |
| Total Income               | -                                           | 0.04    | 29.68   |
| Profit After Tax           | (0.17)                                      | (0.04)  | 0.94    |
| Equity Share Capital       | 1.00                                        | 1.00    | 1.00    |
| Reserves & Surplus         | (0.17)                                      | (0.21)  | 0.73    |
| EPS (Rs.)                  | (1.70)                                      | (0.40)  | 9.38    |
| Book Value Per Share (Rs.) | 8.30                                        | 7.90    | 17.28   |

**e. Nanotech Minerals India Private Limited (NMIPL)**

NMIPL was incorporated as Nanotech Minerals India Private Limited on 01/11/2002 with the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. Its CIN is U26999GJ2002PTC041516. The Company was formed with the object to purchase, take on lease or otherwise acquire mining works, mining grounds etc. The Company is yet to commence the commercial production. Its registered office is situated at 66, Atmajyoti Nagar, Race Course Circle, Vadodara- 390 007. The Registered Office of the Company was changed to 347, G.I.D.C Industrial Estate, Waghodia - 391 760, Vadodara with effect from 01/01/2008.

*Board of Directors*

The Board of Directors of NMIPL as on 30<sup>th</sup> June 2008 comprises of the following persons:

| Sr. No. | Name                 |
|---------|----------------------|
| 1.      | Mr. Sudhir R. Parikh |
| 2.      | Mr. Rajiv C. Parikh  |
| 3.      | Mrs. Darshana Mankad |

*Shareholding Pattern*

The shareholding pattern of NMIPL as on 30<sup>th</sup> June 2008 is as follows:

| Sr. No. | Shareholder's Category | No. of Shares | Percentage    |
|---------|------------------------|---------------|---------------|
| 1.      | Others                 | 10,000        | 100.00        |
|         | <b>Total</b>           | <b>10,000</b> | <b>100.00</b> |

*Financial Performance*

| Particulars                | (Rs. in Lacs)                               |         |         |
|----------------------------|---------------------------------------------|---------|---------|
|                            | Financial Year Ended 31 <sup>st</sup> March |         |         |
|                            | 2005-06                                     | 2006-07 | 2007-08 |
| Sales                      | -                                           | -       | -       |
| Other Income               | -                                           | -       | 0.27    |
| Total Income               | -                                           | -       | 0.27    |
| Profit After Tax           | (0.49)                                      | (0.09)  | (0.26)  |
| Equity Share Capital       | 1.00                                        | 1.00    | 1.00    |
| Reserves & Surplus         | (0.49)                                      | (0.58)  | (0.84)  |
| EPS (Rs.)                  | (4.90)                                      | (0.90)  | (2.58)  |
| Book Value Per Share (Rs.) | 5.10                                        | 4.20    | 1.59    |

**f. Aric Industrial Products Private Limited (AIPPL)**

AIPPL was incorporated as Aric Resorts & Farms Private Limited on 11/08/1994 with the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. The name of the Company was changed to “Aric Industrial Products Private Limited” with effect from 7<sup>th</sup> May 2008. Its CIN is U55101GJ1994PTC022742. AIPPL was engaged in the business of running hotels, motels, restaurant café, touring camps, etc. The main object clause of Memorandum of Association of AIPPL is substituted by the shareholders at their Extra Ordinary General Meeting held on 31<sup>st</sup> January 2008, to enable to pulverize, refine, classify, calcine, coat various chemicals, minerals either singly or in combination for its use by any industry. Its registered office is situated at 66, Atmajyoti Nagar, Race Course Circle, Vadodara- 390 007. The registered office of the Company was changed to 347, G.I.D.C Industrial Estate, Waghodia - 391 760, Vadodara with effect from 31/01/2008.

*Board of Directors*

The Board of Directors of AIPPL as on 30<sup>th</sup> June 2008 comprises of the following persons:

| Sr. No. | Name                    |
|---------|-------------------------|
| 1.      | Smt. Ilaben C. Parikh   |
| 2.      | Smt. Sejalben R. Parikh |

*Shareholding Pattern*

The shareholding pattern of AIPPL as on 30<sup>th</sup> June 2008 is as follows:

| Sr. No. | Shareholder's Category        | No. of Shares   | Percentage    |
|---------|-------------------------------|-----------------|---------------|
| 1.      | Directors and their Relatives | 2,06,020        | 100.00        |
|         | <b>Total</b>                  | <b>2,06,020</b> | <b>100.00</b> |

*Financial Performance*

| Particulars                | (Rs. in Lacs)                               |         |         |
|----------------------------|---------------------------------------------|---------|---------|
|                            | Financial Year Ended 31 <sup>st</sup> March |         |         |
|                            | 2005-06                                     | 2006-07 | 2007-08 |
| Sales                      | 0.10                                        | 0.06    | 0.11    |
| Other Income               | -                                           | -       | -       |
| Total Income               | 0.10                                        | 0.06    | 0.11    |
| Profit After Tax           | 0.03                                        | (0.08)  | 0.02    |
| Equity Share Capital       | 20.60                                       | 20.60   | 20.60   |
| Reserves & Surplus         | 1.63                                        | 1.55    | 1.57    |
| EPS (Rs.)                  | 0.01                                        | (0.04)  | 0.01    |
| Book Value Per Share (Rs.) | 10.79                                       | 10.75   | 10.76   |

**g. Trio Techno Minerals Private Limited (TTMPL)**

TTMPL was incorporated as Trio Techno Minerals Private Limited on 03/03/1997 with the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. Its CIN is U74140GJ1997PTC031829. The Company was formed with the objective of carrying purchase, take on lease or otherwise acquire mining works etc. Its registered office is situated at 347, GIDC Industrial Estate, Waghodia, Vadodara 391760.

*Board of Directors*

The Board of Directors of TTMPL 30<sup>th</sup> June 2008 comprises of the following persons:

| Sr. No. | Name                 |
|---------|----------------------|
| 1.      | Mr. Nirakar H. Desai |
| 2.      | Mr. Lalit R. Parikh  |

*Shareholding Pattern*

The shareholding pattern of TTMPL as on 30<sup>th</sup> June 2008 is as follows:

| Sr. No. | Shareholder's Category        | No. of Shares | Percentage (%) |
|---------|-------------------------------|---------------|----------------|
| 1.      | Directors and their Relatives | 10            | 0.08           |
| 2.      | Others                        | 12,520        | 99.92          |
|         | <b>Total</b>                  | <b>12,530</b> | <b>100.00</b>  |

*Financial Performance*

| Particulars                | (Rs. in Lacs)                               |         |         |
|----------------------------|---------------------------------------------|---------|---------|
|                            | Financial Year Ended 31 <sup>st</sup> March |         |         |
|                            | 2005-06                                     | 2006-07 | 2007-08 |
| Sales                      | -                                           | -       | -       |
| Other Income               | 0.44                                        | -       | -       |
| Total Income               | 0.44                                        | -       | -       |
| Profit After Tax           | (8.55)                                      | (0.22)  | (0.32)  |
| Equity Share Capital       | 1.00                                        | 1.00    | 1.25    |
| Reserves & Surplus         | (0.84)                                      | (1.06)  | (1.38)  |
| EPS (Rs.)                  | (85.5)                                      | (2.2)   | (2.54)  |
| Book Value Per Share (Rs.) | 1.54                                        | (0.59)  | (1.02)  |

#### h. Ultra Minchem Equipments Private Limited (UMEPL)

UMEPL was incorporated on 05/02/2008 with the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. Its CIN is U29100GJ2008PTC052821. The Company was formed with the object of business of manufacturers, processors, producers, fabricators, assemblers, repairers, traders, exporters, importers, designers, consultants, inspectors, representatives, contractors, buyers, sellers, to let on hire, or hire purchase and agents of and dealers of plant and machinery, components, spares, tools and engineering equipments of every description. The Company is yet to commence the commercial production. Its registered office is situated at 347, GIDC Industrial Estate, Waghodia - 391760, Dist. Vadodara.

##### *Board of Directors*

The Board of Directors of UMEPL as on 30<sup>th</sup> June 2008 comprises of the following persons:

| Sr. No. | Name                    |
|---------|-------------------------|
| 1.      | Mr. Chandresh S. Parikh |
| 2.      | Mr. Rajesh C. Parikh    |
| 3.      | Mr. Sudhir R. Parikh    |

##### *Shareholding Pattern*

The shareholding pattern of UMEPL as on 30<sup>th</sup> June 2008 is as follows:

| Sr. No. | Shareholder's Category        | No. of Shares | Percentage (%) |
|---------|-------------------------------|---------------|----------------|
| 1.      | Directors and their Relatives | 10,000        | 100.00         |
|         | <b>Total</b>                  | <b>10,000</b> | <b>100.00</b>  |

##### *Financial Performance*

Since the Company was incorporated on February 05, 1998, financial statements are not available.

#### CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE YEARS

There are no changes in the significant Accounting policies for the past 3 years.

## SECTION V - LEGAL AND OTHER INFORMATION

## OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

## (a) Cases/ suits filed against 20ML

The details of cases filed against the Company are as follows:

| Sr. No.  | Reference to Case No.                                                           | Opposite Party                                                | Gist of the Case                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----------|---------------------------------------------------------------------------------|---------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>A</b> | <b>CRIMINAL CASES</b>                                                           |                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 1.       | Criminal Case No. 1207/ 2005<br>Chief Judicial<br>Magistrate's Court<br>Bharuch | Mrs. Amitaben<br>Hareshbhai Patel<br>Bharuch                  | <p>The complaint was filed under section 138 of the Negotiable Instruments Act against the Company for dishonour of cheque No. 384545 dated 27.07.2004 for Rs.12,003/- issued by the Company in favour of the complainant.</p> <p>The defence of the Company is that the cheque was issued in the name of Mrs. Amitaben J. Patel, towards repayment of the premature withdrawal of the deposit made by Mrs. Amitaben J. Patel jointly with Mr. Pareshkumar J. Patel. The cheque was sent through courier but the same did not seem to have been delivered to Mrs. Amitaben J. Patel. Consequently at the request of Mrs. Amitaben J. Patel, the Company issued another cheque bearing No. 231781 dated 23.08.2004 in place of the above cheque, after obtaining an indemnity from Mrs. Amitaben J. Patel. The fresh cheque issued in lieu of cheque earlier cheque was encashed on 26.08.2004. Since a fresh cheque was issued in lieu of cheque no 384545, the Company issued stop payment instructions to the Bank in respect of cheque no. 384545. Subsequently, the holder of the cheque presented the cheque No. 384545 for payment (after encashing the fresh cheque) and in view of stop payment instructions, the same was not honoured.</p> <p>The last date of hearing of the case was 25<sup>th</sup> June, 2008 and the next date of hearing is on 27<sup>th</sup> August, 2008.</p> |
| <b>B</b> | <b>CIVIL CASES</b>                                                              |                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 1.       | Civil Summary Suit No 2133 of 2003, Small Causes Court, Vadodara                | Suresh Timber Company<br>(Partnership Firm)<br>Opp. GSFC Main | Suresh Timber Company is the Plaintiff in the suit which has filed summary suit against the company ("the defendant") for the recovery of the sum of sum of Rs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

| Sr. No.  | Reference to Case No.                                                        | Opposite Party                                                          | Gist of the Case                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------|------------------------------------------------------------------------------|-------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|          |                                                                              | Gate, National Highway No.8, Bye Pass Road, P O Fertilizer Nagar 391750 | <p>83,790/- due towards supply of wooden pallets. The Plaintiff raised invoices from time to time for the supply of materials and the company was to make payment within 90 days of the invoices. The plaintiff has been maintaining a running account of the defendant, in which it has given credit to the amount received from the defendant. As per the accounts of the Plaintiff, the defendant was liable to pay a sum of Rs.83,790/- after giving credit to the amounts received from the defendant.</p> <p>The Company's defence is that deduction has been made for poor quality of the materials for which the Company has raised debit note No. EXP/154/03 dated 5th February 2003 for the sum of Rs. 83,790/-</p> <p>The last date of hearing in the matter was 30<sup>th</sup> June 2008, it has been transferred from civil court to small causes court &amp; the notice is awaited.</p> |
| 2.       | Civil Case No.10/2006<br>Sr. District Judge,<br>Abu Road                     | Ashapura Freight Carriers                                               | <p>Ashapura Freight Carriers are the plaintiffs, who have filed the suit against the Company for the recovery of Rs. 55,100/-, being the amount due to them for transporting the materials of the Company to various places.</p> <p>The last date of hearing was 19<sup>th</sup> August, 2008 and the next date of hearing in the matter is 09<sup>th</sup> September, 2008.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>C</b> | <b>LABOUR LAW</b>                                                            |                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 1.       | Case No<br>3198 / 2003<br><br>Chief Judicial<br>Magistrate's<br>Court Baroda | Factory Inspector,<br>Baroda                                            | <p>A fatal accident took place in the Company's factory at Vadadla on 23rd June 2003 in which Mr. Ranchod Solanki, a Company's worker died. The Factory Inspector, Baroda filed the complaint against the Company under the relevant provisions of the Factories Act, alleging the Company responsible for the accident.</p> <p>The Court imposed a monetary penalty of Rs. 40,000/- on the Company, which has been paid.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 2.       | Case No.<br>349/ 2003                                                        | Mr. Ganapat Gohil,<br>Waghodia Village                                  | The Company retained the services of Mr. Hasmukh Parmar for carrying out casual                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

| Sr. No. | Reference to Case No.                                                        | Opposite Party                                 | Gist of the Case                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------|------------------------------------------------------------------------------|------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         | Labour Court – Baroda                                                        | Ganpatpura,<br>Taluka: Waghodia                | <p>work at the Company’s factory at Waghodia on a contract basis. Mr. Hasmukh Parmar, the contractor employed Mr. Ganpat Gohil for carrying out the job. The contractor terminated the services of Mr. Ganpat Gohil. Against the dismissal Mr. Ganpat Gohil filed a petition before the Labour Court against the Company seeking re-instatement in the Company, with back wages.</p> <p>The Company’s defense is that Mr. Ganpat Gohil was never employed by the Company and hence not liable for the relief sought for by him.</p> <p>The last date of hearing was on 25<sup>th</sup> July 2008 and the next date of hearing is on 11<sup>th</sup> October, 2008</p> |
| 3.      | <p>Case<br/>1342/ 1348/ 1999</p> <p>Total 7</p> <p>Labour Court- Baroda</p>  | Mr. Kanji Vasawa<br>and<br>six other employees | <p>Mr. Kanji Vasawa and six other employees of the Company who were employed at the Company’s plant at Waghodia remained absent from duty from March 2000 to April 2000 unauthorized. For such an action by these employees, the Company terminated their services after complying with the required formalities. The dismissed employees filed a petition before the Labour Court, seeking reinstatement with back wages.</p> <p>The Company is contesting the claim made in the petition on the ground that the termination was effected after following the rules prescribed in that behalf.</p>                                                                   |
| 4.      | <p>Case<br/>375 to 379 / 2000</p> <p>Total 5</p> <p>Labour court- Baroda</p> | Mr. Kanji Vasawa<br>and six other<br>employees | <p>The facts are same as in item no. 3 above except that the petition before the Labour Court has been filed by the Labour Union on behalf of the dismissed employees.</p> <p>This petition is also contested by the Company on the same grounds as that of the petition filed by the employees themselves.</p> <p>The labour court vide its order dated April 23, 2008 has directed the company to reinstate the dismissed employees to their transferred locations without payment of back wages.</p>                                                                                                                                                               |

| Sr. No. | Reference to Case No.                                                            | Opposite Party                                   | Gist of the Case                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------|----------------------------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5.      | Case 592/2001<br><br>Labour Court<br>Baroda                                      | Mr. Kalpesh Darji<br>and four other<br>employees | <p>Mr. Kalpesh Darji and four other employees, who were employed at the Company's plant at Waghodia stopped from attending duties at the Company's plant.</p> <p>The Company has terminated their services on disciplinary ground. The dismissed employees have initiated proceedings under the relevant provisions of the Industrial Disputes Act before the Labour Court, Baroda for the filed the recovery Rs. 63,200/-</p> <p>The Company is contesting the claim on the ground that at the time of termination, all the dues to the dismissed employees have been given and nothing more is payable to them.</p> <p>The last date of hearing was on 13<sup>th</sup> August 2008 and the next date of hearing is on 11<sup>th</sup> October 2008.</p> |
| 6.      | Case<br>8197/ 2007<br><br>Judicial First Class<br>Magistrate's<br>Court<br>Savli | Factory Inspector,<br>Baroda                     | <p>Mr. Badara M Bhuria, a worker employed by the Company at the Company's plant at Vadadla died on 26th January 2007 due to an accident at the plant.</p> <p>The Factory Inspector, Baroda filed a complaint against the Company under section 92 of the Factories Act, before the Judicial First Class Magistrate's Court holding the Company responsible for the fatal accident.</p> <p>The last date of hearing was on 25<sup>th</sup> July 2008 and the next date of hearing is on 11<sup>th</sup> October 2008.</p>                                                                                                                                                                                                                                  |
| 7.      | Case<br>8196 / 2007<br><br>Chief<br>Judicial Magistrate's<br>court Baroda.       | Factory Inspector                                | <p>Mr. Badara M Bhuria, a worker employed by the Company at its plant at Vadadla died on 26th January 2007 due to an accident at the plant.</p> <p>The Factory Inspector, Baroda, filed a complaint against the Company under section 92 of the Factories Act, before the Judicial First Class Magistrate's Court, Baroda, holding the Company responsible for the accident.</p>                                                                                                                                                                                                                                                                                                                                                                          |

| Sr. No. | Reference to Case No.                                                            | Opposite Party               | Gist of the Case                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------|----------------------------------------------------------------------------------|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         |                                                                                  |                              | The Company had been levied a penalty of Rs.40,000/-, which has since been paid.                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 8.      | Case<br>281/ 06 & 282/ 06<br><br>Chief<br>Judicial<br>Magistrate's Court<br>Bhuj | Labour<br>Commissioner Bhuj  | <p>The complaint has been filed by Labour Commissioner, Bhuj against the Company for non maintenance of certain records under the labour legislation for the year 2005 - 2006.</p> <p>The Company has since complied with the requirements.</p> <p>The last date of hearing was on 02<sup>nd</sup> August 2008 and the next date of hearing is on 13<sup>th</sup> October 2008.</p>                                                                                                                    |
| 9.      | Case<br>108/ 06 Chief Judicial<br>Magistrate's Court<br>Bhuj                     | Labour<br>Commissioner, Bhuj | <p>The complaint has been filed by Labour Commissioner, Bhuj against the Company for non maintenance of certain records under the labour legislation for the year 2005 - 2006.</p> <p>The Company has since complied with the requirements.</p> <p>The last date of hearing was on 02<sup>nd</sup> August 2008 and the next date of hearing is on 13<sup>th</sup> October 2008.</p>                                                                                                                    |
| D       | <b>INCOME TAX</b>                                                                |                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 1.      | 2002-2003                                                                        | 2763/A/05                    | <p>The assessment order under section 143(3) of the income tax was passed by the Assistant, Circle 4, Baroda, raising a demand of Rs. 4,35,432/-. The assessing officer disallowed the following expenses and added back the same to the income:</p> <p>(a) Earthquake expenses - Rs. 42,29,767/-<br/>(b) VRS expenses - Rs. 4,00,000/-</p> <p>The Company has filed an appeal against the disallowance of earthquake expenses amounting to Rs. 42,29,767/-.</p> <p>Date of hearing not yet fixed.</p> |

**(b) Disputes relating to Central Excise and Service tax**

Show cause notices issued to the Company under Central Excise Act

| Sr. No. | Reference of Show Cause Notice                                             | Issuing Authority                                           | Gist of the Show Cause Notice                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------|----------------------------------------------------------------------------|-------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.      | Show Cause Notice No. V. Bhuj/ AR-I ADC/43/2005<br><br>July 27, 2005       | Additional Commissioner, Customs and Central Excise, Rajkot | <p>The Additional Commissioner, Central Excise and Customs, Rajkot issued a Show Cause Notice ("SCN") dated 27.07.2005 to the Company. It has been alleged in the SCN that:</p> <p>(i) The product "China Clay" manufactured by the Company was declared under CETSH 2505.00 during the years 2003-04 and 2004-05, whereas for the earlier years it was declared under CETSH 2606.00.</p> <p>(ii) The aforesaid product cannot be classified under CETSH 2505.00 for the reasons stated in the SCN.</p> <p>(iii) Whereas it further appears that the product under question viz. the product calcined china clay should be classified under CETSH 3824.90</p> <p>(iv) The notice had wrongly classified the product under CETSH No.2505.00 and previously classified under CETSH No.2606.00 in its declarations, with intent to evade payment central excise duty for the clearances.</p> <p>(v) The Notice had contravened the provisions of Rule 9 of the Central Excise Rules 2002 read with Section 6 of Central Excise Act, 1944 and Rules 8, 10, 11 and 12 of the Central Excise Rules, 2002, in as much as it has manufactured and cleared the dutiable excisable commodity viz. China Clay correctly classifiable under CETSH No. 3824.90.</p> <p>In the circumstances, the notice was asked to show cause, within 30 days of the date of the notice as to why:</p> <p>(a) Central Excise duty amounting to Rs.42,39,297/ plus Rs.82,458/- being ed. cess should not be recovered from the notice</p> <p>(b) interest under section 11AB of CEA, 1944 should not be charged and demanded from the notice on the above said amount of Central Excise duty</p> <p>(c) penalty should not be imposed upon the notice under section 11AC of CEA,1944 and under Rule 25 of the Central Excise Rules, 2002</p> |
| 2.      | Show Cause Notice No. V.Bhuj/ AR-II/Commr./07/2006<br><br>January 31, 2006 | Commissioner, Customs & Central Excise Rajkot               | <p>The Commissioner of Central Excise and Customs, Rajkot issued a Show Cause Notice ("SCN") dated 31.01.2006 to the Company. It has been alleged in the SCN that:</p> <p>(i) The product "China Clay" manufactured by the Company it was declared under CETSH 2505.00 during the year 2004 -2005 and that the same product was declared under CETSH 2507.00 during the year 2005-2006.</p> <p>(ii) The aforesaid product cannot be classified under CETSH 2505.00 or 2507.00 for the reasons stated in the SCN.</p> <p>(iii) Whereas it further appears that the product under question viz. The product calcined china clay should be classified under CETSH 3824.90</p> <p>(iv) The notice had wrongly classified the product under CETSH</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

| Sr. No. | Reference of Show Cause Notice                                                   | Issuing Authority                                         | Gist of the Show Cause Notice                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
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|         |                                                                                  |                                                           | <p>No.2505.00/2507.00 and previously classified under CETSH No.2606.00 in its declarations, with intent to evade payment central excise duty for the clearances.</p> <p>(v) The Notice had contravened the provisions of Rule 9 of the Central Excise Rules 2002 read with Section 6 of Central Excise Act, 1944 and Rules 8, 10, 11 and 12 of the Central Excise Rules, 2002. in as much as it has manufactured and cleared the dutiable excisable commodity viz. Calcined China Clay correctly classifiable under CETSH No. 3824.90 for the period from January 2005 to September 2005 for a total quantity of 4932.35 MT.</p> <p>In the circumstances, the notice was asked to show cause, within 30 days of the date of the notice as to why:</p> <p>(a) Central Excise duty amounting to Rs.1,03,42,976/- plus Rs.2,06,860/- being ed. cess totaling to Rs.1,05,49,836/- should not be recovered from the notice.</p> <p>(b) interest under section 11AB of CEA, 1944 should not be charged and demanded from the notice on the above said amount of Central Excise Duty.</p> <p>(c) penalty should not be imposed upon the notice under section 11AC of CEA,1944 and under Rule 25 of the Central Excise Rules, 2002</p>                                                                                                                                                                                                                                                      |
| 3.      | <p>Show Cause Notice No. V. Bhuj/AR-I Commr./83/2006</p> <p>October 18, 2006</p> | <p>Commissioner of Customs and Central Excise, Rajkot</p> | <p>The Commissioner of Central Excise and Customs, Rajkot issued a Show Cause Notice ("SCN") dated 18.10.2006 to the Company. It has been alleged in the SCN that:</p> <p>(i) The product "China Clay" manufactured by the Company it was declared under CETSH 2505.00 during the year 2004 -2005 and that the same product was declared under CETSH 2507.00 during the year 2005-2006.</p> <p>(ii) The aforesaid product cannot be classified under CETSH 2505.00 or 2507.00 for the reasons stated in the SCN</p> <p>(iii) The product should be classified under CETSH 3824.90</p> <p>(iv) The notice had wrongly classified the product under CETSH No.2505.00/2507.00 and previously classified under CETSH No.2606.00 in its declarations, with intent to evade payment central excise duty for the clearances.</p> <p>(v) The Notice had contravened the provisions of Rule 9 of the Central Excise Rules 2002 read with Section 6 of Central Excise Act, 1944 and Rules 8, 10, 11 and 12 of the Central Excise Rules, 2002.</p> <p>In the circumstances, the notice was asked to show cause, within 30 days of the date of the notice as to why:</p> <p>(a) Central Excise duty and ed. cess amounting to Rs.68,59,126/- should not be recovered from the notice</p> <p>(b) interest under section 11AB of CEA, 1944 should not be charged and demanded from the notice on the above said amount</p> <p>(c) Penalty should not be imposed upon the notice under section</p> |

