



## SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

(Our Company Shree Hanuman Sugar Mills Limited was incorporated under the Indian Companies Act, 1913. The name of our company was changed to Shree Hanuman Sugar and Industries Limited vide letter no RD/DP/218-(21)(R) dated November 01, 1962 and a fresh certificate of incorporation has been obtained from Registrar of Companies, Asst. Registrar of Joint Stock Companies, Bengal. The Corporate Identification Number of our company is L15432WB1932PLC007276

**Registered Office:** Chandra Kunj, 4th Floor, 3, Pretoria Street, Kolkata, 700 071

(Please refer to page no. 96 for details of change in the registered office of our company)

**Tel.:** +91-033-2282 1169-1184; **Fax:** +91-033-2282 1187/1188; **E-mail:** fpo@hanumansugar.com; **Website:** www.hanumansugar.com,

**Contact Person:** Mr. Ramesh Kumar Didwania, Company Secretary & Compliance Officer

### THE PROMOTERS OF OUR COMPANY: MR. BIMAL KUMAR NOPANY AND M/S. SHRUTI LIMITED

**FURTHER PUBLIC ISSUE OF 1, 87, 50,000 EQUITY SHARES OF Rs. 10/- EACH FOR CASH AT A PRICE OF Rs. [●] PER EQUITY SHARE AGGREGATING TO Rs. [●] LACS (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE ISSUE COMPRISES PROMOTER'S CONTRIBUTION OF [●] EQUITY SHARES OF Rs. 10/- EACH AT A PRICE OF Rs. [●] PER EQUITY SHARE AGGREGATING TO Rs. [●] LACS (HEREINAFTER REFERRED TO AS PROMOTER'S CONTRIBUTION) AND NET ISSUE TO THE PUBLIC (HEREINAFTER REFERRED TO AS "THE NET ISSUE" OR "NET ISSUE TO THE PUBLIC") OF 1, 49, 95,422 EQUITY SHARES AGGREGATING TO Rs. [●] LACS. THE NET ISSUE WOULD CONSTITUTE 43.15 % OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY.**

Our Company is considering a Pre- IPO Placement of upto [●] Equity Shares with some investors. The Pre-IPO Placement, if any, will be completed before the filing of the Red Herring Prospectus with the RoC. The number of Equity Shares in the issue will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre-IPO Placement, if any, subject to the Net Issue to the public being at least 25% of the fully diluted post-Issue paid up capital of our Company.

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

**THE PRICE BAND AND THE MINIMUM BID LOT SIZE WILL BE DECIDED BY OUR COMPANY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND ADVERTISED AT LEAST ONE (1) WORKING DAY PRIOR TO THE BID/ ISSUE OPENING DATE.**

**The Floor Price is [●] times of the Face Value and the Cap Price is [●] times of the Face Value**

In Case of revision of Price Band the Bidding/Issue Period shall be extended for three additional working days after such revision, subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding/Issue Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and The National Stock Exchange of India Limited ("NSE"), whose online IPO system will be available for bidding, by issuing a press release and by indicating the change on the website of the Book Running Lead Manager ("BRLM") and the terminals of the member(s) of the Syndicate and by intimating to Self Certified Syndicate Members ("SCSBs")

The Issue is being made through a 100% Book Building Process wherein not more than 50% of the Issue will be allocated to Qualified Institutional Buyers (QIBs) on a proportionate basis, subject to valid bids being received at or above the Issue Price. Provided that our Company may allocate up to 30% of the QIB Portion, to Anchor Investors, on a discretionary basis ("Anchor Investor Portion"). For details, see "Issue Procedure" on page [●]. Out of the portion available for allocation to the QIBs, 5% will be available for allocation to Mutual Funds only. Mutual Fund Bidders shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

### GENERAL RISKS



Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this issue. For taking an investment decision, investors must rely on their own examination of our Company and the issue including the risks involved. The Equity Shares issued in the issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the summarized and detailed statements in the section "Risk Factors" beginning on page [●] of this Draft Red Herring Prospectus.

### COMPANY'S ABSOLUTE RESPONSIBILITY

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

### LISTING

The Equity Shares of our Company are presently listed on Calcutta Stock Exchange Association Limited (CSE) and the shares after issue through this DRHP are proposed to be listed on the BSE and NSE. Our Company has received in-principle approvals from BSE, NSE and CSE vide their letters dated [●], [●] and [●] respectively. BSE shall be the Designated Stock Exchange for the purpose of this Issue.

| BOOK RUNNING LEAD MANAGERS  | REGISTRAR TO THE ISSUE  |
|---|---|
|    |    |
| <p><b>STELLANT CAPITAL ADVISORY SERVICES (P) LIMITED</b><br/>                     Merchant Chamber, Basement, Opp: Patkar Hall, New Marine Lines,<br/>                     Churchgate, Mumbai - 400 020<br/> <b>Tel:</b> +91-22- 2206 5061; <b>Fax:</b> +91-22- 2206 1606;<br/> <b>Website:</b> www.stellantcapital.com;<br/> <b>E-mail:</b> hanuman.fpo@stellantcapital.com<br/> <b>SEBI Registration No.:</b> INM 000011773<br/> <b>Investor Grievance Id:</b> investors@stellantcapital.com<br/> <b>Contact Person:</b> V.R Amit Kumar</p> | <p><b>MAHESHWARI DATAMATICS PRIVATE LIMITED</b><br/>                     6 Mangoe Lane, (Surendra Mohan Ghosh Sarani)<br/>                     2nd Floor, Kolkata - 700 001<br/> <b>Tel:</b> 91 033 2243 5809/ +91 033 2243 5029<br/> <b>Fax:</b> 91 033 2248 4787<br/> <b>E-mail:</b> mdpl@cal.vsnl.net.in<br/> <b>Website:</b> www.mdpl.in<br/> <b>SEBI Registration No:</b> INR 0000000353<br/> <b>Contact Person:</b> Mr. S Rajagopal</p> |
| BID / ISSUE SCHEDULE  |   |
| <b>BID/ ISSUE OPENS ON</b> [●]  | <b>BID/ ISSUE CLOSES ON</b> [●]   |

#Anchor Investor Bid/Issue Period shall be one day prior to the Bid/Issue Opening Date

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## SECTION I - DEFINITION AND ABBREVIATIONS

### CONVENTIONAL/ GENERAL TERMS

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



## ISSUE RELATED TERMS

| TERM   | DESCRIPTION   |
|--|---|
| Allotment/ Allotment of Equity Shares          | Unless the context otherwise requires, issue of Equity Shares pursuant to this Issue.   |
| Allottee                                       | A successful Bidder to whom the Equity Shares are allotted  |
| Anchor Investor                                | The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus and the Prospectus to the Anchor Investors, which will be a price equal to or higher than the Issue Price but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by our Company in consultation with the BRLM.  |
| Anchor Investor Portion                        | The portion of the Net Issue, being up to 30% of the portion available to QIBs, being 22,49,313 Equity Shares of our Company, which will be allocated to the Anchor Investors by our Company in consultation with the BRLM, on a discretionary basis. One third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Anchor Investor Bids being received from domestic Mutual Funds at or above the price at which allocation will be made to Anchor Investors. |
| Anchor Investor Bid/Issue Period               | The date on working day prior to the Bid/Issue Opening Date i.e. [●], on which bidding by Anchor Investors shall open and shall be completed  |
| ASBA/ Applications Supported by Blocked Amount | An application for subscribing to an issue, containing an authorization to block the application money in a bank account.   |
| ASBA Investor                                  | An Investor who intends to apply through ASBA process<br>(a) is bidding, with single bid option as to the number of shares bid for;<br>(b) is applying through blocking of funds in a bank account with the SCBS;   |
| ASBA Form                                      | Bid cum Application form for Investor intending to subscribe through ASBA   |
| Bid  | An indication to make an offer, made during the Bidding Period by a prospective investor to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto.   |
| Bid Amount                                     | The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid for this Issue.   |
| Bid/ Issue Closing Date                        | The date after which the members of the Syndicate will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper.  |
| Bid/ Issue Opening Date                        | The date on which the members of the Syndicate shall start accepting Bids for this Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper.  |
| Bid-cum-Application Form                       | The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Company and which will be considered as the application for allotment in terms of the Red Herring Prospectus.  |
| Bidder   | Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form.  |
| Book Building Process                          | Book building mechanism as provided under Schedule XI of the SEBI (ICDR) Regulations, in terms of which this Issue is made.   |
| BRLM   | Book Running Lead Manager to this Issue, in this case being <b>STELLANT CAPITAL ADVISORY SERVICES PVT. LTD</b>  |
| CAN/ Confirmation of Allocation Note           | The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of Issue Price in the Book Building Process.  |
| Cap Price                                      | The upper end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted.  |
| Cut-off  | The Issue Price finalized by the Company in consultation with the BRLM.   |



| TERM                              | DESCRIPTION  |
|-----------------------------------|--|
|                                   | Only Retail Individual Bidders who are applying for a maximum bid amount not exceeding Rs.2,00,000/- are entitled to Bid at the Cut-off Price, for a bid amount not exceeding Rs. 2,00,000/-. QIBs and Non Institutional Bidders are not entitled to Bid at the Cut-off Price. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band.  |
| Designated Date                   | The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the Registrar of Companies West Bengal, Kolkata, following which the Board of Directors shall allot Equity Shares to successful Bidders.  |
| Designated Stock Exchange         | In this case being the Bombay Stock Exchange Limited.  |
| Draft Red Herring Prospectus/DRHP | This Draft Red Herring Prospectus filed with SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue  |
| Equity Shares                     | Equity Shares of our Company at 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 among our Company, the Registrar to this Issue, the Escrow Collection Banks and the BRLM in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders.  |
| Escrow Collection Bank(s)         | The banks, which are registered with SEBI as Banker (s) to the Issue at which the Escrow Account for the Issue will be opened, in this case being [●].   |
| 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                   | A citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.   |
| Issue                             | Further Public Issue of 1, 87, 50,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. [●] per Equity Share aggregating to Rs. [●] Lacs (hereinafter referred to as the "issue"). The Issue Comprises Promoter's contribution of [●] Equity Shares of Rs. 10/- each at a price of Rs. [●] per Equity Share Aggregating to Rs. [●] Lacs (hereinafter referred to as Promoter's Contribution) and Net Issue to the Public (hereinafter referred to as "the Net Issue" or " Net Issue to the Public") of 1, 49, 95,422 Equity Shares aggregating to Rs. [●] Lacs. The Net Issue would constitute 43.15 % of the fully diluted Post Issue Paid-up Capital of our Company. |
| Issue/ Bidding Period             | The period between the Bid / Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.  |
| Issue Management Team             | The team managing this Issue as set out in the Chapter titled 'General Information' in this Draft Red Herring Prospectus   |
| Issue Price                       | The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus or the Prospectus, as determined by our Company consultation with the BRLM, on the Pricing Date.   |
| Mutual Funds                      | Means mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.   |
| Non Institutional Bidders         | All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 200,000/-.   |



| TERM                                   | DESCRIPTION  |
|--|--|
| Non Institutional Portion              | The portion of the Issue being not less than 15% of the Issue consisting of 22,49,313 Equity Shares of Rs. 10/- each available for allocation to Non Institutional Bidders   |
| Offer Document                         | Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus   |
| Overseas Corporate Body                | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 03, 2003 and immediately before such date had taken benefits under the general permission granted to Overseas Corporate Bodies under the FEMA. Overseas Corporate Bodies are not permitted to invest in this Issue.   |
| Pay-in Date                            | Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% margin money at the time of bidding, as applicable.   |
| Pre-IPO Placement                      | A Pre-IPO Placement of upto Rs. [●] Lacs with certain investors is being considered by our Company and will be completed prior to the filing of the Red Herring Prospectus with the RoC.   |
| Price Band                             | The price band of a minimum price ("Floor Price") of Rs. [●] and the maximum price ("Cap Price") of Rs. [●] and includes revisions thereof.  |
| Pricing Date                           | The date on which our Company in consultation with the BRLM finalizes the Issue Price.   |
| Prospectus                             | The Prospectus, to be filed with the Registrar of Companies, West Bengal, Kolkata 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.  |
| QIB Portion                            | The portion of this Issue being not more than 50% (including Anchor Investor Portion) of the Issue, i.e. 74, 97,711 Equity Shares of Rs 10 each available for allocation on proportionate basis to QIBs of which 5% shall be available for allocation on proportionate basis to Mutual Funds registered with SEBI, subject to valid bids being received at or above the Issue Price.   |
| Qualified Institutional Buyers or QIBs | A mutual fund, venture capital fund and foreign venture capital investor registered with the Board; a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board; a public financial institution as defined in section 4A of the Companies Act, 1956; a scheduled commercial bank; a multilateral and bilateral development financial institution; a state industrial development corporation; an insurance company registered with the Insurance Regulatory and Development Authority; a provident fund with minimum corpus of twenty five crore rupees; a pension fund with minimum corpus of twenty five crore rupees; National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; Insurance funds set up and managed by Army, Navy or Air Force of the Union of India and Insurance Funds set up and managed by the Department of Posts, India |
| Red Herring Prospectus/RHP             | The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of this Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with the Registrar of Companies West Bengal, Kolkata at least three days before the opening of this Issue. It will become a Prospectus after filing with the Registrar of Companies West Bengal, Kolkata, after pricing and  |



| TERM                                 | DESCRIPTION   |
|--------------------------------------|---|
|                                      | allocation.   |
| Refund Account                       | The no-lien account maintained by the Refund Bank(s) to which the surplus money shall be transferred on the Designated Date.  |
| Registrar/ Registrar to this Issue   | In this case being, Maheshwari Datamatics Private Limited   |
| Resident Retail Individual Investor  | A Retail Individual Investor who is a person resident in India as defined in Foreign Exchange Management Act, 1999  |
| Retail Individual Bidders            | Individual Bidders (including HUFs and Eligible Employees) who have Bid for an amount less than or equal to Rs. 2, 00,000 in any of the bidding options in this Issue.  |
| Retail Portion                       | The portion of the Issue being up to 52,48,398 Equity Shares of Rs. 10/- each, being not less than 35% of the 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).   |
| Stock Exchanges                      | The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited.   |
| Self Certified Syndicate Bank (SCSB) | Self Certified Syndicate Bank (SCSB) is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of ASBA, including blocking of bank account and a list of which is available on <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a> |
| Syndicate                            | The BRLM and the Syndicate Member(s).   |
| Syndicate Agreement                  | The agreement to be entered into between our Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.   |
| Syndicate Member                     | Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Member(s) are appointed by the BRLM in this case being [●]   |
| 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(s).   |
| Underwriting Agreement               | The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date.   |

#### ISSUER RELATED TERMS

| Terms   | Description   |
|---|---|
| "Shree Hanuman Sugar & Industries Limited", "Shree Hanuman Sugar", "our Company", "the Company", "the Issuer Company", "the Issuer", "SHSIL" "We", "us" and "our" | Unless the context otherwise indicates or implies, refers to Shree Hanuman Sugar & Industries Limited a Public Limited Company under the Companies Act, 1956. |
| Articles/ Articles of Association   | The Articles of Association of Shree Hanuman Sugar & Industries Limited   |
| Auditors  | The Statutory Auditors of our Company, M/s. JainSarawgee & Co, Chartered Accountants and M/s. Bharat D. Sarawgee & Co. Chartered Accountants.                 |
| Board/ Board of Directors   | The Board of Directors of Shree Hanuman Sugar & Industries Limited unless otherwise specified or any committee constituted thereof                            |
| Memorandum / Memorandum of Association  | The Memorandum of Association of Shree Hanuman Sugar & Industries Limited   |



|  |   |
|--|---|
| Objects of the Issue/Project                                       | <p>The Present issue is being made to raise the funds for the following purposes:</p> <ol style="list-style-type: none"><li>1. Up-gradation of the re-acquired Sugar Mill to bring operational efficiency.</li><li>2. Expansion of the capacity of the Sugar Mill to 4000 TCD with setting-up of 25MW captive Power Plant.</li><li>3. Rationalisation of workers.</li><li>4. Margin Money for working capital.</li><li>5. General Corporate Purpose.</li><li>6. Meet Public Issue Expenses.</li></ol> |
| Promoter(s)  | Unless the context otherwise requires, refers to Mr. Bimal Kumar Nopany and M/s. Shruti Limited   |
| Promoter Group<br>Entities/Group Companies/<br>Associate Companies | <ol style="list-style-type: none"><li>1. Nopany Investments Private Limited</li><li>2. Hanuman Industries (I) Private Limited</li><li>3. Eastern Sugar &amp; Industries Limited</li><li>4. M/s. Nopany &amp; Sons</li></ol>   |
| Registered office of our<br>Company                                | Chandra Kunj, 4 <sup>th</sup> Floor, 3, Pretoria Street, Kolkata, 700 071   |
| RoC  | Registrar of Companies, West Bengal, Kolkata situated at Nizam Palace, 11, M S O Building, 2nd Floor, 234/4, A.J.C. Bose Road, Kolkata - 700 020  |



## INDUSTRY RELATED TERMS

| TERM                   | DESCRIPTION   |
|------------------------|---|
| Acre                   | Unit of land area measurement 1 hectare = 2.47 acres  |
| Bagasse                | A fibrous residue obtained after the crushing and extraction of juice from sugarcane  |
| BOD                    | Biological Oxygen Demand  |
| CAGR                   | Compounded Annual Growth Rate   |
| CEA                    | Central Electricity Authority   |
| CAI                    | Consumer Association of India   |
| COD                    | Chemical Oxygen Demand  |
| DIPP                   | Department of Industrial Policy and Promotion   |
| EC Act                 | Essential Commodities Act   |
| ESIL                   | Eastern Sugar & Industries Limited  |
| Ethanol                | Ethyl alcohol produced from fermentation of molasses  |
| Free Sale Sugar        | That portion of the production of a sugar mill, which can be sold in the open market  |
| FSQ                    | Free Sale Sugar Quota   |
| Fuel Ethanol           | Dehydrated ethyl alcohol, which contains at least 99.50% ethyl content. This is used for blending in petrol   |
| Gunta                  | Unit of land area measurement 1 acre = 40 gunta   |
| HIPL                   | Hanuman Industries (I) Private Limited  |
| IEM                    | Industrial Entrepreneurs Memorandum   |
| ISMA                   | Indian Sugar Mills Association  |
| Levy Sugar             | That portion of the production of a sugar mill that is procured by the Government of India appointed nominees at a fixed price that has to be sold as per Government direction through fair shops |
| Mill                   | Sugar Mill  |
| MNRE                   | Ministry of New and Renewable Energy  |
| Molasses               | A thick liquid residue of sugar manufacturing process, which still contains around 50% sugar which cannot be crystallized   |
| NCAER                  | National Council of Applied Economic Research   |
| NFCSE                  | National Federation of Cooperative Sugar Factories Limited  |
| NIPL                   | Nopany Investments Private Limited  |
| N&S                    | Nopany & Sons   |
| PDS                    | Public Distribution System  |
| Plantation White Sugar | Sugar manufactured from sugarcane by the double sulphitation process  |
| Raw Sugar              | Sugar with sucrose content less than 99.50% which is normally processed further before human consumption  |
| Refined Sugar          | Sugar produced by refining raw sugar  |
| SAP                    | State Advisory Price  |
| SDF                    | Sugar Development Fund  |
| SIA                    | Secretariat of Industrial Assistance  |
| SMP                    | Statutory Minimum Price   |
| SS                     | Sugar Seasons   |
| TCD                    | Tons crushed per day  |
| TPD                    | Tons per day  |



## ABBREVIATIONS

| Terms          | Description   |
|----------------|---|
| AGM            | Annual General Meeting  |
| AS             | Accounting Standards issued by the Institute of Chartered Accountants of India  |
| ASBA           | Applications Supported by Blocked Amount  |
| BRLM           | Book Running Lead Manager   |
| BSE            | The Bombay Stock Exchange Limited   |
| CAN            | Confirmation of Allocation Note   |
| CB             | Controlling Branch  |
| CDSL           | Central Depository Services (India) Limited   |
| CESTAT         | Central Excise and Services Tax Appellate Tribunal  |
| CIN            | Corporate Identification Number   |
| CSE            | Calcutta Stock Exchange Association Limited   |
| DB             | Designated Branch   |
| DIN            | Director's Identification Number  |
| DP             | Depository Participant  |
| DP ID          | Depository Participant's Identification Number  |
| ECS            | Electronic Clearing System  |
| EGM            | Extraordinary General Meeting of the Shareholders   |
| EPS            | Earning per Equity Share  |
| FCNR Account   | Foreign Currency Non Resident Account   |
| FEMA           | Foreign Exchange Management Act, 1999, as amended from time to time and the rules and regulations issued thereunder   |
| FDI            | Foreign Direct Investment   |
| FII            | Foreign Institutional Investor [as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time registered with SEBI under applicable laws in India |
| FIs            | Financial Institutions  |
| FPO            | Futher Public Offer   |
| FVCI           | Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000  |
| FY             | Financial Year  |
| GAAP           | Generally Accepted Accounting Principles  |
| GoI/Government | Government of India   |
| HNI            | High Networth Individual  |
| HUF            | Hindu Undivided Family  |
| ICAI           | Institute of Chartered Accountants of India   |
| INR            | Indian National Rupee   |
| MAPIN          | Market Participant and Investor Database  |
| Mn             | Million   |
| NAV            | Net Asset Value   |
| NEFT           | National Electronic Fund Transfer   |
| NR             | Non Resident  |



| <b>Terms</b> | <b>Description</b>   |
|--------------|--|
| NRE Account  | Non Resident External Account  |
| NRI          | Non Resident Indian  |
| NRO Account  | Non Resident Ordinary Account  |
| NSDL         | National Securities Depository Limited   |
| NSE          | The National Stock Exchange of India Limited   |
| OCB          | Overseas Corporate Body  |
| P/E Ratio    | Price/Earnings Ratio   |
| PAN          | Permanent Account Number   |
| PAT          | Profit After Tax   |
| PBT          | Profit Before Tax  |
| RBI          | The Reserve Bank of India  |
| RoNW         | Return on Net worth  |
| ROE          | Return on Equity   |
| Rs.          | Indian Rupee   |
| RTGS         | Real Time Gross Settlement   |
| SCRA         | Securities Contracts (Regulation) Act, 1956, as amended from time to time  |
| SCRR         | Securities Contracts (Regulation) Rules, 1957, as amended from time to time  |
| SCSB         | Self Certified Syndicate Bank  |
| SEBI         | The Securities Exchange Board of India   |
| TRS          | Transaction Registration Slip  |
| UIN          | Unique Identification Number issued in terms of SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time |
| w.e.f        | With effect from   |



## SECTION II - GENERAL

### PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

#### Financial Data

Unless stated otherwise, the financial information used in this Draft Red Herring Prospectus is derived from our Company's audited financial statements as of and for the year ended June 30, 2006, 2007, 2008, 2009 and 2010, prepared in accordance with Indian GAAP and the Companies Act and in accordance with SEBI Regulations, 2009 as stated in the report of our Auditors, M/s. Bharat D. Sarawgee & Co, Chartered Accountants, *beginning on page no 123* of the Draft Red Herring Prospectus.

Our financial year commences on July 1 and ends on June 30 of the ensuing year. Unless stated otherwise, references herein to a fiscal year (e.g., fiscal 2009), are to the fiscal year ended June 30 of a particular year.

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

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

#### Market and Industry Data

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



## FORWARD-LOOKING STATEMENTS

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

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

- General economic and business conditions in the markets in which we operate and in the local, regional and national and international economies;
- Changes in laws and regulations relating to the industries in which we operate;
- Increased competition in these industries;
- Our Company’s ability to successfully implement the growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
- Our ability to meet capital expenditure requirements;
- Fluctuations in operating costs;
- Unanticipated variations in the duration, size and scope of the projects;
- Our ability to attract and retain qualified personnel;
- The effect of wage pressures, seasonal hiring patterns and the time required to train and productively utilize new employees;
- Changes in political and social conditions in India or in other countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The Performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which we are involved.

For a further discussion of factors that could cause our actual results to differ, *please refer Section titled “Risk Factors” beginning on page 12 of the Draft Red Herring Prospectus, and Chapters titled “Business Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations as Reflected in the Financial Statements” beginning on pages 79 and 168, respectively of the Draft Red Herring Prospectus.* By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the BRLM, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLM will ensure that investors in India are informed of material developments until the time of grant of listing and trading permissions by the Stock Exchanges.



### SECTION III - RISK FACTORS

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

#### Materiality

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

- Some events may not be material individually but may be found material collectively.
- Some events may have an material impact qualitatively instead of quantitatively.
- Some events may not be material at present but may have a material impact in the future.

#### A) RISKS RELATING TO LITIGATIONS

Our Company, Promoters, Group Companies and directors thereof are involved in various litigation, the outcome of which could adversely affect our business and financial operations.

Summary of litigation are given below:

| Particulars   | No. of cases/ disputes | Name of the parties involved   | Approximate amount involved where quantifiable |
|---|------------------------|--|--|
| Civil Case  | 3                      | <ul style="list-style-type: none"> <li>• S.N. Bagla &amp; Co., against SHSIL;</li> <li>• Orix against SHSI</li> </ul>  | 76,00,000                                      |
| Labour related  | 1                      | Naresh G. Richhariya against SHSI  | 1,62,000                                       |
| Companies Act related                                     | 2                      | RoC against SHSIL  |  |
| Income Tax related  | 13                     | Income Tax against SHSIL<br>SHSIL against Income Tax Department<br>SHSIL filed writ against Income Tax Department  | Un quantifiable                                |
| Central Excise  | 1                      | Central Excise against SHSIL   | 19,00,433                                      |
| Eastern Sugar & Industries Limited.                       | 2                      | Bank of India against ESIL<br><ul style="list-style-type: none"> <li>• Champaran Kshetriya Gramin Bank Limited against -ESIL</li> </ul>  | 16,39,56,456                                   |
| Loan taken from Orix Auto Infrastructure Services Limited | 8                      | <ul style="list-style-type: none"> <li>• Orix Auto Infrastructure Services Limited against SHSIL</li> <li>• Orix Auto Infrastructure Services Limited against Mr. Bimal Kumar Nopany and other directors</li> <li>• Axis Bank against SHSIL and</li> </ul> | 1,01,40,675                                    |



|                                   |   |   |                        |
|-----------------------------------|---|---|------------------------|
|                                   |   | Mr. Bimal Kumar Nopany  |                        |
| Loan related cases given to SHSIL | 3 | • HDFC Bank against Mr. Bimal Kumar Nopany  | 27,36,659              |
| Consumer form related cases       | 4 | • Uday Shankar Lal<br>• Rajeshwar Singh Manipal<br>• Ramdhar Prasad Manipal<br>• Kedar Manipal against B.K. Nopany<br>• Rambahadur Prasad | 1,66,746<br><br>81,661 |

For more details on cases filed by our Company please refer to page 173 of this Draft Red Herring Prospectus.

## **B) RISKS RELATING TO THE BUSINESS**

### **1. The objects of the issue are not appraised by any Bank or Financial Institution**

The proposed object for which the funds are being raised has not been appraised by any Bank or Financial Institution and the fund requirements are based primarily on Management estimates. There is no guarantee that the estimates will prove to be accurate and any significant deviation in the estimates could adversely impact the operations and sustainability of our Company, in the absence of any independent monitoring agency.

### **2. Our company has negative cash flows from its operating activities.**

For the period ending 30/06/2010, the company had negative cash flow from its operating activities to the tune of Rs. 41.67 Lacs. Any negative cash flows in future could affect the results of operations and financial conditions.

### **3. Our Company faces risks and challenges to attract and retain highly skilled personnel.**

Our Company expects that the anticipated expansion of its business will place a significant strain on its limited managerial, operational and financial resources. Our Company will be required to expand sales, marketing and engineering staff significantly. Besides, it may have to train and manage its work force in order to manage the expansion of its operations. Our Company's future success depends on its ability to attract, train, retain and motivate highly skilled managerial, sales, marketing and technical talent. Our Company may not be successful in attracting such talent, which in turn can place significant burdens on the existing talent.

### **4. Sugar is a regulated industry.**

Sugar is an essential commodity, and is included within the purview of the Essential Commodities Act, 1955 and consequently, its production, supply and distribution are regulated by the state and central government. The Cane Commissioner of each state reserves and assigns areas for the supply of sugarcane to factories on an equitable distribution basis.

The purchase price of sugarcane is regulated and the central government fixes the minimum price of sugarcane, termed the Statutory Minimum Price, which must mandatorily be paid by sugar producers to sugarcane growers, within a specified time. Government of India, through the Sugar Directorate, can further fix the quantity and quality of sugar, which may be produced in a factory during any year, and can regulate the sale of sugar. Mills must sell a specified percentage termed as "Free Sale Sugar", which is currently at 90% of their production in the open market and are thereby subject to the forces of demand and supply. However, the quantity to be sold is based on a Monthly Release Mechanism



governed by the Sugar Directorate. The remaining portion of a sugar factories production, commercially termed as "Levy Sugar", must be sold as per government directions through fair price shops and the public distribution system at government notified prices, which could be below the cost of production.

Various taxes and levies are also imposed on the purchase, use, consumption and sale of sugarcane. For further details, please see the section titled "Key Industry Regulations and Policies" in page 90 of this Prospectus. Any change in governmental or legal policies or the applicability of the present regulations and policies to our detriment, can adversely affect our business, operations and profitability.

**5. Our Company's revenues and profits are difficult to predict and may vary considerably from quarter to quarter. Our Company's historical financial data may not be an indicator of future performance.**

Our Company's revenues may fluctuate in the future, depending on a number of factors related to the segments in which it operates. Such factors include:

- Seasonal patterns of sugar production
- Extended sales and development cycles for the products, resulting in revenues in periods subsequent to those in which the Company incur sales and development costs
- The Company's ability to raise the finances required for investments

A high proportion of the total operating expenses of the Company's business, particularly towards wages and facility costs, are fixed in nature for any particular quarter and are incurred whether contracts for products are booked or not. As a result, any shortfall in order bookings or execution, or the impact of the other factors identified above, may cause significant variations in the operating results in any particular quarter and could have a material adverse effect on the Company's business, financial condition and results of operations.

**6. Temporary suspension for trading of shares in one of our group company Eastern Sugar & Industries Limited at The National Stock Exchange.**

The Shares of our group company Eastern Sugar & Industries Limited is temporarily suspended for trading due to non compliance of filing fees at The National Stock Exchange Limited (NSE).The Company has complied and revocation of suspension is expected at the earliest.

**C) RISKS RELATED TO THE PROPOSED PROJECT**

**7. We have not yet placed orders for some plant & machineries and equipment required for our proposed project; as specified in the Objects of the Issue. Any delay in procurement of those plant & machineries and equipments may delay the implementation schedule which may also lead to increase in prices of these equipments, future affecting our costs, revenue and profitability. Further, we have not tied-up the working capital requirements, based on the proposed expansion.**

Some of our plant & machineries required for our proposed expansion project; as specified in the section 'Objects of the Issue' are yet to receive order. Any delay in procurement of plant & machineries and equipments may delay the implementation schedule. We may also be subject to risks on account of inflation in the prices of plant & machineries and other equipments that we require. Hence our project could face time and cost over-run which could have an adverse effect on the operations of our Company. Further, our working capital requirements based on proposed expansion are not tied-up.

**8. We have not applied for or have not yet received various approvals required for the new projects for which funds are being raised.**



We require various consents/permissions/approvals from various governmental authorities for the new projects for which the funds are being raised from this Issue. For details of various consents/permissions/approvals which are required for new project from various governmental authorities see "Objects of the Issue" on page 46 of this Prospectus. There can be no assurance that we will receive the approvals on a timely basis, or at all. If we do not receive the requisite approvals for our new mill or any of our expansion plans, or if such approvals are delayed, our operations and proposed expansion plans may be adversely affected.

**9. Any delay in the commencement of operations as scheduled as per the proposed expansion plan may affect our profitability.**

Timely commencement of commercial operations at the sugar mill up gradation and expansion of which is proposed will have a critical bearing on our financial performance. Any delay in its completion may adversely impact the results of our operations and may adversely affect the market price of the Equity Shares.

**10. Our Company's ability to implement its business plans may be restricted by availability of the required funds at an appropriate time and on acceptable terms.**

Our Company may require additional capital in the future to implement its business plans, including for expansion and business development. If our Company fails to generate sufficient cash through product sales or from other sources of revenue, it may need to raise additional capital from equity or debt sources to fund any such expansion or development. Our Company may not be able to obtain financing on terms acceptable or at all and therefore may be forced to curtail planned expansions and business development initiatives, which would have a material adverse effect on our Company's business, financial condition and results of operations. In addition, any capital raising activities could, in the case of debt, increase our Company's interest payment obligations, subject our Company to additional lender restrictions and impact its ability to service the existing indebtedness. Additional equity issuances could result in significant dilution to the existing shareholders.

**11. Our Company's ability to pay dividends in the future will depend upon its future earnings, financial condition, cash flows, working capital requirements, capital expenditure and other factors.**

The amount of future dividend payments, if any, will depend upon our Company's future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors.

**D) RISKS RELATING TO THE CO-GENERATION BUSINESS**

**12. Bagasse, which is derived from sugarcane, and other biomass based fuels are the basic raw materials for our co-generation business. Any constraint in the availability or fluctuations in the price of sugarcane may affect the current or future capacity utilization of the co-generation plant.**

Bagasse and other biomass based products such as rice husk, cane trash, mustard stalk/husk woodchips, are raw materials for the co-generation business. Availability of the primary fuel, Bagasse is dependent on the supply of sugarcane. Further, these raw materials are also used in some industries such as paper and paperboard. The availability of Bagasse and other biomass based raw materials for co-generation is subject to changes in the consumption patterns and other market forces in such other industries. Additionally, other industries may offer higher prices which may divert the supply of externally sourced raw material, which may in turn adversely affect the availability or pricing of these raw materials could impact our co-generation business and our profitability. Any constraint in the availability of sugarcane may affect the availability of Bagasse and consequently, the business of our co-generation plant.

**13. Coal is the raw material procured from neighboring areas rich in minerals used for producing power after the stocks of the bagasse exhausted.**



Our Company uses Bagasse and other biomass products for the co-generation business. As bagasse and other biomass based product can be used for a period of 6 months during the Sugar Cane season, further, our company has to rely on coal for further 4 months to attain profitability. Hence, any constraint in the availability of coal may affect the business of our Company.

#### E) OTHER RISKS

##### 14. We do not have any registered trade marks or trade names.

As on date we do not have any registered trademark. In case of any delay in the registration it may affect our company adversely.

##### 15. Our operations create environmental challenges, and changes in environmental laws and regulations may expose us to liability and result in increased costs.

Our sugar manufacturing and power generation projects are subject to, among other laws, environmental laws and regulations promulgated by the Ministry of Environment of Government of India. These include laws and regulations that limit the discharge of pollutants into the air and water and establish standards for the treatment, storage and disposal of hazardous waste materials. We expect that environmental laws will continue to become stricter.

Some of these laws and regulations may be subject to varying and conflicting interpretations. Many of these laws and regulations provide for substantial fines and potential criminal sanctions for violations and require the installation of costly pollution control equipment or operational changes to limit pollution emissions and/or reduce the likelihood or impact of hazardous substance releases, whether permitted or not. In some cases, compliance with environmental, health and safety laws and regulations might only be achievable by capital expenditures, such as the installation of pollution control equipment. We cannot accurately predict future developments, such as increasingly strict environmental laws or regulations and inspection and enforcement policies resulting in higher compliance costs. Though presently we do not have any pending claim or litigation or liability to any environmental agency, we cannot predict with certainty the extent of our future liabilities and claims against us.

##### 16. We have contingency liabilities under Indian Accounting Standards, which may adversely affect our financial condition.

Our Company has the following contingent liabilities for the period ended June 30, 2010

(Rs. In Lacs)

| Particulars  | Period Ended December 31, 2010 | Year ended June 30 |        |        |        |        |
|--|--------------------------------|--------------------|--------|--------|--------|--------|
|  |                                | 2009               | 2008   | 2007   | 2006   | 2005   |
| a) Guarantee to the Bank of India for cash credit facility | 250.00                         | 250.00             | 250.00 | 250.00 | 250.00 | 250.00 |
| Working Capital Term Loan                                  | 650.00                         | 650.00             | 650.00 | 650.00 | 650.00 | 650.00 |
| Guarantee Issued Facility sanctioned to Eastern            | 150.00                         | 150.00             | 150.00 | 150.00 | 150.00 | 150.00 |



|  |                   |                   |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Sugar & Industries Limited (ESIL)  |                   |                   |                   |                   |                   |                   |
| b) Mortgage, by way of deposit of Title Deeds of all immovable Properties pertaining to its Sugar Division situated at Motihari Dist. Champaran (E), Bihar | 2625.00           | 2625.00           | 2625.00           | 2625.00           | 2625.00           | 2625.00           |
| c) Amount Payable to ESIL and non-deposit of its Fixed Assets  | Not Ascertainable | Not Ascertainable | Not Ascertainable | Not Ascertainable | Not Ascertainable | NIL               |
| d) Effect of Non-deduction and non-deposit of TDS in time  | Not Ascertainable | Not Ascertainable | Not Ascertainable | Not Ascertainable | Not Ascertainable | Not Ascertainable |
| e) Leave encashment Liability  | Not Ascertainable | Not Ascertainable | Not Ascertainable | Not Ascertainable | Not Ascertainable | Not Ascertainable |
| f) Contested Income Tax Liability  | 129.78            | 129.78            | 129.78            | 129.78            | 135.56            | 157.87            |

**17. Our business is dependent on our manufacturing facilities. The loss of or shutdown of operations at any of our manufacturing facilities may have a material adverse effect on our business, financial condition and results of operations.**

Our principal manufacturing facilities at Motihari, East Champaran, Bihar are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes, lock-outs continued availability of services of our external contractors, earthquakes and other natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results. We carry out planned shutdowns of our plants for maintenance.

Although we take precautions to minimize the risk of any significant operational problems at our facilities, our business, financial condition and results of operations may be adversely affected by any disruption of operations at our facilities, including due to any of the factors mentioned above.



**18. Our Company has to renew or maintain Statutory and regulatory permits and approvals as required to operate its business and any delay or inability to obtain the same may have a material adverse effect on our business.**

Our Company requires yearly renewal of consent under section 25/26 of the Water (Prevention and Control of Pollution) Act, 1974 (6 of 1974) which is due w.e.f. October 20, 2010. Any delay in obtaining the renewal will have an material adverse impact on our business activities.

**EXTERNAL RISK FACTORS**

**19. There may be changes in the regulatory framework that could adversely affect us.**

The statutory and regulatory framework for the Indian sugar industry may see changes in the next few years. There could be changes in the areas of Levy Sugar, Monthly Release Mechanism, pricing of sugar, import of sugar, etc. We presently do not know what the nature or extent of the changes will be and cannot assure you that such changes will not have an adverse impact on our financial condition and results of operations.

**20. Political, Economic and Social developments in India could adversely affect our business.**

All our facilities and other assets are located in India and most of our officers and directors are resident in India. Our operations and financial results and the market price and liquidity of our equity shares may be affected by changes in Indian Government policy or taxation or social, ethnic, political, economic or other developments in or affecting India.

India has also witnessed civil disturbances in recent years. While these civil disturbances did not directly affect our operations, it is possible that future civil unrest as well as other adverse social, economic and political events in India could have an adverse impact on us.

**21. Terrorist attacks and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.**

Regional or international hostilities, terrorist attacks or other acts of violence of war could have a significant adverse impact on international or Indian financial markets or economic conditions or on Government policy. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and on the market price of our equity shares.

**22. The Market value of the Equity Shares may fluctuate due to the volatility of the securities markets.**

The securities markets are volatile and stock exchanges have in the past, experienced substantial fluctuations in the prices of listed securities. The stock exchanges have experienced problems, which, if these were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares. These problems have included broker defaults and settlement delays. In addition, the governing bodies of the various Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on the market sentiment.

**23. Shareholders will bear the risk of fluctuation in the price of Equity Shares.**

The market price of the Equity Shares may be affected by fluctuations in the stock markets and it is impossible to predict whether the price of the Equity Shares will rise or fall. Trading prices of the Equity Shares will be influenced by, among other things, our financial position, the results of operations and political, economic, financial and other factors.



**24. Further issues or sales of our Equity Shares may significantly affect the trading price of the Equity Shares.**

Future issue of Equity Shares /convertible instruments by us or the disposal of Equity Shares by any of the major shareholders or the perception that such issues or sales may occur may significantly affect trading price of the Equity Shares. Other than the lock-in of pre-issue capital as prescribed under SEBI Guidelines, none of our shareholders are subject to any lock-up arrangements restricting their ability to issue Equity Shares or the Shareholders' ability to dispose of their Equity Shares, and there can be no assurance that any shareholder will not dispose of, encumber, or pledge, his shares.

**Prominent Notes:**

- i. Investors may contact the BRLM or the Compliance Officer for any complaint/clarification/information pertaining to the issue. *For contact details of the BRLM and the Compliance Officer, please refer to Chapter titled "General Information" beginning on Page 27 of the Draft Red Herring Prospectus.*
- ii. Pre- Issue Net Worth of our Company as on June 30, 2010 was Rs. 5853.59 Lacs based on audited financial statements of the Company.
- iii. Further Public Issue of 1, 87, 50,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. [●] per Equity Share aggregating to Rs. [●] Lacs (hereinafter referred to as the "issue") .The Issue Comprises Promoter's contribution of [●] Equity Shares of Rs. 10/- each at a price of Rs. [●] per Equity Share Aggregating to Rs. [●] Lacs (hereinafter referred to as Promoter's Contribution) and Net Issue to the Public (hereinafter referred to as "the Net issue" or " Net Issue to the Public") of 1, 49, 95,422 Equity Shares aggregating to Rs. [●] Lacs. The Net Issue would constitute 43.15 % of the fully diluted Post Issue Paid-up Capital of our Company.
- iv. The average cost of acquisition of Equity Shares by our Promoters are as follows:

| Name of the Promoter   | Average cost of acquisition (Rs.) |
|------------------------|-----------------------------------|
| Mr. Bimal Kumar Nopany | 11.58                             |
| M/s. Shruti Ltd.       | 18.37                             |

*For further details relating to the allotment of Equity Shares to our Promoter's, please refer to the Chapter titled "Capital Structure" beginning on page 35 of the Draft Red Herring Prospectus.*

- v. Book value per Equity Share as on June 30, 2010 was Rs. 36.58.
- vi. None of our Group Companies have any business interest in our Company, except as detailed under the heading "Related Party Transactions" "Annexure -XXVI" beginning on page153under the Chapter titled "Auditors Report and Financial Information of our Company" beginning on page no. 123 of the Draft Red Herring Prospectus.
- vii. Other than what is stated under the Chapter titled"Capital Structure" beginning on page 35 of this Draft Red Herring Prospectus, our company has not issued any shares for consideration other than cash
- viii. No part of the Issue proceeds will be paid as consideration to Promoter, Directors, Key Managerial Personnel or persons forming part of Promoter Group.
- ix. For the details of on the immovable properties and assets of our Company *please refer under the Chapter titled "Auditors Report And Financial Information of Our Company" beginning on page 123 of the Draft Red Herring Prospectus.*



- x. Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participation-Identification number and the Beneficiary Account number provided by them in the Bid Cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation. Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form and also update their demographic details with their respective depository.
- xi. Our Promoters, their relatives and associates, promoter group and our directors have not entered into any of the transactions in our Equity Shares directly or indirectly during the last six months except as mentioned in the *Chapter titled "Capital Structure" beginning on page 35 of the Draft Red Herring Prospectus*.
- xii. Investors are advised to refer to the *Chapter titled "Basis for Issue Price" beginning on page 60 of this Draft Red Herring Prospectus*.
- xiii. The Issue is being made through a 100% Book Building Process wherein not more than 50% of the Issue will be allocated to Qualified Institutional Buyers (QIBs) on a proportionate basis, subject to valid bids being received at or above the Issue Price. Provided that our Company may allocate up to 30% of the QIB Portion, to Anchor Investors, on a discretionary basis ("Anchor Investor Portion"). Out of the portion available for allocation to the QIBs, 5% will be available for allocation to Mutual Funds only. Mutual Fund Bidders shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.
- xiv. In the event of the Issue being oversubscribed, the allocation shall be on proportionate basis to QIBs, Retail Individual Bidders and Non-Institutional Bidders, in consulting with BSE, the Designated Stock Exchange.
- xv. Under-Subscription, if any, in any of the categories would be allowed to be met with spill over from the other categories, at the sole discretion of our Company and the BRLM.
- xvi. All information shall be made available by the BRLM and the Company to the public and investor at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
- xvii. Trading in Equity Shares of the Company for all the Investors shall be in dematerialized form only.



## SECTION IV - INTRODUCTION

### SUMMARY

You should read the following summary together with the risk factors and the more detailed information about us and our financial data included in the Draft Red Herring Prospectus. Unless otherwise indicated, all financial and statistical data relating to the industry in the following discussion is derived from internal Company reports & data, industry publication and estimates. This data has been reclassified in certain respects for purposes of presentation. For more information, please refer to Chapter titled "Presentation of Financial Information and Use of Market Data" and "Forward Looking Statements" beginning on page 10 & 12 respectively of the Draft Red Herring Prospectus.

### SUMMARY ABOUT THE INDUSTRY

#### Global Overview

Sugar production is spread across the globe; it is produced in over 122 countries. Globally, two distinct raw materials are used for producing sugar viz sugar beet and sugarcane. The use of sugarcane or sugar beet for producing sugar highly depends on the climatic conditions of the country. The tropical climate is apt for growing sugarcane whereas temperate regions are suitable for growing sugar beet. Thus, countries in the tropical or sub-tropical belts like Brazil, India and Thailand use sugarcane whereas in countries like the US and EU, sugar beet is used for producing sugar. Globally, almost 70% of the sugar is produced from sugarcane and the rest of the 30% from the sugar beet.

#### Global Demand-Supply Trend

*Raw Value in mn tonnes*

| SS                     | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|------------------------|---------|---------|---------|---------|---------|
| Production             | 143.7   | 141.2   | 151.4   | 167.0   | 170.4   |
| Consumption            | 141.5   | 144.1   | 146.5   | 151.4   | 156.9   |
| Stock-to-use-ratio (%) | 34.6    | 30.8    | 31.5    | 35.8    | 39.7    |

Source: ISMA

The global production of sugar grew at a Compounded Annual Growth Rate (CAGR) of 4.4% from 144 mn tonnes in SS2003-04 to 170.4 mn tonnes in SS2007-08. During the same period, consumption grew from 141.5 mn tonnes to 156.9 mn tonnes, at a CAGR of 2.6%. During SS2006-07 and SS2007-08, the gap between the production and consumption widened, driven by the substantial growth in the sugar production of major sugar-producing countries. The top 10 countries accounted for about 69% of the total sugar production in SS2007-08. Amongst the top 10 producers, Brazil was the largest sugar producing country across the globe with about 19.7% of the total global sugar output followed by India at 16.9%.

During last two sugar seasons (SS2008-09 and SS2009-10), the global sugar scenario changed significantly mainly on account of the drastic change in the sugar situation in India. During this period, India witnessed a steep fall in sugar production and emerged as a net importer from the net exporter. Consequently, the world sugar industry witnessed a sugar deficit situation during this period. The world sugar output declined from 170.4 mn tonnes in SS2007-08 to 157.2 mn tonnes in SS2009-10.

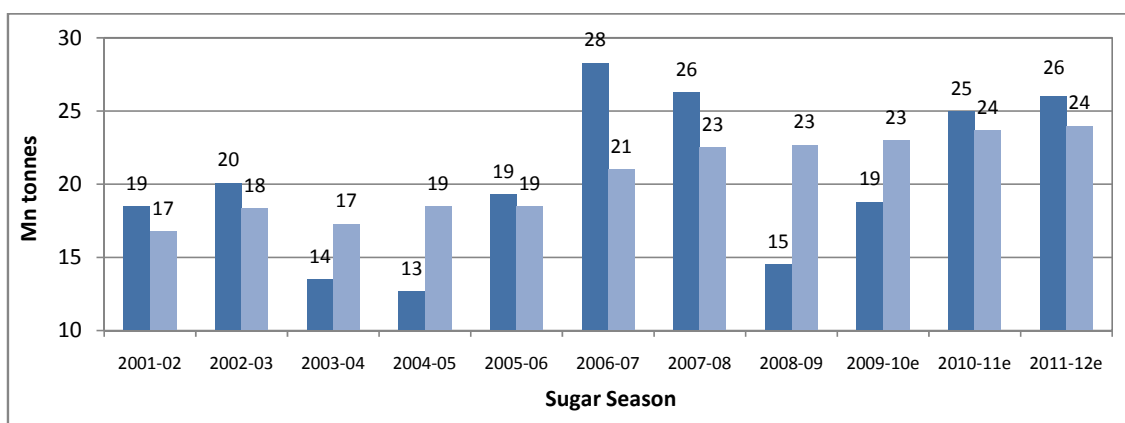


## Outlook

During SS 2008-09, the Indian sugar industry entered the strongest up cycle (lowest stock to use ratio) in the history of 50 years after witnessing a supply glut in the previous two sugar seasons in a row (SS 2006-08). Even though the sugar production in India has improved in SS 2009-10 the sugar deficit situation has continued in the country. The shortfall in the sugar production was mainly on account of the fall in the sugarcane acreage in the country.

As per CARE Research, the sugar production situation in the country will improve in the SS 2010-11. CARE Research expects sugar production to be 25 mn tonnes and 26 mn tonnes respectively in SS 2010-11 and SS 2011-12. The high growth in sugar production will be influenced by the higher acreage under sugarcane during SS 2010-11. During SS2009-10, farmers were handsomely paid for the sugarcane production which influenced farmers to infuse more land for sugarcane. During SS2009-10, some sugar mills in UP paid in the range of Rs.240-265 per quintal of sugarcane to farmers.

## Sugar Production and Consumption Trend



(Source: ISMA and CARE Research)

The sugar consumption in India has grown at a steady pace over the years. It has grown at a CAGR of 4.1% during the period from SS1995-96 to SS2009-10. CARE Research expects the sugar consumption at 23.7 mn tonnes in SS2010-11 and expects it to reach 24 mn tonnes in SS2011-12.

The growing population coupled with the growing per capita income will help the country achieve the projected growth rate. Due to the inelastic nature of the sugar demand and the comparatively lower per capita sugar consumption, there will be minimal impact on sugar consumption owing to rising inflation.



## **SUMMARY ABOUT OUR COMPANY'S BUSINESS**

Shree Hanuman Sugar & Industries Ltd., (SHSIL) was incorporated in the year 1932 with the main object of manufacturing sugar. The first unit was set up in the year 1936 at Motihari District, East Champaran, Bihar with an initial capacity of 250 TCD. Subsequently, the capacity was increased to 1700 TCD in 1967-69. The factory was leased out to Gobind Sugar Mills Ltd., in the year 1969 and the lease was terminated on expiry of 1995. Thereafter the factory was leased to Eastern Sugar & Industries Limited., in the year 1995. The current capacity of the unit is 2500 TCD. Our company has since terminated the lease with ESIL and will run the same.

Our company has not yet started its manufacturing activity. Currently the main source of the income is through trading activities in stores items required by Sugar Industry. It has also income from construction division.

Our Company proposes to immediately upgrade and expand the manufacturing facility at its Sugar Mill at Motihari to 4000 TCD, with the provision for further enhancements.



### BRIEF DETAILS OF THE ISSUE

|   |  |
|---|--|
| <b>Equity Shares offered:</b><br>Fresh Issue by our Company   | 1,87,50,000 Equity Shares of Rs. 10/ each aggregating Rs. [●]  |
| <b>Of which</b>   |  |
| <b>Net Issue to the Public</b>  | 1,49,95,422 Equity Shares of Rs. 10/ each aggregating Rs. [●]  |
| <b>Contribution by Promoters</b>  | [●] Equity Shares of Rs. 10/- each to be issued at a price of Rs. [●] per share to our Promoters   |
| <b>Of which:</b>  |  |
| (A) Qualified Institutional Buyers Portion (QIBs)**   | 74,97,711 Equity Shares of face value of Rs. 10 each constituting not more than 50% of the Net Issue to the Public (Allocation on a proportionate basis)<br><br>Of the above Equity Shares, 3,74,885 Equity Shares shall be available for allocation to Mutual Funds<br><br>The balance 71,22,826 Equity Shares shall be available to all QIBs, including Mutual Funds |
| (B) Non- Institutional Portion  | 22,49,313 Equity Shares of face value of Rs. 10 each constituting not less than 15% of the Net Issue to the Public (Allocation on a proportionate basis)   |
| (C) Retail Portion  | 52,48,398 Equity Shares of face value of Rs. 10 each constituting not less than 35% of the Net Issue to the Public (Allocation on a proportionate basis)   |
| <b>Note:</b> Under-subscription, if any, in any of the categories would be allowed to be met with spill over from the other categories, at the sole discretion of our Company and the BRLM. |  |
| <b>Equity Shares outstanding prior to the Issue</b>   | 1,60,00,000 Equity Shares of Rs.10/- each  |
| <b>Equity Shares outstanding after the Issue</b>  | 3,47,50,000 Equity Shares of face value of Rs. 10 each   |
| <b>Use of Issue Proceeds</b>  | Please refer to the section titled "Objects of the Issue" beginning on page 46 of this Draft Red Herring Prospectus  |

\* Our Company is considering a Pre – IPO Placement of up to Rs. [●] and approximately [●] Equity Shares with some investors. The Pre – IPO Placement, if any, will be completed before the filing of the Red Herring Prospectus with the RoC. The number of Equity Shares in the Issue will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre – IPO Placement, if any, subject to the Net Issue to the public being at least 25% of the fully diluted post – Issue paid up capital of our Company.

The Equity Shares allotted under the Pre – IPO Placement, if completed, shall be subject to a lock – in period of one (1) year from the date of the Allotment pursuant to the Issue.

\*\* Our Company may consider participation by Anchor Investors for allotment upto 22,49,313 Equity Shares in accordance with applicable SEBI (ICDR) Regulations, 2009. The allocation to Anchor Investors shall be a portion of the Net Issue, being up to 30% of the portion available to QIBs.



## SUMMARY OF FINANCIAL INFORMATION

The following table sets forth the selected historical information of the Company derived from its audited statements for the fiscal years ended June 30, 2006, 2007, 2008, 2009 and 2010 in accordance with Indian GAAP, the Companies Act, and SEBI (ICDR) Regulations, 2009 and described in the *Section titled "Financial Information"* and Chapter titled *"Management's Discussion and Analysis of Financial Condition and Results of Operations beginning on page 123 and 168 of this DRHP.*

### SUMMARY STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(Rs. in Lacs)

|          | Particulars   | 2010           | 2009           | 2008           | 2007           | 2006           |
|----------|---|----------------|----------------|----------------|----------------|----------------|
| <b>A</b> | <b>Fixed Assets</b>                                       |                |                |                |                |                |
|          | Gross block   | 7376.63        | 6821.90        | 4596.19        | 5255.02        | 4502.65        |
|          | Less Depreciation   | 1624.11        | 1497.48        | 1366.16        | 2069.23        | 1946.31        |
|          | Net Block   | 5752.52        | 5324.42        | 3230.03        | 3185.79        | 2556.34        |
|          | Less: Revaluation Reserve                                 | 625.00         | 625.00         | 625.00         | 625.00         | -              |
|          | <b>Net Block after adjustment for Revaluation Reserve</b> | <b>5127.52</b> | <b>4699.42</b> | <b>2605.03</b> | <b>2560.79</b> | <b>2556.34</b> |
| <b>B</b> | <b>Investments</b>  | <b>370.24</b>  | <b>370.24</b>  | <b>370.31</b>  | <b>600.31</b>  | <b>600.31</b>  |
| <b>C</b> | <b>Current Assets, Loans and Advances</b>                 |                |                |                |                |                |
|          | Inventories   | 389.33         | 409.15         | 161.90         | 219.79         | 235.00         |
|          | Sundry Debtors  | 850.83         | 475.80         | 772.97         | 710.00         | -              |
|          | Cash and Bank Balances                                    | 17.98          | 23.64          | 26.82          | 24.58          | 10.42          |
|          | Loans and Advances  | 1326.51        | 744.62         | 2099.81        | 1512.01        | 1120.96        |
|          | <b>Total (C)</b>  | <b>2584.65</b> | <b>1653.21</b> | <b>3061.50</b> | <b>2466.38</b> | <b>1366.38</b> |
| <b>D</b> | <b>Total Assets(A+B+C)=D</b>                              | <b>8082.41</b> | <b>6722.87</b> | <b>6036.84</b> | <b>5627.48</b> | <b>4523.03</b> |
| <b>E</b> | <b>Liabilities and Provisions:</b>                        |                |                |                |                |                |
|          | Secured Loans   | 359.00         | 374.86         | 405.49         | 200.00         | 200.00         |
|          | Unsecured Loans   | 1522.55        | 825.70         | 1699.77        | 1697.55        | 973.71         |
|          | Current Liabilities                                       | 138.13         | 410.71         | 248.56         | 240.63         | 49.53          |
|          | Provisions  | 209.14         | 108.41         | 56.48          | 84.08          | 63.03          |
|          | Deferred Tax Liability                                    | -              | -              | -              | -              | -              |
|          | <b>Total (E)</b>  | <b>2228.82</b> | <b>1719.68</b> | <b>2410.30</b> | <b>2222.26</b> | <b>1286.27</b> |
| <b>F</b> | <b>Net Worth (D-E)</b>                                    | <b>5853.59</b> | <b>5003.19</b> | <b>3626.54</b> | <b>3405.22</b> | <b>3236.76</b> |
| <b>G</b> | <b>Represented by</b>                                     |                |                |                |                |                |
|          | <b>Share Capital</b>                                      | <b>1600.00</b> | <b>1600.00</b> | <b>1020.00</b> | <b>1020.00</b> | <b>1020.00</b> |
|          | Reserves  | 4201.52        | 3899.87        | 3220.12        | 3006.75        | 2034.94        |
|          | Profit and Loss   | 677.07         | 128.32         | 11.42          | 12.98          | 191.33         |
|          | <b>Sub Total(Reserves+ Profit and Loss)</b>               | <b>4878.59</b> | <b>4028.19</b> | <b>3231.54</b> | <b>3019.73</b> | <b>2226.27</b> |
|          | Less: Revaluation Reserve                                 | 625.00         | 625.00         | 625.00         | 625.00         | -              |
|          | Reserves (Net of Revaluation Reserves)                    | 4253.59        | 3403.19        | 2606.54        | 2394.73        | 2226.27        |



|  |  |                |                |                |                |                |
|--|--|----------------|----------------|----------------|----------------|----------------|
|  | <b>Less: Misc. Expenditure to the extent not written off or adjusted</b> | 0.00           | 0.00           | 0.00           | 9.51           | 9.51           |
|  | <b>Net Worth</b>   | <b>5853.59</b> | <b>5003.19</b> | <b>3626.54</b> | <b>3405.22</b> | <b>3236.76</b> |

**SUMMARY STATEMENT OF PROFIT AND LOSS ACCOUNT AS RESTATED**

(Rs. in Lacs)

| <b>Particulars</b>   | <b>2010</b>    | <b>2009</b>    | <b>2008</b>    | <b>2007</b>   | <b>2006</b>   |
|--|----------------|----------------|----------------|---------------|---------------|
| <b>Income</b>  |                |                |                |               |               |
| Sales and Operating Income   | 3229.69        | 1571.43        | 1305.32        | 986.29        | 194.75        |
| Other Income   | 0.19           | 0.19           | 0.19           | 0.19          | 230.08        |
| Increase(Decrease in Inventories)                                  | (19.82)        | 125.25         | (57.89)        | (15.21)       | 229.89        |
| <b>Total</b>   | <b>3210.06</b> | <b>1696.87</b> | <b>1247.62</b> | <b>971.27</b> | <b>654.72</b> |
| <b>Expenditure</b>   |                |                |                |               |               |
| Raw Materials Consumed   |                |                | 8.92           | 0.00          | 0.00          |
| Purchases  | 1822.08        | 1099.86        | 728.91         | 472.45        | 235.00        |
| Manufacturing/ Construction Expenses                               | 78.84          | 15.40          | 3.40           | 0.00          | 0.00          |
| Administration & Selling Expenses                                  | 86.01          | 73.59          | 62.70          | 49.09         | 25.20         |
| Finance Expenses   | 42.25          | 42.83          | 41.04          | 34.61         | 34.00         |
| Depreciation   | 126.63         | 131.31         | 125.89         | 122.92        | 145.95        |
| Preliminary Expenses written off                                   | 0              | 0              | 9.51           | 0             | -             |
| <b>Total Expenditure</b>   | <b>2202.77</b> | <b>1392.49</b> | <b>1026.82</b> | <b>743.16</b> | <b>477.88</b> |
| <b>Adjusted Profit Before Tax</b>                                  | <b>1007.29</b> | <b>304.38</b>  | <b>220.80</b>  | <b>228.11</b> | <b>176.84</b> |
| <b>Provision for tax</b>   |                |                |                |               |               |
| Current Tax  | 100.73         | 30.44          | 22.08          | 22.81         | 14.37         |
| Tax Adjustment for earlier years                                   | -              | -              | -              | -             | 0             |
| Deferred Tax   | -              | -              | -              | -             | -             |
| Fringe Benefit Tax   |                | 1.13           | 1.11           | 1.04          | 1.04          |
| <b>Profit after Tax</b>  | <b>906.56</b>  | <b>272.81</b>  | <b>197.61</b>  | <b>204.26</b> | <b>161.43</b> |
| Surplus Brought Forward From Previous Year                         | 128.32         | 11.42          | 12.98          | 191.33        | 564.79        |
| <b>Appropriations</b>  |                |                |                |               |               |
| Proposed Dividend  | 48.00          | 48.00          | 30.60          | 30.60         | 30.60         |
| Provision for Dividend Tax   | <b>8.16</b>    | <b>8.16</b>    | <b>5.20</b>    | <b>5.20</b>   | <b>4.29</b>   |
| Transfer to General Reserve  |                |                | 50.00          | 198.81        | 500.00        |
| Transfer to Special Reserve  | 301.65         | 99.75          | 113.37         | 148           |               |
| <b>Adjusted Available surplus carried forward to Balance sheet</b> | <b>677.07</b>  | <b>128.32</b>  | <b>11.42</b>   | <b>12.98</b>  | <b>191.33</b> |



## GENERAL INFORMATION

Our company was incorporated on January 09, 1932 as a Public Limited Company with the name of Shree Hanuman Sugar Mills Limited under the Indian Companies Act, 1913. The name of our company was changed to Shree Hanuman Sugar and Industries Limited vide letter no RD/DP/218-(21)(R ) dated 1st November 1962 and a fresh certificate of incorporation has been obtained from Registrar of Companies, Asst. Registrar of Joint Stock Companies, Bengal. The registered office of our Company was shifted from 12, Government Place East, Kolkata -700 069 to Chandra Kunj, 4<sup>th</sup> Floor, 3, Pretoria Street, Kolkata, 700 071 with effect from December 01, 2009.

### Registered Office:

#### Shree Hanuman Sugar & Industries Limited

Chandra Kunj, 4<sup>th</sup> Floor, 3, Pretoria Street, Kolkata, 700 071

Tel.: +91-033-2282 1169-1184;

Fax: +91-033-2282 1187/1188;

E-mail: fpo@hanumansugar.com;

Website: www.hanumansugar.com

Contact Person, Company Secretary & Compliance Officer: Mr Ramesh Didwania

Corporate Identification Number: L15432WB1932PLC007276.

Company Registration Number: 007276

### Address of Registrar of Companies

Registrar of Companies, West Bengal  
Nizam Palace, 11 M S O Building, 2nd Floor,  
234/4, A.J.C. Bose Road,  
Kolkata - 700 020

### Our Board of Directors

| Name of the Director      | Designation                    | Category                            |
|---------------------------|--------------------------------|-------------------------------------|
| Mr. Bimal Kumar Nopany    | Chairman and Managing Director | Promoter & Executive Director       |
| Mr. Raj Kumar More        | Whole-time Director            | Executive Director                  |
| Mr. Nikhil Merchant       | Director                       | Non- Executive Independent Director |
| Mr. Subba Rao Peteti      | Director                       | Non- Executive Independent Director |
| Mr. Lakshmikant Tibrawala | Director                       | Non- Executive Independent Director |
| Ms. Pratima Shrivastav    | Director                       | Non- Executive Independent Director |
| Mr. Krishan Murari Shah   | Director                       | Non- Executive Independent Director |

For detailed profile of our Directors, please refer to the Chapter titled "Our Management" and "Our Promoter and Promoter Group" beginning on pages 101 & 117 respectively of the Draft Red Herring Prospectus.



## COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Ramesh Kumar Didwania  
Chandra Kunj, 4<sup>th</sup> Floor, 3, Pretoria Street,  
Kolkata, 700 071  
**Tel.:** +91-033-2282 1169-1184;  
**Fax:** +91-033-2282 1187/1188;  
**Email :** fpo@hanumansugar.com;  
**Website:** www.hanumansugar.com

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

### **BANKERS TO OUR COMPANY**

#### **Andhra Bank**

14/1B, Ezra Street;  
Kolkata - 700 001  
**Tel:** 91- 033 - 2235 0352  
**Fax No:** 91- 033 - 2221 5654  
**Email id:** smcal070@andhrabank.co.in  
**Website:** www.andhrabank.in  
**Contact Person:** Mr. Rakesh Kumar Sinha

#### **Bank of Baroda**

Main Road, Miscot;  
Motihari, East Champaran;  
Bihar - 845 401.  
**Tel:** 91-6252- 222 541  
**Email Id:** [motiha@bankofbaroda.co.in](mailto:motiha@bankofbaroda.co.in)  
**Website:** [www.bankofbaroda.com](http://www.bankofbaroda.com)  
**Contact Person:** Mr. B.N. Trivedi

#### **Central Bank of India**

Motihari Branch,  
Main Road, Motihari,  
Bihar - 845 401  
**Tel:** 91- 06252 - 224405  
**Email id:** bmmoti@centralbank.co.in  
**Website:** www.centralbankofindia.co.in  
**Contact Person:** Mr. R. N. Bharti

### **STATUTORY AUDITORS TO OUR COMPANY**

**JainSarawgee & Co.,**  
Chartered Accountants  
32A Chittaranjan Avenue,  
Trust House 2<sup>nd</sup> Floor,  
Kolkata - 700 012  
**Tel :** +91 033 2212 1083/ +91 033 2212 3861  
**Fax :** +91 033 2212  
**Email :** jainsarawgee@rediffmail.com  
**Contact Person :** Mr. D K Sarawgee  
**ICAI Reg. No:** 306087E  
**Membership no:** 10059



**Bharat D. Sarawgee & Co.**  
**Chartered Accountants.**  
 32A Chittaranjan Avenue,  
 Trust House 2<sup>nd</sup> Floor,  
 Kolkata – 700 012  
**Tel :** +91 033 2212 1083/ +91 033 2212 3861  
**Fax :** +91 033 2212  
**Email:** bharatsarawgee@gmail.com  
**Contact Person:** Mr. Bharat D. Sarawgee  
**ICAI Reg. No:** 326264E  
**Membership no:** 061505

**ISSUE MANAGEMENT TEAM**

| <b>BOOK RUNNING LEAD MANAGER</b>   | <b>REGISTRARS TO THE ISSUE</b>   |
|--|--|
| <b>STELLANT CAPITAL ADVISORY SERVICES (P) LIMITED</b><br><b>SEBI Registration No.:</b> INM 000011773<br>Merchant Chamber, Basement, Opp: Patkar Hall, New Marine Lines, Churchgate, Mumbai – 400 020<br><b>Tel:</b> +91-22- 2206 5061;<br><b>Fax:</b> +91-22- 2206 1606;<br><b>E-mail:</b> hanuman.fpo@stellantcapital.com;<br><b>Website:</b> <a href="http://www.stellantcapital.com">www.stellantcapital.com</a> ;<br><b>Contact Person:</b> Mr.V.R. Amit Kumar   | <b>MAHESHWARI DATAMATICS PRIVATE LIMITED</b><br><b>SEBI Registration No:</b> INR 0000000353<br>6 Mangoe Lane, (Surendra Mohan Ghosh Sarani) , 2 <sup>nd</sup> Floor , Kolkata – 700 001<br><b>Tel:</b> +91 033 2243 5809/ +91 033 2243 5029<br><b>Fax: :</b> +91 033 2248 4787<br><b>E-mail:</b> mdpl@cal.vsnl.net.in<br><b>Website:</b> www.mdpl.in<br><b>Contact Person:</b> Mr. S Rajagopal |
| <b>LEGAL ADVISORS TO THE ISSUE</b>   | <b>SYNDICATE MEMBERS</b>   |
| <b>Victor Moses &amp; Co.</b><br>Solicitors & Advocates<br>Patent & Trade Mark Attorneys<br>Temple Chambers<br>6, Old Post Office Street, Kolkata- 700 001<br><b>Tel :+</b> 91 033 2248 6476/ +91 033 2248 1296<br><b>Fax :</b> +91 033 2248 2933<br><b>Email :</b> vmoses@vsnl.com<br><b>Contact Person :</b> Mr Barun Das  | <b>[●]</b><br>The Syndicate Member(s) will be appointed prior to filing the Draft Red Herring Prospectus with RoC.   |
| <b>BANKER(S) TO THE ISSUE AND ESCROW COLLECTION BANK</b>   | <b>REFUND BANKER TO THE ISSUE</b>  |
| <b>[●]</b><br>The Bankers to the Issue shall be appointed prior to filling of the Draft Red Herring Prospectus with RoC  | <b>[●]</b><br>The Refund Banker(s) to the Issue shall be appointed prior to filling of the Draft Red Herring Prospectus with RoC   |
| <b>SELF CERTIFIED SYNDICATE BANKS</b>  | <b>ADVISORS TO THE ISSUE</b>   |
| <b>[●]</b><br>The SCSBs are as per the updated list available on SEBI's website at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> . Investors are requested to refer the SEBI website for updated list of SCSBs and their designated branches.<br>All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Form was submitted by the ASBA Bidders. | <b>KEYNOTE CORPORATE SERVICES LIMITED</b><br>4th Floor, Balmer Lawrie Building, 5, J. N. Heredia Marg Ballard Estate, Mumbai – 400 001.<br><b>Tel:</b> 91 – 22 - 3026 6000; Fax: 91 – 22 - 2269 4323<br><b>E-mail:</b> swati@keynoteindia.net<br><b>Website:</b> www.keynoteindia.net<br><b>Contact person:</b> Ms. Swati Sinha  |



## STATEMENT OF RESPONSIBILITIES

Stellant Capital Advisory Services (P) Limited is the sole BRLM to the Issue and shall be responsible for the following activities:

| Sr. No | Activity  |
|--------|---|
| 1      | Capital structuring with the relative components and formalities such as type of instruments, etc.  |
| 2      | Conducting a Due diligence of our Company's operations / management / business plans / legal, etc. Drafting and designing the Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus. Ensuring compliance with the SEBI (ICDR) Regulations, 2009 and other stipulated requirements and completion of prescribed formalities with the Stock Exchanges (pre-issue), RoC and SEBI.   |
| 3      | Primary co-ordination with SEBI, RoC and Stock Exchanges up to bidding and coordinating interface with lawyers for agreements.  |
| 4      | Appointment of the Registrar, Bankers to the issue and appointment of other intermediaries viz. printers and advertising agency   |
| 5      | Primary coordination of drafting/proofing of the design of the Prospectus, bid forms including memorandum containing salient features of the Prospectus with the printers. Primary coordination of the drafting and approving the statutory advertisement.  |
| 6      | Drafting and approving all publicity material other than statutory advertisement as mentioned in (4) above including corporate advertisement, brochure, etc.  |
| 7      | Retail & HNI segment Marketing, Which will cover inter alia: <ul style="list-style-type: none"> <li>• Preparation of Road Show presentation.</li> <li>• Finalising centres for holding Brokers conference.</li> <li>• Finalising media, marketing and PR strategy.</li> <li>• Follow up on distribution of publicity and issue material including application for, brochure and deciding on quantum of issue material.</li> <li>• Finalising collection centres as per Schedule III of SEBI (ICDR) Regulations, 2009</li> </ul>   |
| 8      | Institutional Marketing, which will cover inter alia: <ul style="list-style-type: none"> <li>• Finalisation of list of investors.</li> <li>• Finalisation of one to one meetings and allocation of institutions.</li> <li>• Finalisation of presentation material.</li> </ul>   |
| 9      | Managing Book & Co- ordination with Stock Exchanges for bidding terminals, mock trading etc   |
| 10     | Pricing and QIB allocation  |
| 11     | Follow - up with the bankers to the issue to get quick estimates of collection and advising the issuer about closure of the issue, based on the correct figures.  |
| 12     | The post-Issue activities for the Issue will involve essential follow up steps, which include finalizing basis of allotment / weeding out of multiple applications, the listing of instruments and dispatch of certificates/demat credits or refunds and dematerialized delivery of shares with the various agencies connected with the work such as the Registrars to the Issue and Bankers to the Issue, Self Certified Syndicate Banks, the bank handling refund business. The Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with our Company. |

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

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



## CREDIT RATING

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

## FPO GRADING AGENCY

Grading of the Issue is not necessary as it is Further Public Offering.

## TRUSTEES

As this is an issue of equity shares, the appointment of trustees is not required.

## MONITORING AGENCY

There is no requirement for a monitoring agency in terms of Regulation 16 of the SEBI ICDR Regulations as this Issue is less than ₹50,000 Lacs. The Audit Committee appointed by our Board of Directors will monitor the utilization of the Issue proceeds.

## APPRAISAL

Our project has not been appraised by any Banks or Financial Institutions.

## BOOK BUILDING PROCESS

Book Building refers to the collection of Bids from investors, which is based on the Price Band, with the Issue Price being finalized after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- Our Company;
- BRLM, in this case being Stellant Capital Advisory Services (P) Limited;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the BRLM;
- Registrar to the Issue, in this case may be Maheshwari Datamatics Private Limited ;
- Banker(s) to the issue, Refund Bank(s), and
- Self Certified Syndicate Banks

The Issue is being made through a 100% Book Building Process wherein not more than 50% of the Issue will be allocated to Qualified Institutional Buyers (QIBs) on a proportionate basis, subject to valid bids being received at or above the Issue Price. Provided that our Company may allocate up to 30% of the QIB Portion, to Anchor Investors, on a discretionary basis ("Anchor Investor Portion"). For details, see "Issue Procedure" on page 227. Out of the portion available for allocation to the QIBs, 5% will be available for allocation to Mutual Funds only. Mutual Fund Bidders shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

In accordance with the SEBI Regulations, QIB Bidders are not allowed to withdraw their Bid(s) after the Bid Closure Date. For further details, *please refer to Chapter "Terms of the Issue" beginning on page 221 of this DRHP.*

Resident Retail Individual Bidders and Non-Institutional Investors have an option to submit their Bids under the "ASBA Process", which would entail blocking of funds in the investor's bank account rather than transfer of funds to the respective Escrow Accounts. *For further details, please refer to the Chapter titled "Issue Procedure" beginning on page 227 of this DRHP.*



Steps to be taken by the Bidders for bidding:

- 1) Check eligibility for making a Bid (For details please refer to the paragraph titled "Who Can Bid" beginning on page 228 under Chapter titled "Issue Procedure" beginning on page 227 of the DRHP);
- 2) Ensure that the Bidder has a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form including ASBA Form;
- 3) Ensure that the Bid-cum-Application Form including ASBA Forms is duly completed as per instructions given in the Draft Red Herring Prospectus and in the Bid-cum-Application Form including ASBA Forms; and
- 4) Ensure that the Permanent Account Number is mentioned on Bid-cum-Application Form/ASBA Form. Bidders are specifically requested not to mention their General Index Register number instead of the Permanent Account Number as the Bid is liable to be rejected on this ground.
- 5) Bids by ASBA Bidders will only have to be submitted to the SCSB. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that their Bid cum ASBA Form is not rejected.
- 6) Ensure the correctness of your demographic details given in the Bid cum Application Form or the ASBA Bid-cum-Application Form, as the case may be, with the details recorded with your Depository Participant.
- 7) Bids by QIBs (including Anchor Investors) will have to be submitted to the BRLM.

