**DRAFT RED HERRING PROSPECTUS**
*Dated April 27, 2011*
*Please read Section 60 B of Companies Act, 1956*
*Draft RHP will be updated upon RoC filing*
*100% Book Building Issue*

# SWAJAS AIR CHARTERS LIMITED

(Our Company was originally incorporated in India as "Swajas Air Charters Private Limited" on July 22, 2008 under the Companies Act, 1956. Our Company was converted into a public limited company and a fresh certificate of name change consequent upon conversion of our Company from a private limited company to a public limited company issued by the RoC on June 26, 2009. The corporate identification number of our Company is U62200TN2008PLC068642. For further details, see ***"History and Other Corporate Matters"*** on page 108 of this Draft Red Herring Prospectus.)

**Registered Office and Corporate Office:** 1/62 – 4, 1st Street, Ravi Colony, St. Thomas Mount, Chennai – 600 016
**Tel:** +91 44 43947700; **Fax:** +91 44 43519017; **Email**: compliane@swajasair.com; **Website**: www.swajasaircharter.com
**Company Secretary and Compliance Officer:** Mr. G. Sriram
**Tel:** +91 44 43947700; **Fax:** +91 44 43519017; **Email**: compliance@swajasair.com
**THE PROMOTERS OF THE COMPANY ARE MR. R. JAYAKUMAR AND MR. CHRISTOPHER IAN WANT**

## THE ISSUE

**PUBLIC ISSUE OF [●] EQUITY SHARES OF ₹ 10/- EACH (THE "EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING TO ₹ 3750 LACS ("HEREIN AFTER REFFERED TO AS "THE ISSUE") BY SWAJAS AIR CHARTERS LIMITED (HEREINAFTER REFERRED TO AS "SACL" OR THE "COMPANY" OR THE "ISSUER"). THE ISSUE SHALL CONSTITUTE [●] % OF THE POST ISSUE SHARE CAPITAL OF OUR COMPANY.**

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

*The Price Band will be decided by our Company in consultation with our Book Running Lead Manager and advertised at least two working days prior to bid/issue opening date*

The Issue is being made in terms of regulation 26(2)(a)(i) and b(i) of the SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, at least 50% of the Issue will be allotted to QIB's, failing which the full subscription monies shall be refunded. (In case of delay, if any, in refund, Swajas Air Charters Limited shall pay interest on application money at the rate of 15% per annum for the period of delay). In case of revision in the Price Band, the Bidding/Issue Period will be extended by three additional days after revision of the Price Band subject to the Bidding /Issue Period not exceeding 10 working days. Any revision in the Price Band and the Bidding/Issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange ("NSE"), by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the Syndicate.

The issue is being made through the 100% Book Building Process wherein at least 50% of the issue shall be allocated on a proportionate basis to eligible QIB's, out of which 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to eligible QIB's, including Mutual Funds, 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 out of which one-third shall be reserved for domestic Mutual Funds. Further, upto 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and upto 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 issue price. Any bidder, except the Anchor Investors, may participate in this Offer through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid amounts will be blocked by Self Certified Syndicate Banks ("SCSBs"). For details in this regard, specific attention is invited to ***"Issue Procedure"*** on page 187 of this DRHP.

## RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of the company, there has been no formal market for the securities of the company. The face value of the shares is ₹ 10/- per Equity Share and the issue price is [●] times of the face value. The Issue Price (as determined and justified by the Issuer, in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares by way of Book Building Process) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the shares of the company nor regarding the price at which the equity shares will be traded after listing.

## GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer 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 offering. For taking an investment decision investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India nor does Securities and Exchange Board of India guarantee the accuracy or adequacy of this document.**Specific attention of the Investors is invited to the statement of Risk Factors pertaining to Company, its business and this Issue on Page 13 of this DRHP.**

## ISSUER'S ABSOLUTE RESPONSIBILITY

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

## IPO GRADING

This issue has been graded by [●] and has been assigned the "IPO Grade [●]" indicating [●], through their letter dated [●]. For further details in this regard please refer ***"General Information"*** and ***"Material Contracts and Documents for Inspection"*** on page 44 and 263 respectively of this DRHP.

## LISTING

The Equity Shares offered through this DRHP are proposed to be listed on the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange ("NSE"). Our company has received an in-principle approval for listing of the equity shares from BSE and NSE vide its letters dated [●] and [●] respectively. For the purpose of this Issue, the Designated Stock Exchange will be the Bombay Stock Exchange Limited ("BSE").

| BOOK RUNNING LEAD MANAGER | REGISTRAR TO THIS ISSUE |
|---|---|
| **Aryaman Financial Services Limited**<br>60, Khatau Building, Ground Floor,<br>Alkesh Dinesh Modi Marg, Fort, Mumbai – 400 001.<br>Tel No.: 91 – 22 – 2261 8264 / 8635<br>Fax No.: 91 – 22 – 2263 0434.<br>Website: www.afsl.co.in<br>Email: info@afsl.co.in<br>Contact Person: Mr. Deepak Biyani / Mr. Chirag Mehta<br>SEBI Registration No. INM000011344 | **Cameo Corporate Services Ltd.**<br>Submaramanian Building,<br>1 Club House Road, Chennai 600 002.<br>Tel No.: 044-2846 0390/1989<br>Fax No.: 044-2846 0129<br>Website: www.cameoindia.com<br>E-mail ID: cameo@cameoindia.com<br>Contact Person: Mr. R. D. Ramasamy<br>SEBI Registration No: INR000003753 |

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

** Our Company may consider participation by Anchor Investors. The Anchor Investor Bid/ Issue Period shall be one Working Day prior to the Bid/ Issue Opening Date.*

## TABLE OF CONTENTS


| SECTION | CONTENTS | PAGE NO. |
|---|---|---|
| I | **GENERAL** | |
| | DEFINITIONS AND ABBREVIATIONS | 1 |
| | PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA | 11 |
| | FORWARD LOOKING STATEMENTS | 12 |
| II | **RISK FACTORS** | 13 |
| III | **INTRODUCTION** | |
| | SUMMARY OF OUR INDUSTRY | 31 |
| | SUMMARY OF OUR BUSINESS | 33 |
| | SUMMARY OF OUR FINANCIAL INFORMATION | 38 |
| | ISSUE DETAILS IN BRIEF | 43 |
| | GENERAL INFORMATION | 44 |
| | CAPITAL STRUCTURE | 53 |
| IV | **PARTICULARS OF THE ISSUE** | |
| | OBJECTS OF THE ISSUE | 63 |
| | BASIC TERMS OF THE ISSUE | 71 |
| | BASIS OF ISSUE PRICE | 72 |
| | STATEMENT OF TAX BENEFITS | 75 |
| V | **ABOUT THE ISSUER COMPANY** | |
| | INDUSTRY OVERVIEW | 82 |
| | BUSINESS OVERVIEW | 89 |
| | KEY INDUSTRY REGULATIONS AND POLICIES | 103 |
| | HISTORY AND OTHER CORPORATE MATTERS | 108 |
| | OUR MANAGEMENT | 111 |
| | OUR PROMOTERS AND PROMOTERS GROUP | 126 |
| | DIVIDEND POLICY | 132 |
| VI | **FINANCIAL INFORMATION** | |
| | AUDITOR'S REPORT | 133 |
| | MANAGEMENT'S DISCUSSION AND ANALYSIS AND RESULTS OF OPERATIONS AND FINANCIAL CONDITION OF THE COMPANY | 153 |
| | FINANCIAL INDEBTEDNESS | 163 |
| VII | **LEGAL AND OTHER INFORMATION** | |
| | OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS | 164 |
| | GOVERNMENT AND OTHER KEY APPROVALS | 166 |
| | OTHER REGULATORY AND STATUTORY DISCLOSURES | 168 |
| VIII | **ISSUE RELATED INFORMATION** | |
| | TERMS OF THE ISSUE | 178 |
| | ISSUE STRUCTURE | 182 |
| | ISSUE PROCEDURE | 187 |
| IX | **MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY** | 221 |
| X | **OTHER INFORMATION** | |
| | MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION | 263 |
| | DECLARATION | 265 |

## SECTION I: GENERAL

## DEFINITIONS AND ABBREVIATIONS

**Issuer Related Terms**

| Term | Description |
|---|---|
| "Company" or "SACL" or "Our Company", "the Company", "the Issuer" or "we" or "us" or "our" or "Swajas Air Charters Limited" | Swajas Air Charters Limited, a public limited company incorporated under the Companies Act, 1956. |
| "Articles" or "Articles of Association" or "our Articles" | The articles of association of Swajas Air Charters Limited, as amended, time to time. |
| Auditor | The Statutory Auditors of our Company, M/s. R. Ravindran & Associates, Chartered Accountants |
| "Board" or "Board of Directors" or "our Board" | The board of directors of our Company or committees constituted by it from time to time. |
| Director(s) | The director(s) on our Board. |
| Equity Shares | Equity Shares of Swajas Air Charters Limited of Face Value Rs. 10 each unless otherwise specified in the context thereof. |
| "Memorandum" or "our Memorandum" or "Memorandum of Association" | The memorandum of association of Swajas Air Charters Limited, as amended from time to time. |
| Group Companies | Companies, firms, ventures etc. promoted by our promoters as described in the chapter "Our Promoters and Promoters Group" beginning on page 126 of this DRHP**.** |
| Promoter(s) | Unless the context otherwise requires, refers to Mr. R. Jayakumar and Mr. Christopher Ian Want |
| Promoter Director(s) | Unless the context otherwise requires, refers to Mr. R. Jayakumar and Mr. Christopher Ian Want |
| Promoter Group | Individuals, Companies and entities forming part of our Promoter Group as per the SEBI (ICDR) Regulations, 2009. For details please refer "Our Promoters and Promoters Group" beginning on page 126 of this DRHP. |
| RoC | Office of Registrar of Companies, Chennai, Tamil Nadu. |
| Registered and Corporate Office | The Registered Office and Corporate office of our Company situated at;<br>1/62 – 4, 1st Street,<br>Ravi Colony, St. Thomas Mount,<br>Chennai – 600 016 |

**Conventional/General Terms**

| Term | Description |
|---|---|
| Act/ Companies Act | The Companies Act, 1956, as amended from time to time. |
| Depository | A body corporate registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time. |
| Depositories Act | The Depositories Act, 1996, as amended from time to time |
| Depository Participant | A Depository Participant as defined under the Depositories Act, 1996. |
| Equity Shares | The Equity Shares of face value of Rs. 10 each of Swajas Air Charters Limited. |
| Indian GAAP | Generally Accepted Accounting Principles in 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 a citizen of India or a Person of Indian Origin is as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. |
| Quarter | A period of three continuous months starting from April 1, July 1, October 1, January 1 of respective Financial Year. |
| 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, as amended |
| Stock Exchanges | Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE), referred to as collectively |

**Issue Related Terms**

| Term | Description |
|---|---|
| "Allot" or "Allotment" or "Allotted" | The allotment of Equity Shares pursuant to this Issue. |
| Allottee | A successful Bidder to whom Allotment is made. |
| Anchor Investor | A Qualified Institutional Buyer, applying under the Anchor Investor Portion, who has Bid for an amount of at least Rs. 100 million. |
| Anchor Investor Bidding Date | The date one day prior to the Bid/Issue Opening Date prior to or after which the Syndicate will not accept any Bids from the Anchor Investors. |

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|---|---|
| Anchor Investor Portion | Equity Shares, available for allocation to Anchor Investors on a discretionary basis in accordance with the SEBI Regulations, being up to 30% of the QIB Portion ( which includes one-third reserved for domestic Mutual Funds) or up to [●] Equity Shares |
| Anchor Investor Price | The price at which Allotment is made to Anchor Investors in terms of the Red Herring Prospectus, being higher than or equal to the Issue Price, but not higher than the Cap Price. |
| ASBA | "Application Supported by Blocked Amount" as detailed in the chapter titled "Issue Procedure" beginning on page 187 of this DRHP. |
| ASBA Form | The application form, whether physical or electronic, in terms of which an ASBA Bidder made a Bid pursuant to the terms of the Red Herring Prospectus. |
| ASBA Revision Form | The forms used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Forms (if submitted in physical form). |
| ASBA Account | Account maintained by an ASBA Bidder with a SCSB which will be blocked to the extent of the appropriate Bid Amount. |
| ASBA Bidder | Any Bidder, other than an Anchor Investor who intends to apply through ASBA |
| "Bankers to the Issue" or "Escrow Collection Banks" | **[●]** |
| Basis of Allotment | The basis on which the Equity Shares will be allocated as described in the chapter titled "Issue Procedure" beginning on page 187 of this DRHP. |
| Bid | An indication by a Bidder to make an offer to subscribe for Equity Shares in our Company. |
| Bidder | A prospective investor in this Issue. |
| Bid Amount | The highest Bid Price indicated in the Bid cum Application Form and in case of ASBA Bidders, the amount mentioned in the ASBA Form. |
| Bid cum Application Form | The form in terms of which the Bidder (other than an ASBA Bidder) makes a Bid and which will be considered as the application for Allotment. |
| Bid Price | The prices indicated within the optional Bids in the Bid cum Application Form. |
| Bid/Issue Closing Date | Except in relation to Anchor Investors, the date after which the members of the Syndicate and SCSBs will not accept any Bids, which shall be the date notified in an English national daily newspaper, a Hindi national daily newspaper and a regional daily newspaper, each with wide circulation and in case of any revision, the extended Bid/Issue Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI Regulations. |