| Sr. No. | Reference of Show Cause Notice                                               | Issuing Authority                                  | Gist of the Show Cause Notice                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------|------------------------------------------------------------------------------|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         |                                                                              |                                                    | 11AC of CEA, 1944 and under Rule 25 of the Central Excise Rules, 2002.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 4.      | Show Cause Notice No. V. Bhuj/AR-I Commr.20// 2007<br><br>March 06, 2007     | Commissioner of Customs and Central Excise, Rajkot | <p>The Commissioner of Central Excise and Customs, Rajkot issued a Show Cause Notice ("SCN") dated 06.03.2007 to the Company. It has been alleged in the SCN that:</p> <p>(i) The product "China Clay" manufactured by the Company it was declared under CETSH 2505.00 during the year 2004 -2005 and that the same product was declared under CETSH 2507.00 during the year 2005-2006.</p> <p>(ii) The aforesaid product cannot be classified under CETSH 2505.00 or 2507.00 for the reasons stated in the SCN</p> <p>(iii) The product should be classified under CETSH 3824.90</p> <p>(iv) The notice had wrongly classified the product under CETSH No.2505.00/2507.00 and previously classified under CETSH No.2606.00 in its declarations, with intent to evade payment central excise duty for the clearances.</p> <p>(v) The Notice had Contravened the provisions of Rule 9 of the Central Excise Rules 2002 read with Section 6 of Central Excise Act, 1944 and Rules 8, 10, 11 and 12 of the Central Excise Rules, 2002.</p> <p>In the circumstances, the notice was asked to show cause, within 30 days of the date of the notice as to why:</p> <p>(a) Central Excise duty and Ed. cess amounting to Rs.1,36,76,694/- should not be recovered from the notice</p> <p>(b) interest under section 11AB of CEA, 1944 should not be charged and demanded from the notice on the above said amount</p> <p>(c) Penalty should not be imposed upon the notice under section 11AC of CEA, 1944 and under Rule 25 of the Central Excise Rules, 2002.</p> |
| 5.      | Show Cause Notice No.V.Bhuj/A R- I/ Commr./ 137/2007<br><br>October 25, 2007 | Commissioner of Customs and Central Excise, Rajkot | <p>The Commissioner of Central Excise and Customs, Rajkot issued a Show Cause Notice ("SCN") dated 25.10.2007 to the Company. It has been alleged in the SCN that:</p> <p>(i) The product "China Clay" manufactured by the Company it was declared under CETSH 2505.00 during the year 2004 -2005 and that the same product was declared under CETSH 2507.00 during the year 2005-2006.</p> <p>(ii) The aforesaid product cannot be classified under CETSH 2505.00 or 2507.00 for the reasons stated in the SCN.</p> <p>(iii) The product should be classified under CETSH 3824.90</p> <p>(iv) The notice had wrongly classified the product under CETSH No.2505.00/2507.00 and previously classified under CETSH No.2606.00 in its declarations, with intent to evade payment central excise duty for the clearances.</p> <p>(v) The Notice had Contravened the provisions of Rule 9 of the Central Excise Rules 2002 read with Section 6 of Central Excise Act, 1944 and Rules 8, 10, 11 and 12 of the Central Excise Rules, 2002.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

| Sr. No. | Reference of Show Cause Notice                        | Issuing Authority                                | Gist of the Show Cause Notice                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
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|         |                                                       |                                                  | <p>In the circumstances, the notice was asked to show cause, within 30 days of the date of the notice as to why:</p> <p>(a) Central Excise duty and Ed. cess amounting to Rs.2,03,86,242/- should not be recovered from the notice</p> <p>(b) interest under section 11AB of CEA, 1944 should not be charged and demanded from the notice on the above said amount</p> <p>(c) Penalty should not be imposed upon the notice under section 11AC of CEA, 1944 and under Rule 25 of the Central Excise Rules, 2002.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 6.      | Civil Appeal No. 16524 of 2006 Supreme Court of India | Commissioner of Customs & Central Excise, Rajkot | <p>The Commissioner of Customs &amp; Central Excise, Rajkot, issued to the Company a Centralized Show Cause Notice ("SCN") No. V.Bhuj/AR-Bhuj/ Commr./ SCN No. 082 / 2003, F.No.V.26/15-146/Adj./2001 dated 16<sup>th</sup> September 2003 to show cause as to why:</p> <p>(a) Central Excise duty amounting to Rs.1,20,42,413/- should not be recovered from the Company under proviso of sub section (1) of section 11A of Central Excise Act, 1944 for the clearance of Calcined "China Clay" during the period from 07.02.2000 to 06.10.2001</p> <p>(b) interest under section 11AB of CEA, 1944 should not be charged and demanded from the Company on the above said amount of Central Excise duty</p> <p>(c) Penalty should not be imposed upon the Company under section 11AC of Central Excise Act, 1944 and under the provision of erstwhile Rule 173Q of Central Excise Rules, 1944 and under Rule 25 of the Central Excise Rules, 2002.</p> <p>By the above said SCN, Mr. Chandresh S Parikh, Chairman and Managing Director of the Company and Mr. A P Joshi, Manager, were asked to show cause as to why penalty should not be imposed on them under erstwhile Rule 209A of the Central Excise Rules, 1944, Rule 26 of Central Excise (No.2) Rules, 2001, read with Section 38A of the Central Excise Act, 1944.</p> <p>The Company, Mr. Chandresh S Parikh and Mr. A P. Joshi, the notices, filed their reply to the above SCN. The reply contested the claim of the department for the recovery of the amount mentioned in the SCN.</p> <p>The Commissioner, Central Excise &amp; Customs, Rajkot, by his order in original no. 10 / Commr/2004 F.No.V.26/15-146/Adj./2001 dated 23.07.2004 confirmed the demand made in the SCN and the interest payable thereon and also imposed on the Company a penalty equal to the amount of duty payable.</p> <p>The Commissioner of Customs &amp; Central Excise, Rajkot, issued to the Company another Show Cause Notice ("SCN-1") bearing No.V.Bhuj/Commr./SCN No.59/2004 dated 5<sup>th</sup> August 2004 to show cause as to why:</p> |

| Sr. No. | Reference of Show Cause Notice                        | Issuing Authority                                | Gist of the Show Cause Notice                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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|         |                                                       |                                                  | <p>(a) Central Excise duty amounting to Rs.1,10,67,872/- should not be recovered from the Company under sub section (1) of section 11A of Central Excise Act, 1944 for the clearance of Calcined "China Clay" during the period from August 2003 to June 2004, as per calculations given in the Annexure to SCN-1.</p> <p>(b) interest under section 11AB of CEA, 1944 should not be charged and recovered from the Company on the above said amount of Central Excise duty</p> <p>(c) Penalty should not be imposed upon the Company under Rule 25 of the Central Excise Rules, 2002.</p> <p>The Company filed its reply to the above SCN. The reply contested the claim of the department for the recovery of the amount mentioned in the SCN.</p> <p>The Commissioner, Central Excise &amp; Customs, Rajkot, by his order in original 50/Commr./ 2004 F.No.V.38/15-72/Adj./04 dated 24.12.2004 confirmed the demand made in the SCN and the interest payable thereon and also imposed on the Company a penalty of equal to the amount of duty payable.</p> <p>Aggrieved by the two orders dated 28.04.2005 and 24.12.2004 aforesaid passed by the Commissioner, Central Excise &amp; Customs, Rajkot, the Company filed two appeals before the Customs, Excise &amp; Service Tax Appellate Tribunal, West Zonal Bench, Mumbai, being Appeal No. E/3136/04 and E/959/05. The Customs, Excise and Service Tax Appellate Tribunal, by its order bearing No. A/369-370/WZB/06/C-II/EB dated 09.11.2005, allowed the appeals and set aside the demand made in the two Show Cause Notices aforesaid.</p> <p>The Commissioner of Customs &amp; Central Excise, Rajkot has filed Civil Appeal No, 16524 of 2006 before the Hon'ble Supreme Court of India, against the order dated 09.11.2005 passed by the Customs, Excise and Service Tax, Appellate Tribunal Western Zonal Bench, Mumbai.</p> <p>The date of hearing of the Civil Appeal has not yet been fixed.</p> |
| 7.      | Civil Appeal No 3451 of 2007, Supreme Court of India. | Commissioner of Customs & Central Excise, Rajkot | <p>The Commissioner of Customs &amp; Central Excise, Rajkot, issued to the Company another Show Cause Notice ("SCN") bearing No.V.Bhuj/Commr./03/2005 dated 27.01.2005 to show cause as to why:</p> <p>(a) Calcined China Clay manufactured and cleared by the Company during the period from 07.10.2001 to 31.07.2003 for a total quantity of 7633 MT, should not be classified under Chapter/Sub-heading No. 3824.90 of CETA.</p> <p>(b) Central Excise duty amounting to Rs.1,43,73,100/- should not be recovered from the Company under sub section (1) of section 11A of</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

| Sr. No. | Reference of Show Cause Notice                                                    | Issuing Authority                      | Gist of the Show Cause Notice                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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|         |                                                                                   |                                        | <p>Central Excise Act, 1944 as per calculations given in the Annexure to SCN.</p> <p>(c) interest at appropriate rate should not be charged and recovered under sub-section (1) of Section 11A of the CEA, 1944</p> <p>(d) Penalty should not be imposed upon the Company under section 11AC of CEA, 1944 and under Rule 25 of the Central Excise Rules, 2002.</p> <p>The Company filed its reply to the above SCN. The reply contested the claim of the department for the recovery of the amount mentioned in the SCN and the classification of Calcined China Clay under Chapter 38.</p> <p>The Commissioner, Central Excise &amp; Customs, Rajkot, by his order No.21/Commr/2005 dated 28.04.2005 confirmed the correctness of the classification of Calcined China Clay under T H 3824.90 and the consequent demand made in the SCN and the interest payable thereon and also imposed on the Company a penalty equal to the amount of excise duty payable.</p> <p>Aggrieved by the above order aforesaid passed by the Commissioner, Central Excise &amp; Customs, Rajkot, the Company filed an appeal before the Customs, Excise &amp; Service Tax Appellate Tribunal, West Zonal Bench, Mumbai, being Appeal No. E/2474/2005. The Customs, Excise and Service Tax Appellate Tribunal, West Zonal Bench, Mumbai, by its order bearing No. M/1511//WZB/06/C-I/EB dated 08.09.2006, allowed the appeal and set aside the demand made in the SCN.</p> <p>The Commissioner of Customs &amp; Central Excise, Rajkot has filed Civil Appeal before the Hon'ble Supreme Court of India, against the order dated 08.09.2006 passed by the Customs, Excise and Service Tax, Appellate Tribunal Western Zonal Bench, Mumbai.</p> <p>Along with the Appeal, the Commissioner of Central Excise &amp; Customs, Rajkot, has also filed an Application for condonation of delay in filing the appeal. Hence the Civil Appeal has not been numbered.</p> <p>The date of hearing of the Application for condoning the delay in filing the appeal has not yet been fixed.</p> |
| 8.      | Appeal No. E-731/07, Customs, Excise and Service Tax Appellate Tribunal, Chennai. | Commissioner of Central Excise Chennai | <p>The Company was served a show cause notice no. 3 dated 18.01.2000 to show cause as to why:</p> <ul style="list-style-type: none"> <li>▪ Chemically Coated Micronised Minerals, manufactured by the Company, should not be classified under Sub-heading, 3824.90 of the First Schedule to the said Tariff Act (upto 28.2.1997, under Sub-heading, 3823.00), under Rule 173-B of the said Rules, 1944, read with, the provisions of the said Tariff Act;</li> <li>▪ Central Excise Duty, amounting to Rs. 1,40,14,482.00, as</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

| Sr. No. | Reference of Show Cause Notice | Issuing Authority | Gist of the Show Cause Notice                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
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|         |                                |                   | <p>stipulated in Annexure D1 to the SCN should not be recovered from the Company, under Rule 9(2) of the said Rules, 1944, read with, the special provisions of Section 11-A(1) of the Central Excise Act, being duty, recoverable on Chemically coated Micronised Minerals, falling under Chapter 38 of the First Schedule to the said Tariff Act, cleared during the period, from 1.11.1999 to 1.8.1999;</p> <ul style="list-style-type: none"> <li>▪ Red Oxide, manufactured by the Company should not be classified under Sub-heading, 2821.10 of the First Schedule to the said Tariff Act, under Rule 173-B of the said Rules, 1944, read with, the said Tariff Act;</li> <li>▪ Central Excise Duty, amounting to Rs. 10,51,098.00, as computed in Annexure D2 to the SCN should not be recovered from the Company under the provisions of Rules 9(2) of the said Rules, 1944, read with, special provisions of Section 11-AC(1) of the Central Excise Act, being duty, payable on the Red Oxide, under Sub-heading, 2821.10 of the First Schedule to the said Tariff Act, cleared during the period, from 1.1.1997 to 12.10.1999;</li> <li>▪ the excisable goods, namely, Chemically Coated Micronised minerals, weighing 97M.Ts., and valued at Rs. 6,94,875.00, should not be confiscated under Rule 173-Q(1), read, with Rule 226 of the said Rules, 1944;</li> <li>▪ Penal Interest, under Section 11-AB of the Central Excise Act, should not be recovered from the Company.</li> <li>▪ penalties, should not be imposed upon the Company under Section 11-AC the Central Excise Act and Rule 9(2), Rule 52-A, Rule 173-Q(1) and Rule 226 of the said Rules, 1944;</li> <li>▪ Land, Building, Plant, Machinery, used in connection with the manufacture and storage of the said goods, should not be confiscated under Rule 173-Q(2) of the said Rules, 1944;</li> <li>▪ Mr. Rajiv Parikh, the General Manager (South) of the Company's Unit, should not be subjected to penal action, under Rule 209-A of the said Rules, 1944.</li> </ul> <p>The Company filed its reply dated 22.06.2000 before the Commissioner of Central Excise &amp; Customs (Adjudication), Chennai. In its reply the Company canvassed its arguments, both on merits, as well as on the point of limitation.</p> <p>The Commissioner of Central Excise &amp; Customs (Adjudication), Chennai vide his order No. 7/2001 dated 2.05.2001 confirmed the demand made in the show cause and also imposed a penalty of Rs.1 lakh on Mr. Rajiv Parikh. Aggrieved by the above order of the Commissioner of Central Excise &amp; Customs, the Company filed an appeal before the Tribunal, Western Zonal Bench, Mumbai. The Tribunal, by its order No.1429-1430/WZA/2005/CII dated 9.6.2005 remanded the matter back to the Adjudicating Authority with certain directions. The Commissioner of Central Excise &amp; Customs (Adjudication), by his order in original No. 3 dated 28.06.2007 to the following effect:</p> |

| Sr. No. | Reference of Show Cause Notice                                                                                   | Issuing Authority                                     | Gist of the Show Cause Notice                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
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|         |                                                                                                                  |                                                       | <ul style="list-style-type: none"> <li>▪ Classifying the chemically coated micronised minerals under chapter sub-heading 3824.90 of the Central Excise Tariff Act, 1985.</li> <li>▪ made a demand amounting to Rs.2,02,204/- being the duty not paid on the removals of chemically coated micronised minerals during the period July 1999</li> <li>▪ Made a demand amounting to Rs.1,25,078/- being the duty payable on the seized goods.</li> <li>▪ Classifying the Red oxide powder under Chapter sub-heading 2821.10 of the Central Excise Tariff Act, 1985.</li> <li>▪ Made a demand amounting to Rs.1,97,723/- being the duty not paid on the removals of red oxide during the period between July 1999 and October 1999.</li> <li>▪ Made a demand amounting to Rs.1,25,078/- being the duty payable on the seized goods.</li> <li>▪ confiscation of goods seized under mahazar dated 21.7.99 of chemically coated micronized minerals valued at Rs.6,94,875/-; however option was given to the Company to redeem the same on payment of Rs.1,25,000/-</li> <li>▪ Imposing a penalty of Rs.2.50 lacs on the Company.</li> </ul> <p>Against the above order dated 28.06.2007, the Company has filed an appeal.</p> <p>The last date of hearing was on 14th December, 2007 which was Postponed and the next date of hearing is on 05.02.2008.</p> |
| 9.      | Appeal No. E/1710/04 & 1711/04, Customs, Excise & Service Tax Appellate Tribunal, Western Zonal Bench, Ahmedabad | Commissioner of Central Excise & Customs, Vadodara II | <p>The department carried out investigation to ascertain whether the products being manufactured are properly classified for the purpose of payment of excise duty. On conclusion of the investigation a Show Cause Notice bearing No. V/15-15/DGAE/BRU?99.Pt.1, dated 31.12.1999 covering the period from 1994-1995 to 17.7.1999 was served on the Company proposing the following actions.</p> <p><b>Vadadla Unit</b><br/> Period: 1994-1995 to 15.7-1999<br/> Demand: Rs. 3,35,36,664.06</p> <ul style="list-style-type: none"> <li>▪ Mandatory penalty under Section 11-AC</li> <li>▪ Penalty under Rule 73-Q</li> <li>▪ Levy of Redemption fine under Rule 173-Q(1)</li> <li>▪ Levy of Redemption Fine under Rule 173-Q(2)(a)</li> <li>▪ Levy of penalty on the Managing Director under Rule 209-A</li> </ul> <p><b>Waghodia Unit</b><br/> Period: 1994-1995 to 15.7-1999<br/> Demand: Rs. 63,62,929.22</p> <ul style="list-style-type: none"> <li>▪ Mandatory penalty under Section 11-AC</li> <li>▪ Penalty under Rule 73-Q</li> <li>▪ Levy of Redemption fine under Rule 173-Q(1)</li> <li>▪ Levy of Redemption Fine under Rule 173-Q(2)(a)</li> </ul> <p>The Company its common written submissions, and canvassed their</p>                                                                                                                |

| Sr. No. | Reference of Show Cause Notice | Issuing Authority | Gist of the Show Cause Notice                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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|         |                                |                   | <p>case, both on merits as well as on limitation.</p> <p>The commissioner of Central Excise &amp; Customs confirmed the demand made in show case notice, vide his order-in-original no. 12/BRC/MP/02, dated 28.6.2002 created the following liabilities on the Company:</p> <p><b>Vadadla Unit</b></p> <ul style="list-style-type: none"> <li>▪ Confirmation of demand of Rs. 3,35,36,774.06/- over a larger period</li> <li>▪ Imposition of mandatory penalty of Rs. 3,35,36,774.06/- under Section 11-AC</li> <li>▪ Penalty of Rs. 5,00,000/- under Rule 173-Q(1)</li> <li>▪ Redemption fine of Rs. 30,00,000/- under Rule 173-Q(2)(a)</li> <li>▪ Redemption fine (seized goods) of Rs. 5,00,000/- under Rule 173-Q(1)</li> <li>▪ Imposition of penalty of Rs. 30,00,000/- on the Managing Director under Rule 209-A</li> </ul> <p><b>Waghodia Unit</b></p> <ul style="list-style-type: none"> <li>▪ Confirmation of demand of Rs. 63,62,929.22/-</li> <li>▪ Imposition of mandatory penalty of Rs. 63,62,929.22/- under Section 11-AC</li> <li>▪ Penalty of Rs. 5,00,000/- under Rule 173-Q(1)</li> <li>▪ Redemption fine (seized goods) of Rs. 2,00,000/- under Rule 173-Q(1)</li> <li>▪ Redemption fine of Rs. 6,00,000/- under Rule 173-Q(2)(a)</li> </ul> <p>Being aggrieved by the order – in original dated 28.6.2002, the Company filed an appeal before the Appellate Tribunal, contesting the demand made in the order dated 28.06.2002 both on merits, as well as on limitation.</p> <p>The Honourable Tribunal, vide its final order No., C-III/1220 to 1222-WZB/2003, dated 2.9.2003 allowed the appeal, set aside the order dated 28.6.2002 and remanded the case back to the Adjudicating Commissioner</p> <p>The Company filed its written submissions, in the Remand Proceedings. In its written submissions, the Company maintained that the Adjudicating authority was merely required to quantify the demand of duty, for normal period of limitation, as the duty demand beyond the normal period of limitation, is barred by limitation and also maintained that the Company had already deposited Rs. 10,00,000/- during investigation and provided the total calculations of the duty, for the normal limitation and adjustment of Rs. 10,00,000/- there against and requested refund of Rs. 8,45,592/-.</p> <p>The adjudicating authority by his order in original no. 12/BRC-</p> |

| Sr. No. | Reference of Show Cause Notice | Issuing Authority | Gist of the Show Cause Notice                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------|--------------------------------|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         |                                |                   | <p>II/MP/2004 dated 24.2.2004</p> <ul style="list-style-type: none"> <li>▪ Confirmed the classification of Coated Minerals, under Sub-heading, 3824.90, with effect from 1.3.1997 and prior thereto, under the Sub-heading, 3823.90.</li> <li>▪ Confirmed the demand of Rs. 47,832.00, on Waghodia unit, under Section 11A of the Central Excise Act.</li> <li>▪ Confirmed the demand of Rs. 1,81,996.00/- on Waghodia Unit.</li> <li>▪ Imposed a penalty of Rs. 40,00,000.00, under Rule 173-Q(1), on the Waghodia and Vadadla (Savli) Unit, for removal of the goods, without payment of duty and engaging in manufacture, production and storage of excisable goods, without applying for Central Excise Registration, etc.</li> <li>▪ Ordered confiscation of Land, Building, plant and Machinery of Vadadla (Savli) Unit, under Rule 173-Q(2)(a), with Redemption fine of Rs. 20,00,000/-, in lieu of confiscation.</li> <li>▪ Ordered confiscation of Land, Building, plant and Machinery of Waghodia Unit, under Rule 173-Q(2)(a), with Redemption Fine of Rs. 5,00,000/-.</li> <li>▪ Ordered confiscation of seized goods of Rs. 10,54,028.00/- of Waghodia Unit, with Redemption Fine of Rs. 5,00,000/- in lieu of confiscation.</li> <li>▪ Ordered confiscation of goods of Rs. 21,84,498.00/- of Vadadla (Savli) Unit, with Redemption Fine of Rs. 2,00,000/- in lieu of confiscation.</li> <li>▪ Ordered appropriation of Rs. 10,00,000/- deposited by the Company against the aforementioned penalty.</li> </ul> <p>The Customs, Excise &amp; Service Tax Appellate Tribunal, West Zonal Branch, Ahmedabad, by its order dated 12<sup>th</sup> February 2008 allowed the appeal and set aside the order of confiscation and imposition of penalty.</p> |

## Show cause notices issued to the Company under Service Tax

| Sr. No. | Reference of Show Cause Notice                                                  | By whom issued                                        | Gist of the Show Cause Notice                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------|---------------------------------------------------------------------------------|-------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.      | Show cause notice No. AAACZ0580 BST002<br><br>April 17, 2006                    | Assistant Commissioner, Service Tax, Hyderabad        | <p>The Show Cause Notice ("SCN") mentions that Notification No.32/2004 ST dated 3<sup>rd</sup> December 2004 exempts service tax on 75% of gross amount charged in respect of taxable service provided by a goods transport agency to a customer. The exemption is available subject to the condition that</p> <p>(i) the assessee does not avail Cenvat Credit on inputs or capital goods used for providing such service</p> <p>(ii) The assessee has not availed the benefit under No. 12/2003.dated 20<sup>th</sup> June 2003. It has been alleged in the SCN that the Company has wrongly availed the exemption provided in the Notification No.32/2004 and paid service tax @ 10% and education cess @ 2% pm service tax pm the 25% of the total transport charges as detailed in the table given in the SCN. The Company was asked to show cause, within 30 days of the receipt of the SCN, as to why:</p> <p>(i) An amount of Rs.10,522/- should not be demanded towards service tax and education cess for the period from January 2005 to March 2005 and Rs.47,289/- for the period from April 2005 to September 2005 in terms of Section 73 of the Finance Act, 1994.</p> <p>(ii) Interest on the service tax should not be paid in terms of section 75 of the Finance Act, 1994 till date of payment of service tax</p> <p>(iii) Penalty should not be imposed upon the Company under section 76 and 77 of the Finance Act, 1994.</p> |
| 2.      | Show Cause No.ST/DN VI/Gr.IV/G TA/SCN/65 9/2005-06/4817<br><br>October 16, 2006 | Assistant Commissioner of Service Tax, Div. VI, Thane | <p>It has been alleged in the SCN that the assessee is not entitled for the benefit of exemption provided in the Notification No.32/2004 dated 3.12.2004 but it appeared that the assessee has availed the benefit of such exemption resulting in short payment of Rs.28642/- for the period from April 2005 to September 2005 and thereby the assess has contravened the provisions of Sections 68 and 70 of the Finance Act, 1994. In the circumstances the assessee was asked to show cause, within 30 days of the receipt of the SCN, as to why:</p> <p>(i) differential service tax amounting to Rs.28,642/- for the period from April 2005 to September 2005, be demanded under Section 73 of the Finance Act, 1994</p> <p>(ii) Interest under Section of the Finance Act, 1994 should not be demanded for their failure to pay tax</p> <p>(iii) Penalty under Section 76 of the Finance Act, 1994 should not be imposed for contravention of Section 68 of the Finance Act, 1994.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 3.      | Show Cause Notice No.V/ST/Di                                                    | Assistant Commissioner of Service Tax,                | It has been alleged in the SCN that the assessee is not entitled for the benefit of exemption provided in the Notification No.32/2004 dated 3.12.2004 but it appeared that the assessee has                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

| Sr. No.                                                                                                                                                                                                  | Reference of Show Cause Notice                                 | By whom issued         | Gist of the Show Cause Notice                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                          | v.-<br>V/Gr/Micro<br>n/GTA/06/<br>108<br><br>April 17,<br>2006 | Division VI,<br>Mumbai | <p>availed the benefit of such exemption resulting in short payment of Rs. 7775.45/- for the period from January 2005 to March 2005 and thereby the assess has contravened the provisions of Sections 68 and 70 of the Finance Act, 1994. In the circumstances the assessee was asked to show cause, within 30 days of the receipt of the SCN, as to why:</p> <p>(i) differential service tax amounting to Rs.7775.45/- for the period from January 2005 to March 2005, be demanded under Section 73 of the Finance Act, 1994</p> <p>(ii) Interest under Section 75 of the Finance Act, 1994 should not be demanded for their failure to pay tax</p> <p>(iii) Penalty under Section 76 of the Finance Act, 1994 should not be imposed for contravention of Section 68 of the Finance Act, 1994.</p> <p><b>As on the date of this Report, no reply has been filed to the above Show Cause Notices. We are informed that the Company will be filing its reply to the Show Cause Notices on receipt of notice from the department fixing the date of hearing.</b></p> |
| Against the above referred order of the Assistant Commissioner of Service Tax Cell, Vadodara - II, Vadodara, and the Company shall file an appeal before the permissible time of 90 days from the order. |                                                                |                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