#### **Illustration of Book Building and Price Discovery Process**

*(Investors should note that this illustration is solely for the purpose of illustration and is not specific to the Issue)*

The Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs. 60 to Rs. 72 per Equity Share, Issue size of 5,400 Equity Shares and receipt of five Bids from the Bidders. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the Bidding/Issue Period. The illustrative book as set forth below shows the demand for the Equity Shares of the Company at various prices and is collated from Bids from various investors.

| <b>Bid Quantity</b> | <b>Bid Price (Rs)</b> | <b>Cumulative Quantity</b> | <b>Subscription</b> |
|---------------------|-----------------------|----------------------------|---------------------|
| 1500                | 72                    | 1500                       | 27.78%              |
| 3000                | 69                    | 4500                       | 83.33%              |
| 4500                | 66                    | 9000                       | 166.67%             |
| 6000                | 63                    | 15000                      | 277.78%             |
| 7500                | 60                    | 22500                      | 416.67%             |

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

Bids and any revision in Bids will **only be accepted between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bid/ Issue period as mentioned above at the bidding centres mentioned in the Bid cum Application Form **except that on the Bid/Issue Closing Date, Bids and any revision in Bids will only be accepted between 10 a.m. and 3.00 p.m. (Indian Standard Time)** and uploaded until (i) 5.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 2,00,000 and (ii) until such time as permitted by the BSE, in case of Bids by Retail Individual Bidders



where the Bid Amount is up to Rs. 2,00,000. **Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only on working days, i.e. Monday to Friday (excluding any public holiday).**

The Company in consultation with BRLM reserve the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI Guidelines provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down up to a maximum of 20% of the Floor Price advertised at least one day before the Bid/Issue Programme:

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

#### **BID/ISSUE PROGRAMME**

|                            |                  |
|----------------------------|------------------|
| <b>BID/ISSUE OPENS ON</b>  | <b>[•], 2010</b> |
| <b>BID/ISSUE CLOSES ON</b> | <b>[•], 2010</b> |

Our Company may consider participation by Anchor Investors for upto 22, 49,313 Equity Shares in accordance with applicable SEBI (ICDR) Regulations, 2009. The Anchor Investor Bid/ Issue Period shall be one working day prior to the Bid/ Issue Opening Date.

#### **WITHDRAWAL OF THE ISSUE**

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



## UNDERWRITING AGREEMENT

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

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

| Name and Address of the Underwriters   | Indicated Number of Equity Shares to be Underwritten | Amount Underwritten (Rs. In Lacs) |
|--|--|-----------------------------------|
| <b>STELLANT CAPITAL ADVISORY SERVICES (P) LIMITED</b><br>SEBI Registration No.: INM 000011773<br>Merchant Chamber, Basement, Opp:<br>Patkar Hall, New Marine Lines,<br>Churchgate, Mumbai - 400 020<br>Tel: +91-22- 2206 5061;<br>Fax: +91-22- [●]<br>E-mail:<br>hanuman.fpo@stellantcapital.com;<br>Website: <a href="http://www.stellantcapital.com">www.stellantcapital.com</a> ;<br>Contact Person: Mr.V.R. Amit Kumar | [●]  | [●]                               |
| [●]  | [●]  | [●]                               |
| <b>Total</b>   | [●]  | [●]                               |

The above-mentioned amount is an indicative underwriting and would be finalised after pricing and actual allocation. The above underwriting agreement is dated [●]. In the opinion of the Board of Directors of our Company (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full, as per schedule VIII, Part A, (VI)(B)(15) of SEBI ICDR Regulation, 2009 have been complied with. All the above mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act.

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



## CAPITAL STRUCTURE

Our Equity Share Capital before the Issue and after giving effect to the Issue, as at the date of this Draft Red Herring Prospectus, is set forth below:

| Number of Shares  | Aggregate Value at Face value (in Rs.) | Aggregate Value at Issue Price (in Rs.) |
|---|--|---|
| <b>A. AUTHORISED SHARE CAPITAL</b>  |  |   |
| 60,000,000 Equity Shares divided into 4,00,00,000 Equity Shares of Rs. 10/ each and 2,00,00,000 Unclassified Shares of Rs. 10/ each | 600,000,000                            |   |
| <b>B. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL BEFORE THE ISSUE</b>   |  |   |
| 16,000,000 Equity Shares of Rs. 10/- each   | 160,000,000                            |   |
| <b>C. PRESENT ISSUE</b>   |  |   |
| 1,87,50,000 Equity Shares of Rs. 10/ each fully paid-up for cash at a premium of [●]  | 18,75,00,000                           |   |
| Promoter's Contribution Portion<br>[●] Equity Shares of Rs. 10/- each to be issued at a price of Rs. [●] per share to our Promoters | [●]                                    |   |
| <b>Net Issue to the Public</b><br>Fresh Issue of 1,49,95,422 Equity Shares of Rs. 10/- each (b)                                     | [●]                                    | [●]                                     |
| Of which  | [●]                                    | [●]                                     |
| QIB Portion of not more than 74,97,711 Equity Shares (c ) of which  | [●]                                    | [●]                                     |
| Mutual Funds Portion is 3,74,885 Equity Shares*   | [●]                                    | [●]                                     |
| Balance for all QIB's, including Mutual Funds, is 71,22,826 Equity Shares*  | [●]                                    | [●]                                     |
| Non Institutional Portion of not less than 22,49,313 Equity Shares*   | [●]                                    | [●]                                     |
| Retail Portion of not less than 52,48,398 Equity Shares*  | [●]                                    | [●]                                     |
| <b>D. SECURITIES PREMIUM ACCOUNT</b>  |  |   |
| Before the Issue  | 6,91,25,000                            |   |
| After the Issue**   | [●]                                    |   |
| <b>E. EQUITY CAPITAL AFTER THE ISSUE</b>  |  |   |
| 3,47,50,000 Equity Shares of Rs. 10/- each  | [●]                                    |   |

\*The Issue has been authorized by the Board of Directors in their meeting held on August 28, 2010 and by the shareholders of our Company on September 30, 2010.

\*\*Our Company is considering a Pre – IPO Placement of up to [●] Equity Shares with some investors. The Pre – IPO Placement, if any, will be completed before the filing of the Red Herring Prospectus with the RoC. The number of Equity Shares in the Issue will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre – IPO Placement, if any, subject to the Net Issue to the public being at least 25% of the fully diluted post – Issue paid up capital of our Company. The Equity Shares allotted under the Pre – IPO Placement, if completed, shall be subject to a lock – in period of one (1) year from the date of the Allotment pursuant to the Issue.



*\*\*Our Company may consider participation by Anchor Investors for allotment upto 22, 49,313 Equity Shares in accordance with applicable SEBI (ICDR) Regulations, 2009. The allocation to Anchor Investors shall be a portion of the Net Issue, being up to 30% of the portion available to QIBs.*

*\*\*\*Out of the present issue, [●] Equity Shares of Rs. 10/- each, aggregating to Rs. [●] Lacs is the promoter's contribution to be brought in by our Promoters, Mr. Bimal Kumar Nopany and M/s. Shruti Limited.*

## Notes to Capital Structure:

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

| Sr. No | Details  |
|--------|--|
| 1      | The initial authorized share capital of our Company was Rs. 1,000,000 divided into 10,000 Equity Shares of Rs. 100/- each  |
| 2      | By shareholders resolution dated April 29, 1946, the authorized share capital of our Company was increased to Rs. 5,000,000 divided into 400,000 Equity Shares of Rs. 10/- each and 10,000 5% Cumulative Preference Shares of Rs. 100/- each   |
| 3      | By shareholders resolution dated July 23, 1962, the authorized share capital of our Company was increased to Rs. 10,000,000 divided into 700,000 Equity Shares of Rs. 10/- each, 5,000 7 1/2% (Taxable) Cumulative Preference Shares of Rs. 100/- each and 25,000 9.3% (Taxable) Redeemable Cumulative Preference Shares of Rs. 100/- each   |
| 4      | By shareholders resolution dated March 10, 1965, the authorized share capital of our Company was increased to Rs. 15,000,000 divided into 1,100,000 Equity Shares of Rs. 10/- each, 5,000 7 1/2% (Taxable) Cumulative Preference Shares of Rs 100/- each, 25,000 9.3% Taxable Redeemable Cumulative Preference Shares of Rs 100/- each and 10,000 5% Preference Shares of Rs 100/- each              |
| 5      | By shareholders resolution dated October 14, 1994, the authorized share capital of our Company was increased to Rs. 50,000,000 and reclassified 4,600,000 Equity Shares of Rs.10/- each, 5,000 9.3% (Taxable) Cumulative Preference Shares of Rs.100/- each, 25,000 9.3% Taxable Redeemable Cumulative Preference Shares of Rs 100/- each and 10,000 Unclassified Preference Shares of Rs.100/- each |
| 6      | By shareholders resolution dated September 7, 2005 the authorized share capital of our Company was increased to Rs. 125,000,000 and the entire capital was reclassified into 12,500,000 Equity Shares of Rs. 10/- each.  |
| 7      | By shareholders resolution dated March 05, 2009 the authorized share capital of our Company was increased to Rs. 200,000,000 divided into 20,000,000 Equity Shares of Rs. 10/- each  |
| 8      | By shareholders resolution dated April 20, 2009, the authorized share capital of our Company was increased to Rs. 300,000,000 divided into 30,000,000 Equity Shares of Rs. 10/- each   |
| 9      | By shareholders resolution dated June 10, 2009, the authorized share capital of our Company was increased to Rs. 400,000,000 divided into 40,000,000 Equity Shares of Rs. 10/- each.   |
| 10     | By Shareholders resolution dated September 30, 2010 the authorized share capital of our Company was increased to 60,000,000 Equity Shares divided into 4,00,00,000 Equity Shares of Rs. 10/ each and 2,00,00,000 Unclassified Shares of Rs. 10/ each   |



## 2. Share Capital history of our Company:

(a) The following is the Equity Share Capital History of our Company

| Date of Allotment of the Equity Shares   | No. of Equity Shares | Face Value (Rs.) | Securities Premium (Rs.) | Issue Price (Rs.) | Nature of Payment | Reasons for Allotment   | Cumulative No. of Equity Shares | Cumulative Securities Premium (Rs.) | Cumulative paid up Equity Capital (Rs.) |
|--|----------------------|------------------|--------------------------|-------------------|-------------------|---|---------------------------------|-------------------------------------|---|
| January 19, 1932   | 300                  | 100              | -                        | 100               | Cash              | Allotment to Promoters as subscribers to Memorandum                             | 300                             | NIL                                 | 30,000                                  |
| July 22, 1932  | 9,450                | 100              | -                        | 100               | Cash              | Further Allotment   | 9,750                           | NIL                                 | 9,75,000                                |
| November 10, 1932  | 250                  | 100              | -                        | 100               | Cash              | Further Allotment   | 10,000                          | NIL                                 | 10,00,000                               |
| Sub-division of nominal value of Equity Shares of our Company from Rs. 100 per Equity Share to Rs.10 per Equity Share vide AGM dated April 29 1946 |                      |                  |                          |                   |                   |   |                                 |                                     |   |
| September 20, 1947   | 50,000               | 10               | -                        | -                 | Other than Cash   | Bonus in the ratio of 1:4   | 1,50,000                        | NIL                                 | 15,00,000                               |
| June 13, 1949  | 50,000               | 10               | -                        | -                 | Other than Cash   | Bonus in the ratio of 1:3   | 2,00,000                        | NIL                                 | 20,00,000                               |
| May 23, 1951   | 50,000               | 10               | -                        | -                 | Other than Cash   | Bonus in the ratio of 1:4   | 2,50,000                        | NIL                                 | 25,00,000                               |
| July 23, 1962  | 100,000              | 10               | -                        | -                 | Other than Cash   | Bonus in the ratio of 2:5   | 3,50,000                        | NIL                                 | 35,00,000                               |
| June 16, 1966  | 2,75,000             | 10               | -                        | 10                | Cash              | Public Issue  | 6,25,000                        | NIL                                 | 62,50,000                               |
| October 31, 1994   | 1,375,000            | 10               | 35                       | 45                | Cash              | Conversion of share warrants issued on preferential basis on September 05, 1994 | 20,000,00                       | 4,81,25,000                         | 2,00,00,000                             |
| March 27, 1995   | 1,000,000            | 10               | 35                       | 45                | Cash              | Conversion of share warrants issued on preferential basis on September 29, 1994 | 30,000,00                       | 8,31,25,000                         | 3,00,00,000                             |
| September 07, 2005   | 7,200,000            | 10               | -                        | 10                | Bonus             | Bonus Issue in the ratio of 12:5  | 1,02,000,00                     | 1,11,25,000                         | 10,20,00,000                            |
| June 30, 2009  | 5,800,000            | 10               | 10                       | 20                | Cash              | Further Allotment   | 1,60,000,00                     | 6,91,25,000                         | 16,00,00,000                            |



(b) Equity Shares issued for consideration other than cash

**Bonus Shares**

| Date of Allotment of the Equity Shares | Name of the person                             | No. of Equity Shares | Face Value (Rs.) | Issue Price (Rs.) | Reasons for allotment |
|--|--|----------------------|------------------|-------------------|-----------------------|
| September 20, 1947                     | Shareholders as on the date of the Bonus Issue | 50,000               | 10               | -                 | Bonus Issue           |
| June 13, 1949                          | Shareholders as on the date of the Bonus Issue | 50,000               | 10               | -                 | Bonus Issue           |
| May 23, 1951                           | Shareholders as on the date of the Bonus Issue | 50,000               | 10               | -                 | Bonus Issue           |
| July 23, 1962                          | Shareholders as on the date of the Bonus Issue | 1,00,000             | 10               | -                 | Bonus Issue           |
| December 28, 2005                      | Shareholders as on the date of the Bonus Issue | 7,200,000            | 10               | -                 | Bonus Issue           |

3. Till date no Equity Shares have been allotted pursuant to any scheme approved under Section 391- 394 of the Companies Act, 1956.
4. Promoter Contribution and Lock-in

*(A) Details of the Built up of our Promoters' Shareholding in our Company*

**Name of the Promoter : Mr. Bimal Kumar Nopany**

| Date of Allotment / Transfer | Nature of Consideration | No. of Equity Shares | Face Value (Rs.) | Issue/ Acquisition Price (Rs.) | Cumulative No. of Equity Shares |
|------------------------------|-------------------------|----------------------|------------------|--------------------------------|---------------------------------|
| Upto 1996                    | Cash                    | 21,600               | 10               | 10                             | 21,600                          |
| January 01, 2001             | Cash                    | 1,00,000             | 10               | 10                             | 1,21,600                        |
| March 10, 2003               | Cash                    | 1,00,000             | 10               | 10                             | 2,21,600                        |
| March 25, 2004               | Cash                    | 78,000               | 10               | 10                             | 2,99,600                        |
| December 28, 2005            | Bonus                   | 7,19,042             | 10               | -                              | 10,18,642                       |
| June 30, 2009                | Cash                    | 8,00,000             | 10               | 10                             | 18,18,642                       |
| <b>TOTAL</b>                 |                         |                      |                  |                                | <b>18,18,642</b>                |

*Note: Actual allotment made on December 28, 2005 against bonus issue was 7,19,042. The difference is on account of additional allotment made for rounding of.*

**Name of the Promoter: M/s. Shruti Limited**

| Date of Allotment / Transfer | Nature of Consideration | No. of Equity Shares | Face Value (Rs.) | Issue/ Acquisition Price (Rs.) | Cumulative No. of Equity Shares |
|------------------------------|-------------------------|----------------------|------------------|--------------------------------|---------------------------------|
| October 31, 1994             | Cash                    | 5,00,000             | 10               | 10                             | 5,00,000                        |
| May 09, 1995                 | Cash                    | 2,500                | 100              | 100                            | 5,02,500                        |
| February 15, 2001            | Cash                    | (2,500)              | 10               | 10                             | 5,00,000                        |
| February 17, 2004            | Cash                    | 50,000               | 10               | 10                             | 5,50,000                        |
| February 25, 2005            | Cash                    | 1,900                | 10               | 10                             | 5,51,900                        |



|                    |       |           |    |    |                  |
|--------------------|-------|-----------|----|----|------------------|
| March 25, 2005     | Cash  | 15,000    | 10 | 50 | 5,66,900         |
| September 15, 2005 | Cash  | (200)     | 10 | 10 | 5,66,700         |
| December 28, 2005  | Bonus | 13,60,080 | 10 | -  | 19,26,780        |
| <b>TOTAL</b>       |       |           |    |    | <b>19,26,780</b> |

**(B) Promoter's Contribution and Lock-in**

The following are the details of Lock-in Shares:

| Date of Allotment / Transfer  | Nature of Consideration | No. of Equity Shares | Face Value (Rs.) | Issue/ Acquisition Price (Rs.) | Cumulative No. of Equity Shares |
|-------------------------------|-------------------------|----------------------|------------------|--------------------------------|---------------------------------|
| <b>Mr. Bimal Kumar Nopany</b> |                         |                      |                  |                                |                                 |
| Upto 1996                     | Cash                    | 21,600               | 10               | 10                             | 21,600                          |
| January 01, 2001              | Cash                    | 1,00,000             | 10               | 10                             | 1,21,600                        |
| March 10, 2003                | Cash                    | 1,00,000             | 10               | 10                             | 2,21,600                        |
| March 25, 2004                | Cash                    | 78,000               | 10               | 10                             | 2,99,600                        |
| December 28, 2005             | Bonus                   | 7,19,042             | 10               | -                              | 10,18,642                       |
| June 30, 2009                 | Cash                    | 8,00,000             | 10               | 10                             | 18,18,642                       |
| Allotment Under this Issue    | 【●】                     | 【●】                  | 10               | 【●】                            | 【●】                             |
| <b>TOTAL</b>                  |                         |                      |                  |                                | <b>【●】</b>                      |

| Date of Allotment / Transfer | Nature of Consideration | No. of Equity Shares | Face Value (Rs.) | Issue/ Acquisition Price (Rs.) | Cumulative No. of Equity Shares |
|------------------------------|-------------------------|----------------------|------------------|--------------------------------|---------------------------------|
| <b>M/s. Shruti Limited</b>   |                         |                      |                  |                                |                                 |
| October 31, 1994             | Cash                    | 5,00,000             | 10               | 10                             | 5,00,000                        |
| May 09, 1995                 | Cash                    | 2,500                | 100              | 100                            | 5,02,500                        |
| February 15, 2001            | Cash                    | (2,500)              | 10               | 10                             | 5,00,000                        |
| February 17, 2004            | Cash                    | 50,000               | 10               | 10                             | 5,50,000                        |
| February 25, 2005            | Cash                    | 1,900                | 10               | 10                             | 5,51,900                        |
| March 25, 2005               | Cash                    | 15,000               | 10               | 50                             | 5,66,900                        |
| September 15, 2005           | Cash                    | (200)                | 10               | 10                             | 5,66,700                        |
| December 28, 2005            | Bonus                   | 13,60,080            | 10               | -                              | 19,26,780                       |
| Allotment                    | 【●】                     | 【●】                  | 10               | 【●】                            | 【●】                             |



|                  |  |  |  |  |            |
|------------------|--|--|--|--|------------|
| Under this Issue |  |  |  |  |            |
| <b>TOTAL</b>     |  |  |  |  | <b>[•]</b> |

*Note: Allotment under this issue to the Promoters as mentioned above will be allotted on the basis of the price to be discovered in the Issue and will be brought in at least one day before the issue opens for subscription.*

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

**NOTES:**

- Further all the Equity Shares, which are being locked in for three years, are not ineligible for computation of promoter's contribution and lock in as per regulation 33 of SEBI (ICDR) Regulations 2009.
  - In terms of regulation 39 of SEBI (ICDR) Regulations 2009, the locked-in Equity Shares held by the Promoters can be pledged only with scheduled commercial banks or public financial institutions as collateral security for any loans granted by such banks or financial institutions, provided that the pledge of shares is one of the conditions under which the loan is sanctioned. Further, Equity Shares locked in as minimum promoters' contribution may be pledged only in respect of a financial facility which has been granted for the purpose of financing one or more of the objects of the Issue.
  - In terms of regulation 40 of SEBI (ICDR) Regulations 2009, subject to the provisions of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, the specified securities held by promoters and locked-in as per regulation 36 may be transferred to another promoter or any person of the promoter group or a new promoter or a person in control of the issuer and the specified securities held by persons other than promoters and locked-in as per regulation 37 may be transferred to any other person holding the specified securities which are locked-in along with the securities proposed to be transferred: Provided that lock-in on such specified securities shall continue for the remaining period with the transferee and such transferee shall not be eligible to transfer them till the lock-in period stipulated in these regulations has expired.
5. We confirm that the minimum promoter contribution of 20% of the post issue paid up capital, which is subject to lock-in of 3 years does not consist of:
- Shares acquired for consideration other than cash excluding shares allotted pursuant to the scheme of amalgamation and revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources.
  - Securities acquired by our promoters during the preceding one year, at a price lower than the price at which equity shares is being offered to public in the Further Public Offer.
  - Pledged securities held by the promoters with any creditor (in terms of regulation 33(1) (d) of SEBI (ICDR) Regulations, 2009.
  - Promoters' contribution brought in less than the specified minimum lot and from persons not defined as promoters under SEBI (ICDR) Regulations, 2009.
  - Shares for which specific written consent has not been obtained from the respective shareholders for the inclusion of their subscription in the minimum promoters' contribution subject to lock-in.

**6. Buy-back or Standby Arrangement**



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

**7. Share holding Pattern of our Company before and after the issue is as follows:**

The table below presents the shareholding pattern of Equity Shares before the proposed Issue and as adjusted for the Issue:

(I) (a) Statement showing Shareholding Pattern

|            | Particulars  | Pre Issue        |              | Post Issue    |            |
|------------|--|------------------|--------------|---------------|------------|
|            |  | No. of Shares    | % Holding    | No. of Shares | % Holding  |
| <b>(A)</b> | <b>Shareholding of Promoter and Promoter Group</b>                               |                  |              |               |            |
| <b>1</b>   | <b>Indian</b>  |                  |              |               |            |
| (a)        | Individual/ Hindu Undivided Family   | 2,815,522        | 17.60        | [●]           | [●]        |
| (b)        | Central Government/State Government(s)   |                  |              | [●]           | [●]        |
| (c)        | Bodies Corporate   | 2,154,138        | 13.46        | [●]           | [●]        |
| (d)        | Financial Institutions/Banks   |                  |              | [●]           | [●]        |
| (e)        | Trustee of various Trust   | 805,000          | 5.03         |               |            |
| (f)        | Individual holding on behalf of Partnership Firm                                 | 1,019,000        | 6.37         | [●]           | [●]        |
| (e - i)    |  |                  |              |               |            |
| (e - ii)   |  |                  |              |               |            |
|            | <b>SUB TOTAL (A) (1)</b>   | <b>6,793,660</b> | <b>42.46</b> | <b>[●]</b>    | <b>[●]</b> |
| <b>2</b>   | <b>Foreign</b>   |                  |              |               |            |
| A          | Individuals (Non-Residents Individuals / Foreign Individuals)                    | -                | -            | [●]           | [●]        |
| B          | Bodies Corporate   | -                | -            | [●]           | [●]        |
| C          | Institutions   | -                | -            | [●]           | [●]        |
| D          | Any Others (Specify)   | -                | -            | [●]           | [●]        |
| d -i       |  |                  |              |               |            |
| d -ii      |  |                  |              |               |            |
|            | <b>SUB TOTAL (A) (2)</b>   | <b>-</b>         | <b>-</b>     | <b>[●]</b>    | <b>[●]</b> |
|            | <b>Total Shareholding of Promoter and Promoter Group (A) = (A) (1) + (A) (2)</b> | <b>6,793,660</b> | <b>42.46</b> |               |            |
| <b>(B)</b> | <b>Public Shareholding</b>   |                  |              | <b>[●]</b>    | <b>[●]</b> |
| <b>1.</b>  | <b>Institutions</b>  |                  |              |               |            |
| (a)        | Mutual Funds /UTI  | -                | -            | [●]           | [●]        |
| (b)        | Financial Institutions Banks   | 173,345          | 1.08         | [●]           | [●]        |
| (c)        | Central Government/ State Government(s)  | -                | -            | [●]           | [●]        |
| (d)        | Venture Capital Funds  | -                | -            | [●]           | [●]        |
| (e)        | Insurance Companies  | -                | -            | [●]           | [●]        |



|            |   |            |        |     |     |
|------------|---|------------|--------|-----|-----|
| (f)        | Foreign Institutional Investors   | -          | -      | [●] | [●] |
| (g)        | Foreign Venture Capital Investors   | -          | -      | [●] | [●] |
| (h)        | Any Others (Specify)  | -          | -      | [●] | [●] |
| (h -i)     |   |            |        |     |     |
| (h ii)     |   |            |        |     |     |
|            | <b>SUB TOTAL (B) (1)</b>  | 173,345    | 1.08   | [●] | [●] |
| <b>B 2</b> | <b>Non - Institutions</b>   |            |        |     |     |
| (a)        | Bodies Corporate  | 7,700,842  | 48.13  | [●] | [●] |
| (b)        | Individuals   |            |        | [●] | [●] |
| I          | Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh | 156,963    | 0.98   | [●] | [●] |
| II         | ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.    | 1,175,190  | 7.34   | [●] | [●] |
| (c)        | Any Others (Specify)  |            |        | [●] | [●] |
| (c -i)     | Clearing Member   |            |        | [●] | [●] |
| (c -ii)    | NRI   |            |        | [●] | [●] |
| (c -iii)   | OCB's   |            |        | [●] | [●] |
| (c -iv)    | Trust   |            |        | [●] | [●] |
|            | <b>SUB TOTAL (B) (2)</b>  | 9,032,995  | 56.46  | [●] | [●] |
| <b>(B)</b> | <b>Total Public Holding (B) = (B) (1) + (B) (2)</b>                                   | 9,206,340  | 57.54  | [●] | [●] |
|            | <b>TOTAL (A) + (B)</b>  |            |        | [●] | [●] |
| <b>(C)</b> | Shares held by Custodians and against which Depository Receipts have been issued      | -          | -      | [●] | [●] |
|            | <b>GRAND TOTAL (A)+ (B) + (C)</b>   | 16,000,000 | 100.00 | [●] | [●] |

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

**8. The list of top ten shareholders of our Company and the number of equity shares held by them are as follows:**

- a) Our Shareholders and the number of Equity Shares of Rs. 10 each held by them as of the date of filing this Draft Red Herring Prospectus with SEBI are as follows:

| Sr. No | Name of shareholder            | No. of Equity Shares | Percentage Shareholding (%) |
|--------|--------------------------------|----------------------|-----------------------------|
| 1      | Shruti Limited                 | 1926780              | 12.04                       |
| 2      | Mr. Bimal Kumar Nopany         | 1818642              | 11.36                       |
| 3      | Kolhapur Forge Private Limited | 1400000              | 8.75                        |



| Sr. No | Name of shareholder                       | No. of Equity Shares | Percentage Shareholding (%) |
|--------|---|----------------------|-----------------------------|
| 4      | NNP Trading & Investments Private Limited | 1367020              | 8.54                        |
| 5      | Indian Die casting Company Limited        | 1114300              | 6.96                        |
| 6      | Nopany & Sons                             | 1019000              | 6.36                        |
| 7      | Daulatram Rawatmull Private Limited       | 884400               | 5.52                        |
| 8      | Indo Austro Corporation Private Limited   | 685912               | 4.28                        |
| 9      | Oriental Graphites Limited                | 600000               | 3.75                        |
| 10     | Shubham Holdings Private Limited          | 600000               | 3.75                        |

- b) Our top ten Shareholders and the number of Equity Shares held by them ten days prior to date of filing of this Draft Red Herring Prospectus with SEBI are as follows:

| Sr. No | Name of shareholder                       | No. of Equity Shares | Percentage Shareholding (%) |
|--------|---|----------------------|-----------------------------|
| 1      | Shruti Limited                            | 1926780              | 12.04                       |
| 2      | Mr. Bimal Kumar Nopany                    | 1818642              | 11.36                       |
| 3      | Kolhapur Forge Private Limited            | 1400000              | 8.75                        |
| 4      | NNP Trading & Investments Private Limited | 1367020              | 8.54                        |
| 5      | Indian Die casting Company Limited        | 1114300              | 6.96                        |
| 6      | Nopany & Sons                             | 1019000              | 6.36                        |
| 7      | Daulatram Rawatmull Private Limited       | 884400               | 5.52                        |
| 8      | Indo Austro Corporation Private Limited   | 685912               | 4.28                        |
| 9      | Oriental Graphites Limited                | 600000               | 3.75                        |
| 10     | Shubham Holdings Private Limited          | 600000               | 3.75                        |

- c) Our top ten Shareholders and the number of Equity Shares held by them two years prior to date of filing of this Draft Red Herring Prospectus with SEBI are as follows:

| Sr. No | Name of shareholder                     | No. of Equity Shares | Percentage Shareholding (%) |
|--------|---|----------------------|-----------------------------|
| 1      | Shruti Limited                          | 1926780              | 18.89                       |
| 2      | Nopany & Sons                           | 1019000              | 9.99                        |
| 3      | Mr. Bimal Kumar Nopany                  | 1018642              | 9.99                        |
| 4      | Daulatram Rawatmull Private Limited     | 884400               | 8.67                        |
| 5      | Indo Austro Corporation Private Limited | 386912               | 3.79                        |
| 6      | Indian Die casting Company Limited      | 380400               | 3.73                        |
| 7      | Nandini Nopany                          | 340000               | 3.33                        |
| 8      | Rawatmull Nopany Family Trust           | 340000               | 3.33                        |
| 9      | Mohanlal Nopany HUF                     | 200600               | 1.96                        |
| 10     | Shruti Vora                             | 170000               | 1.66                        |

9. The Securities which are subject to lock-in shall carry the inscription “non-transferable” and the non transferability details shall be informed to the depositories. The details of lock-in shall be provided to the stock exchanges where the shares are to be listed, before listing of the securities.
10. As of the date of this DRHP, there are no outstanding financial instruments or warrants or any other right that would entitle the existing Promoter or Shareholders, or any other person any option to receive Equity Shares after the offering.



11. In the case of over-subscription in all categories, not more than 50% of the Net issue to the Public shall be available for allocation on a proportionate basis to QIBs, of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion would be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds; not less than 15% of the Net issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net issue to the Public to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price
12. An over-subscription to the extent of 10% of the Net Issue can be retained for the purposes of rounding off to the minimum allotment lot and multiple of one share thereafter, while finalizing the Basis of Allotment. Consequently, the actual allotment may go up by a maximum of 10% of the Issue as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. The number of Equity Shares to be issued to the Promoters and subject to lock- in will be determined after finalization of Issue Price. The number of shares to be issued to the Promoters will be such so as to ensure that the minimum contribution of 20% of the Post Issue paid-up capital is made and that the same is locked in for a period of 3 years.
13. Under-Subscription, if any of the categories would be allowed to be met with spill over from the other categories, at the sole discretion of our Company and the BRLM.
14. Our Company does not have any ESOP/ESPS Scheme of our employees and we do not intend to allot any shares to our employees under ESOP/ESPS scheme from the proposed issue. As and when, options are granted to our employees under the ESOP scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.
15. As on date of filing of this DRHP with SEBI, the entire Issued Share Capital of our Company is fully paid-up.
16. Since the entire money of Rs. [●] /- per share (Rs. 10- Face Value + Rs. [●]/- Premium) is being called on application, all the successful applicants will be issued fully paid-up shares only.
17. Our Company has not raised any bridge loan against the proceeds of the Issue.
18. At any given point of time, there shall be only one denomination for the Equity Shares of our Company, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
19. We presently do not intend or propose to alter our capital structure for a period of six months from the Bid/ Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. Additionally, if we enter into acquisitions or joint ventures, we may, subject to necessary approvals, consider using our Equity Shares as currency for acquisitions or participation in such joint ventures we may enter into and/or we may raise additional capital to fund accelerated growth, subject to the compliance with the relevant guidelines/regulations etc.
20. No bidder can make a bid for number of shares, which exceeds the number of shares offered, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.



21. No payment direct or indirect in the nature of discount, commission, and allowance or otherwise shall be made either by us or our promoters to the persons who receive allotments, if any, in this issue.
22. One of the Promoter of our Company has pledged 5, 50,000 Equity Shares with IDBI Bank.
23. Our Company came out with an IPO in the year 1966.
24. Other than Pre- IPO Placement there will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, or our Company shall not enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of shares of our Company or any securities convertible into or exercisable as or exchangeable for Equity Shares of our Company, or make rights issue or issue securities in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed.
25. The total number of members of our Company as on date of filing DRHP is 572 members.
26. Neither the BRLM nor its associates hold any shares in the Issuer Company.
27. Our Company has complied with all the requirements as per the listing agreement till date.



## SECTION V - OBJECTS OF THE ISSUE

The objects of the issue are:

1. Up-gradation of the re-acquired Sugar Mill to bring operational efficiency.
2. Expansion of the capacity of the Sugar Mill to 4000 TCD with setting-up of 25MW captive Power Plant.
3. Rationalisation of workers.
4. Margin Money for working capital.
5. General Corporate Purpose.
6. Meeting Public Issue Expenses.

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

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

### Cost of Project & Means of Finance

The Fund Requirement is based on the quotations received from various suppliers as also the management estimates of the costs and requirements. In view of the dynamic nature of our business, we may have to revise the Plans from time to time and consequently funds requirement and consequently utilisation of proceeds from the Issue may also change. In case of any variations in the actual utilisation of funds for the above activities, any increased fund requirement for a particular activity will be met from our internal resources.

The Cost of Project and Means of Finance as estimates by our management are given below:

### Cost of Project

| <i>(Rs. in Lacs)</i> |  |                      |
|----------------------|--|----------------------|
| Sr. No.              | Particulars  | Total Funds Required |
| 1                    | Up-gradation of the re-acquired Sugar Mill to bring operational efficiency                           | 957                  |
| 2                    | Expansion of the Capacity of the Sugar Mill to 4000 TCD with setting-up of 25MW captive Power Plant. | 5041                 |
| 3                    | Shed & Building  | 200                  |
| 4                    | Rationalisation of workers   | 500                  |
| 5                    | Margin Money for working capital   | 1268                 |
| 6                    | Contingencies  | 532                  |
| 7                    | General Corporate Purpose  | [•]                  |
|                      | <b>Sub Total</b>   | <b>[•]</b>           |
| 8                    | Public Issue Expenses  | [•]                  |
|                      | <b>Grand Total</b>   | <b>[•]</b>           |



## Means of Finance

(Rs. in Lacs)

| Sr. No. | Particulars           | Total Funds Required |
|---------|-----------------------|----------------------|
| 1       | Proceeds of the Issue | [●]                  |
| 2       | Internal Sources      | [●]                  |
|         | <b>Total</b>          | <b>[●]</b>           |

The entire cost for the objects of the issue is proposed to be financed out of the Issue Proceeds and Internal sources.

In case the Public Issue does not go as planned, our Company will make alternative arrangements like availing of fresh loans from bank(s) and/or utilizing internal accruals. The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution or any independent organization. Our capital expenditure plans are subject to a number of variables, including possible cost availability of working capital finance on acceptable terms; and changes in management's views of the desirability of current plans, among others.

In case of any variations in the actual utilization of funds earmarked for the above activities, increased fund requirement for a particular activity may be met with by surplus funds, if any available in respect of the other purposes for which the funds are being raised in the Issue, and/or our Company's internal accrual, and/ or the term loans/working capital loans that may be availed from the Banks/ Financial Institutions. In the event of any shortfall in the Issue proceeds, the requirement shall be satisfied from internal accruals.

We may have to revise our expenditure and fund requirements as a result of variations in the cost structure, changes in estimates and external factors, which may not be within the control of our management. This may entail rescheduling, revising or canceling the planned expenditure and fund requirements and increasing or decreasing the expenditure for a particular purpose from its planned expenditure mentioned below at the discretion of our management. In addition, the estimated dates of completion of the Objects of the Issue as described herein are based on management's current expectations and are subject to change due to various factors including those described above, some of which may not be in our control. Accordingly, the Proceeds of the Issue would be used to meet all or any of the uses of the funds described herein.

### Brief details about the Project

#### 1. Up-gradation of the re-acquired Sugar Mill to bring operational efficiency

Company's Sugar Mill at Motihari, Bihar was given on lease to Eastern Sugar & Industries Limited (ESIL) in the year 1995. In the last few years ESIL had been facing financial problems and could not make the said Mill operational because of bottlenecks in some departments, primarily in the boiler house. After due deliberations it has been mutually decided to re-acquire the Mill. The Mill is situated at Motihari, which is a very rich cane belt and is ideally located. The large cane area of Motihari has no competition from Neighboring Sugar Factories.

However, the reacquired Sugar Mill needs overhauling, up-gradation and addition of some balancing equipments before making the same operational. The overhauling and up-gradation of the Mill will not only ensure immediate achievement of break-even point but also bring profitability because of improvement in operational efficiency by way of high productivity, lower cost of production and improvement in quality of sugar, leading to higher sales realizations. It has been opined by technical experts that after overhauling and up-gradation of the Plant, as proposed by them, the Plant capacity will get enhanced to 3000TCD immediately in the current season.



The cost of overhauling and up-gradation work is estimated to be Rs. 957.36 Lacs out which, the work to the extent of Rs. 436 Lacs is proposed to be undertaken with the help of in-house and local engineers and laborers under the supervision of technical experts. Therefore no quotation has been procured in this respect. The aforesaid cost of Rs. 436 Lacs has been estimated as per technical reports received from experts, the details of which are as under:

| <i>(Rs. In lacs)</i> |   |        |
|----------------------|---|--------|
| Sr. No.              | Description   | Amount |
| 1                    | Cane Un-loader - Through repair of Bridge, Trolley and Grabs of existing 2 nos. bridges, with trolley and grabs.  | 10.00  |
| 2                    | Electrical and Control Switch Gears   | 5.00   |
| 3                    | Cane Carrier - Chain and Slats are to be repaired and damaged chains, chains spares and Slats to be repaired  | 20.00  |
| 4                    | Worn out structures to be repaired  | 5.00   |
| 5                    | Electricals and Switchgears   | 5.00   |
| 6                    | Cane Cutter & Cane Kicker thorough repairs  | 10.00  |
| 7                    | Cane Fibriser - The hammers and bearings are to be changed  | 8.00   |
| 8                    | Fibriser Turbine - Thorough repair of Turbine & Gear Box  | 15.00  |
| 9                    | Mills (a) Repair of Mill - Bearing, Trash Plate, Scrapper, re-shelling<br>Of Rollers. Rake Elevators - Chain & Rakes, Donneley Chutes, Juice Pumps and motors.  | 35.00  |
|                      | (b) Mill Turbines, Gear Box, Open Gears Bearings Tail Bar & Coupling repairs  | 12.00  |
| 10                   | Bagasse Elevator and Bagasse Carrier - repairs<br>Chains, Rakes, Bearings, Drive Motors and Switch Gear etc   | 15.00  |
| 11                   | <b>Boiler -</b><br>(a) The six nos. Boiler of old design Step grate type furnace are very old and out dated they should be discarded and the existing Texmaco Boiler 20T/hr.  | 10.00  |
|                      | Steam generator capacity and Thermax type 20t/hr. capacity are to be thoroughly repaired including replacement of Tubes of Texmaco Boiler and repair of Furnaces  | 50.00  |
|                      | I.D. Fan, F.D. Fans, Auxilliaries and accessories etc. are to be done   | 5.00   |
|                      | Repair of Boiler Feed Pump, Feed Tank, Deaerator etc are to be done   | 5.00   |
|                      | (b) The incomplete Boiler of 50t/hr. capacity at 32 kg./cm <sup>2</sup> pressure including Feed Tank, Feed Pump & Motor Deaerator. Ducting of Fleet passage including Wet Scrubber etc. are to be done. The entire work of completion of new Boiler cost is | 40.00  |
| 12                   | <b>Power House:</b><br>Repair of -<br>1250 KW Sulzer Turbo Set.<br>One No.. 750 KW Belliss Turbine Driven Set.<br>One No. 3000 KW Turbo Set of Belliss Turbine used (BHEL Alternator Etc.<br>Thorough repair of Turbo Set.                                  | 10.00  |
| 13                   | Repair and replacement of Control Panel metering Panel and Distribution Board Components.   | 15.00  |
| 14                   | Cables repair and replacements  | 15.00  |



| Sr. No. | Description   | Amount        |
|---------|---|---------------|
| 15      | Repair of Diesel Generating Set of 250 KVA, 500 KVA D.G. Set  | 20.00         |
| 16      | <b>Boiling House:</b><br>Repair of Juice Heater and replacement of tubes in one Juice Heater of 300 M2 H.S.   | 16.00         |
| 17      | Juice Sulphiter - Replacement of tank and stirrer etc.  | 20.00         |
| 18      | Syrup Sulphiter   | 4.00          |
| 19      | Repair of Sulphiter Burners, Compressors, Vaccum Filter. -  | 12.00         |
| 20      | Repair of Pans & Crystalsizers  | 16.00         |
| 21      | Repaired of Centrifugal machines, Pug Mills, magma Mixers melters Syrup & Molasses Storage Tanks and repair of Hoppers, Graders and their electrical etc. | 8.00          |
| 22      | Miscellaneous expenses like pipe lines, Civil work repair, etc.   | 50.00         |
|         | <b>Total</b>  | <b>436.00</b> |

The details of balance amount of Rs. 521.36 lacs proposed to be incurred towards up-gradation is as follows:

| (Rs. In lacs) |                                    |                                   |                   |                     |     |         |
|---------------|------------------------------------|-----------------------------------|-------------------|---------------------|-----|---------|
| Sl. No.       | Description of Equipment/Machinery | Name of Supplier                  | Date of Quotation | Imported/Indigenous | Qty | Amount* |
| 1             | 5 ton Cane Unloader                | Baba Vishwakarma Engg Co. (P) Ltd | 29.10.2010        | Indigenous          | 1   | 30.00   |
| 2             | 300 HP Cutter Motor                | Baba Vishwakarma Engg Co. (P) Ltd | 29.10.2010        | Indigenous          | 1   | 10.00   |
| 3             | Fibrizer Turbine Modification      | Baba Vishwakarma Engg Co. (P) Ltd | 29.10.2010        | Indigenous          | 1   | 10.00   |
| 4             | Rake Type Carrier Modification     | Baba Vishwakarma Engg Co. (P) Ltd | 29.10.2010        | Indigenous          | 1   | 110.00  |
| 5             | Bagasse Elevator Modification      | Baba Vishwakarma Engg Co. (P) Ltd | 29.10.2010        | Indigenous          | 1   | 10.00   |
| 6             | 300 SQM Juice heater               | Baba Vishwakarma Engg Co. (P) Ltd | 29.10.2010        | Indigenous          | 1   | 12.00   |
| 7             | Juice Sulphiter 10 CUM             | Baba Vishwakarma Engg Co. (P) Ltd | 29.10.2010        | Indigenous          | 1   | 25.00   |
| 8             | Sulphur Burner 1.1 SQM             | Baba Vishwakarma Engg Co. (P) Ltd | 29.10.2010        | Indigenous          | 1   | 20.00   |
| 9             | Air Compressor 600 cum/hr          | Baba Vishwakarma Engg Co. (P) Ltd | 29.10.2010        | Indigenous          | 1   | 12.00   |
| 10            | Vaccum Filter 14' X 28'            | Baba Vishwakarma Engg Co. (P) Ltd | 29.10.2010        | Indigenous          | 1   | 45.00   |
| 11            | Centrifugal Machine NK1100         | Baba Vishwakarma                  | 29.10.2010        | Indigenous          | 4   | 48.00   |



|    |                                |   |            |              |   |               |
|----|--------------------------------|---|------------|--------------|---|---------------|
|    |                                | Engg Co. (P) Ltd                        |            |              |   |               |
| 12 | Molases Tank 600<br>Ton        | Baba<br>Vishwakarma<br>Engg Co. (P) Ltd | 29.10.2010 | Indigenous   | 1 | 60.00         |
|    |                                |   |            | <b>Total</b> |   | <b>392.00</b> |
|    | Tax @ 16%                      |   |            |              |   | <b>62.72</b>  |
|    | Packing &<br>Transportation 6% |   |            |              |   | <b>23.52</b>  |
|    | Contingency 4%                 |   |            |              |   | <b>15.68</b>  |
|    | Erection &<br>Commission 7%    |   |            |              |   | <b>27.44</b>  |
|    | <b>TOTAL</b>                   |   |            |              |   | <b>521.36</b> |

## 2. Expansion of the capacity of the Sugar Mill to 4000 TCD with setting-up of 25MW Power Plant

Looking into the future prospects of the Sugar Industry, management's long term experience, infrastructure facilities already set-up at its reacquired Sugar Mill and locational advantages the Mill enjoys, as discussed in various paragraphs in this RHP, it is opined that enhancement in Company's Sugar Plant capacity upto 15000 TCD will be viable and will ensure optimum utilization of its infrastructure facilities, leading to economies of scale, enlarged sales volume and higher profitability.

However, with a view to avoid taking higher risk, by incurring huge capital expenditure at this stance, particularly under the situation of financial constraints, the management of the Company wants to enhance plant capacity steadily out of its own operational cash flows, by avoiding any leveraging to the maximum possible extent. However, in order to make the Mill profitable and to ensure its future growth, it is felt, on the basis of technical expert's advices, that ideally the capacity of the Mill should immediately be expanded to 4000 TCD, with the provision for further enhancements.

Further, in order to reduce power cost, it is proposed to generate electric power mainly through the burning of bagasse, a primary by-product of the Sugar Mill. Bagasse is a combustible material which when burned produces steam, which in turn is used to generate electric power. We propose to establish co-generation facility at the Sugar Mill of the Company with a capacity of 25MW per hour. Now a days, captive power generation is a part of almost all new plants or the expansion projects.

In sugar mill the process steam is required at about 1.5 kg/cm, the steam pressure of 67 kg/cm<sup>2</sup> of boiler is reduced to 1.5 kg/cm<sup>2</sup> at a gain of 3 extra power which is required for operation of plant as well as export to grid. At present many modern boilers and Turbo Generator sets are available in international market. The Co-generation project with second hand equipments from abroad proves very economical.

The total cost of expansion of the Mill capacity to 4000 TCD and 25MW power plant is Rs. 5040.72 lacs, details of which are as under:

| Sl. No. | Particulars       | Amount<br>(Rs. In lacs) |
|---------|-------------------|-------------------------|
| 1       | Plant & Machinery | 5040.72                 |
|         | <b>Total</b>      | <b>5040.72</b>          |



**Plant & Machinery:**

(Rs. In lacs)

| Sl. No.             | Description of Equipment/Ma-chinery              | Name of Supplier                  | Date of Quotation | Imported/ Indigenous | Qty        | Amount           |
|---------------------|--|-----------------------------------|-------------------|----------------------|------------|------------------|
| <b>For 4000 TCD</b> |  |                                   |                   |                      |            |                  |
| 1                   | Cane Carrier Chain                               | Baba Vishwakarma Engg Co. (P) Ltd | 29.10.2010        | India                | 1          | 10.00            |
| 2                   | 5 ton Cane Unloader                              | Baba Vishwakarma Engg Co. (P) Ltd | 29.10.2010        | India                | 1          | 35.00            |
| 3                   | 300 HP Cutter Motor                              | Baba Vishwakarma Engg Co. (P) Ltd | 29.10.2010        | India                | 1          | 12.00            |
| 4                   | Fibrizer Turbine Modification                    | Baba Vishwakarma Engg Co. (P) Ltd | 29.10.2010        | India                | 1          | 20.00            |
| 5                   | (a) GRPF & TRPF<br>(b) Mill Centre distance 10.5 | Baba Vishwakarma Engg Co. (P) Ltd | 29.10.2010        | India                | 4<br>1 Lot | 200.00<br>200.00 |
| 6                   | Bagasse Elevator & Carrier Modn.                 | Baba Vishwakarma Engg Co. (P) Ltd | 29.10.2010        | India                | 1          | 40.00            |
| 7                   | 3 mw T.G. Set                                    | Baba Vishwakarma Engg Co. (P) Ltd | 29.10.2010        | India                | 1          | 250.00           |
| 8                   | Boiler Completion                                | Baba Vishwakarma Engg Co. (P) Ltd | 29.10.2010        | India                | 1          | 50.00            |
| 9                   | 300 SQM Juice heater                             | Baba Vishwakarma Engg Co. (P) Ltd | 29.10.2010        | India                | 2          | 25.00            |
| 10                  | Juice Sulphiter 15 CUM                           | Baba Vishwakarma Engg Co. (P) Ltd | 29.10.2010        | India                | 1          | 35.00            |
| 11                  | Sulpher Burner 1.1 SQM                           | Baba Vishwakarma Engg Co. (P) Ltd | 29.10.2010        | India                | 1          | 25.00            |
| 12                  | Air Compressor 600 cum/hr and 400 cum/hr         | Baba Vishwakarma Engg Co. (P) Ltd | 29.10.2010        | India                | 2          | 20.00            |
| 13                  | Vaccum Filter 14' X 28'                          | Baba Vishwakarma Engg Co. (P) Ltd | 29.10.2010        | India                | 1          | 50.00            |
| 14                  | Vapour Cell 1600 sqm H.S.                        | Baba Vishwakarma Engg Co. (P) Ltd | 29.10.2010        | India                | 1          | 80.00            |
| 15                  | Pan for 4000 TCD                                 | Baba Vishwakarma Engg Co. (P) Ltd | 29.10.2010        | India                | 1 Lot      | 100.00           |
| 16                  | Centrifugal Machine NK1100                       | Baba Vishwakarma                  | 29.10.2010        | India                | 4          | 52.00            |



|                             |   |   |            |                              |   |                |
|-----------------------------|---|---|------------|------------------------------|---|----------------|
| 17                          | Molases Tank 600 Ton  | Engg Co. (P) Ltd<br>Baba<br>Vishwakarma<br>Engg Co. (P) Ltd | 29.10.2010 | India                        | 1 | 80.00          |
| 18                          | Miscellaneous   |   |            |                              |   | 100.00         |
|                             | <b>TOTAL</b>  |   |            |                              |   | <b>1384.00</b> |
|                             | Tax @ 16%   |   |            |                              |   | 221.44         |
|                             | Packing &<br>Transportation 6%  |   |            |                              |   | 83.04          |
|                             | Contingency 4%  |   |            |                              |   | 55.36          |
|                             | Erection & Commission<br>7%   |   |            |                              |   | 96.88          |
|                             | <b>TOTAL</b>  |   |            |                              |   | <b>1840.72</b> |
| <b>For 25MW Power Plant</b> |   |   |            |                              |   |                |
| 19                          | 180TPH Boiler at<br>67Kg/Cm2 W.P., 500oC<br>Temp. complete with<br>Auxillaries &<br>Accessories | Aditi Steam<br>Econo Services<br>(P) Ltd.                   | 29/10/2010 | Imported<br>{Second<br>Hand} | 1 | 1800.00        |
| 20                          | 25MW Steam Turbo<br>Alternator with<br>Complete Auxillaries &<br>Accessories                    | Aditi Steam<br>Econo Services<br>(P) Ltd.                   | 29/10/2010 | Imported<br>{Second<br>Hand} | 1 | 1450.00        |
| <b>Total</b>                |   |   |            |                              |   | <b>3200.00</b> |
| <b>Grand Total</b>          |   |   |            |                              |   | <b>5040.72</b> |

### 3. Shed & Building

The estimated cost of civil works towards Shed & Building are given below:

| Sl. No. | Description of Equipment/Machinery                                       | Area (Square Meters) | Rate per Sq. Mtrs. (Rs.) | Amount (Rs. In lacs) |
|---------|--|----------------------|--------------------------|----------------------|
| 1       | Renovation of the Sugar Godowns having a storage capacity of 400000 bags | 4000                 | 2500                     | 100.00               |
| 2       | Construction of the Staff quarters                                       | 929                  | 5382                     | 50.00                |
| 3       | Civil construction of factory shed & building - (Power Plant)            | 625                  | 8000                     | 50.00                |
|         | <b>Total</b>   |                      |                          | <b>200.00</b>        |

The renovation and construction work is proposed to be undertaken with the help of in-house and local engineers and laborers. Therefore, no quotation has been procured in this respect and the cost of same has been estimated on the basis of civil engineer's report.



#### 4. Rationalisation of workers

Rationalisation of Company's workforce at an estimated cost of Rs. 500 Lacs is proposed to achieve the following objectives.

- In view of the proposed up-gradation, Rationalisation of existing workforce is necessitated;
- Retirement of workers who attained the age of retirement.
- As the Sugar Industry is seasonal in nature and our unit is located at the place where workers/employees are easily available. Henceforth, our Company shall employ the work force as and when required.

Out of total strength of 519, around 183 workers have retired on October 31, 2010 for which the retirement benefits shall amount to Rs.200 Lacs. Further, our Company proposes to give advances to the existing employees for an amount of Rs.100 Lacs for meeting their basic needs, as a part of motivation drive. The Company also proposes to clear its Statutory Liabilities amounting to Rs. 200 Lacs approximately.

#### 5. Margin Money for working capital

We expect considerable increase in the working capital requirements in view of commencement of operations at Sugar Mill. Presently, there is no working capital involvement in respect of Company's Sugar Mill in the absence of operational activities at the same. Therefore, the entire estimated Net Working Capital requirement in respect of Sugar Mill is required to be financed either out of issue proceeds or internal resources. Accordingly, we have proposed to use part of the issue proceeds to meet margin for the long term working capital requirements based on the additional capacity utilization to the extent of 3000 TCD for the fiscal year 2010-2011 and is calculated as under:

| Particulars                            | F. Y. 2010-11 (Estimated) – Rs. In lacs |
|--|---|
| <b>Current Assets</b>                  |   |
| Inventories                            | 3936                                    |
| Receivables                            | 238                                     |
| Advance to Cane growers                | 500                                     |
| <b>Total Current Assets</b>            | <b>4674</b>                             |
| Less, Current Liabilities              | 1200                                    |
| Net Working Capital Requirements       | 3474                                    |
| <b>Margin Money Requirement</b>        |   |
| 25% of Net Working Capital Requirement | 868                                     |
| Add, Off Season Expenses               | 400                                     |
| <b>Total Margin Money required</b>     | <b>1268</b>                             |

We have estimated future working capital requirements, *inter alia*, based on the following assumptions:

| Particulars  | Period - in days |
|--|------------------|
| Raw Material Stocks  | 10               |
| Debtors  | 5                |
| Note:  |                  |
| 1. Finished Goods stock has been estimated, assuming that one seasons' production is sold evenly in 12 months. |                  |
| 2. Advance to Cane Growers has been estimated equivalent to 5% of the cane cost.                               |                  |

**Note: The entire Net Working Capital requirement of Rs. 1268 Lacs funded through FPO/Internal resources.**



## 6. Contingencies

Contingencies to the extent of 6% has been estimated in respect of the various components of the above mentioned project cost.

## 7. General Corporate Purpose

Our Company intends to deploy the balance Issue proceeds aggregating Rs. [●] Lacs, towards the general corporate purposes, including but not restricted to strategic initiatives, entering into strategic alliances, partnerships, joint ventures and strengthening of our marketing capabilities, brand building exercises, upgradation of infrastructure, meeting exigencies & contingencies, which our Company in the ordinary course of business may not foresee, or any other purposes as approved by our Board of Directors.

Our management, in response to the dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may also include rescheduling the proposed utilization of Net Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds. In case of a shortfall in the Net Proceeds of the Issue, our management may explore a range of options which include utilisation of our internal accruals and/or seeking debt from future lenders. Our management expects that such alternate arrangements would be available to fund any such shortfall. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

## 8. Public Issue Expenses

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

| Activity   | Amount<br>(Rs. In lacs) | % of total issue<br>size | % of issue<br>expenses |
|--|-------------------------|--------------------------|------------------------|
| Lead management, Syndicate fees, Underwriting and Selling commission   | [●]                     | [●]                      | [●]                    |
| Advertisement and marketing expenses   | [●]                     | [●]                      | [●]                    |
| Printing and stationery (including expenses on transportation of the material)   | [●]                     | [●]                      | [●]                    |
| Others (Filing fees with SEBI, BSE, NSE, Registrar's fees, legal fees, IPO Grading fees, listing fees, travelling and other misc expenses) | [●]                     | [●]                      | [●]                    |
| <b>TOTAL</b>   | [●]                     | [●]                      | [●]                    |



### Schedule of Implementation

| Sr. No | Particulars   | Expected Month of Commencement | Expected Month of Completion |
|--------|---|--------------------------------|------------------------------|
| 1      | <b>Upgradation of the re-acquired Sugar Mill to bring operational efficiency</b>                            |                                |                              |
|        | i) Assignment of up-gradation work  | October, 2010                  | November, 2010               |
|        | ii) Trial Runs  | December, 2010                 | December, 2010               |
|        | iii) Commercial Production  | End of December, 2010          |                              |
| 2      | <b>Expansion of the Capacity of the Sugar Mill to 4000 TCD with setting up of 25 MW captive Power Plant</b> |                                |                              |
| a)     | Construction of Shed & Building   | February 2011                  | May 2011                     |
| b)     | Plant & Building  |                                |                              |
|        | i) Placement of orders  | December 2010                  | January 2011                 |
|        | ii) Delivery & Installation   | August 2011                    | October 2011                 |
|        | iii) Trail Runs   | October 10, 2011               | October 31, 2011             |
|        | iv) Commercial Production   | November 20, 2011              | April 30, 2012               |
| 3      | <b>Construction of Common Shed &amp; Building</b>   | March 2011                     | June 2011                    |
| 4      | <b>Rationalisation of workers</b>   | November 2010                  | April 2011                   |

### Deployment of Funds

Our Company incurred an amount of Rs. 13.26 Lacs towards Public Issue Expenses for the Proposed FPO till November 30, 2010. The same has been certified by our joint statutory auditor.



## Details of Balance fund Deployment

(Rs. In Lacs)

| Sr. No | Particulars  | Expenses incurred upto November 30, 2010 | FY 2010-11     | FY 2011-2012   |
|--------|--|--|----------------|----------------|
| 1      | Up-grading of the re-acquired Sugar Mills to bring operational efficiency                            | 139.61                                   | 817.39         | NIL            |
| 2      | Expansion of the Capacity of the Sugar Mill to 4000 TCD with setting-up of 25MW captive Power Plant. | NIL                                      | 3780.54        | 1260.18        |
| 3      | Shed & Building  | NIL                                      | 200.00         | NIL            |
| 4      | Rationalisation of Workers   | 32.86                                    | 467.14         | NIL            |
| 5      | Margin Money for working capital   | 195.00                                   | 804.75         | 268.25         |
| 6      | Contingencies  | NIL                                      | 399.00         | 133.00         |
| 7      | Public Issue Expenses  | 13.26                                    | 886.74         | NIL            |
|        | <b>Total</b>   | <b>380.73</b>                            | <b>7355.56</b> | <b>1661.43</b> |

### Appraisal Report

None of the projects for which the Net Proceeds will be utilised have been financially appraised by any financial institutions/banks.

### Interim Use of Funds

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

### Monitoring of Issue proceeds

Our Audit Committee will also monitor the utilization of the Issue Proceeds. We will disclose the utilization of the Issue proceeds under separate head in our balance sheet for the Financial Year 2011 and 2012.

Further, on an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in the Draft Red Herring Prospectus and place it before the Audit Committee. The said disclosure shall be made till such time that the full money raised through the Issue has been fully spent. The statement shall be certified by the Statutory Auditors.

Further, our Company will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of Issue Proceeds from the Objects stated in the Draft Red Herring



Prospectus. Pursuant to Clause 49 of the listing agreement, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the Issue Proceeds. We will disclose the utilization of the Issue Proceeds under a separate head in our balance sheet till such time the Issue Proceeds have been utilized, clearly specifying the purpose for which such proceeds have been utilized. We will also, in our balance sheet till such time the Issue Proceeds have been utilized, provide details, if any, in relation to all such Issue Proceeds that have not been utilized thereby also indicating investments, if any, of such unutilized Issue Proceeds.

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



## BASIC TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, 2009, our Memorandum and Articles of Association, the terms of the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, Bid-cum-Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

### Terms of Payment

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

### Authority for the Issue

The issue of Equity Shares by our Company has been proposed by the resolution of the Board of Directors passed at their meeting held on August 28, 2010. The shareholders of our Company authorized and approved this Issue under Section 81(1A) of the Act by passing a Special Resolution in the Extraordinary General Meeting of the Company held on September 30, 2010.

### Ranking of Equity Shares

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

### Face Value and Issue Price per Share

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

Price Band: Rs. [●] to Rs. [●] per Equity Share of Face Value of Rs. 10 each. The Floor Price is [●] times of the Face Value and the Cap Price is [●] times of the Face Value.

### Market Lot and Trading Lot

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

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

**Minimum Subscription**

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



## BASIS FOR ISSUE PRICE

Investors should read the following summary along with the Sections titled “Risk Factors, and “Auditors Report and Financial Information of our Company” beginning on pages 12 & 123 respectively of the Draft Red Herring Prospectus. The trading price of the Equity Shares of Our Company could decline due to these risks and you may lose all or part of your investments.

The Issue Price will be determined by our Company in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares offered by way of book building.

### Qualitative Factors

For qualitative factors, please refer to our “Business Overview - Competitive Strengths” on page no. 80 of this Draft Red Herring Prospectus.

### Quantitative factors

#### 1. Adjusted Earnings per Share

| Accounting year ending    | EPS (Rs.)   | Weight |
|---------------------------|-------------|--------|
| June 30, 2008             | 1.94        | 1      |
| June 30, 2009             | 2.67        | 2      |
| June 30, 2010             | 5.67        | 3      |
| <b>Weight average EPS</b> | <b>4.05</b> |        |

#### Note:

- EPS represents basic earnings per share calculated as per Accounting Standard 20 issued by the Institute of Chartered Accountants of India.
- The figures which are disclosed above are based on the restated financial information of our Company.

#### 2. Price Earnings Ratio (P/E Ratio) in relation to issue price.

| Particulars                                   | At an issue price of Rs. [●] per share |
|---|--|
| Based on 2010 EPS of Rs. 5.67                 | [●]                                    |
| Based on the Weighted Average EPS of Rs. 4.05 | [●]                                    |

#### 3. Industry Average P/E

|                           |      |
|---------------------------|------|
| Highest - Balrampur Chini | 56.3 |
| Lowest - Pooni Sug. Erode | 2.9  |

Source: Source: Capital Market Vol XXV/20, November, 29 -December 12, 2010; Category: “Sugar”



4. Return on Net worth (RONW %)

| Particulars             | RONW (%)     | Weight |
|-------------------------|--------------|--------|
| June 30, 2008           | 5.45         | 1      |
| June 30, 2009           | 5.45         | 2      |
| June 30, 2010           | 15.49        | 3      |
| <b>Weighted Average</b> | <b>10.47</b> |        |

5. Minimum Return on Networth needed after the Issue to maintain pre-issue of EPS of Rs. [●] is

- At the Higher end of the Price Band [●]%
- At the Lower end of the Price Band [●]%

6. Net Asset Value (NAV) per Share

|                     |       |
|---------------------|-------|
| As at June 30, 2010 | 36.58 |
| After the Issue     | [●]   |
| Issue Price         | [●]   |

7. Comparison of accounting ratios with Peer Group Companies.

| Particulars   | Sales (Rs Crores) | EPS | Book Value | P/E Ratio | Face Value |
|---|-------------------|-----|------------|-----------|------------|
| Piccadily Agro Industries Limited                   |                   |     |            |           |            |
| SBEC Sugar Limited                                  |                   |     |            |           |            |
| Kothari Sugars                                      |                   |     |            |           |            |
| Sri. Cham. Sugars                                   |                   |     |            |           |            |
| Jeypore Sugar Company Limited                       |                   |     |            |           |            |
| <b>Shree Hanuman Sugar &amp; Industries Limited</b> |                   |     |            |           |            |

(Source: Capital Market Vol XXV/20, November, 29 –December 12, 2010; Category: "Sugar")

8. The face value of our Equity Share is Rs. 10 per share and the Issue price of Rs. [●] is [●] times of the face value of our Equity Shares. The final price would be determined on the basis of the demand from the investors.

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



## STATEMENT OF TAX BENEFITS

To  
The Board of Directors  
Shree Hanuman Sugar & Industries Ltd.  
"Chandrakunj" 4<sup>th</sup> Floor  
3, Pretoria Street  
Kolkata - 700 071

### **Statement of Possible Tax Benefits available to the Company and its shareholders**

We hereby report that the enclosed annexure states the tax benefits available to Shree Hanuman Sugar & Industries Limited (the "Company") and its shareholder under the tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits dependent upon fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

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

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

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

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

For Bharat D. Sarawgee & Co.  
Chartered Accountants.

Partner : Bharat D. Sarawgee  
Membership No : 061505  
FRN: 326264E  
Place : Kolkata  
Date : 16.11.2010



## STATEMENTS OF POSSIBLE TAX BENEFITS AVAILABLE TO SHREE HANUMAN SUGAR & INDUSTRIES LIMITED AND TO ITS SHAREHOLDERS

Under the Income-Tax Act, 1961 ("the Act"):

### 1. Benefits available to the Company.

1. As per the provisions of Section 32 of the Act, the company is eligible to claim depreciation on tangible and specified intangible assets as explained in the said section and the relevant Income Tax rules there under.

In accordance with and subject to the conditions specified in Section 32(l) (iia) of the Act, the company is entitled to an additional depreciation allowance of 20% of the cost of new machines acquired and put to use during a year.

2. In accordance with and subject to the conditions specified in Section 80-IA(4) (iv) of the I.T. Act, the Company would be entitled to deduction of 100% of profits derived from industrial undertaking engaged in generation and/or transmission or distribution of power for any ten consecutive assessment years out of fifteen years beginning from the year, in which the undertaking generates power or commences transmissions or distribution of power if it begins to generate power at any time during the period beginning on 1.4.1993 and ending on 31.3.2011.
3. In accordance with and subject to the provisions of Section 35, the Company would be entitled to deduction in respect of expenditure laid out or expended in scientific records related to its business.
4. As per section 10 (34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by domestic companies) received on the shares of any company is exempt from tax.
5. As per section 10(35) of the Act, the following income shall be exempt in the hands of the Company :

Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or

Income received in respect of units from the Administrator of the specified undertaking; or

Income received in respect of units from the specified company.

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

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

6. As per section 10 (38) of the Act, long term capital gains arising to the Company from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund where such transactions chargeable to securities transaction tax would not be liable to tax in the hands of the Company.

For this purpose, "Equity Oriented Fund" means a fund -



- (i) Where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds; and
  - (ii) Which has been set up under a scheme of a Mutual Fund specified under section 10 (23D) of the Act.
7. As per provision of clause (xv) in subsection (1) of section 36 of The Income Tax 1961 so as to provide that an amount of securities transaction tax paid by the assessee during the previous year in respect of taxable securities transaction entered in to in the course of his business during the previous year shall be allowed as deduction if the income arising from such taxable security transaction is included in the income computed under the head "Profit and Gains in Business or Profession"
8. As per section 115JB, the Company will not be able to reduce the income to which the provisions of section 10 (38) of the Act apply while calculating "book profits" under the provisions of section 115JB of the Act and will be required to pay Minimum Alternative Tax @ 18.54% if book profit does not exceed Rs.1 crore and 19.93% if book profit exceeds Rs. 1 core, of the book profit determined).
9. As per section 112 of the Act, taxable long-term capital gains, if any, on sale of listed securities or units or zero coupon bonds (in cases not covered under section 10(38) of the Act) would be charged to tax at the rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits in accordance with and subject to the provisions of section 48 of the Act or at 10% (plus applicable surcharge and education cess) without indexation benefits, at the option of the Company. Under section 48 of the Act, the long term capital gains arising out of sale of capital assets excluding bonds and debentures (except Capital Indexed Bonds issued by the Government) will be computed after indexing the cost of acquisition/improvement.
10. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long tem specified asset is transferred or converted into money.  
  
A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1<sup>st</sup> day of April 2006:
  - (i) by the National Highway Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or
  - (ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956 and notified by the Central Government in the Official Gazette for the purposes of this section.
11. As per section 111A of the Act, short term capital gains arising to the Company from the sale of equity shares or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge and education cess).



## **II. Benefits to the Resident Shareholders of the Company under the Income Tax Act, 1961:**

1. As per section 10 (34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 (received on the shares of the Company) is exempt from tax in the hands of the shareholders.
2. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by a cost inflation index as prescribed from time to time.
3. As per section 10(38) of the Act, long-term capital gains arising to the shareholders from the transfer of a long-term capital asset being an equity share in the Company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the shareholder.
4. As per provision of clause (xv) in subsection (1) of section 36 of The Income Tax Act 1961 so as to provide that an amount of securities transaction tax paid by the assessee during the previous year in respect of taxable securities transaction entered into in the course of his business during the previous year shall be allowed as deduction if the income arising from such taxable security transaction is included in the income computed under the head "Profit and Gains in Business or Profession".
5. As per section 112 of the Act, if the shares of the Company are listed on a recognized stock exchange, taxable long term capital gains, if any, on sale of the shares of the Company (in cases not covered under section 10(38) of the Act) would be charged to tax at the rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits or at 10% (plus applicable surcharge and education cess) without indexation benefits, whichever is less.
6. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) would be charged to tax at the rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits or at 10% (plus applicable surcharge and education cess) without indexation benefits, whichever is less.
7. As per section 54F of the Act, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long-term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in the residential house. If only a part of such net consideration is invested, within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.
8. As per section 111A of the Act, short term capital gains arising to the shareholder from the sale of equity shares of the Company or a unit of equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax will be taxable at the rate of 15% (plus applicable surcharge and education cess).

## **III. Non-Resident Indians/Non Resident Shareholders (Other than FIIs and Foreign Venture Capital Investors)**

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



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

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

- (i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purpose of this section; or
  - (ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purpose of this section.
4. As per section 54 of the Act, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of long term capital assets, not being a residential house, will be exempt from capital gain tax subject to certain conditions, if the net consideration from such shares is used for purchase of a residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
  5. Under section 115-C(e) of the Act, the Non-Resident Indian shareholder has an option to be governed by the provisions of Chapter XIII of the Act viz. "Special Provisions Relating to Certain Incomes of Non-Residents" which are as follows:
    - (i) As per provisions of section 115D read with section 115E of the Act, where shares in the Company are acquired or subscribed to in convertible foreign exchange by a Non-Resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months, shall (in cases not covered under section 10(38) of the Act) be concessionaly taxed at the flat rate of 10% (plus applicable surcharge and education cess) (without indexation benefit but with protection against foreign exchange fluctuation).
    - (ii) As per section 115F of the Act, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to a Non-Resident Indian from the transfer of shares of the company subscribed to in convertible foreign exchange shall be exempt from income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.
    - (iii) As per section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from specified investments or long term capital gains earned on transfer of such investments or both; provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.



- (iv) As per section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income, for the assessment year in which he is first assessable as a Resident, under section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
- (v) As per section 115-1 of the Act, a Non-Resident Indian may elect not to be governed by the provision of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under section 139 of the Act, declaring therein that the provisions of Chapter XIIA shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance the other provisions of the Act.
6. The tax rates and consequent taxation mentioned above shall be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

#### IV. Foreign Institutional Investors (FIIs)

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-0 (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the Company is exempt from tax.
2. As per section 10(38) of the Act, long-term capital gains arising to the FIIs from the transfer of a long term capital asset being an equity share in the Company or a unit of equity oriented fund where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the, FIIs.
3. As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the section 10(38) of the Act at the following rates:

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

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

4. In case of long-term capital gains, (in cases not covered under section 10(38) of the Act), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.
5. As per 54EC of the Act and subject to the conditions and to the extent specified therein, longterm capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

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



- (i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or
  - (ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.
6. Under Section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains not covered under Section 10(38) of the Act arising on the transfer of shares of the Company, will be exempt from capital gain tax if the capital gain is invested in equity shares of Indian Public Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced; The amount so exempted shall be chargeable to tax ,subsequently, if the specified assets are transferred or converted within one year from the date of their acquisition.
  7. As per Provision of clause (xv) in subsection (1) of section 36 of The Income tax Act 1961 so as to Provide that an amount of securities transaction tax paid by the assessee during the previous year in respect of taxable securities transaction entered in to in the course of his business during the previous year shall be allowed as deduction if the income arising from such taxable security transaction is included in the income computed under the head "Profit and Gains in Business or Profession".
  8. The tax rates and consequent taxation mentioned above shall be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII has fiscal domicile. As per the provisions of section 90(2) of the Act: the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

#### **V. Venture Capital Companies/Funds**

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

#### **VI. Mutual Funds**

1. As per section 10(2-D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India would be exempt from income tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

#### **Benefits to shareholders of the Company under the Wealth Tax Act, 1957**

1. Shares of the Company held by the shareholder will not be treated as an asset within the meaning of section 2 (ea) of Wealth Tax Act, 1957. Hence the shares are not liable to Wealth Tax.

#### **Indirect Taxes:**

##### **Benefits available to the Company**

1. Purchase Tax on Sugarcane will be fully exempt on incremental production.
2. The Company will avail 80% reimbursement against the admitted VAT amount deposited in the account of the Government, for a period of 10 years.



**Other Incentives available to the Company:**

1. Reimbursement of the cost incurred in the project report preparation by the industrial units @ 50% subject to a maximum of Rs.75,000/- will be made available provided the project report is prepared by any of the firms recognized by the Industry Department of Bihar Government.
2. The Company will be reimbursed 30% subject to a maximum of Rs.15.00 Lacs of the fee paid to the recognized national Research Centre / laboratory or Institution for providing technical know how.
3. 50% of the amount spent on Plant and Machinery in the establishment for Captive Power Generation / Diesel Generating Set will be granted to the Company.
4. 100% exemption will be available in Luxury Tax, Electricity Duty and Market fee for a period of 7 years.