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|---|---|
| Bid/Issue Opening Date | Except in relation to Anchor Investors, the date on which the members of the Syndicate and SCSBs shall start accepting Bids, which shall be notified in an English national daily newspaper, a Hindi national daily newspaper and a regional daily newspaper, each with wide circulation and in case of any revision, the extended Bid/Issue Closing Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI Regulations. |
| Bidding Centre | A centre for acceptance of the Bid cum Application Form. |
| Bidding Period | The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date (inclusive of both days) and during which Bidders, other than Anchor Investors, can submit their Bids, inclusive of any revision thereof (except in the case of ASBA Bidders for whom no revision of Bids is permitted). |
| Book Building Process | The book building process as described in Schedule XI of the SEBI Regulations. |
| "Book Running Lead Manager" or "BRLM" | Book running lead manager to this Issue, being Aryaman Financial Services Limited. |
| "CAN" or "Confirmation of Allocation Note" | Except in relation to the Anchor Investors, the note or advice or intimation sent to the successful Bidders confirming the number of Equity Shares allocated to such Bidders after discovery of the Issue Price. In relation to Anchor Investors, the note or advice or intimation sent to the successful Anchor Investors who have been allocated Equity Shares after discovery of the Anchor Investor Price, including any revisions thereof. |
| Cap Price | The higher end of the Price Band and any revisions thereof, in this case being Rs. [●], above which no Bids will be accepted. |
| Controlling Branches | Such branches of the SCSBs which co-ordinate Bids under this Issue by the ASBA Bidders with the Registrar to the Issue and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time. |
| Cut-Off Price | Issue Price, finalized by our Company in consultation with the BRLM. Only Retail Individual Bidders who's Bid Amount does not exceed ₹ 2,00,000 are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price |
| Depository | A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended. |
| "Depository Participant" or "DP" | A depository participant as defined under the Depositories Act. |
| Designated Branches | Such branches of the SCSBs which shall collect the ASBA Forms and a list of which is available on http://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time. |
| Designated Date | The date on which the Escrow Collection Banks and the SCSBs transfer the funds from the Escrow Accounts and the ASBA Accounts, respectively, to the Public Issue Account, in terms of the Red Herring Prospectus. |

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|---|---|
| "Designated Stock Exchange" or "DSE" | Bombay Stock Exchange (BSE) |
| "Draft Red Herring Prospectus" or "DRHP" | The offer document dated 27th April 2011 filed with SEBI and issued in accordance with the SEBI Regulations. |
| Eligible NRI | An NRI from such a jurisdiction outside India where it is not unlawful to make an offer or invitation under this Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to Bid on the basis of the terms thereof. |
| Equity Shares | The equity shares of our Company of face value of Rs. 10 each. |
| Escrow Account(s) | Accounts opened for this Issue to which cheques or drafts of the Margin Amount or Bid Amount, as the case may be, is deposited by the Bidder. |
| Escrow Agreement | An agreement dated [●] entered among our Company, the Registrar to the Issue, the Escrow Collection Banks, the Book Running Lead Manager and the Syndicate Members for the collection of Bid Amounts and for remitting refunds, if any, to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof. |
| First Bidder | The Bidder whose name appears first in the Bid cum Application Form or Revision Form or the ASBA Form. |
| Floor Price | The lower end of the Price Band and any revisions thereof, in this case being Rs. [●], below which no Bids will be accepted. |
| IPO Grading Agency | [●] |
| Issue | This Issue of [●] Equity Shares of Rs. [●] each fully paid up at the Issue Price aggregating to ₹ 3750 Lacs by our Company. |
| Issue Price | The final price at which Allotment will be made, as determined by our Company in consultation with the Book Running Lead Manager. |
| Key Managerial Personnel or "KMP" | The personnel listed as key managerial personnel in the chapter titled "Our Management" beginning on page 111 of this DRHP. |
| Mutual Fund Portion | 5% of the Net QIB Portion consisting of [●] Equity Shares, available for allocation to Mutual Funds out of the Net QIB Portion. |
| Net Proceeds | Net proceeds of the Issue after deducting the Issue related expenses of our Company |
| Net QIB Portion | The portion of the QIB Portion less the number of Equity Shares allocated to the Anchor Investors, being a minimum of **[●]** Equity Shares to be allocated to QIBs on a proportionate basis. |
| NIF | National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India. |
| Non-Institutional Bidders | All Bidders (including ASBA Bidders and Sub-Accounts which are foreign corporate or foreign individuals) those are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for an amount more than Rs. 2,00,000. |
| Non-Institutional Portion | The portion of the Net Issue being upto 15% of the Issue consisting of **[●]** Equity Shares, available for allocation to Non-Institutional Bidders. |

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|---|---|
| Price Band | The price band between the Floor Price and Cap Price. |
| Pricing Date | The date on which the Issue Price is finalized by our Company, in consultation with the Book Running Lead Manager. |
| Prospectus | This prospectus dated **[●]** of our Company filed with the RoC for this Issue post the Pricing Date in accordance with Sections 56, 60 and 60B of the Companies Act and the SEBI Regulations. |
| Public Issue Account | The bank account opened with the Bankers to the Issue by our Company and the Selling Shareholder under Section 73 of the Companies Act to receive money from the Escrow Accounts and where the funds shall be transferred by the SCSBs from the ASBA Accounts on the Designated Date. |
| Qualified Institutional Buyers or QIBs | "Qualified Institutional Buyer" means:<br>i) a mutual fund, venture capital fund and foreign venture capital investor registered with the SEBI;<br>ii) a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the SEBI;<br>iii) a public financial institution as defined in section 4A of the Companies Act, 1956;<br>iv) a scheduled commercial bank;<br>v) a multilateral and bilateral development financial institution;<br>vi) a state industrial development corporation;<br>vii) an insurance company registered with the Insurance Regulatory and Development Authority;<br>viii) a provident fund with minimum corpus of ₹ 2500 Lacs;<br>ix) a pension fund with minimum corpus of ₹ 2500 Lacs;<br>x) 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;<br>xi) Insurance funds set up and managed by Army, Navy or Air Force of the Union of India; and<br>xii) Insurance Funds set-up and managed by the Department of Posts, India |
| QIB Portion | At least 50% of the Net Issue being a minimum **[●]** Equity Shares to be Allotted to QIBs, including the Anchor Investor Portion. |
| Red Herring Prospectus or RHP | The Red Herring Prospectus dated [●] issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three (3) days before the Bid Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date. |
| Refund Account(s) | The account opened with the Escrow Collection Bank(s), from which refunds, if any, of the whole or part of the Bid Amount (excluding to the ASBA Bidder) shall be made |
| Refund Banker(s) | [●] |
| Refunds through electronic transfer of funds | Refunds through NECS, Direct Credit, NEFT, RTGS or the ASBA process, as applicable |

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|---|---|
| Registrar to the Issue | Cameo Corporate Services Limited having its office at Submaramanian Building, 1 Club House Road, Chennai 600 002. |
| Resident Retail Individual Investor or Resident Retail Individual Bidder | Retail Individual Bidder who is a person resident in India as defined under FEMA and who has not Bid for Equity Shares for an amount more than Rs. 2,00,000 in any of the bidding options in the Issue |
| Restated Financial Statements | Our restated financial information as at and for the period(s)/year(s) ended March 31, 2009 and 2010 and the nine months period ended December 31,2010, prepared in accordance with Indian GAAP and the SEBI ICDR Regulations |
| Retail Portion | The portion of the Issue being upto [●] shares i.e. 35% of the Issue, consisting of Equity Shares 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) |
| SEBI FII Regulations | SEBI (Foreign Institutional Investors) Regulations 1995, as amended |
| SEBI ICDR Regulations | SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended |
| SEBI VCF Regulations | SEBI (Venture Capital Funds) Regulations, 1996 as amended |
| Self Certified Syndicate Bank or SCSB | The Banks which are registered with SEBI under SEBI (Bankers to an Issue)Regulations, 1994, as amended and offers services of ASBA, including blocking of bank account and a list of which is available on http://www.sebi.gov.in |
| Stock Exchanges | The BSE and the NSE |
| Syndicate | The BRLM and the Syndicate Members (if any) |
| Syndicate Agreement | The agreement to be entered into between the Syndicate and our Company in relation to the collection of Bids in this Issue (excluding Bids from the ASBA Bidders) |
| Syndicate Members | [●] |
| Takeover Code | SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended |
| TRS/Transaction Registration Slip | The slip or document issued by a member of the Syndicate or the SCSB (only on demand), as the case may be, to the Bidder as proof of registration of the Bid |
| Underwriters | The BRLM and the Syndicate Members |
| Underwriting Agreement | The agreement among the Underwriters and our Company to be entered into on or after the Pricing Date |
| Working Day | All days other than a Sunday or a public holiday (except during the Bid/Issue Period where a working day means all days other than a Saturday, Sunday or a public holiday), on which commercial banks in Chennai are open for business |

**Abbreviations**

| Abbreviation | Full Form |
|---|---|
| ATC | Airport Traffic Control |
| A.C.S. | Associate Company Secretary |
| AAI | Airports Authority of India |
| AAI | Airports Authority of India |
| AFSL | Aryaman Financial Services Limited |
| AICs | Aeronautical Information Circular |
| AME | Aircraft Maintenance Engineers |
| AMEs | Aircraft Maintenance Engineers |
| AMS | Aviation Management Systems |
| APV | Approach with Vertical Guidance |
| AS | Accounting Standard issued by the Institute of Chartered Accountants of India |
| ATACs | Air Transport Advisory Circulars |
| ATC | Air traffic control |
| ATF | Aviation Tribune Fuel |
| B. Com. | Bachelor of Commerce |
| B.L. | Bachelors of Laws |
| B.Sc. | Bachelors In Science |
| BALCO | Bharat Aluminium Company Limited |
| BCAS | Bureau of Civil Aviation Security |
| BSE | Bombay Stock Exchange |
| CAGR | Compounded Annual Growth Rate |
| CAIIB | Certified Associate of the Indian Institute of Bankers |
| CAT-I | Category I |
| CDL | Configuration Deviation List |
| CDSL | Central Depository Services (India) Limited |
| CENVAT | Central Value Added Tax |
| CIN | Corporate Identification Number |
| CMIE | Centre for Monitoring Indian Economy |
| CVR | Cockpit Voice Recorder |
| DGCA | Director General of Civil Aviation |
| DIN | Director Identification Number |
| DME | Distance Measurement Equipment |
| DNB | Det Norske Veritas Audit |
| ECS | Electronic Clearing System |
| EGM | Extra Ordinary General Meeting |
| EPS | Earnings Per Share |
| ESI Corporation | Employees' State Insurance Corporation |
| ESOP/ESPS | Employee Share Purchase and Employee Stock Option Scheme |

| | |
|---|---|
| FAA (USA) | Federal Aviation Administration |
| Fax No | Fax Number |
| FCGPR | Foreign Collaboration General Permission Route |
| FCNR Account | Foreign Currency Non-Resident Account |
| FDI | Foreign Direct Investment |
| FDR/DFDR | Flight Data Recorder/Digital Flight Data Recorder |
| FDTL | Flight Duty Time Limit |
| FEMA | Foreign Exchange Management Act |
| FIIs | Foreign Institutional Investors |
| FIPB | Foreign Investment Promotion Board |
| FTK | Freight Tonne Kilometers |
| FVCIs | Foreign Venture Capital Investors |
| FY | Financial Year |
| GAGAN | GPS Aided Geo Augmented Navigation |
| GCE 'O' Level | General Certificate of Education (Ordinary Level) examinations |
| GDP | Gross Domestic Product |
| GIR | General Index Register Number |
| GoI / Government | Government of India |
| HUF | Hindu Undivided Family |
| I T Act | Income Tax Act, 1961 |
| IA | Indian Airlines |
| IATA | International Air Transport Association |
| ICAI | Institute of Chartered Accountants of India |
| ICAO | International Civil Aviation Organization |
| IEC | Importer-Exporter Code |
| IFCI | Industrial Finance Corporation of India |
| IFSC | Indian Financial System Code |
| kg | Kilogram |
| km/h | Kilometer per hour |
| KVA | Kilo Volt Ampere |
| kW | Kilo Watt |
| M. Com | Master of Commerce |
| M. Phil | Master of Philosophy |
| M.A. | Masters Degree in Arts |
| M.B.A. | Master in Business Administration |
| M.O.E. | Maintenance Organization Exposition |
| MAT | Minimum Alternative Tax Rate |
| MEL | Minimum Equipment List |
| MF | Mutual Funds |
| MICR | Magnetic Ink Character Recognition |
| MoCA | Ministry of Civil Aviation |

| | |
|---|---|
| MoU | Memorandum of Understanding |
| MRO | Maintenance, Repairs & Overhaul |
| NA | Not Applicable |
| NACIL | National Aviation Company of India Limited |
| NAV | Net Asset Value |
| NECS | National Electronic Clearing Service |
| NEFT | National Electronic Fund Transfer |
| NoC | No Objection Certificate |
| NRE | Non-Resident External |
| NRO | Non-Resident Ordinary |
| NSDL | National Securities Depository Limited |
| NSE | National Stock Exchange |
| NSOP's | Non-Scheduled Operator's Permit |
| OCBs | Overseas Corporate Bodies |
| P/E | Price Earnings Ratio |
| PAN | Permanent Account Number |
| PAN | Permanent Account Number |
| PAT | Profit / (Loss) After Tax |
| PC Pilatus | Passenger and Cargo air craft Pilatus |
| POA | Power of Attorney |
| PPP | Purchasing Power Parity |
| RBI | Reserve Bank of India |
| RoNW | Return on Net worth |
| RPK | Revenue Passenger Kilometers |
| Rs / INR | India National Rupees |
| RTGS | Real Time Gross Settlement |
| SACL | Swajas Air Charters Limited' |
| SAIPL | Swajas Aviation Infrastructure Private Limited |
| sq. ft | Square Feet |
| STT | Securities Transaction Tax |
| UIN | Universal Internet Number |
| USD | United States Dollar |
| VCFs | Venture Capital Funds |
| w.r.t | with respect to |
| Wg. Cdr. | Wing Commander |

## PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

### Financial Data

Unless stated otherwise, the financial data in this DRHP is derived from our restated financial information as at and for the periods/years ended March 31 2009 and 2010 and the nine months period ended December 31, 2010, prepared in accordance with Indian GAAP and the SEBI ICDR Regulations, which are included in this DRHP, and set out in "Auditor's Report" on page 133 of this DRHP.

Our financial year commences on April 1 and ends on March 31 of a particular year. Unless stated otherwise, references herein to a fiscal year or financial year (e.g., fiscal 2010), are to the fiscal year ended March 31 of a particular year.

In this DRHP, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All decimals have been rounded off to two decimal points.

There are significant differences between Indian GAAP, US GAAP and IFRS. We have not attempted to explain those differences or quantify their impact on the financials data included herein and we urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP restated financial statements included in this DRHP 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 this DRHP should accordingly be limited.

### Currency and Units of Presentation

All references to "Rupees" or "Rs." or "₹" are to Indian Rupees, the official currency of the Republic of India. One crore is the unit in the Indian numbering system representing 10 million or 100 Lacs and one Lac is the unit in the Indian numbering system representing 1,00,000; thus, for example, ₹ 10 Crore equals Rs. 100 million. All references to "US$", "USD" or "U.S. Dollar" are to United States Dollars, the official currency of the United States of America.

Except where specified, in this DRHP by us, all figures have been expressed in "Lacs".

### Industry and Market Data

Unless stated otherwise, industry and market data used throughout this DRHP has been obtained from industry publications and certain public sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable, but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made based on such information. Although our Company believes that the industry and market data used in this DRHP is reliable, it has not been verified by us, any independent sources or any other person connected with the Issue. Further, the extent to which the market and industry data presented in this DRHP is meaningful depends on the reader's familiarity with and understanding of methodologies used in compiling such data.

Any photographs or illustrations used and inserted in the offer document are for representation purpose only. The actual products and processes may vary to certain extent from the pictorial displays presented herein.

## FORWARD LOOKING STATEMENTS

This DRHP contains certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "future", 'goal", "intend", "is likely to result" "objective", "plan", "project", "seek", "should", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements.

All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Important factors that could cause actual results to differ materially from our expectations include, among others:

- 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;
- The 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 the Issue;
- Our inability to enter into financing arrangement to meet short term and long term capital 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 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;

For a further discussion of factors that could cause our actual results to differ, please refer *"Risk Factors"*, *"Business Overview"* and *"Management's Discussion and Analysis of Results of Operations and Financial Condition of the Company"* beginning on pages 13, 89 and 153 respectively of this DRHP.

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, our Directors, any member of the Syndicate nor any of their respective officers and/or affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the BRLM and our Company will ensure that investors in India are informed of material developments until such time as the listing and trading permission is granted by the BSE and NSE.

## SECTION II: RISK FACTORS

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

*This DRHP also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this DRHP.*

*Unless specified or quantified in the relevant risk factors set forth below, our Company is not in a position to ascertain the financial and other implication of any of the other risks mentioned herein.*

**Materiality**

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

1. Some events may have material impact quantitatively;
2. Some events may have material impact qualitatively instead of quantitatively;
3. Some events may not be material individually but may be found material collectively;
4. Some events may not be material at present but may be having material impact in future.

**Internal Risk Factors**

1. ***If we experience insufficient cash flows to meet required payments on working capital requirements, there may be an adverse effect on our results of operations.***

Working capital requirement in our business is relatively high because of the contractually agreed progressive lease payment schedules based on our MoU's with various companies from whom we have taken aircrafts and helicopters on dry and wet lease basis. We would rely on our ability to generate sufficient operating cash flows from our charter operations which are also partially run through agreements with clients for one to three years and partially through charter services on need basis in order to maintain the required cash flows for meeting these requirements.

Some of these MoU's have terms in which a minimum lease amount and a minimum base rate of flying is to be paid to the "Lessor" irrespective of whether the helicopter / aircraft was available for flying during the said period. Our inability to maintain the operational capacity and utilisation of our fleet, due to various factors including but not limited to fleet and equipment wear and tear, external exigencies, lack of demand due to economic downturns, new competitors and other related factors could entail us to incur indebtedness in order to maintain these regular cash flow requirements.

Continued increases in working capital cash flow requirements may also limit our ability to provide for capital expansion or pay dividends and hence have an adverse effect on our financial condition and results of operations.

2. ***The lease agreements entered into for Helicopters and Aircrafts operated on a dry lease basis have certain terms and conditions that expose us to certain inherent risks, which if experienced, could materially, adversely affect our results of operations and financial condition.***

We currently operate three helicopters and one aircraft taken on a dry lease basis from various parties valid for specific periods. However, as part of such agreements certain key responsibilities are entrusted on our company w.r.t helicopters and aircraft health and maintenance at the end of the lease agreement,

including but not limited to an irrevocable de-registration of the helicopter / aircraft from the Republic of India (which is acceptable to the lessor), an approved FAA (USA) certificate of fitness, rectification of damage, if any etc. In the event of any negative event including any of the above, the lessor shall have the right to perpetually withhold / forfeit the "Refundable Deposit" paid by us, extend the term of lease and expect the lease rentals until the completion of these key conditions, and or begin litigation proceedings against us at the home country of the lessor.

So far, there are been no disputes or litigations involving our lessors, however, there can be made no assurance that we shall be able to meet the conditions specified on expiry of lease agreement satisfactorily and that any negative event w.r.t same shall not adversely affect our results of operations and financial condition.

3. ***Our business operations and profitability may be adversely affected by increasing rates of Aviation Tribune Fuel (ATF), which is a key component of our operating costs.***

ATF Prices in India continue to be higher than the global rates, making ATF account for almost 35-40% of the operating cost as compared to the global average of 20-25**%**. The following illustrations explain the rising trend in ATF Prices in the major metro's of India over the last year:

| Month | Delhi | Kolkata | Mumbai | Chennai |
|---|---|---|---|---|
| Mar 01,2011 | 54933.06 | 62654.61 | 55500.06 | 58997.14 |
| Feb 01,2011 | 50958.78 | 58500.90 | 51332.82 | 54696.55 |
| Jan 01,2011 | 47815.50 | 55158.14 | 48058.56 | 51275.32 |
| Dec 01,2010 | 45240.00 | 52452.14 | 45379.62 | 48496.70 |
| Nov 01,2010 | 42276.00 | 50653.00 | 43553.00 | 46626.00 |
| Oct 01,2010 | 40728.52 | 49057.15 | 41983.59 | 45011.81 |
| Sep 01,2010 | 40138.06 | 48461.83 | 41388.27 | 44397.44 |
| Aug 01,2010 | 41177.17 | 49584.82 | 42484.20 | 45542.40 |
| Jul 01,2010 | 41488.90 | 49927.12 | 42808.92 | 45841.83 |
| Jun 01,2010 | 39503.56 | 47843.50 | 40752.36 | 43705.50 |
| May 01,2010 | 42452.01 | 50914.81 | 43823.67 | 46875.09 |
| Apr 01,2010 | 40841.40 | 49294.36 | 42159.48 | 45151.97 |
| Mar 01,2010 | 39307.07 | 47531.40 | 40546.70 | 43325.63 |
| Feb 01,2010 | 38956.38 | 47166.09 | 40181.39 | 42948.63 |
| Jan 01,2010 | 38696.60 | 46908.52 | 39910.79 | 42683.33 |

Source: http://www.iocl.com/Products/ATFDomesticPrices.aspx
** All figures are INR per Kilolitre*

Any ad-hoc increases in ATF prices or undue volatility in the same would adversely affect our profitability margins and operational efficiency.

4. ***If we are unable to acquire the necessary helicopters and aircrafts, we may not be able to take advantage of the growth opportunities.***

We currently operate 3 helicopters and 1 aircraft on a dry lease basis and several other helicopters and aircrafts on a wet lease basis from time to time based on demand from customers for charter flights and flight hiring. Further, we plan to acquire 1 helicopter and 1 aircraft from the issue proceeds.

While up to now, we have been able to acquire / make available sufficient helicopters and aircrafts, non-availability of helicopters/aircrafts or the failure of our suppliers to deliver the helicopters/aircrafts that we have ordered on a timely basis, could limit our ability to take advantage of growth opportunities. This could adversely impact our profitability.

Thus in the event the helicopters / aircrafts are not delivered in time or the contract for purchase / lease would be cancelled or modified, we would not be able to bring about a timely induction of these helicopters / aircrafts for the contracts and thereby lose the contract. This could adversely affect our profitability.

5. ***Our business operations and expansion activities may be constrained by inadequate airport infrastructure and slower than expected improvement of the same in India.***

Underdeveloped Airport and ATC Infrastructure remains to be a major hurdle for the expansion of private aviation in India. Following are the major issues concerning the development of private aviation in India w.r.t lack of Airport Infrastructure:

- There are fewer dedicated business-aircraft terminals in India as compared to other large economies such USA, UK and China. This means that private jet travellers have to go through the same security checks as all the general scheduled airline flyers and this in effect dilutes the operational efficiencies that can be provided by Private Air Charters.
- Lack of available Private Aviation Infrastructure in India and sharing of infrastructure with the Scheduled Airlines, leads to Lack of available Runways, Slot Constraints, and Air Traffic Congestion which in effect lead to Long Holding Times (on Ground and on Air), Lower Utilisation of Aircraft and hence reduced operational profitability.
- Lack of Night Parking Stands at major airports and lack of navigational aids at many smaller airports lead to sub-optimal route network strategies.

The Indian Government along with the Ministry of Aviation has shown an intent to improve the airport infrastructure for private airlines, however, inadequate airport infrastructure and slower than expected improvement in the same, could adversely affect our growth plans and business strategies.

6. ***Our industry is heavily regulated and our business activities require various approvals, licenses, registrations and permissions. Our operations and/or profitability could be adversely affected if we fail to obtain, in a timely manner or at all, or comply with the conditions that may be attached to, such approvals, licenses, registrations and permissions.***

The aviation industry is heavily regulated in many jurisdictions. We require various approvals, licenses, registrations and permissions for our business activities. Each authority may impose its own requirements or delay or refuse to grant approval, even when the same permission/license has already been granted in another state or country. Our business, prospects, results of operations and financial condition could be adversely affected if we fail to obtain such approvals, licenses, registrations and permissions, in a timely manner or at all.

Further, our existing and new fleet services may require various approvals to continue operations. Such approvals, licenses, registrations and permissions may impose conditions upon us to give prior intimation to the relevant licensing authority before effecting any change *inter alia* in ownership or constitution. Our business, prospects, results of operations and financial condition could be adversely affected if we fail to comply with applicable conditions that may be attached to any such approvals, licenses, registrations and permissions.

Certain applications filed by us are pending approval or registration. A list of such applications is set forth below.

i) The company has applied to the Airports Authority of India for allocation of land to set up a hangar at Chennai airport.

ii) The company has applied to Ministry of Civil Aviation and Director General of Civil Aviation for purchase of PC Pilatus 12 Aircraft.

iii) The company is yet to obtain registration with the ESI Corporation. Application was filed on 30th March 2011.

Further various licenses / permits etc shall be expiring within the forthcoming period / years and shall require renewals. Any inability or delay in renewing/applying any such key Liscence, registration, approval or permission would adversely affect our results of operations and financial conditions.