### Disputes under Sales Tax Act

#### i. In the State of West Bengal

The Appellate authority with which appeal is pending is Assistant Commissioner, Commercial Taxes, South Circle, Kolkata

| Assessment year | Reference to case No.                    | Disputed amount (Rs.) | Brief details of the case                                                                                                                                                                                                               |
|-----------------|------------------------------------------|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2000 - 2001     | A-57/AC/BH/04-05 (Under WBST Act, 1994). | 30,140.53             | Total Declaration Forms (Form No 10 & 12) could not be produced at the time of hearing before the first assessing authority.                                                                                                            |
| 2000 - 2001     | A-57/AC/BH/04-05 (Under CST Act, 1956).  | 103,141.21            | Total Declaration Forms (Form No C & F) could not be produced at the time of hearing before the First Assessing Authority and claims against Export Sales could not be substantiated by documents                                       |
| 2001 - 2002     | A-300/04-05 (Under WBST Act, 1994).      | 26,411.60             | Total Declaration Forms (Form No 10 & 12) could not be produced at the time of hearing before the first assessing authority.                                                                                                            |
| 2001 - 2002     | A-301/04-05 (Under CST Act, 1956).       | 93,142.75             | Total Declaration Forms (Form No C & F) could not be produced at the time of hearing before the First Assessing Authority and claims against Export Sales could not be substantiated by documents<br><br>Final Order not yet received.  |
| 2002 - 2003     | A-146/BH/05-06 (Under WBST Act, 1994).   | 30,621.61             | Total Declaration Forms (Form No 10 & 12) could not be produced at the time of hearing before the first assessing authority.                                                                                                            |
| 2002 - 2003     | A-147/BH/05-06 (Under WBST Act, 1994).   | 33,233.26             | Total Declaration Forms (Form No. C & F) could not be produced at the time of hearing before the First Assessing Authority and claims against Export Sales could not be substantiated by documents<br><br>Final Order not yet received. |
| 2003 - 2004     | A-379/06-07 (Under WBST Act, 1994).      | 3,82,083.00           | Total Declaration Forms (Form No 10 & 12) could not be produced at the time of hearing before the first assessing authority.                                                                                                            |

| Assessment year | Reference to case No.             | Disputed amount (Rs.) | Brief details of the case                                                                                                                                                                                                                                               |
|-----------------|-----------------------------------|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2003 - 2004     | A-380/06-07(Under CST Act, 1956). | 22,583.00             | Total Declaration Forms (Form No C & F) could not be produced at the time of hearing before the First Assessing Authority and claims against Export Sales could not be substantiated by documents.<br>Final Hearing Completed on 18/02/2008.<br>Order not yet received, |

ii. In the State of Gujarat

| Assessment year | Reference to case No. | Disputed amount (Rs.) | Appellate authority with which appeal is pending        | Brief details of the case                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------------|-----------------------|-----------------------|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2002 - 2003     | NIL                   | 1,34,672/-            | Deputy Commissioner of Commercial Tax (Appeals) Rajkot  | Appeal has been filed against the assessment Order dated 28/03/2007 passed by the Asst Commissioner of Commercial Taxes, Bhuj, whereby a demand of Rs. 134,672/- was raised in respect of the following:<br><br>a) Imposition of Purchase Tax of Rs. 53,026/-<br><br>b) Imposition of Penalty of Rs. 53,026/- @ 100% of Purchase Tax.<br><br>c) Levying Interest of Rs. 28,620/- u/s Gujarat Sales Tax Act.   |
| 2003 - 2004     | NIL                   | 4,50,670/-            | Deputy Commissioner of Commercial Tax ( Appeals) Rajkot | Appeal has been filed against the assessment order dated 15/03/2008 passed by the Asst. Commissioner of commercial taxes, Bhuj, whereby a demand of Rs. 4,50,670/- was raised in respect of the following:<br><br>(a) Imposition of Purchase Tax of Rs. 2,15,223/-<br>(b) Imposition of Penalty of Rs. 1,85,207/- @ 125% of purchase tax.<br>(c) Levying Interest of Rs. 1,11,124/-u/s Gujarat Sales Tax Act. |

### CASES/ SUITS FILED BY 20MICRONS LIMITED

The details of cases filed by the Company are as follows:

| Sr. No.  | Reference to Case No.                                           | Opposite Party                                                                                                                                                                                                                                                  | Gist of the Case                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>A</b> | <b>CRIMINAL CASES</b>                                           |                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 1.       | Criminal case No 968 of 2004, Chief Judicial Magistrate Baroda  | <p>(i) M/s Nilsin Ultrachem Ltd.<br/>Trasad Road,<br/>Industrial Area<br/>Dholka, District<br/>Ahmedabad</p> <p>(ii) Mr. Jitubhai Dhabalia, Director,<br/>M/s Nilsin Ultrachem Ltd.<br/>Trasad Road,<br/>Industrial Area<br/>Dholka, District<br/>Ahmedabad</p> | <p>The Company is the complainant and has filed complain against M/s Nilsin Ultrachem Ltd &amp; its Director Mr. Jitubhai Dhabalia under section 138 of Negotiable Instruments Act. The cheque for an amount of Rs. 19,202.50/- issued by Nilsin Ultrachem Ltd. in favour of the Company towards payment for supplied of materials viz Micro China CRC-1, by the Company, and the same was dishonored due to insufficiency of funds.</p> <p>The last date of hearing in the matter was 30<sup>th</sup> October 2007. The case has been transferred to another court and for the next date of hearing, which notices is awaited.</p>                                                                                                                                                                                                                                                                                                                                                                                          |
| 2.       | Criminal case No 1372 of 1996, Chief Judicial Magistrate Baroda | Mr. Basavaraj B. C.<br>Partner of M/s Shakthi Industries<br>B370, Industrial Estate<br>Gokul Road<br>Hubli<br>580 030                                                                                                                                           | <p>The Company is the complainant, which has filed a complaint against Mr Basavaraj B C, who is a partner of M/s. Shakthi Industries, a partnership firm. The Company had supplied materials viz.1008 Micro Carb 1030 CTD to the firm and towards payment of the amount due for such supply, the accused had issued a post dated cheque for Rs.66,000/- dated 3rd January 1996 in favour of the Company. When the Company presented the cheque for clearance, it was dishonoured for the reason “<b>exceeds arrangements</b>”. Thereafter the Company sent a statutory notice to the accused under the relevant provisions of the Negotiable Instruments Act. Since the amount had not been received in spite of serving the statutory notice, the Company filed the complaint under section 138 of Negotiable Instruments Act</p> <p>The last date of hearing in the matter was 20<sup>th</sup> August 2007. The case has been transferred to another court and for the next date of hearing, which notices is awaited.</p> |
| 3.       | Criminal case No 1985                                           | Mr H M Patel                                                                                                                                                                                                                                                    | According to the complaint, the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

| Sr. No. | Reference to Case No.                                                                                                                                         | Opposite Party                                                                                                                                                                                                | Gist of the Case                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         | of 2000 ,<br>Chief Judicial<br>Magistrate<br>Baroda                                                                                                           | Prop.<br>Uma Industries<br>Sur No.239, Plot No.<br>6, Behind Jyoti<br>Plastics Sarvoday<br>Stop, Veraval,<br>Shaper.                                                                                          | <p>had supplied to Uma Industries materials viz. Micro Carb L S 1030 CTD and towards supply of the materials, the Company had issued its Invoice No. WA/1391/99 dated 12th March 1999 for an amount of Rs.38,160/-. Towards part payment of the amount due for the supply of materials, the accused issued two cheques bearing No. 046575 dated 2nd March 2000 and No. 046574 dated 28th March 2000, for Rs.5000/- each. When the above cheques were presented for payment, the same were dishonoured with the bank's remarks "Funds Insufficient". Thereafter the Company sent a statutory notice to the accused under the relevant provisions of the Negotiable Instruments Act. Since the amount had not been received in spite of serving the statutory notice, the Company filed the complaint under section 138 of Negotiable Instruments Act.</p> <p>The last date of hearing in the matter was 11<sup>th</sup> May 2007. The case has been transferred to another court &amp; the date of next hearing, for notices is awaited.</p> |
| 4.      | Criminal Case<br>4031/1/07 dated 13 <sup>th</sup><br>December 2007<br>Complaint before<br>Additional Chief<br>Metropolitan<br>Magistrate,<br>Rohini,<br>Delhi | <p>Pepchem (India) Pvt. Ltd.<br/>32A, Ayodhya, Sector 13, Rohini, Delhi -110 058.</p> <p>Mr. Nitin Mittal<br/>Director<br/>Pepchem (India) Pvt. Ltd.<br/>32A, Ayodhya, Sector 13, Rohini, Delhi -110 058.</p> | <p>The Company is the complainant, which has filed the complaint against the accused.</p> <p>According to the complaint, the Company supplied Micron Carb 2 Micron to Pepchem India Pvt. Ltd. and towards such supply, the Company raised Invoice No.393/RT/HT/08 dated 11th August 2007 for Rs.1,63,770/- against Pepchem India Pvt. Ltd. Towards payment of the amount due under the above invoice, Pepchem India Pvt. Ltd. issued cheque no. 332886 dated 29th August 2007 for Rs. 1,63,770/- in favour of the Company. When the above cheque was presented for payment, the same was returned along with the Bank's memo dated 11.10.2007 with the remarks "Effects not clear. Present again." The cheque was again presented by the company but the same was returned with the Bank's memo dated 3.11.2007 "Payment stopped". Thereafter the company sent the statutory notice to the party but the same was returned undelivered. The Company</p>                                                                                     |

| Sr. No. | Reference to Case No.                                                             | Opposite Party                                                                                        | Gist of the Case                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         |                                                                                   |                                                                                                       | <p>then filed the complaint under section 138 of the Negotiable Instruments Act against Pepchem (India) Private Ltd. and Mr. Nitin Mittal, the Director of Pepchem (India) Pvt. Ltd.</p> <p>The matter has been settled with the party and the company is in process of withdrawing the complain by the due that i.e. on or before July 22, 2008.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 5.      | Criminal Case No. 290 of 2006<br>First Class Judicial Magistrate's Court Waghodia | Directors of Mamta Platochem Pvt Ltd., Uluberia Industrial Growth Centre, Birshipur, District Howrah. | <p>The Company is the complainant. According to the complaint, the Company had supplied to Mamta Plastochem Pvt. Ltd, materials viz. Micro Talc 2050 EB 95 – 96 and towards supply of the materials, the Company had raised its Invoice No. KOT/518, 534 and 535/05 dated 14th and 26th October 2004 for an aggregate amount of Rs.2,10,693/-. Towards part payment of the amount due for the supply of the materials, the accused issued to the Company four cheques bearing No. 860058 dated 4th January 2006 for Rs.50,000/- , 860059 dated 27th December 2005 for Rs.50,000,, 860060 dated 6th January 2006 for Rs.50,000/- and 860061 7th January 2006 for Rs.60,693/-</p> <p>When the above cheques were presented for payment, the same were dishonoured by the bank with the remark "Exceeds arrangements". Thereafter the Company sent a statutory notice to Mamta Plasto Chem Pvt. Ltd. under the relevant provisions of the Negotiable Instruments Act. Since the demand made in the notice was not complied with, the Company filed the complaint under section 138 of the Negotiable Instruments Act.</p> <p>The last date of hearing was 12<sup>th</sup> June, 2008 and the next date of hearing is 12<sup>th</sup> September, 2008.</p> |
| 6.      | STC No. 43 of 2007<br>Judicial First Class Magistrate's Court II Hosur            | S N Reddy & Narayan Reddy Partners of Micro Coat Industries                                           | <p>The Company is the Complainant. According to the Complaint, the Company had supplied to Micro Coat Industries, Materials Viz Micron Barytes 1240-1.5 o/c – 1 MT valued at Rs. 9,256/- Towards the</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

| Sr. No.  | Reference to Case No.                                      | Opposite Party                                                                                    | Gist of the Case                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----------|------------------------------------------------------------|---------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|          |                                                            | Alembic Glass Industries Compound, Opp. Kadugodi Police Station, White Field, Bangalore -560 066. | <p>said supply, the Company raised Invoices bearing nos. HO/T/07/227 and HO/M/07/228, both dated 10th May 2006 for an aggregate amount due for the supplies made, the accused issued its cheque bearing no. 4283 dated 30/05/06 for Rs. 30,316/-. When the cheque was presented for payment, the same was dishonoured with the bank's remarks "Exceeds arrangements". Thereafter the company issued the statutory notice demanding payment due. Since the demand made in the notice was not complied with, the company filed the complaint against the accused Negotiable Instruments Act.</p> <p>The last date of hearing was on 11<sup>th</sup> March, 2008. Since, the company as recovered the amount in full in the above matter, the company will take necessary step to withdraw the case.</p>                                                                                                                                                                                           |
| <b>B</b> | <b>CIVIL CASES</b>                                         |                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 1.       | Special Civil Suit No. 812/1999, Civil Judge (S D) Baroda. | The Premier Vinyl Flooring Ltd. C-2, Commercial Centre Safdargunj Development Area New Delhi-16   | <p>The Company is the Plaintiff in the suit. The Company has filed suit for recovery of Rs. 265,310/-, together with interest @ 24% per annum from The Premier Vinyl Flooring Ltd. ("<b>the defendant</b>"), due towards supply of Micro Carb LS 1525 PL &amp; Micro Talc 2050 8000 mesh by (i) 20 Microns Ltd Rs 98,400/- , (ii) Hi-tech Minerals Pvt. Ltd. Rs 2,382/- and (ii) Aric Industrial Products Pvt. Ltd. Rs 31,500/- (Both these companies have been merged with 20 Microns Ltd).</p> <p>The defendant has raised the preliminary objection that the suit is not maintainable without the consent of the Board for Industrial and Financial Reconstruction ("<b>BIFR</b>") since the defendant has filed reference before the court under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985.</p> <p>The last date of hearing in the matter was on 4<sup>th</sup> August 2008 and next date of hearing in the mater is on 19<sup>th</sup> November 2008.</p> |

| Sr. No.  | Reference to Case No.                                      | Opposite Party                                                                                        | Gist of the Case                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------|------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>B</b> | <b>CIVIL CASES</b>                                         |                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 2.       | Special Civil Suit No 813/99, Civil Judge, (S D) Baroda    | The Jallundhar Chemicals Pvt Ltd. 22-23A, Industrial Development Colony Jallundhur                    | <p>The Company is the Plaintiff in the suit. The Company has filed suit for recovery of Rs 97,380/- together with interest @ 24% p.a. from The Jallundhar Chemicals Pvt Ltd. ("<b>the defendant</b>") due towards supply of material viz. Micro Carb 2030 PL, vide Invoice No 2825V/9697 for Rs 51,600/- and 2117V/9697 for Rs 60,200/- less amount collected Rs. 27,940/- and Invoice No 009/3/9697 for supplies made by Hi Tech Minerals Pvt. Ltd. (which was merged with the Company).</p> <p>The last date of hearing in the matter was on 30<sup>th</sup> June 2008 and the case has been transferred from civil court to small causes &amp; the notice is awaited.</p> |
| 3.       | Special Civil Suit No. 1003/2001, Civil Judge (S D) Baroda | Sensothern India Pvt Ltd. Plot No.143-A, Government Industrial Estate, Kandiwali (W) Mumbai - 400 067 | <p>The Company is the Plaintiff. The Company has filed suit for recovery of Rs 1,49,692/- together with interest @24% per annum from Sensothern India Pvt Ltd. ("<b>the defendant</b>") due towards supply of materials viz. Micro Carb 5831 from time to time by the Plaintiff to the defendant.</p> <p>The last date of hearing in the matter was on 10<sup>th</sup> August 2008 and the next date of hearing in the mater is on 10<sup>th</sup> September 2008.</p>                                                                                                                                                                                                       |
| 4.       | Special Civil Suit No. 1812/2001, Civil Judge (S D) Baroda | Vikas Plastics Industries Plot No.15, GIDC Industrial Estate No.1 Dolatpura, Junagadh                 | <p>The Company is the Plaintiff. The Company has filed suit for recovery of Rs. 1,48,200/-, together with interest @24% p.a. from Vikas Plastics Industries ("<b>the defendant</b>") due towards supply of materials viz. Micro Carb 5831.</p> <p>The last date of hearing in the matter was 30<sup>th</sup> March, 2008. The case has been transferred from civil court to Small Causes courts &amp; the notice is awaited.</p>                                                                                                                                                                                                                                             |
| 5.       | Special Civil Suit No 248/2002, Civil Judge (S D) Baroda   | Bhoomika Alps Marketing Pvt Ltd. 202, Pataliputra Complex, Waghodia Road, Vadodara-390 019.           | <p>The Company is the Plaintiff in the suit. The company has filed suit for recovery of Rs 80,781/- together with interest @24% per annum from Bhoomika Alps Marketing Pvt Ltd. ("<b>the defendant</b>") which was due towards supply of materials viz. Micro</p>                                                                                                                                                                                                                                                                                                                                                                                                            |

| Sr. No. | Reference to Case No.                              | Opposite Party                                               | Gist of the Case                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------|----------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         |                                                    |                                                              | <p>Carb, Micro Talc, Micro China, Micro Barytes, by the Plaintiff to the defendant, from time to time. The Company has given credit to the amounts received from the defendant.</p> <p>The last date of hearing was 30th June, 2008. The case has been transferred from civil court to Small Causes courts &amp; the notice is awaited.</p>                                                                                                                                                                                                                                                                   |
| 6.      | Money Suit No. 1913/03, Small Causes Court, Baroda | Maxwell Industries C-1/6375, VI Phase Vapi, District: Valsad | <p>The Company is the Plaintiff in the suit. The Company has filed suit for recovery of Rs 97,288/- from Maxwell Industries which was due towards supply of materials viz. Micro Carb, Micro Talc, Micro China, Micro Barytes, by the Plaintiff to the defendant, from time to time.</p> <p>The suit was initially filed as a special civil suit in the civil court, Baroda and has since been transferred to Small Causes Court, Baroda.</p> <p>The last date of hearing in the matter was on 21<sup>st</sup> July 2008 and the next date of hearing in the matter is on 18<sup>th</sup> September 2008.</p> |

**Cases under Income Tax Act against the Group Company - Bruno Industrial Products Limited**

| Sr. No. | Assessment Year | Reference to Case No.                        | Amount of dispute | Brief particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------|-----------------|----------------------------------------------|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.      | 1997 - 1998     | 1941 of 2006 High Court of Gujarat Ahmedabad | Rs.7,00,583       | <p>Assessment Order was passed on 21/02/2000 by Jt. Commissioner of Income Tax(Asst.), Spl. Range - 2, Baroda and total income was assessed at Rs. 57,47,900/- after additions to total income on several grounds amounting to Rs. 56,92,260/- Bruno Industrial Products Ltd.. filed an appeal before CIT (Appeals- I), Baroda, on 22/03/2000 challenging the following -</p> <ol style="list-style-type: none"> <li>Disallowance of Professional Fees amounting to Rs. 2,400,000/-</li> <li>Disallowance of Rs. 1,516,280/- on Account of Job Work Charges.</li> <li>Disallowance of Rs. 103,513/- written off on account of tools and spares.</li> <li>Disallowance of Rs. 1,450,183/- on account of share application money.</li> <li>Disallowance of Rs. 11,163/- out of Office Expenses.</li> <li>Disallowance of Rs. 10,815/- out of Telephone</li> </ol> |

| Sr. No. | Assessment Year | Reference to Case No. | Amount of dispute | Brief particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------|-----------------|-----------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         |                 |                       |                   | <p>Expenses.</p> <p>g) Disallowance of Rs. 5,299/- out of Factory Expenses.</p> <p>h) Disallowance of Rs. 8,277/- out of Staff Welfare Expenses.</p> <p>In response to the appeal and subsequent hearing, CIT (Appeals- I), Baroda passed order u/s 143(3) on 04/01/2001 partially allowing our appeal and total income was revised at Rs. 1,348,540/-. After recalculating tax, income tax department issued a refund order of Rs. 30,206/-.</p> <p>Aggrieved by the Order, the Department filed an Appeal in the Income Tax Appellate Tribunal (ITAT), Ahmedabad Bench B. Income Tax Appellate Tribunal passed an order on 25/05/2006. Giving Effect to the ITAT, Ahmedabad's Order, Share Application Money amounting to Rs. 1,450,183/- was added to income and total income recalculated at Rs.2,363,664/- and tax arrived at Rs. 445,203/-. The ITAT, Ahmedabad, however, restored the matter of Share Application Money to the Assessing Officer with a direction to reexamine afresh the whole issue. The Final Order was passed on 18/12/2007 u/s 143(3) read with section 254 of IT Act, 1961 by which a demand of Rs. 700,583/- raised.</p> <p>While framing the assessment under section 143(3) the issue of Share Application Money has been allowed. However, while passing the order in the computation part, it has been observed in the order that the income has remained unchanged. Since the addition has been deleted, correct income should read as Rs. 913,481/- (Rs. 2,363,664 - 1,450,183).</p> <p>Accordingly Bruno Industrial Products Ltd. have filed an Application for rectification u/s 154 of Income Tax Act on 22/01/2008. Against the order dated 25.5.2006 passed by the Income Tax Appellate Tribunal, the department has filed an appeal before the High Court of Gujarat.</p> <p>The Date of hearing has not yet been fixed.</p> |

### Material Developments

There are no material developments after the date of the last Audited Accounts

## GOVERNMENT/ STATUTORY AND BUSINESS APPROVALS

In view of the approvals listed below, our Company can undertake this Issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Red Herring Prospectus. For further details in connection with the regulatory and legal framework within which we operate, see the section titled “Key Industry Regulations and Policies” beginning on page no. 106.

### Corporate Approvals

We have received the following significant Government and other approvals pertaining to our business.

| Sr. No. | Approval Granted                                                                             | Authority                         | Reference/ Registration Number | Date              |
|---------|----------------------------------------------------------------------------------------------|-----------------------------------|--------------------------------|-------------------|
| 1.      | Certificate of Incorporation as “20 Microns Private Limited”                                 | RoC, Gujarat Dadra & Nagar Haveli | 04-9768                        | June 29, 1987     |
| 2.      | Fresh Certificate of Incorporation consequent to the change of name to “20 Microns Limited”. | RoC, Gujarat Dadra & Nagar Haveli |                                | January 17, 1994  |
| 3.      | Certificate of Importer-Exporter (IEC)                                                       | Jt. Director of Foreign Trade     | 0888015356                     | November 16, 1989 |

### Taxation Related Approvals

| Sr. No. | Approval Granted | Authority                | Reference/ Registration Number |
|---------|------------------|--------------------------|--------------------------------|
| 1.      | PAN No.          | Chief Commissioner of IT | AAACZ0580B                     |
| 2.      | TAN No.          |                          | BRD200030C                     |

### Location-wise details of approvals/ licenses/ permissions

#### 1. Plot No. 172- 174- 175, Vadadla, District Baroda

##### a. Industrial Licenses

Certificate issued by Department of Industrial Development, Secretariat for Industrial Approvals Entrepreneurial Assistance Unit.

| Sr. No. | Product Name                    | Reference/ Registration Number | Date           |
|---------|---------------------------------|--------------------------------|----------------|
| 1.      | Mica Powder Dry Ground          | 1976/SIA/IMO/95                | April 19, 1995 |
| 2.      | Micronised Mica Powder          | 1976/SIA/IMO/95                | April 19, 1995 |
| 3.      | Mica Powder Wet Ground          | 1976/SIA/IMO/95                | April 19, 1995 |
| 4.      | Mica Powder Calcined            | 1976/SIA/IMO/95                | April 19, 1995 |
| 5.      | Kaolin Processed Pharmaceutical | 1977/SIA/IMO/95                | April 19, 1995 |
| 6.      | Kaolin Processed, Ceramic       | 1977/SIA/IMO/95                | April 19, 1995 |

| Sr. No. | Product Name                | Reference/Registration Number | Date           |
|---------|-----------------------------|-------------------------------|----------------|
| 7.      | Kaolin Processed, Others    | 1923/SIA/IMO/94               | April 16, 1994 |
| 8.      | Silica Sands                | 1920/SIA/IMO/94               | April 16, 1994 |
| 9.      | Silica Others               | 1978/SIA/IMO/95               | April 19, 1995 |
| 10.     | Natural Micaeous Iron Oxide | 1979/SIA/IMO/95               | April 19, 1995 |
| 11.     | Dolomite, Not Calcined      | 1925/SIA/IMO/94               | June 16, 1994  |
| 12.     | Chalk                       | 1922/SIA/IMO/94               | June 16, 1994  |
| 13.     | Barites Powder              | 1921/SIA/IMO/94               | June 16, 1994  |
| 14.     | Calcite                     | 1980/SIA/IMO/95               | April 19, 1995 |
| 15.     | Talc                        | 1947/SIA/IMO/94               | June 20, 1994  |

## b. No Objection Certificates from Water/ Air Pollution Control Board

| Issuing Authority               | Consent No. | Valid till    |
|---------------------------------|-------------|---------------|
| Gujarat Pollution Control Board | 8631        | July 31, 2011 |

## c. Factory Licenses

| License No. | Issuing Authority                                    | Valid upto        |
|-------------|------------------------------------------------------|-------------------|
| 92086       | Office of the Industrial Health and Safety, Vadodara | December 31, 2008 |

## d. Central Excise Registration

| Excise Registration No. | Date              | Issued by                                           | Remarks                        |
|-------------------------|-------------------|-----------------------------------------------------|--------------------------------|
| AAACZ0580BXM002         | November 29, 2001 | Central Excise & Customs Commission orate, Vadodara | Manufacture of Excisable goods |

## e. Service Tax Registration

| G.T.A & Other Service Registration No. | Date              | Issuing Authority                                   | Service Registered for |
|----------------------------------------|-------------------|-----------------------------------------------------|------------------------|
| GTA/VAD-II(CITY)/29/20ML/2004          | December 29, 2004 | Central Excise & Customs Commission orate, Vadodara | Goods Transport Agency |

## f. Sales Tax Registration

| Particulars       | Number      | Date               | Issuing Authority                              |
|-------------------|-------------|--------------------|------------------------------------------------|
| Value Added Tax   | 24192200110 | September 21, 2005 | Sales Tax Officer (1) CL-1, Unit- 46, Vadodara |
| Central Sales Tax | 24692200110 |                    |                                                |

## g. Sanctions for Power Connections

| Institution                 | Contract Demand |
|-----------------------------|-----------------|
| Madhya Gujarat Vij Co. Ltd. | 650 KVA         |

## h. Provident Fund Registration

| Sr. No | Name                       | Registration No. |
|--------|----------------------------|------------------|
| 1.     | 20 Microns Ltd             | GJ/BD/20523      |
| 2.     | 20 Microns Ltd (Unit No 1) | GJ/BD/20674      |
| 3.     | 20 Microns Ltd (Unit No 2) | GJ/BD/20673      |
| 4.     | 20 Microns Ltd (Unit No 3) | GJ/BD/20717      |
| 5.     | 20 Microns Ltd (Unit No 4) | GJ/BD/20681      |

[Registration numbers for Unit No.1, Unit No. 2, Unit No.3 and Unit No. 4 are in respect of Companies, which have since been merged with the Company. Provisions of ESI Ac have not been made applicable to units suitable in Bhuj, Vadadla and Waghodia all in the State of Gujarat and to units situate in Swaroopgunj (in the state of Rajasthan)].