**Notes:**

- (i) All the above benefits are as per the current tax law as amended by the Finance Act, 2010 and will be available only to the sole/first named holder in case the shares are held by Joint holders.
- (ii) In respect of non-residents, the availability of capital gains 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.
- (iii) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his /her investments in the shares of the company.
- (iv) The above statement of possible tax benefits set out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.

*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. We shall not be liable to Shree Hanuman and Sugar and Industries Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.*



## SECTION VI - ABOUT US

### INDUSTRY OVERVIEW

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

#### Global Overview

Sugar production is spread across the globe; it is produced in over 122 countries. Globally, two distinct raw materials are used for producing sugar viz sugar beet and sugarcane. The use of sugarcane or sugar beet for producing sugar highly depends on the climatic conditions of the country. The tropical climate is apt for growing sugarcane whereas temperate regions are suitable for growing sugar beet. Thus, countries in the tropical or sub-tropical belts like Brazil, India and Thailand use sugarcane whereas in countries like the US and EU, sugar beet is used for producing sugar. Globally, almost 70% of the sugar is produced from sugarcane and the rest of the 30% from the sugar beet.

#### Global Demand-Supply Trend

*Raw Value in mn tones*

| SS                     | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
|------------------------|---------|---------|---------|---------|---------|
| Production             | 143.7   | 141.2   | 151.4   | 167.0   | 170.4   |
| Consumption            | 141.5   | 144.1   | 146.5   | 151.4   | 156.9   |
| Stock-to-use-ratio (%) | 34.6    | 30.8    | 31.5    | 35.8    | 39.7    |

*(Source: ISMA)*

The global production of sugar grew at a Compounded Annual Growth Rate (CAGR) of 4.4% from 144 mn tonnes in SS2003-04 to 170.4 mn tonnes in SS2007-08. During the same period, consumption grew from 141.5 mn tonnes to 156.9 mn tonnes, at a CAGR of 2.6%. During SS2006-07 and SS2007-08, the gap between the production and consumption widened, driven by the substantial growth in the sugar production of major sugar-producing countries. The top 10 countries accounted for about 69% of the total sugar production in SS2007-08. Amongst the top 10 producers, Brazil was the largest sugar producing country across the globe with about 19.7% of the total global sugar output followed by India at 16.9%.

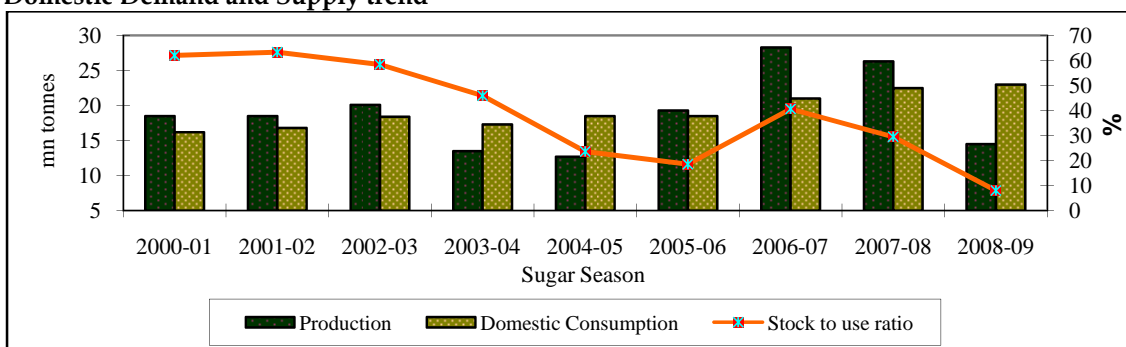


During last two sugar seasons (SS2008-09 and SS2009-10), the global sugar scenario changed significantly mainly on account of the drastic change in the sugar situation in India. During this period, India witnessed a steep fall in sugar production and emerged as a net importer from the net exporter. Consequently, the world sugar industry witnessed a sugar deficit situation during this period. The world sugar output declined from 170.4 mn tonnes in SS2007-08 to 157.2 mn tonnes in SS2009-10.

### Domestic Overview

Sugar is a type of carbohydrate named Sucrose that occurs naturally in every fruit and vegetable. Globally, sugar is produced either through sugar beet or sugarcane. In India sugarcane is the only source of Sugar, which is cultivated in almost all parts of India due to the favourable climatic conditions of the country. Today, India is the second-largest sugar producing country across the globe after Brazil. Sugar being an essential commodity, the entire value chain of the sugar industry is kept under the tight control of the Central and State governments. The Indian sugar industry is characterized by its cyclical nature with strong linkages with sugarcane production and sugarcane arrears.

### Domestic Demand and Supply trend



(Source: Indian Sugar Mills Association (ISMA))

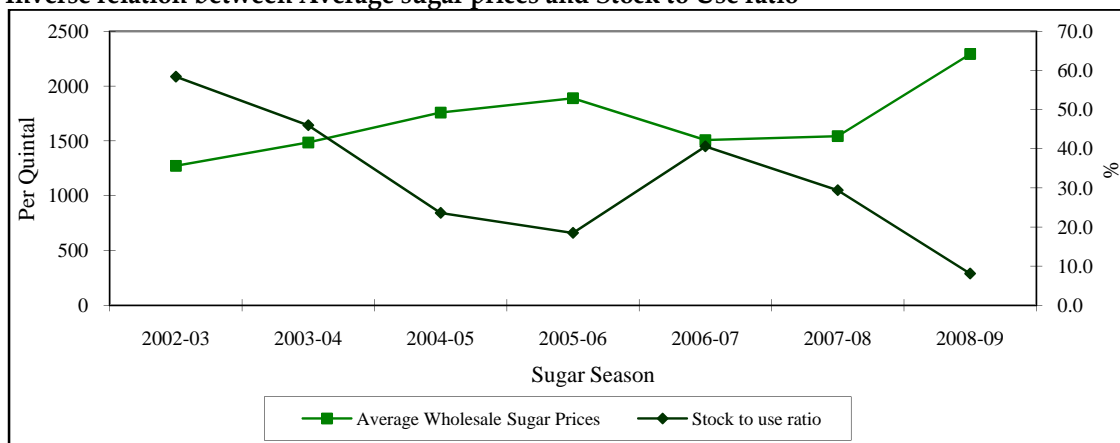
Stock to use ratio: closing stock/total demand  
Sugar season(SS)-October-September

After witnessing a supply glut in SS2006-07 and SS2007-08, sugar production in India declined drastically in SS2008-09. Sugar production reached an all-time low of 14.5 mn tonnes during SS2008-09 due to the sharp fall in the sugarcane acreage. However, consumption grew marginally by 2.2% on a y-o-y basis to 23 mn tonnes, which is clearly reflected in the declining trend of the stock-to-use ratio. It declined from 29.4% in SS2007-08 to 8.1% in SS2008-09. The supply crunch in the country enforced the Government of India (GoI) to allow duty-free imports of sugar.

During SS2009-10, the sugar industry has experienced a turnaround and the sugar production in India increased by 29.7% on a yoy basis to 18.8 mn tonnes. However, the production was well below consumption and India continued to be the net importer of sugar. The increase in the sugar production was mainly attributed to the increase in the sugar drawal rate (*ratio of sugarcane crushed by sugar mills to total sugarcane produced*). The sugar drawal rate in India increased from 51% in SS2008-09 to 66% in SS2009-10.

Historically, free market sugar prices have exhibited an inverse relationship with sugar Stock to Use ratio. The sugar prices tend to shoot up with decline in the sugar inventory and vice versa. During SS 2008-09 prices increased substantially with a drop in the sugar production and thereby the stock.

#### Inverse relation between Average sugar prices and Stock to Use ratio



(Source: ISMA)

#### Statement showing area under sugarcane production, yield and sugar production

| SS                                      | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 |
|---|---------|---------|---------|---------|---------|
| Area under sugarcane (mn hectare)       | 4.2     | 5.2     | 5.1     | 4.4     | 4.2     |
| Yield (tonnes/hectare)                  | 67.0    | 68.4    | 68.3    | 64.8    | 66.1    |
| Sugarcane Production (mn tonnes)        | 281.2   | 355.5   | 348.2   | 285.0   | 277.8   |
| Drawal Rate (%)                         | 67.1    | 78.6    | 71.8    | 50.9    | 66.2    |
| Sugarcane crushed for sugar (mn tonnes) | 188.7   | 279.3   | 249.9   | 145.0   | 184.0   |
| Recovery (%)                            | 10.2    | 10.1    | 10.5    | 10.0    | 10.2    |
| Sugar Production (mn tonnes)            | 19.3    | 28.3    | 26.3    | 14.5    | 18.8    |

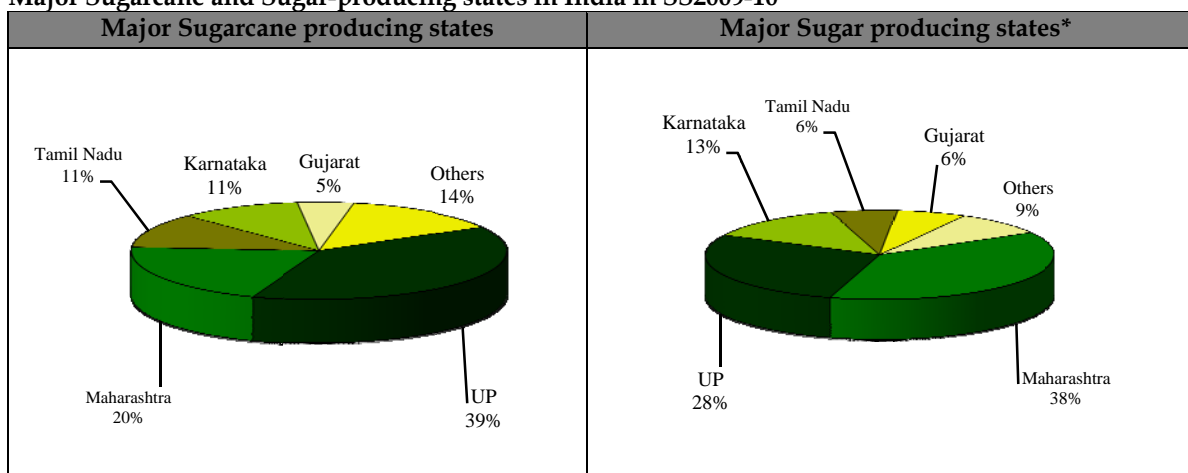
(Source: National Federation of Cooperative Sugar Factories Ltd. (NFCFS) and Industry Information)

During the first 10 months of SS2009-10, the state of Maharashtra produced the highest amount of sugar of about 7.1 mn tonnes followed by Uttar Pradesh (UP) with 5.2 mn tonnes. These two states together accounted for almost 66% of the total sugar produced in India.

In terms of sugarcane production, UP has been the highest sugarcane-producing state in India in SS2009-10 with the production of about 108.7 mn tonnes followed by Maharashtra with 56.6 mn tonnes.



### Major Sugarcane and Sugar-producing states in India in SS2009-10



(Source: NFCSF

\* for the period of (October-July))

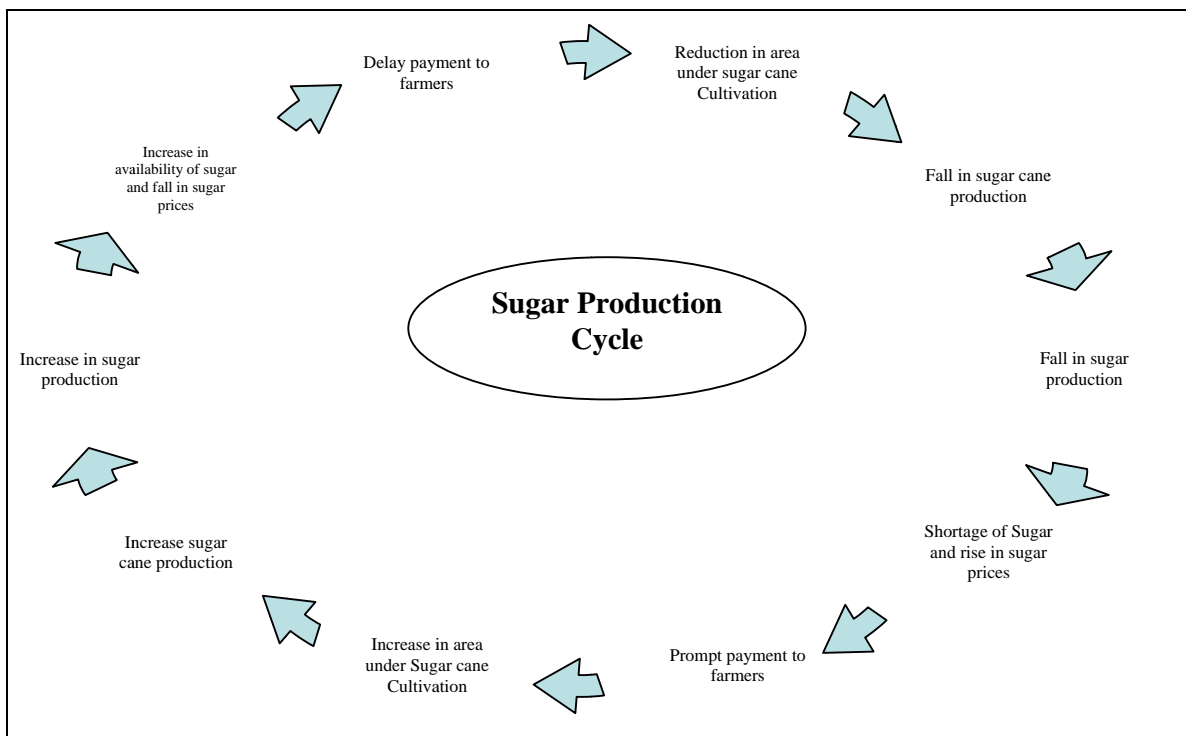
#### Detailed scenario of top three sugar-producing states

| SS   | UP      |         |         | Maharashtra |         |         | Karnataka |         |         |
|--|---------|---------|---------|-------------|---------|---------|-----------|---------|---------|
|  | 2007-08 | 2008-09 | 2009-10 | 2007-08     | 2008-09 | 2009-10 | 2007-08   | 2008-09 | 2009-10 |
| Area under sugarcane (mn hectare)            | 2.18    | 2.08    | 1.98    | 1.09        | 0.77    | 0.74    | 0.31      | 0.28    | 0.33    |
| Yield (tonnes/hectare)                       | 57.20   | 52.30   | 55.00   | 80.90       | 79.00   | 76.80   | 85.80     | 83.00   | 89.30   |
| Sugarcane Production (mn tonnes)             | 124.70  | 109.00  | 108.70  | 88.40       | 60.60   | 56.60   | 26.20     | 23.30   | 29.10   |
| Drawal Rate (%)                              | 59.95   | 41.70   | NA      | 86.10       | 66.00   | NA      | 101.90    | 69.10   | NA      |
| Sugarcane crushed for sugar                  | 74.74   | 45.48   | NA      | 76.14       | 40.02   | NA      | 26.69     | 16.10   | NA      |
| Recovery (%)                                 | 9.79    | 8.94    | NA      | 11.92       | 11.44   | NA      | 10.87     | 10.27   | NA      |
| Statewise duration of crushing season (days) | 120.00  | 72.00   | NA      | 160.00      | 89.00   | NA      | 177.00    | 93.00   | NA      |

(Source: NFCSF)

NA - Not Available

Sugar production cycle is depicted below:



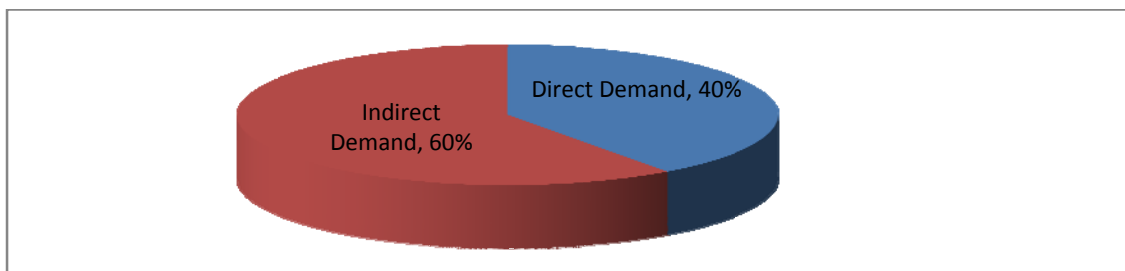
(Source: Industry Information and CARE Research)

The cyclical nature of the Indian sugar industry is fully supply-driven, as steady growth is observed in sugar consumption. The cyclical nature is also attributable to the regulated nature of the industry, primarily in respect to the pricing of sugarcane.

### Demand Drivers

Sugar being a prime requirement of the diet of the households in India, the demand for sugar depends on the factors like growth in population, per capita income and availability of substitutes etc. Sugar demand comprises direct demand (demand from households) and indirect demand (demand from manufacturers of confectionaries, biscuits, carbonated beverages and food products).

### Consumption Pattern



(Source: Industry Information and CARE Research)



### Steady growth in sugar consumption and population

| Sugar year | Population in million (as on March 1) | Per Capita income at Constant Prices (in Rs) | Domestic Consumption (mn tonnes) | Per Capita Consumption (in kgs) |
|------------|---------------------------------------|--|----------------------------------|---------------------------------|
| 1990-91    | 846                                   | 11,535                                       | 10.7                             | 12.6                            |
| 1994-95    | 911                                   | 12,739                                       | 12.3                             | 13.5                            |
| 1999-00    | 1,005                                 | 15,881                                       | 16.1                             | 16.0                            |
| 2000-01    | 1,029                                 | 16,173                                       | 16.2                             | 15.7                            |
| 2001-02    | 1,043                                 | 16,769                                       | 16.8                             | 16.1                            |
| 2002-03    | 1,060                                 | 17,109                                       | 18.4                             | 17.4                            |
| 2003-04    | 1,077                                 | 18,301                                       | 17.3                             | 16.1                            |
| 2004-05    | 1,093                                 | 19,331                                       | 18.5                             | 16.9                            |
| 2005-06    | 1,106                                 | 20,868                                       | 18.5                             | 16.7                            |
| 2006-07    | 1,122                                 | 22,580                                       | 21.0                             | 18.7                            |
| 2007-08    | 1,138                                 | 24,295                                       | 22.5                             | 19.8                            |
| 2008-09    | 1154                                  | 25,494                                       | 23.0                             | 19.9                            |

(Source: ISMA)

Sugar being the basic commodity, the demand for sugar tends to increase with an increase in the population. During 1991-2008, the population grew at a CAGR of 1.8% and sugar consumption grew at a CAGR of 4.5%. Sugar demand also depends on the growth in the per capita income. During the same period, the per capita income grew at a CAGR of 4.5%. Per capita consumption of sugar and per capita income has a very strong co-relation of 0.96.

Growing population coupled with the growing per capita income increases the demand for confectionaries, biscuits, and carbonated beverages & food products which forms a major chunk of the domestic sugar demand. Also, with the improved standard of living, people tend to shift from the household consumption of traditional sweeteners like 'gur' and 'khandsari' to sugar, which leads to growth in sugar consumption. In the span of ten years, the proportion of the populace comprising the 'Deprived' category (i.e. with annual income <Rs.90,000 at FY02 constant prices) has shown a considerable decline from 79.6 per cent of the total households in FY96 to 64.9 per cent in FY06. The estimates further suggest that even though the existence of the deprived class would be in the majority (i.e. 51.6 per cent of the total population by FY10), the declining trend is expected to continue at a much faster pace.

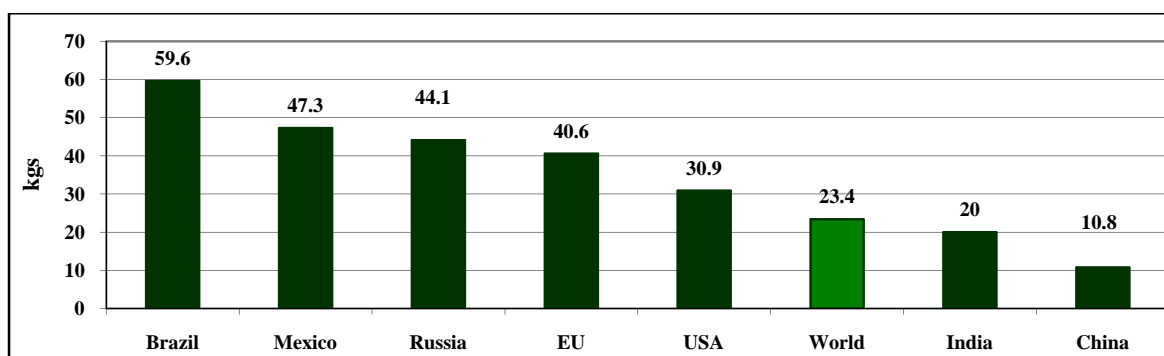


### Income Distribution of the Households

| FY           | Income(Rs thousands.)* | No. of households (mn) |              |              |              | Distribution of households (%) |            |            |            |
|--------------|------------------------|------------------------|--------------|--------------|--------------|--------------------------------|------------|------------|------------|
|              |                        | 1995-96                | 2001-02      | 2005-06      | 2009-10E     | 1995-96                        | 2001-02    | 2005-06    | 2009-10E   |
| Deprived     | <90                    | 131.2                  | 135.4        | 132.2        | 114.4        | 79.6                           | 71.9       | 64.9       | 51.6       |
| Aspirers     | 90-200                 | 28.9                   | 41.3         | 53.3         | 75.3         | 17.5                           | 21.9       | 26.2       | 33.9       |
| Middle       | 200-1,000              | 4.5                    | 10.7         | 16.4         | 28.4         | 2.7                            | 5.7        | 8.1        | 12.8       |
| Rich         | >1,000                 | 0.3                    | 0.8          | 1.7          | 3.8          | 0.2                            | 0.4        | 0.8        | 1.7        |
| <b>Total</b> |                        | <b>164.9</b>           | <b>188.2</b> | <b>203.6</b> | <b>221.9</b> | <b>100</b>                     | <b>100</b> | <b>100</b> | <b>100</b> |

\* income represents the annual income level of the Indian households in thousands  
 (Source: National Council of Applied Economic Research (NCAER), CARE Research)

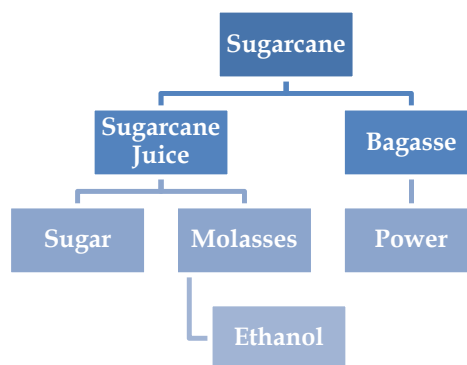
### Per capita consumption of sugar



(Source: Company and CARE Research)

### Sugar By-Products

In the process of manufacturing sugar various by-products are derived viz Press mud, Bagasse, Molasses and Fly ash. Bagasse and Molasses are the two primary by-products of the sugar industry. These two by-products constitute almost 33-34% of the total weight of the sugarcane.



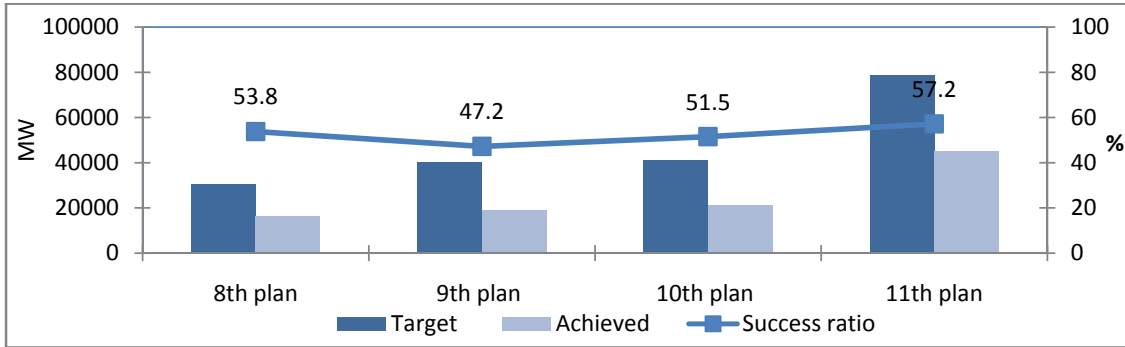


(Source: CAI)

### Power Scenario

In India, the demand for power has increased rapidly over the years prompted by the rapid growth in the economic activity backed by the healthy economic growth. The delay in the planned power capacity additions in the last three “Five year plans” has worsened the situation in the country.

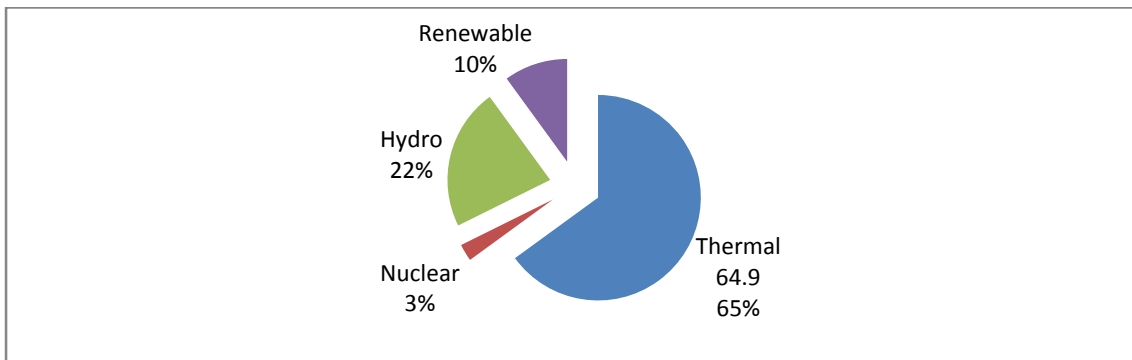
#### Plan-wise power generation capacity addition: Target Vs Achieved



(Source: Central Electricity Authority (CEA) & CARE Research)

India is facing a huge power deficit, the peak power deficit has reached the level of almost 9.4% in FY 11(October 2010). Generation capacity as on October 30, 2010 stood at 167.3 GW, the fuel-wise break-up of which is given in the chart given below.

#### Installed Generation Capacity (As on 30<sup>th</sup> October 2010)



(Source: CEA)

To create a favourable environment for the addition of new generating capacities in the country, the GoI has put in place a highly-liberal framework under the Electricity Act 2003. Furthermore, the GoI has also initiated a number of programmes for the promotion of biomass energy through the Ministry of New and Renewable Energy (MNRE). The three main alternatives being promoted by the MNRE for the productive utilisation of biomass are bagasse-based co-generation in sugar mills, biomass-based power generation and biomass gasification for thermal and electrical applications.

**State-wise annual co-generation capacity in India****in MW**

| State          | FY2005       |            | As on October 31, 2008 |                    |
|----------------|--------------|------------|------------------------|--------------------|
|                | No. of Units | Installed  | No. of Units           | Installed Capacity |
| Uttar Pradesh  | 9            | 100        | 54                     | 1,200              |
| Tamil Nadu     | 14           | 255        | 23                     | 500                |
| Karnataka      | 11           | 160        | 21                     | 480                |
| Andhra Pradesh | 10           | 130        | 11                     | 190                |
| Maharashtra    | 3            | 25         | 9                      | 190                |
| Punjab         | 1            | 10         | 3                      | 50                 |
| Bihar          | -            | -          | 2                      | 25                 |
| <b>Total</b>   | <b>48</b>    | <b>680</b> | <b>123</b>             | <b>2,635</b>       |

(Source: ISMA)

In the span of three and half years, the co-generation capacity of sugar mills in India increased by almost four times. However, due to the various road blocks in setting up Bagasse-based co-generation projects and selling power, the industry could not realize its full potential. As per the MNRE, the sugar industry has a potential to generate 5,000 MW of surplus power through Bagasse-based co-generation projects but the industry could produce only 1308 MW (data as on 31.12.2009).



## **BUSINESS OVERVIEW**

Shree Hanuman Sugar & Industries Ltd., (SHSIL) was incorporated in the year 1932 with the main object of manufacturing sugar. The first of the unit was set up in the year 1936 at Motihari District, East Champaran, Bihar with an initial capacity of 250 TCD. Subsequently, the capacity was increased to 1700 TCD in 1967-69. The factory was leased out to Gobind Sugar Mills Ltd., in the year 1969 and the lease was terminated on expiry of 1995. Thereafter the factory was leased to Eastern Sugar & Industries Limited, in the year 1995. The current capacity of the unit is 2500 TCD. Our company has since terminated the lease with ESIL and will run the same.

Our company has not yet started its manufacturing activity. Currently the main source of the income is through trading activities in stores items required by Sugar Industry. It has also income from construction division.

Our Company proposes to immediately upgrade and expand the manufacturing facility at its Sugar Mill at Motihari to 4000 TCD, with the provision for further enhancements.

## **LOCATION AND SITE DETAILS**

The sugar mill is located at Motihari, the district headquarter of East Champaran District of Bihar on a plot of land measuring 195 Bighas, 18 Kathas, out of which 24 Bighas, 15 Kathas and 2 Dhors is on lease from Bettiah Raj which is due for renewal for next 30 years without any un reasonable terms as per the court order received by the Patna High Court. The site is 3 km from Motihari railway station, The Sugar mill is served with a railway siding. Motihari is connected with National Highway no 28 which is very convenient for transportation of incoming raw material, sugar product – crystal sugar and byproduct-molasses. The Sugar mill is located in the heart of the sugar cane belt of Bihar and hence supply of sugar cane for crushing is assured.

## **LOCATIONAL ADVANTAGE:**

1. East Champaran district is a category – “B” industrially backward district declared by the Govt. of India.
2. The site is well connected by rail and road. The broad gauge conversion of meter gauge railway line connecting Motihari is in progress.
3. The Sugar mill is surrounded by the Cane growing area.
4. A perennial river Dhanauti flows just at the distance of 1.5 KM.
5. It is peaceful location free from industrial hassles.
6. Alcohol manufacturing units are located within economic radius of 200 K.M. and unit may advantageously sell its byproduct molasses to them.



## Competitive Strengths

Our Company believes that its primary competitive strengths include the following:

### 1. Our operations are strategically located within the largest domestic market for sugar

Our operations will be located in India, the largest market for sugar in the world in terms of consumer demand for refined sugar. The sugar mill is located at Motihari, the district headquarter of East Champaran, Bihar on a plot of land measuring 195 Bighas, 18 Kathas. The site is 3 km from Motihari railway station. The Sugar mill is served with a railway siding. Motihari is connected with National Highway no 28 which is very convenient for transportation of incoming raw material, sugar product, crystal sugar and byproduct - molasses. The Sugar mill is located in the heart of the sugar cane belt of Bihar and hence supply of sugar cane for crushing is assured.

### 2. We have strong relationships with sugarcane farmers

We believe in making timely payments to sugarcane farmers and therefore are confident to build strong relationships and goodwill with them which is an important factor in our industry. Despite the cyclical nature of the sugar industry, we have strong ties with the desired sugarcane growers. We believe that these relationships are a competitive advantage as farmers have no obligation to grow sugarcane and may from time to time switch to crops that may be more profitable. However, we believe that paying farmers on a timely basis provides an incentive for farmers to continue cultivating sugarcane.

### 3. High recovery rates

We are confident to achieve relatively high recovery rates of sugar from sugarcane, which is the key profit driver for any sugar mill. We believe our cost of converting sugarcane into sugar will be very competitive in the industry due to the large scale of our operations and continuous addition of balancing equipments for repairs, maintenance, modernization and information technology. Our proposed information technology system will assist us in achieving higher operational efficiencies. We will have an electronic database which helps us to plan and manage our procurement of sugarcane from farmers and to monitor various activities, including scheduling sugarcane deliveries from farmers, payment to sugarcane farmers and developmental activities in our reserved areas.

### 4. We will adopt an integrated business model to balance the cyclical effects of the sugar business

In order to mitigate the effects of downward price cycles in the Indian sugar industry which typically last three to four years, we propose to adopt a business model that integrates the sugar manufacturing process with the production of a diverse array of products. In addition, we propose to generate power and sell excess power that we generate from the bagasse produced by our sugar operations.



#### **5. Cordial Human relationship**

The Labour -Management relations at the factory are very cordial. We propose to settle all dues of our workers/employees and also rationalization of the existing workforce followed by appointment of the need-based workers and employees in due course preferably from the nearby areas.

We formulate our Human Resource policies after discussions with employees across departments and locations. The policies cover our objectives, eligibility and coverage, policy and procedures. We review, revise and update our human resources policies from time to time to make them relevant, effective and useful to the employees as well as to us.

#### **6. We have an elaborate sugarcane collection network**

In order to carry out cane development and cane procurement activities effectively and smoothly, we will have a dedicated cane department to control and supervise the cane development and procurement activities. We will purchase sugarcane directly from the farmers without involvement of any intermediaries. Based on the age of the crop, variety and maturity, a harvesting program is proposed to be chalked out for desired quantity and quality of cane to be procured on a day-to-day basis. The Cane Managers will issue cutting orders / harvesting permits based on date-wise cum pre-harvesting maturity survey. Accordingly cane transporting vehicles along with harvesting groups are allotted for harvesting and transporting cane to the mill.

#### **7. Committed and experienced management team**

Mr. Bimal Kumar Nopany, the Chairman cum Managing Director is recognized for his expertise and involvement in the sugar industry in India. He is highly committed to our business and forward looking. Mr. Bimal Kumar Nopany pioneered the strategy of acquiring and putting to use leased assets for sugar manufacturing from the loss making company at very low costs. This will help our Company to scale up our operations within a short span of time.

#### **8. Increase our focus on corporate and high-value customers**

We intend to be the “*supplier of choice*” for our industrial buyers. We are actively looking to enhance our presence within industrial buyers in the FMCG sector by continually upgrading our processes and quality systems. We supply our product to the corporate players in the FMCG sector.

#### **9. To reduce price risk in sugar by hedging**

We intend to use our large trade flow, which consists of our sales of manufactured and traded sugar to manage price risk. We will actively utilize NCDEX and international commodity exchanges to fix the prices of our sugar for forward sales. The percentage of forward cover is decided by our internal risk management team and is driven by our perception of trends in the market. This hedging strategy provides us a protection to the price volatility in commodity market and stable revenue flows.

#### **10. State-of-art Technology and sound financial planning**

The sugar industry in India is highly fragmented with manufacturers having limited pricing power. However, we believe that because of state-of-art technology, ongoing pursuit of a diverse product line based on an integrated business model, along with sound financial planning will provide us with the ability to perform optimally during all phases of the sugar business cycle.



**11. Our Company plan to capitalize on future upward pricing trends in the sugar cycle based on the large crushing capacity of our sugar mills.**

Our Company proposes to expand our sugarcane crushing capacity in the near future. As a result of this expansion, we believe that our ability to produce such a high volume of sugar puts us in an advantageous position to benefit from any upward price trend in the Indian sugar cycle.

In addition, to take advantage of reduced tariffs on sugar imports and to fully capitalize on an expected increase in sugar prices over the next few years, we plan to import raw sugar in the coming seasons.

**12. Our Company plans to diversify our products and increasing the production of value-added products.**

Our Company plans to increasingly adding value to the by-products of our sugar manufacturing process to diversify our product line, realize higher revenue from our sugar processing operations and mitigate the effects of over reliance on sugar sales, particularly during downward price trends and seasonal variations in the Indian sugar industry. Our have plan for diversified product line, which will consist of industrial alcohol, particle board and medium-density fibre board.

**Our Business Strategy**

Our Business Strategy primary based on the following:

- *Enhancing the capacity of our sugar mill:*

We intend to increase the capacity of our existing sugar mill at Motihari, East Champaran, Bihar, from 2500 TCD to 4000 TCD.

- *Achieve end-to-end integration to improve margins and reduce cyclicity of the business*

We intend to use all the by-products of sugarcane like Bagasse and molasses to produce value-added products like electricity, we intend to set up a 25 MW cogeneration plant at Motihari, East Champaran, Bihar.

- *Achieve greater raw material security*

We pursue cane development initiatives and facilitate crop loans to increase cane production in our reserve area. We provide quality seeds and other agri-inputs to farmers. We have also taken steps to educate the farmers about the economics of growing cane as compared to other crops. We have taken initiatives for development of irrigation sources as well as taking up land development to bring additional acreage under cultivation, which is either barren or unsuitable for growing cane.

- *Increase our focus on corporate and high value customers*

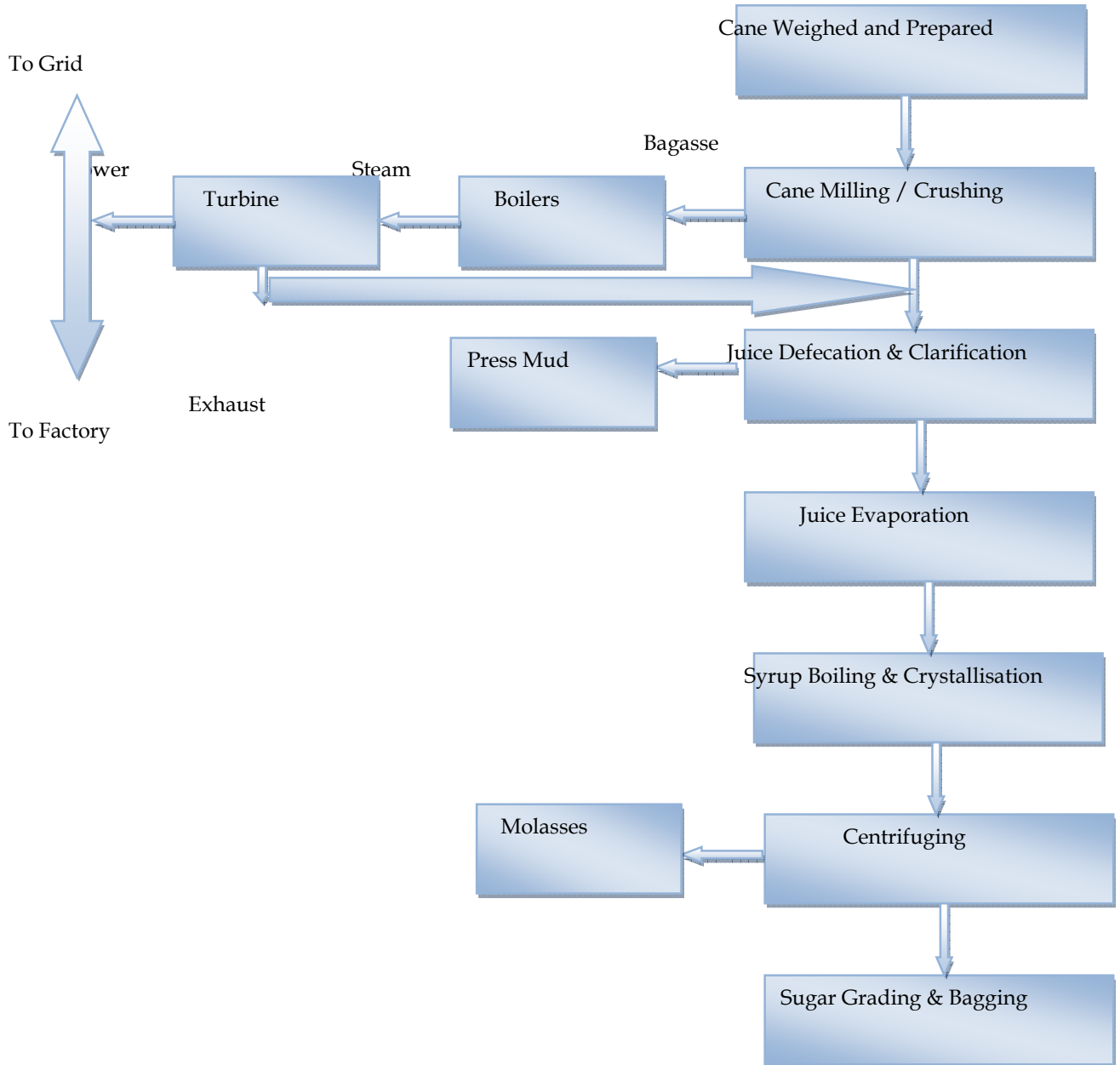
We intend to be supplier of choice for our industrial buyers. We are actively looking to enhance our presence within the industrial buyers by continuously upgrading our processes and quality systems.



## Our Existing Business

Our company has not yet started its manufacturing activity. Currently the main source of the income is through trading activities in stores items required by Sugar Industry. It has also income from construction division.

## Process Flow Chart for Sugar Manufacturing





The process of manufacturing sugar from Sugarcane is as mentioned below:

- **Juice Extraction**

Harvested sugarcane is transported to the factory, weighed and prepared for crushing. Cane preparation is required to expose the fibers, which contain the sugar cells for effective extraction of juice. Prepared cane is then crushed in a series of mills and juice is extracted. Bagasse, which is a fibrous residue, is used as a fuel in the cogeneration plant.

- **Juice Treatment and Evaporation**

Juice from the mills is screened at 70 degree Celsius in shell and tube type heat exchangers. The juice is treated with Milk of Lime, which reacts with the impurities in juice. The treated juice is further heated and let into a clarifier where the impurities settle at the bottom and clear juice floats up and is decanted. Water from the clear juice is evaporated in a series of evaporators. Steam from the cogeneration power plant is used as heating media for the evaporation. Condensate from the evaporators is returned back to the boilers which are again converted into steam and is also utilize for various purposes in the process.

- **Crystallization**

Concentrated juice (syrup) resulting from evaporation is further subjected to vacuum boiling in pans for complete exhaustion. Once the crystals are formed in the pan, we have a mixture of molasses and sugar crystals, known as massecuite. The massecuite is crystallized in three phases - Massecuite A, B and C. The process of crystallization takes place in the pans and is completed in the crystallizers. The massecuite is then centrifuged in centrifugal machines to separate sugar and molasses. Molasses another by-product is sent to the distillery for Ethanol production. Sugar thus produced in the factory is raw sugar, which is re-melted along with the imported raw sugar to produce refined sugar.

### Capacity and Capacity Utilization

(a) The details of existing installed and utilized capacity of sugar for the year 2008, 2009 and 2010 are given below:

| Unit   | Particulars                     | 2008<br>Installed<br>Capacity | 2009<br>Installed<br>Capacity | 2010<br>Installed<br>Capacity |
|--|---------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Motihari - 845401,<br>Dist: East<br>Champanan, Bihar | Capacity in TCD                 | 2500                          | 2500                          | 2500                          |
|  | Crushing Duration ( in<br>days) | -                             | -                             | -                             |
|  | Capacity Utilization ( in<br>%) | -                             | -                             | -                             |



(b) Projected capacity and capacity utilization of Sugar for the next 3 years is given as under:

| Unit   | Particulars                  | 2011               | 2012               | 2013                   |
|--|------------------------------|--------------------|--------------------|------------------------|
|  |                              | Installed Capacity | Installed Capacity | Installed Capacity TCD |
| Motihari - 845401,<br>Dist: East<br>Champaran, Bihar | Capacity in TCD              | 3000               | 4000               | 4500                   |
|  | Crushing Duration ( in days) | 130                | 140                | 150                    |
|  | Capacity Utilization ( in %) | 88                 | 90                 | 90                     |

(c) 25 MW Power Generation plant at Sugar Mill.

Projected Capacity and Capacity utilisation of Power Plant:

| Unit   | Particulars                         | 2011               | 2012               | 2013                      |
|--|-------------------------------------|--------------------|--------------------|---------------------------|
|  |                                     | Installed Capacity | Installed Capacity | Installed Capacity in TCD |
| Motihari - 845401,<br>Dist: East<br>Champaran, Bihar | Installed Capacity MW per Hour      | 25                 | 25                 | 25                        |
|  | No. of working days                 | 180                | 180                | 180                       |
|  | No. of Hours per day                | 22                 | 22                 | 22                        |
|  | Capacity Utilization ( MW per hour) | 20                 | 20                 | 20                        |

#### Plant & Machineries

Our Company has plant located at Motihari, East Champaran, Bihar in the State of Uttar Pradesh. The following are the details of Plant & Machineries

| Sr. No. | Name of the Machinery   | Name of Manufacturers                           | Quantity Nos. |
|---------|---|---|---------------|
| 1.      | Complete Milling Plant of 4 Mills of 33 x 66" size  | Triveni Engineering & Ind. Ltd.                 | 04            |
| 2.      | Juice Heaters varying from 94 M <sup>2</sup> HS to 320 M <sup>2</sup> to handle all types of juices | Texmaco Ltd., Uttam Suchrotech Ltd., and Others | 14            |
| 3.      | Clarifiers of 20' radius to 36' radius  | H.Dorr Oliver, Uttam Suchrotech                 |               |
| 4.      | Vacuum Filters of 10' x 16'   | Hindustan Dorr Oliver                           | 03            |
| 5.      | Vacuum Pan of various sizes   | Uttam Suchrotech, Texmaco and R. R. Engineering | 08            |
| 6.      | Crystallisers   | Uttam Suchrotech & R. R. Engg.                  | 15            |



|    |  |  |    |
|----|--|--|----|
| 7. | Centrifugal Machines                   | K. C. P. Ltd. and NHEC                             | 13 |
| 8. | Boilers                                | Babcock & Wilcox, Texmaco, Thermax and Aditi Steam | 09 |
| 9. | Power Turbine to produce 5 MW of Power | Sulzer of Switzerland and Belliss India Ltd.       | 03 |

**Note:** The above mentioned major machineries are since Inception. Henceforth, we rely on the details mentioned above given by our top management. A Certificate has been taken on the Letter head of our Company.

### **Infrastructure Facilities**

#### **Raw Materials**

Sugarcane forms the major raw material in the manufacture of sugar. Sugarcane availability and prices are the key determinants of profitability. The factory is situated at sugarcane rich belt which is readily available.

#### **Power**

The power requirement for the existing plant would be around 250 KW. We also have two 500 KVA DG sets, one 250 & 110 KVA DG sets to meet off season requirement during any failure of power from BESB.

#### **Water**

In normal course, sugar factory does not require that much of water for process because condensed water derived from boiling of juice and exhaust steam is sufficient to meet the process requirement. The existing bore wells will meet the requirement of water for process and other purpose. Water for feeding condensers for condensing vapour will be obtained from the open wells near the lake. Our Company is going to adopt water conserving system to reduce the quality of water requirement.

There is also a river called Dhanauti near the factory. Water would also be drawn from there, if required, but the necessity for the same has never arisen in respect of the Motihari factory.

### **Manpower/ Employee details**

Our Company has a mix of skilled, semi-skilled and unskilled workmen and managerial, supervisory and administrative staff.

As on date our Company has 164 employees on our roll. The details of which are given below:

| Sr. No | Location     | No. of Professionals | No. of Administration Staff | Total      |
|--------|--------------|----------------------|-----------------------------|------------|
| 1.     | Kolkata      | 8                    | 9                           | 17         |
| 2.     | Motihari     | 58                   | 89                          | 147        |
|        | <b>TOTAL</b> | <b>66</b>            | <b>98</b>                   | <b>164</b> |



### **Pollution Control**

Our Company has already applied with Bihar State Pollution Control Board, Patna for renewal of the Pollution control Board.

### **Export Obligation**

Our company does not have any export obligations to be fulfilled.

### **Our Brand**

Our Company does not have any brand.

### **Marketing & Selling arrangements:**

Sugar is a controlled commodity which comes under the Essential Commodities Act. Government Regulatory Control on sugar covers production, sale and pricing. Sale of sugar is subject to the dual pricing system under which 10 % of all sugar production has to be sold at a price fixed by the Government for ultimate distribution through the Public Distribution System. This constitutes levy sugar. Remaining 90% is sold in the open market. However, the government through the release mechanism system controls the actual quantity that can be sold in the open market. The price of sugar sold in the open market depends on market forces.

The free sugar proposed to be sold through a network of distributors, who in turn sell to wholesalers. The Company proposes to make delivery of free sale of sugar is generally made against payment through Demand Draft on ex-factory basis . Besides Bihar, our company will also sell sugar in Jharkhand, West Bengal, Assam and other States also.

### **Sales & Marketing Strategy**

Sale of sugar will mainly take place in the wholesale market through selling agents, our agents will primarily procure purchase orders in the wholesale market, and we will invoice purchasers directly. To mitigate the risk of nonpayment, we will dispatch orders only after we receive payment although we will extend credit in limited circumstances. We do not want to have written contractual agreements with our selling agents and they will also not sell our sugar exclusively.

Pursuant to sugar levy requirements imposed by the Government, we are currently required to sell 20% of the sugar we produce to the Government at a pre-determined price, known as a levy price. Levy prices are declared by season and by region and are based on the mode of transport.

Prices of free sale sugar vary across the country. Although sugar sold in the open market is not subject to a levy, the Government continues to regulate sales through a release mechanism. Through the release mechanism, the Government determines the amount of sugar that we can sell every month.

Our Company have also plans for marketing sugar directly to corporate and industrial buyers in India to capture a larger market share, together while selling in the wholesale market. Dealing with corporate and industrial buyers will give us benefits like:

- (a) Committed and timely off-take of sugar;
- (b) Scope to fix prices in advance and reduce price risk;



- (c) Reduced working capital cost due to increased comfort for working capital lenders; and
- (d) Reduced dependence on brokers for sale of sugar.

We have a plan to supply sugar to multinational companies who manufacture carbonated soft drinks, fruit juices, chocolates, baby food and dairy products.

### **Future Outlook**

Our Company proposes to diversify into the business of Sugar manufacturing and construction activities and the growth of the both are linked to GDP growth of the Country.

Looking into the future prospects of the Sugar Industry, management's long term experience, infrastructure facilities already set-up at its reacquired Sugar Mill and locational advantages the Mill enjoys, the management envisages to expand the capacity of the said Plant upto 10000 TCD which will be viable and will ensure optimum utilization of its infrastructure facilities, leading to economies of scale, enlarged sales volume and higher profitability.

In order to make the Mill profitable and to ensure its future growth, it is felt, on the basis of technical expert's advices, that ideally the capacity of the Mill should immediately be expanded to 4000 TCD, with the provision for further enhancements. The expansion of the factory shall be taken up in gradual phases.

Further, in order to reduce power cost, it is proposed to generate electric power mainly through the burning of bagasse, a primary by-product of the Sugar Mill. Bagasse is a combustible material which when burned produces steam, which in turn is used to generate electric power. We propose to establish co-generation facility at the Sugar Mill of the Company with a capacity of 25 MW per hour. Now a days, captive power generation is a part of almost all new plants or the expansion projects. The co-generation plant will run on bagasse for about 6 months and for 4 months on coal. The power generated is proposed to be supplied to the Electricity Board, thus revenue generated.

Our Company envisages to diversify its business to various power oriented sectors, in order to optimize the power consumption.

Other than the Sugar division, the company also operates on the construction division, in and around Kolkata. We also propose to diversify on this sector on a National basis.

### **Major Customers/Suppliers**

Our Company will not depend on any single supplier or customer.

### **Collaborations**

Our Company has not entered into any collaboration.

### **Competition**

Sugar Industry in India is very fragmented and less competitive because of presence of number of players. Some of the major players in Northern and Eastern India are Bajaj Hindusthan, Balrampur Chini Mills, Dhampur Sugar etc. There are 4 -5 leading players in branded Sugar Segments.



### Principal Competitors

|                                      |                                     |
|--------------------------------------|-------------------------------------|
| ➤ Balrampur Chini Mills Limited      | ➤ EID Parry's Limited               |
| ➤ Dhampur Sugar Mills Limited        | ➤ DCM Shriram Industries Limited    |
| ➤ Mawana Sugars Limited              | ➤ Thiru Arooran Sugar Mills Limited |
| ➤ Dwarikesh Sugar Industries Limited | ➤ The Oudh Sugar Mills Limited      |
| ➤ New Swadeshi Sugar Mills Limited   | ➤ Bharath Sugar Mills               |
| ➤ MP Chinni Industries Limited       | ➤ Vishnu Sugar Mills Limited        |

### Intellectual Property Rights

Our company does not own any trademarks, brands or any other intellectual property.

### Indebtedness

Our Company does not have financial indebtedness as on date of filing DRHP.

### Property

#### Owned by our Company

| Sr. No | Description of the Property  | Area in Acres | Status            | Consideration (Rs. In Crores) |
|--------|--|---------------|-------------------|-------------------------------|
| 1      | Shree Hanuman Sugar & Industries Limited, Motihari, Champaran East: Bihar - 845 401 Village: Beria     | 76.42         | Freehold Property | 4.59                          |
| 2      | Shree Hanuman Sugar & Industries Limited, Motihari, Champaran East: Bihar - 845 401 Village: Pariarpur | 25.2          | Freehold Property | 1.50                          |

#### Properties taken on license/lease by our Company

Our Company having land measuring 195 Bighas, 18 Kathas, out of which 24 Bighas, 15 Kathas and 2 Dhors is on lease from Bettiah Raj which is due for renewal for next 30 years without any un reasonable terms as per the court order received by the Patna High Court.



## KEY INDUSTRY REGULATIONS AND POLICIES

The sugar industry is regulated by the Government. While no license is required to set up a sugar factory in India as of 1998 and only an Industrial Entrepreneur Memorandum is required to be submitted with the Secretariat of Industrial Assistance. The sugar industry falls in the seventh schedule to the Constitution of India and therefore the production and sale of sugar and procurement of sugarcane is governed by various laws, rules and regulations enacted by both the Central and State Government. Various laws, rules and regulations have also been enacted by the Central and the State Governments under powers conferred to it under the Essential Commodities Act, 1955.

### Applicable Regulation in India

A brief summary of the relevant regulations and policies as prescribed by the Government of India and the relevant state governments that are applicable to the Company are as follows. Please note that the same are based on the legal provisions and the judicial interpretations as on the date hereof, which are subject to change. The regulations and policies set out below are only for general information to the investors and is neither exhaustive nor is a substitute for professional legal advice.

## I. Central Laws relating to the production, sale and purchase of sugar and sugarcane

### 1. The Essential Commodities Act, 1955

The Essential Commodities Act, 1955 (the "Act") provides for the control of the production, supply, sales, storage, distribution etc. in certain commodities. The terms 'food stuff' and 'food crop' have been identified as essential commodities under the Act. 'Sugarcane' being a 'food crop' and 'sugar' being 'food stuff' are covered under the class of essential commodities under the Act; Section 2 (e) of the Act defines 'sugar' as under:

- a) any form of sugar containing more than ninety per cent of sucrose, including, sugar candy;
- b) khandsari sugar or bura sugar or crushed sugar or any sugar in crystalline or powdered form; or
- c) sugar in process in vacuum-pan sugar factory or raw sugar produced therein;

Section 3 of the Act empowers the Central Government to issue directions to control production, supply, distribution etc. of the 'essential commodity' produced by the manufacturer or stock holders, and also makes specific provision with regard to the amount payable for the levy sugar sold by the producer.

The levy sugar price is to be fixed by the Central Government as per the provisions of Section 3 (3C) of the Act, having regard to:

- a) the minimum price, if any, fixed for sugarcane by the Central Government;
- b) the manufacturing cost of sugar;
- c) the duty or tax payable thereon;
- d) securing a reasonable return of the capital employed in the business of manufacturing sugar.

Further, Section 3 (3-c) of the Act provides for fixing different prices from time to time for different areas or factories or for different kinds of sugar.

The Central Government has also been empowered to direct that no producer, importer or exporter shall sell or otherwise dispose of or deliver any kind of sugar or remove from the bonded godown of the factory in which it is produced, except under and in accordance with the directions issued by the



Government. Further, all kinds of sugar including plantation white sugar, raw sugar and refined sugar, whether indigenously produced or imported, fall within the scope of powers of the Central Government for directions in regard to, inter alia, stock, disposal or delivery.

## **2. The Levy Sugar Supply (Control) Order, 1979**

The objective of this law is to empower the Central Government to issue directions to any producer or importer or recognized dealer to supply levy sugar in such quantities and from such place of manufacture or storage to such persons or organizations, in such areas or markets or to the State Government/Union Territory/Administration as specified by the Government.

The term 'Levy Sugar' has been defined to mean the sugar requisitioned by the Central Government under the Essential Commodities Act, 1955.

Further, the Order prescribes that the producer shall supply levy sugar at a price not exceeding the price as determined by Central Government under the Essential Commodities Act, 1955.

## **3. Sugar (Control) Order, 1966**

The Sugar Control Order authorizes the Central Government to regulate sales etc. of sugar produced or imported.

According to Clause 4 of the Sugar Control Order, no producer shall sell or agree to sell or otherwise dispose of or deliver or agree to deliver any kind of sugar or remove any kind of sugar from the bonded go downs of the factory in which it is produced except in accordance with the directions issued in writing by the Central Government.

Clause 5 of the Sugar Control Order empowers the Central Government to issue directions to producers or importers or recognized dealers regarding production, maintenance of stocks, storage, sale, grading, packing, marking, weighment, disposal, delivery and distribution of any kind of sugar.

Further, the Sugar Control Order provides for powers for attachment, seizure and sale of attached sugar, regulation of quality of sugar and other administrative powers.

## **4. Sugar (Packing and Marking) Order, 1970**

The objective of this Order is to regulate the packing of sugar manufactured by a producer and marking on bags. The Order prescribes that each producer shall, at the time of such packing, mark the quality of sugar in terms of the Indian Sugar Standards.

## **5. Sugarcane (Control) Order, 1966**

Under the aforesaid Order, the Central Government is empowered to fix the minimum price of sugarcane to be paid by producers of the sugar for sugarcane purchased by them having regard to certain factors as mentioned in Clause 3 of the said Order. Further, a different price may be fixed for different areas or different qualities or varieties of sugarcane.

Further, the Central Government or the State Government with the approval of the Central Government, may, subject to such conditions as specified in the Order, allow a suitable rebate in the price so fixed.

The said Order also contains various provisions for regulating the supply and distribution of sugarcane.



The Central Government is empowered to direct the producers of the sugarcane to pay additional price for sugarcane in addition to the minimum sugar prices fixed in accordance with the provisions of the second schedule to the said Order.

The Central Government is empowered to delegate certain powers conferred upon it by this Order subject to such restrictions, exceptions and conditions, if any, as the Central Government may think fit.

#### **6. Sugar Development Fund Act, 1982 and Rules, 1983**

These were enacted by the Central Government to set up a fund for financing the activities and development of the sugar industry. The Central Government provides loans to the sugar industry out of the funds available in the Sugar Development Fund, for the purpose of rehabilitation and modernization of the sugar plant and machinery based on the scheme approved by the financial institutions as also for sugarcane development.

Under Rule 19 of the Sugar Development Fund Rules, 1983 the Central Government has been empowered to decide about the maintenance of Buffer Stock and payment of subsidy thereon. The Central Government under this Act and Rules may also provide financial assistance, as it may consider fit and proper.

**7. The Prevention of Food and Adulteration Act and The Packaging Commodities Act are also applicable to us.**

### **II. Bihar Sugarcane (Regulations of Supply and Purchase) Act, 1981**

The aforesaid Act regulates the production, supply and distribution of sugarcane intended for use in sugar factories and Khandsari sugar manufacturing units and taxation of sugarcane and matters incidental thereto within the State of Bihar. The following key terms have been as under -

'Cane' means sugarcane intended for use in a factory or unit.

'Cane Commissioner' - means the officer appointed to be the Cane Commissioner under section

'Crushing year' means the year commencing on the 1st day of July in any year and ending on the 30th June in the year next following.

'Factory' - means any premises including the precincts thereof in any part of which sugar is manufactured by means of vacuum pan process.

'Unit' - means a manufacturing unit engaged or ordinarily engaged in the manufacture or production of khandsari sugar, gur, shakkar, gul, jaggari or rab from cane juice by power crusher.

As per the provisions of the said Act, the Cane Commissioner may, on application by the occupier of the factory, reserve or assign any area for the purposes of supply of sugarcane to the factory, having regard to the crushing capacity of the factory and availability of sugarcane in such area.

Section 42 of the Act also empowers the State Government to determine by notification in the Official Gazette the minimum price of sugarcane payable by the owners of the units to the cane growers or Cooperative Societies for cane supplied to them.

Section 48 and Section 49 of the Act empowers the Government to fix the Commission and Tax payable by the occupier of the factory on the purchase of cane.



### III. Licensing and De-licensing of Sugar Industries

The Industries (Development and Regulation) Act, 1951 was enacted to provide for the development and regulation of certain industries.

Section 11 of the Industries (Development and Regulation) Act, 1951 (the "IDRA") provides that "(1) No person or authority other than the Central Government, shall, after the commencement of this Act, establish any new industrial undertaking, except under and in accordance with a licence issued in that behalf by the Central Government. Provided that a Government other than the Central Government may, with the previous permission of the Central Government, establish a new industrial undertaking. (2) A licence or permission under sub-section may contain such conditions including, in particular, conditions as to the location of the undertaking and the minimum standards in respect of size to be provided therein as the Central Government may deem fit to impose in accordance with the rules, if any, made under section 30."

The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("DIPP") has, by issue of Press Note Number 12/1998 dated August 31, 1998, delicensed the sugar industry. Sugar industries, therefore, no longer come within the purview of compulsory licensing under the provisions of the IDRA. Entrepreneurs desirous of setting up sugar factories are only required to file an Industrial Entrepreneurs Memorandum ("IEM") in the prescribed form with the Secretariat of Industrial Assistance, Ministry of Commerce and Industry, Government of India ("SIA") as provided in Press Note dated August 2, 1991 issued by the SIA. To avoid unhealthy competition among sugar factories to procure sugarcane, the DIPP has provided that a minimum distance of 15 kilometres must be maintained between an existing sugar mill and a new mill.

### IV. Labour and Industrial Laws

Sugar factories must obtain a factories license under the Factories Act, 1948.

Further, a wide variety of labour laws have also to be complied with. Apart from the generally applicable labour laws, including the Industrial Disputes Act, 1947, the Contract Labour (Regulation and Abolition) Act, 1970, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Gratuity Act, 1972 and the Payment of Wages Act, 1936, there are also standing orders specifically applicable to the sugar industry.

These standing orders lay down rules governing terms of employment in sugar factories and provide, inter alia, for:

- (a) Notification of periods and hours of work, including holidays;
- (b) Notices relating to closure and re-opening of a factory or section of a factory;
- (c) Leave conditions and procedure for availing leave;
- (d) Situations where there may be temporary stoppage of work;
- (e) Employment of seasonal workmen;
- (f) Grounds for termination of employment;
- (g) Retirement of workmen;
- (h) Redressal mechanisms in case of grievances and disputes.



## **V. Land Laws**

For setting up a sugar factory, permission for acquisition of land is required from local authorities in light of the provisions of local land ceiling laws. Further, it is necessary to apply for change of land use from agricultural to industrial, in the event the area identified for setting up of the factory is designated as an agricultural area.

## **VI. Environmental Laws**

Prior to setting up a sugar factory, relevant environmental consents must be obtained under the Environment (Protection) Act, 1986, the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981.

## **VII. Production and Sale of Sugar**

### **1. Sugar (Regulation of Production) Act, 1961**

The Sugar (Regulation of Production) Act, 1961 ("Sugar Act") empowers the Central Government to fix the quantity of sugar, which may be produced, in a factory during any year. The Act was meant to provide for the regulation of production of sugar in the interests of general public and for the levy and collection of a special excise duty on sugar produced by a factory in excess of the quota fixed for the purpose.

### **2. Levy Sugar Supply (Control) Order, 1979**

The Levy Sugar Supply (Control) Order, 1979 ("Levy Sugar Order") empowers the Central Government to issue directions to any producer to supply levy sugar to the government, at a price fixed by the government. Under the Levy Sugar Order, certain specified quantities of sugar, at present being 10% of the total quantity produced, commercially termed as "levy sugar", must be sold as per government directions at government notified prices. The remaining sugar produced, termed as "free sale sugar", may be sold freely in the market by the producer.

## **VIII. Export of Sugar**

### **Sugar Export Promotion Act, 1958**

The Sugar Export Promotion Act, 1958 ("Sugar Export Act") provides "for the export of sugar in public interest and for the levy and collection in certain circumstances of an additional duty of excise on sugar produced in India."

## **IX. Foreign Investment Regulations**

The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 provide that the investment cap for foreign direct investment in the sugar industry is 100%.



## HISTORY AND OTHER CORPORATE MATTERS

Our Company was incorporated under the Indian Companies Act, 1913. The name of our company was changed to Shree Hanuman Sugar and Industries Limited vide letter no RD/DP/218-(21)(R ) dated November 01, 1962 and a fresh certificate of incorporation has been obtained from Registrar of Companies, Asst. Registrar of Joint Stock Companies, Bengal . Our Company's registered office is located at Chandra Kunj, 4<sup>th</sup> Floor, 3, Pretoria Street, Kolkata, 700 071. The Promoters of our Company are Mr. Bimal Kumar Nopany and M/s. Shruti Limited.

Our unit was set up in the year 1936 at Motihari, Bihar, with an initial capacity of 250 TCD. The location is strategic, as it is well connected by national highway No.28 and main rail line connecting Patna. The sugar plant is located in agro- rich Indo gangetic plains of North Bihar. Subsequently, the capacity was increased to 1700 TCD in 1967-68 along with the development of cane in the area. The factory was leased to Gobind Sugar Mills Ltd., in the year 1969 and the lease was terminated on expiry of 1995. Thereafter, the factory was leased to Eastern Sugar & Industries Limited. in the year 1995 and the lease was terminated and expired in the year 2006. Currently the unit has a capacity of 2500 TCD.

Our revenues for the year ended June 30, 2006, 2007, 2008, 2009 and 2010 are given below:

| Particulars | (Rs. In Lacs) |               |               |               |               |
|-------------|---------------|---------------|---------------|---------------|---------------|
|             | June 30, 2006 | June 30, 2007 | June 30, 2008 | June 30, 2009 | June 30, 2010 |
| Revenues    | 654.72        | 971.27        | 1247.62       | 1696.87       | 3210.06       |
| PAT         | 161.43        | 204.26        | 197.61        | 272.81        | 906.56        |

### Major Events in the History of the Company

| Year/Date | Key Events  |
|-----------|---|
| 1932      | Company was incorporated  |
| 1936      | First of the unit was set up at Motihari, District East Champaran, Bihar with an initial capacity of 250 TCD. |
| 1966      | Our Company came out with an Public Issue   |
| 1967-69   | The capacity was increased to 1700 TCD from 250 TCD.  |
| 1969      | The factory was leased out to Gobind Sugar Mills Ltd.   |
| 1995      | The lease of Gobind Sugar Mills Ltd expired and hence was terminated.   |
| 1995      | The factory was leased to Eastern Sugar & Industries Limited. with a capacity of 2500 TCD.                    |
| 2006      | The lease of Eastern Sugar & Industries Limited was terminated.   |



## Awards and Recognitions: Nil

### Changes in the Registered office of our Company

| Previous Registered Office                     | New Registered Office   | Date of Board Resolution | Purpose                    |
|--|---|--------------------------|----------------------------|
| 178, M.G. Road, Calcutta -700 007              | 5, Synagogue Street - Calcutta - 700 007                                  | January 18, 1965         | Administrative Convenience |
| 5, Synagogue Street - Calcutta - 700 007       | 12, Government Place (East), Kolkata - 700 069                            | November 01, 1973        | Administrative Convenience |
| 12, Government Place (East), Kolkata - 700 069 | Chandra Kunj, 4 <sup>th</sup> Floor, 3, Pretoria Street, Kolkata, 700 071 | November 30, 2009        | Administrative Convenience |

### Changes in the Memorandum of Association of our Company

Since incorporation, the following amendments have been made to the Memorandum of Association:

| Sr. No. | Date of Shareholder's Approval   | Changes in the Memorandum of Association  |
|---------|--|---|
| 1.      | Special Resolution dated 30.12.1974 and the Calcutta High Court Order dated 20.5.1975  | <b>Clause 3 (19)(a)</b><br>To enable the Company to carry on business as iron-masters, iron founders, iron workers steel makers and undertake other related activities.   |
| 2.      | Special Resolution dated 30.12.1974 and the Calcutta High Court Order dated 20.5.1975  | <b>Clause 3 (19)(b)</b><br>To enable the Company to undertake the business of yarns and fabrics of wool, cotton, jute, silk, rayon, nylon, hemp and other natural, synthetic and/or fibrous substances.   |
| 3.      | Special Resolution dated 30.12.1974 and the Calcutta High Court Order dated 20.5.1975  | <b>Clause 3 (19)(c)</b><br>To undertake the business of paper including writing printing wrapping tissue, newsprint, paper for packing including corrugated and kraft paper, synthetic papers, paper board and straw board, and all kinds of pulp whether mechanical or chemical including dissolving pulp. |
| 4.      | Special Resolution dated 18.4.1960 and the Calcutta High Court Order dated 29.5.1961.  | <b>Clause 3 (21A)</b><br>For enabling the Company to invest in shares, stock, debentures, bonds, obligations or other securities  |
| 5.      | Special Resolution dated 30.12.1974 and the Calcutta High Court Order dated 20.5.1975. | <b>Clause 3 (26) (a)</b><br>To enable the Company to undertake the business of real estate and construction activities  |
| 6.      | Special Resolution dated 30.12.1974 and the Calcutta High Court Order dated 20.5.1975. | <b>Clause 3 (26) (b)</b><br>To undertake the business of managing properties and earn rental income.  |



| Sr. No. | Date of Shareholder's Approval   | Changes in the Memorandum of Association   |
|---------|--|--|
| 7.      | Special Resolution dated 30.12.1974 and the Calcutta High Court Order dated 20.5.1975. | <b>Clause 3 (26) (b)</b><br>To undertake the guarantee business.   |
| 8.      | Special Resolution dated 30.12.1974 and the Calcutta High Court Order dated 20.5.1975  | <b>Clause 3 (29)(A)</b><br>For undertaking the business of gold, silver, stocks, shares, securities, jute, seeds, handicrafts and articles.  |
| 9.      | Ordinary Resolution dated 14.10.1994   | <b>Clause 5</b><br>Increasing the authorized capital to Rs. 5.00 crores divided into 46,00,000 Equity Shares of Rs. 10/- each, 5,000 9.30% (Taxable) Cumulative Preference Shares of Rs. 100/- each, 25,000 9.30 (Taxable) Redeemable Cumulative Preference Shares of Rs. 100/- each, and 10,000 Unclassified Preference Shares of Rs. 100/- each. |
| 10.     | Ordinary Resolution dated 7.9.2005   | <b>Clause 5</b><br>Increasing the authorized capital to Rs. 12.50 crores and also reclassifying the entire capital divided into 1,25,00,000 Equity Shares of Rs. 10/- each   |
| 11.     | Ordinary Resolution dated 20.4.2009  | <b>Clause 5</b><br>Increasing the authorized capital to Rs. 30.00 crores divided into 3,00,00,000 Equity Shares of Rs. 10/- each   |
| 12.     | Ordinary Resolution dated 10.6.2009  | <b>Clause 5</b><br>Increasing the authorized capital to Rs. 40.00 crores divided into 4,00,00,000 Equity Shares of Rs. 10/- each   |
| 13.     | Ordinary Resolution dated 30.09.2010   | <b>Clause 5</b><br>Increasing the authorized capital to Rs 60.00 crores divided into 4,00,00,000 Equity Shares and 2,00,00,000 Unclassified Shares of Rs. 10/- each  |

#### Articles of Association

| Sr. No. | Date of Shareholder's Approval      | Changes in the Memorandum of Association  |
|---------|-------------------------------------|---|
| 1.      | Special resolution dated 7.9.2005   | <b>Article 1</b><br>Amended by inserting or substituting some definitions in order to commensurate with the amended and updated Company Law and SEBI Rules and Regulations. |
| 2.      | Special resolution dated 7.9.2005   | <b>Article 3</b><br>Amended by substituting new Article 3 for enabling buy back of shares.  |
| 3.      | Special resolution dated 14.10.1994 | <b>Article 4</b><br>Amended by substituting new Article 4 regarding division of capital.  |



|     |   |  |
|-----|---|--|
| 4.  | Special resolution dated 7.9.2005             | <b>Article 5A</b><br>Amended by inserting new Article 5A regarding Terms of issue of Debenture   |
| 5.  | Special resolution dated 25.9.1662            | <b>Article 14A</b><br>Amended by inserting new Article 14A regarding Issue of Share Warrants.  |
| 6.  | Special resolution dated 7.9.2005             | <b>Article 14B</b><br>Amended by inserting new Article 14B regarding further issue of shares.  |
| 7.  | Special resolution dated 7.9.2005             | <b>Article 14C</b><br>Amended by inserting new Article 14C regarding Shares at the disposal of the Board.                                  |
| 8.  | Special resolution dated 7.9.2005             | <b>Article 16</b><br>Amended by substituting new Article 16 regarding limitation of time for issue of certificates.                        |
| 9.  | Special resolution dated 7.9.2005             | <b>Article 17</b><br>Amended by substituting new Article 17 regarding issue of new certificate in place of one defaced, lost or destroyed. |
| 10. | Special resolution dated 7.9.2005             | <b>Article 17A</b><br>Amended by inserting new Article 17A regarding dematerialization of securities.                                      |
| 11. | Special resolution dated 7.9.2005             | <b>Article 23</b><br>Amended by substituting new Article 23 regarding interest on payment in anticipation of call.                         |
| 12. | Special resolution dated 7.9.2005             | <b>Article 33</b><br>Amended by substituting new Article 33 regarding company's lien on share/debentures.                                  |
| 13. | Special resolution dated 24.6.66 and 7.9.2005 | <b>Article 41</b><br>Amended by substituting new Article 41 regarding cases in which the directors may refuse to register transfer.        |
| 14. | Special resolution dated 7.9.2005             | <b>Article 43A</b><br>Amended by inserting new Article 43A regarding instrument of transfer.   |
| 15. | Special resolution dated 24.6.66 and 7.9.2005 | <b>Article 45</b><br>Amended by substituting new Article 45 regarding fee on transfer or transmission.                                     |
| 16. | Special resolution dated 7.9.2005             | <b>Article 81A</b><br>Amended by inserting new Article 81A regarding eligibility to vote and voting procedure under postal ballot          |
| 17. | Special resolution dated 22.6.1965            | <b>Article 93</b><br>Amended by substituting new Article 93 regarding number of directors.   |
| 18. | Special resolution dated 31.5.1962            | <b>Article 97A</b><br>Amended by inserting new Article 97A regarding non-retiring directors.   |
| 19. | Special resolution dated 23.8.1966            | <b>Article 97B</b>   |



|     |   |  |
|-----|---|--|
|     |   | Amended by inserting new Article 97B regarding nomination of director by Bihar State Industrial Development Corporation.           |
| 20. | Special resolution dated 30.12.1974               | <b>Article 98</b><br>Amended by substituting new Article 98 regarding share qualification of directors.                            |
| 21. | Special resolution dated 30.12.1974 and 10.6.2009 | <b>Article 100</b><br>Amended by substituting new Article 100 regarding directors' fees and remuneration and expenses.             |
| 22. | Special resolution dated 28.6.1968                | <b>Article 127A</b><br>Amended by inserting new Article 127A regarding directors' authority to make loans and to give guarantees.  |
| 23. | Special resolution dated 24.8..1965               | <b>Article 142A</b><br>Amended by inserting new Article 142A regarding Managing Director or Whole-time Directors.                  |
| 24. | Special resolution dated 29.6.1967                | <b>Article 143</b><br>Amended by authorizing one director instead of two directors for affixing the Common Seal of the Company.    |
| 25. | Special resolution dated 24.6.1966                | <b>Article 157</b><br>Amended by substituting new Article 157 regarding dividend in specie.  |
| 26. | Special resolution dated 24.6.66 and 7.9.2005     | <b>Article 163</b><br>Amended by substituting new Article 163 regarding unpaid or unclaimed dividend.                              |
| 27. | Special resolution dated 10.06.2009               | <b>Article 100</b><br>Amended by substituting new Article 100 regarding sitting fees for attending directors or committee meetings |

### Our Main Objects:

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

1. To erect, construct, establish, acquire, carry on and maintain a factory or factories for the manufacture and refinery of molasses, sugar and sugar products and any other materials that may be decided upon by or on behalf of the company.
2. To establish, acquire, maintain and carry on the business of growers, cultivators, producers, manufactures, refiners, buyers, sellers of and dealers in sugarcane, molasses, sugar and sugar products, plants, fruits, vegetables and vegetable products, to transact all manufacturing or treating preparing processes and mercantile business that may be necessary or expedient.
3. To acquire and undertake the whole or any part of the business, property and liabilities of any person or Company carrying on any business which the company is authorized to carry on or possessed of property suitable for the purposes of this Company.