For further details please refer "Government and Other Key Approvals" beginning on page 166 of this DRHP.

***7. We are significantly dependent on a few major customers. Our top ten customers have contributed 82% of our turnover in FY 2010 and approximately 70% for the nine months period ended December 31, 2010.***

The revenues from our top 10 customers constituted approximately 82 % and 70% of our revenues for FY 2010 and for the nine months period ended December 31, 2010 respectively. These customers charter helicopters/aircrafts from our Company. While our Company has done substantial business with these customers in the past, we do not have any legally binding agreements or commitments to supply to them in the future and we cannot assure that we would receive any orders at all from any of these customers in the future, or receive orders from them on terms and conditions commercially acceptable to us.

Secondly, due to the niche nature of our industry, wherein we do not provide services to all public at large (like in the case of scheduled airlines) and shall be catering to only a elite class of customers, we shall be more dependent on regular business from such customers.

Loss of one or more of our major customers would have a material adverse effect on our business, results of operations and financial condition.

***8. As on December 31, 2010, our company had to pay Tax Deducted at Source aggregating to ₹ 81.18 Lacs. We are hence subject to penalties / interest levied by the department or counterparties, on whose payments these taxes were deducted for delay in such payment.***

Our company has deducted tax at source under various heads of expenditure in the F.Y. 2009-10 and F.Y. 2010-11, which should have been paid to the Income Tax department on or before the seventh day of the month succeeding the month of deduction for deductions made in all the months excepting March and on or before April 30 in case where deduction of tax at source was made in the month of March. However, we are still to pay ₹ 81.18 Lacs of Taxes deducted at source to the Income Tax Department which are overdue. The company shall hence face risks pertaining to any levy of interest or penalty by the Income Tax department or any other adverse action from the counterparties, on whose payments these Taxes were deducted.

***9. We operate in competitive markets. Our business, operations and financial performance will depend on how effectively we compete.***

Certain of our competitors, including Government-owned entities, may have significantly greater resources than those available to us.

We believe competition in our industry is based on the ability to provide services and business capabilities including:

- Competitive Fares;
- Timely Service;
- Quality of Aircrafts / Helicopters;
- Customized Service Approach;

- Higher number of routes; and
- Safety and Security Management.

Further, our market position will depend upon effective business development initiatives and its ability to anticipate and respond to various factors affecting its industry, including and service innovations and particular issues important to competition for longer-term charter contracts.

There are currently 125 NSOP's registered with DGCA and authorised to operate Private Aircrafts / Helicopters, out of whom 30 NSOP's are for private use of the owners and 95 NSOP's provide Air Charter Services. *(Source: DGCA)*

Competition within the Indian Non Scheduled Aviation Industry may intensify as new NSOP's are established. Increased competition could lead to intense price competition, which could adversely affect our profit margins and increase the importance of the economies of scale. In addition, our competitors may also:

- respond more quickly to competitive pressures;
- introduce packaged services that are preferred by our customers;
- acquire air fleet that is more technologically advanced or more economically efficient;
- price their products and services more competitively;
- develop and expand their network infrastructure and service offerings more efficiently;
- utilize better, more user-friendly and more reliable technology; or
- take greater advantage of organic and inorganic growth opportunities, including acquisitions, alliances and other opportunities.

There can be no assurance that we will be able to continue to compete effectively. If our Air Charter Services are not competitive, our business, financial condition and results of operations may be adversely affected.

***10. If we fail to comply adequately with airworthiness requirements, one or more of our helicopters / aircrafts may be grounded by the DGCA or our license to operate may be suspended, which would adversely affect our revenues and operations.***

Failure to comply with any DGCA and/or manufacturer directives or bulletins could lead to one, some or all of our helicopters / aircrafts being grounded. Any non-compliance or delay on complying with any guidelines or directives may result in levying of penalties against us, which may affect our performance.

***11. We may not be able to increase our customer base, revenue and profitability.***

We may not be able to increase our customer base in our businesses as a result of competition and lower demand for Charter Services from corporate and other key industries. In order to grow our revenue and profitability in our business, we may become reliant on growth of these Industries such as Offshore Oil Exploration, Medical Tourism, etc. However, in order to increase our customer base, it may be necessary to lower our rates, or it may be necessary to increase our customer acquisition costs, which may increase our operating costs, which may lead to a decline in our "Average Revenue per Flight Operated" or due to price inefficiency we may have to increase our "Idle Time", either or both of which could result in lower margins, slower growth and lower profitability. Any new services may not be technically or commercially successful or launched according to expected schedules. Any such failure may have a material adverse effect on our revenue and profitability.

In addition, we may not be successful in the execution of our business strategies, including those described in detail under *"*Business Overview – Business Strategy*"* on page 91 of this DRHP. We may experience delays in the implementation of these strategies for various reasons, including a failure to acquire necessary fleet, capital shortfalls, failure of third party suppliers to deliver services and products in a timely manner and our inability to meet our own implementation schedules. There can be no assurance that our business strategies will be satisfactorily implemented and the growth of our business may be adversely affected.

12. ***Air charter operations involve risks that may not be covered by our insurance or may increase the cost of our insurance.***

Operations of helicopters and private aircrafts involve some degree of risk. Hazards, such as accidents, adverse weather and marine conditions, collisions and fires, are inherent in furnishing air charter services and can cause personal injury and loss of life, severe damage to and destruction of property and equipment, and in suspension of operations. As a result of these and other factors, we may not be able to maintain adequate insurance in the future at rates we consider reasonable.

While we believe that we are adequately covered by insurance in light of our historical need for insurance coverage, the loss of this coverage or the loss, expropriation or confiscation of, or severe damage to, a large number of our helicopters / aircrafts could adversely affect our operations and financial condition. Aviation insurers could further increase their premiums in the event of additional terrorist attacks, hijackings, airline crashes or other events adversely affecting the aviation industry. Significant increases in insurance premiums could increase our costs and adversely affect our operations and financial condition. As a result of these and other factors, no assurance can be given that we will be able to maintain adequate insurance in the future at rates we consider reasonable.

There can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part or in time. To the extent that we suffer loss or damage that is not covered by insurance or exceeds our insurance coverage, our results of operations and cash flows may be adversely affected.

13. ***Some of our promoters, group companies and directors are party to certain legal proceedings.***

Our company has no outstanding litigations or disputes as on the date of this DRHP.

However, some of our Promoters, Directors and Group companies have certain outstanding litigations, which if decided against them could have a material adverse effect on our goodwill and financial condition. The same are summarized below:

| Name of Promoter /Promoter Group / Director involved | Case initiated by /against | Case No. and Court/Magistrate/Appellate Authority | Amount involved (If quantifiable) |
|---|---|---|---|
| Swajas Air Charters & Hotels Private Limited | By Captain K.K.Sainani against Swajas Air Charters & Hotels Private Limited | Civil Suit, C.S.No.726 of 2009 at High Court, Original Side, Chennai | ₹ 17.82 Lacs + interest and costs |
| Swajas Air Charters (Proprietorship concern of our Promoter Mr. R. Jayakumar) | By Swajas Air Charters (Proprietorship) against M/s. Suresh Builders Private Limited and its Director, Mr. Suresh Babu | Complaint bearing C.C. No. 7406 of 2006 at XVI Metropolitan Magistrate, George Town, Chennai | ₹ 8.50 Lacs + interest and costs |
| Swajas Air Charters (Proprietorship concern of our Promoter Mr. R. Jayakumar) | By Swajas Air Charters (Proprietorship) against M/s. Jupiter Aviation Private Ltd., Mr. Air Commander Chandrasekaran, and M/s. Suresh Builders Pvt. Ltd rep. by its Managing Director, Mr. Suresh Babu | Civil Suit bearing CS 782 of 2010 at High Court, Chennai | ₹ 28.90 Lacs + Interest and costs |

For further details regarding the cases and issues mentioned above, please refer "Outstanding Litigations and Material Developments" beginning on page 164 of this DRHP.

14. ***Contingent liabilities not provided for, which if materialize may have an adverse affect on our financial condition and future financial performance.***

The contingent liabilities not provided for as on December 31, 2010 are as follows:

| Particulars | Amount (₹ In Lacs) |
|---|---|
| Outstanding Performance Bank Guarantee | 130.93 |
| **Total** | **130.93** |

In the event, any of the above contingent liabilities materialize it may have an adverse affect on our financial condition and future financial performance. For further details, please refer "Annexure 20" of the "Auditor's Report" on page 152 of this DRHP.

15. ***Certain other ventures promoted by our Promoters are authorised to engage in a similar line of business and may hence be a potential conflict of interest in the future.***

Certain entities within our Promoter Group are authorized under their constitutional documents to engage in a similar line of business as us. For further details with respect to our Promoters and members of our Promoter Group, please refer "Our Promoters and Promoters Group" beginning on page 126 of this DRHP.

We cannot assure you that our Promoters will not favour the interests of the members of our Promoter Group over our interests. Such other members of our Promoter Group, including those in a similar line of business, may dilute our Promoter's attention to our business, which could adversely affect our business, prospects, financial condition and results of operations. We have not entered into any non-solicitation or non-compete agreement with any member of our Promoter Group.

While such members of our Promoter Group are not currently carrying on any business in conflict with our Company, there is no assurance that such a conflict will not arise in the future, or that we will be able to suitably resolve any such conflict without an adverse effect on our business or operations. There can be no assurance that our Promoters or members of our Promoter Group will not provide comparable services, expand their presence, solicit our employees or acquire interests in competing ventures in the locations or segments in which we operate. A conflict of interest may occur between our business and the business of the members of our Promoter Group, which could have an adverse effect on our business, prospects, results of operations and financial condition.

16. ***Our ability to maintain our competitive position and to implement our business strategy is dependent to a significant extent on our senior management team and other key personnel.***

We depend on our current senior management for the implementation of our strategy and the operation of our day to-day activities. Furthermore, relationships of members of senior management are important to the conduct of our business. Competition for experienced management personnel in the private aviation sector is intense, the pool of qualified candidates is limited, and we may not be able to retain the services of our senior executives or key personnel or attract and retain high-quality senior executives or key personnel in the future. Consequently, there can be no assurance that these individuals will continue to make their services available to us in the future. Any significant loss of senior management or key personnel could materially and adversely affect our business, financial condition, results of operations and prospects.

Our key management personnel have not entered into confidentiality and/or non-competition agreements with us. Hence, if any member of our senior management team or any of our other key personnel joins a

competitor or forms a competing company, we may consequently lose our proprietary know-how including service structure, pricing of charter flights, client information, and in-house safety procedures, etc. Further, the outgoing senior management might also make the other technical and non-technical team of the company to join them.

***17. If we are unable to recruit and retain skilled employees, including pilots and others, our operations and expansion plans may be adversely affected, and accordingly impact our revenue***

We compete with other aviation operators for labour in skilled personnel positions. Our competitors may offer wage and benefit packages that are more attractive than our wage and benefit packages. In addition, from time to time, the aviation industry in India has experienced a shortage of skilled personnel, especially pilots, qualified engineers, quality control personnel and technicians. The compensation paid for such skilled personnel has also witnessed significant upward movement. The recent past has witnessed poaching of pilots by competing operators. The Government of India accordingly imposed a minimum of six months notice period for resigning pilots. Any relaxation of their directions in the future could worsen the shortage.

Our expansion plans will require us to hire, train and retain a significant number of new employees in the future, and to continue to do so on an ongoing basis particularly on or around the time we take possession of more helicopters and aircrafts. However, as existing players expand or as new competitors enter the aviation market and as we acquire additional helicopters and aircrafts, we may have increasing difficulty recruiting and retaining sufficient numbers of pilots, qualified engineers and technicians to meet our current and future requirements.

If we are unable to attract and retain skilled employees, including pilots and others, we may have to reduce our operations, which could harm our revenues, or we may not be able to develop our business in accordance with our business and expansion plans.

***18. We could be harmed by employee misconduct or errors that are difficult to detect and any such incidences could adversely affect our financial condition, results of operations and reputation.***

Employee misconduct or errors could expose us to business risks or losses, including regulatory sanctions and serious harm to our reputation. Such employee misconduct includes breach in security requirements, hiding unauthorized or unsuccessful activities and improper use of confidential information. It is not always possible to detect or deter misconduct, and the precautions we take to prevent and detect such activity may not be effective in all cases. Our employees and agents may also commit errors that could subject us to claims and proceedings for alleged negligence, as well as regulatory actions in such case, our business, financial condition, results of operations and reputation could be adversely affected.

***19. Our compliance and risk management methods might be ineffective and may result in outcomes that could adversely affect our reputation, financial condition and operating results.***

The Government of India and the Ministry of Civil Aviation through the DGCA has broad powers to supersede our Board of Directors and suspend or revoke our approval to operate as a NSOP. Our ability to comply with applicable laws and regulations is largely dependent on our establishment and maintenance of compliance, audit and reporting systems, as well as our ability to attract and retain qualified compliance and other risk management personnel. We cannot assure you that these systems and procedures are fully effective.