## 2. Plot No. 728-729, GIDC, Waghodia

## a. Industrial Licenses

Certificate issued by Department of Industrial Development Secretariat for Industrial Approvals Entrepreneurial Assistance Unit.

| Sr. No. | Product Name                                                                              | Reference/Registration Number | Date             |
|---------|-------------------------------------------------------------------------------------------|-------------------------------|------------------|
| 1.      | Micronised Mica Powder<br>Mica Powder Wet Ground<br>Mica Powder Calcined                  | 1997/SIA/IMO/99               | October 12, 1999 |
| 2.      | China Clay Kaolin<br>Processed Kaolin<br>Processed (Ceramic)<br>Kaolin Processed - Others | 1997/SIA/IMO/99               | October 12, 1999 |
| 3.      | Silica Sands<br>Silica- Others                                                            | 1997/SIA/IMO/99               | October 12, 1999 |
| 4.      | Natural Red Oxide                                                                         | 1997/SIA/IMO/99               | October 12, 1999 |
| 5.      | Natural Iron Oxide                                                                        | 1997/SIA/IMO/99               | October 12, 1999 |
| 6.      | Dolomite- Not Calcined                                                                    | 1997/SIA/IMO/99               | October 12, 1999 |
| 7.      | Chalk - Whiting                                                                           | 1997/SIA/IMO/99               | October 12, 1999 |
| 8.      | Talc Powder - Crushed                                                                     | 1997/SIA/IMO/99               | October 12, 1999 |
| 9.      | Barytes Powder                                                                            | 1997/SIA/IMO/99               | October 12, 1999 |
| 10.     | Calcite Processed Minerals                                                                | 1997/SIA/IMO/99               | October 12, 1999 |
| 11.     | Other Non- Metallic Mineral Products                                                      | 1997/SIA/IMO/99               | October 12, 1999 |

## b. No Objection Certificates from Water/ Air Pollution Control Board

| Issuing Authority               | Consent No. | Valid till       |
|---------------------------------|-------------|------------------|
| Gujarat Pollution Control Board | 1993        | October 11, 2008 |

## c. Factory Licenses

| License No.   | Issuing Authority                                    | Valid upto | Applied for Renewal on | Period Applied for |
|---------------|------------------------------------------------------|------------|------------------------|--------------------|
| Not Allotted* | Office of the Industrial Health and Safety, Vadodara | -          | October 30, 2006       | 2007 & 2008        |

\* The Company had been allotted the Factory license and is awaiting the intimation of the License number in this regard.

## d. Central Excise Registration

| Excise Registration No. | Date         | Issued by                                                                                                             |
|-------------------------|--------------|-----------------------------------------------------------------------------------------------------------------------|
| AAACZ0580BXM006         | May 23, 2008 | Central Excise & Customs Commission orate, Vadodara for surrender of certificate vide its letter dated March 31, 2008 |

## e. Service Tax Registration

| G.T.A & Other Service Registration No. | Date              | Issuing Authority                                                                                                     |
|----------------------------------------|-------------------|-----------------------------------------------------------------------------------------------------------------------|
| GTA/VAD-II(CITY)/26/20ML/2004          | December 29, 2004 | Central Excise & Customs Commission orate, Vadodara for surrender of certificate vide its letter dated April 24, 2008 |
| RAMS/VAD-II(CITY)/883/2006             | July 27, 2006     |                                                                                                                       |

## f. Sales Tax Registration

| Particulars       | Number      | Date               | Issuing Authority                              |
|-------------------|-------------|--------------------|------------------------------------------------|
| Value Added Tax   | 24192200110 | September 21, 2005 | Sales Tax Officer (1) CL-1, Unit- 46, Vadodara |
| Central Sales Tax | 24692200110 |                    |                                                |

## g. Sanctions for Power Connections

| Institution                  | Contract Demand |
|------------------------------|-----------------|
| Madhya Gujarat Viji Co. Ltd. | 80 KVA          |

## h. Provident Fund Registration

| Sr. No | Name                       | Registration No |
|--------|----------------------------|-----------------|
| 1.     | 20 Microns Ltd             | GJ/BD/20523     |
| 2.     | 20 Microns Ltd (Unit No 1) | GJ/BD/20674     |
| 3.     | 20 Microns Ltd (Unit No 2) | GJ/BD/20673     |
| 4.     | 20 Microns Ltd (Unit No 3) | GJ/BD/20717     |
| 5.     | 20 Microns Ltd (Unit No 4) | GJ/BD/20681     |

[Registration numbers for Unit No.1, Unit No. 2, Unit No.3 and Unit No. 4 are in respect of Companies, which have since been merged with the Company. Provisions of ESI Ac have not been made applicable to units suitable in Bhuj, Vadadla and Waghodia all in the State of Gujarat and to units situate in Swaroopgunj (in the state of Rajasthan)].

### 3. Plot No. 9-10, GIDC, Waghodia

#### a. Industry Licenses

Certificate issued by Department of Industrial Development Secretariat for Industrial Approvals  
Entrepreneurial Assistance Unit

| Sr. No. | Product Name                         | Reference/<br>Registration Number | Date             |
|---------|--------------------------------------|-----------------------------------|------------------|
| 1.      | China Clay Kaolin                    | 1998/SIA/IMO/99                   | October 12, 1999 |
|         | Processed Kaolin                     |                                   |                  |
|         | Processed (Ceramic)                  |                                   |                  |
|         | Kaolin Processed - Others            |                                   |                  |
| 2.      | Silica Sands                         |                                   |                  |
|         | Silica- Others                       |                                   |                  |
| 3.      | Natural Red Oxide & Iron Oxide       |                                   |                  |
| 4.      | Dolomite- Not Calcined               |                                   |                  |
| 5.      | Talc Powder - Crushed                |                                   |                  |
| 6.      | Barytes Powder                       |                                   |                  |
| 7.      | Calcite Processed Minerals           |                                   |                  |
| 8.      | Other Non- Metallic Mineral Products |                                   |                  |
| 9.      | Dry Ground Powder                    |                                   |                  |
| 10.     | Micronized Mica Powder               |                                   |                  |
| 11.     | Chalk Whitening                      |                                   |                  |

#### b. No Objection Certificates from Water/ Air Pollution Control Board

| Issuing Authority               | Consent No. | Valid till   |
|---------------------------------|-------------|--------------|
| Gujarat Pollution Control Board | 8173        | May 15, 2011 |

#### c. Factory Licenses

| License No. | Issuing Authority                                    | Valid upto        |
|-------------|------------------------------------------------------|-------------------|
| 79402       | Office of the Industrial Health and Safety, Vadodara | December 31, 2008 |

#### d. Central Excise Registration

| Excise Registration No. | Date           | Issued by                                              |
|-------------------------|----------------|--------------------------------------------------------|
| AAACZ0580BXM008         | April 13, 2007 | Central Excise & Customs Commission<br>orate, Vadodara |

## e. Service Tax Registration

| G.T.A & Other Service Registration No. | Date              | Issuing Authority                                   | Service Registered for |
|----------------------------------------|-------------------|-----------------------------------------------------|------------------------|
| GTA/VAD-II(CITY)/20/20ML/2004          | December 29, 2004 | Central Excise & Customs Commission orate, Vadodara | Goods Transport Agency |

## f. Sales Tax Registration

| Particulars       | Number      | Date               | Issuing Authority                              |
|-------------------|-------------|--------------------|------------------------------------------------|
| Value Added Tax   | 24192200110 | September 21, 2005 | Sales Tax Officer (1) CL-1, Unit- 46, Vadodara |
| Central Sales Tax | 24692200110 |                    |                                                |

## g. Sanctions for Power Connections

| Institution                 | Contract Demand |
|-----------------------------|-----------------|
| Madhya Gujarat Vij Co. Ltd. | 700 KVA         |

## h. Provident Fund Registration

| Sr. No | Name                       | Registration No |
|--------|----------------------------|-----------------|
| 1.     | 20 Microns Ltd             | GJ/BD/20523     |
| 2.     | 20 Microns Ltd (Unit No 1) | GJ/BD/20674     |
| 3.     | 20 Microns Ltd (Unit No 2) | GJ/BD/20673     |
| 4.     | 20 Microns Ltd (Unit No 3) | GJ/BD/20717     |
| 5.     | 20 Microns Ltd (Unit No 4) | GJ/BD/20681     |

[Registration numbers for Unit No.1, Unit No. 2, Unit No.3 and Unit No. 4 are in respect of Companies, which have since been merged with the Company. Provisions of ESI Ac have not been made applicable to units suitable in Bhuj, Vadadla and Waghodia all in the State of Gujarat and to units situate in Swaroopgunj (in the state of Rajasthan)].

#### 4. Plot No. E-74, F-75-76, Swaroopgunj, District Sirohi

##### a. Industry Licenses

Certificate issued by Department of Industrial Development Secretariat for Industrial Approvals  
Entrepreneurial Assistance Unit

| Sr. No. | Product Name                        | Reference/<br>Registration Number | Date              |
|---------|-------------------------------------|-----------------------------------|-------------------|
| 1.      | Mica Powder Dry Ground              | 310/SIA/IMO/98                    | February 13, 1998 |
| 2.      | Micronized Mica Powder              | 310/SIA/IMO/98                    |                   |
| 3.      | Mica Powder Wet Ground              | 310/SIA/IMO/98                    |                   |
| 4.      | Mica Powder Calcined                | 310/SIA/IMO/98                    |                   |
| 5.      | Kaolin Processed                    | 320/SIA/IMO/98                    |                   |
| 6.      | Kaolin Processed, Ceramic           | 320/SIA/IMO/98                    |                   |
| 7.      | Kaolin Processed, Others            | 320/SIA/IMO/98                    |                   |
| 8.      | Silica Sands                        | 311/SIA/IMO/98                    |                   |
| 9.      | Silica Others                       | 311/SIA/IMO/98                    |                   |
| 10.     | Natural Micaceous Iron Oxide        | 318/SIA/IMO/98                    |                   |
| 11.     | Dolomite Not Calcined               | 319/SIA/IMO/98                    |                   |
| 12.     | Chalk                               | 313/SIA/IMO/98                    |                   |
| 13.     | Talc - Crushed or Powder            | 317/SIA/IMO/98                    |                   |
| 14.     | Barytes Powder                      | 314/SIA/IMO/98                    |                   |
| 15.     | Calcite                             | 315/SIA/IMO/98                    |                   |
| 16.     | Persian Gulf Red Oxide (Iron Oxide) | 309/SIA/IMO/98                    |                   |
| 17.     | Iron Hydroxide                      | 309/SIA/IMO/98                    |                   |

##### b. No Objection Certificates from Water/ Air Pollution Control Board

| Issuing Authority                       | Consent No. | Valid till    |
|-----------------------------------------|-------------|---------------|
| Rajasthan State Pollution Control Board | 2521        | July 31, 2008 |

##### c. Factory Licenses

| License No. | Issuing Authority                             | Valid upto                                                                                          |
|-------------|-----------------------------------------------|-----------------------------------------------------------------------------------------------------|
| RJ- 21678   | Chief Inspector of Factories,<br>Dist. Sirohi | March 31, 2008<br>(The Company has made a renewal application<br>for 2008-2009 on January 01, 2008) |

##### d. Central Excise Registration - Exempted

##### e. Service Tax Registration

| G.T.A & Other Service<br>Registration No. | Date             | Issuing Authority                                                                               | Service<br>Registered for    |
|-------------------------------------------|------------------|-------------------------------------------------------------------------------------------------|------------------------------|
| 6034/ST/GTA/JDR/04                        | January 12, 2005 | Office of the Assistant<br>Commissioner of Central<br>Excise & Customs, Service<br>tax, Jodhpur | Goods<br>Transport<br>Agency |

## f. Sales Tax Registration

| Particulars       | Number     | Date             | Issuing Authority                |
|-------------------|------------|------------------|----------------------------------|
| Value Added Tax   | 8493903660 | October 09, 1998 | Sales Tax Department,<br>Udaipur |
| Central Sales Tax | 8493903660 |                  |                                  |

## g. Sanctions for Power Connections

| Institution                     | Contract Demand |
|---------------------------------|-----------------|
| Jaipur Vidyut Vitran Nigam Ltd. | 750 KVA         |

## h. Provident Fund Registration

| Sr. No | Name                       | Registration No |
|--------|----------------------------|-----------------|
| 1.     | 20 Microns Ltd             | GJ/BD/20523     |
| 2.     | 20 Microns Ltd (Unit No 1) | GJ/BD/20674     |
| 3.     | 20 Microns Ltd (Unit No 2) | GJ/BD/20673     |
| 4.     | 20 Microns Ltd (Unit No 3) | GJ/BD/20717     |
| 5.     | 20 Microns Ltd (Unit No 4) | GJ/BD/20681     |

[Registration numbers for Unit No.1, Unit No. 2, Unit No.3 and Unit No. 4 are in respect of Companies, which have since been merged with the Company. Provisions of ESI Ac have not been made applicable to units suitable in Bhuj, Vadadla and Waghodia all in the State of Gujarat and to units situate in Swaroopgunj (in the state of Rajasthan)].

## 5. Plot No. 23-24 Sipcot, Hosur

## a. Industry Licenses

Certificate issued by Department of Industrial Development Secretariat for Industrial Approvals Entrepreneurial Assistance Unit

| Sr. No. | Product Name                | Reference/<br>Registration Number | Date          |
|---------|-----------------------------|-----------------------------------|---------------|
| 1.      | Mica Powder Dry Ground      | 2866/SIA/IMO/95                   | June 08, 1995 |
| 2.      | Micronized Mica Powder      | 2866/SIA/IMO/95                   |               |
| 3.      | Mica Powder Wet Ground      | 2866/SIA/IMO/95                   |               |
| 4.      | Mica Powder Calcined        | 2866/SIA/IMO/95                   |               |
| 5.      | Kaolin Powder Dry Ground    | 2867/SIA/IMO/95                   |               |
| 6.      | Kaolin Processed, Ceramic   | 2867/SIA/IMO/95                   |               |
| 7.      | Kaolin Processed, Others    | 2867/SIA/IMO/95                   |               |
| 8.      | Silica Sands                | 2868/SIA/IMO/95                   |               |
| 9.      | Silica Others               | 2868/SIA/IMO/95                   |               |
| 10.     | Dolomite Not Calcined       | 2869/SIA/IMO/95                   |               |
| 11.     | Chalk                       | 2870/SIA/IMO/95                   |               |
| 12.     | Talc - Crushed or Powder    | 2871/SIA/IMO/95                   |               |
| 13.     | Barytes Powder              | 2872/SIA/IMO/95                   |               |
| 14.     | Calcite                     | 2873/SIA/IMO/95                   |               |
| 15.     | Natural Micaeous Iron Oxide | 2874/SIA/IMO/95                   |               |

## b. No Objection Certificates from Water/ Air Pollution Control Board

| Location      | Issuing Authority          | Consent No. | Valid till     |
|---------------|----------------------------|-------------|----------------|
| Air Consent   | Tamil Nadu Pollution Board | 14463       | March 31, 2008 |
| Water Consent |                            | 18362       |                |

## c. Factory Licenses

| License No. | Issuing Authority                          | Valid upto        |
|-------------|--------------------------------------------|-------------------|
| 38657       | Deputy Chief Inspector of Factories, Salem | December 31, 2008 |

## d. Central Excise Registration

| Excise Registration No.                                              | Date              | Issued by                                                     |
|----------------------------------------------------------------------|-------------------|---------------------------------------------------------------|
| AAACZ0580BXM001<br>(Old Registration No. 6/99 dated August 02, 1999) | December 01, 2001 | Office of the Assistant Commissioner of Central Excise, Hosur |

## e. Service Tax Registration

| G.T.A & Other Service Registration No. | Date         | Issuing Authority                                             | Service Registered for |
|----------------------------------------|--------------|---------------------------------------------------------------|------------------------|
| AAACZ0580BST001                        | May 06, 2005 | Office of the Assistant Commissioner of Central Excise, Hosur | Goods Transport Agency |

## f. Sales Tax Registration

| Particulars       | Number      | Date             | Issuing Authority              |
|-------------------|-------------|------------------|--------------------------------|
| Value Added Tax   | 33543320735 | January 01, 2007 | Department of Commercial Taxes |
| Central Sales Tax | 448359      | May 23, 1996     |                                |

## g. Sanctions for Power Connections

| Institution                  | Contract Demand |
|------------------------------|-----------------|
| Tamil Nadu Electricity Board | 300 KVA         |

## h. Provident Fund Registration

| Sr. No | Name                       | Registration No |
|--------|----------------------------|-----------------|
| 1.     | 20 Microns Ltd             | GJ/BD/20523     |
| 2.     | 20 Microns Ltd (Unit No 1) | GJ/BD/20674     |
| 3.     | 20 Microns Ltd (Unit No 2) | GJ/BD/20673     |
| 4.     | 20 Microns Ltd (Unit No 3) | GJ/BD/20717     |
| 5.     | 20 Microns Ltd (Unit No 4) | GJ/BD/20681     |

[Registration numbers for Unit No.1, Unit No. 2, Unit No.3 and Unit No. 4 are in respect of Companies, which have since been merged with the Company].

i. ESI Registration – 51 – 45474 - 56

#### 6. Plot No. 157, Mamuara, Bhuj

a. Industry Licenses

Certificate issued by Department of Industrial Development Secretariat for Industrial Approvals Entrepreneurial Assistance Unit

| Sr. No. | Product Name                 | Reference/ Registration Number | Date           |
|---------|------------------------------|--------------------------------|----------------|
| 1.      | Mica Powder Dry Ground       | 1999/SIA/IMO/95                | April 20, 1995 |
| 2.      | Micronized Mica Powder       | 1999/SIA/IMO/95                |                |
| 3.      | Mica Powder Wet Ground       | 1999/SIA/IMO/95                |                |
| 4.      | Mica Powder Calcined         | 1999/SIA/IMO/95                |                |
| 5.      | Kaolin Processed Dry Ground  | 1998/SIA/IMO/95                |                |
| 6.      | Kaolin Processed, Ceramic    | 1998/SIA/IMO/95                |                |
| 7.      | Kaolin Processed, Others     | 1998/SIA/IMO/95                |                |
| 8.      | Silica Sands                 | 1997/SIA/IMO/95                |                |
| 9.      | Silica Others                | 1997/SIA/IMO/95                |                |
| 10.     | Dolomite Not Calcined        | 1996/SIA/IMO/95                |                |
| 11.     | Chalk                        | 1995/SIA/IMO/95                | April 19, 2005 |
| 12.     | Talc – Crushed or Powder     | 1984/SIA/IMO/95                |                |
| 13.     | Barytes Powder               | 1983/SIA/IMO/95                |                |
| 14.     | Calcite                      | 1982/SIA/IMO/95                |                |
| 15.     | Natural Micaceous Iron Oxide | 1981/SIA/IMO/95                |                |

b. No Objection Certificates from Water/ Air Pollution Control Board

Applied vide letter dated June 06, 2008 to Gujarat Pollution Control Board (Water & Air)

c. Factory Licenses

| License No. | Issuing Authority                                         | Valid upto        |
|-------------|-----------------------------------------------------------|-------------------|
| 91239       | Office of the Industrial Health and Safety, Adipur, Kutch | December 31, 2008 |

d. Service Tax Registration

| G.T.A & Other Service Registration No. | Date             | Issuing Authority                                                                     | Service Registered for |
|----------------------------------------|------------------|---------------------------------------------------------------------------------------|------------------------|
| AR/GIM/GTA-04/2004-05                  | January 01, 2005 | Office of the Assistant Commissioner of Central Excise & Customs, Service Tax, Rajkot | Goods Transport Agency |

## e. Sales Tax Registration

| Particulars       | Number      | Date               | Issuing Authority                                  |
|-------------------|-------------|--------------------|----------------------------------------------------|
| Value Added Tax   | 24192200110 | September 21, 2005 | Sales Tax Officer (1) CL-1 ,<br>Unit -46, Vadodara |
| Central Sales Tax | 24692200110 |                    |                                                    |

## f. Sanctions for Power Connections

| Institution                  | Contract Demand |
|------------------------------|-----------------|
| Paschim Gujarat Vij Co. Ltd. | 650 KVA         |

## g. Provident Fund Registration

| Sr. No | Name                       | Registration No |
|--------|----------------------------|-----------------|
| 1.     | 20 Microns Ltd             | GJ/BD/20523     |
| 2.     | 20 Microns Ltd (Unit No 1) | GJ/BD/20674     |
| 3.     | 20 Microns Ltd (Unit No 2) | GJ/BD/20673     |
| 4.     | 20 Microns Ltd (Unit No 3) | GJ/BD/20717     |
| 5.     | 20 Microns Ltd (Unit No 4) | GJ/BD/20681     |

[Registration numbers for Unit No.1, Unit No. 2, Unit No.3 and Unit No. 4 are in respect of Companies, which have since been merged with the Company. Provisions of ESI Ac have not been made applicable to units suitable in Bhuj, Vadadla and Waghodia all in the State of Gujarat and to units situate in Swaroopgunj (in the state of Rajasthan)].

## 7. Plot No. 253-254 &amp; 256, G.I.D.C Estate, Waghodia

## a. Industry Licenses

Certificate issued by Department of Industrial Development, Secretariat for Industrial Approvals  
Entrepreneurial Assistance Unit

| Sr. No. | Product Name                    | Reference/<br>Registration Number | Date           |
|---------|---------------------------------|-----------------------------------|----------------|
| 1.      | Mica Powder Dry Ground          | 2086/SIA/IMO/95                   | April 25, 1995 |
| 2.      | Micronized Mica Powder          | 2086/SIA/IMO/95                   |                |
| 3.      | Mica Powder Wet Ground          | 2086/SIA/IMO/95                   |                |
| 4.      | Mica Powder Calcined            | 2086/SIA/IMO/95                   |                |
| 5.      | Kaolin Processed Pharmaceutical | 2087/SIA/IMO/95                   |                |
| 6.      | Kaolin Processed, Ceramic       | 2087/SIA/IMO/95                   | June 07, 1994  |
| 7.      | Kaolin Processed, Others        | 1771/SIA/IMO/94                   |                |
| 8.      | Talc - Crushed or Powder        | 1775/SIA/IMO/94                   |                |
| 9.      | Silica Others                   | 2088/SIA/IMO/95                   | April 25, 1995 |
| 10.     | Silica Sands                    | 1778/SIA/IMO/94                   |                |
| 11.     | Barytes Powder                  | 1779/SIA/IMO/94                   | June 07, 1994  |
| 12.     | Calcite Crushed or Powder       | 1775/SIA/IMO/94                   |                |
| 13.     | Dolomite Not Calcined           | 1776/SIA/IMO/94                   |                |
| 14.     | Chalk                           | 1777/SIA/IMO/94                   | April 25, 1995 |
| 15.     | Red Oxide Crushed or Powdered   | 1775/SIA/IMO/94                   |                |
| 16.     | Mica Crushed or Powdered        | 1775/SIA/IMO/94                   |                |
| 17.     | Natural Micaeous Iron Oxide     | 2089/SIA/IMO/95                   |                |

## b. No Objection Certificates from Water/ Air Pollution Control Board

| Issuing Authority               | Consent No. | Valid till        |
|---------------------------------|-------------|-------------------|
| Gujarat Pollution Control Board | 1986        | February 28, 2009 |

## c. Factory Licenses

| License No. | Issuing Authority                                    | Valid upto        |
|-------------|------------------------------------------------------|-------------------|
| 83876       | Office of the Industrial Health and Safety, Vadodara | December 31, 2008 |

## d. Central Excise Registration – Not required since the unit does not manufacture products for which registration is needed.