**Subsidiaries of our Company**

Our Company does not have any subsidiaries.

**Shareholders Agreement**

Our company has not entered into any shareholders agreement.

**Other Agreements**

There are no other material agreements or contracts, which have been entered into within a period of two years prior to the date of the Draft Red Herring Prospectus.

**Strategic Partners**

Our Company does not have any strategic partners as on date of the Draft Red Herring Prospectus.

**Financial Partners**

Our Company does not have any financial partners as on date of the Draft Red Herring Prospectus.



## OUR MANAGEMENT

Our Company has 7 Directors. The following table sets forth details regarding our Board of Directors as on date of filing DRHP with SEBI:

### Board of Directors

| Sr. No | Name, Fathers' Name, Designation, Age, Nationality, Address, Occupation & DIN   | Date of Appointment  | Other Directorships  |
|--------|---|--|--|
| 1      | <p><b>Mr. Bimal Kumar Nopany,</b><br/>S/o. Late Mohan Lall Nopany</p> <p>Chairman Cum Managing Director</p> <p>67 Years</p> <p>Indian</p> <p>14 Rowland Road, Kolkata – 700 019 , West Bengal.</p> <p>Occupation: Business</p> <p>DIN – 00694221</p>            | <p>18/01/1965<br/>(Appointed as MD w.e.f. 01/07/2006)</p>                  | <ol style="list-style-type: none"> <li>1. Eastern Sugar &amp; Industries Limited</li> <li>2. Nopany Investments Private Limited</li> <li>3. Shruti Limited</li> <li>4. Daulatram Rawatmull Private Limited</li> <li>5. Champaran Agri Park Private Limited</li> <li>6. Nopany &amp; Sons Private Limited</li> <li>7. Hanuman Industries India Private Limited</li> <li>8. Super Scans &amp; Systems Private Limited</li> <li>9. Shree Milk &amp; Food Industries Limited</li> <li>10. Shruti Spinners Limited</li> <li>11. Indo Austro Corporation. Private Limited</li> </ol> |
| 2      | <p><b>Mr. Raj Kumar More</b><br/>S/o. Late. Badri Prasad More<br/>Whole time Director</p> <p>66 Years</p> <p>12, Dover Park, Floor 2A,<br/>Kolkata-700019, West Bengal.</p> <p>Occupation: Industrialist<br/>DIN -00119618</p>                                  | <p>18/05/1998<br/>(Appointed as Whole time Director w.e.f. 01/10/2009)</p> | <ol style="list-style-type: none"> <li>1. Shree Milk &amp; Food Industries Limited</li> <li>2. Ginni Securities Limited</li> <li>3. Ginni Investment &amp; Services Limited</li> <li>4. Ajanta Commercial &amp; Trading Company Private Limited</li> <li>5. CFM Developers Limited</li> <li>6. Reform Flour Mills Private Limited</li> <li>7. Vishnu Sugar Mills Limited</li> <li>8. Mudit Investment &amp; Trading Company Limited</li> <li>9. Mahalakshmi Knitfab Private Limited</li> </ol>   |
| 3      | <p><b>Mr. Nikhil Merchant</b><br/>S/o. Mr. Vasantlal Merchant<br/>Independent Director</p> <p>50 Years</p> <p>Marble Arch, 2<sup>nd</sup> Floor, 52,<br/>Peddar Road, Mumbai – 400 026,<br/>Maharashtra.</p> <p>Occupation: Industrialist<br/>DIN -00614790</p> | <p>29/09/2009</p>  | <ol style="list-style-type: none"> <li>1. Swan Energy Limited</li> <li>2. Shree Om Trades Limited</li> <li>3. Cardinal Energy and Infrastructure Private Limited</li> <li>4. Feltham Trading Private Limited</li> <li>5. Swan Engitech Works Private Limited</li> <li>6. Stormsoft Technologies Private Limited</li> <li>7. Swan International Limited</li> <li>8. Tirupati Agencies Private Limited</li> <li>9. Good Earth Commodities ( India) Private Limited</li> <li>10. Dave Impex Private Limited</li> </ol>  |



| Sr. No | Name, Fathers' Name, Designation, Age, Nationality, Address, Occupation & DIN  | Date of Appointment | Other Directorships  |
|--------|--|---------------------|--|
|        |  |                     | 11. Sahajanand Soaps and Chemicals Private Limited<br>12. Dave Leasing and Holdings Private Limited<br>13. Swan Realtors Private Limited<br>14. Dave Securities Private Limited<br>15. Sunflower Schools Solutions Private Limited   |
| 4      | <b>Mr. Subba Rao Peteti</b><br>S/o. Late. Venkatasubbaiah Peteti<br><br>Independent Director<br><br>63 Years<br><br>Flat No 601, 6 <sup>th</sup> floor, Plot No 8, Prasanna Prabha CHS Sector - 4, Kharghar, Navi Mumbai - 410 210, Maharashtra<br><br>Occupation: Professional<br><br>DIN -01936369 | 29/09/2009          | N.A.   |
| 5      | <b>Ms. Pratima Srivastava</b><br>D/o. Mr. Prem Mohan Shrivastav<br><br>Independent Director<br><br>54 Years<br><br>2 <sup>nd</sup> Floor, Tulsi Mahal, BLK-6, G.Tank, RD, 3/5. R.RD. 26WB, Mumbai - 400 036, Maharashtra<br><br>Occupation: Consultant<br><br>DIN: 01192980                          | 04/05/2009          | 1. Shruti Capital and Finance Limited<br>2. Jiwnani Finvest Private Limited<br>3. OPS Solutions Private Limited<br>4. Vishwam Exports Limited  |
| 6      | <b>Mr. Lakshmikant Tibrawala,</b><br>S/o. Late. Ramchander Tibrewala<br><br>Independent Director<br><br>67 Years<br><br>34, Ballyganj Park, Kolkata - 700 019, West Bengal   | 20/06/2005          | 1. Shree Shyam Coal Company Limited<br>2. Pure Coke Limited<br>3. International Conveyors Limited<br>4. International Belting Limited<br>5. Fortune Belting Limited<br>6. Chengmari Tea Company Limited<br>7. Gunptroy Private Limited<br>8. Rock Fort Private Limited<br>9. Creative Hortifarms Private Limited<br>10. Mica Private Limited |



| Sr. No | Name, Fathers' Name, Designation, Age, Nationality, Address, Occupation & DIN  | Date of Appointment | Other Directorships  |
|--------|--|---------------------|--|
|        | Occupation: Industrialist<br>DIN : 00423521  |                     | 11. Sanskriti Holding Private Limited<br>12. Laxmi Textiles (Partnership Firm)<br>13. Pure Coke (Partnership Firm) |
| 7      | <b>Mr. Krishan Murari Shah</b><br>S/o. Late Mr. Chothmal Shah<br><br>Independent Director<br><br>66 Years<br><br>Flat No 202, 2nd Floor,<br>5 Rajballav Saha Lane,<br>Howrah - 711 101, West Bengal<br>Occupation: Service<br>DIN : 01126188 | 31/05/1991          | 1. Bilaspur Spinning Mills & Industries Limited<br>2. Shruti Capital & Finance Limited                             |

**Note:** None of the above mentioned Directors are on the RBI List of willful defaulters as on the date of the Draft Red Herring Prospectus.

Further, neither our Company nor our Promoters, persons forming part of our Promoter Group, Directors or persons in control of our Company are debarred from accessing the capital market by SEBI.

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

### **Brief Profile of the Directors**

#### **1. Mr. Bimal Kumar Nopany, (Chairman cum Managing Director)**

Mr. Bimal Kumar Nopany aged 67 years, a Commerce Graduate from Calcutta University has more than 43 years experience in Business, spreading over Sugar, Real Estate development, investments etc. He is Chairman of the Board of a leading Academic Institution in Calcutta and is on the Board of Governors of another Institution (Public School) at Ranchi, which is a member of Indian Public Schools Conference.

#### **2. Mr. Raj Kumar More, (Whole time Director)**

Mr. Raj Kumar More aged 66 years, is an M.Com. LL. B, Attorney-at-Law and solicitor of Calcutta High Court, with an experience of 43 years. Apart from working as advocate and solicitor, he has to his credit more than 16 years experience as Chief Executive Officer of a Spinning Mill and of around 8 years in a Jute Mill. He has experience in handling various cases relating to Industries on constitutional matters including sugar industries. Presently he is the Legal Advisor/Consultant of a Jute Industry. He is also a trustee of Nopany Education Trust which is engaged in managing Educational Institutions.

#### **3. Mr. Nikhil Merchant, (Independent Director)**

Mr. Nikhil Merchant aged 50 years B S (Textile Engineering), M.E.P., IIM Ahmedabad has approx 27 years' experience to his credit. Strong techno commercial person, successfully handled assignments in strategic planning and projects, operations, implementation of projects from conceptual stage to commissioning.



**4. Mr. Subbarao Peteti, (Independent Director)**

Mr. Subbarao Peteti aged 63 years B.Com, Fellow of Indian Institute of Chartered Accountants of India. He has more than 40 years' experience in the field of Banking, Finance and Business to his credit and possesses expertise in the area of Corporate Governance & Risk Management. He has been associated with many renowned companies.

**5. Ms. Pratima Shrivastav, (Independent Director)**

Ms. Pratima Shrivastav aged 54 years, Science Graduate and Post Graduate in Economics, Trained in Business Management in Mumbai and studied Finance from New York University. She has more than 30 years' experience in the field of Finance to her credit at national as well as international level. She has been associated with many renowned companies in senior position.

**6. Mr. Lakshmikant Tibrawalla, (Independent Director)**

Mr. Lakshmikant Tibrawalla aged 67 years, has more than 44 years' practical experience in the field of Commerce & Industry. He is on the Board of several Companies engaged in the business of different fields.

**7. Mr. Krishnan Murari Shah, (Independent Director)**

Mr. Krishnan Murari Shah aged 66 years, has more than 45 years' practical experience in the field of sugar, textiles, real estate and educational institutions. He has been on the Board of several Companies.

**Borrowing powers:**

Pursuant to provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof), the Company hereby accords its consent to the Board of Directors for borrowing any sum or sums of money from time to time from one or more banks, persons firms, bodies corporate or financial institutions, whether in India or abroad, and whether by way of cash credit, advance or deposits, loans or bill discounting, issue of debentures or other securities or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets, licenses and properties, whether immovable or movable or stock-in-trade (including raw materials, stores, spare, parts and components in stock or in transit) and work-in-progress and all or any of the undertaking of the Company notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, so that the total amount upto which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs.5,000,00,00,000/- (Rupees Five thousand Crores only) and the Board of Directors (including any committee/s thereof) are hereby authorised to execute such debenture trust deeds or deeds of mortgage, charge, hypothecation, lien and other deeds and instruments or writings containing such conditions and covenants as the Directors may deem fit on the date of filing this Draft Red Herring Prospectus, the overall borrowings of the Company do not exceed the overall limit as specified under Section 293 (1) (d) of the Companies Act, 1956.



## Compensation to Chairman/ Managing Directors/ Whole time Directors

### 1. Mr. Bimal Kumar Nopany:

As per the meeting held by The Board of Directors of our Company on August 8, 2009, Our Board discussed about the remuneration payable to the Chairman cum Managing Director of the Company, though there is an increase in salary which has been approved by the members of the Company at their meeting held on June 10, 2009. However, Chairman considering growth plans in hands, offered voluntarily to draw remuneration only after the factory production starts.

### 2. Mr. Raj Kumar More:

The details of remuneration of Mr. Raj Kumar More as approved by the members of the Company at their Board Meeting held on September 29, 2009 is as follows:

|                            |   |
|----------------------------|---|
| <b>Name</b>                | Mr. Raj Kumar More  |
| <b>Designation</b>         | Whole time Director   |
| <b>Date of Appointment</b> | October 1, 2009 to September 30, 2012   |
| <b>Period</b>              | 3 Years   |
| <b>Salary</b>              | Rs. 1,00,000/- Per Month  |
| <b>Perquisites</b>         | <p><b>Perquisites will be classified as follows:</b></p> <p><b>I. Contribution to Provident Fund, Superannuation and Annuity Fund</b><br/>The Company's contribution to Provident Fund and Superannuation or Annuity Fund as per rules of the Company.</p> <p><b>II. Gratuity</b><br/>As per Rules of the Company.</p> <p><b>III. Entertainment, Travelling and other Expenses</b><br/>Reimbursement of entertainment, travelling and all other expenses, incurred for the business of the Company.</p> <p><b>IV. EXPLANATION</b><br/>Perquisites shall be evaluated as per the Income Tax Rules, 1962 wherever applicable and in the absence of any such Rule, perquisites shall be evaluated at cost.</p> <p><b>AMENITIES</b></p> <p><b>V. Conveyance Facilities</b><br/>He will be provided with a car for use on Companies business. Provision of car for use on Company's business will not be considered as perquisites.</p> <p><b>VI. Mobile, Telephone, Telefax and other Communication facilities</b><br/>The Company shall provide mobile, Telephone, Talefax and other communication facilities at the Managing Directors' residence</p> |



|  |                                  |
|--|----------------------------------|
|  | for the purpose of official use. |
|--|----------------------------------|

### Sitting fees payable to Non Executive Directors

Details of the remuneration to the Non Executive Directors provided as per accounts for the year ended June 30, 2010 are given below:

| Name of the Director   | Sitting Fee (Rs.) | Commission (Rs.) | Total (Rs.) |
|------------------------|-------------------|------------------|-------------|
| Mr. Nikhil Merchant    | 10000.00          | NIL              | 10000.00    |
| Mr. Subbarao Peteti    | 10000.00          | NIL              | 10000.00    |
| Mr. K.M. Shah          | 10000.00          | NIL              | 10000.00    |
| Mr. L.K. Tibrawalla    | NIL               | NIL              | NIL         |
| Ms. Pratima Srivastava | 7500.00           | NIL              | 7500.00     |

### Policy on Disclosures and Internal Procedure for Prevention Of Insider Trading

The provisions of Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchanges.

Mr. Ramesh Kumar Didwania, Compliance Officer is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

### Shareholding of Directors in our Company

Our Articles of Association do not require our Directors to hold any qualification shares. However share holding of our Directors is as under:

| Sr. No | Directors              | No. of Equity Shares | Pre-Issue (%) of holding in our Company |
|--------|------------------------|----------------------|---|
| 1.     | Mr. Bimal Kumar Nopany | 18,18,642            | 11.37                                   |

### Interest of Directors

Except as stated in "Related Party Transactions" on page no 153 of the Draft Red Herring Prospectus and to the extent of shareholding in our company, the directors do not have any other interest in the business. Directors are interested to the extent of shares allotted to them. Except to the extent of their compensation as mentioned on page no 105 of this Draft Red Herring Prospectus, of their shareholding or shareholding of companies they represent, the directors, other than the Promoters who are also directors, do not have any other interest in our company.

All Directors may be redeemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by our company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations.

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



The Articles of Association provide that the Directors and officers shall be indemnified by our company against loss in defending any proceeding brought against Directors and officers in their capacity as such, if the indemnified Director or officer receives judgement in his favour or is acquitted in such proceedings.

#### **Interest as to Property**

Except as stated/referred to in the paragraph titled “*Property*” beginning on page 89 of chapter “*Business Overview*” on page 79 of the Draft Red Herring Prospectus, our Directors do not have any interest:

- i) in the promotion of our Company; or
- ii) in any property acquired by our Company within two years from the date of the Draft Red Herring Prospectus, or proposed to be acquired by our Company.

#### **Changes in the Board of Directors during the last three years**

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

| <b>Sr. No</b> | <b>Name</b>                | <b>Date of Appointment</b>                  | <b>Date of Resignation</b>             | <b>Reason</b> |
|---------------|----------------------------|---|--|---------------|
| 1             | Mr. Shailendra Nath Mishra | 15/10/2008<br>(Re -appointed on 22/01/2009) | 30/12/2008<br>(Resigned on 29/09/2009) | Resigned      |
| 2             | Ms. Pratima Srivastava     | 04/05/2009                                  | -                                      | Appointed     |
| 3             | Mr. Naw Ratan Sewak        | -   | 06/06/2009                             | Resigned      |
| 4             | Mr. Nikhil Merchant        | 29/09/2009                                  | -                                      | Appointed     |
| 5             | Mr. Subbarao Peteti        | 29/09/2009                                  | -                                      | Appointed     |



## Corporate Governance

The provisions of the listing agreement to be entered into with BSE and NSE with respect to corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchanges. Our Company has complied with Listing Agreement in respect of Corporate Governance specially with respect to broad basing of Board, constituting the Committees such as Audit Committee, Remuneration Committee, FPO Committee, General Administration Committee and Shareholders Grievance Committee.

### Composition of the Board of Directors

| Name of the Director      | Designation                    | Category                            |
|---------------------------|--------------------------------|-------------------------------------|
| Mr. Bimal Kumar Nopany    | Chairman cum Managing Director | Promoter & Executive Director       |
| Mr. Raj Kumar More        | Wholetime Director             | Executive Director                  |
| Mr. Nikhil Merchant       | Director                       | Non- Executive Independent Director |
| Mr. Subba Rao Peteti      | Director                       | Non- Executive Independent Director |
| Mr. Lakshmikant Tibrawala | Director                       | Non- Executive Independent Director |
| Ms. Pratima Shrivastav    | Director                       | Non- Executive Independent Director |
| Mr. Krishan Murari Shah   | Director                       | Non- Executive Independent Director |

In terms of the Clause 49 of the Listing Agreement, our Company has already appointed Independent Directors and constituted the following Committees of the Board:

1. Audit Committee
2. Remuneration Committee
3. FPO Committee
4. General Administration Committee
5. Shareholders Grievance Committee

#### 1. Audit Committee

Our Company has constituted an Audit Committee, as per the provisions of Section 292A of the Companies Act and Clause 49 of the Listing Agreement. The constitution was approved at a meeting of the Board of Directors held on June 28, 2004. Subsequently, the Committee was reconstituted on June 20, 2005. The Committee consists of 3 members.

| Name                       | Designation | Nature of Directorship         |
|----------------------------|-------------|--------------------------------|
| Mr. Krishan Murari Shah    | Chairman    | Independent Director           |
| Mr. Bimal Kumar Nopany     | Member      | Chairman Cum Managing Director |
| Mr. Lakshmikant Tibrawalla | Member      | Independent Director           |



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

1. Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
2. Recommending the appointment and removal of external auditors, fixation of audit fees and also approval for payment for any other services.
3. Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post - audit discussion to ascertain any area of concern.
4. Reviewing with management the annual 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 stock exchange and legal requirements concerning financial statements (upon listing of shares).
  - Reviewing with the management, external and internal auditors, the adequacy of internal control systems;
  - Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency if internal audit;
  - Discussion with internal auditors of any significant findings and follow-up thereon.
  - Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
  - Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of anon payment of declared dividends) and creditors.

## 2. Remuneration Committee

Our Company has constituted a Remuneration Committee under Schedule XIII of the Companies Act, 1956. The constitution was approved at a meeting of the Board of Directors held on June 20, 2005. Subsequently, the Committee was reconstituted on September 29, 2009. The Committee consists of 3 members.

| Name                       | Designation | Nature of Directorship |
|----------------------------|-------------|------------------------|
| Mr. Lakshmikant Tibrawalla | Chairman    | Independent Director   |
| Mr. Krishan Murari Shah    | Member      | Independent Director   |
| Ms. Pratima Srivastava     | Member      | Independent Director   |



The terms of reference of our Remuneration Committee are given below:

1. To decide and approve the terms and conditions for appointment of executive directors and/ or whole time Directors and Remuneration payable to other Directors and matters related thereto.
2. To recommend to the Board, the remuneration packages of the Company's Managing/Joint Managing/ Deputy Managing/Whole time / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);
3. To be authorised at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Company's Managing/Joint Managing/ Deputy Managing/ Whole-time/ Executive Directors, including pension rights and any compensation payment;

### 3. FPO Committee

Our Company has constituted FPO Committee under Schedule XIII of the Companies Act, 1956. The constitution was approved at a meeting of the Board of Directors held on December 31, 2009. Subsequently, the Committee was reconstituted on August 28, 2010. The Committee consists of 3 members.

| Name                       | Designation | Nature of Directorship         |
|----------------------------|-------------|--------------------------------|
| Mr. Bimal Kumar Nopany     | Chairman    | Chairman Cum Managing Director |
| Mr. Lakshmikant Tibrawalla | Member      | Independent Director           |
| Ms. Pratima Srivastav      | Member      | Independent Director           |
| Mr. Raj Kumar More         | Member      | Executive Director             |

The terms of reference of our FPO Committee are given below:

1. Determining the time, terms and size of the issue;
2. Finalizing the Prospectus or Red Herring Prospectus subject to such approvals or comments of SEBI, Stock Exchanges, Registrar of Companies, Financial Institutions, Banks and such authorities as may be necessary;
3. Finalizing the 'Memorandum containing salient features of Prospectus/Red Herring Prospectus;
4. Finalizing draft text of Statutory Announcements;
5. Appointment of Lead Manager to the Issue and finalization of their terms of appointment;
7. Appointment of Registrars, Legal Advisors, Underwriters, Brokers, etc. and finalization of their terms of appointment.



#### 4. General Administration Committee

Our Company has constituted a General Administration Committee. The constitution of the aforesaid Committee was approved by a meeting of the Board of Directors held on August 28, 2010. The Committee consists of 4 members:

| Name                       | Designation | Nature of Directorship         |
|----------------------------|-------------|--------------------------------|
| Mr. Bimal Kumar Nopany     | Chairman    | Chairman Cum Managing Director |
| Mr. Lakshmikant Tibrawalla | Member      | Independent Director           |
| Ms. Pratima Srivastava     | Member      | Independent Director           |
| Mr. Raj Kumar More         | Member      | Executive Director             |

The terms of reference of our General Administration Committee are given below:

Subject to resolutions as may passed or directions as may be given by the Board, hereinafter, the committee exercises all such functions as may be required in connection with the general administration of the Company, including Company's units and branches.

#### 5. Shareholders Grievance Committee

Our Company has constituted a Shareholders Grievance Committee. The constitution of the aforesaid Committee was approved by a meeting of the Board of Directors held on June 28, 2004. Subsequently, the Committee was reconstituted on June 20, 2005. The Committee consists of 3 members:

| Name                       | Designation | Nature of Directorship         |
|----------------------------|-------------|--------------------------------|
| Mr. Krishan Murari Shah    | Chairman    | Independent Director           |
| Mr. Bimal Kumar Nopany     | Member      | Chairman Cum Managing Director |
| Mr. Lakshmikant Tibrawalla | Member      | Independent Director           |

The terms of reference of our Shareholders Grievance Committee are given below:

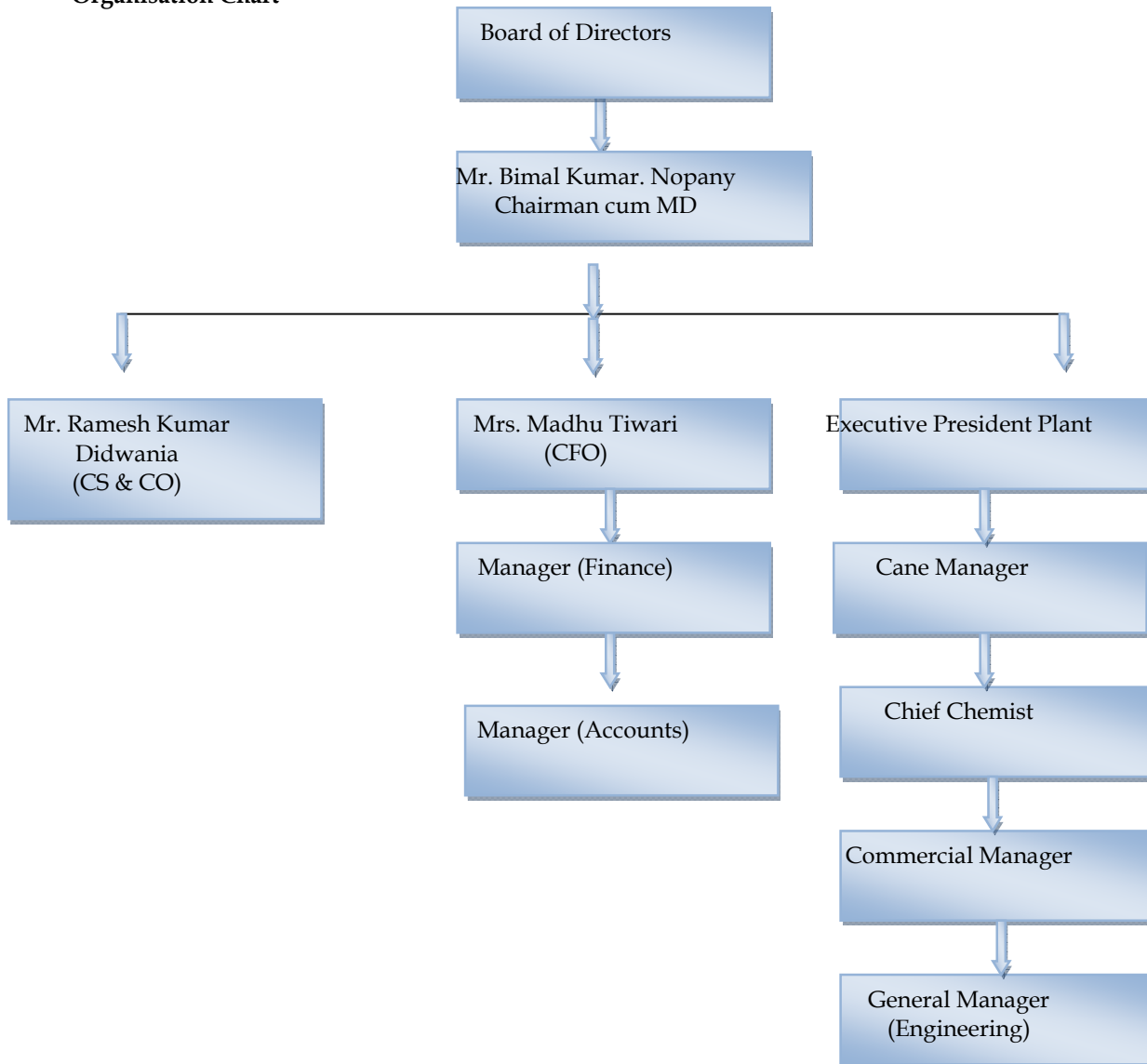
"To allot the Equity Shares of the Company, and to supervise and ensure:

- i. Efficient transfer of shares; including review of cases for refusal of transfer transmission of shares and debentures;
- ii. Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc;
- iii. Issue of duplicate / split / consolidated share certificates;
- iv. Allotment and listing of shares;
- v. Review of cases for refusal of transfer / transmission of shares and debentures;
- vi. Reference to statutory and regulatory authorities regarding investor grievances; and to otherwise ensure proper and timely attendance and redressal of investor queries and grievances."

Our Company Secretary, Mr. Ramesh Kumar Didwania will act as the secretary of the aforesaid Committees.



## Organisation Chart





## KEY MANAGERIAL PERSONNEL

The details of our Key Managerial Personnel are set out below:

| Name, Age, Designation and Date of Joining   | Qualification   | Over all Experience | Details of Previous Employment                         | Remuneration as per terms of appointment |
|--|---|---------------------|--|--|
| Mr. Ramesh Kumar<br>Didwania<br><i>Age:</i><br>47 Years<br><i>Designation</i><br>Company Secretary &<br>Compliance Officer<br><i>Date of Joining</i><br>June 1, 2009 | (B.Com)<br>Bachelor of<br>Commerce &<br>(C.S.)Company<br>Secretary,                                 | 14                  | Practising<br>Company<br>Secretary                     | 5,50,000                                 |
| Mrs. Madhu Tiwari<br><i>Age:</i><br>35 Years<br><i>Designation</i><br>Chief Financial<br>Officer / Vice-<br>President<br><i>Date of Joining</i><br>January 1, 2009   | (B.Com) Bachelor of<br>Commerce and<br>(M.B.A)Masters in<br>Business<br>Administration<br>(Finance) | 13                  | Nopany<br>Foundation                                   | 6,00,000                                 |
| Mr. Kulbansh Singh<br><i>Age:</i><br>65 Years<br><i>Designation</i><br>Executive President<br><i>Date of Joining</i><br>October 8, 2010                              | (B.sc (Hon))Bachelor<br>of Science (Honours)<br>(M.E.) Mechanical<br>Engineering                    | 40                  | A2Z<br>Powercom<br>Limited                             | 12,00,000                                |
| Col. Shyamji Singh<br><i>Age:</i><br>60 Years<br><i>Designation</i><br>Executive Vice<br>President<br><i>Date of Joining</i><br>August 01, 2010                      | (M.E.) Mechanical<br>Engineering  | 35                  | M/s. Amaltas<br>Limited                                | 12,00,000                                |
| Mr. Vineet Pandey<br><i>Age:</i><br>40 Years<br><i>Designation</i><br>Chief Chemist<br><i>Date of Joining</i><br>August 27, 2010                                     | (M.Sc.) Masters in<br>Science & NSI<br>(Sugar Technology)   | 20                  | M/s. Reva<br>Kripa Sugar<br>Private<br>Limited         | 5,40,000                                 |
| Mr. Amar Nath Shukla<br><i>Age:</i><br>65 Years<br><i>Designation</i>  | (M.A.) Masters in<br>Art ,(M.S.W) Master<br>in Social Work and<br>(LLB)Bachelor of                  | 40                  | M/s. National<br>Industrial<br>Corporation<br>Limited( | 4,80,000                                 |



|   |  |    |                                    |          |
|---|--|----|------------------------------------|----------|
| Vice President (Business Development)<br><b>Date of Joining</b><br>August 1, 2010   | Law  |    | NICOL Group), New Delhi            |          |
| Mr. Ajay Kabra<br><b>Age:</b><br>45 Years<br><b>Designation</b><br>General Manager<br>Finance<br><b>Date of Joining</b><br>December 12, 2008        | (B.Com) Bachelor of Commerce                                 | 14 | Eastern Sugar & Industries Limited | 2,40,000 |
| Mr. Datta Ram Gill<br><b>Age:</b><br>66 Years<br><b>Designation</b><br>Manager (Purchase and Stores)<br><b>Date of Joining</b><br>December 20, 2008 | (B.Com) Bachelor of Commerce                                 | 14 | Nopany Foundation                  | 4,65,000 |
| Mr. O.P. Lundia<br><b>Age:</b><br>60 Years<br><b>Designation</b><br>Manager Accounts<br><b>Date of Joining</b><br>September 16, 2008                | (B.Com) Bachelor of Commerce and (C.A.) Chartered Accountant | 35 | Practicing Chartered Accountant    | 2,95,000 |

*All the Key Managerial Personnel mentioned above are on the payrolls of our Company as the Permanent employees.*

*There is no arrangement or understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned key managerial personnel have been recruited.*



The details of our Key Managerial Personnel are set out below:

**1. Mr. Ramesh Kumar Didwania – Company Secretary & Compliance Officer**

Mr. Ramesh Kumar Didwania aged 47 years joined our Company on June 1, 2009 as Company Secretary and Compliance Officer. He is a Commerce Graduate and Company Secretary. He has more than 14 years of experience.

**2. Mrs. Madhu Tiwari – Chief Financial Officer / Vice President**

Mrs. Madhu Tiwari aged 35 years joined our Company on January 1, 2009 as Chief Financial Officer /Vice- President. She is a Commerce Graduate and Masters in Business Administration. She has more than 13 years of experience.

**3. Mr. Kulbansh Singh – Executive President**

Mr. Kulbansh Singh aged 65 years joined our Company on October 08, 2010 as Executive President. He is a Bachelor of Science and Mechanical Engineering. He has more than 40 years of experience.

**4. Col. Shyamji Singh – Executive Vice President**

Col. Shyamji Singh aged 60 years joined our Company on August 01, 2010 as Executive Vice President. He is a Mechanical Engineering. He has more than 35 years of experience.

**5. Mr. Vineet Pandey – Chief Chemist**

Mr. Vineet Pandey aged 40 years joined our Company on August 27, 2010 as Chief Chemist. He is a Masters in Sciences and ANI (Sugar Technology). He has more than 20 years of experience.

**6. Mr. Amar Nath Shukla – Vice President (Business Development)**

Mr. Amar Nath Shukla aged 65 years joined our Company on August 01, 2010 as Vice President (Business Development). He is a (M.A.) Masters in Art, (M.S.W) Master in Social Work and (LLB) Bachelor of Law. He has more than 40 years of experience.

**7. Mr. Ajay Kabra – General Manager Finance**

Mr. Ajay Kabra aged 45 years joined our Company on December 12, 2008 as a General Manager Finance. He is a Bachelor of Commerce. He has more than 14 years of experience.

**8. Mr. D.R. Gill – Manager (Purchase and Stores)**

Mr. D.R. Gill aged 66 years joined our Company on December 20, 2008 as Manager (Purchase and Stores). He is a Bachelor of Commerce. He has more than 14 years of experience.

**9. Mr. O.P. Lundia – Manager Accounts**

Mr. O.P. Lundia aged 60 joined our Company on September 16, 2008 as Manager Accounts. He is Bachelor of Commerce and a Chartered Accountant. He has more than 35 years of experience.



### Shareholding of Key Managerial Personnel

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

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

| Sr. No | Name                      | Date of joining    | Date of Leaving | Designation                               |
|--------|---------------------------|--------------------|-----------------|---|
| 1      | Mr. Ramesh Kumar Didwania | June 01, 2009      | -               | Company Secretary & Compliance Officer    |
| 2      | Mrs. Madhu Tiwari         | January 01, 2009   | -               | Chief Financial Officer & Vice- President |
| 3      | Mr. Kulbansh Singh        | October 08, 2010   | -               | Executive President                       |
| 4      | Col. Shyamji Singh        | August 01, 2010    | -               | Executive Vice President                  |
| 5      | Mr. Vineet Pandey         | August 27, 2010    | -               | Chief Chemist                             |
| 6      | Mr. Amar Nath Shukla      | August 1, 2010     | -               | Vice President (Business Development)     |
| 7      | Mr. Ajay Kabra            | December 12, 2008  | -               | General Manager Finance                   |
| 8      | Mr. Datta Ram Gill        | December 20, 2008  | -               | Manager (Purchase and Stores)             |
| 9      | Mr. O.P. Lundia           | September 16, 2008 | -               | Manager Accounts                          |

### Bonus or Profit Sharing Plan

There is no fixed or certain bonus or profit sharing plan for the Key Managerial Personnel.

### Employees

As of June 30, 2010, our work force consisted of 164 full time employees. For more details about our employees please refer to section titled "Business Overview" beginning on page 79 of this Draft Red Herring Prospectus.

### ESOP/ESPS Scheme to Employees

Presently, we do not have ESOP/ESPS scheme for employees.

### Payment or benefit to the officers

Except for payment of monetary and non-monetary benefits in accordance with the terms of employment/ engagement and the dividend, if any, that may have been declared on the Equity Shares held by our officers, we have not paid any amount or given any benefit to any officer of our Company, nor is such amount or benefit intended to be paid or given to any officer as on the date of filing this Draft Red Herring Prospectus with SEBI.

### Relationship between the key managerial personnel

There exists no relationship between the key managerial personnel of our company.

### Loans to Key Managerial Personnel

There are no loans outstanding to any of the key managerial personnel.



## OUR PROMOTER AND PROMOTER GROUP

Our Individual Promoter Mr. Bimal Kumar Nopany.

The brief profile of our Promoter are given below:

### 1. Mr. Bimal Kumar Nopany - Chairman Cum Managing Director



Mr. Bimal Kumar Nopany aged 67 years, a Commerce Graduate from Calcutta University has more than 43 years experience in Business, spreading over Sugar, Real Estate development, investments etc. He is Chairman of the Board of a leading Academic Institution in Calcutta and is on the Board of Governors of another leading Institution (Public School) at Ranchi, which is a member of Indian Public Schools Conference.

| Identification     | Details    |
|--------------------|------------|
| Voter ID Number    | DWK5000427 |
| Driving License No | NA         |

### Promoters other than Individual & Corporate Promoter

#### 2. Shruti Limited

|                              |   |
|------------------------------|---|
| <b>Date of Incorporation</b> | The Company was incorporated on January 31, 1963 as a public limited company under the name and style of Mahalakshmi Cement & Industries Limited under the Companies Act, 1956 with Registrar of Companies, West Bengal, Calcutta. The name of the Company was changed to Mahalakshmi Steel Corporation Limited vide fresh certificate of incorporation dated April 18, 1964 issued by Registrar of Companies, West Bengal, Calcutta. The name of the Company was further changed to Shruti Limited vide fresh certificate of incorporation dated January 13, 1978 issued by Registrar of Companies, West Bengal, Calcutta. |
| CIN                          | U26941WB1963PLC05747  |
| Registered Office            | Chandra Kunj, 4 <sup>th</sup> Floor, 3, Pretoria Street, Kolkata, 700 071   |
| Nature of Business           | The Company is engaged in Non Banking Finance Company (NBFC) having company registration no. 05.01297, engaged in the business of investments in shares, debentures and other securities.   |



## Board of Directors

As on March 31, 2010, the Board of Directors of Shruti Limited are:

| Sr. No | Name of the Directors | Designation |
|--------|-----------------------|-------------|
| 1      | Mr. B. K. Nopany      | Director    |
| 2      | Mr. R. K. More        | Director    |
| 3      | Mrs. Madhu Tiwari     | Director    |

## Shareholding Pattern

As on March 31, 2010, the Shareholding Pattern of Shruti Limited is as follows:

| Sr. No. | Name of the Share holder                      | No. of Equity Shares held of Rs.10/- each | Percentage Holding |
|---------|---|---|--------------------|
| 1       | M/s. Nopany & Sons Private Limited            | 1,70,000                                  | 17.00              |
| 2       | M/s. Nopany & Sons                            | 1,70,000                                  | 17.00              |
| 3       | M/s. Nopany Investment Private Limited        | 1,64,000                                  | 16.40              |
| 4       | M/s. Arogya Investment Private Limited        | 1,50,000                                  | 15.00              |
| 5       | M/s. Indian Die Casting Co Private Limited    | 1,50,000                                  | 15.00              |
| 6       | Mr. B. K. Nopany                              | 60,250                                    | 6.03               |
| 7       | M/s. Shruti Polymarbs Private Limited         | 50,000                                    | 5.00               |
| 8       | Mr. C. S. Nopany                              | 40,000                                    | 4.00               |
| 9       | Mr. B. K. Nopany (HUF)                        | 20,000                                    | 2.00               |
| 10      | Mr. Shruti Vora                               | 15,550                                    | 1.56               |
| 11      | M/s. Shree Hanuman Sugar & Industries Limited | 10,000                                    | 1.00               |
| 12      | Mr. M. L Nopany                               | 200                                       | 0.02               |
|         | <b>TOTAL</b>                                  | <b>10,00,000</b>                          | <b>100.00</b>      |

## Financial Performance

(Rs. in lacs)

| Particulars  | For the year ended March 31, 2010 | For the year ended March 31, 2009 | For the year ended March 31, 2008 |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
| Equity Share Capital (face value Rs. 10/- each)    | 110.00                            | 110.00                            | 100.00                            |
| Reserves & Surplus (excluding revaluation reserve) | 2088.48                           | 2077.23                           | 1663.11                           |
| Total Income                                       | 12.89                             | 11.22                             | 5.84                              |
| Profit/ (Loss) after Tax                           | 11.25                             | 9.11                              | 5.69                              |
| Earnings Per Share (in Rs.)                        | 1.02                              | 0.83                              | 0.57                              |
| Net Asset Value Per Share (in Rs.)                 | 199.86                            | 198.83                            | 176.31                            |

We confirm that the Permanent Account Number, Bank Account details and Passport number of our Promoter and Permanent Account Number, Bank Account Number, the Company Registration Number, and the addresses of the Registrar of Company of our Corporate promoter shall be submitted to BSE, NSE and CSE at the time of filing the Draft Red Herring Prospectus with them.



Further our Promoter has not been identified as willful defaulter by RBI or any other Government authority and there are no violations of Securities Law committed by our Promoter in past or pending against them. Our Promoter is not prohibited from accessing the capital markets and no order or direction has been passed by SEBI or any other regulatory/statutory authority.

## PROMOTER GROUP

### i. Individuals

The relatives of the promoters that form part of the Promoter Group are as set forth below:-

| Sr. No | Name                | Relation ship   |
|--------|---------------------|-----------------|
| 1      | Mrs. Nandini Nopany | Wife            |
| 2      | Mr. C.S. Nopany     | Son             |
| 3      | Mrs. Shalini Nopany | Daughter-in-law |
| 4      | Ms. Shruti Vora     | Daughter        |
| 5      | Mr. Mitul Vora      | Son-in-law      |

### ii. HUF

Bimal Kumar Nopany (HUF)  
Mohanlal Nopany (HUF)

### iii. Body Corporate

The body corporates that form a part of the Promoter Group are as set forth below:-

#### 1. Nopany Investments Private Limited:

Nopany Investments Private Limited was incorporated on September 22, 1951 in the name and style of "Shree Hanuman Overseas Corporation Private Limited" as a private limited company under the Companies Act, 1913 with the Registrar of Companies, Bombay. The name of the Company was changed to Nopany Investments Private Limited vide fresh Certificate of Incorporation consequent to change of name dated January 21, 1974 issued by Registrar of Companies, West Bengal, Calcutta. For, further details, please see "Financial Information of Group Companies" on page 158 of this Draft Red Herring Prospectus.

#### 2. Hanuman Industries (I) Private Limited:

HIPL was incorporated on September 29, 1954 in the name and style of "Hanuman Industries (I) Limited as a Limited Company under the Companies Act, 1913 with the Registrar of Companies, West Bengal, Calcutta. The name of the Company was changed to "Hanuman Industries (I) Private Limited vide fresh Certificate of Incorporation dated January 31, 1967 issued by Registrar of Companies, West Bengal, Calcutta. For, further details, please see "Financial Information of Group Companies" on page 158 of this Draft Red Herring Prospectus.

#### 3. Shruti Limited

Shruti Limited was incorporated on January 31, 1963 as a public limited company under the name and style of Mahalakshmi Cement & Industries Limited under the Companies Act, 1956 with Registrar of Companies, West Bengal, Calcutta. The name of the Company was changed to Mahalakshmi Steel Corporation Limited vide fresh certificate of incorporation dated April 18, 1964 issued by Registrar of Companies, West Bengal, Calcutta. The name of the Company was further changed to Shruti Limited vide fresh certificate of incorporation dated January 13, 1978 issued by Registrar of Companies, West Bengal, Calcutta. For, further details, please see "Promoters other than Individual & Corporate Promoter" on page 158 of this Draft Red Herring Prospectus.



### **Common Pursuits**

Save and except as mentioned below, our Promoters / any member of the Promoter Group do not have any interest in any venture that is involved in any activities similar to those conducted by our Company.

| Sr. No | Name of the Company                | Activity             |
|--------|------------------------------------|----------------------|
| 1      | Eastern Sugar & Industries Limited | Manufacture of Sugar |

### **Interest of Promoters in our Company**

Our Promoter who is also the Director of our Company may be deemed to be interested to the extent of fees, if any payable to them for attending meeting of the Board or a committee thereof as well as to the extent of remuneration and reimbursement of expenses payable to them as per the terms of our Articles and relevant provisions of Companies Act. Our Promoter Director may also be deemed to be interested to the extent of Equity Shares held by their relatives in our Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Draft Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated otherwise in this Draft Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Red Herring Prospectus in which the Promoter is directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by the Company other than in the normal course of business.

Further, our Promoter is also director on the boards of certain Promoter Group entities and they may be deemed to be interested to the extent of the payments made by our Company, if any, to/from these Promoter Group entities. For the payments that are made by our Company to certain Promoter Group entities, see "*Related Party Disclosures*" beginning on page 153 of this Draft Red Herring Prospectus.

Our Registered office situated at 12 Government Place, East 2<sup>nd</sup> Floor, Kolkata, West Bengal – 700 069. The registered office of our Company was shifted to Chandra Kunj, 4<sup>th</sup> Floor, 3, Pretoria Street, Kolkata, West Bengal – 700 071, with effect from November 30, 2009.

### **Payment of benefits to our Promoter**

For details of payments or benefits paid to our promoters, please refer to paragraph "*Compensation to Chairman / Managing Directors / Whole time Directors*", "*Interest of Promoter*" and "*Related Party Transactions*" beginning on page 105, 120 and 153 respectively of this Draft Red Herring Prospectus.

### **Related Party Transactions**

For details on related party transactions refer to Related Party Transaction under the section titled "*Financial Statements*" beginning on page 153 of this Draft Red Herring Prospectus.



## CURRENCY OF PRESENTATION

In this Draft Red Herring Prospectus, all reference to “Rs.” / “Rupees” / “INR” are to Indian Rupees, the official currency of the Republic of India, “\$” / “US\$” / “USD” are to U. S. Dollars, the official currency of the United States of America.

All references to “million” or “Million” or “Mln” or “mn” refer to one million, which is equivalent to “ten lakhs” or “ten lacs”, the word “Lakhs /Lacs/Lac” means “one hundred thousand” and “Crore” means “ten millions” and “billion / bn / bln / Billions” means “one hundred crores”. Throughout this Draft Red Herring Prospectus, currency figures have been expressed in “Lakhs /Lacs” except those, which have been reproduced/ extracted from sources as specified at the respective places.



## DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders. The dividend and dividend tax paid by our Company during the last five years are presented below:

*(Rs. In Lacs)*

| Particulars                                | June 30, 2010 | June 30, 2009 | June 30, 2008 | June 30, 2007 | June 30, 2006 |
|--|---------------|---------------|---------------|---------------|---------------|
| Equity Share Capital                       | 1600.00       | 1600.00       | 1020.00       | 1020.00       | 1020.00       |
| Number of Equity Shares                    | 160.00        | 160.00        | 102.00        | 102.00        | 102.00        |
| <b>Rate of Dividend (%)</b>                |               |               |               |               |               |
| Interim                                    | -             | -             | -             | -             | -             |
| Final                                      | 3%            | 3%            | 3%            | 3%            | 3%            |
| <b>Amount of Dividend on Equity Shares</b> |               |               |               |               |               |
| Interim                                    | -             | -             | -             | -             | -             |
| Final                                      | 48.00         | 48.00         | 30.60         | 30.60         | 30.60         |
| <b>Total Tax on Dividend</b>               | <b>8.16</b>   | <b>8.16</b>   | <b>5.20</b>   | <b>5.20</b>   | <b>4.29</b>   |



## SECTION VII - FINANCIAL INFORMATION

### AUDTORS' REPORT AND FINANCIAL INFORMATION OF OUR COMPANY

To

The Board of Directors,  
Shree Hanuman Sugar & Industries Limited,  
3, Pretoria Street, 4<sup>th</sup> Floor,  
Kolkata - 700 071

Dear Sirs,

We, Bharat D. Sarawgee & Co. Chartered Accountants, have examined the attached Statement of Restated Financial Information of Shree Hanuman Sugar & Industries Limited ('SHSIL' or 'the Company') as at 30<sup>th</sup>, June, 2010, 30<sup>th</sup>, June, 2009, 30<sup>th</sup>, June, 2008, 30<sup>th</sup>, June, 2007 and 30<sup>th</sup>, June, 2006, annexed to this report, prepared by the Company and approved by the Board of Directors, in accordance with the requirements of :

- a. Paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
- b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the related clarifications issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000 and related amendments, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992;
- c. The terms of reference received from the Company, requesting us to carry out the engagement, in connection with the offer document of the Company for its proposed Further Public Offer (FPO); and
- d. The revised Guidance Note on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India (ICAI).

The Company proposes to make an FPO.



**A. Financial Information as per Audited Financial Statements.**

1. We have examined the attached 'Restated Summary Statement of Assets and Liabilities' and 'Restated Summary Statement of Profits and Losses' and 'Restated Statement of Cash Flows' of the Company as at 30<sup>th</sup>, June, 2010 30<sup>th</sup>, June, 2009, 30<sup>th</sup>, June 2008, 30<sup>th</sup>, June 2007, 30<sup>th</sup>, June 2006, together referred to as 'Restated Summary Statements'. (See Annexure I, II and III) as prepared by the Company and approved by the Board of Directors. Audit for the year ended 30<sup>th</sup>, June'2010 30<sup>th</sup>, June 2009, 30<sup>th</sup>, June 2008, 30<sup>th</sup>, June 2007 and 30<sup>th</sup>, June 2006 was completed by their statutory auditor M/s. Bharat D. Sarawgee & Co. Chartered Accountants., Chartered Accountants, and accordingly reliance has been placed on the financial information examined by them for the said years. We have re-audited all financial informations specified in these financial statements for the year ended on 30<sup>th</sup> June,2010 though the financial statements for the said year were audited by another auditor.
2. Based on our examination of these Summary Statements, we state that:
  - a) The 'Restated Summary Statements' reflect the assets and liabilities, profits and losses and cash flows extracted from the Balance Sheets, Profit and Loss Accounts and Cash Flow Statement for those years, and after considering the impact of retrospective adjustments and regroupings as were, in our opinion, appropriate and required to be made, more fully described in the Notes on adjustments appearing in Annexure IV and summary of Significant Accounting Policies adopted by the Company pertaining to the financial statements are enclosed as Annexure V to this Report.
  - b) The 'Restated Summary Statements' have been made after incorporating /considering the following :-
    - i. There are no extraordinary items which need to be disclosed separately in the Summary Statements;
    - ii. There are no qualifications in the auditor's reports which require any adjustments to the Summary Statement.
    - iii. There have been no adjustments for the changes in accounting policies retrospectively in respective financial years.
    - iv. There have been no adjustments for the material amounts in the respective financial years to which they relate.
  - c) Qualifications in the Auditors' Report which do not require any corrective adjustments in the financial statements are disclosed in Note 1.4 Annexure IV.



## **B. Other Financial Information:**

We have also examined the following other financial information relating to the Company, as at 30<sup>th</sup>, June, 2010, 30<sup>th</sup>, June, 2009, 30<sup>th</sup>, June 2008, 30<sup>th</sup>, June 2007 and 30<sup>th</sup>, June 2006, set out in the Annexure VI to XXVI and proposed to be included in the offer document, as prepared by the management and approved by the Board of Directors of the Company and annexed to this report:

- i) Restated Summary Statement of Assets and Liabilities, enclosed as Annexure I
- ii) Restated Summary Statement of Profit and Losses, enclosed as Annexure II
- iii) Restated Statement of Cash Flows, enclosed as Annexure III
- iv) Notes to Restated Financial Statements and Forming Part of the Restated Summary Statement, enclosed as Annexure-IV
- v) Significant Accounting Policies, enclosed as Annexure-V
- vi) Details of Secured Loans and assets charged as securities, enclosed as Annexure VI
- vii) Details of Unsecured Loans, enclosed as Annexure VII
- viii) Details of Investments, enclosed as Annexure VIII
- ix) Details of Inventories, enclosed as Annexure IX
- x) Details of Sundry Debtors, enclosed as Annexure X
- xi) Details of Loans and Advances, enclosed as Annexure XI
- xii) Details of Current Liabilities, enclosed as Annexure XII
- xiii) Details of Provision for Income Tax, enclosed as Annexure XIII
- xiv) Details of Preliminary Expenses, enclosed as Annexure XIV
- xv) Details of Sales and Operations income, enclosed as Annexure XV
- xvi) Details of Other Income, enclosed as Annexure XVI
- xvii) Details of Manufacturing / Construction Expenses and Increase /Decrease in Inventory enclosed as Annexure XVII
- xviii) Details of Administrative and Selling Expenses, enclosed as Annexure XVIII
- xix) Details of Finance Expenses, enclosed as Annexure XIX
- xx) Statement of Tax Shelters, enclosed as Annexure XX
- xxi) Statement of Accounting Ratios based on the adjusted profits relating to earnings per share, net asset value, return on net worth, enclosed as Annexure XXI



- xxii) Statement of Dividend paid/proposed, enclosed as XXII
  - xxiii) Capitalization Statement as at June 30, 2010, enclosed as Annexure XXIII
  - xxiv) Details of Contingent Liabilities, enclosed as Annexure XXIV
  
  - xx) Details of Segment Reporting enclosed as Annexure XXV
  - xxi) Details of Related Party Transactions, enclosed as Annexure XXVI
3. In our opinion, the financial information as disclosed in the annexure to this Report, read with the Notes thereon and Significant Accounting Policies disclosed in Annexure V, and after making adjustments and re-groupings as considered appropriate and disclosed in Annexure IV, has been prepared in accordance with Part II B of Schedule II of the Act and the Guidelines.
  4. The sufficiency of the procedures performed, as set forth in the above paragraphs of this Report, is the sole responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purposes for which this Report has been requested or for any other purpose.
  5. This report should not in any way be construed as a reissuance or redacting of any of the statutory audit reports issued by M/s. Jain Sarawjee & Co. , Chartered Accountants nor should this report be construed as a new opinion on any of the financial statements referred to herein.
  6. This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed FPO of the Company, and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For Bharat D. Sarawjee & Co.  
Chartered Accountants.**

**Bharat D. Sarawjee  
Partner  
Membership No- 061505  
FRN: 326264E  
Dated: 16<sup>th</sup> November, 2010**



(Annexure - I)

Restated Summary Statements of Assets and Liabilities

(Rs. in Lacs)

|          | Particulars  | 2010           | 2009           | 2008           | 2007           | 2006           |
|----------|--|----------------|----------------|----------------|----------------|----------------|
| <b>A</b> | <b>Fixed Assets</b>  |                |                |                |                |                |
|          | Gross block  | 7376.63        | 6821.90        | 4596.19        | 5255.02        | 4502.65        |
|          | Less Depreciation  | 1624.11        | 1497.48        | 1366.16        | 2069.23        | 1946.31        |
|          | Net Block  | 5752.52        | 5324.42        | 3230.03        | 3185.79        | 2556.34        |
|          | Less: Revaluation Reserve  | 625.00         | 625.00         | 625.00         | 625.00         | -              |
|          | <b>Net Block after adjustment for Revaluation Reserve</b>                | <b>5127.52</b> | <b>4699.42</b> | <b>2605.03</b> | <b>2560.79</b> | <b>2556.34</b> |
| <b>B</b> | <b>Investments</b>   | <b>370.24</b>  | <b>370.24</b>  | <b>370.31</b>  | <b>600.31</b>  | <b>600.31</b>  |
| <b>C</b> | <b>Current Assets, Loans and Advances</b>                                |                |                |                |                |                |
|          | Inventories  | 389.33         | 409.15         | 161.90         | 219.79         | 235.00         |
|          | Sundry Debtors   | 850.83         | 475.80         | 772.97         | 710.00         | -              |
|          | Cash and Bank Balances   | 17.98          | 23.64          | 26.82          | 24.58          | 10.42          |
|          | Loans and Advances   | 1326.51        | 744.62         | 2099.81        | 1512.01        | 1120.96        |
|          | <b>Total (C)</b>   | <b>2584.65</b> | <b>1653.21</b> | <b>3061.50</b> | <b>2466.38</b> | <b>1366.38</b> |
| <b>D</b> | <b>Total Assets(A+B+C)=D</b>   | <b>8082.41</b> | <b>6722.87</b> | <b>6036.84</b> | <b>5627.48</b> | <b>4523.03</b> |
| <b>E</b> | <b>Liabilities and Provisions:</b>                                       |                |                |                |                |                |
|          | Secured Loans  | 359.00         | 374.86         | 405.49         | 200.00         | 200.00         |
|          | Unsecured Loans  | 1522.55        | 825.70         | 1699.77        | 1697.55        | 973.71         |
|          | Current Liabilities  | 138.13         | 410.71         | 248.56         | 240.63         | 49.53          |
|          | Provisions   | 209.14         | 108.41         | 56.48          | 84.08          | 63.03          |
|          | Deferred Tax Liability   | -              | -              | -              | -              | -              |
|          | <b>Total (E)</b>   | <b>2228.82</b> | <b>1719.68</b> | <b>2410.30</b> | <b>2222.26</b> | <b>1286.27</b> |
| <b>F</b> | <b>Net Worth (D-E)</b>   | <b>5853.59</b> | <b>5003.19</b> | <b>3626.54</b> | <b>3405.22</b> | <b>3236.76</b> |
| <b>G</b> | <b>Represented by</b>  |                |                |                |                |                |
|          | <b>Share Capital</b>   | <b>1600.00</b> | <b>1600.00</b> | <b>1020.00</b> | <b>1020.00</b> | <b>1020.00</b> |
|          | Reserves   | 4201.52        | 3899.87        | 3220.12        | 3006.75        | 2034.94        |
|          | Profit and Loss  | 677.07         | 128.32         | 11.42          | 12.98          | 191.33         |
|          | <b>Sub Total(Reserves+ Profit and Loss)</b>                              | <b>4878.59</b> | <b>4028.19</b> | <b>3231.54</b> | <b>3019.73</b> | <b>2226.27</b> |
|          | <b>Less: Revaluation Reserve</b>   | <b>625.00</b>  | <b>625.00</b>  | <b>625.00</b>  | <b>625.00</b>  | <b>-</b>       |
|          | Reserves (Net of Revaluation Reserves)                                   | 4253.59        | 3403.19        | 2606.54        | 2394.73        | 2226.27        |
|          | <b>Less: Misc. Expenditure to the extent not written off or adjusted</b> | <b>0.00</b>    | <b>0.00</b>    | <b>0.00</b>    | <b>9.51</b>    | <b>9.51</b>    |
|          | <b>Net Worth</b>   | <b>5853.59</b> | <b>5003.19</b> | <b>3626.54</b> | <b>3405.22</b> | <b>3236.76</b> |



Restated Summary Statement of Profit and Losses

(Annexure - II)  
(Rs. in Lacs)

| Particulars  | 2010           | 2009           | 2008           | 2007          | 2006          |
|--|----------------|----------------|----------------|---------------|---------------|
| <b>Income</b>  |                |                |                |               |               |
| Sales and Operating Income   | 3229.69        | 1571.43        | 1305.32        | 986.29        | 194.75        |
| Other Income   | 0.19           | 0.19           | 0.19           | 0.19          | 230.08        |
| Increase(Decrease in Inventories)                                  | (19.82)        | 125.25         | (57.89)        | (15.21)       | 229.89        |
| <b>Total</b>   | <b>3210.06</b> | <b>1696.87</b> | <b>1247.62</b> | <b>971.27</b> | <b>654.72</b> |
| <b>Expenditure</b>   |                |                |                |               |               |
| Raw Materials Consumed   |                |                | 8.92           | 0.00          | 0.00          |
| Purchases  | 1822.08        | 1099.86        | 728.91         | 472.45        | 235.00        |
| Manufacturing/ Construction Expenses                               | 78.84          | 15.40          | 3.40           | 0.00          | 0.00          |
| Administration & Selling Expenses                                  | 86.01          | 73.59          | 62.70          | 49.09         | 25.20         |
| Finance Expenses   | 42.25          | 42.83          | 41.04          | 34.61         | 34.00         |
| Depreciation   | 126.63         | 131.31         | 125.89         | 122.92        | 145.95        |
| Preliminary Expenses written off                                   | 0              | 0              | 9.51           | 0             | -             |
| <b>Total Expenditure</b>   | <b>2202.77</b> | <b>1392.49</b> | <b>1026.82</b> | <b>743.16</b> | <b>477.88</b> |
| <b>Adjusted Profit Before Tax</b>                                  | <b>1007.29</b> | <b>304.38</b>  | <b>220.80</b>  | <b>228.11</b> | <b>176.84</b> |
| <b>Provision for tax</b>   |                |                |                |               |               |
| Current Tax  | 100.73         | 30.44          | 22.08          | 22.81         | 14.37         |
| Tax Adjustment for earlier years                                   | -              | -              | -              | -             | 0             |
| Deferred Tax   | -              | -              | -              | -             | -             |
| Fringe Benefit Tax   |                | 1.13           | 1.11           | 1.04          | 1.04          |
| <b>Profit after Tax</b>  | <b>906.56</b>  | <b>272.81</b>  | <b>197.61</b>  | <b>204.26</b> | <b>161.43</b> |
| Surplus Brought Forward From Previous Year                         | 128.32         | 11.42          | 12.98          | 191.33        | 564.79        |
| <b>Appropriations</b>  |                |                |                |               |               |
| Proposed Dividend  | 48.00          | 48.00          | 30.60          | 30.60         | 30.60         |
| Provision for Dividend Tax   | <b>8.16</b>    | <b>8.16</b>    | <b>5.20</b>    | <b>5.20</b>   | <b>4.29</b>   |
| Transfer to General Reserve  |                |                | 50.00          | 198.81        | 500.00        |
| Transfer to Special Reserve  | 301.65         | 99.75          | 113.37         | 148           |               |
| <b>Adjusted Available surplus carried forward to Balance sheet</b> | <b>677.07</b>  | <b>128.32</b>  | <b>11.42</b>   | <b>12.98</b>  | <b>191.33</b> |



(Annexure-III)

**Restated Statement of Cash Flows**

(Rupees in Lacs)

| Particulars  | 30th June 2010 | 30th June 2009 | 30th June 2008  | 30th June 2007  | 30th June 2006  |
|--|----------------|----------------|-----------------|-----------------|-----------------|
| <b>Cash flows from Operating Activities</b>            |                |                |                 |                 |                 |
| Net profit before taxation, and extraordinary item     | 1,007.29       | 304.38         | 220.80          | 228.11          | 176.84          |
| <i>Adjustments for:</i>                                |                |                |                 |                 |                 |
| Depreciation   | 126.63         | 131.31         | 125.89          | 122.92          | 145.95          |
| Profit on sale of Fixed Assets                         |                |                |                 |                 | (229.89)        |
| Interest received                                      |                |                |                 |                 |                 |
| Preliminary Expense written off                        |                |                | 9.51            |                 |                 |
| Share of Profit from JV                                |                |                |                 |                 |                 |
| Interest expense                                       | 42.25          | 42.83          | 41.04           | 34.61           | 34.00079        |
| <b>Operating Profit before Working Capital Changes</b> | <b>1176.17</b> | <b>478.52</b>  | <b>397.24</b>   | <b>385.64</b>   | <b>126.90</b>   |
| Decrease / (Increase) in sundry debtors                | (375.03)       | 297.18         | (62.97)         | (710.00)        | 1107.74         |
| Decrease / (Increase) in inventories                   | 19.82          | (247.25)       | 57.89           | 15.21           | (229.89)        |
| Decrease / (Increase) in loans and advances            | (581.89)       | 1,355.19       | (587.80)        | (391.05)        | (505.76)        |
| Increase / (Decrease) in current liabilities           | (272.58)       | 162.15         | 7.93            | 191.1           | (1006.62)       |
| <b>Cash Generated from Operations</b>                  | <b>(33.51)</b> | <b>2045.79</b> | <b>(187.70)</b> | <b>(509.10)</b> | <b>(507.63)</b> |
| Income taxes paid                                      | (8.16)         | (5.20)         | (6.00)          | (8.01)          | (0.65)          |
| Cash flow before extraordinary item                    | (41.67)        | 2040.59        | (193.70)        | (517.11)        | (508.28)        |
| Extra Ordinary Items                                   |                |                |                 |                 |                 |
| <b>Net Cash from Operating Activities</b>              | <b>(41.67)</b> | <b>2040.59</b> | <b>(193.70)</b> | <b>(517.11)</b> | <b>(508.28)</b> |
| <b>Cash flows from Investing Activities</b>            |                |                |                 |                 |                 |
| Purchase of Fixed Assets                               | (619.23)       | (2347.71)      | (170.12)        | (952.30)        | (854.26)        |
| Sale of Fixed Assets                                   | 64.50          | 122.00         |                 | 824.93          | 455.00          |
| (Increase) in Investments                              |                | 0.07           | 230.00          |                 |                 |
| Share of Profit from JV                                |                |                |                 |                 |                 |
| Interest received                                      |                |                |                 |                 |                 |



|   |                       |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Net cash from Investing Activities</b>             | <b>(554.73)</b>       | <b>(2225.64)</b>      | <b>59.88</b>          | <b>(127.37)</b>       | <b>(399.26)</b>       |
| <b>Cash flows from Financing Activities</b>           |                       |                       |                       |                       |                       |
| Proceeds from Issue of Share Capital                  |                       | 580.00                |                       |                       |                       |
| Share Premium of Issue of Share Capital               |                       | 580.00                |                       |                       |                       |
| Share Application Money received                      |                       |                       |                       |                       |                       |
| Increase/(Decrease) in unsecured loans (Short term)   | 590.70                | (572.30)              | 0.21                  | 156.79                | 510.00                |
| Increase/(Decrease) in unsecured loans (Long Term)    | 106.15                | (301.77)              | 2.00                  | 567.06                | 463.71                |
| Increase/(Decrease) in secured loans                  | (15.86)               | (30.63)               | 205.49                |                       |                       |
| Preliminary Expenditure                               |                       |                       |                       |                       | (9.51)                |
| Interest paid   | (42.25)               | <b>(42.83)</b>        | <b>(41.04)</b>        | <b>(34.61)</b>        | (34.00)               |
| Dividend Paid   | (48.00)               | (30.60)               | (30.60)               | (30.60)               | (18.00)               |
| <b>Net cash used in Financing Activities</b>          | <b>590.74</b>         | <b>181.87</b>         | <b>136.06</b>         | <b>658.64</b>         | <b>912.20</b>         |
| <b>Net increase in Cash and Cash Equivalents</b>      | <b>(5.66)</b>         | <b>(3.18)</b>         | <b>2.24</b>           | <b>14.16</b>          | <b>4.66</b>           |
| Add: Cash and cash equivalents at beginning of period | 23.64                 | 26.82                 | 24.58                 | 10.42                 | 5.76                  |
| <b>Cash and Cash Equivalents at end of Period</b>     | <b>17.98</b>          | <b>23.64</b>          | <b>26.82</b>          | <b>24.58</b>          | <b>10.42</b>          |
|   |                       |                       |                       |                       |                       |
| <b>Breakup of Cash and Bank Balances</b>              |                       |                       |                       |                       |                       |
| <b>Particulars</b>                                    | <b>30th June 2010</b> | <b>30th June 2009</b> | <b>30th June 2008</b> | <b>30th June 2007</b> | <b>30th June 2006</b> |
| <b>-Bank Balances</b>                                 |                       |                       |                       |                       |                       |
| In Current Account                                    | 13.21                 | 12.34                 | 19.85                 | 22.06                 | 8.53                  |
| In Fixed Deposits                                     |                       |                       |                       |                       |                       |
| Interest Accrued on Above                             |                       |                       |                       |                       |                       |
| Cheques in Hand                                       |                       |                       |                       |                       |                       |
| <b>-Cash Balances</b>                                 | <b>4.77</b>           | <b>11.30</b>          | <b>6.97</b>           | <b>2.52</b>           | <b>1.89</b>           |
| -   | 17.98                 | 23.64                 | 26.82                 | 24.58                 | 10.42                 |

Note: The above Cash flow statement has been prepared under the " Indirect Method" as set out in the Accounting Standard on cash inflow issued by the Institute of Chartered Accountants of India.



(Annexure – IV)

**NOTES TO RESTATED FINANCIAL STATEMENTS AND FORMING PART OF THE RESTATED SUMMARY STATEMENT**

**1. To Restated Financial Statements.**

1.1 The Statement of Accounts of the Company audited by its Statutory Auditor M/S Jain Sarawjee & Co. have been restated considering the revised Guidance Notes on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India (ICAI) though it does not have any impact on profits and losses (before tax) of the Company for those years.

**1.2 Provision for current tax**

The Restated Statement of Profit and Loss has been adjusted for respective years in respect of short/excess provision for income tax as compared to the tax payable as per Statement of Tax Shelters (Annexure XX) For these years.

**1.3 Material regrouping**

i) Other Income:

'Other Income' has been separately disclosed in the Restated Statement of Profit and Loss in the financial years ended on 30<sup>th</sup> June, 2010, 30<sup>th</sup> June, 2009, 30<sup>th</sup> June, 2008, 30<sup>th</sup> June, 2007 and 30<sup>th</sup> June, 2006 .

ii) Repairs and Maintenance of Plant and Machinery, Office Equipments and Vehicles:

Insurance claims have been regrouped under the head 'Repairs and Maintenance', previously shown under the head 'Other Income' in Profit and Loss Account in the financial year ended on 30<sup>th</sup> June, 2009. Further, Repairs and Maintenance pertaining to office vehicles, Office Equipments maintenance and Computer maintenance is regrouped and included in the Repairs and Maintenance, previously grouped under 'Administrative Expenses' in the Profit and Loss Account in the years ended 30<sup>th</sup> June, 2010, 30<sup>th</sup> June, 2009, 30<sup>th</sup> June, 2008, 30<sup>th</sup> June, 2007 and 30<sup>th</sup> June, 2006.

iii) Financial Expenses:

Bank Commission and Charges have been regrouped under the head 'Financial Expenses', previously grouped under the head 'Administrative Expenses' in Profit and Loss Accounts in the years ended 30<sup>th</sup> June, 2010, 30<sup>th</sup> June, 2009, 30<sup>th</sup> June, 2008, 30<sup>th</sup> June, 2007 and 30<sup>th</sup> June, 2006.



#### 1.4) Qualifications in the Auditors Report:

The statutory auditor of the Company for the past five years was M/S Jainsarawgee & Co. There is neither any qualification nor any adverse remark/observation by the Statutory Auditors in their Statutory Audit Report for the Financial Statements as at 30<sup>th</sup> June,2010, 30<sup>th</sup> June,2009 , 30<sup>th</sup> June,2008,30<sup>th</sup> June,2007 and 30<sup>th</sup> June, 2006, which required any adjustment in the restated financial statements, except enumerated below:

##### In Audit Report:

###### (a) For Years ended 30.06.2010 and 30.06.2009

i) We have, subject to Note No. 13 on Schedule "K", obtained all the information's and explanations, which to the best of our knowledge and belief , were necessary for the purposes of our audit;

The said Note relates to non availability of quantitative information in respect of Trading Goods .

ii) In our opinion, subject to Note No 1(f) on Schedule " K" regarding non maintenance of certain accounts on accrual basis , proper books of accounts, as required by law , have been kept by the company so far as appears from our examination of those books;

iii) In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 , subject to Note 7 with regard to the provision for Gratuity not done as prescribed in AS-15;

Note No 7 reads as follows :

The Company has made an ad hoc provision for gratuity amounting to 33.25 lacs in the year 2006-07 on the basis of calculation made by the management and the same is considered adequate to cover liability on account of Gratuity. However , no actuarial valuation has been made as per AS - 15.

###### (b) For Year ended 30.06.2008

i) We have, subject to Note No. 13 on Schedule "L", obtained all the information's and explanations, which to the best of our knowledge and belief , were necessary for the purposes of our audit;

The said Note relates to non - availability of quantitative information in respect of Trading Goods .

ii) In our opinion, subject to Note No 1(f) on Schedule "L" regarding non maintenance of certain accounts on accrual basis , proper books of accounts, as required by law , have been kept by the company so far as appears from our examination of those books;

###### (c) For Years ended 30.06.2007 and 30.06.2006.

i) We have, subject to Note No. 12 on Schedule "J", obtained all the information's and explanations, which to the best of our knowledge and belief , were necessary for the purposes of our audit;



The said Note relates to non - availability of quantitative information in respect of Trading Goods .

- ii) In our opinion, subject to Note No 1(f) on Schedule “J” regarding non - maintenance of certain accounts on accrual basis , proper books of accounts, as required by law , have been kept by the company so far as appears from our examination of those books;

## 2 .NOTES FORMING PART OF THE RESTATED SUMMARY STATEMENT

### 2.1. Segment Reporting

Consistent with the manner of presentation adopted in the Restated Financial Statements as at 30<sup>th</sup> June 2010 and 30<sup>th</sup> June 2009, Profit on sale of Construction Rights, previously not reported as a separate segment, have been reported in Segment Reporting enclosed as per Annexure - XXVI . This is in accordance with AS- 17 on “Segment Reporting” issued by the ICAI.

### 2.2. Deferred Tax

In accordance with requirements under the Accounting Standard (AS -22), Deferred Tax Assets (net) at the year end arising out of carry forward Business losses ,carry forward of long Term Capital Loss and unabsorbed depreciation has not been recognized in the current year in the accounts. The accounting treatment is in line with prudential accounting norms and recommendations under AS - 22.

### 2.3. Payments to Auditors:

*(Rupees in Lacs)*

|  | 30.06.2010  | 30.06.2009  | 30.06.2008  | 30.06.2007  | 30.06.2006  |
|--|-------------|-------------|-------------|-------------|-------------|
| <b><u>Payment to Auditors for:</u></b>     |             |             |             |             |             |
| • Statutory Audit Fees                     | 0.22        | 0.16        | 0.16        | 0.13        | 0.13        |
| • In other Capacity Out of Pocket Expenses | Nil         | 0.02        | 0.02        | Nil         | Nil         |
| <b>Total:</b>                              | <b>0.22</b> | <b>0.18</b> | <b>0.18</b> | <b>0.13</b> | <b>0.13</b> |

2.4. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding more than 30 days at the Balance Sheet date. The above information has been determined to the extent such parties have been identified on the basis of information available with the Company.