We face the risk of significant intervention by regulatory authorities, including extensive examination and surveillance activity. In the case of non-compliance or alleged non-compliance with applicable laws or regulations, we could be subject to investigations and judicial or administrative proceedings that may result in substantial penalties or civil lawsuits, including by customers, for damages, which can be

significant. Any of these outcomes could adversely affect our reputation, financial condition and operating results. In extreme cases, these outcomes could adversely affect our ability to conduct our business.

In addition, our policies and procedures to identify monitor and manage our Safety and Security related risks may not be fully effective. Some of our risk management methods depend upon evaluation of information regarding pilots, aircraft health, customers or other matters that are publicly available or otherwise accessible by us. That information may not always be accurate, complete, up-to-date or properly evaluated.

Though, we would try to the best of our ability that all compliances are met on a timely basis, we cannot assure you that our policies and procedures will always be effective or that we will always be successful in monitoring or evaluating the risk to which we are or may be exposed, which could lead to an inadvertent breach of law and hence adversely affect our ability to conduct our business.

**20. *We have in the past entered into related party transactions and may continue to do so in the future.***

We have entered into transactions with our promoters, our Group Companies and affiliates. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. For fiscal 2010 and for the nine months ended December 31, 2010, based on our audited and restated financial statements, our aggregate related party transactions were ₹ 119.25 Lacs and ₹ 47.61 Lacs, respectively. For further details, please refer "Annexure 19 – Related Party Transactions" of the "Auditors Report" on page 151 of this DRHP.

**21. *Our funding requirements and deployment of net proceeds of the Issue are based on management estimates and have not been independently appraised, and are not subject to monitoring by any independent agency***

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates, current quotations from suppliers and our current business plan. The fund requirements and intended use of proceeds have not been appraised by any bank or financial institution and are based on our estimates and on third party quotations. We may have to revise our expenditure and fund requirements as a result of variations in the cost structure, changes in estimates, changes in quotations, exchange rate fluctuations and external factors, which may not be within the control of our management. This may entail rescheduling, revising or cancelling the planned expenditure & fund requirement and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our Board. In addition, schedule of implementation as described in the chapter "Objects of the Issue" on page 68 of this DRHP are based on management's current expectations and are subject to change due to various factors, some of which may not be in our control. For further details, please refer to the section "Objects of the Issue" on beginning on page 63 of this DRHP.

We are not required to appoint any Monitoring Agency for the issue in terms of the SEBI (ICDR) Regulations, 2009.

**22. *The trading price of our Equity Shares may be affected by variations in our operations, and financial conditions***

We expect our quarterly operating results to fluctuate in the future based on a variety of factors, including:

- the timing and success of our growth plans as we lease or purchase additional helicopters / aircrafts, increase operations from existing bases or start new bases;
- changes in contract revenues, fuel, aircraft and helicopter rentals, and maintenance costs;
- increases in personnel, marketing and other operating expenses to support our anticipated growth; and changing competitive environment

In addition, it is possible that in any future quarter our operating results could be below the expectations of investors and any published reports or analysis regarding the Company. In that event, the price of our Equity Shares could decline, perhaps substantially.

***23. The properties used by our Company for our registered office, and certain other key operational activities are not owned by us. Any adverse impact on the title/ownership rights of the Licensor/owner or breach of the terms/ non renewal of the lease / license agreement as per terms and conditions favorable to us or at all may temporarily impede our effective operations***

Following are the locations of the premises which are rented / leased / not owned by us:

| Nature of Property | Address of Property | Name of Owner | Lease valid upto |
|---|---|---|---|
| Registered and Corporate Office | 1/62-4, 1st Street, Ravi Colony, St. Thomas Mount, Chennai – 600 016. | Dr. Prabhu Thilaak | 01/07/2011 |
| Line Maintenance office (Office inside the Airport Premises) | Airport Authority of India, Chennai | Airport Authority of India | 19/04/2012 |

If such leases are terminated or not renewed, we may suffer a disruption in our operations and alternative premises may not be available at the same or similar costs or locations, either or both of which could have a material adverse effect on our business, financial condition and results of operations.

***24. The Company has not paid any dividend on equity shares and we cannot assure that we will pay any dividend in future also.***

The Company has not paid any dividend on the Equity Shares in the past. Whether our Company pays dividends in the future and the amount of any such dividends, if declared, will depend upon a number of factors, including our results of operations and financial condition, contractual restrictions (including the terms of some of our financing arrangements that restrict our ability to pay dividends) and other factors considered relevant by our Board of Directors and shareholders. There is no assurance that our Company will declare and pay, or have the ability to declare and pay, any dividends on Equity Shares at any point in the future.

***25. Our Promoters, Mr. R. Jayakumar and Mr. Christopher Ian Want, will continue to have significant shareholding in our Company after this Issue and it may influence our material policies, especially on matters which require special resolution, in a manner that could conflict with the interests of our Company's other shareholders.***

Prior to this Offer, our Promoters, Mr. R. Jayakumar and Mr. Christopher Ian Want, collectively owned 43.66% of our Company's equity share capital. Following this issue, they may own approximately [●]% of our Company's post-issue Equity Share capital. As a result of their shareholding in our Company, it may retain certain influence on our business including matters relating to any sale of all or substantially all of our assets. This influence could delay, defer, or prevent a change in control, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control even if it is in our best interest. Also, so long as they continue to have such significant shareholding in our Company, they may influence our material policies, especially on matters which require special resolution, in a manner that could conflict with the interests of our Company's other shareholders.

***26. Certain agreements may be inadequately stamped or may not have been registered as a result of which our operations may be impaired.***

Certain of our agreements, including, but not limited to, the Dry Lease /Wet Lease Agreements and lease agreements of our properties may not be adequately stamped or registered under Indian law. In the event of any such irregularity, we may not be able to enforce our rights under such agreements, businesses or properties in the event of a dispute with a third party unless we pay the applicable duty as well as a penalty of up to ten times the amount of the stamp duty.

***27. Delays or defaults in client payments could result in reduction of profits***

The Company regularly provides credit to its corporate and other regular clients for air charter services. The credit period typically ranges from 15 to 90 days. The Company may hence, be subject to working capital shortages due to delays or defaults in client payments.

Although the company does not have a material "bad debts" related track record till date, there can be no assurance given to fact that client payment defaults or delays in the future once we expand our operations will not occur and will not affect our operating and financial efficiencies.

***28. We have issued Equity shares in the last one year from the date of this DRHP, which could have been issued at a price lower than the issue price.***

Following Equity shares that have been issued in the last one year from the date of this DRHP, which could have been issued at a price lower than the issue price:

| Date of Allotment of fully Paid-up Shares | Number of Equity Shares Allotted | Face Value (Rs.) | Issue Price (Rs.) | Nature of Allotment | Nature of Conside-ration |
|---|---|---|---|---|---|
| June 10, 2010 | 32,860 | 10 | 350 | Preferential Allotment | Cash |
| January 31, 2011 | 181,713 | 10 | 350 | Preferential Allotment | Cash |

***29. We have issued shares for consideration other than cash, and there can be made no assurance that we have received the requisite value in return for such issuance.***

Following are the Equity shares that have been issued by our company for a consideration other than cash:

| Date of Allotment of fully Paid-up Shares | Number of Equity Shares Allotted | Face Value (Rs.) | Issue Price (Rs.) | Nature of Allotment | Nature of Consideration |
|---|---|---|---|---|---|
| July 24, 2008 | 346,500 | 10 | - | Allotment of shares for takeover of Assets & Liabilities of Swajas Air Charter (Proprietary Concern) | Other than Cash |

The equity shares allotted in lieu of taking over the assets and liabilities of Swajas Air Charter (Proprietary Concern) have been allotted based on a valuation certificate dated 22nd July 2008 received from M/s. K. Jayasekar & Co., Chartered Accountants, showing a Net Asset Value of Rs. 34,65,000/- and hence 3,46,500 shares have been allotted to our Promoter Mr. R. Jayakumar as consideration for the same.

There can be made no assurance that such valuation represents the real inherent value of the Net Assets taken over by the company.

30. ***We pay most of our aircraft/helicopter lease rentals in foreign currency and also import a significant portion of the spares, special tools and equipment, used in our business and as a result we are subject to foreign currency fluctuations in respect of lease rental payments and purchases of various spares, special tools and equipment.***

We have taken dry lease of various helicopters/aircraft from foreign lessors and therefore the lease payments are effected in foreign currency. Further, we import a significant portion of the spares, special tools and equipment for the maintenance of our helicopters/aircraft and would also be required to import various equipment and tools for our proposed MRO/Hangar services. Generally, we pay for such spares and special tools in foreign currencies, including the U.S. Dollar; as a result, we are subject to foreign currency fluctuations in respect of such purchases. The exchange rate between the Rupee and other currencies, including the U.S. Dollar, has changed substantially in recent years and may fluctuate substantially in the future. We do not have any outstanding Derivative Contracts to hedge the risk of fluctuations in foreign exchange rates. Therefore, such fluctuations may have an adverse effect on our results of operations.

31. ***We may face labour disruptions that would interfere with our operations.***

We are exposed to the risk of strikes and other industrial actions. As of March 31, 2011, we had 80 full-time employees, all based in India. As of March 31, 2011, none of our employees belonged to any trade union. Also, there has not been any labor dispute w.r.t our company in the past. However, we cannot guarantee that we will not experience any strike, work stoppage or other such industrial action in the future, including by our employees.

Also, our suppliers may experience strikes, work stoppages or other such industrial action in the future. Any such event could disrupt our operations, possibly for a significant period of time, result in increased wages and other costs and otherwise have a material adverse effect on our business, results of operations and financial condition. For more information, please refer “Business Overview - Personnel” on page 100 of this DRHP.

32. ***The name and logo of our Company have not been registered under the Trade Marks Act, 1999. We have applied for the registration of the same, with the Trade Marks Registry, Chennai.***

We have filed applications for registering the name and logo of our Company and mark “SWAJAS”, along with various other marks pertaining to our products, under various classes under the Trade Marks Act, 1999 and these applications are pending with the Trade Mark Registry at Chennai. There can be no assurance that our trade mark applications will be accepted and the trademarks will be registered.

Further, our applications for the registration certain trademarks may be opposed by third parties, and we may have to incur significant cost and spend time in litigations in relation to these oppositions. In the event we are not able to obtain registrations for the trademarks for which we have applied for registration, we may not be able to avail of the legal protection and legal remedies (in case of infringement) available as a proprietor of registered trademarks.

For further details, please refer ‘*Business Overview*’ beginning on page 89 of this DRHP.

33. ***We had negative cash flows from Operating Activities for certain periods. Any negative cash flow in future could affect our operations and financial conditions.***

We had negative cash flow from various activities, as per audited financial statements, details of which are as under:

| Particulars | Nine months period ended December 31, 2010 (₹ in Lacs) | Financial Year Ended March 31, 2010 (₹ in Lacs) | Period ended March 31, 2009 (₹ in Lacs) |
|---|---|---|---|
| Cash Flow from Operating Activities | (89.34) | 167.53 | (154.61) |
| Cash Flow from Investing Activities | (248.33) | (244.97) | (28.92) |
| Cash Flow from Financing Activities | 743.59 | 255.76 | 192.09 |
| **Cash flow for the period** | **405.92** | **178.32** | **8.55** |

The net cash flow of a company is a key indicator to show the extent of cash generated from operations of the company to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows, it may adversely affect our business and financial operations.

***34. We are subject to restrictive covenants in certain short-term and long-term debt facilities provided to us by our lenders.***

We have entered into agreements for availing financial facilities from various lenders. Certain covenants in these agreements require us to obtain approval/ permission from our lenders in certain conditions. These conditions include, amongst others, implementation of any scheme of expansion / diversification / renovation/capital expenditure**,** formulation of any scheme of amalgamation or reconstruction, undertaking of guarantee obligation, any change in our capital structure, among others. We cannot assure that these approvals would be forthcoming when we apply for the same.

For further details in this regard, including approvals obtained from our lenders for the Issue, please refer *"Financial Indebtedness"* beginning on page 163 of this DRHP.

***35. Our Company has unsecured loans which are repayable on demand.***

As on December 31, 2010 our Company has unsecured loans amounting to ₹ 15.39 Lacs, all of which is from the promoter and group / associate companies, which is repayable on demand. Any demand from lenders for repayment of such unsecured loans, may adversely affect our business operations. For further details of these unsecured loans, please refer "Annexure 14-Unsecured Loans" of the "Auditor's Report" on page 149 of this DRHP.