## e. Service Tax Registration

| G.T.A & Other Service Registration No.                 | Date          | Issuing Authority                                                                       | Service Registered for |
|--------------------------------------------------------|---------------|-----------------------------------------------------------------------------------------|------------------------|
| AAACZ0580BST014<br>(GTA/VAD-II(CITY))<br>28/20ML/2004) | June 25, 2007 | Office of the Assistant Commissioner of Central Excise & Customs, Service Tax, Vadodara | Goods Transport Agency |

## f. Sales Tax Registration

| Particulars       | Number      | Date               | Issuing Authority                             |
|-------------------|-------------|--------------------|-----------------------------------------------|
| Value Added Tax   | 24192200110 | September 21, 2005 | Sales Tax Officer (1) CL-1, Unit-46, Vadodara |
| Central Sales Tax | 24692200110 |                    |                                               |

## g. Sanctions for Power Connections

| Institution                 | Contract Demand |
|-----------------------------|-----------------|
| Madhya Gujarat Vij Co. Ltd. | 38 KVA          |

## h. Provident Fund Registration

| Sr. No | Name                       | Registration No |
|--------|----------------------------|-----------------|
| 1.     | 20 Microns Ltd             | GJ/BD/20523     |
| 2.     | 20 Microns Ltd (Unit No 1) | GJ/BD/20674     |
| 3.     | 20 Microns Ltd (Unit No 2) | GJ/BD/20673     |
| 4.     | 20 Microns Ltd (Unit No 3) | GJ/BD/20717     |
| 5.     | 20 Microns Ltd (Unit No 4) | GJ/BD/20681     |

[Registration numbers for Unit No.1, Unit No. 2, Unit No.3 and Unit No. 4 are in respect of Companies, which have since been merged with the Company. Provisions of ESI Ac have not been made applicable to units suitable in Bhuj, Vadadla and Waghodia all in the State of Gujarat and to units situate in Swaroopgunj (in the state of Rajasthan)].

## 8. Plot No. F-140 & F-141, Matsya Industrial Area, Alwar

### a. Industry Licenses

Certificate issued by Department of Industrial Development, Secretariat for Industrial Approvals Entrepreneurial Assistance Unit

| Sr. No. | Product Name                  | Reference/ Registration Number | Date              |
|---------|-------------------------------|--------------------------------|-------------------|
| 1.      | China Clay Processed Minerals | 2941/SIA/IMO/2000              | December 12, 2000 |
| 2.      | Dolomite Processed Minerals   | 2941/SIA/IMO/2000              |                   |

Applied for Registration for F-141, Matsya Industrial Area, Alwar vide Form No. 55 dated January 10, 2007 submitted to District Industries Centre, Alwar, Rajasthan and duly acknowledgement by them.

### b. No Objection Certificates from Water/ Air Pollution Control Board

| Issuing Authority                       | Consent No. | Valid till       |
|-----------------------------------------|-------------|------------------|
| Rajasthan State Pollution Control Board | 9164        | October 31, 2009 |

### c. Factory Licenses

| License No. | Issuing Authority                  | Valid upto     |
|-------------|------------------------------------|----------------|
| 28409       | Chief Inspector of Factory, Jaipur | March 31, 2010 |

### d. Central Excise Registration

| Excise Registration No. | Date              | Issued by                                                         |
|-------------------------|-------------------|-------------------------------------------------------------------|
| AAACZ0580BXM007         | December 27, 2006 | Office of the Deputy Commissioner, Central Excise Division, Alwar |

### e. Service Tax Registration

| Location              | G.T.A & Other Service Registration No. | Date             | Issuing Authority                                                 | Service Registered for |
|-----------------------|----------------------------------------|------------------|-------------------------------------------------------------------|------------------------|
| Plot No. F-140, Alwar | AAACZ0580BST003                        | January 04, 2007 | Office of the Deputy Commissioner, Central Excise Division, Alwar | Goods Transport Agency |
| Plot No. F-141, Alwar | AAACZ0580BST020                        |                  |                                                                   |                        |

### f. Sales Tax Registration

| Particulars       | Number     | Date             | Issuing Authority             |
|-------------------|------------|------------------|-------------------------------|
| Value Added Tax   | 8493903660 | October 09, 1998 | Sales Tax Department, Udaipur |
| Central Sales Tax | 8493903660 |                  |                               |

## g. Sanctions for Power Connections

| Name & Address               | Institution                     | Contract Demand |
|------------------------------|---------------------------------|-----------------|
| Plot No. F-140, M.I.A, Alwar | Jaipur Vidyut vitran Nigam Ltd. | 250 KVA         |
| Plot No. F-141. M.I.A, Alwar |                                 | 181 KVA         |

## h. Provident Fund Registration

| Sr. No | Name                       | Registration No |
|--------|----------------------------|-----------------|
| 1.     | 20 Microns Ltd             | GJ/BD/20523     |
| 2.     | 20 Microns Ltd (Unit No 1) | GJ/BD/20674     |
| 3.     | 20 Microns Ltd (Unit No 2) | GJ/BD/20673     |
| 4.     | 20 Microns Ltd (Unit No 3) | GJ/BD/20717     |
| 5.     | 20 Microns Ltd (Unit No 4) | GJ/BD/20681     |

[Registration numbers for Unit No.1, Unit No. 2, Unit No.3 and Unit No. 4 are in respect of Companies, which have since been merged with the Company].

## i. ESI Registration – 15 - 20270 - 34

## 9. Plot No. R.S. No. 65, 104/3 Puthur Village, Tirunelveli

## a. Industrial Licenses

The Company has applied to the authorities for permission for manufacture of China Clay Products.

## b. No Objection Certificates from Water/ Air Pollution Control Board

| No Objection Certificate | Issuing Authority                  | Consent No. | Valid till                          |
|--------------------------|------------------------------------|-------------|-------------------------------------|
| Air Consent              | Tamil Nadu Pollution Control Board | 12255       | March 31, 2008                      |
| Water Consent            |                                    | 16133       | (Applied for renewal on 16.06.2008) |

## c. Factory Licenses

| License No. | Issuing Authority                          | Valid upto        |
|-------------|--------------------------------------------|-------------------|
| 59082       | Deputy Inspector of Factories, Tirunelveli | December 31, 2008 |

## d. Central Excise Registration – Not required since the unit does not manufacture products for which registration is needed.

## e. Service Tax Registration

| Location       | G.T.A & Other Service Registration No. | Date              | Issuing Authority                                         | Service Registered for |
|----------------|----------------------------------------|-------------------|-----------------------------------------------------------|------------------------|
| Plot No. 104/3 | AAACZ0580BST004                        | November 10, 2005 | Office of the Commissioner of Central Excise, Tirunelveli | Goods Transport Agency |

## f. Sales Tax Registration

| Particulars       | Number      | Date             | Issuing Authority                          |
|-------------------|-------------|------------------|--------------------------------------------|
| Value Added Tax   | 33543320735 | January 01, 2007 | Department of Commercial Taxes, Tamil Nadu |
| Central Sales Tax | 448359      | May 23, 1996     |                                            |

## g. Sanctions for Power Connections

| Institution                  | Contract Demand |
|------------------------------|-----------------|
| Tamil Nadu Electricity Board | 147.5 HP        |

## h. Provident Fund Registration

| Sr. No | Name                       | Registration No |
|--------|----------------------------|-----------------|
| 1.     | 20 Microns Ltd             | GJ/BD/20523     |
| 2.     | 20 Microns Ltd (Unit No 1) | GJ/BD/20674     |
| 3.     | 20 Microns Ltd (Unit No 2) | GJ/BD/20673     |
| 4.     | 20 Microns Ltd (Unit No 3) | GJ/BD/20717     |
| 5.     | 20 Microns Ltd (Unit No 4) | GJ/BD/20681     |

[Registration numbers for Unit No.1, Unit No. 2, Unit No.3 and Unit No. 4 are in respect of Companies, which have since been merged with the Company].

## i. ESI Registration - 51- 45474 - 56

## 10. Plot No. F - 38, M.I.A, Udaipur

## a. Industrial Licenses

The Company has filed its IEM with the District Industries Centre, Government of Rajasthan, Udaipur, on January 16, 2008 for manufacture of Soapstone Powder.

## b. No Objection Certificate from Pollution Control Board

The application for NOC to water and air pollution control board will be made after receipt of registration from the District Industries Centre.

## c. Factory Licenses

| License No. | Issuing Authority                      | Valid upto        | Applied for Renewal on | Period Applied for |
|-------------|----------------------------------------|-------------------|------------------------|--------------------|
| RJ- 21292   | Chief Inspector of Factories & Boilers | December 12, 2008 | May 23, 2007           | 2005 to 2010       |

**Note:** The above license was granted in favour of M/s. Ucron India, from whom the Company has taken on rent the plant & machinery. The Company has made an application to Chief Inspector of Factories & Boilers, Jaipur for the transfer of the license in favour of the above license and the application is pending.

- d. Central Excise Registration – Not required since the unit does not manufacture products for which registration is needed.
- e. Service Tax Registration

| Location                          | G.T.A & Other Service Registration No. | Date             | Issuing Authority                   | Service Registered for       |
|-----------------------------------|----------------------------------------|------------------|-------------------------------------|------------------------------|
| Plot No. 38,<br>M.I.A,<br>Udaipur | 130/ST/GTO/2005                        | January 04, 2005 | Central Excise<br>Division, Udaipur | Goods<br>Transport<br>Agency |

- f. Sales Tax Registration

| Particulars       | Number     | Date             | Issuing Authority                |
|-------------------|------------|------------------|----------------------------------|
| Value Added Tax   | 8493903660 | October 09, 1998 | Sales Tax Department,<br>Udaipur |
| Central Sales Tax | 8493903660 |                  |                                  |

- g. Sanctions for Power Connections

| Institution                    | Contract Demand |
|--------------------------------|-----------------|
| Ajmer Vidyut Vitran Nigam Ltd. | 135 KVA         |

- h. Provident Fund Registration

| Sr. No | Name                       | Registration No |
|--------|----------------------------|-----------------|
| 1.     | 20 Microns Ltd             | GJ/BD/20523     |
| 2.     | 20 Microns Ltd (Unit No 1) | GJ/BD/20674     |
| 3.     | 20 Microns Ltd (Unit No 2) | GJ/BD/20673     |
| 4.     | 20 Microns Ltd (Unit No 3) | GJ/BD/20717     |
| 5.     | 20 Microns Ltd (Unit No 4) | GJ/BD/20681     |

[Registration numbers for Unit No.1, Unit No. 2, Unit No.3 and Unit No. 4 are in respect of Companies, which have since been merged with the Company].

- i. ESI Registration – 15 – 13457 - 43

### OTHER APPROVALS

1. Central Excise Registrations

| Location           | Excise Registration No. | Date               | Issued By                                                            |
|--------------------|-------------------------|--------------------|----------------------------------------------------------------------|
| Mumbai – Dealer    | AAACZ0580BXD001         | January 31, 2007   | Assistant Commissioner,<br>Central Excise, Thane<br>Commission orate |
| Kolkata – Dealer   | AAACZ0580BXD002         | March 20, 2007     | Assistant Commissioner,<br>Central Excise, Kolkata                   |
| Hyderabad - Dealer | AAACZ0580BXD003         | September 05, 2007 |                                                                      |
| Hosur – Dealer     | AAACZ0580BXD004         | September 20, 2007 | Assistant Commissioner,<br>Central Excise, Hosur                     |

## 2. Service Tax Registrations

| Sr. No.            | Location                             | G.T.A & Other Service Registration No.       | Date               | Issuing Authority                                                                                         | Service Registered for           |
|--------------------|--------------------------------------|----------------------------------------------|--------------------|-----------------------------------------------------------------------------------------------------------|----------------------------------|
| <b>A Gujarat</b>   |                                      |                                              |                    |                                                                                                           |                                  |
| 1.                 | 307/308, Arundeeep Complex, Vadodara | BAS/D-III/ IV/ 623/20ML/05                   | November 25, 2005  | Central Excise & Customs Commission orate, Vadodara                                                       | Business Auxiliary               |
| 2.                 |                                      | BAS/VAD-I/DIV-III/623/20ML/05                | December 27, 2006  |                                                                                                           | Maintenance & Repairs            |
| 3.                 |                                      | ISD/VAD-I/DIV-III/520/20ML/05-06             | September 08, 2005 |                                                                                                           | Input Service Distributor        |
| 4.                 |                                      | ISD/VAD-I/DIV-III/20/20Microns05-06          |                    |                                                                                                           | Consulting Engineering           |
| 5.                 | Plot No. 18, Chotta Udaipur          | GTA/VAD-II(CT)/58/20ML/2004                  | January 03, 2005   | Central Excise Division, Mehasana                                                                         | Goods Transport Agency (By Road) |
| 6.                 | Ambaji                               | AHD-III/MEH/GTA/2317, AAACZ0580BST019        | January 03, 2007   |                                                                                                           |                                  |
| 7.                 | Plot No. 505, G.I.D.C Estate, Bhuj   | AR/GIM/GTA-05/2004-05                        | January 01, 2005   | Office of the Central Excise and Customs Division, Service Tax, Rajkot                                    | Goods Transport Agency           |
| <b>B Mumbai</b>    |                                      |                                              |                    |                                                                                                           |                                  |
| 1.                 | Plot No. D/2, D/3, Bhiwandi          | ST/MUM/DIV-VI/GTA/156/04-05, AAACZ0580BST006 | January 20, 2005   | Office of the Assistant Commissioner of Service Tax: Division VI, Service Tax Commission orate, Mumbai    | Goods Transport agency (By Road) |
| <b>C Hyderabad</b> |                                      |                                              |                    |                                                                                                           |                                  |
| 1.                 | Plot No. 85                          | AAACZ0580BST002                              | January 04, 2005   | Office of the Assistant Commissioner of Service Tax: Division VI, Service Tax Commission orate, Hyderabad | Goods Transport agency (By Road) |
| 2.                 | Ferozguda, Bowinpalle                | AAACZ0580BST024                              | September 18, 2005 | Office of the Assistant Commissioner of Service Tax: Division VI,                                         | Goods Transport agency (By Road) |

| Sr. No.  | Location                                                | G.T.A & Other Service Registration No. | Date               | Issuing Authority                                                     | Service Registered for           |
|----------|---------------------------------------------------------|----------------------------------------|--------------------|-----------------------------------------------------------------------|----------------------------------|
|          |                                                         |                                        |                    | Service Tax Commission<br>orate,<br>Hyderabad                         |                                  |
| <b>D</b> | <b>Kolkata</b>                                          |                                        |                    |                                                                       |                                  |
| 1.       | Nibra, North Domjur, Howrah                             | AAACZ0580BST023                        | July 04, 2007      | Office of the Assistant Commissioner Service Tax Division II, Kolkata | Goods Transport agency (By Road) |
| <b>E</b> | <b>Rajasthan</b>                                        |                                        |                    |                                                                       |                                  |
| 1.       | Plot No. 12, Beawar                                     | AAACZ0580BST021                        | January 19, 2007   | Office of the Deputy Commissioner, Central Excise Division, Ajmer     | Goods Transport agency (By Road) |
| <b>F</b> | <b>Uttaranchal</b>                                      |                                        |                    |                                                                       |                                  |
| 1.       | Haldwani                                                | 08/GTA/ST/R-Haldwani/06-07             | September 13, 2006 | Office of the Superintendent Service tax Range, Haldwani              | Goods Transport agency           |
| <b>G</b> | <b>Tamil Nadu</b>                                       |                                        |                    |                                                                       |                                  |
| 1.       | 210, 8 <sup>th</sup> Street, MGR Nagar, Pozhal, Chennai | AAACZ0580BST028                        | April 28, 2008     | Office of Superintendent                                              |                                  |

## 3. Sales Tax Registration

| Location       | VAT No. & Date                | Issuing Authority                                             | CST No. & Date                           | Issuing Authority                                             |
|----------------|-------------------------------|---------------------------------------------------------------|------------------------------------------|---------------------------------------------------------------|
| Andhra Pradesh | 28330106269<br>April 01, 2005 | Commercial Tax Officer, VAT Registering Authority, Begumpet   | PJT/09/01/2728/93-94<br>January 17, 1994 | Assistant Commercial Tax Officer                              |
| Maharashtra    | 2790029823V                   | Registration Officer - Sales Tax Department                   | 2790029823C                              | Registration Officer - Sales Tax Department                   |
| West Bengal    | 19411257045                   | Assistant Commissioner of Commercial Taxes, Bhowanipur charge | 19411257239                              | Assistant Commissioner of Commercial Taxes, Bhowanipur charge |
| Uttaranchal    | 5006514157,<br>July 30, 2006  | Assistant Commissioner, Haldwani                              | 5006514157,<br>July 30, 2006             | Assistant Commissioner, Haldwani                              |

**OTHER LOCATIONS****1. 307 – 308, Arundeeep Complex, Race Course Circle, Vadodara****a. Provident Fund Registration**

| <b>Sr. No</b> | <b>Name</b>                | <b>Registration No</b> |
|---------------|----------------------------|------------------------|
| 1.            | 20 Microns Ltd             | GJ/BD/20523            |
| 2.            | 20 Microns Ltd (Unit No 1) | GJ/BD/20674            |
| 3.            | 20 Microns Ltd (Unit No 2) | GJ/BD/20673            |
| 4.            | 20 Microns Ltd (Unit No 3) | GJ/BD/20717            |
| 5.            | 20 Microns Ltd (Unit No 4) | GJ/BD/20681            |

[Registration numbers for Unit No.1, Unit No. 2, Unit No.3 and Unit No. 4 are in respect of Companies, which have since been merged with the Company].

**b. ESI Act**

We are informed that the employees employed in the above location are not to be covered under ESI Act, since their salary is more than prescribed under the Act for coverage.

**c. Shops & Establishments Act – Applied for****d. Professional Tax Registration – No. R31600615 dated November 18, 1989 issued in the name of 20 Microns Private Ltd. Applied for change in the status of the Company.****2. 134/135, Hindustan Kohinoor Industrial Estate, L.B.S. Marg, Vikhroli, Mumbai – 400 083****a. Provident Fund Registration**

| <b>Sr. No.</b> | <b>Name</b>                | <b>Registration No</b> |
|----------------|----------------------------|------------------------|
| 1.             | 20 Microns Ltd             | GJ/BD/20523            |
| 2.             | 20 Microns Ltd (Unit No 1) | GJ/BD/20674            |
| 3.             | 20 Microns Ltd (Unit No 2) | GJ/BD/20673            |
| 4.             | 20 Microns Ltd (Unit No 3) | GJ/BD/20717            |
| 5.             | 20 Microns Ltd (Unit No 4) | GJ/BD/20681            |

[Registration numbers for Unit No.1, Unit No. 2, Unit No.3 and Unit No. 4 are in respect of Companies, which have since been merged with the Company].

**b. ESI Act**

We are informed that the employees employed in the above location are not to be covered under ESI Act, since their salary is more than prescribed under the Act for coverage.

**c. Shops & Establishments Act – Applied for**

| <b>License No.</b> | <b>Issuing Authority</b>        | <b>Valid up to</b> |
|--------------------|---------------------------------|--------------------|
| S-II/006129        | Brihanmumbai<br>Mahanagarpalika | March 31, 2009     |

**d. Professional Tax Registration – No. 1/1/18/1996 dated April 04, 1997.**

3. 4-8-155/6, 2<sup>nd</sup> Floor, Sayam Market, Hill Street, Ranigunj, Secunderabad – 500 003

a. Provident Fund Registration

| Sr. No. | Name                       | Registration No |
|---------|----------------------------|-----------------|
| 1.      | 20 Microns Ltd             | GJ/BD/20523     |
| 2.      | 20 Microns Ltd (Unit No 1) | GJ/BD/20674     |
| 3.      | 20 Microns Ltd (Unit No 2) | GJ/BD/20673     |
| 4.      | 20 Microns Ltd (Unit No 3) | GJ/BD/20717     |
| 5.      | 20 Microns Ltd (Unit No 4) | GJ/BD/20681     |

[Registration numbers for Unit No.1, Unit No. 2, Unit No.3 and Unit No. 4 are in respect of Companies, which have since been merged with the Company].

b. ESI Act

We are informed that the employees employed in the above location are not to be covered under ESI Act, since their salary is more than prescribed under the Act for coverage.

c. Shops & Establishments Act – Applied for

| License No.       | Issuing Date     |
|-------------------|------------------|
| AL015/HYD/34/1994 | January 17, 2009 |

d. Professional Tax Registration – Applied for.

**Intellectual Property Related Approvals**

The following grade names have been registered for Trade Mark under the Trade and Merchandise Mark Act 1999 and the same has been published in the Trade Mark Journal. The date of receipt of Certificate for the trademarks is March 10, 2008.

| Sr. No. | Grade Name   | Application/ Trade Mark Number |
|---------|--------------|--------------------------------|
| 1.      | BASOFIX      | 1446713                        |
| 2.      | FMSIL        | 1446710                        |
| 3.      | LIMOGLOSS    | 1446711                        |
| 4.      | METACEM      | 1446715                        |
| 5.      | METAPLAST    | 1446707                        |
| 6.      | MICRONBARYTE | 1446723                        |
| 7.      | MICRONCARB   | 1446721                        |
| 8.      | MICRONCHINA  | 1446714                        |
| 9.      | MICRONMICA   | 1446733                        |
| 10.     | MICRONTALC   | 1446734                        |
| 11.     | NANOCARB     | 1447057                        |
| 12.     | NANOCLAY     | 1447058                        |

| Sr. No. | Grade Name | Application/ Trade Mark Number |
|---------|------------|--------------------------------|
| 13.     | OPAK       | 1446717                        |
| 14.     | SILICOAT   | 1446716                        |
| 15.     | SNOWCARB   | 1446705                        |
| 16.     | ULTRACARB  | 1446712                        |

Our Company has made the following applications with the Trade and Merchandise Mark Act 1999 for grant of certificate of registration of the following names:

| Sr. No. | Grade Name           | Application/ Trade Mark Number | Date of Application |
|---------|----------------------|--------------------------------|---------------------|
| 1.      | 20 MICRONS LIMITED   | 1448936                        | April 26, 2006      |
| 2.      | ALSIL                | 1449807                        | October 05, 2006    |
| 3.      | CARALA CLAY 60       | 1512341                        | December 12, 2006   |
| 4.      | COATINGCLAY          | 1446708                        | April 26, 2006      |
| 5.      | FASTFLOW             | 1446722                        |                     |
| 6.      | GLOSSINGCLAY         | 1446706                        |                     |
| 7.      | HIBLOW               | 1449811                        | October 05, 2006    |
| 8.      | HYDROGEL             | 1446720                        | April 26, 2006      |
| 9.      | HYPER                | 1446719                        | October 05, 2006    |
| 10.     | KAOGLOSS             | 1449806                        |                     |
| 11.     | LITHOMER             | 1505537                        |                     |
| 12.     | MEGASIL              | 1446718                        | April 26, 2006      |
| 13.     | MICRONCARB 2T        | 1456774                        | May 06, 2006        |
| 14.     | NELLAI CLAY          | 1512340                        | December 12, 2006   |
| 15.     | POLAID               | 1448935                        | May 05, 2006        |
| 16.     | SCRATCHCOAT          | 1449810                        | October 05, 2006    |
| 17.     | SUPERGLOSS           | 1446709                        | April 26, 2006      |
| 18.     | DIASILITE            | 1678086                        | April 21, 2008      |
|         | DIATOMACEOUS         |                                |                     |
| 19.     | EARTH - DIATH 325 P8 | 1678087                        |                     |
| 20.     | REINFORSIL           | 1678088                        |                     |
| 21.     | GLAZEX 90            | 1678085                        |                     |

## SECTION VI - REGULATORY AND STATUTORY DISCLOSURES

### Authority for the issue and details of resolution passed for the issue

The Board of Directors have, pursuant to a resolution passed at its meeting held on 23/08/2007, authorized the Issue, subject to the approval of the shareholders of the Company under Section 81 (1A) of the Companies Act.

The shareholders of 20 Microns Limited have authorized the Issue by a special resolution adopted pursuant to Section 81 (1A) of the Companies Act, passed at the Extra-ordinary General Meeting held on 05/12/2007.

### Prohibition by SEBI, If any

The Company, its Promoters, its Directors or any of the Company's associates or group companies and companies with which the Directors of the Company are associated as Directors or Promoters, or Directors or Promoters in control of, of the promoting Company, are currently not prohibited from accessing or operating in the capital market under any order or direction passed by SEBI.

The Promoters, their relatives (as per Act), the Company, group companies, associate companies are not detained as willful defaulters by RBI / Government authorities.

### Eligibility of the Issuer Company to enter the capital market

We are an unlisted Company and are not eligible for the Issue as per clause 2.2.1 of the SEBI (DIP) Guidelines since the:

- (a) *The company does not have 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;*

However, the Company is eligible to come out with a public issue as per the appraisal route as per clause 2.2.2 a (ii) and 2.2.2 b (i) of the SEBI (DIP) Guidelines which is stated as under :-

2.2.2 (a) (ii) The "project" has at least 15% participation by Financial Institutions/ Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded

2.2.2 (b) (i) The minimum post-issue face value capital of the Company shall be Rs. 10 crores.

Industrial Development Bank of India (IDBI) has vide its letter dated July 16, 2008 given its sanction of term loan to the extent of Rs. 10 crores towards part financing the expansion project under Project Finance Scheme subject to carrying our internal rating and detailed appraisal. Further it shall be ensured that at least 10% of the fresh issue size shall be allotted to QIBs.

The Company satisfies all the eligibility criteria as laid down in clause 2.2.2 of SEBI (DIP) Guidelines. However, the Company is making a "Book-building issue" wherein the Company proposes to allot upto 50% of the net Issue to QIBs of which at least 10% shall be allotted to QIBs, failing which the full subscription monies shall be refunded.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, 20ML undertakes that the number of allottees, i.e., Persons receiving Allotment in the Issue shall be at least 1000, otherwise, the entire application money will be refunded forthwith.

**DISCLAIMER CLAUSE**

AS REQUIRED, A COPY OF THE RED HEARRING PROSPECTUS HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI).