2.5. The Company is not required to pay Gratuity to its employees as per the terms and conditions of employment. However, the Company has made an adhoc provision amounting to Rs. 33.25 lacs as a precautionary measure on the basis of calculation made by the management and the same is considered adequate to cover liability on account of gratuity , if any arising on a future date.



2.6. Additional Information:

Additional Information pursuant to the provisions of Paragraph 3 and 4C of Part II of Schedule VI to the Companies Act, 1956:

| PARTICULARS                                     | 30.06.2010                               | 30.06.2009                               | 30.06.2008                               | 30.06.2007                               | 30.06.2006                               |
|---|--|--|--|--|--|
| <b>A) Quantitative Information</b>              |  |  |  |  |  |
| i) Licensed capacity at the year / period ended | 5000 M.T.<br>Crushing<br>of<br>sugarcane | 5000 M.T.<br>Crushing<br>of<br>sugarcane | 5000 M.T.<br>Crushing<br>of<br>sugarcane | 5000 M.T.<br>Crushing<br>of<br>sugarcane | 5000 M.T.<br>Crushing<br>of<br>sugarcane |
| ii) Installed Capacity                          | 2500 M.T.<br>Crushing<br>of<br>sugarcane | 2500 M.T.<br>Crushing<br>of<br>sugarcane | 2500 M.T.<br>Crushing<br>of<br>sugarcane | 2500 M.T.<br>Crushing<br>of<br>sugarcane | 2500 M.T.<br>Crushing<br>of<br>sugarcane |

Licensed and installed capacity are certified by the management and accepted as correct by the Auditors.

Break up of Stock - in - Process and goods traded (as certified by management), however, no quantitative information regarding Trading goods is available.

| PARTICULARS                       | 30.06.2010     | 30.06.2009     | 30.06.2008     | 30.06.2007    | 30.06.2006  |
|-----------------------------------|----------------|----------------|----------------|---------------|-------------|
| <b>Closing Stock</b>              |                |                |                |               |             |
| Stock in process                  | -              | -              | 12.32          | -             | -           |
| Stores & Spare Parts              | 21.56          | 11.87          | 149.58         | 219.79        | 235.00      |
| Scrap                             | -              | -              | -              | -             | -           |
| Construction Right                | 227.50         | 372.00         | -              | -             | -           |
| Work- in- Progress (Construction) | 140.27         | 25.28          | -              | -             | -           |
| <b>SALES</b>                      |                |                |                |               |             |
| Sugar (in Qtls)                   | -              | -              | -              | 148.45        | -           |
| Stores & Spare Parts              | 2274.92        | 1471.68        | 1163.82        | 577.34        | -           |
| Construction Right                | 653.13         | -              | -              | -             | -           |
| Scrap                             |                |                |                |               | 7.25        |
| <b>GRAND TOTAL</b>                | <b>2928.05</b> | <b>1471.68</b> | <b>1163.82</b> | <b>725.79</b> | <b>7.25</b> |

**B. Raw Material Consumed**

(Rupees in Lacs)

| PARTICULARS         | 30.06.2010 | 30.06.2009 | 30.06.2008 | 30.06.2007 | 30.06.2006 |
|---------------------|------------|------------|------------|------------|------------|
| Sugarcane (in Qtls) | -          | -          | 10140      | -          | -          |
| (Amount)            | -          | -          | 8.92       | -          | -          |

2.7. Professional Taxes and Trade License Fees are to be accounted for on cash basis.

2.8. There is no earning and outgo in foreign exchange during the period under audit.



## 2.9. Managerial Remuneration:

| PARTICULARS                          | 30.06.2010 | 30.06.2009 | 30.06.2008 | 30.06.2007 | 30.06.2006 |
|--------------------------------------|------------|------------|------------|------------|------------|
| Shri R. K. More (Executive Director) | 9.00       | -          | -          | -          | -          |
| Shri S N Mishra (Executive Director) | -          | 12.16      | -          | -          | -          |

2.10. Figures have been re-arranged and re-grouped wherever considered necessary.

(Annexure - V)

## SIGNIFICANT ACCOUNTING POLICIES

### 1. Accounting Standards

#### 1.1 AS-1

##### Disclosure of Accounting Policies

The Company follows the Mercantile System of Accounting. The accounts are prepared on accrual basis as a going concern, and are consistent with generally accepted accounting principles. There has been no change in the method of accounting in the last five years, i.e., year ended June 30, 2010, 2009, 2008, 2007 and 2006.

#### 1.2 AS-2

##### Valuation of Inventories

Inventories of goods traded are valued as under

- (i) Construction Right - At Cost
- (ii) Stores & Spare parts - At cost or realizable value whichever is lower.
- (iii) Stock-in-Process /  
Work-in-progress - At estimated realizable value.
- (iv) Scrap - At estimated realizable value.

#### 1.3 AS-6

##### Depreciation Accounting

A) Depreciation on fixed assets is being provided on straight line method at the rates given below:-

- i. On assets acquired upto 30th June,1987 at the rates applicable at the time of acquisition/installation, in accordance with the circular 1/86 dated 21st May, 1986 issued by the Company Law Board.
- ii. On additions made after 30th June,1987 as per Schedule XIV of the Companies Act, 1956.

B) Fixed assets costing upto Rs.5000 are fully depreciated in the year of acquisition.

#### 1.4 AS-9

##### Revenue Recognition

The Company recognizes income and expenditure on accrual basis, unless otherwise stated.



- 1.5 AS-10**  
**Accounting for Fixed Assets**  
Fixed assets(except land) are stated at cost of acquisition construction inclusive of duties, taxes, incidental expenses, erection/commissioning expenses, lease rent and interest upto the date the asset is put to use. Expenses on major modernization programmes are capitalized.
- 1.6 AS-11**  
**Accounting for the effects of changes in Foreign Exchange Rates**  
The Company has neither earned any foreign exchange nor incurred any expenditure in foreign currency. However, income and expenses in foreign currencies, if there be any, will be converted at exchange rate prevailing on the date of the transaction. Foreign currency monetary assets, liabilities and external commercial borrowings will be translated at the exchange rate prevailing on the balance sheet date.
- 1.7 AS-13**  
**Accounting for Investments**  
Investments in shares, securities, Plant & Machinery are stated at cost.
- 1.8 AS-15**  
**Accounting for Retirement Benefits: -**  
i) The Company is not liable to pay Gratuity to its employees as per the terms and conditions of their appointment. Provisions of AS-15 is, therefore, not applicable to the Company.  
ii) Leave encashment by the employees of the Company except in case of his/her death while in service is not allowed by the Company. Leave Liability is, therefore, accounted for on Cash basis and shown separately as Contingent Liability.
- 1.9 AS-16**  
**Borrowing Cost**  
The Borrowing Cost has been treated in accordance with Accounting Standard on borrowing Cost (AS-16) issued by the Institute of Chartered Accountants of India.
- 1.10 AS-18**  
**Related Party Disclosure**  
Disclosures are made as per the requirements of the Standard and clarifications issued by the Institute of Chartered Accountants of India.
- 1.11 AS-20**  
**Earnings per Share (EPS)**  
Disclosure is made in the Annexure XIII which forms part of the Profit and Loss Account and is in accordance with the requirements of the Standard.
- 1.12 AS-22**  
**Accounting for Taxes on Income**  
Provision for current taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax Assets (net) at the year end arising out of carry forward business losses; carry forward of Long Term Capital Loss and unabsorbed depreciation has not been recognized in the current year in the accounts. The accounting treatment is in line with prudential accounting norms and recommendations under AS-22.



Fringe Benefit Tax has been calculated as per the Income Tax Act, 1961 as advised by the legal consultant of the Company.

**1.13 Miscellaneous Expenditure**

Miscellaneous expenditures are amortized on straight line basis based on their useful lives, which in management's estimate represents the period during which economic benefits will be derived from their use.

**1.14 AS-28**

**Impairment of Assets**

The Carrying amount of the assets net of accumulated depreciation as on the Balance Sheet date is not less than the recoverable amount of those assets.

**1.15 AS-29**

**Provisions, Contingent Liabilities and Contingent Assets**

**i. Provisions**

In respect of ascertained liabilities, provision is made by the Company.

**ii. Contingent Liabilities**

Amount for which the Company is contingently liable is disclosed in Note 2.3.

**iii. Contingent Assets**

Contingent Assets which are likely to give rise to possibility of inflow of economic benefits - NIL

**iv. Contested Liabilities**

Contested Income Tax Liability of Rs.129.78 lacs relating to years prior to 2004-05 have not been provided for in the accounts.

(Annexure-VI)

**STATEMENT OF SECURED LOANS, AS RESTATED**

(Rs. In Lacs)

| Particulars  | 30th<br>June<br>2010 | 30th June<br>2009 | 30th<br>June<br>2008 | 30th June 2007 | 30th June<br>2006 |
|--|----------------------|-------------------|----------------------|----------------|-------------------|
| a) 17% Secured Redeemable<br>Non Convertible Debentures<br>(Refer Note No 2)     | 200.00               | 200.00            | 200.00               | 200.00         | 200.00            |
| b) Vehicle and Equipment<br>loans  |                      |                   |                      |                |                   |
| <i><u>I. From Orix Auto Business<br/>Solutions Ltd.</u></i><br>(Refer Note No 3) | 159.00               | 174.86            | 205.49               |                |                   |
| <b>Total</b>   | <b>359.00</b>        | <b>374.86</b>     | <b>405.49</b>        | <b>200.00</b>  | <b>200.00</b>     |

Notes :



Note 1: Description of securities has been given in respect of facility as at 30.06.2010

Note 2 : Debentures are secured by way of rent receivable by one of the Associate Concern

Note3 : Secured by Hypothecation of Vehicles & Equipments acquired under Hire Purchase

(Annexure-VII)

**STATEMENT OF UN SECURED LOANS, AS RESTATED**

(Rs. In Lacs)

| Particulars                       | 30th           | 30th June     | 30th           | 30th June      | 30th June     |
|-----------------------------------|----------------|---------------|----------------|----------------|---------------|
|                                   | June           | 2009          | June           | 2007           | 2006          |
|                                   | 2010           |               | 2008           |                |               |
| Loan from Bank (Short Term)       | 6.20           | 6.20          | 9.65           | 10.00          |               |
| -Long Term                        |                |               |                |                |               |
| Nopany & Sons                     | 831.15         | 725.00        | 1026.77        | 1024.77        | 457.71        |
| Nandini Traders                   | 6.00           | 6.00          | 6.00           | 6.00           | 6.00          |
| - Short Term                      |                |               |                |                |               |
| Nopany Investments Pvt Ltd        | 669.28         | 60.00         | 123.12         | 122.18         | 110.00        |
| Bimal Kumar Nopany                | 9.92           | 10.00         | 109.23         | 109.60         | 100.00        |
| Shruti Limited                    | 0.00           | 0.00          | 300.00         | 300.00         | 300.00        |
| NNP Trading & Investments Pvt Ltd | 0.00           | 0.00          | 125.00         | 125.00         | 0.00          |
| Nopany & Sons Pvt Ltd             | 0.00           | 3.50          |                |                |               |
| Nopany Marketing Company Pvt Ltd  | 0.00           | 15.00         |                |                |               |
| <b>Total</b>                      | <b>1522.55</b> | <b>825.70</b> | <b>1699.77</b> | <b>1697.55</b> | <b>973.71</b> |

*Note: Short term loans may be recalled at anytime and this may have effect on cash flow of the Company*



(Annexure-VIII)

Schedules to the Restated Summary Statement of Assets and Liabilities

**STATEMENT OF INVESTMENTS, AS RESTATED**

(Rupees in Lacs)

| Particulars  | 30th June 2010 | 30th June 2009 | 30th June 2008 | 30th June 2007 | 30th June 2006 |
|--|----------------|----------------|----------------|----------------|----------------|
| <b>Unquoted investment</b>   |                |                |                |                |                |
| National Saving Certificates (Deposited with Central Excise Authority) | 0.12           | 0.12           | 0.12           | 0.12           | 0.12           |
| Shares   | 370.12         | 370.12         | 370.12         | 600.13         | 600.13         |
| Debentures   | -              | -              | 0.07           | 0.07           | 0.07           |
| <b>Quoted investment</b>   | -              | -              | -              | -              | -              |
| <b>Total</b>   | <b>370.24</b>  | <b>370.24</b>  | <b>370.31</b>  | <b>600.31</b>  | <b>600.31</b>  |

(Annexure-IX)

**STATEMENT OF INVENTORIES, AS RESTATED**

(Rupees in Lacs)

| Particulars                                 | 30th June 2010 | 30th June 2009 | 30th June 2008 | 30th June 2007 | 30th June 2006 |
|---|----------------|----------------|----------------|----------------|----------------|
| (As valued and certified by the management) |                |                |                |                |                |
| Raw Materials                               |                |                |                |                |                |
| Work in Progress                            | 140.27         | 25.28          | 12.32          |                |                |
| Trading Goods                               | 21.56          | 11.87          | 149.58         | 219.79         | 235.00         |
| Construction Right                          | 227.50         | 372.00         |                |                |                |
| <b>Total</b>                                | <b>389.33</b>  | <b>409.15</b>  | <b>161.90</b>  | <b>219.79</b>  | <b>235.00</b>  |



(Annexure-X)

STATEMENT OF SUNDRY DEBTORS, AS RESTATED

(Rupees in Lacs)

| Particulars                           | 30th June 2010 | 30th June 2009 | 30th June 2008 | 30th June 2007 | 30th June 2006 |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| -Outstanding for More than six months |                |                |                |                | -              |
| Unsecured, Considered Good            |                |                | 491.67         |                | -              |
| Unsecured, Considered doubtful        |                |                |                |                | -              |
| -Others                               |                |                |                |                | -              |
| Unsecured, Considered Good            | 850.83         | 475.80         | 281.30         | 710.00         | -              |
| Unsecured, Considered doubtful        |                |                |                |                | -              |
| <b>Total</b>                          | <b>850.83</b>  | <b>475.80</b>  | <b>772.97</b>  | <b>710.00</b>  | <b>-</b>       |

Note: There are no amounts recoverable from Promoters, Promoter Groups, Directors of the Company as at 30.06.2010

(Annexure-XI)

Schedules to the Restated Summary Statement of Assets and Liabilities

STATEMENT OF LOANS AND ADVANCES, AS RESTATED

(Rupees in Lacs)

| Particulars  | 30th June 2010 | 30th June 2009 | 30th June 2008 | 30th June 2007 | 30th June 2006 |
|--|----------------|----------------|----------------|----------------|----------------|
| <b>Loans And Advances</b>  |                |                |                |                |                |
| (Unsecured, Considered Good)                                       |                |                |                |                |                |
| Loans  |                |                | 1089.48        | 1089.48        | 1089.48        |
| Advance recoverable in cash or in kind or for value to be received |                |                |                |                |                |
| From Companies under the same management                           |                |                |                |                |                |
| - Others   | 1316.31        | 734.66         | 1000.47        | 412.69         | 25.39          |
| Deposits   | 10.18          | 9.94           | 9.84           | 9.84           | 5.12           |
| Income Tax Advances  | 0.02           | 0.02           | 0.02           | 0              | 0.97           |
| <b>Total</b>   | <b>1326.51</b> | <b>744.62</b>  | <b>2099.81</b> | <b>1512.01</b> | <b>1120.96</b> |



(Annexure XII)

STATEMENT OF CURRENT LIABILITIES, AS RESTATED

(Rupees in Lacs)

| Particulars                                   | 30th June 2010 | 30th June 2009 | 30th June 2008 | 30th June 2007 | 30th June 2006 |
|---|----------------|----------------|----------------|----------------|----------------|
| Sundry Creditors                              |                |                |                |                |                |
| Dues to Small Scale Undertakings              | -              | -              | -              | -              | -              |
| Creditors other than Small Scale Undertakings | 138.13         | 407.95         | 248.49         | 240.46         | 49.53          |
| Payable to bank and NBFC                      |                |                |                |                |                |
| Credit balance in bank account                |                | 2.76           | 0.07           | 0.17           |                |
| <b>Total</b>                                  | <b>138.13</b>  | <b>410.71</b>  | <b>248.56</b>  | <b>240.63</b>  | <b>49.53</b>   |

(Annexure XIII)

STATEMENT OF PROVISIONS, AS RESTATED

(Rupees in Lacs)

| Particulars            | 30th June 2010 | 30th June 2009 | 30th June 2008 | 30th June 2007 | 30th June 2006 |
|------------------------|----------------|----------------|----------------|----------------|----------------|
| Provisions             |                |                |                |                |                |
| For Proposed Dividend  | 48.00          | 48.00          | 30.60          | 30.60          | 30.60          |
| For Income Tax         | 152.98         | 50.55          | 20.11          | 48.03          | 25.22          |
| For Fringe Benefit Tax | 0.00           | 1.70           | 0.57           | 0.25           | 0.40           |
| For Dividend Tax       | 8.16           | 8.16           | 5.20           | 5.20           | 6.81           |
| <b>Total</b>           | <b>209.14</b>  | <b>108.41</b>  | <b>56.48</b>   | <b>84.08</b>   | <b>63.03</b>   |

(Annexure-XIV)

STATEMENT OF PRELIMINARY EXPENSES, AS RESTATED

(Rupees in Lacs)

| Particulars                        | 30th June 2010 | 30th June 2009 | 30th June 2008 | 30th June 2007 | 30th June 2006 |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Preliminary Expenses               |                |                |                |                |                |
| Opening balance brought forward    |                | 0.00           | 6.00           | 6.00           | -              |
| Add : Addition during the year     |                |                | 0              | 0              | 6.00           |
| Less : Written off during the Year |                |                | -6             | 0              | -              |
| Closing Balance carried forward    | 0.00           | 0.00           | 0.00           | 6.00           | 6.00           |
| Deferred Revenue Expenditure       |                |                | 0              | 3.51           | 3.51           |
| <b>TOTAL</b>                       | <b>0.00</b>    | <b>0.00</b>    | <b>0.00</b>    | <b>9.51</b>    | <b>9.51</b>    |



(Annexure-XV)

Schedules to the Restated Summary Statement of Assets and Liabilities

**STATEMENT OF SALES AND OPERATING INCOME AS RESTATED**

(Rupees in Lacs)

| Particulars                          | 30th June 2010 | 30th June 2009 | 30th June 2008 | 30th June 2007 | 30th June 2006 |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Sales                                |                |                |                |                |                |
| Store & Spair Parts                  | 2274.92        | 1471.68        | 1163.82        | 725.79         | 7.25           |
| Construction Right                   | 653.12         | 0.00           | 0.00           | 0.00           |                |
| Lease Rent Received                  |                | 0.00           | 28.13          | 112.50         | 187.50         |
| Profit on Sale of Construction Right | 301.65         | 99.75          | 113.37         | 148.00         |                |
| <b>Total</b>                         | <b>3229.69</b> | <b>1571.43</b> | <b>1305.32</b> | <b>986.29</b>  | <b>194.75</b>  |

(Annexure-XVI)

**STATEMENT OF OTHER INCOME AS RESTATED**

(Rupees in Lacs)

| Particulars                                | 30th June 2010 | 30th June 2009 | 30th June 2008 | 30th June 2007 | 30th June 2006 |
|--|----------------|----------------|----------------|----------------|----------------|
| Recurring                                  |                |                |                |                |                |
| Miscellaneous Receipt                      | 0.19           | 0.19           | 0.19           | 0.19           | 0.19           |
| Non Recurring                              |                |                |                |                |                |
| Profit on sales of Assets                  |                |                |                |                | 229.89         |
| Insurance Claim                            |                |                |                |                |                |
| <b>Total</b>                               | <b>0.19</b>    | <b>0.19</b>    | <b>0.19</b>    | <b>0.19</b>    | <b>230.08</b>  |
| Net Profit before tax                      | 1,007.29       | 304.38         | 220.80         | 228.11         | 176.84         |
| % of Other income to net profit before tax | 0.02           | 0.06           | 0.09           | 0.08           | 130.10         |

Note: The Classification of income as recurring/non-recurring is based on the current operation and business activity of the company as determined by the management.



(Annexure-XVII)

STATEMENT OF MANUFACTURING / CONSTRUCTION EXPENSES, AS RESTATED

(Rupees in Lacs)

| Particulars                        | 30th<br>June<br>2010 | 30th June<br>2009 | 30th June 2008 | 30th June<br>2007 | 30th<br>June<br>2006 |
|------------------------------------|----------------------|-------------------|----------------|-------------------|----------------------|
| Manufacturing Expenses             |                      |                   |                |                   |                      |
| Direct Cost                        |                      |                   |                |                   |                      |
| Raw Materials Consumed             |                      |                   | 8.92           |                   |                      |
| Wages                              |                      |                   | 1.67           |                   |                      |
| Power & Fuel                       |                      |                   | 0.71           |                   |                      |
| Repair and Maintenance             |                      |                   | 1.02           |                   |                      |
| Total (A)                          | 0.00                 | 0.00              | 12.32          | 0.00              | 0.00                 |
| Construction Expenses              |                      |                   |                |                   |                      |
| Sub-Contract                       | 77.50                | 13.78             |                |                   |                      |
| Power & Fuel                       | 1.24                 | 1.49              |                |                   |                      |
| Repair and Maintenance             | 0.10                 | 0.13              |                |                   |                      |
| Total (B)                          | 78.84                | 15.40             | 0.00           | 0.00              | 0.00                 |
| Increase / (Decrease) in Inventory |                      |                   |                |                   |                      |
| Closing Stock                      | 389.33               | 409.15            | 161.90         | 219.79            | 235.00               |
| Less: Opening Stock                | (409.15)             | (283.90)          | (219.79)       | (235.00)          | (5.11)               |
| Total (C)                          | (19.82)              | 125.25            | (57.89)        | (15.21)           | 229.89               |

*Note : Construction right of Rs.122.00Lacs have been transferred from Fixed Assets to Opening Stock in the Year 2008-09*



(Annexure-XVIII)

STATEMENT OF ADMINISTRATIVE AND SELLING EXPENSES, AS RESTATED

(Rupees in Lacs)

| Particulars                              | 30th June<br>2010 | 30th June<br>2009 | 30th June<br>2008 | 30th June<br>2007 | 30th June<br>2006 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Administrative Expenses                  |                   |                   |                   |                   |                   |
| Electricity Charges                      | 0.54              | 1.48              | 1.81              | 1.92              | 0.23              |
| Misc. Expenses                           | 12.74             | 4.38              | 5.09              | 4.30              | 3.21              |
| Insurance Charges                        | 0.55              | 0.68              | 1.22              | 0.34              | 0.01              |
| Managerial Remuneration                  | 9.00              | 12.16             | 0.00              | 0.00              | -                 |
| <b>Payment to Auditors</b>               |                   |                   |                   |                   |                   |
| Audit Fees                               | 0.33              | 0.18              | 0.18              | 0.13              | 0.13              |
| Tax Audit Fees                           | 0.11              | 0.11              | 0.08              | 0.07              | 0.03              |
| Rent, Rates and taxes                    | 0.60              | 0.60              | 0.69              | 0.37              | 0.98              |
| Repairs and Maintenance<br>(office)      | 8.37              | 9.92              | 4.85              | 11.91             | 3.56              |
| Telephone Postage &<br>Telegram Expenses | 1.15              | 3.70              | 1.26              | 2.35              | 1.56              |
| Traveling and Conveyance                 | 25.62             | 18.83             | 20.45             | 12.66             | 4.56              |
| Legal Expenses                           | 6.44              | 7.11              | 3.20              | 1.99              | 2.54              |
| Printing & Stationery                    | 0.97              | 1.50              | 1.73              | 1.23              | 1.35              |
| Vehicle Expenses                         | 5.93              | 5.58              | 6.80              | 7.35              | 3.44              |
| Professional Charges                     | 13.55             | 6.90              | 15.32             | 2.44              | 3.60              |
| <b>SUB TOTAL</b>                         | <b>85.90</b>      | <b>73.12</b>      | <b>62.68</b>      | <b>47.06</b>      | <b>25.20</b>      |
| Selling Expenses                         |                   |                   |                   |                   |                   |
| Business Promotion                       |                   | 0.45              | 0.00              | 2.00              | -                 |
| Other Expenses                           | 0.11              | 0.02              | 0.02              | 0.03              | -                 |
| Tender Document                          |                   | 0.00              | 0.00              | 0.00              | -                 |
| <b>Total</b>                             | <b>86.01</b>      | <b>73.59</b>      | <b>62.70</b>      | <b>49.09</b>      | <b>25.20</b>      |



(Annexure-XIX)

**STATEMENT OF FINANCE EXPENSES, AS RESTATED**

(Rupees in Lacs)

| Particulars                   | 30th June 2010 | 30th June 2009 | 30th June 2008 | 30th June 2007 | 30th June 2006 |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|
| Bank Interest & Other Charges | 8.25           | 8.83           | 7.04           | 0.61           | 0.00           |
| Interest on Debentures        | 34.00          | 34.00          | 34.00          | 34.00          | 34.00          |
| <b>Total</b>                  | <b>42.25</b>   | <b>42.83</b>   | <b>41.04</b>   | <b>34.61</b>   | <b>34.00</b>   |

(Annexure-XX)

**STATEMENT OF TAX SHELTERS**

(Rupees in Lacs)

| Particulars   | 30th June 2010 | 30th June 2009 | 30th June 2008 | 30th June 2007 | 30th June 2006 |
|---|----------------|----------------|----------------|----------------|----------------|
| Profit before tax but after (A)                               | 1,007.29       | 304.38         | 220.80         | 228.11         | 176.84         |
| Tax   | 30.00%         | 30.00%         | 30.00%         | 30.00%         | 30.00%         |
| SC  | 3.00%          | 3.00%          | 3.00%          | 3.00%          | 3.00%          |
| EC  | 0.99%          | 0.99%          | 0.99%          | 0.66%          | 0.66%          |
| Tax rate  | 33.99%         | 33.99%         | 33.99%         | 33.66%         | 33.66%         |
| Tax at notional rate on profits                               | 342.38         | 103.46         | 75.05          | 76.78          | 59.53          |
| Adjustments:  |                |                |                |                |                |
| Permanent differences (B)                                     |                |                |                |                |                |
| Deduction u/s 80IA  | -              | -              | -              | -              | -              |
| Preliminary Expenses Written Off                              | -              | -              | -              | -              | -              |
| Share of Profit from Joint Ventures                           | -              | -              | -              | -              | -              |
| Total Permanent differences (B)                               | -              | -              | -              | -              | -              |
| Timing differences (C)  |                |                |                |                |                |
| Difference between tax depreciation and book depreciation     | 371.87         | 415.05         | 106.88         | 14.20          | (39.27)        |
| Profit/(Loss) on sale of fixed assets/investments             | -              | -              | -              | -              | 229.89         |
| Total Timing Differences (C)                                  | 371.87         | 415.05         | 106.88         | 14.20          | 190.62         |
| Net Adjustments (B+C)   | 371.87         | 415.05         | 106.88         | 14.20          | 190.62         |
| Tax Saving thereon  | 126.40         | 141.08         | 36.33          | 4.78           | 64.16          |
| <b>Profit (D)=(A-B-C)</b>                                     | <b>635.42</b>  | <b>-110.67</b> | <b>113.92</b>  | <b>213.91</b>  | <b>(13.78)</b> |
| Brought Forward Losses and unabsorbed allowances adjusted (E) | (650.80)       | (540.13)       | (654.05)       | (867.96)       | (854.18)       |
| Taxable Income (D-E)  | (15.38)        | (650.80)       | (540.13)       | (654.05)       | (867.96)       |
| Taxable Income as per MAT                                     | 1,007.29       | 304.38         | 220.80         | 228.11         | 176.84         |
| Tax as per MAT.   | 100.73         | 30.44          | 22.08          | 22.81          | 14.37          |



|   |               |              |              |              |              |
|---|---------------|--------------|--------------|--------------|--------------|
| Tax Payable   | -             | -            | -            | -            | -            |
| Total Tax Payable [(X+Y)]                           | -             | -            | -            | -            | -            |
| <b>Total tax payable or MAT whichever is Higher</b> | <b>100.73</b> | <b>30.44</b> | <b>22.08</b> | <b>22.81</b> | <b>14.37</b> |

**Notes :**

- 1) The aforesaid Statement of Tax Shelters has been prepared as per the ' Summary of Restated Profit and Loss'
- 2) The effects of the assessment / appellate orders have not been considered above.

(Annexure-XXI)

**SUMMARY OF ACCOUNTING RATIOS**

(Rupees in Lacs)

| Particulars  | 30th June 2010  | 30th June 2009  | 30th June 2008  | 30th June 2007  | 30th June 2006  |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>a) Earnings Per Share</b>   |                 |                 |                 |                 |                 |
| Adjusted Profit after tax but before extraordinary items   | 906.56          | 272.81          | 197.61          | 204.26          | 161.43          |
| Weighted Average number of Equity shares outstanding   | 160.00          | 102.16          | 102.00          | 102.00          | 102.00          |
| Basic Earning Per Share (Rs.)  | 5.67            | 2.67            | 1.94            | 2.00            | 1.58            |
| Diluted Earning Per Share (Rs.)  | 5.67            | 2.67            | 1.94            | 2.00            | 1.58            |
| <b>b) Net Asset Value Per Share</b>  |                 |                 |                 |                 |                 |
| Total Asset (a)  | 8,082.41        | 6,722.87        | 6,036.84        | 5,627.48        | 4,523.03        |
| Total Liabilities (b)  | 2,228.82        | 1,719.68        | 2,410.30        | 2,222.26        | 1,286.27        |
| Asset Value [(a)-(b)]  | 5,853.59        | 5,003.19        | 3,626.54        | 3,405.22        | 3,236.76        |
| Weighted Average number of Equity shares outstanding   | 160.00          | 102.16          | 102.00          | 102.00          | 102.00          |
| Net Asset Value per share (Rs.)  | 36.58           | 48.97           | 35.55           | 33.38           | 31.73           |
| <b>c) Return on Net Worth (%)</b>  |                 |                 |                 |                 |                 |
| Adjusted Profit after tax but before extraordinary items   | 906.56          | 272.81          | 197.61          | 204.26          | 161.43          |
| <b>Net Worth</b>   | <b>5,853.59</b> | <b>5,003.19</b> | <b>3,626.54</b> | <b>3,405.22</b> | <b>3,236.76</b> |
| Return on Net Worth (%)  | 15.49           | 5.45            | 5.45            | 6.00            | 4.99            |
| Weighted Average number of Equity shares outstanding during the year considered for Basic and diluted EPS, Net Asset Value per Share and Return on Net Worth | 160.00          | 102.16          | 102.00          | 102.00          | 102.00          |

**Note: Basic and Diluted EPS for the Period ended 30<sup>th</sup> September, 2007 no annualized**



|                             |  |
|-----------------------------|--|
| <b><i>Formulae:</i></b>     |  |
|                             | Adjusted profit after tax but before extraordinary items             |
| Earnings Per Share =        | -----  |
|                             | Weighted Average Number of Equity Shares outstanding during the year |
|                             | Net worth excluding Revaluation Reserve                              |
| Net Asset Value Per Share = | -----  |
|                             | Weighted Average Number of Equity Shares outstanding during the year |
|                             | Adjusted profit after tax but before extraordinary items             |
| Return on Net Worth (%) =   | -----  |
|                             | Net worth excluding Revaluation Reserve                              |

Note: Net Worth = Equity Share Capital + Reserves & Surplus (Excluding revaluation reserve) - Miscellaneous Expenditure

**Notes:**

1) Earnings per Share is calculated in accordance with Accounting Standard 20 "Earnings Per Share" issued by the Institute of Chartered Accountants of India. In terms of para 24 of AS-20, the number of equity shares outstanding before the issue of bonus shares is adjusted for the change in number of equity shares issued as bonus shares as if the shares were issued at the beginning of the earliest reported period.

2) During the year ended 30th June,2006 the company has issued 72,00,000 shares to the shareholders in the ratio of twelve shares for every five shares held by them. Since the bonus issue is an issue without consideration, it has been treated as if it had occurred from the beginning of the earliest period reported i.e. 30th June,2006, both for the purpose of computing EPS and Net Asset Value per Share.



3) The above ratios have been calculated based on restated financial statements.

| Calculation of Weighted Average Number of Shares during the Year   |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|
| <i>(Rupees in Lacs)</i>  |                |                |                |                |                |
| Particulars  | 30th June 2010 | 30th June 2009 | 30th June 2008 | 30th June 2007 | 30th June 2006 |
| Total number of equity shares  |                |                |                |                |                |
| outstanding at the beginning of the year   | 160.00         | 102.00         | 102.00         | 102.00         | 30.00          |
| Nominal value of equity shares - (Rs.)   | 10.00          | 10.00          | 10.00          | 10.00          | 10.00          |
| Number of Share originally issued  |                |                |                |                |                |
| @ Rs. 10 per share paid up - [A]   | 160.00         | 102.00         | 102.00         | 102.00         | 30.00          |
| Equity shares issued during the year/period :  |                |                |                |                |                |
| Date of Issue of shares:   |                |                |                |                |                |
| 30.06.2009   |                | 58.00          |                |                |                |
| Total equity shares at the end of the year/period  | 160.00         | 160.00         | 102.00         | 102.00         | 30.00          |
| Equity shares in proportion to outstanding days remained during the year/period - [B]                              |                | 0.16           |                |                |                |
| Bonus Equity Shares issued [C]   |                |                |                |                | 72.00          |
| (28.12.2005)   |                |                |                |                |                |
| Weighted Average number of Equity shares outstanding during the year/period - Considered for Basic EPS [A+B+C]     | 160.00         | 102.16         | 102.00         | 102.00         | 102.00         |
| Potential Equity Shares outstanding as at the Balance Sheet date [D]   | -              | -              | -              | -              | -              |
| Weighted Average number of Equity shares outstanding during the year/period - Considered for Diluted EPS [A+B+C+D] | 160.00         | 102.16         | 102.00         | 102.00         | 102.00         |



(Annexure-XXII)

**STATEMENT OF DIVIDEND DECLARED**

(Rupees in Lacs)

| Particulars                         | 30th June 2010 | 30th June 2009 | 30th June 2008 | 30th June 2007 | 30th June 2006 |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Equity Share Capital                | 1600.00        | 1600.00        | 1020.00        | 1020.00        | 1020.00        |
| Number of Equity Shares             | 160.00         | 160.00         | 102.00         | 102.00         | 102.00         |
| Equity Shares Face Value            | 10.00          | 10.00          | 10.00          | 10.00          | 10.00          |
| Rate of Dividend(%)                 |                |                |                |                |                |
| Interim                             | -              | -              | -              | -              | -              |
| Final                               | 3%             | 3%             | 3%             | 3%             | 3%             |
| Amount of Dividend on Equity Shares |                |                |                |                |                |
| Interim                             | -              | -              | -              | -              | -              |
| Final                               | 48.00          | 48.00          | 30.60          | 30.60          | 30.60          |
| Total tax on Dividend               | 8.16           | 8.16           | 5.20           | 5.20           | 4.29           |

(Annexure-XXIII)

**CAPITALISATION STATEMENT, AS RESTATED**

(Rupees in Lacs)

| Particulars                                 | Pre Issue           | Post Issue |
|---|---------------------|------------|
|   | As on<br>30.06.2010 |            |
| <u>Loans – Secured and Unsecured</u>        |                     |            |
| Short Term Debt                             | 844.40              | -          |
| Long Term Debt                              | 1037.15             | -          |
| Total Debt                                  | 1,881.55            | -          |
| <u>Share Holders Funds</u>                  |                     |            |
| Share Capital                               | 1,600.00            | -          |
| Reserves and Surplus                        | 4,253.59            | -          |
| Sub-Total                                   | 5,853.59            | -          |
| Less : Preliminary Expenses not written off | -                   | -          |
| Total Share Holder's Fund                   | 5,853.59            | -          |
| Long Term Debt / Equity                     | 0.18                | -          |

Note :

- The above has been computed on the basis of restated statements of accounts
- Short Term Debts are debts maturing within next one year
- Security Premium under the head Reserves and Surplus for the post issue capitalization will be determined after fixation of the issue price



(Annexure -XXIV)

**STATEMENT OF CONTINGENT LIABILITIES**

(Rupees in Lacs)

**CONTINGENT LIABILITIES NOT PROVIDED FOR IN THE REPORTED YEARS/ PERIOD:**

| Particulars  | Period ended 31 <sup>st</sup> Dec. | Year ended 30 <sup>th</sup> June |                   |                   |                   |                   |                   |
|--|------------------------------------|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|  |                                    | 2010                             | 2009              | 2008              | 2007              | 2006              | 2005              |
| a) Guarantee to the Bank of India for Cash Credit Facility   | 250.00                             | 250.00                           | 250.00            | 250.00            | 250.00            | 250.00            | 250.00            |
| Working Capital Term Loan  | 650.00                             | 650.00                           | 650.00            | 650.00            | 650.00            | 650.00            | 650.00            |
| Guarantee Issued Facility sanctioned to Eastern Sugar & Industries Limited (ESIL)  | 150.00                             | 150.00                           | 150.00            | 150.00            | 150.00            | 150.00            | 150.00            |
| b)Mortgage, by way of deposit of Title Deeds of all immoveable Properties pertaining to its Sugar Division situated at Motihari Dist. Champaran (E) Bihar. | 2625.00                            | 2625.00                          | 2625.00           | 2625.00           | 2625.00           | 2625.00           | 2625.00           |
| c) Amount payable to ESIL for acquisition of its Fixed Assets.   | Not ascertainable                  | Not ascertainable                | Not ascertainable | Not ascertainable | Not ascertainable | Not ascertainable | NIL               |
| d) Effect of Non-deduction and non-deposit of TDS in time.   | Not ascertainable                  | Not ascertainable                | Not ascertainable | Not ascertainable | Not ascertainable | Not ascertainable | Not ascertainable |



|                                   |                   |                   |                   |                   |                   |                   |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| e) Leave encashment liability     | Not ascertainable | Not ascertainable | Not ascertainable | Not ascertainable | Not ascertainable | Not ascertainable |
| f) Contested Income Tax Liability | 129.78            | 129.78            | 129.78            | 129.78            | 135.56            | 157.87            |



(Annexure - XXV)

**Segment Reporting:**

The Company has operated in two segments from the year ended on 30<sup>th</sup> June, 2009 and segment reporting as per AS-17 issued by the ICAI is given below:-

Segmentwise Revenue, Result and Capital employed

| Particulars  | 30.06.2010     | 30.06.2009     | 30.06.2008     | 30.06.2007     | 30.06.2006 |
|--|----------------|----------------|----------------|----------------|------------|
| 1. Segment Revenue<br>Net Sale/Income from each segment<br>(including other operating income and other income) |                |                |                |                |            |
| a) Sugar   | 2274.92        | 1471.68        | 1191.95        | 838.29         | -          |
| b) Construction  | 954.77         | 99.75          | 113.37         | 148.00         | -          |
| <b>TOTAL REVENUE</b>   | <b>3229.69</b> | <b>1571.43</b> | <b>1305.32</b> | <b>986.29</b>  |            |
| 2. Segment Result<br>PBIT from each segment  |                |                |                |                |            |
| a. Sugar   | 466.77         | 247.46         | 148.47         | 114.72         | -          |
| b. Construction  | 582.77         | 99.75          | 113.37         | 148.00         | -          |
| <b>TOTAL</b>   | <b>1049.54</b> | <b>347.21</b>  | <b>261.81</b>  | <b>262.72</b>  |            |
| Less :   |                |                |                |                |            |
| Interest expense   |                |                |                |                |            |
| Interest income  | 42.25          | 42.83          | 41.04          | 34.61          | -          |
| Unallocable  | -              | -              | -              | -              | -          |
| Expenditure  | -              | -              | -              | -              | -          |
| <b>TOTAL PBT</b>   | <b>1007.29</b> | <b>304.38</b>  | <b>220.80</b>  | <b>228.11</b>  | <b>-</b>   |
| 3. Capital Employed  |                |                |                |                |            |
| (a) Sugar  | 5485.82        | 4605.91        | 3626.54        | 3405.22        | -          |
| (b) Construction   | 367.77         | 397.28         | -              | -              | -          |
| (c) Un-allocated   | -              | -              | -              | -              | -          |
| <b>TOTAL</b>   | <b>5853.59</b> | <b>5003.19</b> | <b>3626.54</b> | <b>3405.22</b> | <b>-</b>   |



(Annexure - XXVI)

STATEMENT OF RELATED PARTY TRANSACTION

Details of related party transactions

**I. Enterprises where significant influence exists of the company or Key Managerial Persons**

| Sr. No. |   |
|---------|---|
|         | <b>As on 30th June, 2010</b>            |
| 1       | Nopany Investments Private Limited      |
| 2       | Shruti Limited                          |
| 3       | Eastern sugar & Industries Limited      |
| 4       | Nopany & Sons                           |
|         | <b>As on 30<sup>th</sup> June, 2009</b> |
| 1       | Nopany Investments Private Limited      |
| 2       | Shruti Limited                          |
| 3       | Eastern sugar & Industries Limited      |
| 4       | Nopany & Sons                           |
|         | <b>As on 30<sup>th</sup> June, 2008</b> |
| 1       | Nopany Investments Private Limited      |
| 2       | Shruti Limited                          |
| 3       | Eastern sugar & Industries Limited      |
| 4       | Nopany & Sons                           |
|         | <b>As on 30<sup>th</sup> June, 2007</b> |
| 1       | Nopany Investments Private Limited      |
| 2       | Shruti Limited                          |
| 3       | Eastern sugar & Industries Limited      |
| 4       | Nopany & Sons                           |
|         | <b>As on 30<sup>th</sup> June, 2006</b> |
| 1       | Nopany Investments Private Limited      |
| 2       | Shruti Limited                          |
| 3       | Nopany & Sons                           |



## II. Key Management Personnel & Relatives

| Sr. No. |   |
|---------|---|
|         | <b>As on 30<sup>th</sup> June, 2010</b> |
| 1       | Sri B K Nopany                          |
| 2       | Sri R K More                            |
| 3       | Sri K M Shah                            |
| 4       | Sri L K Tibrawalla                      |
| 5       | Sri Nikhil Merchant                     |
| 6       | Sri Subba Rao Peteti                    |
| 7       | Ms Pratima Srivastava                   |
| 8       | Smt. Nandini Nopany                     |
| 9       | Sri Chandra Shekhar Nopany              |
| 10      | Smt Shalini Nopany                      |
| 11      | Smt. Shruti Vora                        |
|         | <b>As on 30<sup>th</sup> June, 2009</b> |
| 1       | Sri B K Nopany                          |
| 2       | Sri S N Mishra                          |
| 3       | Sri R K More                            |
| 4       | Sri K M Shah                            |
| 5       | Sri L K Tibrawalla                      |
| 6       | Ms Pratima Srivastava                   |
| 7       | Sri N R Sewak                           |
| 8       | Smt. Nandini Nopany                     |
| 9       | Sri Chandra Shekhar Nopany              |
| 10      | Smt Shalini Nopany                      |
| 11      | Smt. Shruti Vora                        |
|         | <b>As on 30<sup>th</sup> June, 2008</b> |
| 1       | Sri B K Nopany                          |
| 2       | Sri R K More                            |
| 3       | Sri K M Shah                            |
| 4       | Sri L K Tibrawalla                      |
| 5       | Sri N R Sewak                           |
| 6       | Smt. Nandini Nopany                     |
| 7       | Sri Chandra Shekhar Nopany              |
| 8       | Smt Shalini Nopany                      |
| 9       | Smt. Shruti Vora                        |
|         | <b>As on 30<sup>th</sup> June, 2007</b> |
| 1       | Sri B K Nopany                          |
| 2       | Sri R K More                            |
| 3       | Sri K M Shah                            |
| 4       | Sri L K Tibrawalla                      |
| 5       | Sri N R Sewak                           |
| 6       | Smt. Nandini Nopany                     |
| 7       | Sri Chandra Shekhar Nopany              |
| 8       | Smt Shalini Nopany                      |
| 9       | Smt. Shruti Vora                        |



|   |   |
|---|---|
|   |   |
|   | <b>As on 30<sup>th</sup> June, 2006</b> |
| 1 | Sri B K Nopany                          |
| 2 | Sri R K More                            |
| 3 | Sri K M Shah                            |
| 4 | Sri L K Tibrawalla                      |
| 5 | Sri N R Sewak                           |
| 6 | Smt. Nandini Nopany                     |
| 7 | Sri Chandra Shekhar Nopany              |
| 8 | Smt Shalini Nopany                      |
| 9 | Smt. Shruti Vora                        |



Transaction with entities where significant influence exists of the company or Key Managerial Persons:

*(Rupees in Lacs)*

| <b>Nature of Transaction</b> | <b>30.06.2010</b> | <b>30.06.2009</b> | <b>30.06.2008</b> | <b>30.06.2007</b> | <b>30.06.2006</b> |
|------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Lease Rent Received          | -                 | -                 | 28.12             | 112.50            | 187.50            |
| Loans and advances given     | -                 | -                 | -                 | -                 | -                 |
| Loans and Advances received  | -                 | -                 | -                 | -                 | -                 |
| Unsecured Loans Taken        | 715.43            | -                 | 2.94              | 579.24            | 867.71            |
| Unsecured Loans Given        | -                 | -                 | -                 | -                 | 564.48            |
| Interest Paid on Debentures  | 34.00             | 34.00             | 8.50              | -                 | -                 |
| Balance Outstanding          |                   |                   |                   |                   |                   |
| Receivable                   | -                 | -                 | 1089.48           | 1089.48           | 1089.48           |
| Payable                      | 1500.43           | 785               | 1449.89           | 1446.95           | 867.71            |



Transaction with Key Managerial Persons & Relatives:

*(All amounts Rupees in Lakhs)*

| <b>Nature of Transaction</b>             | <b>30.06.2010</b> | <b>30.06.2009</b> | <b>30.06.2008</b> | <b>30.06.2007</b> | <b>30.06.2006</b> |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Remuneration to Key Managerial Personnel | 9.00              | 12.16             | -                 | -                 | -                 |
| <b>Issue of Bonus Shares</b>             |                   |                   |                   |                   |                   |
| Issue of Equity Shares                   |                   |                   |                   |                   |                   |
| Unsecured Loans Taken                    | -                 | -                 | -                 | 9.61              | 100.00            |
| Unsecured Loans Repaid                   | -                 | 99.23             | .38               | -                 | -                 |
| Loans & Advances Received                | -                 | -                 | -                 | -                 | -                 |
| Loans & Advances Given                   | -                 | -                 | -                 | -                 | -                 |
| Balance Out Standing                     |                   |                   |                   |                   |                   |
| Receivable                               | -                 | -                 | -                 | -                 | -                 |
| Payable                                  | 9.92              | 10.00             | 109.23            | 109.60            | 100.00            |



## FINANCIAL INFORMATION OF GROUP COMPANIES

Save and except as stated in this section of the Draft Red Herring Prospectus, there are no companies, firms, ventures, etc. promoted by the promoters, irrespective of whether such entities are covered under Section 370 (1)(B) of the Companies Act, 1956 or not.

### Group Companies

1. Nopany Investments Private Limited
2. Hanuman Industries (I) Private Limited
3. Eastern Sugar & Industries Limited

### Partnership Firm

1. M/s. Nopany & Sons

The following are the details of the group companies / firms and other ventures under the same management.

#### 1. Nopany Investments Private Limited (NIPL)

|                          |   |
|--------------------------|---|
| Date of Incorporation    | Nopany Investments Private Limited was incorporated on September 22, 1951 in the name and style of "Shree Hanuman Overseas Corporation Private Limited" as a private limited company under the Companies Act, 1913 with the Registrar of Companies, Bombay. The name of the Company was changed to Nopany Investments Private Limited vide fresh Certificate of Incorporation consequent to change of name dated January 21, 1974 issued by Registrar of Companies, West Bengal, Calcutta |
| CIN                      | U63090WB1969PTC027555   |
| Registered Office        | Chandra Kunj, 4 <sup>th</sup> Floor, 3, Pretoria Street, Kolkata, 700 071 West Bengal   |
| Nature of Business       | The Company is engaged in Business of Investments in shares, debentures and other securities.   |
| NBFC Registration Number | 05.01223  |

The Composition of Board of Directors is as under

| S. No | Name               | Designation |
|-------|--------------------|-------------|
| 1     | Mr. B. K. Nopany   | Director    |
| 2     | Ms. S. K. Bhutoria | Director    |



Shareholding pattern as on March 31, 2010 is as follows:

| Sr. No | Name of the shareholder                        | Number of Equity shares held | Percentage holding (%) |
|--------|--|------------------------------|------------------------|
| 1      | M/s. Shruti Limited                            | 100,000                      | 22.22                  |
| 2      | M/s. NNP Trading & Investments Private Limited | 80,000                       | 17.78                  |
| 3      | Smt. Radha Devi Nopany                         | 40,000                       | 8.88                   |
| 4      | Mr. B. K. Nopany                               | 31,000                       | 6.88                   |
| 5      | Mohanlal Nopany HUF                            | 30,000                       | 6.66                   |
| 6      | Mr. Chandra Shekhar Nopany                     | 30,000                       | 6.66                   |
| 7      | M/s. Ajanta Services Pvt Ltd                   | 30,000                       | 6.66                   |
| 8      | Shree Daulatram Nopany Vidyalaya               | 30,000                       | 6.66                   |
| 9      | Bimal Kumar Nopany HUF                         | 29,000                       | 6.44                   |
| 10     | Mr. Mohanlal Nopany                            | 20,000                       | 4.44                   |
| 11     | Ms. Shruti Nopany                              | 12,000                       | 2.66                   |
| 12     | Nopany Foundation                              | 10,000                       | 2.22                   |
| 13     | Urvi Nopany Benefit Trust                      | 8,000                        | 1.77                   |
|        | <b>Total</b>                                   | <b>450,000</b>               | <b>100.00</b>          |

Audited Financial Information

(Rs. in lacs)

| Particulars  | For the year ended March 31, 2010 | For the year ended March 31, 2009 | For the year ended March 31, 2008 |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
| Equity Share Capital (face value Rs. 10/- each)    | 45.00                             | 45.00                             | 45.00                             |
| Reserves & Surplus (excluding revaluation reserve) | 505.17                            | 493.27                            | 474.72                            |
| Total Income                                       | 24.16                             | 40.85                             | 58.79                             |
| Profit/ (Loss) after Tax                           | 6.28                              | 5.62                              | 18.55                             |
| Earnings Per Share (in Rs.)                        | 1.40                              | 1.25                              | 4.12                              |
| Net Asset Value Per Share (in Rs.)                 | 122.26                            | 119.62                            | 115.49                            |

**Other details:**

a) The Company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor it is under winding up.

b) No proceedings have been initiated for economic offences against the Company. There are no defaults in meeting any statutory/banks/institutional dues.



## 2. Hanuman Industries (I) Private Limited (HIPL)

|                       |  |
|-----------------------|--|
| Date of Incorporation | HIPL was incorporated on September 29, 1954 in the name and style of "Hanuman Industries (I) Limited as a Limited Company under the Companies Act, 1913 with the Registrar of Companies, West Bengal, Calcutta. The name of the Company was changed to "Hanuman Industries (I) Private Limited vide fresh Certificate of Incorporation dated January 31, 1967 issued by Registrar of Companies, West Bengal, Calcutta. |
| CIN                   | U51109WB1954PTC021882  |
| Registered Office     | Chandra Kunj, 4 <sup>th</sup> Floor, 3, Pretoria Street, Kolkata, 700 071 West Bengal  |
| Nature of Business    | The Company is engaged in all kinds of agency businesses.  |

The Composition of Board of Directors is as under

| Sr. No | Name of the Directors | Designation |
|--------|-----------------------|-------------|
| 1      | Mr. B. K. Nopany      | Director    |
| 2      | Ms. Shruti Vora       | Director    |
| 3      | Mr. K. S. Bhutoria    | Director    |

Shareholding pattern as on March 31, 2010 is as follows:

| Sr. No | Name of the shareholder                      | Number of Equity shares held | Percentage holding (%) |
|--------|--|------------------------------|------------------------|
| 1      | Daulatram Rawatmull Private Limited          | 50,000                       | 12.50                  |
| 2      | Nopany & Sons Private Limited                | 50,000                       | 12.50                  |
| 3      | Nopany Investments Private Limited           | 50,000                       | 12.50                  |
| 4      | Shruti Spinners Limited                      | 42,500                       | 10.63                  |
| 5      | Shruti Polymarbs Private Limited             | 39,000                       | 9.75                   |
| 6      | Mr. B. K. Nopany                             | 35,000                       | 8.75                   |
| 7      | M/s. Nopany & Sons                           | 20,000                       | 5.00                   |
| 8      | Mr. Chandra Shekhar Nopany                   | 20,000                       | 5.00                   |
| 9      | Rawatmull Nopany Family Trust                | 20,000                       | 5.00                   |
| 10     | B. K. Nopany (HUF)                           | 20,000                       | 5.00                   |
| 11     | Smt. Radha Devi M Nopany                     | 15,000                       | 3.75                   |
| 12     | Shri Chandra Shekhar Nopany HUF              | 10,000                       | 2.50                   |
| 13     | Arogya Investments Private Limited           | 10,000                       | 2.50                   |
| 14     | Ms. Shruti Vora                              | 10,000                       | 2.50                   |
| 15     | Bilaspur Spinning Mills & Industries Limited | 7,500                        | 1.87                   |
| 16     | Mr. K. S. Bhutoria                           | 1,000                        | 0.25                   |
|        | <b>Total</b>                                 | <b>400,000</b>               | <b>100.00</b>          |



Audited Financial Information

(Rs. in Lacs)

| Particulars  | For the year ended March 31, 2010 | For the year ended March 31, 2009 | For the year ended March 31, 2008 |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
| Equity Share Capital (face value Rs. 10/- each)    | 40.00                             | 40.00                             | 40.00                             |
| Reserves & Surplus (excluding revaluation reserve) | 1407.60                           | 1407.44                           | 1407.32                           |
| Total Income                                       | 11.45                             | 7.10                              | 39.37                             |
| Profit/ (Loss) after Tax                           | 0.18                              | 0.12                              | 0.22                              |
| Earnings Per Share (in Rs.)                        | 0.05                              | 0.03                              | 0.06                              |
| Net Asset Value Per Share (in Rs.)                 | 361.90                            | 361.86                            | 361.83                            |

**Other Details:**

a) The Company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor it is under winding up.

b) No proceedings have been initiated for economic offences against the Company. There are no defaults in meeting any statutory/banks/institutional dues.

**3. Eastern Sugar & Industries Limited (ESIL)**

|                       |   |
|-----------------------|---|
| Date of Incorporation | ESIL was incorporated on December 11, 1964 in the name and style of "Eastern Polymers Corporation Limited" as a Limited Company under the Companies Act, 1956 with the Registrar of Companies, West Bengal, Calcutta. The name of the Company was changed to "Eastern Sugar & Industries Limited" vide fresh Certificate of Incorporation dated December 14, 1993 issued by Registrar of Companies, West Bengal, Calcutta. The registered office of the Company was changed from state of West Bengal to state of Bihar vide certificate of registration dated July 25, 1995. |
| CIN                   | L15421BR1964PLC006630   |
| Registered Office     | P.O. Hanuman Sugar Mills, Motihari, East Champaran, Bihar - 845 401   |
| Nature of Business    | The Company is engaged in manufacture sugar, sugar products, sugar by products and molasses.  |

The Composition of Board of Directors is as under

| Sr. No | Name of the Directors | Designation         |
|--------|-----------------------|---------------------|
| 1      | Mr. B. K. Nopany      | Director            |
| 2      | Mr. S. J. Goswami     | Whole time Director |
| 3      | Mr. D. Y. Manawwar    | Director            |
| 4      | Mr. K. L. Darak       | Director            |
| 5      | Mr. R. C. Jha         | Director            |



### Details of the Listing of the Company

|  |  |
|--|--|
| Year of Initial Listing                            | 1995   |
| Name of the Stock Exchanges where currently listed | The Bombay Stock Exchange Limited and The National Stock Exchange Limited          |
| Details of offering in last 5 years                | None   |
| Date of Opening and Closing of Issue               | Tuesday 17 <sup>th</sup> January, 1995 and Monday 30 <sup>th</sup> , January, 1995 |
| Date of Allotment                                  | March 09, 1995   |
| Date of Listing                                    | N.A.   |
| Listing Code : BSE & NSE                           | 507528 & EASTSUGIND  |

Shareholding pattern as on June 30, 2010 is as follows:

| Name of the Company: Eastern Sugar & Industries Limited |   |                              |                             |  |  |                                   |  |                                      |
|---|---|------------------------------|-----------------------------|--|--|-----------------------------------|--|--------------------------------------|
| Scrip Code: 507528                                      |   | Scrip Id: EASUG              |                             |  | Quarter ended: June 30, 2010                                 |                                   |  |                                      |
| Category Code (I)                                       | Category of shareholder (II)                | Number of shareholders (III) | Total number of shares (IV) | Number of shares held in dematerialised form (V) | Total shareholding as a percentage of total number of shares |                                   | Shares pledged or otherwise encumbered |                                      |
|   |   |                              |                             |  | As a percent age of (A+B) (VI)                               | As a percent age of (A+B+C) (VII) | Num ber of shares (VIII)               | As a percentage (IX)=(VIII)/(IV)*100 |
| (A)   | Shareholding of Promoter and Promoter Group |                              |                             |  |  |                                   |  |                                      |
| (1)   | Indian                                      |                              |                             |  |  |                                   |  |                                      |
| (a)   | Individuals / Hindu Undivided Family        | 12                           | 624,800                     | 209,800  | 5.21   | 5.21                              | 115000                                 | 18.41                                |
| (b)   | Central Government/ State Government(s)     | -                            | -                           | -  | -  | -                                 | -                                      | -                                    |
| (c)   | Bodies Corporate                            | 7                            | 3,418,274                   | 3,384,174  | 28.49  | 28.49                             | -                                      | -                                    |
| (d)   | Financial Institutions / Banks              | -                            | -                           | -  | -  | -                                 | -                                      | -                                    |



|     |  |    |           |           |       |       |         |       |
|-----|--|----|-----------|-----------|-------|-------|---------|-------|
| (e) | Trustee of various Trust   | 2  | 350,000   | 300,000   | 2.92  | 2.92  | -       | -     |
| (f) | Individual holding on behalf of Partnership firm                     | 1  | 400,000   | 400,000   | 3.33  | 3.33  | -       | -     |
|     | Sub-Total (A)(1)   | 22 | 4,793,074 | 4,293,974 | 39.94 | 39.94 | 115,000 | 18.41 |
| (2) | Foreign  |    |           |           |       |       |         |       |
| (a) | Individuals (Non-Resident Individuals / Foreign Individuals)         | -  | -         | -         | -     | -     | -       | -     |
| (b) | Bodies Corporate   | -  | -         | -         | -     | -     | -       | -     |
| (c) | Institutions   | -  | -         | -         | -     | -     | -       | -     |
| (d) | Any Other (specify)  | -  | -         | -         | -     | -     | -       | -     |
|     | Sub-Total (A)(2)   | -  | -         | -         | -     | -     | -       | -     |
|     | Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2) | 22 | 4,793,074 | 4,293,974 | 39.94 | 39.94 | 115,000 | 18.41 |
| (B) | Public Shareholding  |    |           |           |       |       |         |       |
| (1) | Institutions   |    |           |           |       |       |         |       |
| (a) | Mutual Funds/ UTI  | 1  | 11,200    | -         | 0.09  | 0.09  | -       | -     |
| (b) | Financial Institutions / Banks                                       | -  | -         | -         | -     | -     | -       | -     |
| (c) | Central Government/  | -  | -         | -         | -     | -     | -       | -     |

|     |   |        |           |           |       |       |   |   |
|-----|---|--------|-----------|-----------|-------|-------|---|---|
|     | State Government(s)   |        |           |           |       |       |   |   |
| (d) | Venture Capital Funds   | -      | -         | -         | -     | -     | - | - |
| (e) | Insurance Companies   | -      | -         | -         | -     | -     | - | - |
| (f) | Foreign Institutional Investors   | -      | -         | -         | -     | -     | - | - |
| (g) | Foreign Venture Capital Investors   | -      | -         | -         | -     | -     | - | - |
| (h) | Any Other (specify)   | -      | -         | -         | -     | -     | - | - |
|     | Sub-Total (B)(1)  | 1      | 11,200    | -         | 0.09  | 0.09  | - | - |
| (2) | Non Institutions  |        |           |           |       |       |   |   |
| (a) | Bodies Corporate  | 172    | 2,844,709 | 1,943,709 | 23.71 | 23.71 | - | - |
| (b) | Individuals   | 22,095 | 3582,937  | 1,356,337 | 29.86 | 29.86 | - | - |
|     | i. Individual shareholders holding nominal share capital up to Rs. 1 lakh         |        |           |           |       |       |   |   |
|     | ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 9      | 219,900   | 113,800   | 1.83  | 1.83  | - | - |
| (c) | Any Other - Non Resident Individual   | 409    | 548,280   | 143,580   | 4.57  | 4.57  | - | - |



|     |  |               |                   |                  |               |               |                |              |
|-----|--|---------------|-------------------|------------------|---------------|---------------|----------------|--------------|
|     | Sub-Total (B)(2)   | 22,685        | 7,195,826         | 3,557,426        | 59.96         | 59.96         | -              | -            |
|     | Total Public Shareholding (B)= (B)(1)+(B)(2)                                     | 22,686        | 7,207,026         | 3,557,426        | 60.06         | 60.06         | -              | -            |
|     | <b>TOTAL (A)+(B)</b>   | <b>22,708</b> | <b>12,000,100</b> | <b>7,851,400</b> | <b>100.00</b> | <b>100.00</b> | <b>115,000</b> | <b>18.41</b> |
| (C) | Shares held by Custodians and against which Depository Receipts have been issued | -             | -                 | -                | -             | -             | -              | -            |
|     | <b>GRAND TOTAL (A)+(B)+(C)</b>   | <b>22,708</b> | <b>12,000,100</b> | <b>7,851,400</b> | <b>100.00</b> | <b>100.00</b> | <b>115,000</b> | <b>18.41</b> |

This company complies with clause 40A of the Listing Agreement, complies with provisions of SEBI (Substantial Acquisition of Shares and Takeover) Regulations 1997 and SEBI (Prohibition of Insider Trading) Regulations 1992 and made payment of listing fees of BSE and NSE.

#### Audited Financial Information

(Rs. in Lacs)

| Particulars  | For the year ended June 30, 2010 | For the year ended June 30, 2009 | For the year ended June 30, 2008 |
|--|----------------------------------|----------------------------------|----------------------------------|
| Equity Share Capital (face value Rs. 10/- each)    | 1200.01                          | 1200.01                          | 1200.01                          |
| Reserves & Surplus (excluding revaluation reserve) | 1427.08                          | 977.21                           | 186.29                           |
| Total Income                                       | 1604.22                          | 2057.49                          | 1348.88                          |
| Profit/ (Loss) after Tax                           | 449.87                           | 649.24                           | 140.39                           |
| Earnings Per Share (in Rs.)                        | 3.75                             | 5.41                             | 1.16                             |
| Net Asset Value Per Share (in Rs.)                 | 21.89                            | 18.14                            | 11.55                            |

The Stock Market data of the company for the last six months on BSE is as under:

| Month     | High (Rs) | Low (Rs) | No. of Shares Traded | Net Turnover (Rs. In Lacs) |
|-----------|-----------|----------|----------------------|----------------------------|
| May       | 10.70     | 7.33     | 2,06,875             | 18,64,413                  |
| June      | 10.70     | 9.02     | 80,324               | 7,75,131                   |
| July      | 10.35     | 8.86     | 84,845               | 8,02,554                   |
| August    | 10.49     | 8.88     | 1,42,120             | 13,91,354                  |
| September | 11.20     | 9.50     | 1,49,439             | 15,07,341                  |
| October   | 11.80     | 9.12     | 1,93,206             | 20,83,415                  |



Source: ([www.bseindia.com](http://www.bseindia.com))

**The Stock Market data of the company for the last six months on NSE is as under:**

The company last traded its shares in the year 2002. The Company, is taking necessary steps for getting traded at NSE.

**Other Details:**

- a) The Company has not made any Public or Rights Issue during the preceding three years.
- b) Our Company has not become sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up.
- b) No proceedings have been initiated for economic offences against the Company. There are no defaults in meeting any statutory/banks/institutional dues.

**PARTNERSHIP FIRM**

**1. M/s. Nopany & Sons (N&S)**

Nopany & Sons is a partnership firm, which is formed vide Partnership Deed dated June 13, 1999. Its office is situated at 12, Government Place (East) Kolkata - 700 069. N&S is engaged in the business of business of Dealers and Traders in Sugar, Yarn, Cotton, Jute, Tea, Oil and Oil Seeds, Metal, Mining and other merchandise commodities and of financiers, share and stock dealers, commission agents, builders, property developers, real estate dealers, leasing business and to carry all activities incidental thereto and such other business or businesses as may be agreed between the partners from time to time.

**Partners of Nopany & Sons**

| Partners               | Percentage of stake (%) |
|------------------------|-------------------------|
| Mr. B. K. Nopany       | 50                      |
| Ms. Nandini Nopany     | 10                      |
| Mohan Lal Nopany (HUF) | 20                      |
| B. K. Nopany (HUF)     | 20                      |

**Financial Performance**

The financial accounts of N&S for the last three years are as follows:

(Rs. in lacs)

| Particulars              | For the year ended March 31, 2010 | For the year ended March 31, 2009 | For the year ended March 31, 2008 |
|--------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Partners Capital         | 400.00                            | 385.00                            | 200.00                            |
| Total Income             | 64.95                             | 325.74                            | 18.04                             |
| Profit/ (Loss) after Tax | 50.29                             | 79.23                             | 8.64                              |

**Defunct Group Companies**

None of our Group Companies remain defunct and for which an application has been made to the RoC for striking off the name of the company, during the five years preceding the date of filing the Draft Red Herring Prospectus with SEBI.



## **Nature and Extent of Interest of Group Companies**

### ***(a) In the promotion of our Company***

None of our Group Companies have any interest in the promotion of our Company.

### ***(b) Any Properties acquired or proposed to be acquired by our Company in the past 2 years before filing the Draft Red Herring Prospectus with SEBI***

Our Group Companies do not have any interest in the properties acquired or proposed to be acquired by our Company in the past 2 years before filing the Draft Red Herring Prospectus with SEBI. Company has not acquired/ propose to acquire any properties in the past two years

## **Common Pursuits**

Our Promoter Group Company Eastern Sugar & Industries Limited, have some of the objects similar to that of our Company's business. However, as on the date of filing the Draft Red Herring Prospectus, the aforesaid entities are not carrying any business competing with that of our Company.

## **Related Business Transactions within the Group Companies and Significance on the Financial Performance of our Company**

For details, please see the section titled "*Related Party Transactions*" on page 153.

## **Disassociation by the Promoter in the last three years**

Our Promoters have not disassociated themselves from any of the Companies/firms during the last three years.

## **Changes in accounting policies in the last three years**

There has been no change in accounting policies in the last three years except as stated in the chapter titled "*Financial Information*" beginning on page 123 of this Draft Red Herring Prospectus.



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements included in this Draft Red Herring Prospectus. You should also read the *Section titled 'Risk Factors' beginning on page 12 of the Draft Red Herring Prospectus*, which enumerates number of factors and contingencies that could impact our financial condition and results of operations. The following discussion relates to our Company on a standalone basis, and unless otherwise stated, is based on our restated unconsolidated financial statements, which have been prepared in accordance with Indian GAAP, the accounting standards and other applicable provisions of the Companies Act, 1956, and the SEBI (ICDR) Regulations, 2009. Our Financial year ends on June 30 of each year.

### Business Overview

Shree Hanuman Sugar & Industries Ltd., (SHSIL) was incorporated in the year 1932 with the main object of manufacturing sugar. The first of the unit was set up in the year 1936 at Motihari District, East Champaran, Bihar with an initial capacity of 250 TCD. Subsequently, the capacity was increased to 1700 TCD in 1967-69. The factory was leased out to Gobind Sugar Mills Ltd., in the year 1969 and the lease was terminated on expiry of 1995. Thereafter the factory was leased to Eastern Sugar & Industries Limited, in the year 1995. The current capacity of the unit is 2500 TCD. Our company has since terminated the lease with ESIL and will run the same.

Our company has not yet started its manufacturing activity. Currently the main source of the income is through trading activities in stores items required by Sugar Industry. It has also income from construction division.

Our Company proposes to immediately upgrade and expand the manufacturing facility at its Sugar Mill at Motihari to 4000 TCD, with the provision for further enhancements.

### Significant developments subsequent to the last financial year:

Our Company confirms that other than as mentioned above, there have not been any significant material developments.

### Key Factors affecting the results of our operations

- General economic and business conditions in the markets in which we operate and in the local, regional and national and international economies;
- Changes in laws and regulations relating to the industries in which we operate;
- Increased competition in these industries;
- Our Company's ability to successfully implement the growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
- Our ability to meet capital expenditure requirements;



- Fluctuations in operating costs;
- Unanticipated variations in the duration, size and scope of the projects;
- Our ability to attract and retain qualified personnel;
- The effect of wage pressures, seasonal hiring patterns and the time required to train and productively utilize new employees;
- Changes in political and social conditions in India or in other countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The Performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which we are involved.

#### OUR SIGNIFICANT ACCOUNTING POLICIES

For Significant accounting policies please refer *Significant Accounting Policies, "Annexure V"* beginning on page 135 under Chapter titled "Auditors' Report and Financial Information of our Company" beginning on page 123 of the Draft Red Herring Prospectus.

#### RESULTS OF OUR OPERATIONS (RESTATED)

|   | <i>(Rs. In Lacs)</i> |                   |                   |                   |
|---|----------------------|-------------------|-------------------|-------------------|
| <b>Year/Period ended</b>                        | <b>30.06.2010</b>    | <b>30.06.2009</b> | <b>30.06.2008</b> | <b>30.06.2007</b> |
| Total Income                                    | 3210.06              | 1696.87           | 1247.62           | 971.27            |
| Total expenses                                  | 2202.77              | 1392.49           | 1026.82           | 743.16            |
| Total Expenses as a % of Total Income           | 68.62                | 82.06             | 82.30             | 76.51             |
| Depreciation                                    | 126.63               | 131.31            | 125.89            | 122.92            |
| Depreciation as % of Total Income               | 3.94                 | 7.74              | 10.09             | 12.66             |
| Profit / (loss) before Tax                      | 1007.29              | 304.38            | 220.80            | 228.11            |
| Profit / (loss) before Tax as % of Total Income | 31.38                | 17.94             | 17.70             | 23.49             |
| Profit / (loss) after tax                       | 906.56               | 272.81            | 197.61            | 204.26            |
| Profit / (loss) after tax as % of Total Income  | 28.24                | 16.08             | 15.84             | 21.03             |



### **Comparison of FY 2010 with FY 2009**

#### **Total Income**

Total Income during the year 2010 sharply increased to Rs. 3210.06 Lacs from Rs. 1696.87 Lacs, on account of increase in trading as well as construction related activities. Trading activities mainly included sale of stores items.

Sales, being main source of total income during 2010 stood at Rs. 2928.04 Lacs against Rs. 1471.68 Lacs only during the previous financial year. Other components of total income were Profit on sale of construction rights and other income. During the year we also registered income from sale of construction rights to the extent of Rs. 301.65 Lacs.

#### **Total Expenditure**

Total expenditure during the year 2010 increased to Rs 2202.77 Lacs from Rs 1392.49 Lacs during the previous financial year primarily due to increase in purchases resulting into sharp increase in the volume of trading activities.

#### **Depreciation**

The depreciation during the year 2010 was Rs. 126.63 Lacs as against Rs. 131.31 in the previous year, as old and undesired plants & machineries costing Rs. [●] Lacs were disposed of during the year 2010.

#### **Profit before tax**

Profit before tax stood at Rs. 1007.29 Lacs during 2010 as compared to Rs. 304.38 Lacs during 2009, showing an increase of Rs. 702.91 Lacs mainly on account of increase in trading as well as construction related activities.

#### **Profit after tax**

Profit after tax stood at Rs 906.56 lacs during 2010 as compared to Rs 272.81 lacs during 2009, showing an increase of Rs 633.75 lacs

### **Comparison of FY 2009 with FY 2008**

#### **Total Income**

Total Income during the year 2009 increased to Rs. 1697.87 Lacs from Rs. 1247.62 Lacs , on account of increase in trading as well as construction related activities. Trading activities mainly included sale of stores items.

Sales, being main source of total income during 2009 stood at Rs. 1471.68 Lacs against Rs. 1163.82 Lacs only during the previous financial year. Other components of total income were profit on sale of construction rights and other income. During the year we also registered income from sale of construction rights to the extent of Rs. 99.75 lacs.



### **Total Expenditure**

Total expenditure during the year 2009 increased to Rs 1392.49 lacs from Rs 1026.82 lacs during the previous financial year mainly due to increase in purchases resulting into increase in sales.

### **Depreciation**

The depreciation during the year 2009 was Rs. 131.31 Lacs as against Rs. 125.89 lacs in the previous year.

### **Profit before tax**

Profit before tax stood at Rs. 304.38 Lacs during 2009 as compared to Rs. 220.80 Lacs during 2008, showing an increase of Rs 83.58 Lacs mainly on account of increase in trading as well as construction related activities.

### **Profit after tax**

Profit after tax stood at Rs 272.81 Lacs during 2009 as compared to Rs 197.61 lacs during 2008, showing an increase of Rs 75.20 Lacs.

### **Comparison of FY 2008 with FY 2007**

#### **Total Income**

Total Income during the year 2008 increased to Rs. 1247.62 Lacs from Rs. 971.27 Lacs, on account of increase in of trading as well as construction related activities. Trading activities mainly included sale of stores items.

Sales, being main source of total income during 2008 stood at Rs. 1163.82 Lacs against Rs. 725.79 Lacs only during the previous financial year. Other component of total income were Lease rent, profit on sale of construction rights and other income. Lease Rent stood at Rs. 28.13 Lacs compared to Rs. 112.90 Lacs. During the year we also registered income from sale of construction rights to the extent of Rs. 113.37.

#### **Total Expenditure**

Total expenditure during the year 2008 increased to Rs 1026.82 Lacs from Rs 743.16 Lacs during the previous financial year mainly due to increase in purchases resulting into increase in sales.

#### **Depreciation**

The depreciation during the year 2008 was Rs. 125.89 Lacs as against Rs. 122.92 in the previous year.

#### **Profit before tax**

Profit before tax stood at Rs. 220.80 Lacs during 2008 as compared to Rs. 228.11 Lacs during 2007, showing a marginal fall of Rs 7.31 lacs mainly on account of increase in financial expenses.



## Profit after tax

Profit after tax stood at Rs 197.61 lacs during 2008 as compared to Rs 204.26 Lacs during 2007 showing a marginal fall of Rs 6.65 lacs on account of increase in Finance expenses.