***36. We have not placed order for 49.99% of the machinery required for our objects of the issue. Out of the total machinery for which order is yet to be placed 93.80% will be imported.***

No orders have been placed for 49.99% of the machinery in value terms, required pursuant to our object of the issue as is detailed below:

| Type of Plant & Machinery | Estimated Cost (₹ In Lacs) | Indigenous / Imported | Order Status |
|---|---|---|---|
| Bell 407 – Helicopter | 1237.60 | Imported | Order placed and advance of ₹ 450.00 Lacs is already paid by the company |
| PC Pilatus Aircraft | 941.85 | Imported | Order yet to be placed |

| | | | |
|---|---|---|---|
| Plant and Machinery for Proposed Hangar/MRO Facility | 295.03 | 74.02% - Imported | Order yet to be paid |

Delay in placing the order for these machineries required for the objects could result in a cost and time over run, which would adversely affect the operations and profitability of our Company. Further, more than 93.80% of the machinery in value terms out of the machinery yet to be ordered, required pursuant to the Objects of the Issue will be imported. Delay in delivery of the said machinery and fleet or damage or loss in transit will adversely affect our business, operations and profitability. Further we will also be exposed to the risk on account of fluctuation in the currency rate. For further details, please refer "*Objects of the Issue*" beginning on page 63 of this DRHP.

***37. The aircraft (PC Pilatus) and the helicopter (Bell 412) proposed to be acquired from the issue proceeds are second hand in nature.***

We propose to purchase 1 Bell 407 helicopter and 1 PC Pilatus Aircraft from the Issue proceeds. These machines are second hand in nature. If we are not able to maintain the quality of these machines, this may have an adverse effect on our results of operations and financial condition.

***38. Some of our group companies have incurred losses in the past.***

Following group companies have incurred losses in the past few years. Following are the PAT figures of our group companies in the last three years:

(₹ In Lacs)

| Name of Group Company | F.Y. 2009-10 | F.Y. 2008-09 | F.Y. 2007-08 |
|---|---|---|---|
| Swajas Air Charters & Hotels Pvt. Ltd. | (0.23) | 0.10 | 2.93 |
| Swajas Aviation Infrastructure Pvt. Ltd. | (0.43) | - | - |

***39. There have been delays in certain key filings/intimations to RBI w.r.t our foreign shareholdings and allotments.***

The company has filed necessary forms with RBI for intimation of funds received under the Foreign Direct Investment (FDI) and also necessary FCGPR forms with Reserve Bank of India, Chennai for allotment of shares to foreign investors, including issue of bonus shares, on various occasions. There have been delays in filing of these forms. The company awaits allotment of UIN nos. from RBI for such FDI inflows into the Company. The company may hence face risks pertaining to levy of compounding fees/penalty in this regard.

***40. We have been in delay in applying for ESIC Registration.***

The company has become eligible to apply for ESIC registration since September 2010; however, the company has made an application to the ESI Corporation for ESIC Registration only in March 2011. Even though the company has made a provision of Rs. 0.79 lacs in the December 31, 2010 accounts for the ESIC related payments to be made, this provision does not include any penalty or other charges that may be levied by the ESI Corporation for such delay. The company may hence face risks pertaining to levy of compounding fees/penalty in this regard.

**EXTERNAL RISK FACTORS**

***Risks relating to India***

***41. Hostilities with neighboring countries and civil unrest in India may have material adverse impact on the market for securities in India.***

India has from time to time experienced instances of hostilities from neighboring countries, including Pakistan and China. In recent years, military confrontations between India and Pakistan have occurred in Kashmir and along the India-Pakistan border, although the Governments of India and Pakistan have recently engaged in conciliatory efforts. Military activity or terrorist attacks like terror attacks on Mumbai in November 2008, in the future could influence the Indian economy by disrupting communications and making travel more difficult. Such political tensions could create a greater perception that investments in Indian companies involve a high degree of risk. Events of this nature in the future, as well as social and civil unrest, could influence the Indian economy and could have material adverse effect on the market for securities of Indian companies.

***42. A slowdown in economic growth in India and other unfavorable changes in political and economic factors may adversely affect our business and results of operations.***

Our business facilities and clients are primarily located in India. Our Company, the market price and liquidity of our Equity Shares, may be adversely affected by fluctuations in foreign exchange rates and controls, interest rates, changes in Government policy, taxation, social and civil unrest and other negative political developments like any abrupt change in the Central or any State Government wherever we have business interests, *etc.*, economic developments like very high rate of inflation, slowdown in growth, decrease in foreign investments, *etc.* or other developments in or affecting India. Particularly slowdown in economic growth may make the Governments spend relatively less on agriculture and agricultural growth is also linked to overall economic growth, which may ultimately be unfavorable to the Company's business. During the past decade, the Government has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the role of Government and State Governments in the Indian economy in relation to producers, consumers and regulators has remained significant. It cannot be assured that the liberalization policies will continue in future. For example, because of the change in Central Government certain liberalization policies like disinvestment in public sector enterprises, capital account convertibility *etc.* have been put on hold. The Government may also pursue other policies which could have a material adverse effect on our business. The rate of economic liberalization could change, and specific laws and policies affecting our business, suppliers, foreign investment, currency exchange rates and other matters affecting our business are also subject to change. A significant change in the Government's or Indian State Governments' economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our business and financial condition and prospects in particular.

***43. Increasing employee compensation in India may erode some of our competitive advantage and may reduce our profit margins.***

Wage costs in India have historically been significantly lower than the wage costs in the developed countries for comparably skilled professionals in the industry, which has been one of our competitive strengths. However, wage increases in India may prevent us from sustaining this competitive advantage and may negatively affect our profit margins. This could impact our performance, profit margins and may have a material adverse effect on our business.

***44. Depreciation of the Rupee against foreign currencies may have an adverse effect on our results of operations.***

While a substantial portion of our revenues will be denominated in Rupees, from time to time we import equipment and raw material from foreign countries, our lease payments to Fleet owners are based in US Dollars, and we may in the future incur indebtedness denominated in foreign currencies to finance the expansion of our business. Furthermore, some of our corporate clients make payments in foreign currencies to us. Any depreciation of the Rupee against these currencies will significantly increase the Rupee cost to us of servicing and repaying our foreign currency payables. Likewise, appreciation of the Rupee shall adversely affect our reliability of foreign collections. For example, the exchange rate for US$ 1 = Rs. 39.97 as of March 31, 2008 depreciated to US$ 1 = Rs. 50.95 as of March 31, 2009, which further appreciated to Rs. 44.46 as of March 31, 2011. If we are unable to recover the costs of foreign exchange variations, depreciation of the Rupee against foreign currencies may adversely affect our results of operations and financial condition.

***45. Natural calamities and force majeure events may have an adverse impact on our business.***

Air Charter Operations are prone to accidents due to bad weather conditions in air and on ground. We would also be prone to other natural hazards such as Earthquakes, Floods, and Landslides etc. Natural disasters may cause significant interruption to our operations, disruption to our flight schedules and damage to the needed airport infrastructure that could have a material adverse impact on us. Secondly, the extent and severity of these natural disasters determines their impact on the Indian economy. Prolonged spells of deficient or abnormal rainfall and other natural calamities could have an adverse impact on the Indian economy, which could adversely affect our business and results of operations.

***Risks relating to Investment in Indian Equities***

***46. The market price of our Equity Shares may fluctuate due to the volatility of the Indian securities market.***

There may not be an active or liquid market for our Equity Shares, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares. The Issue Price of the Equity Shares in this Issue will be determined by our Company in consultation with the BRLM, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is complete. You may be unable to resell your Equity Shares at or above the Issue Price and, as a result, you may lose all or part of your investment. The price at which the Equity Shares will trade after this Issue will be determined by the marketplace and may be influenced by many factors, including:

- our financial results and the financial results of the companies in the businesses we operate in;
- the history of, and the prospects for, our business and the sectors and industries in which we compete;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenues and cost structures;
- the present state of our development; and
- the valuation of publicly traded companies that are engaged in business activities similar to ours.

In addition, the Indian stock market has from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects. The market price of our Equity Shares may fluctuate due to the volatility of the Indian securities market and may be more volatile than the securities markets in other countries. Stock exchanges in India have, in the past, experienced substantial fluctuations in the prices of listed securities. The stock exchanges in India have experienced problems, including broker defaults and settlement delays, which, if were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including our Equity Shares. 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 market sentiment.

***47. There are restrictions on daily movements in the price of equity shares of a listed company in India, which may adversely affect a shareholder's ability to sell, or the price at which any shareholder can sell equity shares at a particular point in time.***

On listing of our Equity Shares, we would be subject to a daily "circuit breaker" imposed by all stock exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The maximum movement allowed in the price of the Equity Shares before the circuit breaker is triggered is determined by the Stock Exchange based on the historical volatility in the price and trading volume of the Equity Shares. The Stock Exchange does not inform the listed company of the triggering point of the circuit breaker in effect from

time to time, and may change it without the knowledge of the listed company. This circuit breaker limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time

***48. You will not be able to immediately sell any of our Equity Shares purchased through this Issue on Stock Exchanges until the receipt of appropriate trading approvals from Stock Exchanges.***

Our Equity Shares will be listed on the NSE and the BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors demat accounts with depository participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. Thereafter, upon receipt of trading approval from the Stock Exchanges, trading in the Equity Shares is expected to commence within seven working days of the date on which the basis of allotment is approved. We cannot assure you that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above. Any delay in obtaining the approvals would restrict your ability to dispose of your Equity Shares.

**PROMINENT NOTES**

1. Issue Of [●] Equity Shares Of Rs. 10/-each for cash at a price of Rs. [●] per Equity Share aggregating upto ₹ 3750 Lacs (hereinafter referred to as The "Issue").The Issue would constitute [●] of the fully diluted Post Issue Paid-Up capital of our Company.

2. Investors are free to contact the BRLM or the Compliance Officer for any complaints / information / clarification pertaining to this Issue. For contact details of the BRLM, please refer to the cover page of this DRHP.

3. The pre-issue net worth of our Company was ₹ 800.54 Lacs as per our restated audited financial statements as on December 31, 2010.

4. The average cost of acquisition of Equity Shares by our Promoters is as given below:

| Name of the Promoters | Cost per Share (in ₹) |
|---|---|
| Mr. R. Jayakumar | 5.78 |
| Mr. Christopher Ian Want | 6.52 |

5. Book value per Equity Shares (of face value Rs.10/-) of our Company, as per our restated audited financial statements as on December 31, 2010 was ₹ 30.43.

6. Trading in equity shares of our Company for all the investors shall be in dematerialised form only.

7. Our company has issued shares for consideration other than cash. For details please refer "Capital Structure" beginning on page 53 of this DRHP.

8. For details on Related Party Transactions refer to "Annexure 19" of the "Auditor's Report" on page 152 of this DRHP.

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

10. Investors are advised to refer to the chapter on "Basis of Issue Price" on page 72 of this DRHP before making an investment in this Issue.

11. This Issue is being made through 100% Book Building Process wherein at least 50% of the Net Issue to the Public will be available for allocation to Qualified Institutional Buyers ("QIB") on a proportionate basis, subject to valid bids being received at or above the Issue Price. Out of the portion available for allocation to the QIBs, 5% will be available for allocation to Mutual Funds only. Mutual Funds Bidders shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, upto 15% of the Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and upto 35% of the 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.

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

13. Investors are advised to go through the paragraph on "Basis of Allotment" beginning on page 214 of this DRHP.

14. In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis to QIBs, Retail Individual Bidders and Non-Institutional Bidders. For details, refer to the chapter titled "Issue Procedure" beginning on page 187 of this DRHP.

15. Our Company, and the BRLM will update the Offer Document in accordance with the Companies Act and the SEBI (ICDR) Regulations 2009 and our Company and the BRLM will keep the public informed of any material changes relating to our Company till the listing of our shares on the stock exchange.

16. 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 in the past six months except as mentioned in "Capital Structure" beginning on page 53 of this DRHP.

17. There were no transactions in the securities of Company during preceding 6 months which were financed directly or indirectly by the Promoters, their relatives, their group companies or associates or by the entities directly or indirectly through other persons except as mentioned in "Capital Structure" beginning on page 53 of this DRHP.

18. No loans and advances have been made to any person(s) / companies in which Directors are interested except as stated in the related party transactions contained in "Annexure 19" of the "Auditor's Report" on page 152 of this DRHP.

19. The aggregate value of transactions by the issuer with group / associate companies during the last two accounting periods is ₹ 166.19 Lacs, details of which are disclosed under "Annexure 19" of the "Auditor's Report" on page 152 of this DRHP.

20. Our Company was originally incorporated in India as "Swajas Air Charters Private Limited" on July 22, 2008 under the Companies Act, 1956. Our Company was converted into a public limited company and a fresh certificate of name change consequent upon conversion of our Company from a private limited company to a public limited company issued by the RoC on June 26, 2009. The corporate identification number of our Company is U62200TN2008PLC068642.