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF 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 MANAGER, KEYNOTE CORPORATE SERVICES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER KEYNOTE CORPORATE SERVICES LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MARCH 03, 2008 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THIS RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, IT'S DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

WE CONFIRM THAT:

- (A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
- (B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

- (C) THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID; AND
4. WHEN UNDERWRITTEN WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.
5. 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 RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE RED HERRING PROSPECTUS.
6. WE CERTIFY THAT CLAUSE 4.6 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION GUIDELINES, 2000, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE RED HERRING PROSPECTUS.
7. WE CONFIRM THAT PROVISIONS OF CLAUSES 4.9.1 & 4.9.2, 4.9.3 & 4.9.4 OF SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 ARE NOT APPLICABLE IN RESPECT OF THE CAPTIONED ISSUE.
8. WE CERTIFY THAT REQUIREMENT OF PROMOTER'S CONTRIBUTION ARE APPLICABLE IN RESPECT OF THE SAID ISSUE.
9. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
10. WE CONFIRM THAT NECESSARY ARRANGEMENTS WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF THE SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM THE DESIGNATED STOCK EXCHANGE AS MENTIONED IN THE RED HERRING PROSPECTUS. WE FURTHER NOTE THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SHALL SPECIFICALLY CONTAIN THIS CONDITION.

11. WE CERTIFY THAT NO PAYMENT IN THE NATURE OF DISCOUNT, COMMISSION, ALLOWANCE OR OTHERWISE SHALL BE MADE BY THE ISSUER OR THE PROMOTERS, DIRECTLY OR INDIRECTLY, TO ANY PERSON WHO RECEIVES SECURITIES BY WAY OF FIRM ALLOTMENT IN THE ISSUE.
12. WE CERTIFY THAT SINCE THE PROPOSED ISSUE SIZE IS MORE THAN RS.10 CRORES, THE PROVISION RELATING TO OPTION TO THE INVESTORS TO GET THE SHARES IN PHYSICAL MODE IS NOT APPLICABLE IN TERMS OF SECTION 68B OF THE COMPANIES ACT, 1956.
13. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE RED HERRING PROSPECTUS:
  - a. AN UNDERTAKING FROM THE ISSUER COMPANY THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY
  - b. AN UNDERTAKING FROM THE ISSUER COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.

THE PROMOTER/ DIRECTOR OF 20 MICRONS LIMITED, MR. CHANDRESH S. PARIKH, MR. BHANUBHAI B. PATEL, MR. ANANT K. KAMDAR, MR. RAMESH B. PATEL, MR. RAJESH C. PARIKH, MR. ATIL C. PARIKH, MR. SUDHIR R. PARIKH, M/S ERIEZ FINANCE & INVESTMENT LIMITED, MR. VISHNU R. VARSHNEY, MR. MIHIR JOSHI, MR. D. D. BHATTACHARJEE, MR. VITHADAS D. TALATI, MR. PRAVINCHANDRA M. SHAH, MR. RAM DEVIDAYAL AND MR. HARISH SHETH 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 RED HERRING PROSPECTUS HAS BEEN SUPPRESSED WITHHELD AND/ OR INCORPORATED IN THE MANNER THAT WOULD AMOUNT TO MIS-STATEMENT/ MISREPRESENTATION AND IN THE EVENT OF ITS TRANSPIRING AT ANY POINT IN TIME TILL ALLOTMENT/ REFUNDAS THE CASE MAY BE, THAT ANY INFORMATION/ MATERIAL HAS BEEN SUPPRESSED/ WITHHELD AND/ OR AMOUNTS TO A MIS-STATEMENT/ MISREPRESENTATION, THE PROMOTERS/ DIRECTORS UNDERTAKE TO REFUND THE ENTIRE APPLICATION MONIES TO ALL SUBSCRIBERS WITHIN 7 DAYS THEREAFTER WITHOUT PREJUDICE TO THE PROVISIONS OF SECTION 63 OF THE COMPANIES ACT.

#### **DISCLAIMER STATEMENT FROM THE COMPANY, THE SELLING SHAREHOLDER AND THE LEAD MANAGER**

Investors who bid in this offer will be required to confirm and will be deemed to have represented to the Company, the selling shareholder, the underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity shares of the Company and will not issue, sell, pledge or transfer the Equity shares of the Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire equity shares of the Company. The Company, the Selling shareholder, the underwriters and their respective directors, officers, agents, affiliates, and representatives accept to responsibility or liability for advising any investor or whether such investor is eligible to acquire equity Shares of the Company.

#### **Caution**

The Company, the Selling shareholder, the Directors and the BRLM accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information would be doing so at his or her own risk.

All information shall be made available by the Company, BRLM and the Selling shareholders to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centers.

The Company 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 WITH RESPECT TO 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 authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds}. This Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform him 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 Gujarat and Dadra and Nagar Haveli only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been filed with SEBI for observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this 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 Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

### **DISCLAIMER CLAUSE OF THE STOCK EXCHANGES**

#### **Disclaimer Clause of Bombay Stock Exchange Limited (BSE):**

“Bombay Stock Exchange Limited (“the Exchange”) has given vide its letter no. DCS/IPO/BP/IPO-IP/2115/2007-08 dated March 27, 2008 permission to the Company to use the Exchange’s name in this Prospectus as one of the stock exchanges on which this Company’s securities are proposed to be listed. The Exchange has scrutinized this Prospectus 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 Prospectus; 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 Prospectus has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever”.

### **Disclaimer Clause of the NSE**

As required, a copy of this Red Herring Prospectus has been submitted to National Stock Exchange of India Limited. NSE has given vide its letter Ref. No. NSE/List/74430-A dated May 30, 2008 permission to the Issuer to use the Exchange's name in this Red Herring Prospectus as one of the stock exchanges on which this Issuer's securities are proposed to be listed subject to the Issuer fulfilling the various criteria for listing including the one related to paid up capital and market capitalisation (i.e. the paid up capital shall not be less than Rs. 10 crores and market capitalisation shall not be less than Rs. 25 crores at the time of listing). The Exchange has scrutinised this Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus, nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

### **FILING**

A copy of this DRHP has been filed with SEBI at Securities and Exchange Board of India, SEBI Bhavan, G Block, 3<sup>rd</sup> Floor, Bandra Kurla Complex, Bandra East, Mumbai - 400 051, BSE at Bombay Stock Exchange Limited, P. J. Towers, Dalal Street, Mumbai - 400 001 and NSE at The National Stock Exchange of India Ltd, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the ROC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with the RoC, Gujarat.

### **LISTING**

Applications will be made to BSE and NSE for permission to deal in and for an official quotation of the Equity Shares of the Company. BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalised.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges mentioned above, the Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid

within eight days after the Company becomes liable to repay it from the date of refusal or within 70 days from the date of Bid/Issue Closing Date, whichever is earlier, then the Company, and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of Allotment for the Issue.

## IMPERSONATION

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

**"Any person who:**

- a) makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, Or**
- b) otherwise induces a Company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,**

**shall be punishable with imprisonment for a term which may extend to five years."**

## CONSENTS

Consents in writing of the Directors, the Company Secretary and Compliance Officer, the Auditors, the Legal Advisor, Bankers to the Company, BRLM and the Registrar to the Issue to act in their respective capacities, have been obtained and will be filed along with a copy of this Red Herring Prospectus with the ROC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration with the ROC.

Manubhai & Co., Chartered Accountants, Auditors of the Company have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which appears in this Red Herring Prospectus and also of the tax benefits accruing to the Company and to the members of the Company and such consent and report have not been withdrawn up to the time of signing this Red Herring Prospectus.

## EXPERT OPINION OBTAINED, IF ANY

Except as stated in "Statement of Tax Benefits" beginning on page no. 49 and in "Auditors Report beginning on page no. 130, our Company has not obtained any expert opinion.

## EXPENSES OF THE ISSUE

The Management estimates an expense of Rs. [●] Lacs towards issue expense. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

| (Rs. in Lacs) |                    |         |                |          |
|---------------|--------------------|---------|----------------|----------|
| Sr. No.       | Nature of Expenses | Amount* | % to the Total | % to the |
|               |                    |         |                | the      |

|    |                                                                       | Expenses | Issue |
|----|-----------------------------------------------------------------------|----------|-------|
| 1. | Lead Management Fee, Underwriting Commissions and Selling Commissions | [•]      | [•]   |
| 2. | Advertising and Marketing Expenses                                    | [•]      | [•]   |
| 3. | Printing and Stationery                                               | [•]      | [•]   |
| 4. | IPO Grading Agency fee                                                | [•]      | [•]   |
| 5. | Others (Registrar's Fee, Legal Fee, etc.)                             | [•]      | [•]   |
|    | <b>Total</b>                                                          | [•]      | [•]   |

*\* Will be incorporated after finalisation of Issue Price*

## DETAILS OF FEE PAYABLE

### Fees Payable to the Book Running Lead Managers and Syndicate Members

The total fees payable to the Book Running Lead Manager and Syndicate Members (including underwriting commission and selling commission) will be as per the memorandum of understanding between the Company and the BRLM dated October 31, 2007 a copy of which is available for inspection at our registered office.

### Fees Payable to the Registrar to the Issue

The fees payable by us to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the memorandum of understanding dated December 18, 2007 between the Registrar to the Issue and the Company.

## UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

The underwriting commission and the selling commission for the Issue are as set out in the Syndicate Agreement amongst the Company, the BRLM and the Syndicate Member. The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue price and the amount underwritten in the manner mentioned on page no. 19 of this Red Herring Prospectus.

## PREVIOUS PUBLIC OR RIGHTS ISSUE

The Company has not made any public or rights issue of shares either in India or abroad in the five years preceding the date of this Red Herring Prospectus.

## PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH

The Company has issued following equity shares for consideration otherwise than cash:

1. 21,46,925 equity shares of Rs. 10/- each issued to shareholders of "Hitech Minerals Private Limited", "Aric Industrial Products Private Limited", "United Microns Private Limited" and "Fi-Microns and Minerals Private Limited" on merger with "20 Microns Ltd." on 30/03/1998.
2. 2,05,176 equity shares of Rs. 10/- each issued to shareholders of "Fi. Minerals Private Limited" on merger with 20 Microns Ltd. on 30/03/2002.

## COMMISSION AND BROKERAGE ON PREVIOUS ISSUES

Since this is the initial public offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

## CAPITAL ISSUE DURING THE LAST THREE YEARS

We have not made any capital issue during the last three years.

## PROMISE vis-à-vis PERFORMANCE

This is a first issue of the Company and none of its group companies are listed on any stock exchanges in India.

## OUTSTANDING DEBENTURES OR BONDS AND REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS

There are no outstanding debentures or bonds or redeemable preference shares and other instruments issued by the Company as on the date of this Red Herring Prospectus.

## STOCK MARKET DATA

This being an initial public offering of the Company, the Equity Shares are not listed on any stock exchange.

## INVESTOR GRIEVANCES AND REDRESSAL SYSTEM

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

The Registrar to the issue, namely, Intime Spectrum Registry Limited, will handle investor's grievances pertaining to the issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be co-ordinating with the registrar to the issue in attending to the grievances to the investor. The Company assures that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

| Sr. No. | Nature of complaint                             | Time Table                                                                           |
|---------|-------------------------------------------------|--------------------------------------------------------------------------------------|
| 1.      | Non-receipt of refund                           | Within 7 days of receipt of complaint subject to production of satisfactory evidence |
| 2.      | Non Receipt of Share Certificate/Demat Credit   | Within 7 days of receipt of complaint subject to production of satisfactory evidence |
| 3.      | Any other complaint in relation to Public Issue | Within 7 days of receipt of complaint with all relevant details                      |

Redressals of investors' grievance are given top priority by the Company. The Committee oversees redressal of complaints of shareholders/investors and other important investor related matters. The Company has adequate arrangements for redressal of investor complaints as follows:

Share transfer/ dematerialisation/ rematerialisation are handled by well equipped professionally managed Registrar and Transfer Agent, appointed by the Company in terms of SEBI's direction for appointment of Common Agency for physical as well as demat shares. The Registrars are constantly monitored and supported by qualified and experienced personnel of the Company.

Our Company has appointed Mr. Nikunj Savaliya, Company Secretary as the Compliance Officer and he may be contacted in case of any pre-issue or post-issue problems. He can be contacted at the following address:

**Mr. Nikunj Savaliya**

Company Secretary & Compliance Officer

20 Microns Limited

307-308 Arundeeep Complex,

Race Course Circle,

Vadodara, Gujarat - 390 007.

**Tel.:** +91-265-3057019

**Fax:** +91-265-2333755

**E-mail:** co\_secretary@20microns.com

#### **CHANGES IN AUDITORS**

Our Auditors for the year ended March 31, 2005 were M/s. N.C. Vaishnav & Co. Subsequently, in a resolution passed by the Shareholders at the Annual General Meeting dated 28.07.2005, our Auditors were changed to M/s. Manubhai & Co., Chartered Accountants, Ahmedabad, who are the Auditors of our Company till date.

#### **CAPITALIZATION OF RESERVES OR PROFITS DURING LAST 5 YEARS**

The Company has not issued any Equity Shares by capitalizing reserves or profits in last five years.

#### **REVALUATION OF ASSETS DURING THE LAST 5 YEARS**

The Company has not revalued its assets during the last 5 years.

## SECTION VII - OFFERING INFORMATION

### A. 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 Red Herring Prospectus, the Prospectus, the Bid-cum-Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, the Stock Exchanges, the Reserve Bank of India, ROC and/ or other authorities, as in force on the date of the Issue and to the extent applicable.

#### ***RANKING OF EQUITY SHARES***

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

#### ***MODE OF PAYMENT OF DIVIDEND***

We shall pay dividend to our shareholders as per the provisions of the Companies Act, 1956.

#### ***FACE VALUE AND ISSUE PRICE***

The face value of the Equity Shares is Rs. 10/- each and the Floor Price is Rs. 50/- and the Cap Price is Rs. 55/- per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares subject to the applicable laws.

#### ***RIGHTS OF THE EQUITY SHAREHOLDERS***

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

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive annual reports and notices to members;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public Company under the Companies Act, 1956 and the Memorandum and Articles of Association of the Company.

#### ***MARKET LOT***

In terms of Section 68B of the Companies Act, 1956, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors. Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one equity share. Allotment of Equity Shares through this Issue will be done only in electronic form in multiples of **one** Equity Share subject to a minimum Allotment of 100 Equity Shares.

### **NOMINATION FACILITY TO INVESTOR**

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of death of the sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form available on request at the registered office of the Company or at the registrar and transfer agent of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by our Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

### **MINIMUM SUBSCRIPTION**

If the company does not receive the minimum subscription of 90% of the fresh issue including devolvement of Underwriters within 60 days from the closure of the issue, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount, the company shall pay interest as per Section 73 of the Companies Act.

The issue comprises of fresh issue of 16,75,000 equity shares of Rs. 10/- each and an offer for sale by the selling share holders to the extent of 26,75,632 equity shares of Rs. 10/- each. In regard to the shares under the offer for sale, the requirement of minimum subscription shall not be applicable.

Our Company will proceed for allotment on receipt of subscription to the extent 35,29,950 equity shares of Rs. 10/- each, representing 25% of the post issue paid up equity capital of the company.

In case of under-subscription in the issue, equity shares in the fresh issue will be issued prior to the sale of equity shares in the offer for sale.

***ARRANGEMENTS FOR DISPOSAL OF ODD LOTS***

The Company has not made any arrangements for the disposal of odd lots.

***RESTRICTIONS ON TRANSFER OF SHARES***

There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting.

## B. ISSUE STRUCTURE

Public Issue of 43,50,632 Equity Shares of Rs. 10/- each for cash by the Company issued at a price of Rs.[●] per Equity Share, consisting of a Fresh Issue of 16,75,000 Equity Shares and an Offer for Sale of 26,75,632 Equity Shares by Gujarat Venture Capital Fund 1995, aggregating Rs. [●] crores. Upto 2,17,532 Equity Shares will be reserved in the issue for subscription by eligible employees. The Issue would constitute 30.81% of the post Issue paid-up capital of the Company. The Issue is being made through the 100% Book Building Process:

| Particulars                                                   | Eligible Employees of our Company (Employee Reservation Portion) | QIBs#                                                                                                                                                                                                                                                                                                          | Non-Institutional Bidders                                                                   | Retail Individual Bidders                                                                               |
|---------------------------------------------------------------|------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| Number of Equity Shares*                                      | Upto 2,17,532 Equity Shares                                      | Upto 20,66,550 Equity Shares will be allotted to QIBs.                                                                                                                                                                                                                                                         | Not less than 6,19,965 Equity Shares shall be available for allocation.                     | Not less than 14,46,585 Equity Shares shall be available for allocation.                                |
| Percentage of Issue Size available for allocation             | -                                                                | Up to 50% of the Net Issue (of which 5% shall be reserved for Mutual Funds) 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 or Net Issue less allocation to QIBs and Retail Portion* | Not less than 35% of the Net Issue or Net Issue less allocation to QIBs and Non-Institutional Portion.* |
| Basis of allocation if respective category is over-subscribed | Proportionate                                                    | Proportionate (a) 1,03,327 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) 19,63,223 Equity Shares shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above.                                     | Proportionate                                                                               |                                                                                                         |
| Minimum Bid                                                   | 100 Equity Shares in multiples of 100 Equity Shares thereafter   | Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 100 Equity Shares thereafter.                                                                                                                                                                                         |                                                                                             | 100 Equity Shares and in multiples of 100 Equity Share thereafter.                                      |

| Particulars       | Eligible Employees of our Company (Employee Reservation Portion)                                                      | QIBs#                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Non-Institutional Bidders                                                                                    | Retail Individual Bidders                                                                                                                                               |
|-------------------|-----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Maximum Bid       | Such number of Equity Shares not exceeding the Issue, subject to regulations as applicable to the eligible employees. | Not exceeding the size of the Issue subject to regulations as applicable to the Bidder                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                              | Such number of Equity Shares per Retail Individual Bidder so as to ensure that the Bid Amount does not exceed Rs.100,000.                                               |
| Mode of Allotment | Compulsorily in dematerialized form.                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                              |                                                                                                                                                                         |
| Trading Lot       | One Equity Share                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                              |                                                                                                                                                                         |
| Who can Apply **  | Eligible Employees of the Company                                                                                     | Public financial institutions, as specified in Section 4A of the Companies Act: scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, multilateral & bilateral development financial institutions, foreign venture capital funds registered with SEBI, State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory & Development Authority, provident funds with minimum corpus of Rs.2500 Lacs, pension funds with minimum corpus of Rs.2500 Lacs and National Investment Fund in accordance with applicable law. | Resident Indian individuals, HUFs (in the name of karta), companies, corporate bodies, societies and trusts. | Individuals (including HUFs in the name of karta) applying for Equity Shares such that the Bid Amount per Retail Individual Bidder does not exceed Rs.100,000 in value. |
| Terms of Payment  | Margin Amount applicable to the eligible employees at the time of submission of Bid-                                  | Margin Amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Margin Amount applicable to Non-institutional                                                                | Margin Amount applicable to Retail Individual Bidder at the time of submission of                                                                                       |

| Particulars   | Eligible Employees of our Company (Employee Reservation Portion) | QIBs#                      | Non-Institutional Bidders                                                                | Retail Individual Bidders                                |
|---------------|------------------------------------------------------------------|----------------------------|------------------------------------------------------------------------------------------|----------------------------------------------------------|
|               | Cum-Application Form to the Member of Syndicate.                 | Member of Syndicate.       | Bidder at the time of submission of Bid-cum-Application Form to the Member of Syndicate. | Bid - cum - Application Form to the Member of Syndicate. |
| Margin Amount | Full Bid Amount on Bidding                                       | At least 10% of Bid Amount | Full Bid Amount on Bidding                                                               |                                                          |

# at least 10% of the fresh issue size shall be allotted to QIB's failing which the full monies shall be refunded.

\* 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 spillover inter-se from any of the other categories, at the sole discretion of the Company, the BRLM and subject to applicable provisions of the 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.

**If the aggregate demand by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.**

#### **Notice to QIBs: Allotment Reconciliation and Revised CANs**

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI 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.

### Withdrawal of this Issue

The Company, in consultation with the BRLM, reserves the right not to proceed with this Issue at any time, including after the Bid/ Issue Opening Date without assigning any reason thereof.

### Bidding Period/ Issue Period

| BID/ ISSUE OPENS ON        | BID/ ISSUE CLOSSES ON        |
|----------------------------|------------------------------|
| Monday, September 08, 2008 | Thursday, September 11, 2008 |

Bids and any revision in bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid-cum-Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted only between 10 a.m. and 1 p.m. (Indian Standard Time) or uploaded till such time as may be permitted by the BSE and NSE on the Bid/Issue Closing Date.

### The Price Band will be decided by the Company in consultation with the BRLM.

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band.

**In case of revision in the Price Band, the Bidding/ Issue Period will be extended for three additional working days after revision of the Price Band, subject to the Bidding Period / Issue Period not exceeding ten 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 NSE by issuing a press release, and also by indicating the change on the web site and at the terminals of the members of the Syndicate.**

## C. ISSUE PROCEDURE

### BOOK BUILDING PROCEDURE

The Issue is being made through the 100% Book Building Process wherein upto 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIB"), out of which 5% of the QIB Portion shall be available for allocation on a proportionate basis to QIB, Including Mutual Funds, subject to valid Bids being received at or above Issue Price. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. In addition to this, at least 10% of the fresh issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded.

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 QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In case of Non-Institutional Bidders, and Retail Individual Bidders the Company would have a right to reject the Bids only on technical grounds.

### 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 Red Herring Prospectus. The Bidders 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 our Company to make the necessary changes in this 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 |
|-----------------------------------------------------------------------|------------------------------------|
| Resident Indians, Eligible NRI's applying on a non-repatriation basis | White                              |
| Eligible NRI's and FIIs applying on a repatriation basis              | Blue                               |
| Eligible employees applying in the Employee Reservation Portion       | Pink                               |

### Who can Bid?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are not minors in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;

- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in the equity shares;
- Mutual Funds registered with SEBI;
- Eligible NRI's on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRI's other than Eligible NRI's are not eligible to participate in this issue;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Guidelines and regulations, as applicable);
- FIIs registered with SEBI;
- Venture Capital Funds registered with SEBI;
- State Industrial Development Corporations;
- 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;
- Scientific and/or industrial research organizations authorized to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- Provident Funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in equity shares;
- Pension Funds with a minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in equity shares;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DD-II dated November 23, 2005 of the Government of India published in the Gazette of India; and

As per the existing regulations, OCB's cannot participate in this Issue.

#### ***Participation by associates of BRLM and Syndicate Member***

The BRLM and Syndicate Member shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and Syndicate Members may subscribe for Equity Shares in the Issue, either in the QIB Portion and Non-Institutional Portion where the allotment is on a proportionate basis.

#### **Bids by Mutual Funds**

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than 1,03,327 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

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.

*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 the equity shares or equity related instruments of any Company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any Company's paid-up capital carrying voting rights.

### **Bids by Eligible NRI's**

Bid cum Application Forms have been made available for Eligible NRI's at the registered office of the Company and with members of the Syndicate and the Registrar to the Issue.

Eligible NRI applicants should note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRI's who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for Resident Indians.

### **Bids by FIIs**

*As per the current regulations, the following restrictions are applicable for investments by FIIs:*

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue paid-up capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital of the Company or 5% of the total issued capital, in case such sub-account is a foreign corporate or an individual.

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, offshore 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 Venture Capital Funds**

*As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds:*

The SEBI (Venture Capital) Regulations, 1996 prescribe investment restrictions on venture capital funds registered with SEBI. Accordingly, the holding by any individual venture capital fund registered with SEBI in one Company should not exceed 25% of the corpus of the venture capital fund. Further, Venture Capital Funds can invest only upto 33.33% of the investible funds by way of subscription to an initial public offer.

**The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.**

**Maximum and Minimum Bid Size**

- a) **For Retail Individual Bidders:** The Bid must be for a minimum of 100 Equity Shares and in multiples of 100 Equity Shares thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed Rs.100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed Rs. 100,000. In case the Bid Price is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 100 Equity Shares thereafter. A Bid cannot be submitted for more than the Net Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under the existing SEBI Guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin Amount upon submission of the Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allotment under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-Off'.

**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 Red Herring Prospectus.**

**Information for the Bidders:**

1. The Company will file this Red Herring Prospectus with the Designated Stock Exchange least 3 (three) days before the Bid/Issue Opening Date.
2. The Company and the BRLM shall declare the Bid/ Issue Opening Date, Bid/ Issue Closing Date and Price Band at the time of filing this Red Herring Prospectus with the Designated Stock Exchange and also publish the same in three widely circulated newspapers (one each in English, Hindi and Marathi). This advertisement, shall be in the format prescribed in Schedule XX-A of the SEBI Guidelines.
3. The members of the Syndicate will circulate copies of this Red Herring Prospectus along with the Bid cum Application Form to potential investors.
4. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our Head Office or from any of the members of the Syndicate and should approach any of the BRLM or Syndicate Members or their authorized agent(s) to register their bids.
5. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.

6. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.
7. The Bidding/ Issue Period shall be for a minimum of 3 (three) working days and not exceeding 7 (seven) working days. In case the Price Band is revised, the revised Price Band and the Bidding/ Issue Period will be published in two weekly circulated national newspapers (one each in English and Hindi) and one regional newspaper and the Bidding/ Issue Period may be extended, if required, by an additional 3 (three) days, subject to the total Bidding/ Issue Period not exceeding 10 (ten) working days.
8. The Price Band has been fixed at Rs. 50/- to Rs. 55/- per Equity Share of Rs. 10 each, Rs. 50/- being the lower end of the Price Band and Rs. 55/- being the higher end of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of Rs.1 (One)
9. The Company in consultation with the BRLM, reserve the right to revise the Price Band, during the Bidding/ Issue Period, in accordance with SEBI Guidelines. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in this Red Herring Prospectus.
10. In case of revision in the Price Band, the Bidding/ Issue Period will be extended for 3 (three) additional working days after revision of Price Band subject to a maximum of 10 (ten) working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in three widely circulated newspapers (one each in English and Hindi) and one Marathi newspaper with wide circulation, and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate Members.
11. The Company in consultation with the BRLM can finalize the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.