## FACTORS THAT MAY AFFECT THE RESULTS OF THE OPERATIONS

- 1) Unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses etc.**  
There have been no unusual or infrequent events or transactions that have taken place.
- 2) Significant economic changes that materially affected or are likely to affect income from continuing operations.**  
There are no significant economic changes that may materially affect or likely to affect income from continuing operations.
- 3) Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.**  
Apart from the risks as disclosed under Section titled "Risk Factors" beginning on page 12 in the Draft Red Herring Prospectus, in our opinion there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.
- 4) Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known.**  
Our Company's future costs and revenues will be determined by demand/supply situation, government policies and prices quoted by service providers.
- 5) Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices.**  
Increases in revenues are by and large linked to increases in volume of business.
- 6) Total turnover of each major industry segment in which the issuer company operated.**  
For details on the total turnover of the Sugar industry *please refer to Chapter titled "Industry Overview" beginning on page 70 of the Draft Red Herring Prospectus.*
- 7) Status of any publicly announced new products or business segment.**  
Our Company has not announced any new product and segment, other than through the Draft Red Herring Prospectus.
- 8) The extent to which business is seasonal.**  
Our Company's business is seasonal in nature.
- 9) Any significant dependence on a single or few suppliers or customers.**  
Our Company will not depend on any single supplier or customer.
- 10) Competitive conditions.**  
Competitive conditions are as described under the *Chapters titled "Industry Overview" and "Business Overview" beginning on pages 70 and 79, respectively of the Draft Red Herring Prospectus.*



**SECTION VIII - LEGAL AND OTHER REGULATORY INFORMATION**

**OUTSTANDING LITIGATION, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES**

Except as detailed below, there are no outstanding or pending litigations, disputes, bargains and demands, investigations, Central / State Government claims or inquiries, proceedings or disputed tax liabilities, over-dues to banks/financial institutions, defaults against banks/ financial institutions, proceedings initiated for economic/civil/ criminal/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part I of Schedule XIII of the Companies Act) against the Company, Promoters, Directors or Group Companies or their promoters or directors. Other than as detailed below, there are no defaults of non-payment of statutory dues against the Company including under the excise, customs, sales tax, income tax and service tax, and no disciplinary action has been taken by SEBI or any stock exchanges against the Company.

There are no pending proceedings initiated for economic offences against the Company. No disciplinary action/ investigation has been taken by the SEBI against the Company, its subsidiaries and sponsored institutions and its respective directors.

**OUTSTANDING LITIGATIONS AGAINST THE COMPANY AND DIRECTORS**

**Civil Proceedings**

| S.No. | Case No. | Name of Plaintiff/<br>Complainant  | Particulars   | Name of Court       | Last Date  | Expected/Next Date       |
|-------|----------|--|---|---------------------|------------|--------------------------|
| 1.    | CS 86/00 | Suit Filed by S. N. Bagla & Co., against SHSI-<br>Order/Decree passed on 16.8.2001 | Amount paid Rs.16.98,235 plus 1.10,766.51 (interest) as per Court Order dated 16.8.2001 in full | Calcutta High Court | 24.06.2010 | Decree satisfied in full |

Suit for moneys advanced on account. Principal amount Rs.2,00,000/- as on 31<sup>st</sup> March, 1985. Suit filed claiming Rs.2,00,000/- + interest @ 18% from 31.3.1985 upto 29<sup>th</sup> February, 2000 = Rs.20,32,900/-.



|    |                              |  |  |                            |  |  |
|----|------------------------------|--|--|----------------------------|--|--|
| 2. | APDT.11/01<br><br>(CS 86/00) | Appeal filed by<br><br>SHSI against S.<br>N. Bagla against<br>order dated<br><br>16.8.2001 | Cross Objection<br><br>filed by S. N.<br>Bagla & Co. | Calcutta<br><br>High Court | 19.02.2004<br><br>S. N.<br>Bagla was<br>directed<br>to file<br>Paper<br>Book |  |
|----|------------------------------|--|--|----------------------------|--|--|

Paper Book not yet filed by S. N. Bagla.

|    |                    |                |   |                            |            |  |
|----|--------------------|----------------|---|----------------------------|------------|--|
| 3. | CS<br><br>346/2009 | Orix/SHSI/Ors. | Applications<br><br>pending (Rs.10<br>lakhs paid) | Calcutta<br><br>High Court | 08.11.2010 |  |
|----|--------------------|----------------|---|----------------------------|------------|--|

Claim: Principal Rs.86 lacs plus interest

#### Labour Related Cases

| S.No. | Case No.                | Name of<br>Plaintiff/<br>Complainant   | Particulars                | Name of<br>Court                             | Last Date  | Expected/Next<br>Date   |
|-------|-------------------------|--|----------------------------|--|------------|---|
| 1.    | IDA<br>No.95 of<br>2004 | Naresh G.<br>Richhariya<br>(The case was<br>decided against<br>the company on<br>14.11.2003.)<br>Appeal dismissed<br>on 04/11/2004 | Unfair Labour<br>Practices | 12 <sup>th</sup> Labour<br>Court,<br>Mumbai. | 05.04.2007 | Driver is<br>working<br>elsewhere -<br>case not<br>pursued by<br>him for last 3<br>years. |



Claimed re-instatement and salary @ Rs.5000/- p.m. at the time of leaving, to pay full wages (Driver).  
Services terminated w.e.f. 14/6/2001

#### Companies Act Related Cases

| S.No | Case No.  | Name of Plaintiff/<br>Complainant          | Particulars                            | Name of Court                          | Last Date  | Expected/Next Date |
|------|-----------|--|--|--|------------|--------------------|
| 1.   | C/2968/85 | Asstt. Registrar of Companies, West Bengal | U/S 210 (5) of the Companies Act, 1956 | M M Court (Bankshall Court) at Kolkata | 04.05.2010 | 25.02.2011         |

ROC had filed the above case against the company for non-approval of Annual Accounts for the year ended 30<sup>th</sup> June, 1983 in the AGM in time. However, the company has subsequently complied with the provisions.

| S.No. | Case No.  | Name of Plaintiff/<br>Complainant          | Particulars                            | Name of Court                          | Last Date  | Expected/Next Date |
|-------|-----------|--|--|--|------------|--------------------|
| 2.    | C/2697/85 | Asstt. Registrar of Companies, West Bengal | U/S 220 (3) of the Companies Act, 1956 | M M Court (Bankshall Court) at Kolkata | 11.07.2005 | No date fixed      |

ROC had filed the above case against the company for non-filing of Annual Accounts for the year ended June 1984. However, the company has subsequently complied with the provisions.



### Income Tax related Cases

| S.No. | Case No.          | Name of Plaintiff/<br>Complainant              | Particulars  | Name of Court         | Last Date  | Expected/Next Date |
|-------|-------------------|--|--|-----------------------|------------|--------------------|
| 1.    | ITA No.52 of 2002 | Appeal filed by Income-Tax Department, Kolkata | Relating to A.Y. 1990-91 to 1992-93 - Question framed. | High Court at Kolkata | 03.02.2003 |                    |

The I. T. authority had disallowed interest amounting to Rs.45,45,633/-, Rs.61,15,510/- and Rs.85,52,034/- in 1990-91, 1991-92 and 1992-93 respectively charged by Uco Bank. The company won the case in the Tribunal. The Department has preferred an appeal in the Calcutta High Court and the case is in progress.

| S.No. | Case No.            | Name of Plaintiff/<br>Complainant                            | Particulars               | Name of Court             | Last Date | Expected/Next Date |
|-------|---------------------|--|---------------------------|---------------------------|-----------|--------------------|
| 2.    | ITA No.1058/ Cal/96 | Appeal filed by SHSIL against Income-tax Department, Kolkata | Relating to A.Y. 1992-93. | CIT(A) Central-I Kolkata. |           |                    |

This is in respect of disallowance of nomination charges of Rs.17,76,377/- which has been reverted back to CIT (A) by ITAT.



| S.No. | Case No.                  | Name of Plaintiff/<br>Complainant                     | Particulars                  | Name of Court                   | Last Date | Expected/Next Date |
|-------|---------------------------|---|------------------------------|---------------------------------|-----------|--------------------|
| 3.    | ITA<br>No.1552/<br>Cal/96 | Appeal filed by<br>SHSIL against I.<br>T. Department. | Relating to A.Y.<br>1994-95. | CIT(A)<br>Central-I<br>Kolkata. |           |                    |

This is in respect of disallowance of nomination charges of Rs.16,91,486/- which has been reverted back to CIT (A) by ITAT.

| S.No | Case No.    | Name of Plaintiff/<br>Complainant                                 | Particulars  | Name of Court                                 | Last Date   | Expected/Next Date |
|------|-------------|---|--|---|---|--------------------|
| 4.   | WP3348/2000 | SHSIL filed Writ<br>against Income-<br>tax Department,<br>Kolkata | Relating to A.Y.<br>1996-97.<br>Interim Order<br>High Court<br>3/1/2001<br>directed to<br>continue by order<br>dtd. 03/02/05 -<br>continuing | The<br>Calcutta<br>High Court,<br>at Kolkata. | 11/06.2010<br>(Suppleme<br>ntary<br>Affidavit<br>filed. |                    |

Regarding Order U/S 148 (Reopening of case). Return was filed on 23.3.2000. The company filed Writ Petition in Calcutta High Court against Notice u/s. 148. The matter is pending in the Calcutta High Court (Monetary involvement Rs.1,23,81,389). Payment of Lease Rent.



| S.No. | Case No.           | Name of Plaintiff/<br>Complainant  | Particulars                  | Name of Court        | Last Date  | Expected/Next Date     |
|-------|--------------------|--|------------------------------|----------------------|------------|------------------------|
| 5.    | ITA/1514/<br>K/ 09 | Appeal filed by<br>SHSIL against<br>Income-tax<br>Department,<br>Kolkata | Relating to A.Y.<br>2001-02. | ITAT 'C'<br>Kolkata. | 15.09.2010 | 22.11.2010<br>TRIBUNAL |

Appeal filed by the Company before ITAT against order dated 03.06.2009 (Appeal 132/2004-05) (regarding depreciation).

| S.No. | Case No.                | Name of Plaintiff/<br>Complainant    | Particulars  | Name of Court                   | Last Date           | Expected/Next Date |
|-------|-------------------------|--------------------------------------|--|---------------------------------|---------------------|--------------------|
| 6.    | AP432/436/439/<br>08-09 | Income-tax<br>Department,<br>Kolkata | Relating to<br>A.Y. 2002-03,<br>2003-04 & 2004-<br>5 Order u/s<br>147. | CIT(A)<br>Central-I<br>Kolkata. | 20.08.2010<br>ORDER |                    |

Appeal filed by the company before CIT(A)-Central-I, Kolkata - decided in favour of the company.



| S.No. | Case No.                     | Name of Plaintiff/<br>Complainant                          | Particulars  | Name of Court                          | Last Date                      | Expected/Next Date |
|-------|------------------------------|--|--|--|--------------------------------|--------------------|
| 7.    | Matter<br>1072/88            | SHSIL filed Writ<br>against I. T.<br>Department            | Assessment<br>Year 1983-84<br>and 1984-85 -<br>Order U/s 263<br>(re-opening) | Calcutta<br>High<br>Court              | Interim<br>Order<br>25.07.2002 |                    |
| 8.    | ITA<br>No.56/08<br>GA.271/08 | Commissioner<br>of Income-Tax,<br>C-I, Kolkata's<br>Appeal | Appeal u/s<br>260A of the I.T.<br>Act, 1961, A.Y.<br>2002-03                 | In the<br>High<br>Court at<br>Kolkata. | 17.03.2008                     |                    |

Appeal filed by the Department against the Order dated 26.06.2007 of ITAT 762/Kol/2007 (Regarding Lease Rental). Section 5 allowed on 17.03.2008.

| S.No. | Case No.                 | Name of Plaintiff/<br>Complainant | Particulars                                   | Name of Court          | Last Date  | Expected/Next Date |
|-------|--------------------------|-----------------------------------|---|------------------------|------------|--------------------|
| 9     | ITA<br>No.719 of<br>2008 | CIT's Appeal                      | Departmental<br>Appeal (Appeal<br>admitted on | Calcutta<br>High Court | 19.09.2008 |                    |



|  |  |  |                                     |  |  |  |
|--|--|--|-------------------------------------|--|--|--|
|  |  |  | 19.9.2008 relating to A.Y. 1998-99) |  |  |  |
|--|--|--|-------------------------------------|--|--|--|

Order U/s 154 to compute book profit U/s 115JA.

|     |           |              |  |                     |            |  |
|-----|-----------|--------------|--|---------------------|------------|--|
| 10. | No.517/94 | CIT's Appeal | Relating to A.Y. 1980-81 (Draft statement prepared by Tribunal on 26.2.2009) | Calcutta High Court | 21.02.1995 |  |
|-----|-----------|--------------|--|---------------------|------------|--|

Depreciation of machinery leased out.

|     |            |              |  |                     |                                     |  |
|-----|------------|--------------|--|---------------------|-------------------------------------|--|
| 11  | ITA 213/01 | CIT's Appeal | Matter relating to Lease Income A. Y. 1990-91                    | Calcutta High Court | 26.09.2001                          |  |
| 12. | ITA 100/03 | CIT's Appeal | Relating to A. Y. 1996-97 Application U/S 5 served on 10.05.2003 | Calcutta High Court | Order 06.04.2010 - Question Framed. |  |

Regarding profit on sale of assets.



|    |                      |                  |  |                                     |  |  |
|----|----------------------|------------------|--|-------------------------------------|--|--|
| 13 | ITA/341/Cal/<br>2010 | SHSI'S<br>Appeal | Relating to AY<br>98-99 (u/s 115IA)<br>- against CIT (A)<br>ORDER DT.<br>04.11.2009<br>(APPEAL 06/09-<br>10) | I. T. P. T.<br>'B' Bench<br>Kolkata | 13.09.2010<br><br>(Matter<br>pending in<br>High Court<br>- Appeal<br>filed by<br>Department) |  |
|----|----------------------|------------------|--|-------------------------------------|--|--|

#### Cases in the DRT Patna

| S.No. | Case No. | Name of<br>Plaintiff/<br>Complainant | Particulars  | Name of<br>Court | Last Date                                | Expected/Next<br>Date |
|-------|----------|--------------------------------------|--|------------------|--|-----------------------|
| 1.    | OA 48/04 | Bank of India                        | This case was filed<br>by BOI against<br>Eastern Sugar &<br>Industries Ltd., for<br>recovery of their<br>dues wherein<br>SHSIL has also<br>been made a party | DRT, Patna       | 31.05.2010<br><br>Judgement<br>delivered |                       |

This case was filed by BOI against Eastern Sugar & Industries Ltd., for recovery of their dues wherein SHSIL has also been made a party. Certificate has been issued by DRT, Patna for Rs.16,39,56,456/-. The Company has made a proposal for OTS at Rs 8 crore as per RBI Guidelines.



### **Arbitration Matter**

The Company had issued 17% Secured Redeemable Convertible Debentures of Rs.100/- each amounting to Rs 200.00 lacs to UTI. The Debentures has been taken over by one of the Group Companies by way of OTS and arbitration has been filed by the said company before the Hon'ble Retd Justice Shri Ajit Sengupta, for conversion of the same into 25,00,000 equity shares at a justified premium. The difference of the amount is to be brought in cash. The award is awaited.

### **Bihar Excise Act Related Cases**

There is no case/proceeding pending against the company/its directors in respect of Bihar Excise Act.

### **Central Excise Related Cases**

A notice to show cause was issued on the Company as Lessor (Lessee: Eastern Sugar & Industries Ltd., - Motihari Chini Udyog) by the Jt. Commissioner, Central Excise, patna vide C.No.V(17)36/ L'sarai/Scn-cell/Adjn/07/2476 dated 26.4.2007 demanding Central Excise duty amounting to Rs.18,90,433/- (including Education Cess) along with interest and penalty. The Company had represented the case for remission of duty on such qty. of molasses which was lost due to leakage in steel storage tanks. After hearing the submissions the Additional Commissioner, Central Excise Patna was pleased to pass an order dated 11/01/2008 dropping the demand of Duty & Education Cess including the interest. He was pleased to impose a penalty of Rs.10,000/- under Rule 25 of CE Rules 2002.

### **Bihar Trade Tax/ Central Sales Tax Related Cases**

There are no cases/proceedings pending against or by the company/its directors in respect of Bihar Trade Tax/Central Sales-Tax.

### **Bihar Tax on Entry of Goods Act Related Cases**

There are no cases/proceedings pending against s in respect of Bihar Tax on Entry of Goods Act.

### **Special Leave Petition**

There is no Special Leave Petition pending.

### **Other Matters**

1. There are no disputed dues on account of sales tax (trade tax) and excise duty matters.
2. There are no cases/proceedings where the concerned statutory authority is in appeal against favourable orders received by the Company.

### **OUTSTANDING LITIGATIONS AGAINST THE GROUP COMPANIES**

There are no litigations pending against or by the Group Companies **Nopany Investment Pvt. Ltd. (NIPL) and Shruti Limited (SL)**.

#### **Against Nopany Investments Pvt. Ltd.**

No cases pending

#### **Against Shruti Limited (SL)**



No cases pending

### Against Eastern Sugar & Industries Limited (ESIL)

#### Cases in the DRT Patna

| S.No. | Case No. | Name of Plaintiff/<br>Complainant | Particulars   | Name of Court | Last Date                             | Expected/Next Date |
|-------|----------|-----------------------------------|---|---------------|---------------------------------------|--------------------|
| 1.    | OA 48/04 | Bank of India                     | This case was filed by BOI against Eastern Sugar & Industries Ltd., for recovery of their dues wherein SHSIL has also been made a party | DRT, Patna    | 31.05.2010<br><br>Judgement delivered |                    |

This case was filed by BOI against Eastern Sugar & Industries Ltd., for recovery of their dues wherein SHSIL has also been made a party. Certificate has been issued by DRT, Patna for Rs.16,39,56,456/-. The Company has made a proposal for OTS at Rs 8 crore as per RBI Guidelines.

| S.No | Case No. | Name of Plaintiff/<br>Complainant | Particulars                  | Name of Court                | Last Date   | Expected/<br>Next Date |
|------|----------|-----------------------------------|------------------------------|------------------------------|-------------|------------------------|
| 2.   | OA 47/03 | Champaran<br>Kshetriya Gramin     | The matter<br>pending before | In the DRT at<br>Patna. ESIL | 05.09. 2009 |                        |



|  |  |                        |             |   |  |  |
|--|--|------------------------|-------------|---|--|--|
|  |  | Bank Ltd.,<br>Motihari | DRT, Patna. | was only an<br>added party in<br>respect of loan<br>given to the<br>farmers which<br>has been<br>waived/writte<br>n off by the<br>Central Govt. |  |  |
|--|--|------------------------|-------------|---|--|--|

This case was filed by the complainant against Eastern Sugar & Industries Ltd., for recovery of their dues wherein the said director has also been made a party. The case is under progress at DRT, Patna.

#### Civil Proceedings

| S.No. | Case No.   | Name of<br>Plaintiff/<br>Complainant | Particulars   | Name of<br>Court                    | Last Date | Expected/Next<br>Date |
|-------|------------|--------------------------------------|---|-------------------------------------|-----------|-----------------------|
| 3.    | M.S.465/03 | Castrol India                        | The matter is<br>pending before<br>7 <sup>th</sup> City Civil<br>Court. The Claim<br>is of<br>Rs 6,05,480.27p | 7 <sup>th</sup> City<br>Civil Court |           | 06.05.2011            |

#### Companies Act Related Cases

| S.No | Case No. | Name of<br>Plaintiff/ | Particulars | Name of Court |
|------|----------|-----------------------|-------------|---------------|
| .    |          |                       |             |               |

|     |  | <b>Complainant</b>                  |   |                             |
|-----|--|-------------------------------------|---|-----------------------------|
| 4.  | C/273/04<br>5745/08 (Patna<br>High Court)  | Registrar of<br>Companies,<br>Bihar | Case pertaining to March 2003.<br>Order dt 07.05.2010 to pay Rs<br>1,96,100/- | Economic Offences,<br>Patna |
| 5.  | C/274/04<br>47821/07(Patna<br>High Court)  | Registrar of<br>Companies,<br>Bihar | u/s 162(1) relating to March<br>2002. Matter pending.                         | Economic Offences,<br>Patna |
| 6.  | C/275/04<br>5217/08(Patna<br>High Court)   | Registrar of<br>Companies,<br>Bihar | Matter relating to delay in filing<br>of Balance Sheet of March 2003.         | Economic Offences,<br>Patna |
| 7.  | C/54/07<br>2805/08(Patna<br>High Court)    | Registrar of<br>Companies,<br>Bihar | Case pertaining to March 2006.<br>Order dt 21.04.2008 to pay Rs<br>82,500/-   | Economic Offences,<br>Patna |
| 8.  | C/55/07<br>2850/08 (Patna<br>High Court)   | Registrar of<br>Companies,<br>Bihar | Matter relating to March 2006.<br>Order dt 21.04.2008 to pay Rs<br>71,500/-   | Economic Offences,<br>Patna |
| 9.  | C/173/08<br>43984/08 (Patna<br>High Court) | Registrar of<br>Companies,<br>Bihar | Matter pending.   | Economic Offences,<br>Patna |
| 10. | C/174/08<br>28378/09(Patna<br>High Court)  | Registrar of<br>Companies,<br>Bihar | Matter Pending.   | Economic Offences,<br>Patna |



|     |  |                                     |   |                             |
|-----|--|-------------------------------------|---|-----------------------------|
|     | High Court)                              |                                     |   |                             |
| 11. | C/83/09<br>30521/09(Patna<br>High Court) | Registrar of<br>Companies,<br>Bihar | Matter relating to delay in filing<br>of Balance Sheet of March 2008. | Economic Offences,<br>Patna |
| 12. | C/104/09                                 | Registrar of<br>Companies,<br>Bihar | Matter Pending.   | Economic Offences,<br>Patna |

All the above cases have been filed by the Registrar of Companies, Bihar, wrongly, as because the default shown for the company assuming its Financial closing to be March, whereas ESIL has its Financial Closing of the year in June.

| S.No | Case No.  | Name of Plaintiff/<br>Complainant                                      | Particulars                                     | Name of<br>Court                               | Last Date  | Expected/<br>Next Date |
|------|-----------|--|---|--|------------|------------------------|
| 13.  | C/1655/02 | Electric &<br>Electronics-vs-<br>Motihari Chini<br>Udyog(Lesse : ESIL) | U/s. 138<br>Amount<br>involved<br>Rs.1,48,000/- | 3 <sup>rd</sup><br>Metropolitan<br>Magistrate  | 13.10.2010 |                        |
| 14.  | C/736/03  | Tide Water -vs-<br>Motihari Chini<br>Udyog(Lesse : ESIL)               | U/s. 138<br>Amount<br>involved<br>Rs.1,50,000/- | 7 <sup>th</sup><br>Metropolitan<br>Magistrate  | 29.03.2008 |                        |
| 15.  | C/536/03  | Tide Water -vs-<br>Motihari Chini<br>Udyog(Lesse : ESIL)               | U/s. 138<br>Amount<br>involved<br>Rs.50,000/-   | 12 <sup>th</sup><br>Metropolitan<br>Magistrate | 10.07.2008 |                        |



|     |          |  |   |   |  |  |
|-----|----------|--|---|---|--|--|
| 16. | C/298/01 | Castrol India - vs-<br>Motihari Chini<br>Udyog(Lesse : ESIL) | U/s. 138<br><br>Amount<br>involved<br><br>Rs.1,50,000/- | 9th<br><br>Metropolitan<br><br>Magistrate |  |  |
|-----|----------|--|---|---|--|--|

#### Central Excise Related Cases

17. A notice to show cause was issued on the Company as Lessor (Lessee: Eastern Sugar & Industries Ltd., - Motihari Chini Udyog) by the Jt. Commissioner, Central Excise, Patna vide C.No.V(17)36/L'sarai/Scn-cell/Adjn/07/2476 dated 26.4.2007 demanding Central Excise duty amounting to Rs.18,90,433/- (including Education Cess) along with interest and penalty. The Company had represented the case for remission of duty on such qty. of molasses which was lost due to leakage in steel storage tanks. After hearing the submissions the Additional Commissioner, Central Excise Patna was pleased to pass an order dated 11/01/2008 dropping the demand of Duty & Education Cess including the interest. He was pleased to impose a penalty of Rs.10,000/- under Rule 25 of CE Rules 2002.
18. Case No SP 662/663-08 (EA 453/454-08) Before Customs Excise & Service Tax Appellate Tribunal, Kolkata, in the matter of Motihari Chini Udyog/Bimal Kumar Nopany Vs Central Excise,Patna. Demand is for Rs 1,16,03,673/-. Tribunal Passed Order dt 12/14.05.2009 to Deposit Rs 50 lacs. Patna High Court Order dt 17.03.2010 Deposit Rs 30 Lacs.

#### 19. Provident Fund Related Cases

CWJC/8734/09 filed by Eastern Sugar & Industries Ltd., / Mr. B. K. Nopany against The Recovery Officer, Provident Fund, Muzaffarpur, in respect of Order dated 30.03.2007, is pending before the Hon'ble Patna High Court. Order has been passed on 29.07.2009. The same was appearing in the list on 15.10.2009.

|     |             |  |         |   |   |  |
|-----|-------------|--|---------|---|---|--|
| 20. | 437 of 2003 | Ajay Kr.<br><br>Bathwal -vs-<br><br>Bimal Kumar<br><br>Nopany & Ors.<br><br>(ESIL) | U/s 138 | Civil Judge<br><br>(Jr.Div.) Court<br><br>No.20,<br><br>Gorakhpur | By Order dt.<br><br>09.05.2006<br><br>Proceedings<br><br>Stayed by<br><br>Hon'ble |  |
|-----|-------------|--|---------|---|---|--|



|  |  |  |  |  |                           |  |
|--|--|--|--|--|---------------------------|--|
|  |  |  |  |  | Supreme<br>Court of India |  |
|--|--|--|--|--|---------------------------|--|

**21. Consumer Forum Related Cases**

| S.No. | Case No.         | Name of Plaintiff/<br>Complainant           | Particulars   | Name of Court                |
|-------|------------------|---|---|------------------------------|
| i.    | 129/05,<br>42/05 | Adya Shankar Lal -vs- B.<br>K.Nopany & Ors. | P.F. dues and Gratuity<br>(Complainant since<br>deceased) | Consumer Forum,<br>Motihari. |
| ii.   | 204/03           | Rajeshwar Singh -vs- B.<br>K.Nopany & Ors.  | Cane Price due  | Consumer Frum,<br>Motihari   |
| iii.  | 220/03           | Ramadhar Prasad -vs- B.<br>K.Nopany & Ors.  | Cane Price due  | Consumer Forum,<br>Motihari  |
| iv.   | 318/03           | Kedar Manipal -vs-<br>B.K.Nopany & Ors.     | Cane Price due  | Consumer Forum,<br>Motihari  |
| v.    | 186/06           | Rambahadur Prasad - vs- B<br>K Nopany & Ors | Cane Price Due  | Consumer Forum,<br>Motihari  |



## 22. Certificate Cases

| S.No | Case No.  | Name of Plaintiff/<br>Complainant        | Particulars         | Name of Court                         |
|------|-----------|--|---------------------|---------------------------------------|
| 1.   | 2/97-98   | Cane Officer -vs- B. K.<br>Nopany & Ors. | Cane Price interest | Dist.Certificate<br>Officer, Motihari |
| 2.   | 5/97-98   | Cane Officer -vs- B.K.<br>Nopany & Ors.  | Cane Price interest | Dist.Certificate<br>Officer, Motihari |
| 3.   | 2/99-2000 | Cane Officer -vs- B.K.<br>Nopany & Ors.  | Cane Price interest | Dist.Certificate<br>Officer, Motihari |
| 4.   | 1/99-2000 | Cane Officer -vs- B.K.<br>Nopany & Ors.  | Cane Price interest | Dist.Certificate<br>Officer, Motihari |
| 5.   | 1/98-1999 | Cane Officer -vs- B.K.<br>Nopany & Ors.  | Cane Price          | Dist.Certificate<br>Officer, Motihari |
| 6.   | 4/99-2000 | Cane Officer -vs- B.K.<br>Nopany & Ors.  | Cane Price          | Dist.Certificate<br>Officer, Motihari |
| 7.   | 6/01-02   | Cane Officer -vs- B.K.                   | Cane Price          | Dist.Certificate                      |



|     |           |   |            |                                       |
|-----|-----------|---|------------|---------------------------------------|
|     |           | Nopany & Ors.                           |            | Officer, Motihari                     |
| 8.  | 2/01/02   | Cane Officer -vs- B.K.<br>Nopany & Ors. | Cane Price | Dist.Certificate<br>Officer, Motihari |
| 9.  | 3/01-02   | Cane Officer -vs- B.K.<br>Nopany & Ors. | Cane Price | Dist.Certificate<br>Officer, Motihari |
| 10. | 1/01/02   | Cane Officer -vs- B.K.<br>Nopany & Ors. | Cane Cess  | Dist.Certificate<br>Officer, Motihari |
| 11  | 7/01-02   | Cane Officer -vs- B.K.<br>Nopany & Ors. | Cane Cess  | Dist.Certificate<br>Officer, Motihari |
| 12  | 3/99-2000 | Cane Officer -vs- B.K.<br>Nopany & Ors. | Cane Cess  | Dist.Certificate<br>Officer, Motihari |
| 13. | 4/01-02   | Cane Officer -vs- B.K.<br>Nopany & Ors. | Cane Cess  | Dist.Certificate<br>Officer, Motihari |
| 14. | 1/2000-01 | Cane Officer -vs- B.K.<br>Nopany & Ors. | Z.D.C.     | Zonal Dev.<br>Council<br>Motihari     |
| 15. | 5/01-02   | Cane Officer -vs- B.K.<br>Nopany & Ors. | Z.D.C.     | Zonal Dev.<br>Council<br>Motihari     |
| 16. | 1/03-04   | Cane Officer -vs- B.K.                  | Cane Cess  | Dist.Certificate                      |



|     |          |  |            |                                       |
|-----|----------|--|------------|---------------------------------------|
|     |          | Nopany & Ors.                            |            | Officer, Motihari                     |
| 17. | 2/03-04  | Cane Officer -vs- B.K.<br>Nopany & Ors.  | Cane Price | Dist.Certificate<br>Officer, Motihari |
| 18. | 3/03-04  | Cane Officer -vs- B.K.<br>Nopany & Ors.  | Cane Cess  | Dist.Certificate<br>Officer, Motihari |
| 19. | 01/09-10 | RamPratap Singh -vs- B K<br>Nopany       | Gratuity   | Dist.Certificate<br>Officer, Motihari |
| 20. | 02/09-10 | Nageshwar Pd Asthana -<br>vs- B K Nopany | Gratuity   | Dist.Certificate<br>Officer, Motihari |
| 21. | 03/09-10 | Harinarayan Prasad - vs- B<br>K Nopany   | Gratuity   | Dist.Certificate<br>Officer, Motihari |
| 22. | 04/09-10 | Ram Prasad-vs- B K<br>Nopany             | Gratuity   | Dist.Certificate<br>Officer, Motihari |
| 23. | 4/03-04  | Cane Officer -vs- B.K.<br>Nopany & Ors.  | Z. D.C.    | Zonal Dev.<br>Council<br>Motihari     |
| 24. | 1/03-04  | Cane Officer -vs- B.K.<br>Nopany & Ors.  | Z. D. C.   | Zonal Dev.<br>Council<br>Motihari     |

Case No.589/02, TR 3614/02 U/s 420/406 IPC against ESIL, Mr. Bimal Kumar Nopany and Others is pending before the Judicial Magistrate, First Class, Motihari, Bihar.



## LITIGATIONS BY THE COMPANY

There are no litigations pending by the company.

## LITIGATIONS AGAINST PROMOTERS/DIRECTORS

- Against Mr. B. K. Nopany - Chairman-cum-Managing Director

| S.No. | Case No. | Name of Plaintiff/<br>Complainant | Particulars   | Name of Court | Last Date                             | Expected/Next Date |
|-------|----------|-----------------------------------|---|---------------|---------------------------------------|--------------------|
| 1.    | OA 48/04 | Bank of India                     | This case was filed by BOI against Eastern Sugar & Industries Ltd., for recovery of their dues. | DRT, Patna    | 31.05.2010<br><br>Judgement delivered |                    |

This case was filed by BOI against Eastern Sugar & Industries Ltd., for recovery of their dues wherein the said director has also been made a party. Certificate has been issued by DRT, Patna for Rs.16,39,56,456/-.

A. Proposal for OTS has been filed for Rs 8 crores as per RBI Guidelines.

| S.No. | Case No. | Name of Plaintiff/<br>Complainant     | Particulars                           | Name of Court                         | Last Date   | Expected/<br>Next Date |
|-------|----------|---------------------------------------|---------------------------------------|---------------------------------------|-------------|------------------------|
| 2.    | OA 47/03 | Champaran Kshetriya Gramin Bank Ltd., | The matter pending before DRT, Patna. | In the DRT at Patna. ESIL was only an | 05.09. 2009 |                        |



|  |  |          |  |  |  |  |
|--|--|----------|--|--|--|--|
|  |  | Motihari |  | added party in respect of loan given to the farmers which has been waived/written off by the Central Govt. |  |  |
|--|--|----------|--|--|--|--|

This case was filed by the complainant against Eastern Sugar & Industries Ltd., for recovery of their dues wherein the said director has also been made a party. The case is under progress at DRT, Patna.

|    |            |                |                      |                           |            |            |
|----|------------|----------------|----------------------|---------------------------|------------|------------|
| 3  | C/16467/09 | Orix /SHSI/BKN | U/s 138 (Rs.80 lacs) | 12 <sup>th</sup> MM Court | 09.09.2010 | 18.12.2010 |
| 4  | C/45973/09 | Orix/SHSI/Ors. | U/s 138              | 9 <sup>th</sup> MM Court  | 09.09.2010 | 23.11.2010 |
| 5  | C/65194/09 | Orix/SHSI/Ors. | U/s 138(Rs.37,430/-) | 9 <sup>th</sup> MM Court  | 30.07.2010 | 04.01.2011 |
| 6  | C/65195/09 | Orix/SHSI/Ors. | U/s 138(Rs.141629)   | 9 <sup>th</sup> MM Court  | 17.09.2010 | 21.02.2011 |
| 6A |            | Orix/SHSI/Ors. | U/s 138(Rs.5,61,616) | Mumbai Court              | 05.04.2010 |            |

The above cases relate to loan given to SHSIL.

|   |            |                    |                          |                           |            |  |
|---|------------|--------------------|--------------------------|---------------------------|------------|--|
| 7 | C/18230/09 | Axis Bank/SHSI/BKN | U/s 138<br>Rs.5,50,000/- | 17 <sup>th</sup> MM Court | 26.05.2010 |  |
|---|------------|--------------------|--------------------------|---------------------------|------------|--|



|    |            |                            |  |  |            |            |
|----|------------|----------------------------|--|--|------------|------------|
|    |            |                            | (Out of this<br>Rs.3.50 lacs<br>cleared) |  |            |            |
| 8  | C/18231/09 | Axis Bank/SHSI/BKN         | U/s 138<br>Rs.6,00,000/-                 | 17 <sup>th</sup> MM<br>Court                       | 26.05.2010 |            |
| 9  | C/18232/09 | Axis Bank/SHSI/BKN         | U/s 138<br>Rs.6,00,000/-                 | 17 <sup>th</sup> MM<br>Court                       | 26.05.2010 |            |
| 10 | C/12382/10 | HDFC/BKN/Paramount/<br>BPS | U/S 138<br>Rs.6,31,422/-                 | 8 <sup>th</sup><br>Bankshall<br>Court,<br>Kolkata  | 29.09.2010 | 29.09.2010 |
| 11 | C/17483/10 | -- do -                    | U/S 138<br>Rs.20,00,000/-                | 16 <sup>th</sup><br>Bankshall<br>Court,<br>Kolkata | 16.09.10   | 03.12.2010 |
| 12 | C/24061/10 | -- do -                    | U/S 138<br>Rs.1,05,237/-                 | 16 <sup>th</sup><br>Bankshall<br>Court<br>Kolkata  |            | 30.11.2010 |

The above cases relate to advances made to Trust. Record sent to High Court for quashing. Matter in List on 18.06.2010 before Hon'ble High Court.

|    |           |               |                     |                     |            |            |
|----|-----------|---------------|---------------------|---------------------|------------|------------|
| 13 | C/1263/86 | ACIT, Kolkata | U/s 276 B(ii), 278B | 12 <sup>th</sup> MM | 04.06.2010 | 29.01.2011 |
|----|-----------|---------------|---------------------|---------------------|------------|------------|



|    |           |                          |                     |   |  |            |
|----|-----------|--------------------------|---------------------|---|--|------------|
|    |           | N&S                      |                     | Court<br>(Bankshall<br>Court)<br>Kolkata                            |  |            |
| 14 | C/1272/86 | ACIT, Kolkata<br><br>N&S | U/s 276 B(ii), 278B | 6 <sup>th</sup> MM<br><br>Court<br>(Bankshall<br>Court)<br>Kolkata  |  | 29.01.2011 |
| 15 | C/1273/86 | ACIT, Kolkata<br><br>N&S | U/s 276 B(ii), 278B | 6 <sup>th</sup> MM<br><br>Court<br>(Bankshall<br>Court)<br>Kolkata  |  | 29.01.2011 |
| 16 | C/1274/86 | ACIT, Kolkata<br><br>N&S | U/s 276 B(ii), 278B | 6 <sup>th</sup> MM Court<br><br>(Bankshall<br>Court)<br>Kolkata     |  | 29.01.2011 |
| 17 | C/2711/84 | ROC, Kolkata<br><br>HI   | U/s 220 (3)         | 14 <sup>th</sup> MM<br><br>Court<br>(Bankshall<br>Court)<br>Kolkata |  | 06.12.2010 |



|    |          |                      |                                     |   |            |            |
|----|----------|----------------------|-------------------------------------|---|------------|------------|
| 18 | C/277/91 | ACIT, Kolkata<br>HI  | U/s 276B &78B                       | 10 <sup>th</sup> MM<br>Court<br>(Bankshall<br>Court)<br>Kolkata |            | 22.12.2010 |
| 19 | C/318/93 | ACIT, Kolkata<br>BSM | U/s 276C(I) (i) &<br>277 (I), 278B. | 8 <sup>th</sup> MM<br>Court<br>(Bankshall<br>Court)<br>Kolkata  | 10.11.2010 | 10.11.2010 |
| 20 | C/679/90 | ACIT, Kolkata<br>BSM | U/s 276B, 278B                      | 15 <sup>th</sup> MM<br>Court<br>(Bankshall<br>Court)<br>Kolkata |            | 08.02.2011 |

These are Income-tax related Cases against the Companies.

|    |           |                     |   |   |            |            |
|----|-----------|---------------------|---|---|------------|------------|
|    |           |                     |   |   |            |            |
| 21 | C/1013/89 | ROC, Kolkata<br>BSM | U/s 406, 105A(8) &<br>420 of the<br>Companies Act | 17 <sup>th</sup> MM<br>Court<br>(Bankshall<br>Court)<br>Kolkata | 23.08.2010 | 24.01.2011 |
| 22 | C/2010/89 | ROC, Kolkata        | U/s 58-A(6) Rule 3<br>(2)(i)                      | 9 <sup>th</sup> MM Court<br>(Bankshall                          | 09.08.2010 | 01.12.2010 |



|    |           |                         |             |   |            |            |
|----|-----------|-------------------------|-------------|---|------------|------------|
|    |           | BSM                     |             | Court)<br>Kolkata   |            |            |
| 23 | C/2139/82 | ROC, Kolkata<br><br>BSM | U/s         | ..... MM<br><br>Court<br>(Bankshall<br>Court)<br>Kolkata    | 25.06.2010 | 29.11.2010 |
| 24 | C/1325/80 | ROC, Kolkata<br><br>BSM | U/s 210 (5) | 7 <sup>th</sup> MM Court<br>(Bankshall<br>Court)<br>Kolkata | 08.09.2010 | 23.03.2011 |

These are ROC related Cases against the Companies

|    |             |   |         |   |  |  |
|----|-------------|---|---------|---|--|--|
| 25 | 437 of 2003 | Ajay Kr. Bathwal<br>-vs- Bimal Kumar<br>Nopany & Ors.<br>(ESIL) | U/s 138 | Civil Judge<br>(Jr.Div.) Court<br>No.20,<br>Gorakhpur | By Order dt.<br>09.05.2006<br>Proceedings<br>Stayed by<br>Hon'ble<br>Supreme<br>Court of India |  |
|----|-------------|---|---------|---|--|--|

**Cases pending before the Presiding Officer, Dy. Labour Commissioner, Muzaffarpur, Bihar:**

1. G. A. Case No.1/07 Ram Prasad Sharma -vs- Bimal Kr. Nopany (2) G.A. No.2/07 Harinarayan -vs- Bimal Kumar Nopany, (3) G. A. Case No.3/7 Nageshwar Sharma -vs- Bimal Kumar Nopany, G.A.Case No.4/07 Ram Pratap Singh -vs- Bimal Kumar Nopany.

Case pending before the Recovery Officer, Provident Fund at Muzaffarpur, North Bihar P.F.Case No.188/08.



CWJC/8734/09 filed by Eastern Sugar & Industries Ltd., / Mr. B. K. Nopany against The Recovery Officer, Provident Fund, Muzaffarpur, in respect of Order dated 30.03.2007, is pending before the Hon'ble Patna High Court. Order has been passed on 29.07.2009. The same was appearing in the list on 15.10.2009.

**Consumer Forum Related Cases**

| S.No. | Case No.         | Name of Plaintiff/<br>Complainant           | Particulars            | Name of Court                |
|-------|------------------|---|------------------------|------------------------------|
| 1.    | 129/05,<br>42/05 | Adya Shankar Lal -vs- B.<br>K.Nopany & Ors. | P.F. dues and Gratuity | Consumer Forum,<br>Motihari. |
| 2.    | 204/03           | Rajeshwar Singh -vs- B.<br>K.Nopany & Ors.  | Cane Price due         | Consumer Frum,<br>Motihari   |
| 3.    | 220/03           | Ramadhar Prasad -vs- B.<br>K.Nopany & Ors.  | Cane Price due         | Consumer Forum,<br>Motihari  |
| 4.    | 318/03           | Kedar Manipal -vs-<br>B.K.Nopany & Ors.     | Cane Price due         | Consumer Forum,<br>Motihari  |
| 5.    | 186/06           | Rambahadur Prasad - vs- B<br>K Nopany & Ors | Cane Price Due         | Consumer Forum,<br>Motihari  |



**Certificate Cases:**

| <b>S.No</b> | <b>Case No.</b> | <b>Name of Plaintiff/<br/>Complainant</b> | <b>Particulars</b>  | <b>Name of Court</b>                  |
|-------------|-----------------|---|---------------------|---------------------------------------|
| 1.          | 2/97-98         | Cane Officer -vs- B. K.<br>Nopany & Ors.  | Cane Price interest | Dist.Certificate<br>Officer, Motihari |
| 3.          | 5/97-98         | Cane Officer -vs- B.K.<br>Nopany & Ors.   | Cane Price interest | Dist.Certificate<br>Officer, Motihari |
| 3.          | 2/99-2000       | Cane Officer -vs- B.K.<br>Nopany & Ors.   | Cane Price interest | Dist.Certificate<br>Officer, Motihari |
| 4.          | 1/99-2000       | Cane Officer -vs- B.K.<br>Nopany & Ors.   | Cane Price interest | Dist.Certificate<br>Officer, Motihari |
| 5.          | 1/98-1999       | Cane Officer -vs- B.K.<br>Nopany & Ors.   | Cane Price          | Dist.Certificate<br>Officer, Motihari |
| 6.          | 4/99-2000       | Cane Officer -vs- B.K.<br>Nopany & Ors.   | Cane Price          | Dist.Certificate<br>Officer, Motihari |
| 7.          | 6/01-02         | Cane Officer -vs- B.K.<br>Nopany & Ors.   | Cane Price          | Dist.Certificate<br>Officer, Motihari |



|     |           |   |            |                                       |
|-----|-----------|---|------------|---------------------------------------|
| 8.  | 2/01/02   | Cane Officer -vs- B.K.<br>Nopany & Ors. | Cane Price | Dist.Certificate<br>Officer, Motihari |
| 9.  | 3/01-02   | Cane Officer -vs- B.K.<br>Nopany & Ors. | Cane Price | Dist.Certificate<br>Officer, Motihari |
| 10. | 1/01/02   | Cane Officer -vs- B.K.<br>Nopany & Ors. | Cane Cess  | Dist.Certificate<br>Officer, Motihari |
| 11  | 7/01-02   | Cane Officer -vs- B.K.<br>Nopany & Ors. | Cane Cess  | Dist.Certificate<br>Officer, Motihari |
| 12  | 3/99-2000 | Cane Officer -vs- B.K.<br>Nopany & Ors. | Cane Cess  | Dist.Certificate<br>Officer, Motihari |
| 13. | 4/01-02   | Cane Officer -vs- B.K.<br>Nopany & Ors. | Cane Cess  | Dist.Certificate<br>Officer, Motihari |
| 14. | 1/2000-01 | Cane Officer -vs- B.K.<br>Nopany & Ors. | Z.D.C.     | Zonal Dev.<br>Council<br>Motihari     |
| 15. | 5/01-02   | Cane Officer -vs- B.K.<br>Nopany & Ors. | Z.D.C.     | Zonal Dev.<br>Council<br>Motihari     |
| 16. | 1/03-04   | Cane Officer -vs- B.K.<br>Nopany & Ors. | Cane Cess  | Dist.Certificate<br>Officer, Motihari |



|     |                |   |               |                                       |
|-----|----------------|---|---------------|---------------------------------------|
| 17. | 2/03-04        | Cane Officer -vs- B.K.<br>Nopany & Ors.               | Cane Price    | Dist.Certificate<br>Officer, Motihari |
| 18. | 3/03-04        | Cane Officer -vs- B.K.<br>Nopany & Ors.               | Cane Cess     | Dist.Certificate<br>Officer, Motihari |
| 19. | 01/09-10       | RamPratap Singh -vs-B K<br>Nopany                     | Gratuity      | Dist.Certificate<br>Officer, Motihari |
| 20. | 02/09-10       | Nageshwar Pd Asthana -<br>vs- B K Nopany              | Gratuity      | Dist.Certificate<br>Officer, Motihari |
| 21. | 03/09-10       | Harinarayan Prasad - vs- B<br>K Nopany                | Gratuity      | Dist.Certificate<br>Officer, Motihari |
| 22. | 04/09-10       | Ram Prasad-vs- B K<br>Nopany                          | Gratuity      | Dist.Certificate<br>Officer, Motihari |
| 23. | 4/03-04        | Cane Officer -vs- B.K.<br>Nopany & Ors.               | Z. D.C.       | Zonal Dev.<br>Council<br>Motihari     |
| 24. | 1/03-04        | Cane Officer -vs- B.K.<br>Nopany & Ors.               | Z. D. C.      | Zonal Dev.<br>Council<br>Motihari     |
| 25. | C/No.27/0<br>7 | Executive Officer, Nagar<br>Parishad - vs- B.K.Nopany | Holding Taxes | Nagar Panchayat<br>Motihari           |



|     |                   |                                   |                              |                       |
|-----|-------------------|-----------------------------------|------------------------------|-----------------------|
| 26. | C/No.19/8<br>1-82 | State of Bihar -vs-<br>B.K.Nopany | Lease Rent of Bettiah<br>Raj | Sub-Judge<br>Motihari |
|-----|-------------------|-----------------------------------|------------------------------|-----------------------|

**Re: 20, Ballygunge Park, Calcutta-700 019** – Shri B. K. Nopany (BKN) is a long term lessee of the said plot.

1. T. S. 103/94 was filed by BKN against the Landlords in Alipore Court regarding right of pre-emption. Interim Order was passed. Last date was 19.02.2010.
2. Appeal No. 487/95 has been filed by Sri BKN against the Landlords in Hon'ble Calcutta High Court in respect of the said property is also pending.
3. A Title Suit No.132A of 1994 was filed by Akhil Chandra Moitra & Another (Administrators) against Mr.B. K. Nopany on or about 22.8.1994 for recovery of Khas possession on and for arrears of rent and mesne profit valued at Rs.66,000/- in 4<sup>th</sup> Asst. District Judge at Alipore (Kolkata).
4. CO No.528/2000 in respect of Order dated 27.01.2000 passed in T.S. No.132A of 1994 is pending before the Hon'ble Calcutta High Court where the case is in progress

Suit filed by United Bank of India (UBI) against Nopany Foundation before the DRTI, Kolkata on 16.08.2010. Notice served on 26.10.2010, Amount involved= Rs.2,45,16,256 (Interest upto 31.07.2010). Letter dated 06.10.2010 for OTS has been accepted by the Bank. Payments as per terms of OTS is being made.

Case No.589/02, TR 3614/02 U/s 420/406 IPC against ESIL, Mr. Bimal Kumar Nopany and Others is pending before the Judicial Magistrate, First Class, Motihari, Bihar.

The Promoter of the company is trustee of several public charitable trust. There are litigations pending by and against such trusts. However, the promoter has not been made party to the proceedings in his personal capacity and accordingly the said matters have not been discussed in this Prospectus.

Andhra Bank filed 2 Suits against Andhra Cotton Mills Ltd., (ACML) (Proddatur Suit No.7/90 and 66/91). Certificates dated 8.04.2002 and 10.03.2003 have been issued by the DRT, Hyderabad.

Under OTS, ACML wrote to Bank on 05.06.2002 to pay Rs.96.27 lacs in 36 installments. Bank wrote letter dated 18.07.2002 to ACML to pay in 12 installments as per RBI Guidelines.

**- Against Mr. L. K. Tibrawalla**

There is no litigations pending against Mr. L. K. Tibrawalla of any sort in his personal capacity except one dispute with Uco Bank against M/s. Pure Coke Limited where Mr. Tibrawalla is a director. However, this has been settled with the bank in the month of January, 2010 under OTS and the OTS amount has already been paid.



**- Against Mr. R. K. More**

There is no litigations pending against Mr. R. K. More in his personal capacity. However, as Trustee of Nopany Charitable Trust, following 3 cases are pending:

| S.No. | Case No.   | Name of Plaintiff/<br>Complainant | Particulars | Name of Court             | Last Date  | Expected/Next Date |
|-------|------------|-----------------------------------|-------------|---------------------------|------------|--------------------|
| 1     | C/18230/09 | Axis Bank/SHSI/BKN                | U/s 138     | 17 <sup>th</sup> MM Court | 26.05.2010 |                    |
| 2     | C/18231/09 | Axis Bank/SHSI/BKN                | U/s 138     | 17 <sup>th</sup> MM Court | 26.05.2010 |                    |
| 3     | C/18232/09 | Axis Bank/SHSI/BKN                | U/s 138     | 17 <sup>th</sup> MM Court | 26.05.2010 |                    |

The above cases relate to the advances made to Trust by the Bank (see above). Records sent to Hon'ble High Court for quashing.

Suit filed by United Bank of India (UBI) against Nopany Foundation before the DRTI, Kolkata on 16.08.2010. Notice served on 26.10.2010, Amount involved= Rs.2,45,16,256 (Interest upto 31.07.2010). Letter dated 06.10.2010 for OTS has been accepted by the Bank. Payments as per terms of OTS is being made.

**- Against Mr. K. M. Shah**

There is no litigations pending against Mr. K. M. Shah in his personal capacity. However, following cases are pending as Director of Shree Hanuman Sugar & Industries Ltd.,

| S.No | Case No. | Name of Plaintiff/<br>Complainant | Particulars | Name of Court | Last Date | Expected/Next Date |
|------|----------|-----------------------------------|-------------|---------------|-----------|--------------------|
|------|----------|-----------------------------------|-------------|---------------|-----------|--------------------|



|     |                |                |         |                           |            |            |
|-----|----------------|----------------|---------|---------------------------|------------|------------|
| 1   | C/16467/<br>09 | Orix /SHSI/BKN | U/s 138 | 12 <sup>th</sup> MM Court | 09.09.2010 | 18.12.2010 |
| 2.  | C/45973/<br>09 | Orix/SHSI/BKN  | U/S 138 | 9 <sup>th</sup> MM Court  | 09.09.2010 | 23.11.2010 |
| 2A. |                | Orix/SHSI/Ors. | US/138  | Mumbai<br>Court           | 05.04.2010 |            |

The above Cases relate to advances made by Orix to SHSIL (see above)

Suit filed by United Bank of India (UBI) against Nopany Foundation before the DRTI, Kolkata on 16.08.2010. Notice served on 26.10.2010, Amount involved= Rs.2,45,16,256 (Interest upto 31.07.2010). Letter dated 06.10.2010 for OTS has been accepted by the Bank. Payments as per terms of OTS is being made.

- Against Mr. Nikhil Merchant

**Cases in Supreme Court**

| SR.NO | CASE NO.                         | PARTY NAME                               | REMARK / STATUS |
|-------|----------------------------------|--|-----------------|
| 1.    | S.L.P.(C)<br>No.<br>11432<br>/06 | Swan Mills Ltd.<br>v/s<br>Union of India | Excise matter   |

**Cases in Small Causes Court, Mumbai**

| SR.NO | CASE NO.                  | PARTY NAME  | REMARK / STATUS        |
|-------|---------------------------|---|------------------------|
| 1.    | Appeal no. 521 of<br>2005 | Swan Mills Ltd<br>v/s<br>Smt. Laxmibai Telore &<br>ors. | Unauthorised Structure |

**In Chief Metropolitan Magistrate's Court at Ballard Estate**

| SR.NO | CASE NO.        | PARTY NAME | REMARK / STATUS    |
|-------|-----------------|------------|--------------------|
| 1.    | Criminal Compl. | R.K.Mhatre | Re: Appointment of |



|  |               |                       |                 |
|--|---------------|-----------------------|-----------------|
|  | No. 167/SS/06 | V/s.                  | Security Guards |
|  |               | M/s. Swan Mills Ltd.& |                 |
|  |               | Nikhil V. Merchant &  |                 |
|  |               | Paresh V. Merchant    |                 |

**In Addl. Ch. Metropolitan Magistrate's Court at Kurla**

| SR.NO | CASE NO.       | PARTY NAME   | REMARK / STATUS  |
|-------|----------------|--|--|
| 1.    | 166/PW of 2000 | The State<br>v/s<br>Gopal Dave<br>Nikhil Merchant<br>Sudhir Bhuskute<br>Navin Dave | Provident Fund Matter - Delay in depositing the Employer's contribution. |

**In National Consumer Disputes Redressal Commission**

| SR.NO. | CASE NO.       | PARTY NAME   | REMARK / STATUS |
|--------|----------------|--|-----------------|
| 1.     | OP/131 of 2001 | Swan Mills Ltd<br>v/s<br>New India Assurance Co.<br>Ltd. | Insurance claim |

**Case in Sessions Court at Mumbai**

| SR.NO. | CASE NO.    | PARTY NAME                            | REMARK / STATUS        |
|--------|-------------|---------------------------------------|------------------------|
| 1.     | MA//1387/08 | Swan Mills Ltd<br>v/s<br>R. K. Mhatre | Security Guards matter |

**- Against Mr. Petiti Subbarao**

No litigations/cases are pending against Mr. Subbarao.

**- Ms. Pratima Shrivastava**

No Court cases are pending against Ms. Pratima Shrivastava in her personal capacity, except the following three cases which are pending in the Tees Hazari Court in Delhi as a director of M/s. Assured Agro Park: (1) EC No.17/3 and EC No.323/3 ROC -vs- Assured agro Park & others and EC No.657/2 SEBI -vs- Assured Agro Park & Others. However, she had resigned from the Board of the said company at that time and currently she is not the Director.



## CASES FILED BY THE COMPANY / DIRECTORS

### - Cases filed by the company

| S.No. | Case No.               | Name of Plaintiff/<br>Complainant                                | Particulars   | Name of Court          |
|-------|------------------------|--|---|------------------------|
| 1.    | PT71                   | Vijaya Bank/Ramacast<br>& Ors.                                   | Order passed on 29.07.2009<br>by the DRT, Patna - Appeal<br>filed before DRAT, Kolkata<br>on 15.03.2010 |                        |
| 2.    | First appeal<br>716/95 | Shree Hanuman Sugar<br>& Ind. Ltd./Ramacast -<br>vs- Vijaya Bank | Appeal filed  | High Court at<br>Patna |

OTS of Rs.65 lacs pending.

### - Cases filed by Mr. B. K. Nopany, Chairman-cum-Managing Director

Title Suit No.103/94 against the heirs of Satya Churn Law in the Court of Addl. Dist. Judge at Alipore inter alia for permanent injunction restraining the defendants (heirs of SCL) jointly and severally from transferring or otherwise dealing or parting with possession of the property or portion thereof at 20 Ballygunge Park, Calcutta. The case is in progress.

Cr.Misc. 43984/08 Bimal Kumar Nopany -vs- State and others in the High Court at Patna.

## MATERIAL DEVELOPMENTS AFTER THE DATE OF THE LAST BALANCE SHEET

There are no material developments after the date of the last Balance Sheet.

## ADVERSE EVENTS

There are no adverse events affecting the operations of the Company occurring within one year prior to the date of filing of the offer document with the Registrar of Companies/Regional Stock Exchange.



## GOVERNMENT AND OTHER STATUTORY APPROVALS

Our Company has received all the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for its business and no other approvals are required by our Company for carrying on its present business activities. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of our Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, our Company can undertake this Issue and its current business activities and no further major approvals from any statutory authority are required to continue those activities.

The following statement sets out the details of licenses, permissions and approvals taken by our Company under various Central and State Laws for carrying out its business.

### A. APPROVALS FOR THE ISSUE

The following approvals have been obtained or will be obtained in connection with the issue:

1. The Issue has been authorized by the Board of Directors in their meeting held on August 28, 2010 and by the shareholders of our Company on September 30, 2010.
2. In- principle approval for listing from The National Stock Exchange of India Limited dated [●]
3. In- principle approval for listing from The Bombay Stock Exchange Limited dated [●]
4. In - principal approval for listing from Calcutta Stock Exchange Association Limited [●]

### B. APPROVALS/LICENSES/PERMISSIONS RECEIVED TO CONDUCT OUR BUSINESS

#### i. Constitutional Registration

| Sr. No | Nature of Registration/License        | Registration/License No | Issuing Authority                          | Date of Issue      |
|--------|---------------------------------------|-------------------------|--|--------------------|
| 1      | Certificate of Incorporation          | L15432WB1932PLC007276   | Registrar of Joint Stock Companies, Bengal | January 19, 1932   |
| 2      | Certificate from Commence of Business | No. 3816                | Registrar of Joint Stock Companies, Bengal | September 13, 1936 |



## ii. Taxation Registration

| Sr. No | Nature of Registration/License     | Registration/License No | Issuing Authority   | Date of Issue      | Date of Expiry |
|--------|------------------------------------|-------------------------|---|--------------------|----------------|
| 1      | Tax Deduction Account Number       | CALS00908F              | Office of the ITO TDS Ward, Kolkata   |                    | NA             |
| 2      | Permanent Account No               | AAECS0448M              | Commissioner of Income Tax, West Bengal                                       | NA                 | NA             |
| 4      | Service Tax Number                 | Tr/MTH/01/S HS/07       | Office of the Superintendent, Central Excise Range, Motihari                  | January 11, 2007   | NA             |
| 5      | VAT                                | 10272677040             | Assistant Commissioner of Commercial Taxes, Champaran Circle, Motihari, Bihar | September 05, 2006 | NA             |
| 6      | Central Excise Registration Number | AAECS0448MX M001        | Assistant Commissioner of Central Excise, Laheriasarai, Bihar                 | October 26, 2006   | NA             |
| 7      | Central Sales Tax Registration     | TIN CST - 10272677137   | Department of Central Sales Tax, Motihari                                     | April 01 2005      | NA             |
| 8      | Bihar Sales Tax Registration       | CH 233/272              | Superintendent of Commercial Tax, Champaran Circle, Motihari Bihar            | August 8, 1977     | NA             |
| 9      | Crushing License                   | 0045001140001           | Cane Officer, Motihari East Champaran   |                    |                |



### iii. Other Approvals

| Sr. No | Nature of Registration/License                                    | Registration/License No  | Issuing Authority | Date of Issue | Date of Expiry |
|--------|---|--|-------------------|---------------|----------------|
| 1      | Boiler License  | As the Boiler License is obtained on yearly basis and as the company is yet to start its production. Hence, Boiler License is not applicable at this stage. License will be obtained only after inspection.            |                   |               |                |
| 2      | Factory License   | Under Process  |                   |               |                |
| 3      | Air Consent from Bihar Pollution Control Board                    | As the Air Consent from Bihar Pollution Control Board License is obtained on yearly basis prior to start of operations during the season. Necessary applications have been made to the authorities.                    |                   |               |                |
| 4      | Water (Prevention and Control of Pollution) Act, 1974 (6 of 1974) | As the Water (Prevention and Control of Pollution) Act, 1974 (6 of 1974) License is obtained on yearly basis prior to start of operations during the season. Necessary applications have been made to the authorities. |                   |               |                |

### C. APPROVALS / LICENSES/PERMISSIONS RELATED TO THE PROPOSED PROJECT

1. Our Company in order to successfully implement our projects may be required to obtain regulatory permissions/ approvals, applications for which will be made in due course.
2. Our Company may be required to take certain approvals and/or renewals for the proposed projects at existing unit at Motihari, Champaran East, Bihar as and when applicable.



## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

The shareholders of our Company have approved this Issue under section 81 (1A) of the Companies Act, 1956 *vide* a Special Resolution passed at our Company's Extra Ordinary General Meeting held on September 30, 2010.

### Prohibition by SEBI

Our Company, our Directors, our Promoters, the group companies, companies promoted by or Promoters and companies or entities with which our Company's Directors are associated as directors / Promoters / partners have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. The listing of any securities of our Company has never been refused at anytime by any of the Stock Exchanges in India. Our Company, our Promoters, their relatives, group companies and associate companies has, not been detained as willful defaulters by RBI/government authorities and there are no violations of securities laws committed by them in the past or pending against them.

### Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Regulation 27 read with Regulation 26 (1)(d) and 26(1)(e) of the SEBI Regulations as described below:

(a) The aggregate of the proposed issue and all previous issues made in the same financial year in terms of the Issue size is not expected to exceed five times the pre-Issue net worth of our Company as per the audited balance sheet of the preceding financial year; and

(b) Our Company has not changed its name within the last one year.

Hence, we are eligible for the Issue under Regulation 27 read with Regulation 26 (1) of the SEBI Regulations.

Further, in accordance with regulation 26(4) of the SEBI Regulations, we shall ensure that the number of Allottees, i.e., persons to whom the Equity Shares will be allotted under the Issue shall be not less than 1,000; otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days after our Company becomes liable to repay it, then our Company and every officer in default will, 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.

### DISCLAIMER CLAUSE

**AS REQUIRED, A COPY OF THIS DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. "IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, STELLANT CAPITAL ADVISORY SERVICES (P) LIMITED HAVE CERTIFIED**



THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENT) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, BOOK RUNNING LEAD MANAGER, STELLANT CAPITAL ADVISORY SERVICES (P) LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED [●], 2010 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

WE THE UNDER NOTED LEAD MERCHANT BANKER TO THE ABOVE MENTIONED FORTHCOMING ISSUE STATE AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:
  - a) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
  - b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
  - c) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENT) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID;



4. WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. - NOTED FOR COMPLIANCE
5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.
6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS 2009, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS. - NOT APPLICABLE
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATIONS 32 AND CLAUSE (c) AND (d) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT ALL PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT THE AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - APPLICABLE
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION 3 OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT RED HERRING PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY WILL CONTAIN THIS CONDITION.- NOTED FOR COMPLIANCE
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTOR SHALL BE GIVEN AN OPTION TO GET THE SHARES IN THE DEMAT MODE ONLY



11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:
  - a. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND
  - b. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE ,ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY."

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

#### **Disclaimer from the issuer and the Book Running Lead Manager**

Investors may note that Shree Hanuman Sugar & Industries Limited and Stellant Capital Advisory Services (P) Limited accept no responsibility for statements made otherwise than in the Draft Red Herring Prospectus /Red Herring Prospectus /Prospectus or in the advertisement or any other material issued by or at the instance of the Issuer and that any one, placing reliance on any other source of information would be doing so at his own risk.

All information will be made available by the Book Running Lead Manager, Underwriters, Syndicate members and our Company to the public and investors at large and no selective or additional information would be available for any section of the investors in any manner whatsoever including at



road shows, presentations, in research or sales reports etc. We shall not be liable to the Bidders for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

The BRLM accepts no responsibility; save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLM and our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

### **Caution**

Neither our Company nor the Book Running Lead Manager or any other member of the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

The BRLM and its associates and affiliates may engage in transactions with, and perform services for, our Company and Promoter Group Entities, affiliates or associates of our Company in the ordinary course of business and have engaged, and may in future engage, in the provision of financial services for which they have received, and may in future receive, compensation.

### **Disclaimer in respect of Jurisdiction**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, Hindu Undivided Families, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian Financial Institutions, Commercial Banks, Regional Rural Banks, Co-Operative Banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, or under any other trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs, and FIIs as defined under the applicable Indian laws. This Draft Red Herring Prospectus does not, however, constitute an Issue to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Kolkata, West Bengal 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 Draft Red Herring Prospectus has been filed to the SEBI for its observations and SEBI has given its observation. Accordingly, the equity shares, represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Red Herring Prospectus nor any sale here under shall under any circumstances create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

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

### **Disclaimer Clause of Bombay Stock Exchange Limited (BSE, the Designated Stock Exchange):**

Bombay Stock Exchange Limited ("*the Exchange*") has given vide its letter no. [●] dated [●], 2010 given permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized



this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- i) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- ii) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- iii) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **Disclaimer Clause of National Stock Exchange of India Limited (NSE):**

As required, a copy of this Offer Document has been submitted to NSE. NSE has given *vide* its letter reference: [●] dated [●], 2010, permission to the Company to use the NSE's name in this Offer Document as one of the stock exchanges on which this Company's securities are proposed to be listed. The exchange has scrutinized the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that the Offer Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document; nor does it warrant that this Company's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company.

**Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.**

#### **Filing**

A copy of this Draft Red Herring Prospectus will be filed with Corporate Finance Department, Division of Issues & Listing of SEBI at L&T Chambers, 3<sup>rd</sup> Floor, 16, Camac Street, Kolkata - 700 017.

A copy of Draft Red Herring Prospectus, will be filed to BSE along with Material Contracts and Documents. All the legal requirements applicable till the date of filing the Red Herring Prospectus with the Stock Exchanges and SEBI will be complied with. A copy of this Draft Red Herring Prospectus will be filed to Bombay Stock Exchange Limited (BSE), P. J. Towers, Dalal Street, Fort, Mumbai - 400 001; and

A copy of this Draft Red Herring Prospectus, will be filed to NSE along with Material Contracts and Documents. All the legal requirements applicable till the date of filing the Red Herring Prospectus with the Stock Exchanges and SEBI will be complied with. A copy of this Draft Red Herring Prospectus will be



filed to National Stock Exchange Limited (NSE), at Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.

#### **Disclaimer Clause of Calcutta Stock Exchange Association Limited (CSE):**

A copy of this Draft Red Herring Prospectus, will be filed to CSE along with Material Contracts and Documents. All the legal requirements applicable till the date of filing the Red Herring Prospectus with the Stock Exchanges and SEBI will be complied with. A copy of this Draft Red Herring Prospectus will be filed to Calcutta Stock Exchange Association Limited (CSE), at 7, Lyons Range, Kolkata 700 001.

A copy of the Red Herring Prospectus, along with the Material Contract and Documents will be filed under Section 60 of the Companies Act would be delivered to the Registrar of Companies, West Bengal at Nizam Palace, 2<sup>nd</sup> MSO Building, 2<sup>nd</sup> Floor, 234/4, A.J.C Bose Road, Kolkata - 7 00 020.

#### **Listing**

Applications have been made to the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for permission to deal in and for an official quotation of our Equity Shares. Our existing Equity Shares are not listed on any Stock Exchanges in India.

BSE shall be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB, Non Institutional and Retail portion.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, we shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Draft Red Herring Prospectus. If such money is not repaid within eight days after we become liable to repay it, i.e., from the date of refusal or within 70 days from the date of Bid/ Issue Closing Date, whichever is earlier, then we and all our Directors jointly and severally shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE and NSE are taken within seven working days of finalization of Basis of Allotment for the Issue.

#### **Consents**

Necessary Consents for the issue have been obtained from the following:

1. Directors of our Company
2. Bankers to our Company
3. Bankers to the Issue and Refund Bankers
4. Auditors to our Company
5. Book Running Lead Manager to the Issue
6. Legal Advisor to the Issue
7. Registrar to the Issue
8. Company Secretary cum Compliance Officer
9. Syndicate Member(s)
10. Underwriter(s)
11. Escrow Collection Banker(s) to the Issue



The said consents would be filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, West Bengal at Nizam Palace, 2<sup>nd</sup> MSO Building, 2<sup>nd</sup> Floor, 234/4, A.J.C Bose Road, Kolkata - 7 00 020., as required under Sections 60 and 60B of the Companies Act, 1956 and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus, for registration with the Registrar of Companies, West Bengal at Kolkata.

#### Expert Opinion

Except as stated otherwise in the Draft Red Herring Prospectus, we have not obtained any expert opinion.

#### Public Issue Expenses

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

| Activity   | Amount<br>(Rs. In Lacs) | % of total<br>Issue Size | % of Issue<br>Expenses |
|--|-------------------------|--------------------------|------------------------|
| Lead management, Syndicate fees, Underwriting and Selling commission   | [•]                     | [•]                      | [•]                    |
| Advertisement and marketing expenses   | [•]                     | [•]                      | [•]                    |
| Printing and stationery (including expenses on transportation of the material)   | [•]                     | [•]                      | [•]                    |
| Others (Filing fees with SEBI, BSE, NSE, Registrar's fees, legal fees, IPO Grading fees, listing fees, travelling and other misc expenses) | [•]                     | [•]                      | [•]                    |
| <b>TOTAL</b>   |                         |                          |                        |

#### Previous Public or Rights Issues in the last 5 years

Our Company has not made any public or rights issue of Equity Shares/Debentures in the last 5 years.

#### Previous Issue of Shares otherwise than for Cash

Our Company has not issued any Equity Shares for consideration other than cash except as mentioned in the Chapter "Capital Structure" beginning on page 35 of the Draft Red Herring Prospectus.

#### Commission or Brokerage on Previous Issues

Our Company came out with an Initial Public Offer in the year 1966. Brokerage was 1% and Underwriting was 2 ½ % was paid on the nominal value of equity shares on the basis of allotment made against application.



### **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.”*

### **Details of capital issue made during last three years in regard to the issuer company and other listed companies under the same management within the meaning of section 370(1)(B) of the Companies Act, 1956.**

Our Company has issued on Preferential basis 58, 00,000 Shares at premium of Rs. 10 aggregating to Rs. 11, 60, 00,000 (Rupees Eleven Crores Sixty Lacs only) on June 30, 2009.

There have been no capital issues during the last three years in Eastern Sugar Industries Limited which is a listed company under the same management within the meaning of Sec 370(1)(B) of the Act.

### **Promise vis-à-vis Performance - Last 3 issues**

Our Company has not made any public or rights issue in the last three years.

### **Listed ventures of Promoters**

There are no listed ventures of our Promoters.

### **Performance vis-à-vis Objects - Last One Issue of Group Companies**

One of Our Group Companies Eastern Sugar and Industries Limited came out with a Public Issue in year 1995. As per SEBI (ICDR) Regulations, 2009 if a company exceeds a period of more than ten years henceforth, Performance vis-à-vis Objects, is not applicable.

### **Outstanding debentures or bonds and redeemable preference shares and other instruments issued and outstanding as on the date of the Draft Red Herring Prospectus and terms of Issue**

There are no outstanding debentures or bonds or redeemable preference shares and other instruments outstanding as on the date of filing of the Draft Red Herring Prospectus.

### **Stock Market Data**

The Equity Shares of the Company are listed on CSE. However, by the certificate issued by CSE having Ref No. CSE/LD/1122/2010 dated November 23, 2010, there was no trading in Equity Shares on respective stock exchanges during last 3 years.



## Mechanism for Redressal of Investor Grievances

Our Company has constituted a Shareholders Grievance Committee to look into the redressal of shareholders/ investor complaints such as Issue of duplicate/split/consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures, complaints for non receipt of dividends etc. *For further details on this committee, please refer paragraph titled "Shareholders Grievance Committee" beginning on page 111 under the Chapter titled "Our Management" beginning on page 101 of the Draft Red Herring Prospectus.* To expedite the process of share transfer, our Company has appointed Maheshwari Datamatics Private Limited as the Registrar and Share Transfer Agents of our Company.

All grievances relating to the ASBA process may be addressed to the Registrar with a copy to the relevant SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch of the SCSB where the ASBA Form was submitted by the ASBA Bidders.

## Disposal of Investor Grievances

We have appointed Maheshwari Datamatics Private Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with our Company Secretary & Compliance officer. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and bank and Branch. We will monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

A fortnightly status report of the complaints received and redressed by the Registrar to the Issue would be forwarded to us. We would also coordinate with the Registrar to the Issue in attending to the investors' grievances.

We assure that any complaints received, shall be disposed off as per the following schedule:

| Sr. No | Nature of Compliant                 | Time Taken   |
|--------|-------------------------------------|--|
| 1      | Non-receipt of refund               | Within 7 days of receipt of compliant, subject to production of satisfactory evidence. |
| 2      | Change of Address                   | Within 7 days of receipt of information.   |
| 3      | Any other complaint relating to FPO | Within 7 days of receipt of compliant with all relevant details.                       |

We have appointed Mr. Ramesh Kumar Didwania, Company Secretary & Compliance Officer of our Company. Investors may contact him in case of any pre-issue or post-issue related problems, at the following address:

**Mr. Ramesh Kumar Didwania,**  
**Company Secretary & Compliance Officer;**  
Chandra Kunj, 4<sup>th</sup> Floor, 3, Pretoria Street,  
Kolkata, 700 071;  
**Tel No:** +91-033-2282 1169/1184;  
**Fax No:** +91-033-2282 1187/1188;  
**Email:** fpo@hanumansugar.com;  
**Website:** www.hanumansugar.com



**Change in Statutory Auditors during the last three years and reasons thereof**

There has been no change in the Statutory Auditors of the Company for the last three years except appointment of Joint Auditor M/s. Bharat D. Sarawgee & Co on October 28, 2010.

**Capitalization of Reserves or Profits during the last 5 years**

Except as stated in the Chapter titled "Capital Structure" beginning on page 35 of the Draft Red Herring Prospectus, our Company has not capitalized its reserves or profits at any time.

**Revaluation of Assets during the last five years**

There has not been any revaluation of assets during the last five years.