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

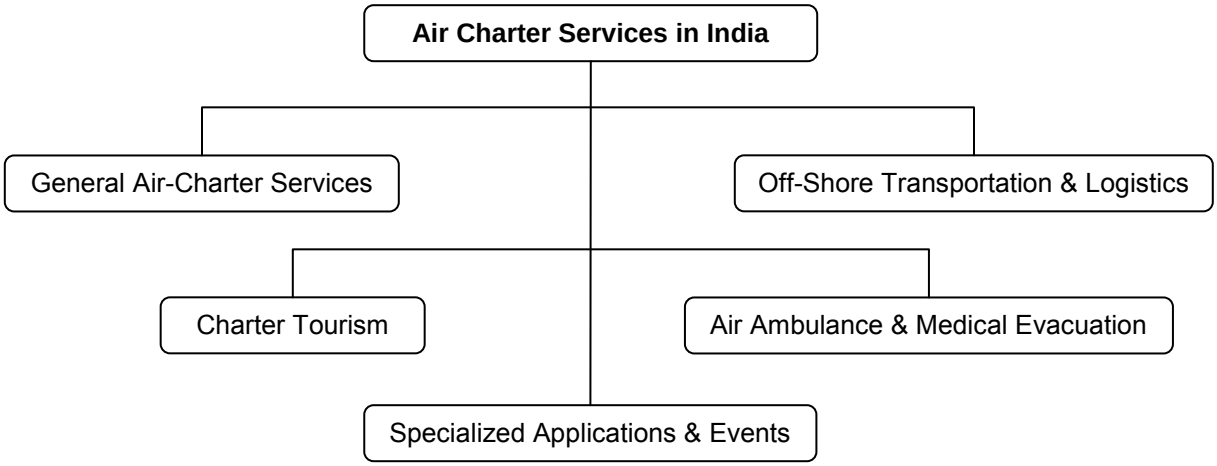
## SECTION III: INTRODUCTION

## SUMMARY OF OUR INDUSTRY

*The information in this section has not been independently verified by us, the Book Running Lead Manager or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information.*

**Overview of the Indian Civil Aviation Industry (Non-Scheduled)**

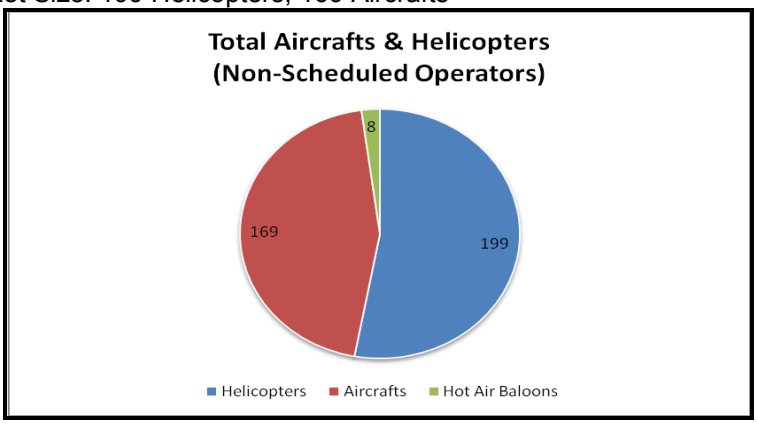
The following chart shows the major services provided in the Air-Charter Industry by various Non-Scheduled Operators:




As of January 31, 2011, a total number of 127 companies are holding Non-Scheduled Operators Permit as against 99 companies as of 2008 showing a CAGR of 8.6% p.a.

The Break-up of the Indian Aviation Market (Non-Scheduled Operators) w.r.t Helicopters and Business Jets is as follows:

- Current Market Size: 199 Helicopters; 169 Aircrafts




*Source: DGCA (updated upto 31-01-2011)*

**Helicopters:**

Majority of helicopters serve the offshore Oil & Gas Exploration Industry and VIP charters. The major Non-Scheduled Operators providing Helicopter charter services are:

- Pawan Hans Helicopters – largest operator with a fleet of 44 helicopters.
- Deccan Charters – 11 helicopters servicing charter, VIP and offshore services.
- Global Vectra Helicopters – 25 helicopters mainly serving offshore industry.

On the basis of the seat capacity available with the following helicopter transportation services companies (including both offshore and onshore) the following is the standing of the players as on January 31, 2011:

| Name of Operator | Seat Capacity | % of total seat capacity | No. of Helicopters | % of total no. of helicopters |
|---|---|---|---|---|
| Pawan Hans | 484 | 22.24% | 44 | 24.86% |
| Global Vectra | 295 | 13.56% | 25 | 14.12% |
| Deccan Air | 99 | 4.55% | 11 | 6.21% |
| Others (49) | 1298 | 59.65% | 97 | 54.80% |
| **Total** | **2176** | **100%** | **177** | **100%** |

Source: DGCA *(updated upto 31st January 2011)*

**Business Jets:**

Business Jet Charters is a fast growing segment and significant demand is expected from this segment in the future. The market is dominated by corporate ownership with the following charter companies:

| Company | Aircrafts Serviced |
|---|---|
| Chimes Aviation Pvt. Ltd. | 10 |
| Religare Aviation Ltd | 9 |
| Reliance Commercial | 7 |
| AR Airways (P) Ltd | 8 |
| Air Charter Services Pvt. Ltd. | 6 |
| Taj Air | 4 |
| Span Air | 4 |
| Jagson Airlines | 3 |
| **Total** | **51** |

Source: DGCA *(updated upto 31-01-2011)*

## SUMMARY OF OUR BUSINESS

*The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in the Red Herring Prospectus, including the information contained in the section entitled "Risk Factors," beginning on page 13 of this DRHP.*

*In this section, a reference to the "Company" means 'Swajas Air Charters Limited'. Unless the context otherwise requires, references to "we", "us", or "our" refers to 'SACL'.*

### A. OVERVIEW

We are a Non-Scheduled Airline Operator servicing a fleet of fixed-wing aircraft and helicopters across India. On incorporation, the company had taken over the assets and liabilities of M/s. Swajas Air Charters, an air craft brokerage proprietary concern of Mr. R. Jayakumar, the promoter and Managing Director of the Company which he was operating from 1996. The company, today, has gradually grown to dry lease and wet lease a number of helicopters and aircrafts of its own and has become one of the key Non-Scheduled Operator in Southern India having gained experience over the years. The services provided can fulfill various Aviation requirements which range from corporate travel to emergency medical services as well as from aircraft management to maintenance and technical support.

Our company offers a number of services falling under the segments of:

1. General Air-Charter Services
2. Off-Shore Transportation & Logistics
3. Charter Tourism
4. Medical Evacuation Services
5. Operations & Maintenance

We initially carried out air charter services through a wet lease model wherein the lessor of the aircraft provided the aircraft along with the complete crew, maintenance and insurance requirements. As the company matured and gained experience, we started a dry-lease arrangement whereby the lessor only provided the aircraft. The other requirements of insurance, crew, ground staff, supporting equipment, maintenance, etc were managed by Swajas Air Charters Limited.

We presently operate the following Aircraft & Helicopters on a dry-lease basis:

| Sr. No. | Model Name | Brief Description |
|---|---|---|
| **Aircrafts** | | |
| 1 | Cessna Citation XL | Turbo – Fan Powered, Corporate Jet |
| **Helicopters** | | |
| 2 | Bell 407 | Single – Engine, Business Class Helicopter |
| 3 | Bell 412EP | Twin – Engine, Business Class Helicopter |
| 4 | Bell 412EP | Twin – Engine, Offshore Transportation Helicopter |

Our Revenues have grown from ₹ 751.97 Lacs in fiscal 2008-09 to ₹ 2333.71 Lacs in the 9 months ending 31st December 2010 in the fiscal 2010-11 at a CAGR of 40.25%. Our earnings before interest, tax, depreciation and amortization have increased from ₹ 58.98 Lacs in 2008-09 to ₹ 190.07 Lacs in 2010-11 (for the 9 months ending 31st December 2010), at a CAGR of 42.02%. Our profit after tax has increased from ₹ 38.78 Lacs in fiscal 2008-09 to ₹ 108.56 Lacs for the 9 months period ended December 2010, at a CAGR of 35.51%.
*(Note: CAGR is calculated after annualizing the past results)*

Our Clients include Hardy Exploration & Production (India) Inc., Government of Orissa, Videocon Industries Limited, Larsen & Toubro Limited, Nimbus Communications Limited, Suzlon Energy Limited, Apollo Hospitals Group, BALCO (Bharat Aluminium Company Limited), etc.

## B. COMPETITIVE STRENGTHS

We are in the business of providing various Air Charter services pre-dominantly in Southern India. We are a registered permit holder to operate non-scheduled air transport services with the Office of Director General of Civil Aviation, Government of India. We believe that following are our principle competitive strengths:

***Strong Relationships:***

We provide services to clients operating in various sectors under contracts, which are for a period of one to three years with one or more renewal options. Mr. R. Jayakumar, one of the promoters of the Company has been in this industry over the last 20 years, where through him we have been able to develop strong relationships with our clients and also retain them through continuous support. Further, our other promoter Mr. Christopher Ian Want has strong relationships with several foreign aircraft suppliers which further complemented with his extensive experience in Aircraft Identification, selection and acquisition related activities, we shall be able to leverage these relationships in ensuring the on-going good strength of our fleet.

***Natural Barriers to Entry:***

We are one of the few companies operating in this highly regulated industry which requires considerable expertise and experience for qualifying to carry out business and in which there is considerable time period involved for gaining an entry into the industry. Personnel are another important factor for success in this industry, since the regulations and client requirements require minimum experience of the pilots. We have thus achieved an early-mover advantage, being one of the few companies operating in this niche area and having all the necessary clearances, infrastructure and operational background. All these factors act as natural barriers for any potential competitors.

***In-house Fleet and existing flight operational experience:***

To meet the operational requirements of our clients, we currently have an in-house fleet strength of 3 helicopters and 1 aircraft operating on a dry-lease basis and we also operate various other aircrafts and helicopters on wet lease and other such arrangements and when required. The Bell 412EP and the Bell 407 are considered as benchmarks in their class for performance, availability and reliability. The Bell 412EP has been flying successfully for medium range distances in the offshore routes as well as other routes. The Bell 407 and Agusta A109E have been flying successfully on medium range routes. This strengthens our flight operations, spares inventory, crewing, engineering activities, insurance, overhead and related activities. We believe with that existing flight experience coupled with in-house fleet and aircraft acquisition capabilities; we can increase our operational scalability on increased demand.

***In-house Maintenance, Repairs & Overhaul (MRO) Support Capabilities:***

We are able to support our operations in an efficient manner because of our strong in-house MRO capabilities, which we currently execute by hiring space from the Airport Authority of India as and when required. Mostly, our in-house capability enables us to reduce the time taken for servicing our helicopters, as we do not have to ship the helicopter to external agencies, leading to enhanced serviceability of our fleet and additional flying hours due to quicker turnaround time. We also have the advantage of low labour costs in India, which helps reduce our costs further. We believe that the combination of the above factors enables us to offer our services at competitive rates in comparison to other operators. These capabilities will further be utilized, when our in-house MRO Facility is activated as proposed.

***Experienced and Professional Management:***

We have an experienced and professional management team overseeing our operations. Our Managing Director has over 20 years of experience in the Air Charter industry in India and all our key personnel have strong aviation backgrounds and experience in their areas of operation. We have 10 pilots and 5 Aircraft Maintenance Engineers with most of our pilots coming from defense backgrounds with thousands of hours of prior flying experience. We also have sufficient number of Instructors and Examiners to conduct the necessary training for the currency of their licenses. Lastly, our AME's have wide experience in maintaining helicopters and aircrafts in India. As a result, we boast of highly trained and specialized members in all areas of our operations, including compliances of various Government regulatory issues, flight planning, dispatch, maintenance, crewing and training.

***Focus on Safety***

We have developed sophisticated safety and training programs & practices that have resulted in our strong safety record. We have been compliant with the stringent safety and performance requirements required by our clients, DGCA and the helicopter manufacturers. We have also independently addressed the safety aspect of our operations across all activities including the air crew and ground crew, helicopter, flight operations, maintenance and training by setting up internal systems. Our internal systems and operations have always been compliant with the safety requirements mandated by our clients, which are over and above the DGCA standard.

**C. BUSINESS STRATEGY:**

The key components of our business strategies are as follows:

***Strengthen our competitive position in the existing market:***

We intend to strengthen our competitive position by winning new business, renewing existing contracts, cost reduction and through continuing focus on safety. We plan to leverage our in-house capabilities of flight experience, aircraft maintenance, relations with key aircraft and helicopter manufacturers and lessors and an existing operational available fleet, to improve our market share in the NSOP aviation market. We also plan to cater to the customized needs and requirements for special applications & events:

- Aviation Support for Film Production in the Indian Film Industry,
- Aerial Reconnaissance,
- Aerial Photography & Video Shooting,
- Flower & Leaflet Dropping,
- Election Campaigning,
- Banner Towing ,
- Geophysical & Mapping Surveys,
- Search And Rescue,
- Construction,
- Electronic News Gathering,
- Law Enforcement,
- Power Line Maintenance,
- Fire Fighting, etc.