### **Method and Process of Bidding**

1. 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 titled "Bids at Different Price Levels and Revision of Bids" on page no. 245 of this 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/ Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
2. The Bidder cannot Bid on another Bid cum Application Form after Bid(s) on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled "Bids at Different Price Levels and Revision of Bids" on page no. 245 of this Red Herring Prospectus.
3. The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip ("TRS") for each 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.

4. During the Bidding/Issue Period, Bidders may approach the members of 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, subject to the terms of the Syndicate Agreement and this Red Herring Prospectus.
5. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "Terms of Payment and Payment into the Escrow Accounts" on page no. 253 of this Red Herring Prospectus.

#### **Bids at Different Price Levels and Revision of Bids**

1. 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. 100,000 may bid at Cut-Off Price. However, bidding at Cut-Off Price is prohibited for QIB; Non-Institutional Bidders bidding in excess of Rs. 100,000 and such bids shall be rejected.
2. Retail Individual Bidders who bid at the Cut-Off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price shall deposit the Bid Price based on the higher end of the Price Band in the Escrow Account. In the event the Bid Price is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders who Bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.
3. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders, if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders the Bid will be considered for allocation under the Non-Institutional Portion in terms of this 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 higher end of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and such Bidder is deemed to have approved such revised Bid at Cut-off Price.
4. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.
5. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 100 Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.
6. During the Bidding/ Issue 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.
7. Revisions can be made in both the desired number of Equity Shares and the Bid price by using 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 complete all the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.

8. The Bidder can make this revision any number of times during the Bidding/ Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had place the original Bid.
9. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
10. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of the QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or electronic transfer of funds through RTGS for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
11. 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 revision of the original bid.**

### Escrow Mechanism

We shall open Escrow Accounts with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allotment in the Issue.

The Escrow Collection Banks will act in terms of this Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank(s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and this Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

### Electronic Registration of Bids

1. The Members of the Syndicate will register the Bids using the on-line facilities of the BSE and the NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
2. The BSE and the NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorized agents during the Bidding/Issue Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue

- Closing Date, the Members of the Syndicate shall upload the Bids until such time as may be permitted by the Stock Exchanges.
3. The aggregate demand and price for Bids registered on the electronic facilities of the BSE and the NSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding/ Issue Period.
  4. 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
    - Investor category - Individual, Corporate, Eligible NRI, FII or Mutual Fund, QIBs, etc;
    - Numbers of Equity Shares bid for;
    - Bid price;
    - Bid cum Application Form number;
    - Whether Margin Amount has been paid upon submission of Bid cum Application Form
    - Depository Participant identification number and client identification number of the beneficiary account of the Bidder.
  5. 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 member of the Syndicate does not guarantee that the Equity Shares shall be allocated/ allotted either by the members of the Syndicate or our Company.
  6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
  7. In case of QIB bidders, members of the syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders, Retail Individual Bidders, Bids would not be rejected except on the technical grounds mentioned on page no. 256 of this Red Herring Prospectus.
  8. It is also to be distinctly understood that the approval given by the BSE and the NSE to use their network and software of the online IPO system should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on the BSE and NSE.
  9. Only bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLM based on the physical records of the Bid cum Application Forms shall be final and binding on all concerned.

**Bids and revisions of Bids must be:**

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and blue colour for NRI's and FIIs applying on repatriation basis).
2. 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.

3. For Retail Individual Bidders, the Bid must be for a minimum of 100 Equity Shares and in multiples of 100 Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.
4. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 100 Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws and regulations.
5. Bids by NRI's for a Bid Price of up to Rs. 100,000 would be considered under the Retail Portion for the purpose of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purpose of allocation.
6. Bids by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of 100 Equity Shares thereafter that the Bid Price exceeds Rs. 100,000.
7. Bids by Non Residents, NRI's, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCB's, firms and partnerships, foreign nationals (excluding NRI's) or their nominees.
8. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
9. 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.

### **Price Discovery and Allocation**

1. After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with the Company.
2. Our Company in consultation with the BRLM shall finalize the Issue Price, the number of Equity Shares to be allotted in each investor category.
3. The allocation to QIBs will be upto 50% of the Net Issue and the availability for allocation to Non-Institutional and Retail Individual Bidders will not be less than 15% and 35% of the Net Issue respectively, and, would be on proportionate basis, in the manner specified in the SEBI Guidelines and this Red Herring Prospectus, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
4. Under-subscription, if any, in the Non-Institutional category and the Retail Individual category would be met with spill over from any other category at the sole discretion of the Company in consultation with the BRLM. However, if the aggregate demand by Mutual Fund is less than 1,03,327 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 with spill-over from any other category or combination of categories at the discretion of the Company, in consultation with BRLM and the Designated Stock Exchange.
5. Allocation to Eligible NRI's, FIIs, foreign venture capital funds registered with SEBI applying on repatriation basis will be subject to applicable law and the terms and conditions stipulated by the RBI.

### *Signing of Underwriting Agreement and Filing with the Designated Stock Exchange*

- (a) We, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation/ Allotment to the Bidders.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with the Designated Stock Exchange, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

### *Filing of the Prospectus with the Registrar of Companies*

We will file a copy of the Prospectus with the Registrar of Companies in terms of Section 56, Section 60 and Section 60B of the Companies Act.

### *Announcement of pre-Issue Advertisement*

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on this Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Guidelines in two widely circulated newspapers (one each in English & Hindi) and a Marathi newspaper.

### **Issuance of Confirmation of Allocation Note ("CAN")**

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLM or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for Retail Bidders 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 BRLM or the members of the Syndicate would then dispatch the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed 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 entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand paid into the Escrow Account. The dispatch of a CAN shall be deemed as a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all Allotted to such Bidder.
- (d) The Issuance of CAN is subject to "Notice to QIBs - Allotment Reconciliation and Revised CANs" as set forth herein.

### **Notice to QIBs: Allotment Reconciliation and Revised CANs**

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. This shall be followed by a physical book prepared by the

Registrar on the basis of Bid-cum-Application Forms received. Based on the electronic book or the physical book, as the case may be, 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 cum Applications Forms 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 allotment 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. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

### **Designated Date and Allotment of Equity Shares**

- (a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the successful Bidders depository account within 2 working days of the date of allotment.
- (b) In accordance with the SEBI Guidelines, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees.
- (c) Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Depositories Act.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted 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 applicable Resident Bid cum Application Form (White in colour) or Non Resident Bid cum Application Form (Blue in colour) or Eligible Employees applying in the Employee Reservation Portion (Pink 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;
- d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- e) Ensure that have been given a TRS for all your Bid options;
- f) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- g) Each of the Bidders, should mention his/ her Permanent Account Number (PAN) allotted under the IT Act;

- h) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects; and
- i) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

#### **Don'ts:**

- a) Do not Bid for lower than the minimum Bid size;
- b) Do not Bid/revise Bid Price to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- d) Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest;
- e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
- f) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders, for bid amount in excess of Rs. 100,000);
- g) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- h) Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB;
- i) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

#### **Instructions for Completing the Bid cum Application Form**

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

#### **Bidder's Depository Account and Bank Account Details**

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). Since the Issue is being made entirely in the dematerialized form, the Bank Account details used for giving refunds to the Bidders to whom an electronic refund is being made will also be taken from the data provided by such Bidder to the Depository Participant. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLM or the Registrar or the Escrow Collection Banks nor the Bank shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allotment Advice and printing of Bank particulars on the refund orders. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**In case of Bidders not receiving refunds through electronic transfer of funds, delivery of refund orders/ allocation advice/ CANs may get delayed if the same, once sent to the address obtained from the Depositories, are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Bank, the Registrar, Escrow Collection Bank(s) nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or pay any interest for such delay. In case of Bidders receiving refunds through electronic modes as detailed on page no. 261 of this Red Herring Prospectus, Bidders may note that refunds may get delayed if Bank particulars obtained from the Depository Participant are incorrect.**

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.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only at the prevailing exchange rate and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

#### **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 Articles of Association and/or bye laws must be along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

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 lodged along with the Bid cum Application Form. In case of Bids made by Mutual Funds, venture capital funds registered with SEBI and FVCIs, a certified copy of their SEBI registration certificate 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 therefore.

In case of the Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of the Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

We, in our absolute discretion, reserves the right to relax the above condition of simultaneous submission of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that we and the BRLM may deem fit.

## **PAYMENT INSTRUCTIONS**

Our Company shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allotment in the Issue.

### **Terms of Payment and Payment into the Escrow Accounts**

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/ or on allocation/ Allotment as per the following terms.

1. Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders shall provide the applicable Margin Amount, and with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph titled "Terms of Payment and Payment into the Escrow Account" on page no. 253 of this 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 Margin Amount payable by each category of Bidders is mentioned under the section titled "Issue Structure" on page no. 236 of this Red Herring Prospectus. 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.
2. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Price, any difference between the amount payable by the Bidder for Equity Shares allocated/ allotted 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 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the BRLM. 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.

3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
  - (a) In case of Resident QIB Bidders: **"Escrow Account - 20ML - QIB - R"**
  - (b) In case of Non Resident QIB Bidders: **"Escrow Account - 20 ML - QIB - NR"**
  - (c) In case of Resident Retail and Non-Institutional Bidders: **"Escrow Account - "20ML - R"**
  - (d) In case of Non Resident Retail and Non-Institutional Bidders: **"Escrow Account - 20ML - NR"**
4. In case of Bids by Eligible NRI's applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non- Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of the Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE or FCNR Account.
5. In case of Bids by FIIs/ FVCIs registered with SEBI/ multilateral and bilateral financial institutions, the payment should be made out of funds held in special rupee account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to special rupee account.
6. Where a Bidder has been allocated/ Allotted 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/ Allotted will be refunded to the Bidder from the Refund Account.
7. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement into the Issue Account with the Bankers to the Issue. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/ Allotment to the Bidders.

### **Payment by Stockinvest**

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

### **Submission of Bid cum Application Form**

All Bid/cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and

returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

## **OTHER INSTRUCTIONS**

### **Joint Bids in the case of Individuals**

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all refund payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communication will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

### **Multiple Bids**

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a 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. The Registrar to the Issue will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid cum Application Form and create an address master.
4. The addresses of all these applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.
5. The applications will be scanned for similar DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
6. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/husband's names. On completion of this, applications will finally 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 funds registered with SEBI and such Bids in respect of more than one scheme of the mutual funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

The Company, in consultation with the BRLM, reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

#### **Permanent Account Number or PAN/ GIR**

Pursuant to the circular MRD/DoP/Circ-05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number (PAN) to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction with effect from July 2, 2007. Each of the Bidders should mention his/her PAN allotted under the IT Act. **Applications without this information will be considered incomplete and are liable to be rejected.** It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.

#### **Our Right to Reject Bids**

In case of QIB Bidders, the Company in consultation with the BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders who Bid, the Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made as described in this Red Herring Prospectus and will be sent to the Bidders' address at the Bidders' risk.

#### **GROUND FOR TECHNICAL REJECTIONS**

Bidders are advised to note that Bids are liable to be rejected inter alia on the following technical grounds:

- a) Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
- b) Bank account details (for refund) are not given;
- c) Age of First Bidder not given;
- d) In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- e) Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors and insane persons;
- f) PAN number not mentioned;
- g) Bids for lower number of Equity Shares than specified for that category of investors;
- h) Bids at a price less than lower end of the Price Band;
- i) Bids at a price more than the higher end of the Price Band;
- j) Bids at Cut-off Price by Non-Institutional and QIB Bidders whose Bid Amount exceeds Rs. 100,000;
- k) Bids for number of Equity Shares, which are not in multiples of 100;
- l) Category not ticked;
- m) Multiple Bids as defined in this Red Herring Prospectus;
- n) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- o) Bids accompanied by Stockinvest/ money order/postal order/cash;
- p) Signature of sole and/or joint Bidders missing;
- q) Bid cum Application Form does not have the stamp of the BRLM or the Syndicate Members;
- r) Bid cum Application Form does not have the Bidder's depository account details;

- s) Bid cum Application Form is not delivered by the Bidder within the time prescribed as per the Bid cum Application Forms, Bid/ Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Forms;
- t) 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 account number;
- u) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- v) Bids by QIBs not submitted through members of the Syndicate;
- w) Bids by OCB's;
- x) Bids not uploaded in the book;
- y) Bids by U.S. persons, other than "qualified institutional buyers" as defined in Rule 144A under the Securities Act or other than in reliance on Regulation S under the Securities Act; and
- z) Bids by persons outside India if not in compliance with applicable foreign and Indian laws or by any persons who are not eligible to acquire Equity Shares of our Company, in terms of all applicable laws, rules, regulations, guidelines and approvals.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical bid form, for a particular bidder, the details as per physical application form of that bidder may be taken as the final data for the purpose of allotment.

#### *Equity Shares in Dematerialized Form with NSDL or CDSL*

As per the provisions of Section 60B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a dematerialized form (i.e., not in the form of physical certificates but the fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

- a) Agreement dated February 20, 2008 with NSDL, the Company and the Registrar to the Issue;
- b) Agreement dated February 26, 2008 with CDSL, the Company and the Registrar to the Issue.

All bidders can seek Allotment only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- a) A bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participant of either NSDL or CDSL prior to making the Bid.
- b) 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.
- c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- d) 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 account details in the Depository.

- e) 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.
- f) 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.
- g) 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 our Equity Shares are proposed to be listed have electronic connectivity with NSDL and CDSL.
- h) The trading of the Equity Shares of the Company would be in dematerialized form only for all investors in the demat segment of the respective Stock Exchanges.

## **DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY**

We shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within 15 working days of the Bid/ Issue Closing Date.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of Allotment.

In accordance with the requirements of the Stock Exchanges and the SEBI Guidelines, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in DEMATERIALIZED form within 15 (fifteen) working days of the Bid/Issue Closing Date;
- Dispatch of refund orders or in case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) working days of the Bid/Issue Closing Date would be ensured; and
- The Bank shall pay interest at 15% (fifteen) per annum for any delay beyond the 15 (fifteen) day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within the 15 (fifteen) days 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.

### **Interest on refund of excess Bid Amount**

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 working days from the Bid/Issue Closing Date.

## **BASIS OF ALLOTMENT**

### **A. For Retail Individual Bidders**

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Net Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 14,46,585 Equity Shares at or above the Issue Price, full Allotment 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 14,46,585 Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of 100 Equity Shares. For the method of proportionate basis of Allotment, refer below.

### **B. For Non-Institutional Bidders**

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 6,19,965 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 6,19,965 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of 100 Equity Shares. For the method of proportionate basis of allotment, refer below.

### **C. 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 Allotment to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for Allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
  - (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
    - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
    - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.

- (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
- (b) In the second instance Allotment to all QIBs shall be determined as follows:
  - (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids 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.
- The aggregate Allotment to QIB Bidders shall be at least 20,66,550 Equity Shares.

### **Method of Proportionate Basis of Allotment in the Issue**

In the event the Issue is over-subscribed, the basis of Allotment shall be finalized by the Company in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that basis of allotment is finalized in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- (a) Bidders will be categorized according to the number of Equity Shares applied for by them.
- (b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- (d) In all Bids where the proportionate Allotment is less than 100 Equity Shares per Bidder, the Allotment shall be made as follows:
  - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above; and
  - Each successful Bidder shall be allotted a minimum of 100 Equity Shares.
- (e) If the proportionate Allotment to a Bidder is a number that is more than 100 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.
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity

Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

## PAYMENT OF REFUND

Bidders must 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 will obtain from the Depositories, the Bidders' bank account details including nine digit MICR code as appearing on a cheque leaf. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Bank, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

### Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

- I ECS - Payment of refund shall be undertaken through ECS for applicants having an account at any of the following 68 centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakhpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. One of the methods for payment of refund is through ECS for applicants having a bank account at any of the abovementioned 68 centres.
- II Direct Credit - Applicants having bank accounts with the Refund Banker(s), as mentioned in the bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Bank.
- III RTGS - Applicants having a bank account at any of the above mentioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne

by the Bank. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

- IV NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Whenever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.
- V For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched "Under Certificate of Posting" for value upto Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

#### UNDERTAKINGS BY THE COMPANY

We undertake as follows:

- That the complaints received in respect of this Issue shall be attended to by us expeditiously;
- 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 finalization of the basis of Allotment;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 working days of the Bid/ Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That the certificates of the securities/ refund orders to the Non-Resident Indians shall be dispatched within specified time; and
- That no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner shall be made until the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

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.

**Utilization of Issue proceeds**

Our Board of Directors certifies that:

- a. A statement by the Board of Directors of the issuer company to the effect that:
  - 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;
  - details of all monies utilised out of Issue referred above shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;
  - details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in our balance sheet indicating the form in which such unutilised monies have been invested.
- b. The prospectus shall contain a statement of the Board of Directors of the issuer Company to the effect that:
  - The utilization of monies received under promoters' contribution and from firm allotments and reservations shall be disclosed under an appropriate head in the balance sheet of the issuer company, indicating the purpose for which such monies have been utilized.
  - The details of all unutilized monies out of the funds received under promoters' contribution and from firm allotment and reservations shall be disclosed under a separate head in the balance sheet of the issuer company, indicating the form in which such unutilized monies have been invested.

## SECTION VIII - OTHER INFORMATION

### MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF OUR COMPANY

#### SHARES AND CERTIFICATES

19 **“Register and Index of Members”**

The Company shall cause to be kept at its Registered Office or at such other place as may be decided, Register and Index of Members in accordance with Sections 150 and 151 and other applicable provisions of the Act and the Depositories Act, 1996 with details of shares held in physical and dematerialised forms in any media as may be permitted by law including in any form of electronic media.

The Register and Index of beneficial owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall also be deemed to be the Register and Index of Members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members for the residents in that state or country.

**Shares to be numbered progressively**

- 20 The shares in the capital shall be numbered progressively according to their several denominations and except in the manner hereinbefore mentioned, no share shall be sub-divided.

**Directors may allot shares fully paid-up**

- 21 Subject to the provisions of the Act and of these Articles, the Board may allot and issue shares in the capital of the Company as payment or part payment for any property sold or transferred, goods or machinery supplied or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up shares and if so issued shall be deemed to be fully paid up shares.

**Application of premium**

22. (1) Where the Company issue shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account to be called Share Premium Account and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in this clause, apply as if the share premium account were paid up share capital of the Company.
- (2) The share premium account may, notwithstanding sub-clause (1) hereof, be applied by the Company-
- (a) in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;
  - (b) in writing off the preliminary expenses of the Company;
  - (c) in writing off the expenses of or the commission paid or discount allowed on any issue of shares or debenture of the Company or
  - (d) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.

**Installments on Shares**

23. If by the terms of issue of any shares or otherwise, the whole or any part of the amount or issue price thereof shall be payable by installments at a fixed time, every such installments shall when due, be paid to the Company by the person who, for the time being and from time to time, is the registered holder of the shares of his legal representatives.

**Acceptance of shares**

24. Subject to the provisions of these Articles, any application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accept any shares and whose name is on the Register of Members shall, for the purposes of these Articles, be a member, provided that no share shall be applied for or allotted to a minor, insolvent or person of unsound mind.

**Deposits and calls to be debt payable immediately**

25. The money (if any) which the Board of Directors shall, on the allotment of any shares being made by it, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by it, shall immediately on the insertion of the name of the allottee in the Register of Members as the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.

**Liability of members**

26. Every member or his heir, executors or administrators shall pay to the Company the proportion of the capital represented by his share or shares which may, for the time being remain unpaid thereon in such amounts, at such time or times and in such manner as the Board of Directors shall, from time to time, in accordance with the Company's regulations require or fix for the payment thereof.

**Limitation of time for issue of certificates**

27. The Company shall, unless the conditions of issue otherwise provide, within three months after the allotment of any of its shares or debentures and within one month after the application for the transfer of any such shares or debentures, complete and have ready for delivery the certificates of all shares and debentures allotted or transferred.

**CALLS****Directors may make calls**

37. The Board of Directors may from time to time by a resolution passed at a meeting of the Board (and not by circular resolution) make such call as it may think fit upon the members in respect of all moneys unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at a fixed time and each member shall pay the amount of every call so made on him to the persons and at the times and place appointed by the Board of Directors. A call may be made payable by installments.

**Calls on shares of the same class to be made on uniform basis**

38. Where any calls for further share capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class. For the purpose of this Article shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.

**Notice of Calls**

39. One month notice at least of every call payable otherwise than on allotment shall be given by the Company specifying the time and place of payment and to whom such call shall be paid. Provided that the Board may, at its discretion, revoke the call or postpone it.

**Calls to date from Resolution**

40. A call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed at a meeting of the Board of Directors and may be made payable by the members on the Register of Members on a subsequent date to be fixed by the Board.

**Directors may extend Time**

41. The Board of Directors may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such times as to all or any of the members, who from residence at a distance or other cause, the Board of Directors may deem fairly entitled to such extension; but no member shall be entitled to extension save as a matter of grace and favour.

**Call to carry interest after due Date**

42. If any member fails to pay a call due from him on the day appointed for payment thereof or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board of Directors, but nothing in this Article shall render it compulsory upon the Board of Directors to demand or recover any interest from any such member.

**Proof on Trial in suit for Money due on shares**

43. Subject to the provisions of the Act and these Articles, on the trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of 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 member in respect of whose shares the money is sought to be recovered, appears, entered on the register of members as the holder at or subsequent to the date at which the money sought to be recovered is alleged to have become due, of the shares in respect of which such money is sought to be received, that the resolution making the call is duly recorded in the minute book and that notice of such call was duly given to the member or his representatives sued in pursuance of these presents and it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

**44. Payment in anticipation of call may carry interest:**

The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so

advanced. The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable. The provisions of these Articles shall mutates mutandis apply to the calls on debentures of the Company.

**Amount payable at fixed time or by installments to be treated as calls.**

- 44A.** If by the terms of issue of any Share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the Share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.

**FORFEITURE, SURRENDER AND LIEN**

**If call or installment not paid, Notice may be given**

45. If any member fails to pay any call or installment of a call in respect of any shares on or before the day appointed for the payment of the same, the Board may at any time hereafter during such time as the call or installment remains unpaid, serve a notice on such member or on the person (if any) entitled to the share by transmission requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

**Form of Notice**

46. The notice shall name a day (not being earlier than the expiry of fourteen days from the date of service of the notice) and a place or places on and at which such money, including the call or installment and such interest and expenses as aforesaid is to be paid. The notice shall also state that in the event of non-payment on or before the time and at the place appointed, the shares in respect of which the calls was made or installment was payable, will be liable to be forfeited.

**In default to payment shares to be forfeited**

47. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before all the calls or installments and interest and expenses due in respect thereof are paid, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonus declared in respect of the forfeited shares and not actually paid before forfeiture.

**Notice of Forfeiture**

48. When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members provided however that the failure to give the notice of the shares having been forfeited will not in any way invalidate the forfeiture.

**Forfeited Shares to become property of the Company**

49. Any shares so forfeited shall be deemed to be the property of the Company and the Board may sell, re-allot otherwise dispose off the same in such manner as it thinks fit.

**Power to Annul Forfeiture**

50. The Board may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed off, annul the forfeiture thereof as a matter of grace and favour but not as of right upon such terms and conditions as it may think fit.

**Arrears to be paid notwithstanding Forfeiture**

51. Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of forfeiture until payment at such rate not exceeding fifteen per cent per annum as the Board may determine and the Board may enforce the payment of such moneys or any part thereof if it thinks fit, but shall not be under any obligation so to do.

**Effect of Forfeiture**

52. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company, in respect of the share and all other rights, incidental to the share except only such of those rights as are by these Articles expressly saved.

**Proceeds how to be Applied**

53. The net proceeds of any such sale shall be applied in or towards satisfaction of the said debts, liabilities or engagements and the residue (if any) paid to such member, his heirs, executors, administrators or assigns.

**54A. Declaration of Forfeiture:**

- a) A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or the Secretary of the Company, and that Share in the Company has been duly forfeited in accordance with these Articles, 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 Share.
- b) The Company may receive the consideration, if any, given for the Share on any sale, re-allotment or other disposal thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed off.
- c) The person to whom such Share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the Share.
- d) Any such purchaser or allottee shall not (unless by express agreement) be liable to pay calls, amounts, installments, interests 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, interests or bonuses accrued or which might have accrued upon the Share before the time of completing such purchase or before such allotment.
- e) Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be effected by the irregularity or invalidity in the proceedings in reference to the forfeiture, sale re-allotment or other disposal of the Shares.

**Evidence of Forfeiture.**

- 54B. The declaration as mentioned in Article 65(a) of these Articles shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.

### **Title of Purchaser and Allottee of Forfeited Shares**

55. The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed off and the person to whom such share is sold, re-allotted or disposed off may be registered as the holder of the share. Any such purchaser or allottee shall not (unless by express agreement to the contrary) be liable to pay any calls, amounts, installments, interest and expenses owing to the Company prior to such purchase or allotment, nor shall he be entitled (unless by express agreement to contrary) 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. Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings with reference to the forfeiture, sale, re-allotment or disposal of the share.

### **Partial payment not to preclude Forfeiture**

56. Neither a judgement nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as herein provided.

### **The provisions of these Articles as to Forfeiture to apply in case of non-payment of any sum**

57. The provisions of these Articles as to forfeiture shall apply to the case of non-payment of any sum which by the terms of issue of a share becomes payable at a fixed time, whether on account of the nominal value of the shares or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

### **Board may accept Surrender of Shares**

58. The Board may at any time, subject to the provisions of the Act, accept the surrender of any share from or by any member desirous of surrendering the same on such terms as the Board may think fit.

### **59. COMPANY'S LIEN ON SHARE/ DEBENTURES:**

The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this article.