## SECTION IX - ISSUE RELATED INFORMATION

### TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, 2009, our Memorandum and Articles of Association, the terms of the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, Bid-cum-Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

#### Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari-passu* in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment. *For further details, please refer to Chapter titled "Main Provisions of the Articles of Association of Our Company" on page 275 of the Draft Red Herring Prospectus.*

#### Mode of Payment of Dividend

We shall pay dividend to our Shareholders as per the provisions of the Companies Act and our Articles of Association. The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. We shall pay dividends in cash.

#### Face Value and Issue Price per Share

The Equity Shares having a face value of Rs. 10 each are being offered in terms of the Draft Red Herring Prospectus at a price of Rs. [●] per Equity Share. The Anchor Investor Issue Price is Rs. [●] per Equity Share. The Issue Price will be determined by our Company in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares offered by way of Book Building. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws. The Issue Price is [●] times the face value of the Equity Shares.

#### Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Article of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive 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, the terms of the listing agreements with the Stock Exchange(s) and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, *please refer to Chapter titled "Main Provisions of the Articles of Association of Our Company" on page 275 of the Draft Red Herring Prospectus.*

### **Market lot and Trading Lot**

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

Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allocation and Allotment through this Issue will be done only in electronic form in multiples of one Equity Shares to the successful Bidders subject to a minimum Allotment of [●] Equity Shares. *For details of Allocation and Allotment, please refer to the paragraph titled "Basis of Allotment" beginning on page 254 under Chapter titled "Issue Procedure" beginning on page 227 of the Draft Red Herring Prospectus.*

### **NOMINATION FACILITY TO INVESTOR**

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares transmitted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.



Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

#### **Bid/Issue Schedule**

|                           |                  |                            |                  |
|---------------------------|------------------|----------------------------|------------------|
| <b>BID/ISSUE OPENS ON</b> | <b>[•], 2010</b> | <b>BID/ISSUE CLOSES ON</b> | <b>[•], 2010</b> |
|---------------------------|------------------|----------------------------|------------------|

The Company may consider participation by Anchor Investors for upto 22, 49,313 Equity Shares in accordance with applicable SEBI (ICDR) Regulations, 2009. The Anchor Investor Bid/ Issue Period shall be one working day prior to the Bid/ Issue Opening Date.

Our Company will accept Bids from Anchor Investors only on the Anchor Investor Bidding Date, i.e. one working day prior to the Bid Opening Date. Bids by Anchor Investors may be submitted to the Syndicate. The number of Equity Shares allocated to each Anchor Investor and Anchor Investor Issue Price shall be made available in the public domain by the BRLM before the Bid Opening Date.

#### **Minimum Subscription**

If our Company does not receive the minimum subscription of 90% of the offer through the offer document including devolvement of Underwriters, if any, within sixty (60) days from the date of closure of the issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days, after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act, 1956.

Further in terms of Regulation 26(4) of the SEBI Regulations, our Company shall ensure that the number of prospective allottees to whom Equity Shares will be allotted will not be less than 1,000.

#### **Arrangements for Disposal of Odd Lots**

Since, our Equity Shares will be traded in dematerialized form only; the marketable lot is one (1) Equity Share. Therefore, there is no possibility of any odd lots.

#### **Restrictions, if any on Transfer and Transmission of Equity Shares**

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation/splitting, please refer to under the Chapter titled "Main Provisions of the Articles of Association of Our Company" on page 275 of the Draft Red Herring Prospectus.

#### **Compliance with SEBI (ICDR) Regulations, 2009**

Our Company shall comply with all requirements of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, notified on August 26, 2009 as amended from time to time. Our Company shall comply with all disclosure norms as specified by SEBI from time to time.

#### **Option to Receive Securities in Dematerialized Form**

Equity Shares being offered through the Draft Red Herring Prospectus can be applied for and will be allotted in dematerialized form only.



## ISSUE STRUCTURE

The Issue is being made through 100% Book Building Process. The Issue comprises of 1,87,50,000 equity shares of Rs. 10 each at a price of Rs. [●] Equity Shares for cash aggregating Rs. 7500 Lacs (herein after referred to as the “issuer”) including promoter’s contribution of [●] equity shares of Rs. 10/ each at a price of Rs. [●] per Equity Shares for cash aggregating Rs. [●] (herein after referred to as “Promoter’s Contribution”) and the Issue to the Public of 1,49,95,422 Equity Shares at a price of Rs. [●] per Equity Share aggregating to Rs. [●] (herein after referred to “net issue”). The Net Issue to the public will constitute 43.15 % of the post-issue paid up capital of our company. Details of the Issue structure are tabulated below:

| Particulars   | QIBs  | Non-Institutional Bidders  | Retail Individual Bidders   |
|---|---|--|---|
| <b>Number of Equity Shares</b>                                      | Not more than 74,97,711 Equity Shares.  | Not less than 22,49,313 Equity Shares.   | Not less than 52,48,398 Equity Shares.  |
| <b>Percentage of Issue size available for Allocation</b>            | Not more than 50 % of the Net issue to the Public size (of which 5% shall be reserved for Mutual Funds) or Net Issue to the Public less allocation to Non- Institutional Bidders and Retail Individual Bidders* | Not less than 15 % of the Net Issue to the Public or Net Issue Size less allocation to QIBs and Retail Individual Bidders* | Not less than 35% of the Net Issue to the Public or Net Issue Size less allocation to QIBs and Non- Institutional Bidders*    |
| <b>Basis of Allocation if Respective Category is Oversubscribed</b> | Proportionate.  | Proportionate.   | Proportionate.  |
| <b>Minimum Bid</b>  | Such number of Equity Shares that the Bid Amount exceeds Rs. 2,00,000 and in multiples of [●] Equity Shares.  | Such number of Equity Shares that the Bid Amount exceeds Rs. 2,00,000 and in multiples of [●] Equity Shares.               | Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount is less than Rs. 2,00,000.          |
| <b>Maximum Bid</b>  | Not exceeding the size of the issue, subject to the regulations as applicable to the bidder   | Not exceeding the size of the issue, subject to the regulations as applicable to the bidder                                | Such number of Equity Shares per retail individual investor so as to ensure that the Bid Amount does not exceed Rs. 2,00,000. |
| <b>Mode of Allotment</b>  | Dematerialized Mode.  | Dematerialized Mode.   | Dematerialized Mode.  |
| <b>Trading Lot</b>  | One (1) Equity Share  | One (1) Equity Share   | One (1) Equity Share  |
| <b>Who can Apply**</b>  | Public financial institution as defined in section 4A of  | Resident Indian individuals, NRIs, HUF   | Resident Indian individuals, NRIs, HUF  |



| Particulars      | QIBs   | Non-Institutional Bidders   | Retail Individual Bidders  |
|------------------|--|---|--|
|                  | the Companies Act, 1956, scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI other than sub-account which is a foreign corporate or foreign individual, 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. 2,500 lacs, pension funds with minimum corpus of Rs. 2,500 lacs, National Investment Fund in accordance with applicable law and Insurance funds set up and managed by Army, Navy or Air Force of the Union of India and and Insurance Funds set up and managed by the Department of Posts, India | (applying through the Karta), companies corporate bodies, scientific institutions, societies trusts, sub accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals. | (applying through the Karta), applying for Equity Shares such that the Bid amount does not exceed Rs. 2,00,000 in value. |
| Terms of Payment | Full Bid Amount on bidding.  | Full Bid Amount on bidding.   | Full Bid Amount on bidding.  |

*The Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors.*

*Subject to valid Bids being received at or above the Issue Price. This Issue is made in accordance with Rule 19(2)(b)(i) of the Securities Contracts Regulations Rules, 1957 ("SCRR"), as amended under the SEBI Regulations where the Issue will be made through the 100% Book Building Process wherein not more than 50% of the Issue will be allocated on a proportionate basis to QIB. Out of the QIB Portion (excluding the Anchor Investor Portion) 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for*



*allocation on a proportionate basis to QIBS and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 3,74,885 Equity Shares, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders in proportion to their Bids. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.*

*Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the QIB Portion, the Non-Institutional Portion or the Retail Portion, would be allowed to be met with spill-over from other category or a combination of categories, at the discretion of the Company, in consultation with the BRLM and the Designated Stock Exchange.*

***In case the Bid cum Application Form is submitted in joint names, the Bidders should ensure that the demat 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.***

***In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid cum Application Form.***



## ISSUE PROCEDURE

The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Net Issue to the Public shall be available for allocation to Qualified Institutional Buyers on a proportionate basis (of which 5% shall be allocated for Mutual Funds). Further, our Company may allocate upto 30% of the QIB Portion to Anchor Investors at the Anchor Investor Issue Price on a discretionary basis, out of which atleast one-third will be available for allocation to Domestic Mutual Funds only. Further, not less than 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. We, in consultation with the BRLM, reserve the right to reject any Bid procured from QIBs, by any or all members of the Syndicate, for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons thereof shall be disclosed to the bidders. Provided further that our Company, in consultation with the BRLM, reserves the right to reject any Bid procured from Anchor Investors without assigning any reasons thereof. In case of Non- Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds. The primary responsibility of building the book shall be that of the lead book runner.

**Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.**

### **Illustration of Book Building and Price Discovery Process**

*(Investors should note that this illustration is solely for the purpose of illustration and is not specific to the Issue)*

The Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs. 60 to Rs. 72 per Equity Share, Issue size of 5,400 Equity Shares and receipt of five Bids from the Bidders. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the Bidding/Issue Period. The illustrative book as set forth below shows the demand for the Equity Shares of the Company at various prices and is collated from Bids from various investors.

| <b>Bid Quantity</b> | <b>Bid Price (Rs)</b> | <b>Cumulative Quantity</b> | <b>Subscription</b> |
|---------------------|-----------------------|----------------------------|---------------------|
| 1500                | 72                    | 1500                       | 27.78%              |
| 3000                | 69                    | 4500                       | 83.33%              |
| 4500                | 66                    | 9000                       | 166.67%             |
| 6000                | 63                    | 15000                      | 277.78%             |
| 7500                | 60                    | 22500                      | 416.67%             |



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

### **Bid-cum-Application Form**

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allotment of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized us to make the necessary changes in the Draft Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

**The prescribed colour of the Bid-cum-Application Form for various categories is as follows:**

| <b>Category</b>   | <b>Colour of Bid-cum-Application Form</b> |
|---|---|
| Indian Public Including QIBs, Non- Institutional Bidders or NRIs applying on non-repatriation basis | White                                     |
| Non-residents, NRIs or FIIs applying on a repatriation basis  | Blue                                      |
| ASBA Bidders  | Pink                                      |
| Anchor Investors*   | White                                     |

\* Bid-cum-Application Forms for Anchor Investors shall be available at the Registered Office of our Company and BRLM. In accordance with SEBI ICDR Regulations, 2009, only QIBs can participate in the Anchor Investor Portion.

Only Retail Individual Investors and Non Institutional Investors can participate by way of ASBA Process.

### **Who Can Bid?**

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
2. Indian Nationals resident in India who are majors, in single or joint names (not more than three);
3. HUFs in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
4. Companies corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity shares;
5. Indian mutual funds registered with SEBI;
6. Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI (ICDR) Regulations, 2009 and other Regulations, as applicable);
7. Venture capital funds registered with SEBI;
8. Foreign venture capital investors registered with SEBI;
9. State Industrial Development Corporations;



10. Insurance companies registered with the Insurance Regulatory and Development Authority;
11. Provident funds with minimum corpus of Rs. 25 crores and who are authorized under their constitution to invest in Equity Shares;
12. Pension funds with minimum corpus of Rs. 25 crores and who are authorized under their constitution to invest in Equity Shares;
13. Multilateral and bilateral development financial institutions;
14. Trusts/Societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/Societies and who are authorized under their constitution to hold and invest in Equity Shares;
15. Eligible Non-residents including NRIs and FIIs on a repatriation/non- repatriation basis subject to applicable local laws; and
16. Scientific and/or industrial research organizations authorized under their constitution to invest in Equity Shares.
17. National Investment Fund;
18. Insurance funds set up and managed by army, navy or air force of the Union of India;
19. Insurance Funds set up and managed by the Department of Posts, India
20. As per existing regulations promulgated under FEMA, Overseas Corporate Bodies (OCBs) cannot bid/participate in this issue.

*Note: 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 the relevant laws, rules, regulations, guidelines and approvals.*

#### **Participation by Associates of the BRLM and the Syndicate Members**

The BRLM and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation. However, associates and affiliates of the BRLM, and Syndicate Members may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis. Such holding or subscription maybe on their behalf or on behalf of their clients.

#### **Procedure for Application by Mutual Funds**

In accordance with the current regulations, no mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the name of the scheme concerned for which the Bid has been made.

#### **Application by FIIs**

In accordance with the current regulations, the Issue of Equity Shares to a single FII should not exceed 10% of the post-Issue paid- up capital of our Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital of our Company in case such sub-account is a foreign corporate or an individual.



### **Application by SEBI registered Venture Capital Funds and Foreign Venture Capital Funds**

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investors) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 33.33% of the corpus of the venture capital fund/foreign venture capital investor. The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go up to 100% of our Company's paid-up equity capital.

### **Application by NRI**

- Individual NRI Bidders can obtain the Bid-cum-Application Forms from our registered office situated at Chandra Kunj, 4<sup>th</sup> Floor, 3, Pretoria Street, Kolkata, 700 071, West Bengal, or from members of the Syndicate or the Registrars to the Issue.
- NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid-cum-Application Form meant for Resident Indians (white in colour)

The above information is given for the benefit of the Bidders. The Bidders are advised to make to their own enquiries about the limits applicable to them. Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.



### Maximum and Minimum Bid size

a) **For Retail Individual Bidders:** The Bid must be for minimum [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to maximum bid amount of Rs. 2,00,000/.

In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 2, 00,000. In case the Bid Amount is over Rs. 2, 00,000, due to revision in bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allotment under the Non-Institutional Bidders category. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

b) **For Non-Institutional Bidders and QIB Bidders:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount payable by the Bidder exceeds Rs. 2,00,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI (ICDR) Regulations, 2009, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB margin on submission of 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. 2, 00,000 for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 2, 00,000 or less due to a revision in Bids or revision of Price Band, the same would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

c) **Anchor Investor Portion:** The Company may consider participation by Anchor Investor in the Net Issue for up to 22,49,313 Equity Shares in accordance with the applicable SEBI (ICDR) Regulations, 2009. The Anchor Investor Bid/Issue Period shall be one working day prior to the Bid/Issue Opening Date. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor category.

Anchor Investors shall be QIBs as defined in the SEBI (ICDR) Regulations, 2009. The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds Rs. 10 Crores and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than 30% of the QIB Portion. One-third of the Anchor Investor Portion shall be reserved for allocation to domestic mutual funds.

The Bidding for Anchor Investors shall open one day before the Bid/Issue Opening Date and shall be completed on the same day.



### **Information for the Bidders**

1. We will file the Red Herring Prospectus with the Registrar of Companies, at least 3 (three) days before the Bid/Issue Opening Date.
2. The Price band shall be advertised at least one day prior to the Bid Opening Date/ Issue Opening Date. With regard to the Price Band, the Bidders can be guided by the secondary market prices of the Equity Shares.
3. The members of the Syndicate will circulate copies of the Draft Red Herring Prospectus along with the Bid-cum-Application Form to their potential investors.
4. Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of the Draft Red Herring Prospectus along with the Bid-cum-Application Form can obtain the same from our registered office or from the BRLM, or from a member of the Syndicate.
5. Investors who are interested in subscribing for our Company's Equity Shares should approach any of the BRLM or Syndicate Member or their authorized agent(s) to register their Bid.
6. The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum- Application Forms should bear the stamp of the members of the Syndicate. Bid-cum- Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

### **Method and Process of bidding**

- a) We, with the BRLM, shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and the Price Band after the filing of the Draft Red Herring Prospectus with RoC and also publish the same in three widely circulated newspapers (one each in English, Hindi and a regional newspaper). This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Part A of Schedule XIII of the SEBI (ICDR) Regulations, 2009. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
- b) Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.
- c) The Bidding Period shall be a minimum of 3 working (three) days and not exceed 7 working (seven) days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be informed to the Stock Exchanges and published in two national newspapers (one each in English and Hindi) and one regional newspaper and the Bidding Period may be extended, if required, by an additional 3 working (three) days, subject to the total Bidding Period not exceeding 10 working (ten) days.
- d) During the Bidding Period, the Bidders may approach the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.
- e) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details please refer to the paragraph titled "Bids at Different Price Levels" beginning on page 233 under this Chapter in the Draft Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be



cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.

f) The Bidder cannot bid on another Bid-cum-Application Form after Bids on one Bid-cum- Application Form have been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form. *For details please refer to the paragraph titled "Build up of the Book and Revision of Bids" beginning on page 237 under this Chapter in the Draft Red Herring Prospectus.*

g) The members of the Syndicate will enter each option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip (TRS), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRS's for each Bid-cum-Application Form. **It is the responsibility of the bidder to obtain the TRS from the Syndicate Member.**

h) Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under paragraph titled "*Terms of Payment and Payment into the Escrow Collection Account*" beginning on page 235 under this Chapter in the Draft Red Herring Prospectus.

#### **Bids at Different Price Levels**

a) The Bidders can bid at any price within the Price Band, in multiples of Re 1. The minimum application size should be in the range of Rs. 5,000 to Rs. 7,000.

b) In accordance with SEBI (ICDR) Regulations, 2009, our Company in consultation with the BRLM in accordance with this clause, without the prior approval of, or intimation, to the Bidders, can revise the Price Band. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band. In case of a revision in the Price Band, the Issue will be kept open for a further period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days.

c) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall be suitably revised, if necessary such that the minimum application is in the range of Rs. 5,000 to Rs. 7,000.

d) Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by informing the Stock Exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper, and also indicating the change on the relevant websites of the BRLM and the terminals of the members of the Syndicate.

e) We, in consultation with the BRLM, can finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.



f) The Bidders can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders applying for a maximum bid in any of the bidding options not exceeding Rs. 2,00,000 may bid at 'Cutoff'. However, bidding at 'Cut-off' is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.**

g) Retail Individual Bidders, who bid at the 'Cut-Off' agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at 'cut-off' shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders shall receive the refund of the excess amounts from the Refund Account.

h) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at 'Cut-off' Price could either

i) revise their Bid

ii) make additional payment based on the cap of the revised Price Band, with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 2,00,000 the Bid will be considered for allocation under the Non Institutional category in terms of the Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut off

iii) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut Off price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account.

#### **Option to Subscribe in the Issue**

- Equity Shares being offered through the Draft Red Herring Prospectus can be applied for in dematerialized form only.
- The Equity Shares on allotment shall be traded on Stock Exchanges in demat segment only.
- A single bid from any investor shall not exceed the investment limit/ minimum number of Equity Shares that can be held by him/her/it under the relevant regulations/statutory guidelines.

#### **Escrow Mechanism**

Our Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms of the Draft Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account of our Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the



Designated Date, the Escrow Collection Banks shall transfer an amount equivalent to Issue proceeds (Final Issue Price multiplied by the number of Equity Shares allotted through this issue) from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement with our Company and the balance amount shall be transferred to the Refund Account, from where payment of refund to the Bidders shall be made.

The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between our Company, the Syndicate, Escrow Collection Bank(s) and the Registrars to the Issue to facilitate collections from the Bidders.

### **Terms of Payment and Payment into the Escrow Collection Account**

In case of Non-institutional Bidders and Retail Individual Bidders, each Bidder shall, with the submission of the Bid-cum-Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) and submit the same to the members of the Syndicate to whom the Bid is being submitted. In case of QIB Bidders, the Full Amount has to be submitted along with the Bid to the members of the Syndicate. Bid-cum-Application Forms accompanied by cash and stock invests shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid-cum- Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account and Refund Account. Our Company will instruct the Refund Banker to refund all amount payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation to the Bidders, failing which our Company shall pay interest @15% per annum for any delay beyond the period. Each category of Bidders i.e. QIBs, Non-Institutional Bidders and Retail Individual Bidders, would be required to pay their Full Amount at the time of the submission of the Bid-cum-Application Form.

### **Electronic Registration of Bids**

a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one BSE / NSE on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.

b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding Period. Members of the Syndicate can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis. On the Bid/Issue Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the BSE and NSE.



c) BSE and NSE will aggregate demand and price for Bids registered on their electronic facilities on a regular basis and display graphically the consolidated demand at various price levels. This information can be assessed on BSE's website at [www.bseindia.com](http://www.bseindia.com) or on NSE's website at [www.nseindia.com](http://www.nseindia.com). The online, real-time graphical display of demand and bid prices at the bidding terminals shall be made. The BRLM shall ensure the availability of adequate infrastructure for data entry of the bids on a real time basis. At the end of each day of the bidding period the demand shall be shown graphically on the terminals for information of the syndicate members as well as the investors.

d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the investor (Investors should ensure that the name given in the Bid-cum- Application Form is exactly the same as the Name in which the Depository Account is held. In case the Bid-cum-Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form.)
- Investor Category – Individual, Corporate, NRI, FII, Mutual Fund, etc
- Numbers of Equity Shares bid for
- Bid price
- Bid Amount
- Bid-cum-Application Form number
- Whether payment is made upon submission of Bid-cum-Application Form
- Depository Participant Identification Number and Client Identification Number of the demat account of the Bidder.

e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.

f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

g) Consequently, all or any of the members of the Syndicate may reject QIB Bids provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of such rejection. In case of Non-Institutional Bidders, Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed as mentioned *under paragraph titled "Grounds for Technical Rejections" beginning on page 248 under this Chapter in the Draft Red Herring Prospectus.*

h) It is to be distinctly understood that the permission given by BSE and NSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or BRLM are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, its Promoters, its management or any scheme or project of our Company.



i) It is also to be distinctly understood that the approval given by BSE and NSE for the use of their online IPO system should not in any way be deemed or construed that the Draft 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 the Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

#### **Build Up of the Book and Revision of Bids**

a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.

b) The book gets build up at various price levels. This information will be available with the BRLM on a regular basis.

c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid-cum-Application Form.

d) Revisions can be made in both the desired numbers of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum- Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Draft Red Herring Prospectus. In case of QIBs, the members of the Syndicate shall collect the payments in the form of cheque or demand draft for the incremental amount in the QIB 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. QIB Bidders shall not be allowed to withdraw their Bid after Bid/Issue closing date.

g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

h) 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 NSE or BSE and members of the Syndicate, the decision of the BRLM based on the physical records of Bid- cum-Application Forms shall be final and binding to all concerned.



### **Price Discovery and Allocation**

- a) After the Bid/Issue Closing Date, the BRLM will analyze the demand generated at various price levels and discuss pricing strategy with us.
- b) Our Company, in consultation with the BRLM shall finalize the 'Issue Price', the number of Equity Shares to be allotted in each category of Bidders.
- c) The allocation for QIBs for not more than 50% of the Net Issue to the Public, of which 5% shall be reserved for Mutual Funds, would be on a proportionate basis, subject to valid bids being received at or above the Issue Price in the manner as described in the section titled 'Basis of Allotment'. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and 35% of the Net Issue to the Public, respectively, would be on proportionate basis, in the manner specified in the SEBI (ICDR) Regulations, 2009, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- d) Under subscription, if any, in QIBs, Non-Institutional and Retail categories would be allowed to be met with spill over from any of the other categories at the discretion of our Company and the BRLM. However, if the aggregate demand by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.
- e) Allocation to NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI applying on repatriation basis will be subject to the terms and conditions stipulated by the FIPB and RBI while granting permission for Issue/Allocation of Equity Shares to them.
- f) The BRLM, in consultation with us, shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- g) Our Company in consultation with the BRLM, reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before allocation, without assigning reasons whatsoever.
- h) The allotment details shall be uploaded on the website of the Registrar to the Issue.

### **Signing of Underwriting Agreement and RoC Filing**

1. Our Company, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) to the Bidders.
2. After signing the Underwriting Agreement, we will update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.



### **Filing of the Prospectus with the RoC**

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC, West Bengal situated at Kolkata. A copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration to the RoC, West Bengal, Kolkata. We will ensure that all the legal requirements applicable till the filing of the Prospectus with RoC are complied with.

### **Announcement of Pre-Issue Advertisement**

Subject to Section 66 of the Companies Act, our Company shall after receiving final observations, if any, on the Draft Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI (ICDR) Regulations, 2009 in an English national daily with wide circulation, one Hindi National newspaper, and a regional language newspaper.

### **Advertisement regarding Issue Price and Prospectus**

We will issue a statutory advertisement at the time of/after filing of Prospectus with RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

### **Issuance of Intimation Note and Confirmation of Allocation/Allotment Note to bidders, other than QIBs**

The Registrar to the Issue shall send Confirmation of Allocation Note/Allotment Advice-cum- Refund Orders to all the Bidders intimating the number of shares allotted and the amount refunded.

### **Issuance of Intimation Note and Confirmation of Allocation Note to QIB bidders**

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/ NSE system. Based on the electronic book, if so required, QIBs may be sent an Intimation Note, indicating the number of Equity Shares that may be allocated to them and the additional margin required which shall be payable by the QIBs within the pay-in date specified therein. This Intimation Note is subject to the Basis of Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI (ICDR) Regulations, 2009, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciled book and basis of allotment as approved by the Designated Stock Exchange. In addition, there are foreign investment limitations applicable to our Company, which may result in a change (including a potential decrease) in the number of Equity Shares being finally allotted to nonresident investors (including FIIs). As a result, a CAN may be sent to QIBs and the allocation of Equity Shares in such CAN, may be different from that specified in the earlier Intimation Note. QIBs should note that they may be required to pay additional amounts if any, by way of cheque, DD, RTGS, NEFT or any other electronic mode by the Pay-in Date specified in the CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract for the QIB for all the Equity Shares allocated to such QIB



### **Designated Date and Transfer of Funds to Public Issue Account**

a) Our Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, we would allot the Equity Shares to the allottees and would ensure the credit to the successful Bidders depository account within two working days from the date of finalization of the basis of allotment with the Designated Stock Exchange. In case, our Company fails to make allotment or transfer within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.

b) In accordance with the SEBI (ICDR) Regulations, 2009, Equity Shares will be issued and allotment shall be made only in the dematerialized form to the allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act. **Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.**

### **General Instructions**

#### **Do's:**

- a) Check if you are eligible to apply;
- b) Complete the Bid-cum-Application Form after reading all the instructions carefully;
- c) Ensure that the details about Depository Participant and beneficiary account are correct as Equity Shares will be allotted in the dematerialized form only;
- d) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects.
- e) Ensure that the Bids are submitted at the Bidding Centers only on forms bearing stamp of the Syndicate Member;
- f) Ensure that you have been given a TRS for all your Bid options;
- g) Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
- h) Ensure that the Bid is within the Price Band;
- i) Investors must ensure that the name given in the Bid-cum-Application Form is exactly the same as the name in which the Depository Account is held. In case, the Bid-cum-Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid- cum-Application Form.
- j) Ensure that Permanent Account Number (PAN) is mentioned in the Bid-cum-Application For.
- k) Ensure that the Demographic details as registered with your Depository participant are updated, true and correct at all respects.



**Don'ts:**

- a) Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
- b) Do not Bid for lower than minimum Bid size;
- c) Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- d) Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the members of the Syndicate;
- e) Do not pay bid amount in cash, through stock invest, by money order or by postal order.
- f) Do not provide your GIR number instead of PAN number;
- g) Do not Bid at cut-off price (for QIB Bidders and Non-Institutional Bidders for whom the Bid Amount exceeds Rs. 2,00,000);
- h) Do not fill up the Bid-cum-Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable law.
- i) Do not send Bid-cum-Application Form by post; instead submit the same to a member of the Syndicate only.
- j) Do not submit the Bid without the QIB Full Amount, in case of a Bid by a QIB.

**Instructions for completing the Bid-Cum-Application Form**

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from our registered/corporate office, or from the Syndicate Members or from the BRLM.

**Bids and Revisions of Bids**

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians, blue colour for NRI or FII or foreign venture capital fund/Multilateral and Bilateral Development Financial Institutions applying on repatriation basis).
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained therein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- (c) The Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum of Rs. 2, 00,000.
- (d) For non-institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid amount exceeds Rs. 2,00,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulations.



(e) In single name or in joint names (not more than three and in the same order as their Depository Participant details).

(f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

#### **Bidder's Bank Account Details**

Bidders should note that on the basis of name of the Bidders, Depository Participants Name, Depository Participants Identification Number and Beneficiary Account Number provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository, the Bidder's bank account details. These bank account details would be printed on the Refund Orders/Refund Advices, if any, to be sent to the Bidders and for giving refund through any of the mode namely ECS or Direct Credit or RTGS or NEFT. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant.

Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidder's sole risk and neither the BRLM nor our Company shall have any responsibility and undertake any liability for the same.

#### **BIDDER'S DEPOSITORY ACCOUNT DETAILS**

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID-CUMAPPLICATION FORM.**



Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, occupation, bank account details for printing on refund orders / refund advices or and for giving refund through any of the mode namely ECS or Direct Credit or RTGS or NEFT (hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ refund advice / ECS credit for refunds/ Direct Credit of refund/CANs/Allocation Advice and printing of Bank particulars on the refund order / refund advice, and the Registrar would not use the Demographic Details given by Bidders in the Bidcum- Application Form for these purposes.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic details as available on its records.

Refund Advice / Refund Orders/ Allocation Advice/ CANs would be mailed at address of the first Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ refund advice/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidders in the Bid-cum-Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected. Investors should note that the refund cheques/allocation advice/refund advice would be overprinted with details of bank account as per the details received from the depository.

#### **Bids under Power of Attorney or by Limited Companies, Corporate Bodies or Registered Societies**

In case of bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum & Article of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any bid in whole or in part.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part.



### **Procedure for Bids by Mutual Funds**

In case of Bids made by mutual fund registered with SEBI, Venture Capital Fund registered with SEBI and Foreign Venture Capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part.

### **Bids by Insurance Companies**

In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part.

### **Bids by Provident Funds**

In case of Bids made by provident fund with the minimum corpus of Rs. 2500 Lacs and pension fund with the minimum corpus of Rs. 2500 Lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions as our Company/BRLM may deem fit.

**Bids by NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI on a repatriation basis** NRI, FIIs and Foreign Venture Capital funds Bidders to comply with the following:

- Individual NRI Bidders can obtain the Bid-cum-Application Forms from our registered office or from members of the Syndicate or the Registrars to the Issue.
- NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid-cum-Application form meant for Resident Indians (white in colour).

### **Bids and Revision to Bids must be made:**

- On the Bid-cum-Application Form or Revision Form, as applicable and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three)
- **By NRIs:** For a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid amount of Rs. 2,00,000 for the Bid to be considered as part of the Retail Portion. Bids for Bid Amount more than Rs. 2, 00,000 would be considered under Non Institutional Category for the purposes of allocation. *For further details refer to paragraph titled "Maximum and Minimum Bid Size" beginning on page 231 under this Chapter in the Draft Red Herring Prospectus.*



- **By FIIs:** In multiples of [●] Equity Shares so that the Bid Amount exceeds Rs. 2, 00,000 and in multiples of [●] Equity Shares thereafter. *For further details refer to paragraph titled "Maximum and Minimum Bid Size" beginning on page 231 under this Chapter in the Draft Red Herring Prospectus.*
- In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post/speed post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

**It is to be distinctly understood that there is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.**

#### **Payment Instructions**

We along with BRLM and Syndicate Member(s) shall open an Escrow Account of our Company with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

#### **Payment into Escrow Account to the Issue**

1. The Full Amount for QIBs, Non Institutional Bidders and Retail Individual Bidders is equal to 100% while submitting the Bid-cum-Application Form, shall be drawn as a payment instrument for the Bid Amount in favour of the Escrow Account and submitted to the members of the Syndicate.
2. The payment instruments for payment into the Escrow Account of our Company should be drawn in favour of:

|     |                                     |   |
|-----|-------------------------------------|---|
| I   | In case of Resident Bidders         | <b>Escrow Account - Shree Hanuman Public Issue - R</b>        |
| ii  | In case of Non Resident Bidders     | <b>Escrow Account - Shree Hanuman Public Issue - NR</b>       |
| lii | In case of Resident QIB Bidders     | <b>Escrow Account - Shree Hanuman Public Issue - QIB -R</b>   |
| Iv  | In case of Non Resident QIB Bidders | <b>Escrow Account - Shree Hanuman Public Issue - QIB - NR</b> |



For Anchor Investors, the payments instruments for payment into Escrow Account should be drawn in favour of:

|     |   |  |
|-----|---|--|
| V   | In case of Resident Anchor Investor     | <b>Escrow Account - Shree Hanuman Public Issue - Anchor - R</b>  |
| vii | In case of Non Resident Anchor Investor | <b>Escrow Account - Shree Hanuman Public Issue - Anchor - NR</b> |

3. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.

4. Payment will not be accepted out of a Non Resident Ordinary (NRO) Account of a Non Resident bidder bidding on a repatriation basis.

5. In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.

6. Where a Bidder has been allocated a lesser number of Equity Shares than what the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account of our Company.

7. The monies deposited in the Escrow Account of our Company will be held for the benefit of the Bidders till the Designated Date.

8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of our Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue and Refund Account with the Refund Bankers.

9. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Refund Banker shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

**Payments should be made by cheque, or demand drafts drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid-cum-Application Form is submitted. Outstation cheque/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash / Stockinvest / Money Orders / Postal Orders will not be accepted.**



### **Submission of Bid-cum-Application Form**

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. Each member of the Syndicate may at its sole discretion waive the requirement of payment at the time of submission of the Bid-cum-Application Form and Revision Form. For QIB Bidders, the members of the Syndicate member shall collect the Full Amount.

**No separate receipts shall be issued for the money payable on the submission of Bid-cum- Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.**

### **Other Instructions**

#### **Joint Bids in the case of Individuals**

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum- Application Form or Revision Form ('First Bidder'). All communications will be addressed to the First Bidder and will be dispatched to his or her address.

#### **Multiple Bids**

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- i) All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.
- ii) In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
- iii) The Registrar will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.
- iv) The addresses of all the applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and nonnumeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.
- v) The applications will be scrutinized for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.



vi) Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/ husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. The applications made by the asset management companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

We reserve the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

#### **Permanent Account Number (PAN)**

The Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act, 1961, irrespective of the amount for which application or bid is made. Applications without this information will be considered incomplete and are liable to be rejected.

**It is to be specifically noted that Bidders should not mention the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

#### **Right to Reject Bids**

Our Company, in consultation with the BRLM, reserves the right to reject any Bid procured from QIBs, by any or all members of the Syndicate for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons thereof shall be disclosed to the Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders our Company would have a right to reject the Bids only on technical grounds. Consequent refunds shall be made by Cheque/Pay Order/Demand Draft/ECS/Direct Credit/RTGS/NEFT, as the case may be, and will be sent to the bidder's address at the bidder's risk.

#### **Grounds for Technical Rejections**

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:-

1. Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;
2. Age of First Bidder not given;
3. Bank account details for Bidders not given;
4. 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;
5. Bids by Non Residents, if not in compliance with the appropriate foreign and Indian laws;
6. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons
7. PAN not mentioned in the Bid-cum-Application Form
8. GIR Number given instead of PAN Number;
9. Bids for lower number of Equity Shares than specified for that category of investors;



10. Bids at a price less than the lower end of the Price Band;
  11. Bids at a price more than the higher end of the Price Band;
  12. Bids at cut-off price by Non-Institutional and QIB Bidders;
  13. Bids for number of Equity Shares, which are not in multiples of [●];
  14. Category not ticked;
  15. Multiple bids as defined in the Draft Red Herring Prospectus;
  16. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
  17. Bids accompanied by Stockinvest/money order/ postal order/ cash;
  18. Bids not duly signed by the sole /joint Bidders;
  19. Bid-cum-Application Form does not have the stamp of the BRLM/Syndicate Member;
  20. Bid-cum-Application Form does not have Bidder's depository account details;
  21. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and the Draft Red Herring Prospectus and as per the instructions in the Draft Red Herring Prospectus and the Bid-cum-Application Form; or
  22. 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;
  23. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
  24. Bid in respect of which Bid-cum-Application form do not reach the Registrar prior to the finalization of the basis of allotment;
  25. Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
  26. Bids by OCBs;
  27. Bids by US persons other than "qualified institutional buyers" as defined in Rule 144A of the Securities Act or other than in reliance on Regulation S under the Securities Act;
  28. Bids by any person outside India if not in compliance with applicable foreign and Indian laws;
  29. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
  30. Bids not uploaded in the electronic bidding system of Stock Exchanges would be rejected;
- and
31. Bids by NRIs not disclosing their residential status;
  32. Any other reason which the BRLM or our Company deem necessary.

#### **Equity Shares in Dematerialized Form with NSDL or CDSL**

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among our Company, the Depositories and the Registrar:

- 1) An Agreement dated August 10, 2005 among NSDL, our Company and Registrar.
- 2) An Agreement dated September 01, 2005 among CDSL, our Company and Registrar.

All bidders can seek allotment only in dematerialized mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected. All Bids from any Bidder without the following details of his or her depository account are liable to be rejected:



- 1) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
- 2) The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid-cum-Application Form or Revision Form.
- 3) Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- 4) Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).
- 5) Non-transferable allocation advice or refund orders will be directly sent to the Bidder by the Registrar to the Issue.
- 6) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
- 7) The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his/her Depository Participant.
- 8) Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL. BSE and NSE, where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
- 9) The trading of our Equity Shares would only be in dematerialized form for all investors in the demat segment of BSE and NSE.
- 10) Investors are advised to instruct their Depository Participants to accept the Equity Shares that may be allocated to them, pursuant to the issue.

### **Communications**

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, Bidders Depository account details, number of Equity Shares applied for, date of Bid-cum-Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Our Company has appointed Mr. Ramesh Kumar Didwania as Company Secretary & Compliance Officer for the purpose of this FPO and he may be contacted at the registered office of our Company at : Chandra Kunj, 4<sup>th</sup> Floor, 3, Pretoria Street, Kolkata, 700 071, West Bengal, India. **Investors may contact him in case of Pre-Issue or Post-Issue related problems.**

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



### Disposal of Applications and Application Money

We shall ensure dispatch of allotment advice and/or refund orders/refund advice (in case refunds made through ECS/ Direct Credit, RTGS, NEFT) as the case may be giving credit to the Beneficiary Account of the bidders with their respective Depository Participant and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares.

### Mode of Making Refunds

The payment of refund, if any, would be done through various modes as given hereunder:

1. ECS - Payment of refund would be done through ECS for applicants having an account at any of the following sixty eight centres:

|                        |                         |                         |                       |
|------------------------|-------------------------|-------------------------|-----------------------|
| 1. Ahmedabad           | 2. Nasik                | 3. Sholapur             | 4. Gorakhpur          |
| 5. Bangalore           | 6. Panaji               | 7. Ranchi               | 8. Jammu              |
| 9. Bhubaneshwar        | 10. Surat               | 11. Tirupati (non MICR) | 12. Indore            |
| 13. Kolkata            | 14. Trichy              | 15. Dhanbad (non MICR)  | 16. Pune              |
| 17. Chandigarh         | 18. Trichur             | 19. Nellore (non MICR)  | 20. Salem             |
| 21. Chennai            | 22. Jodhpur             | 23. Kakinada (non MICR) | 24. Jamshedpur        |
| 25. Guwahati           | 26. Gwalior             | 27. Agra                | 28. Vishakapatnam     |
| 29. Hyderabad          | 30. Jabalpur            | 31. Allahabad           | 32. Mangalore         |
| 33. Jaipur             | 34. Raipur              | 35. Jalandhar           | 36. Coimbatore        |
| 37. Kanpur             | 38. Calicut             | 39. Lucknow             | 40. Rajkot            |
| 41. Mumbai             | 42. Siliguri (non MICR) | 43. Ludhiana            | 44. Kochi / Ernakulam |
| 45. Nagpur             | 46. Pondicherry         | 47. Varanasi            | 48. Bhopal            |
| 49. New Delhi          | 50. Hubli               | 51. Kolhapur            | 52. Madurai           |
| 53. Patna              | 54. Shimla (non MICR)   | 55. Aurangabad          | 56. Amritsar          |
| 57. Thiruvananthapuram | 58. Tirupur             | 59. Mysore              | 60. Haldia (non MICR) |
| 61. Baroda             | 62. Burdwan (non MICR)  | 63. Erode               | 64. Vijayawada        |
| 65. Dehradun           | 66. Durgapur (non MICR) | 67. Udaipur             | 68. Bhilwara          |



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. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned sixty eight centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

2. Direct Credit - Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid-cum-Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.

3. RTGS - Applicants having a bank account at any of the abovementioned sixty eight 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 our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. 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 Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers.

Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. 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.

5. 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 up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

We shall 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 of the Issuer Company are proposed to be listed are taken within seven working days of finalization of the basis of allotment.



In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI (ICDR) Regulations, 2009, our Company, further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialized form within 7 days of the Bid/Issue Closing Date;
- Our Company shall, within 15 days of the Bid/Issue Closing Date, ensure giving instruction in respect of refunds to the clearing system or dispatch the refund orders as the case may be; and
- Our Company shall pay interest at 15% per annum (for any delay beyond the 15 days time period as mentioned above), if allotment/transfer is not made, refund orders are not dispatched or refund instructions have not been given to the clearing system in the manner disclosed above and/or demat credits are not made to bidders within the 15 days time prescribed above.

Our Company will provide adequate funds required to the Registrar to the Issue for refunds to unsuccessful applicants or allotment advice. Refunds if, not made by Electronic Clearing Services (ECS), Direct Credit, RTGS, National Electronic Funds Transfer (NEFT) will be made through cheques, pay orders or demand drafts drawn on a bank appointed by us as a refund banker 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.

Where refunds are made through electronic transfer of funds, a suitable communication will be sent to the bidders within 15 days of closure of the issue, giving details of the Bank where refund will be credited along with amount and expected date of electronic credit of refund.

**The bank account details for ECS/ Direct Credit, RTGS, National Electronic Funds Transfer (NEFT) credit will be directly taken from the depositories' database and hence bidders are required to ensure that bank details including MICR code maintained at the depository level are updated and correct.**

We shall 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 of the Issuer Company are proposed to be listed are taken within seven working days of finalization of the basis of allotment.

**We will provide adequate funds required for dispatch of refund orders, Direct Credit, ECS, RTGS or allotment advice to the Registrar to the Issue.**

Refunds will be made by Direct Credit, ECS, RTGS cheques, pay orders or demand drafts drawn on a bank appointed by us as a refund banker 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.

No separate receipts shall be issued for the money payable on the submission of Bid-cum- Application Form or Revision Form. However, the collection centre of the Syndicate Member(s) 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.



### **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.”*

### **Interest on Refund of Excess Bid Amount**

We shall pay interest at the rate of 15% per annum on the excess Bid Amount received by us if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date.

### **BASIS OF ALLOTMENT**

Basis of allotment shall be finalized by our Company and BRLM in consultation with BSE.

#### **I. For Retail Individual Bidders**

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the successful Retail individual Bidders will be made at the Issue Price.
- The Net Issue size less allocation to Non-Institutional Bidders and QIBs shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares (being the minimum bid quantity) or in multiples of one Equity Share. For the method of proportionate basis of allocation, refer below.



## II. For Non Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net Issue size less allocation to QIBs and Retail Portion shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares (being the minimum bid quantity) or in multiples of one Equity Share. For the method of proportionate basis of allotment refer below.

## III. For QIB Bidders

- Bids received from the QIB bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.
- The QIB portion shall be available for allocation to QIB bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows:

- i. In the event that Mutual Fund Bids exceed 5% of the QIB portion, allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB portion.
- ii. In the event that the aggregate demand for Mutual Funds is less than 5% of the QIB portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.
- iii. Equity shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;

(b) In the second instance allocation to all QIB's shall be determined as follows:

- i. In the event that the oversubscription in the QIB portion, all QIB bidders who have submitted bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB portion.
- ii. Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Share on a proportionate basis along with other QIB Bidders.
- iii. Under-subscription below 5% of the QIB portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB bidders on a proportionate basis.

(c) The aggregate allocation to QIB Bidders shall be up to [●] Equity Shares.



#### **IV. For Anchor Investors**

- Our Company, in consultation with the BRLM, shall finalise Allocation to the Anchor Investors on a discretionary basis, subject to compliance with requirements regarding minimum number of 2 allottees.
- The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLM before the Bid/Issue Opening Date.
- Anchor Investors shall pay Anchor Investor Amount representing 100% of the Bid Amount at the time of submission of the Bid. Any difference between the amount payable by the Anchor Investor for Equity Shares Allocated and the Anchor Investor Amount paid at the time of Bidding, shall be payable by the Anchor Investor within two days of the Bid/ Issue Closing Date.
- In case the Issue Price is greater than the price at which Equity Shares are allocated to Anchor Investors, the additional amount being the difference between the Issue Price and the price at which Equity Shares were allocated to the Anchor Investors shall be paid by the Anchor Investors. In the event the Issue Price is lower than the price at which Equity Shares are allocated to Anchor Investors, the allotment to Anchor Investors shall be at the higher price i.e. the price at which Equity Shares were allocated under the Anchor Investor Portion.
- Allocation to Anchor Investors shall be completed on the day of bidding by Anchor Investors
- The Equity Shares allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of allotment in the Issue.
- The BRLM or any person related to the BRLM / Promoters/Promoter Group shall not participate in the Anchor Investor Portion.
- Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.

#### **Procedure and Time Schedule for Allotment and Issue of Certificates**

The Issue will be conducted through a '100% Book Building process' pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on [●], 2010 and expire on [●], 2010. Following the expiration of the Bidding Period, our Company, in consultation with the BRLM, will determine the Issue Price, and, in consultation with the BRLM, the basis of allocation and entitlement to allotment based on the bids received and subject to the confirmation by the Stock Exchanges. Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The Prospectus will be filed with Registrar of Companies, West Bengal, Kolkata and SEBI, Kolkata. SEBI (ICDR) Regulations, 2009 require our Company to complete the allotment to successful bidders within 7 days from the Bid/Issue Closing Date. The Equity Shares will then be credited and allotted to the investors' demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and traded on BSE and NSE.



### **Method of Proportionate Allotment**

In the event of the Issue being over-subscribed, the basis of allotment shall be finalised by Our Company in consultation with the Designated Stock Exchange. The Executive Director/Managing Director/authorized employees of the Bombay Stock Exchange (Designated Stock Exchange) along with the post Issue Lead Merchant Banker and the Registrars to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner.

The allotment shall be made in marketable lots, on a proportional basis as explained below:

- (a) Bidders will be categorized according to the number of Equity Shares applied for,
- (b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (c) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio, in that category subject to a minimum allotment of [●] Equity Shares. The allotment lot shall be the same as the minimum application lot irrespective of any revisions to the Price Band.
- (d) In all Bids where the proportionate allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:
  - Each successful Bidder shall be allotted a minimum of [●] Equity Shares; and
  - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
- (e) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If the decimal is less than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

### **Letters of Allotment or Refund Orders**

We shall give credit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares. Applicants residing at 15 centers where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through Direct Credit or RTGS or NEFT, or ECS as applicable (subject to availability of all information for crediting through electronic mode). In case of other applicants, the Bank shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by 'Under Certificate of Posting', and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post, except for Bidders who have opted to receive refunds through the electronic facility.



Applicants to whom refunds are made through Electronic transfer of funds will be send a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of Issue. We shall ensure dispatch of refund orders, if any, by 'Under Certificate of Posting' or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS or NEFT, as applicable, only at the sole or First Bidder's sole risk within 15 days of the Bid Closing Date/Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the issuer.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI (ICDR) Regulations, 2009, we undertake that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date;
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time as prescribed under SEBI (ICDR) Regulations, 2009.

We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue. Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as a Refund Bank and payable at par at places where Bids are received, except for Bidders who have opted to receive refunds through the Direct Credit/RTGS/NEFT/ECS facility. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

**Dispatch of Refund Orders**

*For details of Dispatch of Refund Orders refer to paragraph titled "Disposal of Applications and Application Money" beginning on page 251 & 271 under this Chapter in the Draft Red Herring Prospectus.*

**Interest in case of delay in Dispatch of Allotment Letters/Refund Orders in case of public issues**

Our Company agrees that allotment of securities offered to the public shall be made not later than 15 days of the closure of issue. Our Company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the Bid/Issue closing date.

**Bid/Issue Program**

|                                      |                                      |
|--------------------------------------|--------------------------------------|
| <b>Bid/Issue opens on: [●], 2010</b> | <b>Bid/Issue close on: [●], 2010</b> |
|--------------------------------------|--------------------------------------|

Our Company may consider participation by Anchor Investors for upto 22, 49,313 Equity Shares in accordance with applicable SEBI (ICDR) Regulations, 2009. The Anchor Investor Bid/ Issue Period shall be one working day prior to the Bid/ Issue Opening Date.



Bids and any revision in Bids shall be accepted **only between 10.00 am and 3.00 pm** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid-cum-Application Form. Standardized cut-off time for uploading of bids on the bid/issue closing date is as under:

1. A standard cut-off time of 3.00 pm for acceptance of bids
2. A standard cut-off time of 4.00 pm for uploading of bids received from non retail applicants i.e. QIBs and HNIs.
3. A standard cut-off time of 5.00 pm for uploading of bids received from retail applicants, where the Bid Amount is up to Rs. 2, 00,000 which may be extended up to such time as deemed fit by Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

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. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bidcum- Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB.

Due to limitation of time available for uploading the Bids on the Bid/ Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than the times mentioned above. All times mentioned in the Draft Red Herring Prospectus are Indian Standard Time. Bidders are cautioned that due to clustering of last day applications, as is typically experienced in public offerings, some Bids may not get uploaded on the last day. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, our Company, the BRLM and the Syndicate Member shall not be responsible. On the Bid/Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received from Retail Bidders after taking into account the total number of Bids received upto the closure of timings for acceptance of Bid-cum-Application Forms as stated herein and reported by the BRLM to the Stock Exchanges within half an hour of such closure.

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

We reserve the right to revise the Price Band during the Bidding Period in accordance with SEBI (ICDR) Regulations, 2009. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price and can move up or down to the extent of 20%.

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



## ISSUE PROCEDURE FOR ASBA BIDDERS

SEBI, introduced a new mode of payment in public issues i.e., application supported by blocked amount wherein the application money remains blocked in the ASBA Bidder's Account until allotment in the public issue. Set forth below is the procedure for Bidding under the ASBA procedure, for the benefit of the Bidders.

**This section is only to facilitate better understanding of aspects of the procedure for bidding which is specific to ASBA Bidders. ASBA Bidders should nonetheless read this document in entirety.**

Our Company and the BRLM are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Form is correctly filled up, as described in this section.

The list of banks who have been notified by SEBI to act as SCSBs for the ASBA Process are provided at <http://www.sebi.gov.in>. For details on designated branches of SCSB collecting the ASBA Form, please refer the above mentioned SEBI link.

### ASBA Process

All Bidders other than QIB Bidders qualify as ASBA Investors and are eligible to submit their Bids through the ASBA process. Investors other than ASBA Investors are required to follow the process as mentioned under "Issue Procedure" on page 227 of the Draft Red Herring Prospectus. An ASBA Investor shall only use a Physical Bid-cum-Application Form Supported by Blocked Amounts ("Physical Bid Cum ASBA Form") or Electronic Bid-cum-Application Form Supported by Blocked Amounts ("Electronic Bid Cum ASBA Form") and collectively ("Bid Cum ASBA Form") available with the SCSB which shall be submitted either physically or electronically as the case may be through the internet banking facility, to the Designated Branches ("DB") of the SCSB with whom the bank account to be blocked, is maintained by such ASBA Investor. SCSB is a bank, registered under the SEBI (Bankers to the Issue) Regulations 1996, which offers the facility of applying through the ASBA process and has its name included in the SEBI's list of SCSBs displayed on its website at <http://www.sebi.gov.in>. ASBA Bid-cum-Application Form can be accepted only by SCSBs. A SCSB shall identify its DBs at which an ASBA investor shall submit the ASBA Bid-cum-Application Forms and shall also identify the CB which shall act as a coordinating branch for the Registrar to the Issue, Stock Exchanges and BRLM. The SCSB may identify new DBs for the purpose of ASBA process and intimate details of the same to SEBI, after which SEBI will add the DB to the list of SCSBs maintained by it. The ASBA investor should ensure that it has a Bank Account with the DB, to be eligible for making an application through ASBA. The Investor should check the SEBI website, <http://www.sebi.gov.in>, for details of the DBs.

A soft copy of the Abridged Prospectus would also be made available on the website of the SCSB, along with the Electronic Bid Cum ASBA Form, so as to enable an ASBA Investor to confirm that he/she has read and understood the terms and conditions of the Abridged Prospectus, before applying in the Issue.



### **ASBA Bid-cum-Application Form**

The prescribed colour of Physical **ASBA Bid-cum-Application Form** is Pink. The BRLM shall ensure that adequate arrangements are made to circulate copies of the Draft Red Herring Prospectus and Physical ASBA Bid-cum-Application Form to the SCSBs and the SCSBs will then make available such copies to investors applying under the ASBA process. Additionally, the BRLM shall ensure that the SCSBs are provided with soft copies of the abridged prospectus and the Electronic ASBA Bid-cum-Application Form and that the same are made available on the websites of the SCSBs, Stock Exchange(s) and BRLM.

ASBA Bidders, under the ASBA process, who would like to obtain the Draft Red Herring Prospectus and/or the Physical Bid cum ASBA Form can obtain the same from the Designated Branches of the SCSBs or the BRLM. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the Electronic ASBA Bid-cum-Application Form in electronic form on the websites of the SCSBs.

An ASBA Investor shall only use the ASBA Bid-cum-Application Form for making a Bid in terms of the Draft Red Herring Prospectus which shall be submitted either electronically or physically to the SCSB with whom the bank account to be blocked is maintained. The SCSB shall give an acknowledgement specifying the application number to the ASBA Investor as proof of having accepted the Bid in physical or electronic form. The SCSB shall then block the application money in the bank account of such ASBA Investor held with the SCSB specified in the ASBA Bid-cum- Application Form, on the basis of an authorization to this effect given by the ASBA Investor and thereafter upload the ASBA Bid-cum-Application Form in the electronic bidding system of the Stock Exchange. In case sufficient funds are not available in the account of the ASBA Investor, SCSB shall reject the ASBA Bid and shall not upload such Bids with the Stock Exchanges.

Upon completing and submitting the ASBA Bid-cum-Application Form to a SCSB, either electronically or physically, as has been elaborated herein-below, the ASBA Investor is deemed to have authorized our Company to make the necessary changes in the Draft Red Herring Prospectus and the ASBA 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 ASBA Investor.

### **Method and Process of Bidding**

(a) ASBA Bidders are required to submit their Bids, either in physical or electronic mode. ASBA Bidders submitting their Bids in physical mode should approach the Designated Branches of the SCSBs. ASBA Bidders submitting their Bids in electronic form shall submit their Bids either using the internet enabled bidding and banking facility of the SCSBs or such other electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors, and accordingly registering such Bids. Every Designated Branch of the SCSB shall accept Bids from all such investors who hold accounts with them and desire to place Bids through them. Such SCSBs shall have the right to vet the Bids, subject to the terms of the SEBI Regulations and Draft Red Herring Prospectus.

(b) The Designated Branches of the SCSBs shall give an acknowledgment specifying the application number to the ASBA Bidders as a proof of acceptance of the ASBA Bid-cum- Application Form. Such acknowledgment does not in any manner guarantee that the Equity Shares bid for shall be allocated to the ASBA Bidders.

(c) After determination of the Issue Price, the number of Equity Shares bid for by the ASBA Bidder at or above the Issue Price in case of Non Institutional and Retail Individual Bidders or at Cut-off Price by Retail Individual Bidders will be considered for allocation at par along with the Bidders in the respective categories who have bid for Equity Shares at or above the Issue Price or at Cut-off Price.



(d) Upon receipt of the ASBA Bid-cum-Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum- Application Form, prior to uploading such Bids with the Stock Exchanges.

(e) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.

(f) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid-cum-Application Form. The Designated Branch shall thereafter enter the Bid details from the prescribed ASBA Bid cum- Application Form, if submitted in physical mode, or the Bid information submitted through the electronic mode made available by the SCSBs, as the case may be, into the electronic bidding system of the Stock Exchanges and generates a Transaction Registration Slip (“TRS”). The TRS shall be furnished to the ASBA Bidder on request. (g) An ASBA Bidder cannot bid, either in physical or electronic mode, on another ASBA Bid cum- Application Form or a non-ASBA Bid-cum-Application Form after bidding on one ASBA Bid-cum-Application Form, either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs or uploaded by the ASBA Bidder, as the case may be. Submission of a second ASBA Bid-cum-Application Form or a Non-ASBA Bid-cum-Application Form to either the same or to another Designated Branch of the SCSB will be treated as multiple Bids and will be 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.

## **Bidding**

a. The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share, Rs. [●] being the floor of the Price-Band and Rs. [●] being the cap of the Price Band. The Bidders can bid at any price within the price Band, in multiples of Re. 1. The minimum application value shall be within the range of Rs. 5,000 to Rs. 7,000. The Company, in consultation with the BRLM reserves the right to revise the Price Band, during the Bid/Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price.

b. In case of revision in the Price Band, the Bid/Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two national newspapers (one each in English and Hindi), and a regional language newspaper and also by indicating the change on the websites of the BRLM, SCSBs and at the terminals of the members of the Syndicate.

c. The Company in consultation with the BRLM will finalize the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation to, the ASBA Bidders.

d. ASBA Bidders agree that they shall purchase the Equity Shares at any price within the Price Band. In the event the Bid Amount is higher than the subscription amount payable, the ASBA Account shall be unblocked to the extent to such excess of Bid Amount over the subscription amount payable.

e. In case of an upward revision in the Price Band, announced as above, the number of Equity Shares bid for shall be adjusted downwards (to the previous multiple lot) for the purpose of allotment, such that no additional amount is required to be blocked in the ASBA Account and the ASBA Bidder is deemed to have approved such revised Bid at Cut-off Price.



## **Mode of Payment**

Upon submission of a Bid cum ASBA Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the bank account maintained with the SCSB.

Bid cum ASBA Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.

After verifying that sufficient funds are available in the ASBA Bidder's Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the Bid cum ASBA Form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Bidder's Account, in terms of the SEBI (ICDR) Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Bid Amount, as per the Bid-cum-Application Form submitted by the respective ASBA Bidders, would be required to be blocked in the respective ASBA Accounts from the time of the submission of the ASBA Bid-cum-Application Form, whether in physical or electronic mode, until finalization of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or withdrawal of bids by ASBA Investor or until rejection of the ASBA Bid, as the case may be.

## **Electronic registration of Bids by SCSBs**

a. In case of ASBA Bid-cum-Application Forms, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges. SCSB shall not upload any ASBA Application Form in the electronic bidding system of the Stock Exchange(s) unless:

i. it has received the ASBA in a physical or electronic form; and

ii. it has blocked the application money in the bank account specified in the ASBA or has systems to ensure that Electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.

b. The Stock Exchanges offer a screen-based facility for registering Bids for the Issue which will be available on the terminals of Designated Branches during the Bid/Issue Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for Book Building on a regular basis. On the Bid/Issue Closing Date, the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. ASBA Bidders are cautioned that high inflow of bids typically received on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that are not uploaded may not be considered for allocation.

c. The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be displayed online on the websites of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available on the websites of the Stock Exchanges during the Bidding Period.



d. At the time of registering each Bid, the Designated Branches of the SCSBs shall enter the information pertaining to the investor into the online system, including the following details:

- Name of the Bidder(s);
- Application Number;
- Permanent Account Number;
- Number of Equity Shares Bid for;
- Depository Participant identification No.; and
- Client identification No. of the Bidder's beneficiary account.

In case of electronic ASBA, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the above mentioned details in the electronic bidding system provided by the Stock Exchange(s).

e. A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches of the SCSBs. The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares bid for shall be allocated to the ASBA Bidders.

f. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

g. It is to be distinctly understood that the permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLM or the Designated Branches of the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements; nor does it take any responsibility for the financial or other soundness of our Company, our management or any scheme or project of our Company.

h. The SCSB may reject the ASBA Bid upon receipt of ASBA Bid-cum-Application Form, if the ASBA Account maintained with the SCSB as mentioned in the ASBA Bid-cum-Application Form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, our Company would have a right to reject the Bids only on technical grounds.

i. Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches of the SCSBs, the decision of the Registrar, in consultation with the BRLM, the Company and the Designated Stock Exchange, based on the physical records of the ASBA Bid-cum-Application Forms shall be final and binding on all concerned.

### **Price Discovery and Allocation**

After the Bid/Issue Closing Date, the Registrar to the Issue shall aggregate the demand generated under the ASBA process and which details are provided to them by the SCSBs with the Retail Individual Investors and Non Institutional Investors applying under the non ASBA process to determine the demand generated at different price levels. For further details, refer to the section titled "Issue Procedure" on page 227 of the Draft Red Herring Prospectus.



### **Issuance of Confirmation of Allocation Note**

The dispatch of the CAN to an ASBA Investor shall be deemed to be a valid, binding and irrevocable contract for the ASBA Investor, whose funds shall thereafter be unblocked by the SCSB and shall be transferred to the ASBA Public Issue Account for the payment of the entire Issue Price for allocation for all the Equity Shares transferred to such ASBA Investor.

### **Terms of Payment and Payment into the Public Issue Account by the SCSB**

Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar shall provide the following details to the SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the ASBA Public Issue Account on a date falling within 15 days from the Bid/Issue closing date as informed by the Book Running Lead Manager.

- 1) Number of shares to be allotted against each valid ASBA
- 2) Amount to be transferred from the relevant bank account to the ASBA Public Issue Account, for each valid ASBA Bid-cum-Application Form
- 3) The date by which the funds referred to in sub-para (2) above, shall be transferred to the ASBA Public Issue Account
- 4) Details of rejected ASBAs, if any, along with reasons for rejection and details of withdrawn/unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective bank accounts.

### **Payment mechanism under ASBA**

The ASBA Bidders shall specify the bank account number in the ASBA Bid-cum-Application Form and the SCSB shall block an amount equivalent to the application money in the bank account specified in the Bid-cum-Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/rejection of the ASBA Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount.

In the event of withdrawal or rejection of Bid-cum-Application Form or for unsuccessful Bid-cum-Application Forms, the Registrar to the Issue shall give instructions to the Controlling Branch of the SCSB to unblock the application money in the relevant bank account. The Bid Amount shall remain blocked in the ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

### **Allotment of Equity Shares**

a. The Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the bank account of the ASBA Bidders to the Public Issue Account on the Designated Date, to the extent applicable, the Company would ensure the credit of the Allotted Equity Shares to the depository accounts of all successful ASBA Bidders' within two working days from the date of Allotment. b. As per the SEBI Regulations, Equity Shares will be issued, transferred and allotted only in the dematerialized form to the Allotees. Allotees will have the option to re-materialize the Equity Shares so Allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.



b. As per the SEBI Regulations, Equity Shares will be issued, transferred and allotted only in the dematerialized form to the Allotees. Allotees will have the option to re-materialize the Equity Shares so Allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

### **General Instructions**

#### **DO's:**

- a. Check if you are a Retail Individual Investor and Non Institutional Investor and eligible to Bid under ASBA process.
- b. Ensure that you use the ASBA Bid-cum-Application Form specified for the purposes of ASBA process.
- c. Read all the instructions carefully and complete the ASBA Bid-cum-Application Form (if the Bid is submitted in physical mode, the prescribed ASBA Bid-cum-Application Form is Pink in colour).
- d. Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be allotted in dematerialized form only.
- e. Ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or Lead Manager to the Issue.
- f. Ensure that the ASBA Bid-cum-Application Form is signed by the account holder in case the applicant is not the account holder.
- g. Ensure that you have mentioned the correct bank account No. in the ASBA Bid-cum-Application Form.
- h. Ensure that you have funds equivalent to the Bid amount mentioned in the ASBA Bid-cum-Application Form available in your bank account maintained with the SCSB before submitting the ASBA Bid-cum-Application Form to the respective Designated Branch of the SCSB.
- i. Ensure that you have correctly checked the authorization box in the ASBA Bid-cum-Application Form, or have otherwise provided an authorization to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA Bid-cum-Application Form in your ASBA Account maintained with a branch of the concerned SCSB.
- j. Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your ASBA Bid-cum-Application Form.
- k. Ensure that you have mentioned your Permanent Account Number ("PAN") allotted under the I.T. Act.
- l. Ensure that the name(s) given in the ASBA 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 ASBA Bid is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Bid-cum-Application Form.
- m. Ensure that the Demographic Details are updated, true and correct, in all respects.



#### **DON'Ts:**

- a. Do not submit an ASBA Bid if you are a QIB Bidder.
- b. Do not Bid or revise Bid price to less than the Floor Price or more than the cap price.
- c. Do not Bid on another ASBA or Non-ASBA Bid-cum-Application Form after you have submitted a Bid to a Designated Branch of the SCSB.
- d. Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSBs shall not be accepted under the ASBA process.
- e. Do not send your physical ASBA Bid-cum-Application Form by post; instead submit the same to a Designated Branch of the SCSB only.
- f. Do not fill up the ASBA Bid-cum-Application Form such that the bid amount against the number of Equity Shares Bid for exceeds the investment limit under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Draft Red Herring Prospectus.
- g. Do not submit the GIR number instead of the PAN Number.
- h. Do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process.

#### **Specific Instructions for ASBA Investors and grounds for rejection of Bids:**

- Check whether you are eligible to apply as an ASBA Investor. If you are not covered by the definition of an "ASBA Investor", the Bid shall be rejected
- Check all the details entered into the ASBA Bid-cum-Application Form are correct. If the DP ID, Client or PAN furnished by the ASBA Investor in his ASBA Bid-cum-Application Form is incorrect or incomplete, the ASBA shall be rejected and the Issuer or the SCSB shall not be liable for losses, if any. The Registrar to the Issue shall inform each SCSB about errors, if any, in the bid details, along with an advice to send the rectified data within the time as specified by the Registrar.
- The Registrar shall match the reconciled data with the depository's database for correctness of DP ID, Client ID and PAN. In case any DP ID, Client ID or PAN mentioned in the bid file for ASBAs does not match with the one available in the depository's database, such ASBA shall be rejected by the Registrar.
- The Registrar to the Issue shall reject multiple ASBAs determined as such, based on common PAN.
- Ensure that multiple ASBAs are not submitted.
- Ensure that bids are submitted on ASBA Bid-cum-Application Forms meant only for ASBA Investor.
- Ensure that the ASBA Bid-cum-Application Form is signed by the account holder in case the applicant is not the account holder.
- Ensure that the bank account specified in the ASBA does have sufficient credit balance to meet the application money, in absence of which the application shall be rejected by the SCSB.
- Ensure that you have authorized the SCSB to do all acts as are necessary to make an application in this Issue, including uploading of his Bid, blocking or unblocking of funds in the bank account



maintained with the SCSB specified in the ASBA, transfer of funds to the ASBA Public Issue Account on receipt of instruction from the Registrar to the Issue after finalisation of the basis of allotment entitling yourselves to receive shares on such transfer of funds, etc, failing which the ASBA Bid-cum-Application Form shall be rejected.

- ASBA Bid-cum-Application forms should bear the stamp of the Syndicate Member and / or Designated branch of SCSB. ASBA Bid-cum-Application forms which do not bear the stamp will be rejected.
- Ensure that you have authorized the Registrar to the Issue to issue instructions to the SCSB to remove the block on the funds in the bank account specified in the ASBA, upon finalization of the basis of allotment and to transfer the requisite money to the Public Issue Account failing which the ASBA Bid-cum-Application Form shall be rejected.
- Ensure that you don't submit your Bid after the closing time of acceptance of Bids on the last day of the bidding period, in which case the same shall be rejected by the SCSB.

#### **ASBA Bidder's Depository Account and Bank Details**

ALL ASBA BIDDERS SHALL RECEIVE THE EQUITY SHARES ALLOTTED TO THEM IN DEMATERIALIZED FORM. ALL ASBA BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE ASBA FORM. ASBA BIDDERS MUST ENSURE THAT THE NAME GIVEN IN THE ASBA FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE ASBA 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 ASBA FORM.

ASBA Bidders should note that on the basis of name of the ASBA Bidders, Depository Participant's name and identification number and beneficiary account number provided by them in the ASBA Form, the Registrar to the Issue will obtain from the Depository, demographic details of the ASBA Bidders including address, ("Demographic Details"). Hence, ASBA Bidders should carefully fill in their Depository Account details in the ASBA Form.

As these Demographic Details would be used for all correspondence with the ASBA Bidders they are advised to update their Demographic Details as provided to their Depository Participants. By signing the ASBA Form, the ASBA Bidder is 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.

CAN/Allocation advice would be mailed at the address of the ASBA Bidder as per the Demographic Details received from the Depositories. ASBA Bidders may note that delivery of CAN/Allocation advice may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Note that any such delay shall be at the sole risk of the ASBA Bidders and neither of the Designated Branches of the SCSBs, the members of the Syndicate, our Company or the Registrar to the



Issue shall be liable to compensate the ASBA Bidder for any losses caused to the ASBA Bidder due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the ASBA Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such Bids are liable to be rejected.

ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be allotted in dematerialized form only.

### **ASBA Bids under Power of Attorney**

In case an ASBA Bidder makes a Bid pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA Form. Failing this, our Company, in consultation with the BRLM, reserves the right to reject such Bids. Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA Form, subject to such terms and conditions that we, in consultation with the BRLM may deem fit.

### **Revision of Price Band**

SCSB shall ensure that information about revision in the Bidding Period or Price Band, as and when received, is communicated and effected to in its systems promptly, for information of ASBA Investors.

## **OTHER INSTRUCTIONS**

### **Withdrawal of ASBA Bids**

The ASBA Bidders can withdraw their Bids during the Bidding/Issue Period by submitting a request for the same to the SCSBs who shall do the requisite, including deletion of details of the withdrawn ASBA Form from the electronic bidding system of the Stock Exchanges and unblocking of the funds in the ASBA Account.

In case the ASBA Bidder wishes to withdraw the Bid after the Bid/Issue Closing Date, the same can be done by submitting a withdrawal request by the ASBA Bidder to the Registrar to the Issue. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file and give instruction to the SCSB for unblocking the ASBA Account after finalization of the Basis of Allotment.

### **Joint ASBA Bids**

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.

### **Multiple ASBA Bids**

An ASBA Bidder should submit only one Bid for the total number of Equity Shares desired. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same.



### **Permanent Account Number**

The ASBA Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act on the ASBA form. **Applications without this information will be considered incomplete and are liable to be rejected by the SCSBs.** It is to be specifically noted that ASBA Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.

### **Other Information**

In case of failure or withdrawal of the Issue, on receipt of appropriate instruction from the Book Running Lead Manager, the SCSB shall unblock the bank accounts latest by the next day of receipt of such instruction.

The SCSB shall not accept any Bid Cum ASBA after the closing time of acceptance of Bids on the last day of the Bidding period.

### **Unblocking of Funds**

Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar shall provide the following details to the Controlling Branch of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the Public Issue account within the timelines specified in the ASBA process:

- 1) Number of shares to be allotted against each valid ASBA
- 2) Amount to be transferred from the relevant bank account to the Public Issue account, for each valid ASBA
- 3) The date by which the funds referred to in sub-para (b) above, shall be transferred to the Public Issue account
- 4) Details of rejected Bid Cum ASBA, if any, along with reasons for rejection and details of withdrawn/unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective bank accounts. SCSB shall thereafter unblock the amounts blocked in the account of the ASBA Investor.

### **RIGHT TO REJECT ASBA BIDS**

The Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the ASBA Account, the respective Designated Branch ascertains that sufficient funds are not available in the ASBA Account.

Further, in case any DP ID, Client ID or PAN mentioned in the ASBA Form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue.

### **COMMUNICATIONS**

All future communication in connection with ASBA Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Bidder, ASBA Form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA Form, name and address of the Designated Branch of the SCSB where the ASBA Bid was submitted and bank account number of the ASBA Account, with a copy to the relevant SCSB.

The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any



errors, fraud or willful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held.

ASBA Bidders can contact the Compliance Officer, the Designated Branch of the SCSB where the ASBA Form was submitted, or the Registrar to the Issue in case of any pre or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

### **Disposal of Investor Grievances**

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked on application, bank account number of the ASBA Account number and the Designated Branch or the collection centre of the SCSB where the Bidcum- Application Form was submitted by the ASBA Bidders.

### **DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSBs BY THE REGISTRAR TO THE ISSUE**

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI (ICDR) Regulations, 2009, we undertake that:

- Allotment shall be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Instructions for unblocking of the ASBA Bidder's Bank Account shall be made; and
- We shall pay interest at 15% p.a. for any delay beyond the 15 day period mentioned above, if Allotment is not made and/or demat credits are not made to investors within the time period prescribed above or if instructions to SCSBs to unblock ASBA Accounts are not issued within 15 days of the Bid/Issue Closing Date.

### **Basis of Allocation and Method of Proportionate Basis of Allocation in the Issue**

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. The basis of allocation to such valid ASBA and non-ASBA Bidders will be that applicable to Retail Individual Bidders and Non Institutional Bidders. No preference shall be given vis-à-vis ASBA and other Bidders.

### **UNDERTAKING BY OUR COMPANY**

We undertake as follows that:

1. the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;
2. all steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares of the Issuer Company are to be listed are taken within 7 working days of finalization of the basis of allotment;
3. funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the issue by our Company.



4. where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

5. certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within specified time.

6. no further issue of securities shall be made till the securities offered through the Draft Red Herring Prospectus are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.

7. adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

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

If our Company withdraws the issue after closure of bidding, the issuer shall be required to file a fresh draft offer document with the Board.

#### **UTILIZATION OF ISSUE PROCEEDS**

The Board of Directors of our Company certifies that:

i) All monies received out of this issue of Equity Shares to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act, 1956;

ii) Details of all monies utilized out of the issue referred to in sub-item (a) shall be disclosed and continue to be disclosed till the time any part of the issue proceeds remains unutilized under an appropriate separate head in the Balance Sheet of our Company indicating the purpose for which such monies had been utilized; and

iii) Details of all unutilized monies out of the issue of Equity Shares, referred to in sub-item (i) shall be disclosed under an appropriate separate head in the Balance Sheet of our Company indicating the form in which such unutilized monies have been invested;



## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made.

Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of Government of India (FIPB) and the RBI. As per current foreign investment policies, foreign direct investment in the sector in which our Company operates (Civil Construction) is allowed upto 100% under the automatic route.

RBI, *vide* its circular A.P (DIR Series) Circular No. 53 dated December 17, 2003, permitted FIIs to subscribe to shares of an Indian Company in the public issue without prior approval of RBI, so long as the price of Equity Shares to be issued is not less than the price at which the Equity Shares are issued to residents.

### **Investment by Non-Resident Indians**

A variety of special facilities for making investments in India in shares of Indian Companies are available to individuals of Indian nationality or origin residing outside India (“NRIs”). These facilities permit NRIs to make portfolio investments in shares and other securities of Indian companies on a basis not generally available to other foreign investors. Under the portfolio investment scheme, NRIs are permitted to purchase and sell Equity Shares of our Company through a registered broker on the Stock Exchanges. NRIs collectively should not own more than 10% of the post-issue paid up capital of our Company. No single NRI may own more than 5% of the post-issue paid up capital of our Company. NRI investment in foreign exchange is now fully repatriable whereas investments made in Indian Rupees through rupee accounts remains non repatriable.