### **Enforcing Lien by Sale**

60. For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as it thinks fit but no sale shall be made until such time fixed as aforesaid shall have arrived and until notice in writing of the intention to sell, shall have been served on such member his heirs, executors, administrators or other legal representatives as the case may be

and default shall have been made by him or them in payment, fulfillment or discharged of such debts, liabilities or engagements for seven days after the date of such notice.

**Application of Proceeds of Sale**

61. The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of the said debts, liabilities or engagements and the residue, if any, shall be paid to such member, his heirs, executors, administrators or other legal representatives, as the case may be.

**Validity of Sale in exercise of Lien and after forfeiture**

62. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board of 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 the purchaser shall not be bound to see to the regularity of the proceedings, nor to the application of the purchase money and after his name has been entered in the Register of Members in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

**Board of Directors may issue new Certificates**

63. Where any shares under the powers in that behalf herein contained are sold by the Board of Directors after forfeiture or for enforcing a lien, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall voluntarily or on demand by the Company, have been previously surrendered to the Company by the defaulting member) stand cancelled and become null and void and of no effect and the Board of Directors may issue a new certificate or certificates for such shares distinguishing it or them in such manner as it may think fit from the certificate or certificates previously issued in respect of the said shares.

**Money due from the Company may be set off against Money due to the Company**

64. Any money due from the Company to a member may without the consent and notwithstanding the objection of such member, be applied by the Company in or towards the payment of any money due from him to the Company for calls or otherwise.

**Sum payable on allotment to be deemed a call**

- 64A. For the purposes of the provisions of these Articles relating to forfeiture of Shares, the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such Share on the day of allotment.

## **TRANSFER AND TRANSMISSION OF SHARES**

**Register of Transfer**

65. The Company shall keep a book to be called the Register of Transfer and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.

**Execution of Transfer**

66. Subject to the provisions of the Act and these Articles, the transfer of shares in or debentures of the Company shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor or on behalf of the transferee and specifying the name, address and occupation, if any, of the transferee has been delivered to the Company along with the certificate if in existence or along with the letter of allotment of the shares or debentures. The transferor shall be deemed to remain the holder of such shares until the

name of the transferee is entered in the register in respect thereof. Shares of different classes shall not be included in the same instrument of transfer.

#### **Form of Transfer**

67. The instrument of transfer shall be in writing and all the provisions of section 108 of the Act and any statutory modification thereof, for the time being, shall be duly complied with in respect of all transfers of shares and of the registration thereof.
- 67A. (i) Every holder of the share(s) in, and/or debenture(s) of the Company, may at any time nominate, in the manner prescribed under the Act, a person to whom his share(s) in, and/or debenture(s) of the Company, shall vest in the event of his death.
- (ii) Where the share(s) in, and/or debenture(s) of the Company, are held by more than one person jointly, all the joint-holders may together nominate, in the manner prescribed under the Act, a person to whom all the rights in the share(s) and/or debenture(s) of the Company, as the case may be, shall vest in the event of death of all the joint-holders.
- (iii) Notwithstanding anything contained in any other law for the time being in force or in these Articles or in any disposition, whether testamentary or otherwise, in respect of such share(s) in, and/or debenture(s) of the Company, where a nomination made in the manner prescribed under the Act, purports to confer on any person the right to vest the share(s) in, and/or debenture(s) of the Company, the nominee shall, on the death of the shareholder and/or debenture-holders concerned or on the death of all the joint-holders, as the case may be, become entitled to all the rights in relation to such share(s) in and/or debenture(s) to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner prescribed under the Act.
- (iv) Where the nominee is a minor, the holder of the share(s) in, and/or debenture(s) of the Company, can make a nomination in the manner prescribed under the Act, to appoint any person to become entitled to the share(s) in, and/or debenture(s) of the Company, in the event of his death, during the minority.
- (v) Notwithstanding anything contained in these Articles, any person who becomes a nominee by virtue of the provisions of Article 67A, upon the production of such evidence as may be required by the Board and subject as herein after provided, may elect either-
- (a) to be registered himself as holder of the share(s) and/or debenture(s), as the case may be; or
  - (b) to make such transfer of the share(s) and/or debenture(s), as the case may be, as the deceased shareholder and/or debenture-holder, as the case may be, could have made.

If the person being a nominee, so becoming entitled, elects to be registered as holder of the share(s) and/or debenture(s) himself, he shall deliver or send to the Company, a notice in writing duly signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder and/or debenture-holder, as the case may be.

- (vi) All the limitations, restrictions and provisions of the Act, relating to the right to transfer and the registration of transfer of share(s) and/or debenture(s) shall be applicable to any such notice or transfer as aforesaid as if the death of the

shareholder/debenture holder had not occurred and the notice or transfer were a transfer signed by that shareholder and/or debenture-holder as the case may be.

- (vii) A person, being a nominee, becoming entitled to the share(s) and/or debenture(s) 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(s) and/or debenture(s), except that he shall not, before being registered a member in respect of his share(s) or debenture(s), be entitled in respect of it 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 the share(s) and/or debenture(s) and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share(s) and/or debenture(s), until the requirements of the notice have been complied with.

**No transfer to a person of unsound mind**

68. No transfer shall be made to a minor or a person of unsound mind.

**69. Transfer of Shares**

- (1) An application for the registration of a transfer of shares may be made either by the transferor or by the transferee.
- (2) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
- (3) For the purpose of clause (2) hereof notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instruments of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

**DIRECTORS MAY REFUSE TO REGISTER TRANSFER:**

- (4) Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares
- (5) If the Company refuses to register the transfer of any share or transmission of right therein, the Company shall within one month from the date on which instrument of transfer or the intimation of transmission, as the case may be, was delivered to the Company, sends notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission as the case may be.

- (6) Nothing in these Articles shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares of the Company has been transmitted by operation of law.

(7) **NO FEE ON TRANSFER OR TRANSMISSION:**

No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

**Transfer to be left at office as Evidence of title given**

- 70 Every instruments of transfer duly executed and stamped shall be left at the office for registration accompanied by the certificate of the shares to be transferred and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the shares.

**When transfer to be retained**

71. All instruments of transfer which are registered shall be retained by the Company but any instrument of transfer which the Board declines to register shall, on demand, be returned to the person depositing the same. The Board may cause to be destroyed all transfer deeds lying with the Company after such period not being less than six years as it may determine.

**Transfer Books when closed**

72. The Board may after giving not less than seven days previous notice by advertisement as required by Section 154 of the Act, close the Register of Members or the Register of Debenture Holders for any period or periods not exceeding in the aggregate, 45 (forty five) days in each year but not exceeding 30 days at any one time.

**Death of one or more joint holders of shares**

73. In the case of death of any one or more of the persons named in Register of Members as joint shareholders of any share, the survivors shall be the only persons recognised by the Company as having any title to or interest in such shares, but nothing herein contained shall be taken to release the estate of a joint shareholder from any liability to the Company on shares held by him jointly with any other person.

**Title to shares of Deceased Holder**

74. Subject to Article 73 the heir, executor or administrator of a deceased shareholder shall be the only person recognised by the Company as having any title to his shares and the Company shall not be bound to recognise such heir, executor or administrator unless such heir, executor or administrator shall have first obtained letters of administration or succession certificate.

**Transmission of Share**

- 75 Subject to the provisions of the Act and these Articles, any person becoming entitled to a share in consequence of the death, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Board (which it shall not be under any obligation to give) upon producing such evidence as the Board think sufficient, either be registered himself as the holder of the share or elect to have some person nominated by him and approved by the Board registered as such holder, provided nevertheless that if such person shall elect to have his nominee registered, he shall testify the election by executing to his nominee an instrument

of transfer of the share in accordance with the provisions herein contained and until he does so he shall not be freed from any liability in respect of the share.

**Board may refuse to Transmit**

76. The Board shall, subject to the provisions of Article 75 hereof, have the same right to refuse on legal grounds to register a person entitled by transmission to any share or his nominee, as if he were the transferee named in any ordinary transfer presented for registration.

**Board may require Evidence of Transmission**

77. Every transmission of share shall be verified in such manner as the Board may require and if the Board so desires, be accompanied by such evidence as may be thought necessary and the Company may refuse to register any such transmission until the same be verified on requisite evidence produced or until or unless an indemnity be given to the Company with regard to such registration which the Board at its absolute discretion shall consider sufficient, provided nevertheless, that there shall not be any obligation on the Company or the Board to accept any indemnity.

**Transfer by legal Representation**

78. A transfer of a share in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if he had been a member at the time of the execution of instrument of transfer.

**Certificate of Transfer**

79. The certification by the Company of any instrument of transfer of shares in or debentures of the Company, shall be taken as a representation by the Company to any person acting on the faith of the certification that there have been produced to the Company such documents as on the face of them show a prima facie title to the shares or debentures in the transferor named in the instrument of transfer, but not as a representation that the transferor has any title to the shares or debentures.

**The Company not liable for disregard of a Notice prohibiting Registration of transfer**

80. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer or transmission of shares made or purporting to be made by any apparent legal owner thereof as shown or appearing in the Register of Members to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer any may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some books of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

**80A "Nomination"**

(a) every shareholder or debenture holder of the Company, may at any time, nominate a person to whom his shares or debentures shall vest in the event of his death in such manner as may be prescribed under the Act.

(b) Where the shares or debentures of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the

shares or debentures, as the case may be, shall vest in the event of death of all the joint holders in such manner as may be prescribed under the Act.

(c) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares or debentures, the nominee shall, on the death of the shareholders or debenture holder or, as the case may be on the death of the joint holders become entitled to all the rights in such shares or debentures or, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act,

(d) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint any person to become entitled to shares in, or debentures of, the Company in the manner prescribed under the Act, in the event of his death, during the minority”.

**“Option of nominee”**

(i) A nominee upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-(a) to register himself as holder of the share or debenture, as the case may be; (b) or to make such transfer of the shares and/or debentures, as the deceased shareholder or debenture holder, as the case may be, could have made.

If the nominee elects to be registered as holder of the shares or debentures, 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 death certificate of the deceased shareholder or debenture holder, as the case may be

(ii) A nominee shall be entitled to the share dividend / interest and other advantages to which he would be entitled if he were the registered holder of the shares or debentures, provided that he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to meeting of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares or debentures, and if the notice is not complied within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the shares or debentures, until the requirements of the notice have been complied with.”

**80B. “Trust not recognised”**

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name(s) appears on the Register of Members/Debentures as the holder of any Shares/Debentures in the records of the Company and/or in the records of the Depository as the absolute owner thereof and accordingly shall not (except as may be ordered by a Court of competent jurisdiction or as may be required by law) be bound to recognise any benami trust or equitable, contingent, future or other claim or interest or partial interest in any such shares/debentures on the part of any other person or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto on the part of any other person whether or not it shall have express or implied notice thereof, but the Board shall be at liberty and at its

sole discretion decide to register any share/debenture in the joint names of any two or more persons or the survivor or survivors of them.

80C. **“Transfer of securities”**

Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of depository.

80D. **Notice of application when to be given**

Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.

80E. **Refusal to register nominee**

Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any Share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.

80F. **Person entitled may receive dividend without being registered as a Member**

A person entitled to a Share by transmission shall subject to the right of the Directors to retain dividends or money as is herein provided, be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the Share.

## DIVIDENDS

172. The profits of the Company which it shall from time to time determine, subject to the provisions of Section 205 of the Act, to divide in respect of any year or other period, shall be applied first in paying the fixed, preferential dividend on the capital paid up on the preference shares if any and secondly in paying a dividend declared for such year or other period on the capital paid upon the equity shares.

**Division of profits**

(a) Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any of Share in the Company, dividends may be declared and paid according to the amounts of the Shares;

(b) No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of this Article as paid on the Shares.

172B. **Dividend to joint holders**

Any one of several persons who are registered as joint holders of any Shares may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Shares.

**Amounts paid in advance of calls not to be treated as paid up capital**

173. No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of Article 176 as paid up on the share.

**Apportionment of Dividends**

174. All dividends shall be apportioned and paid proportionate to the amounts paid or credited as paid on the shares, during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

**Declaration of Dividends**

175. The Company in General Meeting may, subject to the provisions of Section 205 of the Act, declare a dividend to be paid to the members according to their right and interests in the profits and may fix the time for payment.

**Restriction on amount of dividend**

176. No larger dividend shall be declared than is recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

**Dividend out of profits only and not to carry interest**

177. (1) No dividend shall be payable except out of the profits of the Company arrived at as stated in Section 205 of the Act.

**What is to be deemed net profits**

- (2) The declaration of the Board as to the amount of the net profits of the Company shall be conclusive.

**Interim Dividends**

178. The Board of Directors may from time to time pay the members such interim dividends as in its judgement the position of the Company justifies.

**Debts may be deducted**

179. The Board may retain any dividends payable on shares on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which lien exists.

**Dividend and call together**

180. 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 members shall not exceed the dividend payable on him and so that the call may be made payable at the same time as the dividend and dividend may; if so arranged between the Company and the member, be set off against the call.

**Effect of transfer**

181. Right to dividend, right shares and bonus shares shall be held in abeyance pending registration of transfer of shares in conformity with the provision of Section 206A of the Act.

**Retention in certain cases**

182. The Board may retain the dividends payable upon share in respect of which any person is under Article 176 entitled to become a member of which any person under that Article is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.

**No member to receive interest or dividend whilst indebted to the Company and Company's right to reimbursement thereof**

183. No member shall be entitled to receive payment of an interest or dividend in respect of his own share or shares whilst any money may be due or owing from him to the Company in respect of such share or shares otherwise howsoever either alone or jointly with any other person or persons and the Board may deduct from the interest or dividend payable to any shareholder all sums or money so due from him to the Company.

**Payment by post**

184. Any dividend payable in cash may be paid by cheque or warrant sent through the post directly to the registered address of the shareholder entitled to the payment of the dividend or in the case of joint shareholders to the registered address of that one whose name stands first on the Register of Members in respect of the joint shareholding or to such persons and to such address as the shareholders of the joint shareholders may in writing direct and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent and the Company shall not be responsible or liable for any cheque or warrant lost in transit or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent recovery thereof by any other means. The Company may, if it thinks fit, call upon the shareholders when applying for dividends or bonus to produce their share certificates at the registered office or other place where the payment of dividend is to be made.

**Dividend to be paid within forty two days**

185. The Company shall pay dividend or send the warrant in respect thereof to the shareholder entitled to the payment of the dividend within forty two days from the date of the declaration of the dividend unless:
- (a) the dividend could not be paid by reason of the operation of any law or
  - (b) a shareholder has given directions to the Company regarding the payment of dividend and these directions can not be complied with or
  - (c) there is dispute, regarding the right to receive the dividend or
  - (d) the dividend has been lawfully adjusted by the Company against any sum due to it from the shareholder or
  - (e) for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.

**Unpaid or Unclaimed Dividend**

186. Where the Company has declared a dividend but which has not been paid or claimed within 30 from the date of declaration to any shareholder entitled to the payment of dividend, the Company shall, within 7 days of the date from expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of 20 Microns Limited" and transfer to the said account, the total amount of dividend which remains unpaid or unclaimed.

Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of Seven years from the date of such transfer, shall be transferred by the Company to the Fund established under Section 205C of the Act. No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law.

### Capitalisation of reserves

- 187 (a) Any General Meeting may, upon the recommendation of the Board resolve that any moneys, investments or other assets forming part of the undistributed profits of the Company standing to the credit of any of the profit and loss account or any capital redemption reserve fund or in hands of the Company and available for dividend or representing premium received on the issue of shares and standing to the credit of the share premium account be capitalised and distributed amongst such of the shareholders 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 fund shall not be paid in cash but shall be applied subject to the provisions contained in clause (b) hereof on behalf of such shareholders in full or towards:
- (1) paying either at par or at such premium as the resolution may provide any unissued shares or debentures or debenture-stock of the Company which shall be allotted, distributed and credited as fully paid up to and amongst such members in the proportions aforesaid; or
  - (2) paying up any amounts for the time being remaining unpaid on any shares or debentures or debenture-stock held by such members respectively; or
  - (3) paying up partly in the way specified in sub-clause (1) and partly in that specified in sub-clause (2) and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum.
- (b) (1) Any moneys, investments or other assets representing premium received on the issue of shares and standing to the credit of share premium account; and
- (2) If the Company shall have redeemed any redeemable preference shares, all or any part of any capital redemption fund arising from the redemption of such shares may, by resolution of the Company be applied only in paying up in full or any shares then remaining unissued to be issued to such members of the Company as the General Meeting may resolve upto an amount equal to the nominal amount of the shares so issued.
- (c) Any General Meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company or any investments representing the same or any other undistributed profits of the Company not subject to charge for income-tax be distributed amongst the members on the footing that they receive the same as capital.
- (d) For the purpose of giving effect to any such resolution, the Board may settle any difficulty which may arise in regard to the distribution of payment as aforesaid as it thinks expedient and in particular it may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payments be made to any members on the footing of the value so fixed and may vest any such cash, share, debentures, debenture-stock, bonds or other obligation in trustees upon such trust for the persons entitled thereto as may seem expedient to the Board and generally may make such arrangement for acceptance, allotment and sale of such shares, debentures, debenture-stock, bonds or other obligations and fractional certificates or otherwise as it may think fit.
- (e) If and whenever any share becomes held by any member in fraction, the Board may subject to the provisions of the Act and these Articles and to the directions of the

Company in General Meeting, if any, sell the shares which members hold in fractions for the best price reasonably obtainable and shall pay and distribute to and amongst the members entitled to such shares in due proportion the net proceeds of the sale thereof, for the purpose of giving effect to any such sale, the Board may authorise any person to transfer the shares sold to the purchaser thereof, comprised in any such transfer and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or of invalidity in the proceedings with reference to the sale.

(f) Where required; a proper contract shall be delivered to the Registrar for registration in accordance with section 75 of the Companies Act and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund and such appointment shall be effective.

### INDEMNITY

#### **Company may indemnify**

198. Subject to the provisions of Section 201 of the Act, every Director, Manager and other officer or any person (whether officer of the Company or not) employed by the Company or as an auditor or servant of the Company shall be indemnified by the Company and it shall be the duty of the Board to pay, out of the funds of the Company, all costs, charges, losses and expenses which any such officer or servant may incur or become liable to by reason of any contract entered in to or act or thing done by him as such officer or servant or in any way in the discharge of his duties including expenses and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Manager, officer or servant in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted by the Court.
199. Subject to the provisions of Sections 201 of the Act; no Director, Manager or other officer of the Company shall be liable for the acts, receipts or other act for confirmity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Board for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy or insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or for any loss occasioned by an error of judgement, omission, default or oversight, on his part or for any other 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.

### WINDING UP

#### **Distribution of Assets**

200. If the Company shall be wound up and the assets available for distribution among the members are such as shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up or which, ought to have been paid up at the commencement of the winding up on the shares held by them respectively and if 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 paid up or which ought to have been paid up at the commencement of the winding 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.

**200A. Distribution in specie or kind**

(a) If the Company shall be wound up, whether voluntarily or otherwise, the Liquidator may, with the sanction of a Special Resolution, divide amongst the contributories in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidator, with the like sanction, shall think fit.

(b) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributions (except where unalterably fixed by the Memorandum of Association and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories, shall be determined on any contributory who would be prejudicial thereby shall have a right to dissent and ancillary rights as if such determination were a Special Resolution passed pursuant to Section 494 of the Act.

(c) In case any Shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said Shares may within ten days after the passing of the Special Resolution by notice in writing direct the Liquidator to sell his proportion and pay him the net proceeds and the Liquidator shall, if practicable act accordingly.

**200B. Right of shareholders in case of sale**

A Special Resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any Shares or other consideration receivable by the liquidator be distributed against the Members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the Members subject to the rights of dissent and consequential rights conferred by the said sanction

**200C. Directors and others right to indemnity**

Subject to the provisions of Section 201 of the Act, every Director or officer, or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, charges, losses and damages which any such person may incur or become liable to pay by reason of any contract entered into or any act, deed, matter or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act, neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, officer or Auditor or other office of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favour, or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

**200D. Director, officer not responsible for acts of others**

Subject to the provisions of Section 201 of the Act no Director, Auditor or other officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of the title to any property acquired by order of the Directors for 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 for any loss or damages arising from the insolvency or tortuous act of any person, firm or Company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or oversight on his part of for any other loss, damage, or misfortune whatever shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

**SECRECY CLAUSE****Secrecy**

201. No member or other person (not being a Director) shall be entitled to visit or inspect any property or premises or works of the Company without the permission of the Board or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Board, it would be inexpedient in the interest of the Company to disclose Secrecy undertaking.
202. Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee agents, officer, servant, accountant or other person employed in the business of the Company shall, when required, sign a declaration pledging himself to observe strict secrecy respecting all transactions of the Company with the customers and the state of accounts with individual 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 Board or by any meeting of the shareholders, if any or by a Court of Law the person to whom matters relate and except so far as may be necessary in order to comply with any of the provision in these present contained.

**Knowledge implied**

203. Each member of the Company, present and future, is to be deemed to join the Company with full knowledge of all the contents of these presents.

\* \* \* \* \*

## MATERIAL CONTRACT AND DOCUMENTS FOR INSPECTION

The following contracts and agreements (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by our Company or contracts entered into more than two years before this Red Herring Prospectus), which are or may be deemed material have been entered or to be entered into by our Company. Copies of these contracts together with copies of documents referred under Material Documents below all of which have been attached to the copy of this Red Herring Prospectus may be inspected at the Registered Office of our Company from 10:00 am to 5:00 pm on any working day from the date of this Red Herring Prospectus until the Bid/ Issue Closing Date.

### *Material contracts to the Issue*

1. Memorandum of Understanding dated October 31, 2007 entered into amongst our Company and Keynote Corporate Services Limited, Book Running Lead Manager to the Issue.
2. Memorandum of Understanding dated December 18, 2007 entered into between our Company and Intime Spectrum Registry Limited, Registrar to the Issue.
3. Escrow Agreement dated [●], between the Company, the BRLM, the Escrow Collection Banks and the Registrar to the Issue.
4. Syndicate Agreement dated [●] between the Company, BRLM and Syndicate Members.
5. Underwriting Agreement dated [●] between the Company, BRLM and Syndicate Members.
6. Copy of Tripartite agreement dated February 26, 2008 entered into between the Company, CDSL and Registrar to the Issue.
7. Copy of Tripartite agreement dated February 20, 2008 entered into between the Company, NSDL and Registrar to the Issue.

### *Material Documents*

1. Memorandum of Association and Articles of Association of the Company, as amended from time to time.
2. Shareholders' resolutions dated December 05, 2007 in relation to this Issue.
3. Resolutions of the general body for appointment and remuneration of our whole-time Directors.
4. Copies of annual reports of our Company for the financial years ending on March 31, 2004, 2005, 2006, 2007 and 2008.
5. General power of attorney executed by our Directors in favour of person(s) for signing and making necessary changes to this Red Herring Prospectus and other related documents.
6. Consents of Auditors, Bankers to the Company, BRLM, Syndicate Members, Registrar to the Issue, Domestic Legal Counsel to the Company, Directors of our Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
7. Copy of sanction letter dated July 16, 2008 received from IDBI regarding Sanction of term loan.
8. Copy of appraisal note from IDBI dated May 16, 2008.
9. Legal Due Diligence Report dated July 22, 2008 by Corporate Law Chambers India.
10. Due Diligence Certificate dated March 03, 2008 to SEBI from Keynote Corporate Services Limited.

11. Copy of certificate dated July 21, 2008 issued by M/s Manubhai & Co., Chartered Accountants and Statutory Auditors of the Company in terms of Part II Schedule II of the Companies Act 1956 including capitalisation statement, taxation statement and accounting ratio.
12. Copy of certificate dated July 21, 2008 issued by M/s Manubhai & Co., Chartered Accountants and Statutory Auditors of our Company regarding tax benefits accruing to the Company and its shareholders.
13. Copy of certificate dated July 21, 2008 received from M/s Manubhai & Co., Chartered Accountants and Statutory Auditors of 20 Microns Limited regarding sources and deployment of funds.
14. Undertakings by the Company.
15. In-principle approval dated March 27, 2008 and May 30, 2008 from BSE and NSE for listing of the securities of the Company.
16. Report of the IPO grading agency, CARE dated July 16, 2008, furnishing the rationale for its grading, disclosed in this Red Herring Prospectus.
17. SEBI Observation Letter No. CFD/DIL/ISSUES/NB/DM/129191/2008 dated June 26, 2008 issued by the Securities and Exchange Board of India & Copy of the Compliance Letter dated 01/08/2008 filed by Keynote Corporate Services Limited with Securities and Exchange Board of India.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

### **PART III**

#### **SECTION IX- 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 Red Herring Prospectus in contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made or guidelines issued thereunder, as the case may be, and that all the approvals and permissions required to carry on the business of our Company have been obtained, are currently valid and have been complied with. We further certify that all the statements in this Red Herring Prospectus are true and correct.

#### **SIGNED BY THE DIRECTORS OF OUR COMPANY**

**Sd/-**

Chandresh S. Parikh  
Chairman & Managing Director

**Sd/-**

Rajesh C. Parikh  
Joint Managing Director

**Sd/-**

Sudhir R. Parikh  
Director (Finance)

**Sd/-**

Vishnu R. Varshney  
Nominee Director- GVFL

**Sd/-**

Mihir Joshi  
Nominee Director- GVFL

**Sd/-**

D. D. Bhattacharjee  
Nominee Director- IDBI

**Sd/-**

Vithaldas D. Talati  
Director

**Sd/-**

Pravinchandra M. Shah  
Director

**Sd/-**

Ram Devidayal  
Director

**Sd/-**

Harish Sheth (POA holder Mr. Sudhir R. Parikh)  
Director

#### **SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER**

**Sd/-**

Nikunj Savaliya  
Company Secretary & Compliance Officer

**Date:** August 19, 2008

**Place:** Vadodara