### **Investment by Foreign Institutional Investors**

Foreign Institutional Investors (“FIIs”) including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI’s general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.



### **Ownership restrictions of FIIs**

Under the portfolio investment scheme, the overall issue of Equity Shares to FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of our Company. However, the limit of 24% can be raised up to the permitted sectoral cap for that Company after approval of the board of Directors and shareholders of our Company. The issue of Equity Shares to a single FII should not exceed 10% of the post-issue paid-up capital of our Company. In respect of an FII investing in Equity Shares of a Company on behalf of its sub-accounts, the investment on behalf of each subaccount shall not exceed 10% of the total issued capital of that Company.

### **Registration of Equity Shares under US Laws**

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, 'U.S. persons' (as defined in Regulation S of the U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to 'qualified institutional buyers', as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

**The above information is given for the benefit of the Bidders and neither Our Company nor the BRLM are liable for any changes in the regulations after the date of the Draft Red Herring Prospectus.**



## SECTION X -

### DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

#### MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF OUR COMPANY

Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association of our Company relating to voting rights, dividend, lien, forfeiture, restriction on transfer and transmission of Equity Shares / Debenture and/or their consolidation / splitting are detailed below.

The Authorized capital of our Company is Rs. 60.00 Crores divided into 6,00,00,000 Equity Shares of Rs. 10 each.

#### SHARE CAPITAL

| Title of Article        | Article No. | Contents   |
|-------------------------|-------------|--|
| Division of Capital     | 4           | The Authorized Share Capital of the Company be such amount as may be stated in the Memorandum of Association from time to time. (As amended on 14 <sup>th</sup> October, 1994).  |
| Allotment of Shares     | 5           | Subject to the provisions of these Articles the shares shall be under the control of the Board who may allot or otherwise dispose of the same to such persons on such terms and conditions, and at such times, either at par or at a premium and for such time and for such consideration as the Board thinks fit. Provided that where at any time (subsequent to the first allotment of shares) it is proposed to increase the subscribe capital of the Company by the issue of new shares, then, subject to any directions to the contrary which may be given by the Company in General Meeting, the Board shall issue such shares, then, subject to any directions to the contrary which may be given by the Company in General Meeting, the Board shall issue such shares in the manner set out in Section 81(1) of the Act save that the Board may determine whether or not an offer of shares made in such manner shall include a right exercisable by any person concerned to renounce all or any of the shares offered to him in favour of any other person. |
| Term of Issue Debenture | 5A          | Any debentures, debenture - stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.<br><br><i>*(Inserted as per Special Resolution dated 7<sup>th</sup> September, 2005)</i>  |



|   |     |   |
|---|-----|---|
| Return on Allotments                    | 6   | As regards all allotment from time to time the company shall duly comply with section 75 of the act.  |
| Amount on Application                   | 7   | If the company shall offers any of its shares to the public for the subscription, the amount payable on application on each share not be less than 5% of the nominal amount of the share  |
| Commission and Brokerage                | 8   | The Company may exercise the powers of paying commissions conferred by Section 76 of the Act, provided that the rate percent, or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the said section and the commission shall not exceed 5 percent of the price at which any shares, in respect whereof the same is paid are issued or 2½ percent of the price at which any debentures are issued (as the case may be). Such commission may be satisfied by the payment of cash or the allotment or fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful. |
| Shares at a Discount                    | 9   | With the previous authority of the Company in General Meeting and the sanction of the Court and upon otherwise complying with Section 79 of the Act the Board may issue at a discount shares of a class already issued.   |
| Redeemable of Preference Shares         | 10  | Subject to the provisions of these Articles, the Company shall have the power to issue Preference Shares, carrying a right to redemption out of profits which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of such redemption or liable to be so redeemed at the option of the Company and the Board may, subject to the provisions of Section 80 of the Act, exercise such power in any manner it may think fit.  |
| Installment on Shares duly to be paid   | 11  | If by the conditions of allotment of any shares the whole or part of the amount of issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who for the time being shall be the member registered in respect of the share or by his executor or administrator   |
| Liability of Members Registered Jointly | 12  | Members who are registered jointly in the respect of the share shall be severally as well as it jointly liable for the payment of all installments and calls due in the respect of each share   |
| Trusts not recognized                   | 13  | Save as herein otherwise provided the company shall be entitled to treat the member registered in the respect of any shares as the absolute owner thereof and accordingly shall not except as ordered by the court of competent jurisdiction, or as statue required, be bound to recognize any equitable or other claim to or interest in such share on the part of any other person.   |
| Who may be registered                   | 14  | Shares may be registered in the name of any person, company or other body corporate   |
| Issue of Share Warrants                 | 14A | Notwithstanding anything contained in this articles, the company with the consent on the central government and in accordance with the provisions of the companies Act in this respect, shall have power to issue share warrants whether as preference shares warrants or equity share warrants and on such terms and conditions as the board will determine at the time of the issue.  |
|   |     | <i>(Inserted as per Special Resolution dated 25<sup>th</sup> September, 1962)</i>   |



|                         |     |   |
|-------------------------|-----|---|
| Further Issue of Shares | 14B | <p>Where at any time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the unissued capital or out of the increased share capital then:</p> <ol style="list-style-type: none"><li>1. Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion as near as circumstances admit, to the capital paid up those shares at the date.</li><li>2. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined</li><li>3. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub - clause (b) hereof shall contain a statement of this right, provided that the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.</li><li>4. After expire of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.</li></ol> <p>Notwithstanding anything contained in sub - clause (1) thereof, the further shares aforesaid may be offered to any persons (Whether or not those persons includes the persons referred to in clause (a) of sub - clause (1) hereof) in any manner whatsoever.</p> <ol style="list-style-type: none"><li>a. If a special resolution to that effect is passed by the company in general meeting; or</li></ol> <p>Where no such special resolution is passed, if the votes cast (Whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the General Meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company</p> |
|-------------------------|-----|---|



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|                                 |     | <p>Nothing in sub - clause (c) of (1) hereof shall be deemed :</p> <ul style="list-style-type: none"><li>a. To extend the time within which the offer should be accepted, or</li><li>b. To authorize any person to exercise any right of renunciation for a second time on the ground that the person in whose favour the remuneration was first made has declined to take the shares comprised in the renunciation</li></ul> <p>Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the company :</p> <ul style="list-style-type: none"><li>a. To convert such debenture or loans into the shares of the company</li><li>b. To subscribe for the shares in the company(Whether such option in conferred in in these articles or otherwise.</li></ul> <p>Provided that the terms of the issue of such debentures or the terms of such loans including a term providing for such option an such term:</p> <ul style="list-style-type: none"><li>a. Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf ; and</li><li>b. In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.</li></ul> |
| Shares at the Disposal of Board | 14C | <p>Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliances with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may</p>   |



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|  |  | <p>be issued as fully paid up shares and if so issued, shall be deemed to be fully paid up shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.</p> <p>*(Inserted as per Special Resolution dated 7<sup>th</sup> September, 2005)</p> |
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## CERTIFICATE

| Title of Article  | Article No | Article Contents   |
|---|------------|--|
| Certificates  | 15         | The certificates of title of shares and duplicates thereof when necessary shall be issued under the Seal of the Company.   |
| Limitation of time for Issue of Securities                          | 16*        | Every Member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub - division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder. |
| Issue of New Certificate in place of one defaced, lost or destroyed | 17*        | If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, an a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every Certificate under the Article shall be issued without payment of fees if the directors so decide, or on payment of such fees (upon paying such fee as the Directors may from time to time determine for each certificate). Provided that no fee shall be charges for issue of New Certificates in replacement of those which are old,   |



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|  |       | <p>defaced or worn out or where there is no further is no further space on the back thereof for endorsement of transfer.</p> <p>Provided that notwithstanding what is stated above the Directors shall comply with such Rules or regulation or Requirements of any Stock Exchange or the Rules made under the Act or the Rules made under the Securities Contracts (Regulation) Act, 1956 or other Act, or rules applicable in this behalf.</p> <p>The provisions of this Article shall mutates mutandias apply to debentures of the Company.</p>  |
| Dematerialisation of Securities              | 17(I) | <p>Notwithstanding any thing contained in these Articles, the Company shall be entitled to dematerialise its shares, debentures and other securities (both existing and future) held by it with the depository and to offer its share, debentures and other securities for subscription in a dematerialized form pursuant to the Depositories Act, 1996 and Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 and the rules framed there under, if any.</p>   |
| Option for Investors                         | (II)  | <p>Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner and within the time prescribed, issue to the beneficial owner the required certificate of securities.</p> <p>Where a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.</p> |
| Securities in Depositories in Fungible Form  | (III) | <p>All securities held by a Depository shall be dematerialised and shall be in fungible form. Nothing contained in Section 153, 153A, 153B, 187A, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owner.</p>  |
| Rights of Depositories and Beneficial Owners | (IV)  | <p>a. Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner</p> <p>b. Save as otherwise provided in (a) above, the Depository as a registered owner of the securities shall not have any</p>   |



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|  |        | <p>voting rights or any other right in respect of the securities held by it.</p> <p>c. Every person holding securities of the company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.</p>   |
| Depository to Furnish Information            | (V)    | Notwithstanding anything to the contrary contained in the Act or these Articles, where the securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company at such intervals by means of electronic mode or by delivery of floppies and discs   |
| Option to opt out in respect if any security | (VI)   | <p>If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly. The depository shall, on receipt of the intimation as above, make appropriate entries in its record and shall inform the Company accordingly.</p> <p>The Company shall within 30 (thirty) days or the time limit as provided under the Regulations, of receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the Regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.</p> |
| Section 83 and 108 of The Act not to apply   | (VII)  | <p>Notwithstanding anything to the contrary contained in the Articles :-</p> <p>Section 83 of the Act shall not apply to the shares with a depository. Section 108 of the Act shall not apply to transfer of security effected by the Transferor and the Transferee both of whom are entered as beneficial owners in the records of the Depository.</p>  |
| Register and Index of Beneficial owners      | (VIII) | The Register and index of beneficial owners, maintained by a Depository under Section 11 of the Depository Act, 1996 shall be deemed to be the Register and index of members and Security holders as the case may be for the purpose of these Articles.  |
| Intimation to Depository                     | (IX)   | Notwithstanding anything to the contrary contained in the Act or these Articles, where securities are dealt with a Depository, the Company shall intimates the details of allotments of securities thereof to the Depository immediately on allotment of such  |



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|   |        | securities.  |
| Stamp Duty on Securities held on Dematerialised form  | (X)    | No stamp duty would be payable on shares or securities held in dematerialized form in any medium as may be permitted by law including any form of electronic medium.   |
| Applicability of Depository Act   | (XI)   | In case of transfer of shares, debentures and other marketable securities, where the company has not issued any certificates and where such shares, debentures or securities are being held in an electric and fungible form in a Depository, the provisions of the Depository Act, 1996 shall apply.  |
| Company to recognize the registered shareholders as also the beneficial owners in the records of the Depository | (XIII) | Save as herein provided, the Company shall be entitled to treat the person whose name appears on the Register of members as the holder of any share, as also the beneficial owner of the shares in records of the depository as the absolute owner thereof as regards receipt of dividends or bonus or service of notices and all or any other matters connected with the company, and accordingly, the Company shall not, except as ordered by a Court of Competent Jurisdiction or as by law required, be bound to recognize any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof. |

## CALLS

| Title of Article                             | Article No. | Article Contents  |
|--|-------------|---|
| Calls  | 18          | The Board may, from time to time, subject to the terms on which any shares may have been issued, and subject to the provisions of Section 91 of the Act make such calls as the Board thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of all allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board. A call may be made payable by installments and shall be deemed to have been made when the resolution of the Board authorizing such call was passed, "Provided that no option or right to call of Shares shall be given to any person except with the sanction of the Company in General Meeting." (Inserted as per Special Resolution dated 24 <sup>th</sup> June, 1966) |
| Restriction on power to make Calls & Notice  | 19          | No call shall exceed one - fourth of the nominal amount of a share, or be made payable within one month after the last preceding call was payable. Not less than fourteen days' notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid  |
| When Interest on Call or Installment payable | 20          | If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof, the member   |



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|   |     | for the time being in respect of the share for which the call shall have been made or the installment shall be due shall pay interest for the same at the rate of 12 percent per annum from the day appointed for the payment thereof to the time of the actual payment or at such lower rate (if any) as the Board may determine. The directors shall also be at liberty to waive the payment of that interest wholly or in part   |
| Amount payable at Fixed times or Payable by installments as Calls | 21  | 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 times, whether on account of the shares or by way of premium every such amount or installment shall be payable as if it were a call duly made by the Board and of which due notice had been given, and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly   |
| Evidence on Action by Company against Members                     | 22  | On the trial or hearing of any action or suit brought by the Company against any member or his representatives to recover any debt or money claimed to be due to the Company in respect of his share it shall be sufficient to prove that the name of the defendant is, or was, when the claim arose on the Register as a member or one of the members in respect of share for which such claim is made and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Board who made any call, not that a quorum was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted, nor any other matter whatsoever, but proof of the matters aforesaid shall be conclusive evidence of the debt.   |
| Payment in Anticipation of Call may carry interest                | 23* | <p>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 of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.</p> <p>The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the would but for such payment, become presently payable.</p> <p>The provisions of these articles shall mutates apply to the calls on debentures of the company</p> |



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| Revocation of a Call | 24 | A call may be revoked or postponed at the discretion of the board |
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#### FORFEITURE AND LIEN

| Title of Article                                      | Article No | Article Contents  |
|---|------------|---|
| If call or installment not paid notice may be given   | 25         | If any member fails to pay any call or installment on or before the day appointed for the payment of the same the Board may at any time thereafter during such time as the call or installment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non - payment.   |
| Form of notice  | 26         | The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state in the event of non - payment at or before the time, and at the place appointed, the share in respect of which such call was made or installment is payable will be liable to be forfeited.  |
| If notice not complied with shares may be forfeited   | 27         | If the requisitions of any such notice as aforesaid be not complied with any share in respect of which such notice has been given may, at any time thereafter, before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture.  |
| Notice after Forfeiture                               | 28         | When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof shall forthwith be made in the register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.  |
| Forfeited share to become the property of the company | 29         | Any share so forfeited shall be deemed to be the property of the Company and the Board may sell, re - allot or otherwise dispose of the same in such manner as it thinks fit.   |
| Power to Annual Forfeiture                            | 30         | The Board may, at any time before any share so forfeited shall have been sold re - allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.   |
| Liability on Forfeiture                               | 31         | A person whose share has been forfeited shall cease to be a member in respect of the forfeited share, but shall, notwithstanding remain liable to pay and shall forthwith pay to the Company, all calls or installments, interest and expenses, owing upon or in respect of such share at the time of the forfeiture, together with interest thereon from the time of forfeiture until payment at 12 percent per annum and the Board may enforce the payment thereof, or any part thereof without any deduction or allowance for the value of the share at the time of forfeiture but shall not be under any obligation to do so. |
| Evidence of Forfeiture                                | 32         | A duly verified declaration in writing that the declarant is a  |



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|  |    | Director of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares and the person to whom any such share is sold shall be registered as the member in respect of such share and shall not be bound to see to the application of the purchase money nor shall his title to such share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture sale or disposition.  |
| Company's lien on shares                                   | 33 | 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 dividend 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.<br><br>*(Inserted as per Special Resolution dated 7 <sup>th</sup> September, 2005 |
| As to enforcing lien by sale                               | 34 | For the purpose of enforcing such lien the Board may sell the share subject thereto in such manner as it thinks fit, but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member, his executor or administrator or his committee <i>curator bonus</i> or other legal representative as the case may be and default shall have been made by him or them in the payment of the moneys called or payable at a fixed time in respect of such share for seven days after the date of such notice.  |
| Application of proceeds of sale                            | 35 | The net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the share before the sale) be paid to the person entitled to share at the date of the sale.  |
| Validity of sales in exercise of lien and after forfeiture | 36 | Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given the Board may appoint some person to execute an instrument of transfer of the share 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 the regularity of the proceedings nor to the application of the purchase money, and after his name has been entered in the Register in respect of such share the validity of the sale shall not be impeached by any person, and the remedy of any person  |



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|                                  |    | aggrieved by the sale shall be in damages only and against the Company exclusively.  |
| Board may issue New Certificates | 37 | Where any share under the powers in that behalf herein contained in sold by the Board and the Certificate in respect thereof has not been delivered up to the Company by the member previously registered in respect of such shares, the Board may issue a new certificate for such share distinguishing it in such manner as it may think fit from the certificate not so delivered up. |

#### TRANSFER AND TRANSMISSION

| Title of Article           | Article No | Article Contents  |
|----------------------------|------------|---|
| Execution of Transfer      | 38         | Save as provided in Section 108 of the Act, no transfer of any share shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company together with the Certificate or, if no such certificate is in existence, the Letter of Allotment of the share. The instrument of transfer of any share shall specify the name, address and occupation (if any) both of the transferor and of the transferee and the transferor shall be deemed to remain the member in respect of such share until the name of the transferee is entered in the Register in respect thereof. Each signature to such transfer shall be duly attested by the signature of one credible witness who shall add his address and occupation. |
| Applications by Transferor | 39         | Application for the registration of the transfer of a share may be made either by the transferor or the transferee, provided that, where such application be made either by the transferor, no registration shall be in the case of a partly paid share be effected unless the Company gives notice of the application to the transferee in the manner prescribed by Section 110 of the Act, and subject to the provisions of these articles the company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee.  |
| Form of Share Transfer     | 40         | The instrument of transfer of any share of any share shall be in writing in the usual common form, or in the following form, or as near thereto as circumstances will admit:-   |



#### INCREASE AND REDUCTION OF CAPITAL

| Title of Article                                | Article No | Article Contents   |
|---|------------|--|
| Power to Increase Capital                       | 50         | The Company may from time to time and at any time alter the conditions of its Memorandum of Association to increase the capital by the creation of new shares of such amount as may be deemed expedient.   |
| On what conditions New Share may be issued      | 51         | Subject to any special rights or privileges for the time being attached to any shares in the capital of the Company then issued, the new shares may be issued upon such terms and conditions and with such rights and privileges attached thereto as the General Meeting resolving upon the creation thereof, shall direct and if no direction be given as the Board shall determine and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company. |
| Provisions relating to Issue                    | 52         | Before the issue of any new shares, the Company in General Meeting may make provisions as to the allotment and issue of the new shares and in particular may determine to whom the same shall be offered in the first instance and whether at par, at a premium or subject to the provisions of Section 79 of the Act at a discount; in default of any such provision or so far as the same shall not extend, the new shares may be issued in conformity with the provisions of Article 5.   |
| How far new shares to rank with existing shares | 53         | Before the issue of any new shares, the Company in General Meeting may make provisions as to the allotment and issue of the new shares and in particular may determine to whom the same shall be offered in the first instance and whether at par, at a premium or subject to the provisions of Section 79 of the Act at a discount; in default of any such provision or so far as the same shall not extend, the new shares may be issued in conformity with the provisions of Article 5.   |
| Inequality in number of New Shares              | 54         | If, owing to any inequality in the number of new shares to be issued, and the numbers of shares held by members entitled to have the offer of such new shares any difficulty shall arise in the apportionment of such new shares or any of them amongst the members, such difficulty shall, in the absence of any direction in the resolution creating the shares or by the Company in general meeting, be determined by the Board.  |
| Reduction of Capital                            | 55         | The Company may from time by Special Resolution reduce its Capital Redemption, Reserve Fund or Share Premium Account in any manner and with and subject to any incident authorized and consent required by law.  |



## ALTERATION OF CAPITAL

| Title of Article   | Article No | Article Contents  |
|--|------------|---|
| Power to subdivide and consolidate shares  | 56         | <p>The company may from time to time by ordinary resolution alter the conditions of its memorandum of its association to:-</p> <ol style="list-style-type: none"><li>1. Consolidate and divide all or any of its share capital into shares of the larger amount than its existing shares,</li><li>2. Sub-divide its existing share or any of them into the shares of smaller amount than is fixed by the memorandum so however, than in the sub-division the proportion between the amount paid and the amount if any unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.</li><li>3. convert all or any of its fully paid up shares into stock , and reconvert that stock into fully paid up shares of any denomination,</li><li>4. Cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the share so cancelled.</li></ol> |
| Sub-division into Preference and Ordinary  | 57         | <p>The resolution whereby any share is sub - divided may determine that, as between the members registered in respect of the share resulting from such sub - division one or more or such shares shall have some preference or special advantage as regards dividend, capital, voting or otherwise over or as compared with the others or other, subject nevertheless to the provisions of Sections 85, 87, 88 and 106 of the Act.</p>  |
| Regulations as to Transfer of Shares to apply to stock                             | 58         | <p>When any shares have been converted into stock several holders of such may thenceforth transfer their respective interests, therein, or any part of such interests in the same manner and subject to the same regulations as and subject to which shares in the Company's capital may be transferred or as near thereto as circumstances will admit and the Directors may from time to time if they think fit, fix the minimum amount of stock transferable and direct as to how the fractions shall be dealt with, with power nevertheless at their discretion to waive such rules in any particular case.</p>  |
| Holder of Stock have same privileges as would have been conferred by Shares amount | 59         | <p>The stock shall confer on the holders thereof respectively the same privileges and advantages as regards participation in profits and voting at meetings of the Company and for other purposes, as would have been conferred by shares of equal amount in the capital of the Company but so that none of such privileges or advantages, except the participation in profits, of the Company, shall be conferred by any such aliquot part of consolidated stock as would not, if existing in shares have conferred such privileges or advantages. And save as aforesaid all the provisions therein</p>  |



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|                     |    | contained shall, so far as circumstances will admit, apply to stock as well to shares. No such conversion shall affect or prejudice any preference or other special privileges.                       |
| Surrender of Shares | 60 | Subject to the provisions of Section 100 to 105 inclusive of the Act, the Board may accept from any member the surrender on such terms and conditions as shall be agreed of all or any of his shares. |

#### MODIFICATION OF RIGHTS

| Title of Article       | Article No | Article Contents   |
|------------------------|------------|--|
| Power to Modify Rights | 61         | Whenever the capital (by reason of the issue of Preference Shares or otherwise) is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 106 and 107 of the Act, be modified commuted, affected, abrogated, varied or dealt with by agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is (A) consented to in writing by the holders of at least three - fourth of the issued shares of that class or (B) sanctioned by a resolution passed at a separate General Meeting of the holders of shares of that class in accordance with Section 106(I)(b) of the Act and all the provisions hereinafter contained as to General Meetings shall, <i>mutatis mutandis</i> , apply to every such meeting, except that the quorum thereof shall be not less than two persons holding or representing by proxy 50 percent of the nominal amount of the issued shares of the class. This Article is not by implication to curtail the power of modification which the Company would have if this Article were omitted. The Company shall comply with the provisions of Section 192 of the Act as to forwarding a copy of any such agreement or resolution to the Registrar. |

#### BORROWING POWER

| Title of Article                          | Article No | Article Contents   |
|---|------------|--|
| Power to Borrow                           | 62         | The Board may, from time to time at its discretion subject to the provisions of Sections 292 and 370 of the Act, raise or borrow either from the Managing Agents, or from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purpose of the Company.   |
| Conditions on which money may be borrowed | 63         | The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular by the issue of bonds, perpetual or redeemable, debenture - stock, or any mortgage, or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its |



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|  |    | uncalled capital for the time being.  |
| Managing agents loans and guarantee              | 64 | <p>Subject to the provision of the act the managing agents:-</p> <ol style="list-style-type: none"><li>1. Shall be entitled to receive such interest on loans and advances made by them to the Company as may be agreed between them and the Board; and</li><li>2. if so desired by the Board, may guarantee or provide security for any loan made to the Company and shall be entitled to receive such payment on account of their having given or provided any such guarantee or security as may be determined by the Board; and such interest and payments shall not be deemed to be remuneration in respect of their services as Managing Agents.</li></ol> |
| Issue at Discount etc or with Special Privileges | 65 | <p>Any debentures, debenture - stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, appointments of Directors and otherwise. Debenture, debenture - stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.</p>  |
| Instrument of Transfer                           | 66 | <p>Save as provided in Section 108 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of the debentures.</p>   |
| Notice of refusal to register transfer           | 67 | <p>If the Board refuses to register the transfer of any debentures the Company shall, within two months from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transferor notice of the refusal.</p>  |
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## GENERAL MEETINGS

| Title of Article                                  | Article No | Article Contents  |
|---|------------|---|
| When Annual General Meeting to be held            | 68         | In addition to any other meetings, General Meetings of the Company shall be held within such intervals as are specified in Section 166(1) of the Act and subject to the provisions of Section 166(2) of the Act, as such times and places as may be determined by the Board. Each such General Meeting shall be called an "Annual General Meeting and shall be specified as such in the notice convening the meeting. Any other meeting of the Company shall, except in the case of an Extra Ordinary General Meeting convened under the provisions of Article 69 be called a "General Meeting".  |
| When General and Extraordinary Meeting to be held | 69         | <p>The Board may whenever it thinks fit call a General Meeting and it shall, on the requisition of such members as hold at the date of the deposit of the requisition, not less than one - tenth of such of the paid up capital of the company as at that date carried the right of voting in regard to the matter to be considered at the meeting forth with proceed to call an Extra - Ordinary General Meeting and in the case of such requisition the following provisions shall apply.</p> <ol style="list-style-type: none"><li data-bbox="686 953 1390 1108">1. The requisition shall state the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the office. The requisition may consist of several documents in like form each signed by one or more requisitionists.</li><li data-bbox="686 1142 1390 1266">2. Where two or more distinct matters are specified in the requisition, the requisition shall be valid only in respect of those matters in regard to which the requisition has been signed by the members hereinbefore specified.</li><li data-bbox="686 1299 1390 1577">3. If the Board does not, within twenty one days from the date of deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of these matters on a day not later than forty five days from the date of deposit, the requisitionists or such of them as are enabled so to do by virtue of Section 169(6)(b) of the Act may themselves call the meeting but any meeting so called shall not be commenced after three months from the date of deposit</li><li data-bbox="686 1610 1390 1734">4. Any meeting called under this Article by the requisitionists shall be called in the same manner as nearly as possible as that in which meetings are to be called by the Board but shall be held at the office</li><li data-bbox="686 1768 1390 1793">5. Where two or more persons hold any shares jointly a</li></ol> |



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|                                    |    | <p>requisition or notice calling a meeting signed by one or some only of them shall for the purposes of this Article have the same force and effect as if it had been signed by all of them.</p> <p>6. Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duty to call a meeting shall be repaid to the requisitionists by the Company and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as are in default</p>   |
| Circulation of Members Resolutions | 70 | The Company shall comply with the provisions of Section 188 of the Act as to giving notice of resolutions and circulating statements on the requisition of members.   |
| Notice of Meeting                  | 71 | <p>Save as provided in sub - section (2) of Section 171 of the Act not less than twenty - one days' notice shall be given of every General Meeting of the Company. Every notice of a meeting shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat. Where any such business consists of "special business" as hereinafter defined there shall be annexed to the notice a statement complying with Section 173(2) and (3) of the Act.</p> <p>Notice of every meeting of the Company, shall be given to every member of the company, to the Auditors of the Company, and to any persons entitled to a share in consequence of the death or insolvency of a member in any manner hereinafter authorised for the giving of notice to such persons.</p> <p>The accidental omission to give any such notice to or the non - receipt by any member or other person to whom it should be given shall not invalidate the proceedings of the meeting</p> |

#### PROCEEDINGS AT GENERAL MEETING

| Title of Article                   | Article No | Article Contents  |
|------------------------------------|------------|---|
| Business of Meetings               | 72         | The ordinary business of a General Meeting shall be to receive and consider the Profit & Loss Account, the Balance Sheet and the Reports of the Directors and of the Auditors, to elect Directors in the place of those retiring by rotation to appoint Auditors and fix their remuneration and to declare dividends. All other business transacted at an Annual General Meeting and all business transacted at any other General Meeting shall be deemed special business. |
| Quorum to be present when business | 73         | No business shall be transacted at any General Meeting unless a   |



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| commences   |    | quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided five members present in persons shall be a quorum.  |
| Resolution to be passed by the Company in the General meeting                   | 74 | Any act of resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in General Meeting shall be sufficiently so done or passed if effected by an ordinary resolution as define in Section 189(1) of the Act unless either the Act or these Articles specifically require such act to be done or resolution passed by a Special Resolution as defined in Section 189(2) of the Act.  |
| Chairman of General Meeting   | 75 | The Chairman of the Board shall be entitled to take the chair at every General Meeting and if there is no such Chairman or he shall not be present within fifteen minutes after the time appointed for holding such meeting, or is unwilling to act, the members present shall choose another director as Chairman of the meeting and if no director be present, or if all the Directors present decline to take the chair, then the members present shall on a show of hands or on a poll if properly demanded, elect one of their member, being a member entitled to vote to be Chairman of the meeting.  |
| When if Quorum is not present, meeting to be dissolved and when to be adjourned | 76 | If within half an hour from the time appointed for the meeting a quorum be not present the meeting if convened upon such requisition as aforesaid shall be dissolved; but in any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such time and place as the Board may by notice appoint and if at such adjourned meeting a quorum be not present, these members who are present and not being less than two shall be a quorum and may transact the business for which the meeting was called.  |
| How Questions to be decided at the meetings                                     | 77 | Every question submitted to a meeting shall be decided, in the first instance by a show of hands, and in the case of an equality of votes, both on a show of hands and on a poll the Chairman of the meeting shall have a casting vote in addition to the vote to which he may be entitled as a member  |
| What is evidence of passing of the resolution when poll not demanded            | 78 | At any General Meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman of the meeting of his own motion, or by at least five members having the right to vote on the resolution in question and present in person or by proxy, or by any member or members present in person or by proxy and having not less than one - tenth of the total voting power in respect of such resolution, or by any member or members present in person or by proxy and holding shares in the Company conferring a right to vote on such resolution, being shares on which an aggregate sum has been paid up which is not less than one - tenth of the total sum paid up on |



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|  |    | all the shares conferring that right, a declaration by the Chairman that the resolution has been carried, or has or has not been carried either unanimously, or by a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of, or against the resolution.   |
| Poll   | 79 | 1. If a poll be demanded as aforesaid it shall be taken forthwith on a question of adjournment or election of a Chairman of the meeting and in any other case in such manner and at such time not being later than forty eight hours from the time when the demand was made and at such place as the Chairman of the meeting directs, and subject as aforesaid, either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was demanded. |
| Withdrawn of demand of poll                    |    | 2. The demand a poll may be withdrawn at any time   |
| Scrutineers                                    |    | 3. Where a poll is to be taken the Chairman of the meeting shall appoint two scrutineers, one at least of whom shall be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed to scrutinize the votes given on the poll and to report to him thereon  |
| Members entitled to more than one vote on poll |    | 4. On a poll a member entitled to more than one vote, or his proxy or other person entitled to vote for him as the case may be need not, if he votes, use all his votes or cast in the same way all the votes he uses.  |
| Transactions of other business                 |    | 5. The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.   |
| Power to adjourn the meeting                   | 80 | 1. The Chairman of a General Meeting may adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.<br><br>2. When a meeting is adjourned it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.  |



## VOTES OF MEMBERS

| Title of Article   | Article No | Article Contents  |
|--|------------|---|
| Votes of members   | 81         | Subject to the provision hereinafter specified on a show of the hands every member present in the person by proxy shall have one vote for every share held by him. Provided that no company or body corporate shall vote by proxy so long as a resolution of its board of directors under the provisions of section 187 of the act is in force and the representative named in such resolution is present at the general meeting at which the vote by proxy is tendered   |
| Eligibility to Vote and Voting Procedure Under Postal Ballot | 81         | a. The company will pass the resolution in certain businesses as the Central Government, Department of Company Affairs or any other authority may notify through Postal Ballot only. Every Voting Member on record, as of the date of delivery of a ballot, is entitled to cast one vote for each resolution under ballot. More than one resolution may be voted on in a single ballot, but each resolution must be voted on separately. Ballot delivery, collection, authentication and tabulation methods shall be in accordance with policy of the Company. The ballot shall be determined on the combined votes from all approved methods of voting for that resolution.  |
| Occasion when Preference Shares confer Voting Rights         | 82         | The preference shares shall not confer on the members registered in respect thereof the right to vote either in person or by proxy at any General Meeting unless it be a meeting called upon requisition as aforesaid or unless the dividend on any such Preference shares is unpaid for not less than 2 years or the meeting is convened for increasing or reducing the capital, or for winding up or to sanction a sale or amalgamation of the undertaking or where the proposition to be submitted to the meeting registered in respect of the said Preference shares  |
| Procedure where a Company is the Member of the company       | 83         | Where a company or a body corporate (hereinafter called "Member Company") is a member of the Company a person duly appointed by resolutions in accordance with the provisions of Section 187 of the Act to represent such member company at a meeting of the Company shall not, by reason of such appointment be deemed to be a proxy, and the lodging with the Company at the office or production at the meeting a copy of such resolution duly signed by one Director of such member company and by its Managing Agents (if any) and certified by him or them as being a true copy of the resolution shall, on production at the meeting, be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers including the right to vote by proxy on behalf of the member company which he represents as that member company could exercise. |
| Votes in respect of deceased insane and insolvent member     | 84         | Any person entitled under the Transmission Article to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the member registered in respect of such share, provided that forty eight hours at least before the time of holding, the meeting or adjourned meeting, as the case may be,   |



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|  |    | at which he proposes to vote he shall satisfy the Board of his right to transfer such share unless the Board shall have previously admitted his right to vote as such meeting in respect thereof. If any member be a lunatic, idiot or <i>non compos mentis</i> , he may vote whether on a show of hands or at a poll by his committee <i>curator bonis</i> or other legal curator and such last mentioned persons may give their votes by proxy.   |
| Members registered jointly                             | 85 | Where there are members registered jointly in respect of any share any one of such persons may vote at any meeting either personally or by proxy in respect of such shares as if he were solely entitled thereto; and if more than one of such members be present at any meeting either personally or by proxy, that one of the said members so present whose name stands first on the Register in respect of such share along shall be entitled to vote in respect thereof. Several executors or administrators of deceased member in whose name any share is registered shall for the purposes of this Article be deemed to be members registered jointly in respect thereof. |
| Proxies permitted                                      | 86 | On a poll votes may be given either personally or by proxy, or, in the case of a body corporate, by a representative duly authorised as aforesaid.  |
| Instrument appointing proxy to be in writing           | 87 | a. The instrument appointing a proxy shall be in writing under the hand of the Appointor or of his Attorney duly authorised in writing or if such Appointor is a body corporate be under its common seal or the hand of its officer or Attorney duly authorised.  |
| Proxy may be general for special                       |    | b. A proxy who is appointed for a specified meeting only shall be called a Special Proxy. Any other proxy shall be called a General Proxy.  |
| Who may be proxy                                       |    | c. A person may be appointed a proxy though he is not a member of the Company and every notice convening a meeting of the company shall state this and that a member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him.   |
| Instruments appointing proxy to be deposited at office | 88 | The instrument appointing a proxy and the Power of Attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Office not less than forty eight hours before the time for holding the meeting at which the person named in the instruments purports to vote in respect thereof and in default the instrument of proxy shall not be treated as valid.  |
| When vote by proxy valid though authority revoked      | 89 | A vote given in accordance with the terms of an instruments appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received by the Company at the office before the vote is given. Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not                   |



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|   |    | been revoked.   |
| Form of instrument appointing special proxy | 90 | Every instrument appointing a special proxy shall be retained by the company and shall as nearly as circumstances will admit, be in the form or to effect following:- |

#### DIRECTORS

| Title of Article                                    | Article No | Article Contents   |
|---|------------|--|
| Number of directors                                 | *93        | Until otherwise determined by a General Meeting the number of the Directors of the Company shall not less than three nor more than fifteen of whom a majority shall always be Indians.   |
| Proportion to be retire by rotation                 | 94         | Not less than- two thirds of the number of directors shall be persons whose period of office is liable to determination by the retirement of the directors by the rotation.  |
| Managing agents may appoint ex-officio directors    | 95         | The Managing Agents shall be at liberty to appoint two Directors when the number of Directors exceeds five and one Director when the number does not exceed five and to remove from office any persons so appointed and upon the removal or retirement of any such person or persons appoint any other person or persons in his or their place. Such Directors shall be ex - officio Directors within the meaning of these presents. The ex - officio Director named in the next following Article shall be deemed to have been appointed as such under this Article |
| Directors at the date of adoption of these articles | 96         | At the date of the adoption of these Articles, the following persons are the Directors of the Company :<br><br>Sri Mohanlall Nopany (ex - officio)<br><br>Sri Rameshwarlall Nopany<br>Sri Badribishal Dhandhania<br>Sri Narayan Prasad Nopany<br>Sri Kishorilal Dhandhania<br>Sri Dayaram Dewrah   |
| Power of board to add to its number                 | 97         | The Board shall have power at any time and from time to time to appoint any person as a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company and shall then be eligible for re - election.  |
| Non retiring directors                              | *97        | The Board of Directors or a General Meeting of the company may appoint or nominate a person or persons as a director or directors of the company not liable to retire in pursuance of any agreement, deed or arrangement to which the company may be a party so that the total number of non - retiring directors of the company shall not exceed in any case one - third of the total   |



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|   |      | <p>number of Directors.</p> <p><i>(*Inserted as per 31<sup>st</sup> Annual General Meeting dated 31<sup>st</sup> May, 1962 as per Special Resolution passed thereat)</i></p>   |
|   | **97 | <p>In return for the underwriting of the shares of the company by the Bihar State Industrial Development Corporation Ltd., and so long as the said Corporation has any financial interest in the Company, the said Corporation shall be entitled to appoint from time to time one of their nominee as Director of the Company. The Director so appointed shall have the same powers and privileges as other Directors of the Company. The Director so appointed by the said Corporation shall not be required to possess any share qualification and the provisions of the Articles of Association as to retirement of Directors shall not apply to him. The said Director shall hold office at the pleasure of the said Corporation, who shall have the full powers to replace or recall the Director so appointed by them under this Article, and to appoint any other person in his place as and when the said Corporation shall deem it necessary. Such appointment, replacement or recall shall be by notice in writing to the Company."</p> <p><i>**Inserted as per Special Resolution dated 23<sup>rd</sup> August, 1966.</i></p> |
| Share qualification of directors                | 98   | <p>Unless otherwise determined by the Company in General Meeting, a Director of the Company shall not be required to hold any qualification shares in the capital of the Company.</p> <p><i>*** (Substituted as per Special Resolution dated 30<sup>th</sup> December, 1974)</i></p>   |
| Director can act before acquiring qualification | 99   | <p>Without prejudice to the restrictions imposed by Section 266 of the Act, a Director who is required to hold qualification shares may act as a Director before acquiring such shares but shall, if he is not already qualified, obtain his qualification, and every Director other than a technical Director or a Director appointed by the Central or a State Government shall file with the Company a declaration specifying the qualification shares held by him within two months from his appointment as a Director</p>   |
| Director's fees and remuneration and expenses   | 100  | <p><i>*Each Director or his alternate shall be paid out of the funds of the Company by way of remuneration for his services in attending meeting of the Directors or a Committee thereof such fees as may be fixed by the Board from time to time but not exceeding the amount as may be paid in conformity with the provisions of the Companies Act, 1956 as may be applicable from time to time. All</i></p>   |



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|                                       |     | <p>other remuneration, if any, payable by the Company to each Director, whether in respect of his services as a Director in the whole or part time employment of the Company shall be determined in accordance with and subject to the provisions of these Articles of the Act. The Directors shall be entitled to be paid their reasonable travelling and hotel and other expenses incurred in the execution of their duties as Directors, including those incurred in attending and returning from meetings of the Board or a Committee thereof.</p> <p><i>*(Inserted as per Special Resolution dated 10<sup>th</sup> June, 2009)</i></p> <p><i>*(to be deleted/substituted by the highlighted clause)</i></p>   |
| Remuneration for extra service        | 101 | <p>If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing away from Calcutta for any of the purposes of the Company or in giving special attention to the business of the Company or as a member of a Committee of the Board then, subject to Section 198, 309 and 310 of the Act, the Board may remunerate the Director so doing either by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled.</p>   |
| Board may act notwithstanding vacancy | 102 | <p>The continuing Directors may act notwithstanding any vacancy in their body, but so that if the number falls below the minimum above fixed the Board shall not, except for the purpose of filling vacancies, act so long as the number is below the minimum</p>  |
| Vacation of office of directors       | 103 | <p>(1) The office of a director shall “ipso facto” be vacated if</p> <ol style="list-style-type: none"> <li>a. He fails to obtain within the time specified in the subsection(1)of section 270 of the act, or at any time thereafter ceases to hold the share qualification, if any necessary for his appointment; or</li> <li>b. He is found to be of unsound mind by a Court of competent jurisdiction ; or</li> <li>c. He applies to be adjudicated and insolvent; or</li> <li>d. He is adjudged or insolvent;or</li> <li>e. He is convicted by a court in india of any offence and is sentenced in respect thereof to to imprisonment for not less than six months; or</li> <li>f. He fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the</li> </ol> |

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|  |  | <p>payment of the call ; or</p> <p>g. He absents himself from three consecutive meetings of the Board or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board ; or</p> <p>h. He, or any firm of which he is a partner, or any private company of which he is a director, accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act ; or</p> <p>i. He acts in contravention of Section 299 of the Act ; or</p> <p>j. He becomes disqualified by the order of the court under the section of 203 of the Act; or</p> <p>k. He may be removed from the office in pursuance of section 284 of the Act; or</p> <p>l. By notice in writing to the company he resigns his office; or</p> <p>m. He, or any partner or relative of his, or any firm of which he or his relative is a partner, or any private company of which he is a director or member, without the previous sanction of the Company accorded by Special Resolution, accepts or holds any office or place of profit under the Company or under any subsidiary of the Company in contravention of Section 314 of the Act.</p> <p>(2) Notwithstanding any matter or thing in sub - clauses (d), (e) and (j) of clauses (1), the disqualification referred to in those sub - clauses shall not take effect :</p> <p>a. For 30 days from the date of adjudication, sentence or order; or</p> <p>b. Where an appeal or petition is preferred within the thirty days aforesaid against the adjudication, sentence or conviction, resulting in the sentence, or order until the expiry of seven days from the date on which such appeal or petition is disposed of ; or</p> <p>c. Where within the seven days aforesaid any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of.</p> |
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| Director not to hold office of profit under the company or its subsidiary  | 104 | No Director, no partner of relative of a Director, no firm in which a Director, or his relative is a partner, no private company of which a Director is a director or member and no director, managing agent, secretaries and treasurers or manager of such a private company shall, without the previous consent of the Company accorded by Special Resolution, hold any office or place of profit under the Company or under any subsidiary of the Company (unless the remuneration received from such subsidiary in respect of such office of place is paid over to the Company or its holding in so far as such remuneration is over and above the remuneration to which he is entitled as a Director of such subsidiary) except that of a managing director, managing agent, secretaries and treasurers, manager, legal or technical adviser, banker, or trustee for the holders of debentures. |
| When the director of the company is appointed in which the company is interested either as a member or otherwise |     | A Director of this Company may be or become a Director of any Company promoted by this Company or in which it may be interested as a vendor, shareholder or otherwise, and no such Director shall be accountable for any benefits received as a Director or member of such Company   |
| Conditions under which the directors may contract the company  | 105 | Subject to the provisions of Section 297 of the Act neither shall a Director be disqualified from contracting with the Company either as vendor, purchaser or otherwise for goods materials or services or for underwriting the subscription of any share in or debentures of the Company nor shall any such contract or arrangements entered into by or on behalf of the Company with a relative of such Director, or a firm in which such Director or relative is a partner or with any other partner in such firm or with a private company of which such Director is a member or Director be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding office or of the fiduciary relation thereby established.                     |
| Disclosure of director's interest  | 106 | Every Director who is in any way whether directly or indirectly, concerned or interested in a contract or arrangement, entered into or to be entered into, by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board as required by Section 299 of the Act. A general notice renewable in the last month of each financial year of the Company that a Director or a member of any specified body corporate or is a member of any specified firm and is to be regarded as concerned or interested in any subsequent contract or   |



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|   |     | arrangement with that body corporate or firm shall be sufficient disclosure of concern or interest in relation to any contract or arrangement with such body corporate or firm, provided such general notice is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.   |
| Discussion and voting by directors interested | 107 | No Director shall as a Director, take any part in the discussion of, or vote on any contract or arrangement in which he is in any way whether directly or indirectly concerned or interested, nor shall his presence count for the purpose of forming a quorum at the time of such discussion or vote. This prohibition shall not apply to (a) any contract of indemnity against any loss which the Directors or any of them may suffer by reason on becoming or being sureties or a surety for the Company ; or (b) any contract or arrangement entered into or to be entered into by the Company with a public company, or with a private company which is a subsidiary of a public company in which the interest of the Director consists solely in his being a director of such company and the holder of not more than shares of such number of value therein as is requisite to qualify him for appointment as a director thereof, he having been nominated as such director by the Company. |

#### ROTATION OF DIRECTORS

| Title of Article                                  | Article No | Article Contents   |
|---|------------|--|
| Rotation and retirement of directors              | 108        | At each Annual General Meeting of the Company one - third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one - third shall retire from office. Neither an ex - officio Director nor an additional Director appointed by the Board under Article 97 hereof shall be liable to retire by rotation within the meaning of this Article. |
| Which directors to retire                         | 109        | The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day those to retire shall, in default of and subject to any agreement among themselves, be determined by lot.   |
| Appointment of directors to be voted individually | 110        | Save as permitted by section 263 of the act every resolution of general meeting for the appointment of the director shall relate to the one named individually   |
| Meeting to fill up vacancies                      | 111        | The company at the annual general meeting at which a director retires by the rotation in the manner aforesaid may fill up the vacated office by appointing the retiring director or some other person thereto<br><br>If the place of the retiring Director is not so filled up and the   |



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|   |     | <p>meeting has not expressly resolved not to fill the vacancy the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place. If at the adjourned meeting also the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re - appointed at the adjourned meeting unless :-</p> <ol style="list-style-type: none"> <li>a. At the meeting or at the previous meeting a resolution for the re-appointment of such director has been put to the vote and lost; or</li> <li>b. The retiring director has by notice in writing addressed to the company or the Board expressed his unwillingness to be re-appointed; or</li> <li>c. He is not qualified or disqualified for the appointment; or</li> <li>d. A resolution whether special or ordinary is required for the appointment to reappointment in the virtue of the provisions of the act; or</li> <li>e. The Provision to sub-section(3) of section (280)of the act is applicable to the case.</li> </ol> |
| Power to remove director by ordinary resolution of special notice | 112 | <p>The company may, subject to the provisions of Section 284 of the Act, by ordinary resolution of which special notice has been given to remove any Director before the expiration of his period of office and may by ordinary resolution of which special notice has been given, appoint another person in his stead, if the Director so removed was appointed by the Company in General Meeting or by the Board under Article 113. The person so appointed shall hold office until the date upto which his predecessor would have held office if he had not been so removed. If the vacancy created by the removal of a Director under the provisions of this Article is not so filled by the meeting at which he is removed the Board may at any time thereafter fill such vacancy under the provisions of Article 113.</p>  |
| Board may fill up casual vacancies                                | 113 | <p>If any director appointed by the Company in General Meeting vacates office as director before his term of office will expire in the normal course the resulting casual vacancy may be filled by the Board at a meeting of the Board but any person so appointed shall retain his office so long only as the vacating Director would have retained the same if no vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Article 112.</p>   |
| When candidates for office of directors must give notice          | 114 | <p>No person not being a retiring Director shall be eligible for appointment to the office of Director at any General Meeting unless he or some member intending to propose him has, not less</p>  |



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|  |  | than fourteen days nor more than two months before the meeting, left at the office a notice in writing under his hand signifying his candidature for the office of director or the intention of such member to propose him as a candidate for that office as the case may be. |
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#### ALTERNATE DIRECTOR

| Title of Article                    | Article No | Article Contents  |
|-------------------------------------|------------|---|
| Power to appoint alternate director | 115        | The Board may appoint any person to act as alternate director for a Director during the latter's absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an alternate director, shall be entitled to notice of meetings of the Board and to attend and vote thereat accordingly ; but he shall not require any qualification and shall " <i>ipso facto</i> " vacate office if and when the absent Director returns to the State in which meetings of the Board and ordinarily held or the absent Director vacates office as a Director. |

#### PROCEEDINGS OF DIRECTORS

| Title of Article            | Article No | Article Contents   |
|-----------------------------|------------|--|
| Meeting of directors        | 116        | The Board shall meet together at least once in every three months for the dispatch of business and may adjourn and otherwise regulate its meetings and proceedings as it thinks fit. Notice in writing of every meeting of the Board shall be given to every Director for the time being in India and at his usual address in India to every other Directors. Unless otherwise determined from time to time and at any time by the consent of all the Directors for the time being in India, meetings of the Board shall take place at the office. |
| Director may summon meeting | 117        | A director may at any time, and the Managing Agents, shall, upon the request of a Director made at any time, convene a meeting of the Board.   |
| Chairman                    | 118        | The nominee of the Managing Agents or if more than one nominee of the Managing Agents the senior of such nominees shall be Chairman of Directors Meetings and in his absence the Directors present shall choose some one of their number to be Chairman of such meeting.   |
| Quorum                      | 119        | The quorum for a meeting of the Board shall be determined from time to time in accordance with the provisions of Section 287 of the Act. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Board it shall be adjourned until such date and time as the Chairman of the Board shall appoint.   |
| Power of quorum             | 120        | A meeting of the Board at which a quorum be present shall be competent to exercise all or any of the authorities powers and  |



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|  |     | discretions by or under these Articles for the time being vested in or exercisable by the Board.  |
| How questions to be decided  | 121 | Subject to the provisions of Sections 316, 372(4) and 386 of the Act, questions arising at any meeting shall be decided by a majority of votes, and, in case of an equality of votes, the Chairman shall have a second or casting vote.   |
| Power to appoint committee and to delegate,                              | 122 | The Board may, subject to the provisions of the Act, from time to time at any time delegate any of its power to a Committee consisting of such Director or Directors as it thinks fit, and may from time to time revoke such delegation. Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.  |
| Proceedings of committee   | 123 | The meetings and proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto, and are not superseded by any regulations made by the Board under the last preceding Article.   |
| When acts of a director valid notwithstanding defective appointment etc. | 124 | Acts done by a person as a Director shall be valid, notwithstanding that it may afterwards be discovered that his appointment was invalid by reason of any defect or disqualification or had terminated by virtue of any provisions contained in the Act or in these Articles. Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.   |
|  | 125 | Save in those cases where a resolution is required by Sections 262, 292, 297, 316, 372(4) and 386 of the Act, to be passed at a meeting of the Board a resolution shall be as valid and effectual as if it had been passed at a meeting of the Board or Committee of the Board, as the case may be duly called and constituted, if a draft thereof in writing is circulated together with the necessary papers, if any, to all the Directors, or to all the members of the Committee of the Board, as the case may be then in India not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be and to all other Directors or members of the Committee at their usual addresses in India, and has been approved by such of them as are then in India or by a majority of such of them as are entitled to vote on the resolution. |



## PROCEEDINGS OF DIRECTORS

| Title of Article   | Article No | Article Contents   |
|--------------------|------------|--|
| Minutes to be made | 126        | <p>(1) The Board shall cause Minutes to be duly entered in books provided for the purpose</p> <ul style="list-style-type: none"><li>a. Of the names of the directors present at each meeting of the Board and of any committee of the Board and in the case of each resolution passed at the meeting, the names of the directors, If any discrediting from or not concurring in the, resolution</li><li>b. Of all orders made by the board and committees of the board;</li><li>c. Of all appointment of the directors and other officers of the company; and</li><li>d. Of all proceedings of general meeting of the company and of the meeting of the board and committees of the board</li></ul> <ul style="list-style-type: none"><li>➤ The Minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.</li><li>➤ Provided that no matter to be included in any such Minutes which the chairman of the meeting, in the absolute discretion, is of opinion:-<ul style="list-style-type: none"><li>a. Is or could reasonably be regarded as defamatory of any person;</li><li>b. Is immaterial or irrelevant to any of the proceedings; or</li><li>c. Is detrimental to the interests of the company</li></ul></li></ul> <p>(2) Any such Minutes of any meeting of the Board or of any Committee of the Board or of the Company in General Meeting if purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meetings, shall be evidence of the matters stated in such Minutes. The Minute Books of General Meetings of the Company shall be kept at the office and shall be open to inspection by members on business days between the hours of two o' clock and four o' clock in the afternoon</p> |



## POWER OF DIRECTORS

| Title of Article                                 | Article No | Article Contents   |
|--|------------|--|
| General power of the company vested in directors | 127        | <p>Subject to the provisions of the Act the control of the Company shall be vested in the Board who shall be entitled to exercise all such power, and to do all such Acts and things as the Company is authorized to exercise and do : Provided that the Board shall not exercise any power or do any Act or thing which is directed or required, whether by the act or any other statute or by the Memorandum of the Company or by these Articles or otherwise to be exercised or done by the Company in General Meeting. Provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the Memorandum of the Company or in these Articles or in any regulations not inconsistent therewith and duly made there under, including regulations made by the Company in General Meeting, but no regulations made by the Company in General Meeting, shall invalidate any prior act to the Board which would have been valid if that regulation had not been made.</p> <p>A. Subject to the provisions of the Companies Act, 1956 the Board of Directors of the Company are and shall remain entitled to make loans to, and give guarantees in respect of loans and advances taken by other bodies corporate including the Company's subsidiary companies and to sign all papers and documents and to do all the needful in that connection." (Inserted as per Special Resolution dated 28<sup>th</sup> June, 1968)</p> |
| Delegation of power to managing agents           | 128        | <p>Subject to the provisions of the Act the Board may from time to time, as it may think fit, delegate to the Managing Agents all or any of the powers hereby conferred upon the Board other than the powers to make calls on members in respect of money unpaid on their shares and to issue debentures.</p>  |

## LOCAL MANAGEMENT

| Title of Article | Article No | Article Contents   |
|------------------|------------|--|
| Local management | 129.       | <p>Subject to the provisions of the Act following regulations shall have effect :-</p> <p>(1) The board may from time to time provide for the management of the affairs of the Company outside India or in any specified locality in India in such manner as it shall think fit and the provisions contained in the far next following paragraph shall be without prejudice to the general powers conferred by this paragraph.</p> |
|                  |            | <p>(2) The Board may from time to time and at any time may establish any Local Directorates or Agencies for managing any of the affairs of the Company outside India, or in any specified locality in India</p>  |



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|  |  | and may appoint any persons to be members of such Local Directorate or any Managers or Agents and may fix their remuneration and, save as provided in Section 292 of the Act, the Board from time to time and at any time may delegate to any person so appointed any of the power authorities and discretions for the time being of any such Local Directorate or any of them to fill up any vacancies therein and to act notwithstanding vacancies ; and any such appointment or delegation may be made on such conditions as the Board may think fit and the Board may at any time remove any person so appointed and may annul or vary any such delegation.   |
|  |  | (3) The Board may at any time, and from time to time by Power – of – Attorney under Seal, appoint any person to be the Attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those which may be delegated by the Board under the Act) and for such period and subject to such conditions as the Board may from time to time think fit ; any such appointment may, if the Board think fit, be made in favour of the members or any of the members of any Local Directorate established as aforesaid or in favour of any Company or of the members, Directors, nominees, or officers of any Company or firm, or in favour of any fluctuating body or persons whether nominated directly or indirectly by the Board and any such Power – of – Attorney may contain such provisions for the protection or convenience of persons dealing with such Attorneys as the Board think fit. |
|  |  | (4) Any such delegates or Attorney as aforesaid may be authorised by the Board to sub – delegate all or any of the powers, authorities and discretions for the time being vested in them.   |
|  |  | (5) The Company may exercise the powers conferred by Section 50 of the Act with regard to having an Official Seal for use abroad, and such powers shall be vested in the Board, and the Company may cause to be kept in any State or Country outside India as may be permitted by the Act a Foreign Register of Members or debenture – holders resident in any such State of Country and the Board may, from time to time, make such regulations as it may think fit respecting the keeping of any such Foreign Register, such regulations not being inconsistent with the provisions of Section 157 and 158 of the Act ; and the Board may from time to time, make such provisions as it may think fit relating thereto and may comply with the requirements of any local law and shall in any case, comply with the provisions of Section 157 and 158 of the Act.   |



#### MANAGING DIRECTOR OR WHOLE-TIME DIRECTORS

| Title of Article                          | Article No. | Article Contents  |
|---|-------------|---|
| Managing director or whole-time directors | 142A        | <p>(a) In case the Company has neither Managing Agents nor Secretaries and Treasurers, Company by Ordinary Resolution or the Directors may, subject to the provisions of Section 267, 268 and 269 of the Act, from time to time appoint one or more of the Directors to be the Managing or Whole - time Directors of the Company for a term not exceeding five years at a time and may from time to time subject to the provisions of any contract between him/them and the Company, remove or dismiss him/them from office and appoint another or others in his/their place or places.</p> <p><i>*Inserted as per Special Resolution dated the 24<sup>th</sup> August, 1965.</i></p>                                     |
|   |             | <p>(b) A Managing or Whole - time Director shall not while he continues to hold that office, be subject to retirement by rotation and he shall not be reckoned as a Director for the purpose of determining the retirement of Directors or in fixing the number of Directors to retire, but subject to the provisions of any contract between him and the Company, he shall be subject to the same provisions as to resignation and removal as the other Directors of the Company and shall <i>ipso facto</i> and immediately cease to be a Managing Director if he ceases to hold the office of Director for any cause.</p>  |
|   |             | <p>(c) In addition to the usual remuneration as of an Ordinary Director, the remuneration of the Managing or whole - time Director shall be fixed by the Company in General Meeting and may be by way of a monthly payment or of a specified percentage of the net profits of the Company or partly by one way and partly by other provided that except with the approval of the Central Government such remuneration shall not exceed five percent of the net profit for one such Director and if there is more than one such Director and if there is more than one such Director, ten percent for all of them together.</p>  |
|   |             | <p>(d) The Director may, subject to the provisions of Section 292 to 297 of the Act from time to time entrust to and confer upon Managing or Whole - time Director for the time being such of the powers exercisable under these presents by the Directors as they may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient and they may confer such powers, either collaterally with or to the exclusion of and in substitution for, all or any of the powers of Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.</p> |



## SEAL

| Title of Article | Article No | Article Contents   |
|------------------|------------|--|
| The Seal         | 143        | <p>The Board shall provide for the safe custody of the Seal and the Seal shall not be used except by the authority previously given of the Board or a Committee of the Board authorised by the Board in that behalf and one* Director at least or the Managing Agents shall sign every instrument to which the Seal is affixed, Provided nevertheless that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Board to issue the same.</p> <p>(*Amended word 'Two' as 'One' as per special resolution dated 29<sup>th</sup> June, 1967)</p> |

## DIVIDENDS

| Title of Article | Article No | Article Contents  |
|------------------|------------|---|
| Dividends        | 149        | Subject to the rights of members entitled to shares (if any) with preferential rights attached thereto, the profits of the Company which it shall from time to time be determined to divide in respect of any year or period shall be applied in the payment of dividend on the Ordinary Shares of the Company but so that a partly paid up shares shall only entitle the member in respect thereof to such a proportion of the distribution upon a fully paid up shares as the amount paid thereon bears to the nominal amount of such share and so that where capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate in profits. |
|                  | 150        | The Company in General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may, subject to the provisions of Section 207 of the Act, fix the time for payment.   |
|                  | 151        | No larger dividend shall be declared than is recommended by the Board, but the Company in General Meeting may declare a smaller dividend.   |
|                  | 152        | No dividend shall be payable except out of the profits, including capital profits of the Company or out of moneys provided by the Central or a State Government for the payment of the dividend in pursuance of any guarantee given by such Government and no dividend shall carry interest against the Company.  |
|                  | 153        | The declaration of the Board as to the amount of the net profits of the Company shall be conclusive.  |
|                  | 154        | The Board may, from time to time pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company.  |
|                  | 155        | The Board may retain any dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.  |



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| 156 | Any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the member, be set off against the call.   |
| 157 | Dividend warrants issued by the Company will be encashable at par, at all the branches of the Company's bankers. (Substituted as per Special Resolution of 24 <sup>th</sup> June, 1966)  |
| 158 | A transfer of a share shall not pass the rights to any dividend declared thereon before the registration of the transfer by the Company.   |
| 159 | No dividend shall be paid in respect of any share except to the member registered in respect of such share or to his order or to his bankers but nothing contained in this Article shall be deemed to require the bankers of a member to make a separate application to the Company for the payment of the dividend.   |
| 160 | Any one of several persons who are registered jointly as members in respect of any share may give effectual receipts for all dividends, bonuses and other payments in respect of such share.   |
| 161 | Notice of any dividend, whether interim or otherwise, shall be given to the persons entitled to share therein in the manner hereinafter provided.  |
| 162 | Unless otherwise directed in accordance with Section 206 of the Act any dividend, interest or other moneys payable in cash in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the member or in the case of members who are registered jointly to the registered address of that one of such members who is first named in the Register in or to such person and such address as the member or members who are registered jointly, as the case may be may direct, and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent.       |
| 163 | Any dividend unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and any dividend unclaimed "Beyond the Limitation period" may be forfeited by the Board for the benefit of the Company but the Board may annul the forfeiture wherever it may think proper.<br><br>(Amended as per Special Resolution dated 24 <sup>th</sup> June, 1966).  |
| 163 | <i>Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of the expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend Account of Shree Hanuman Sugar &amp; Industries Ltd." and transfer the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.</i> |



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|  |  | <p><i>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 transfer, shall be transferred by the Company to Investors Education &amp; Protection Fund maintained under Section 205C of the Companies Act, 1956.</i></p> <p><i>No unclaimed or unpaid dividend shall be forfeited by the Board unless the claim become barred by law and the company shall comply with all the provisions of Section 205A of the Act in respect of Unclaimed or Unpaid Dividend.</i></p> <p><i>*(Inserted as per Special Resolution dated 7<sup>th</sup> September, 2005)</i></p> |
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### BOOKS AND DOCUMENTS

| <b>Title of Article</b> | <b>Article No</b> | <b>Article Contents</b>   |
|-------------------------|-------------------|---|
| Books and Documents     | 164               | <p>The Board shall cause to be kept in accordance with Section 209 of the Act proper books of account with respect to :-</p> <p>(a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place ;</p> <p>(b) all sales and purchases of goods by the Company.</p> <p>(c) the assets and liabilities of the Company.</p>  |
|                         | 165               | The books of account shall be kept at the office or at such other place in India as the Board thinks fit, and shall be open to inspection by any Director during business hours.  |
|                         | 166               | The Board shall from time to time determine whether and to what extent, and at what times and places, and under what conditions or regulations the books of account and books and documents other than those referred to in Articles 126(2) and 190 of the Company or any of them, shall be open to inspection of the members not being Directors, and no member (not being a Director) shall have any right of inspecting any book of account or book or document of the Company except as conferred by law or authorised by the Board or by the Company in General Meeting. |

### AUDIT

| <b>Title of Article</b> | <b>Article No</b> | <b>Article Contents</b>  |
|-------------------------|-------------------|--|
| Audit                   | 171               | Once at least in every year the books of account of the Company shall be examined by one or more Auditor or Auditors.  |
|                         | 172               | The company at each Annual General Meeting shall appoint an Auditor or Auditors to hold office until the next Annual General Meeting and their appointment, remuneration, rights and duties shall be regulated by Section 224 to 227 of the Act. |
|                         | 173               | Where the Company has a branch office the provisions of Section 228 of the Act shall apply.  |
|                         | 174               | All notices of, and other communications relating to any General   |



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|  |     | Meeting of the Company which any member of the Company is entitled to have sent to him shall also be forwarded to the Auditors of the Company and the Auditor shall be entitled to attend any General Meeting and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditors. |
|  | 175 | The Auditor's Report shall be read before the Company in General Meeting and shall be open to inspection by any member of the Company.  |
|  | 176 | Every Balance Sheet and Profit and Loss Account of the Company when audited and adopted by the Company in General Meeting shall be conclusive.  |

### SERVICE OF NOTICES AND DOCUMENTS

| Title of Article                 | Article No | Article Contents   |
|----------------------------------|------------|--|
| Service of Notices and documents | 177        | <p>(1) A notice or other documents may be given by the Company to any member either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address if any, within India supplied by him to the Company for the giving of notices o him.</p> <p>(2) Where a notice or other documents is sent by post :-</p> <p>(a) Service thereof shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice or document, provided that where a member has intimated to the Company in advance that notices or documents should be sent to him under a Certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sufficient sum to defray the expenses of doing so, service of the notice or document shall not be deemed to be effected unless it is sent in the manner intimated by the member ; and</p> <p>(b) Unless the contrary is proved, such service shall be deemed to have been effected ;</p> <p>(i) In the case of a notice of a meeting at the expiration of forty - eight hours after the letter containing the same is posted ; and</p> <p>(ii) In any other case, at the time at which the letter would be delivered in the ordinary course of post.</p> |
|                                  | 178        | A notice or other document advertised in a newspaper circulating in the neighbourhood of the office shall be deemed to be duly served on the day on which the advertisement appears on every member of the Company who has no registered address in India and has not supplied to the Company an address within India for the giving of notices to him. Any member who has no registered address in India shall, if so required by the Company supply with an address in India   |



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|  |     | for the giving of notices to him.  |
|  | 179 | A notice or other document may be served by the Company on the members registered jointly in respect of a Share by transmission to the member named first in the Register.   |
|  | 180 | A notice or other document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to him by name, or by the title of representatives of the deceased, or assignee of the insolvent or by any like description, at the address in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied, by giving the notice in any manner in which the same might have been given if the death or insolvency had not occurred.   |
|  | 181 | Any notice required to be given by the Company to the members or any of them and not expressly provided for by these Articles or by the Act shall be sufficiently given if given by advertisement.   |
|  | 182 | Any notice required to be or which may be given by advertisement shall be advertised in one or more newspapers circulating in the neighbourhood of the office.   |
|  | 183 | Any notice given by advertisement shall be deemed to have been given on the day on which the advertisement shall first appear.   |
|  | 184 | Every person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which previous to his name and address being entered on the Register was only given to the person from whom he derived his title to such share.  |
|  | 185 | Subject to the provisions of Article 181 any notice of documents delivered or sent by post or left at the registered address of any member in pursuance of these Articles shall, notwithstanding such member be then deceased and whether or not the Company have notice of his deceased be deemed to have been duly served in respect of any share whether registered solely or jointly with other persons, until some other person be registered in his stead as the member in respect thereof and such service shall for all purposes of these presents be deemed a sufficient service of such notice or documents on his or her heirs, executors or administrators and all persons, if any, jointly interested with him or her in any such share.  |
|  | 186 | Subject to the provisions of Section 497 and 509 of the Act, in the event of a winding - up of the Company every member of the Company who is not for the time being in Calcutta shall be bound, within eight weeks after the passing of an effective resolution to wind up the Company voluntarily or the making of an order for the winding up of the Company to serve notice in writing of the Company appointing some householder residing in the neighbourhood of the office upon whom all summons, notices, process orders and judgements in relation to or under the winding - up of the Company may be served, and in default of such nomination the Liquidator of the Company shall be at liberty on behalf of such member to appoint some such person, and service upon any such appointee whether appointed by the member or the Liquidator shall be deemed to be good personal service on such |



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|  |  | member for all purposes, and where the Liquidator makes any such appointment he shall with all convenient speed give notice thereof to such member by advertisement in some daily newspaper circulating in the neighbourhood of the office or by registered letter sent by post and addressed to such member at his address as registered in the Register and such notice shall be deemed to be served on the day on which the advertisement appears or the letter would be delivered in the ordinary course of the post. The provisions of this Article shall not prejudice the right of the Liquidator of the Company to serve any notice or other document in any other manner prescribed by these Articles. |
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## RECONSTRUCTION

| Title of Article | Article No | Article Contents   |
|------------------|------------|--|
| Reconstruction   | 191        | On any sale of the undertaking of the Company the Board or the Liquidators on a winding up may, if authorised by a Special Resolution, accept fully paid or partly paid - up shares, debentures or securities of any other Company whether incorporated in India or not either then existing or to be formed for the purchase in whole or in part of the property of the Company and the Board (if the profits of the Company permit) or the Liquidators in a winding - up) may distribute such shares or securities, or any other property of the Company amongst the members without realisation, or vest the same in trustees for them and any Special Resolution may provide for the distribution or appropriation of the cash shares or other securities, benefit or property, otherwise than in accordance with the strict legal rights of the members or contributories of the Company and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorised and waive all rights in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up, such statutory rights (if any) under Section 494 of the Act as are incapable of being varied or excluded by these Articles. |

## SECRECY

| Title of Article | Article No | Article Contents   |
|------------------|------------|--|
| Secrecy          | 192        | Every Director shall, if so required by the Board or by the Managing Director before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transaction of the Company with its customers and the state of accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by any Meeting or |



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|  |     | by a Court of law and except so far as may be necessary in order to comply with any of the provisions in these Articles contained.   |
|  | 193 | No member or other person (not being a Director) shall be entitled to enter upon the property of the Company or inspect or examine the Company's premises or properties of the Company without the permission of the Board or of the Managing Director or subject to Article 167, to require discovery of or any information respecting any details of the trading of the Company or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board or Managing Director it will be expedient in the interest of the members of the Company to communicate. |

#### WINDING UP

| Title of Article | Article No | Article Content  |
|------------------|------------|--|
| Winding up       | 194        | If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital such assets shall be distributed so that as 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 at the commencement of the winding up paid up or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions. |



## INDEMNITY

| Title of Article | Article No | Article Contents   |
|------------------|------------|--|
| Indemnity        | 196        | Every Director, managing Agent, Manager, Secretary and any person (whether an officer of the Company or not) employed by the Company and any person appointed as Auditor shall be indemnified out of the funds of the Company against all liability incurred by him as such Director, managing Agents, Manager, Secretary, Officer, Employee or Auditor 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 an application under Section 633 of the Act in which relief is granted to him by the Court. Nothing herein contained shall apply to a constituted attorney of the Managing Agents of the Company unless such attorney is or is deemed to be an officer of the Company. |



## SECTION XI -

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of the Draft Red Herring Prospectus have been delivered to the Registrar of Companies, Kolkata, West Bengal, for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of Shree Hanuman Sugar and Industries Limited from 11:00 am to 5:00 pm on all working days from the date of this Draft Red Herring Prospectus until the Bid/Issue Closing date.

#### MATERIAL CONTRACTS

1. Memorandum of Understanding dated August 20, 2010 entered into between our Company and the Book Running Lead Manager.
2. Memorandum of Understanding dated March 05, 2009 entered into between Maheshwari Datamatics Private Limited and our Company to act as the Registrar to the Issue.
3. Escrow Agreement dated [●] between our Company, BRLM, the Syndicate Members, the Escrow Collection Bank(s) and the Registrars to the Issue.
4. Syndicate Agreement dated [●] between our Company, BRLM and the Syndicate Members.
5. Underwriting Agreement dated [●] between our Company BRLM and the Syndicate Members.
6. Tripartite agreement dated August 10, 2005 amongst the Company, Maheshwari Datamatics Private Limited and NSDL, for offering depository services.
7. Tripartite agreement dated September 01, 2005 amongst the Company, Maheshwari Datamatics Private Limited and CDSL, for offering depository services.

#### DOCUMENTS FOR INSPECTION

1. Memorandum and Articles of Association of the Company, as amended from time to time.
2. Certificate of Incorporation was under the Indian Companies Act, 1913 and the name of our company was changed to Shree Hanuman Sugar and Industries Limited vide Letter no RD/DP/218-(21)(R) dated November 01, 1962 and a fresh certificate of incorporation has been obtained from Registrar of Companies, Asst. Registrar of Joint Stock Companies, Bengal.
3. Copy of resolution passed under Section 81(1A) of the Companies Act, 1956 in the members meeting held on September 30, 2010.
4. Copy of the resolution passed by members in their meeting at Extra Ordinary General meeting held on June 10, 2009 giving authority to the Board of Directors to borrow under Section 293(1)(d) of the Companies Act, 1956.



5. Shareholders resolution for appointment of Mr. Bimal Kumar Nopany as Managing Director, Mr. Raj Kumar More as whole time Director dated July 1, 2006 and October 1, 2009.
6. Report of our Statutory Auditors M/s. Bharat D. Sarawgee & Co. Chartered Accountants, Chartered Accountants on our Company's Restated Financial Statements for the year ended June 30, 2006,2007,2008,2009 and 2010.
7. Statement of Tax Benefits from M/s. Bharat D. Sarawgee & Co. Chartered Accountants, Chartered Accountants as on November 16, 2010.
8. Copies of the Annual Reports of our Company during the last Five years.
9. Consents of, Book Running Lead Manager, Directors of the company, the Statutory Auditors, Registrar to the issue, Legal Advisor to the issue, Company Secretary and Compliance Officer, Bankers to our Company, Bankers to the Issue and Refund Bank(s), Syndicate Member(s), Escrow Collection Banks, as referred to, in their respective capacities.
10. Legal Due Diligence report dated November 25, 2010 by Victor Moses & Co., Advocates & Solicitors.
11. Due Diligence report certificate dated [●] to SEBI from Stellant Capital Advisory Services Private Limited.
12. In-principle listing approvals from BSE, NSE and CSE dated [●], [●] and [●] respectively.
13. SEBI Final Observation Letter No. [●] dated [●] and reply of the BRLM to the same dated [●].

Any of the contracts or documents mentioned in the Draft 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.



## SECTION XII - DECLARATION

The Directors of the Company, hereby declare that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government or the regulations issued by the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956 or the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations issued, as the case may be.

All the said legal requirements connected with this said issue as also guidelines, regulations, instructions etc., issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with. The Board of Directors and Chief Financial Officer certify that all the statements made in this Draft Red Herring Prospectus are true and correct.

Our Company accepts no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisements or any other materials issued by or at the instance of our Company and that anyone placing reliance on any other source of information would be doing so at his/ her own risk.

### SIGNED BY THE DIRECTORS OF OUR COMPANY

| NAME                      | DESIGNATION | SIGNATURE |
|---------------------------|-------------|-----------|
| Mr. Bimal Kumar Nopany    |             |           |
| Mr. Raj Kumar More        |             |           |
| Mr. Nikhil Merchant       |             |           |
| Mr. Subbarao Peteti       |             |           |
| Ms. Pratima Shrivastav    |             |           |
| Mr. Lakshmikant Tibriwala |             |           |
| Mr. Krishan Murari Shah   |             |           |

### SIGNED BY THE CHIEF FINANCIAL OFFICER

**Mrs. Madhu Tiwari**

### SIGNED BY THE COMPANY SECRETARY & COMPLIANCE OFFICER

**Mr. Ramesh Kumar Didwania**

**Dated:** December 13, 2010

**Place:** Kolkata