***Development of Air Ambulance Services:***

We plan to acquire a PC Pilatus Aircraft and modify the interiors in order to make it into an Air Ambulance. The types of air-ambulance services provided vary substantially form one operator to another. The type of services proposed to be offered by SACL fall under the Franco-German model and Anglo-American Model where the emphasis is to bring definitive care rapidly to the patients, wherever they are and also involve physicians attempting complex interventions only when the patient reaches the hospital respectively. We

believe that Air Ambulance services, being a high margin niche business, will help the company further improve its operating margins and goodwill in the market.

***Growth through Fleet Expansion:***

Our current fleet size stands at 3 helicopters and 1 aircraft on dry lease and various other helicopters and aircrafts on wet lease and other arrangements as and when need arises. We plan to increase the size of our fleet by acquiring one of the existing Bell 412 Helicopter operated on Dry-Lease and one additional PC Pilatus Aircraft from the issue proceeds. We also intend to increase our dry-lease portfolio in the coming periods in order to cater to the growing demands of this sector and hence facilitate growth.

***Strengthening and Expansion of Infrastructure:***

We plan to further develop and strengthen our MRO and support capabilities by adding to our existing infrastructure. We initially plan to construct a full service hangar and avionics shop at Chennai aerodrome. The facilities at these hangars will provide support for the current as well as the planned fleet expansion deployed. Secondly, we plan to acquire our own office space from the issue proceeds, hence improving the asset base of the company and also reducing the cash flow burden w.r.t office lease payments.

***Enhancement of Safety Standards:***

Safety is our priority and while we already in compliance with the regulatory standards of the DGCA. We have an in-house Quality Control Department as well as a Quality Assurance Department that supervises the execution of stringent maintenance practices and procedures. This team constantly monitors the activities of all our personnel to ensure that only the best and safest is delivered to our customers.

## D. SWOT ANALYSIS

For any business to be successful it is very necessary for it to capitalize on its strengths, and work on overcoming its weakness. The SWOT Analysis of our Company is listed below.

**Strength**

- Experienced, Diverse and Skilled Human Resource
- Strong Client Relationships
- Inclusive Capacity Utilization of the aircraft/Helicopters
- Integrated operations covering Air Chartering, MRO and O & M of third party aircrafts

**Weakness**

- Limited Fleet Strength.
- Extensive focus on Southern Region
- Still a small player
- Line of Credit given to clients
- Less than optimum Capacity Utilization of the aircraft/Helicopters

**Opportunity**

- Connecting through affordable air services the fast growing public transportation between tier I and tier II and III cities of southern region
- Capture the exponential growth in the medical tourism segment of India through air medical evacuation facility
- Higher Tourist & Business Travelers Influx
- Gain access and dominate the fast growing market for MRO in the southern region.

**Threats**

- Unhealthy competition from the larger competitors
- Deficiencies in Infrastructure
- Increasing Fuel Prices
- Higher Aircraft Maintenance & Operating Costs

## SUMMARY OF OUR FINANCIAL INFORMATION

*The following summary of financial data has been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations, 2009 and restated as described in the report of our Statutory Auditor, M/s. R. Ravindran & Associates, Chartered Accountants, dated March 25, 2011 in the Section titled 'Financial Information'. You should read this financial data in conjunction with our financial statements for each of Financial Years 2009 and 2010 and for the nine months period ended December 31, 2010, including the notes thereto and the reports thereon, which appears under the Section titled "Financial Information" and Chapter titled "Management's Discussion and Analysis of Results of Operations and Financial Condition of the Company" beginning on pages 133 and 153 of this DRHP.*

**Restated Statement of Assets and Liabilities** (₹ in Lacs)

| PARTICULARS | As at 31.12.2010 | As at 31.3.2010 | As at 31.3.2009 |
|---|---|---|---|
| | | | |
| **Fixed Assets** | | | |
| Gross Block | 36.78 | 27.78 | 7.13 |
| Depreciation | 8.41 | 5.09 | 1.05 |
| Net Block | 28.37 | 22.69 | 6.08 |
| Less: Revaluation Reserve | - | - | - |
| **Total Fixed Assets (A)** | **28.37** | **22.69** | **6.08** |
| | | | |
| **Investments (B)** | **-** | **-** | **-** |
| | | | |
| **Current Assets, Loans and Advances:** | | | |
| Inventories | 105.04 | 63.22 | - |
| Sundry Debtors | 819.60 | 536.06 | 253.82 |
| Cash and Bank Balances | 592.78 | 186.87 | 8.55 |
| Loans and Advances | 442.92 | 131.03 | 160.88 |
| Other Current Assets | 86.67 | 116.09 | 18.47 |
| **Total (C)** | **2,047.01** | **1,033.27** | **441.72** |
| | | | |
| **Liabilities and Provisions :** | | | |
| Secured Loans | 242.72 | 83.37 | - |
| Unsecured Loans | 15.39 | 43.94 | 27.71 |
| Current Liabilities | 904.67 | 599.79 | 188.74 |
| Provisions | 111.49 | 57.89 | 18.00 |
| **Total (D)** | **1,274.27** | **784.99** | **234.45** |
| | | | |
| **Deferred Tax Liability (E)** | **0.57** | **0.19** | **0.18** |

| | | | |
|---|---|---|---|
| **Net Worth (A+B+C-D-E)** | **800.54** | **270.77** | **213.17** |
| | | | |
| **Represented by** | | | |
| Equity Share Capital (A) | 263.07 | 259.78 | 100.00 |
| Share Application Money (B) | 522.00 | 0.00 | 100.00 |
| Reserves and Surplus | | | |
| General Reserve | 12.09 | 12.09 | 3.87 |
| Share Premium | 226.27 | 114.55 | - |
| Profit & Loss Account | 213.82 | 105.26 | 34.90 |
| Total Reserves & Surplus | 452.18 | 231.90 | 38.77 |
| Less: Revaluation Reserve | - | - | - |
| Total (C ) | 452.18 | 231.90 | 38.77 |
| Miscellaneous Exp. to the extent not w/off (D) | 436.70 | 220.90 | 25.60 |
| | - | - | - |
| **Net Worth (A+B+C –D)** | **800.54** | **270.77** | **213.17** |

**Summary Statement Of Profit And Loss, As Restated** (₹ in Lacs)

| PARTICULARS | 9 Months Ending 31.12.2010 | Year Ending 31.3.2010 | Period Ending 31.3.2009 |
|---|---|---|---|
| | | | |
| **Income :** | | | |
| Income from operations | 2,326.43 | 2,911.42 | 751.01 |
| Other Income | 7.28 | 3.70 | 0.96 |
| **Total Income** | **2,333.71** | **2,915.12** | **751.97** |
| | | | |
| **Expenditure:** | | | |
| Charter Operating Expenses | 1,615.25 | 2,302.97 | 609.29 |
| Employees Cost | 275.83 | 220.72 | 16.18 |
| Administration Expenses | 172.49 | 169.93 | 48.82 |
| Directors Remuneration | 32.22 | 24.00 | 13.50 |
| Professional and Consultancy Charges | 18.17 | 23.55 | 5.02 |
| Preliminary and Preoperative Expenses w/off | 29.68 | 32.73 | 0.17 |
| | | | |
| **Total Expenditure** | 2,143.64 | 2,773.90 | 692.99 |
| **Net Profit before Interest, Depreciation, Tax and Extraordinary Items** | **190.07** | **141.23** | **58.98** |
| Finance Charges | 24.22 | 18.18 | **0.97** |
| Depreciation | 3.32 | 4.04 | 1.05 |
| **Net Profit before Tax and Extraordinary Items** | **162.53** | **119.01** | **56.96** |
| **Provision for Taxation** | | | |
| Current Tax | 53.60 | 40.43 | 17.46 |
| Fringe benefit tax | - | - | 0.54 |
| Deferred Tax | 0.37 | 0.01 | 0.18 |
| **Net Profit after Tax and before Extraordinary Items** | 108.56 | 78.57 | 38.78 |
| Extraordinary Items | **-** | **-** | **-** |
| **Net Profit after Extraordinary Items** | 108.56 | 78.57 | 38.78 |
| Balance brought forward | 105.26 | 34.90 | - |
| Less: Transferred to General Reserve | - | 8.22 | 3.87 |
| Profit/(Loss) Carried to Balance Sheet | **213.82** | **105.26** | **34.90** |

**Summary Statement Of Cash Flow, As Restated** (₹ in Lacs)

| PARTICULARS | 9 Months Ending 31.12.2010 | Year Ending 31.3.2010 | Period Ending 31.3.2009 |
|---|---|---|---|
| | | | |
| **Cash Flows from Operating Activities** | | | |
| Net Profit Before tax | 162.53 | 119.01 | 56.96 |
| Adjustments for: | | | |
| Depreciation | 3.32 | 4.04 | 1.05 |
| Interest Expense | 24.22 | 18.18 | 0.97 |
| Interest Income | (6.14) | (3.70) | - |
| Miscellaneous Expenditure Written Off | 29.68 | 32.73 | 0.17 |
| | | | |
| **Operating Profit before Working** | | | |
| **Capital Changes** | **213.61** | **170.25** | **59.15** |
| Change in Inventories | (41.82) | (63.22) | |
| Change in Debtors | (283.54) | (282.24) | (171.58) |
| Change in other Current Assets | 29.42 | (97.62) | (18.47) |
| Change in Loans & Advances | (292.57) | 106.27 | (100.92) |
| Change in Current Liabilities | 304.88 | 411.05 | 103.43 |
| **Net Cash Flow from Operating Activities Before Tax & Extra - Ordinary Items** | **(70.02)** | **244.50** | **(128.38)** |
| Less: Tax Paid | 19.32 | 76.97 | 26.23 |
| **Net Cash Flow from Operating Activities** | **(89.34)** | **167.53** | **(154.61)** |
| | | | |
| **Cash Flow from Investing Activities** | | | |
| Purchase of Fixed Assets | (9.00) | (20.64) | (3.15) |
| Pre-operative Expenditure i incurred | (245.47) | (228.03) | (25.77) |
| Interest received | 6.14 | 3.70 | - |
| **Net Cash Flow used in Investing Activities** | **(248.33)** | **(244.97)** | **(28.92)** |
| | | | |
| **Cash Flows from Financing Activities** | | | |
| Share Capital raised | 3.29 | 59.78 | 65.35 |
| Share Premium received | 111.72 | 114.55 | |
| Secured Loans received (Net) | 159.35 | 83.37 | - |
| Unsecured Loans received (Net) | (28.55) | 16.23 | 27.71 |

| | | | |
|---|---|---|---|
| Share Application money received | 522.00 | - | 100.00 |
| Interest paid | (24.22) | (18.18) | (0.97) |
| **Net Cash Flow from Financing Activities** | **743.59** | **255.76** | **192.09** |
| | | | |
| **Net increase in cash and cash equivalents** | **405.92** | **178.32** | **8.55** |
| | | | |
| **Cash and Cash Equivalents (Opening Balance)** | **186.87** | **8.55** | **-** |
| | | | |
| **Cash and Cash Equivalents (Closing Balance)** | **592.78** | **186.87** | **8.55** |

Cash and Cash Equivalents consist of cash in hand, bank balance in Current Account and fixed deposit account.

## ISSUE DETAILS IN BRIEF

| Equity Shares offered : Fresh Issue by our Company | [●] Equity Shares of face value of ₹.10 each |
|---|---|
| **Issue Price** | [●] per Equity Share |
| **Net Issue to the Public** | [●] Equity Shares of face value of ₹ 10 each aggregating up to ₹ 3750 Lacs |
| ***Of which*** | |
| **A) QIB Portion (at least 50% of the Net Issue)** | At least [●] Equity Shares |
| ***Of which*** | |
| **- Anchor Investor Portion (upto 30% of QIB Portion)** | Upto [●] Equity Shares |
| **- Non Anchor QIB Portion (remaining shares of QIB portion after allotting to anchor investors)** | [●] Equity Shares |
| ***Of which*** | |
| ▪ **Available for allocation to Mutual Funds only (5% of the QIB Portion excluding the Anchor Investor Portion)** | [●] Equity Shares |
| ▪ **Balance for all QIBs including Mutual Funds** | [●] Equity Shares |
| **B) Non-Institutional Portion (upto 15% of Net Issue)** | Not less than [●] Equity Shares available for allocation |
| **C) Retail Portion (upto 35% of Net Issue)** | Not less than [●] Equity Shares available for allocation |
| | |
| **Equity Shares outstanding prior to the Issue** | **1,12,49,536** |
| **Equity Shares outstanding after the Issue** | **[●]** |
| | |
| **Use of Issue Proceeds** | See the section titled *"Objects of the Issue"* beginning on page 63 of this DRHP. |

*Our 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 other Anchor Investors. For details see the section titled "Issue Procedure" beginning on page* 187 *of this DRHP.*

*Under subscription, if any, in any of the categories, other than in the QIB category, would be allowed to be met with spill-over from any of the other categories or a combination of categories. Under such inter-se spill over, if any, will be at the discretion of our Company in consultation with the BRLM.*

## GENERAL INFORMATION

**Registered Office of the Company**

**Swajas Air Charters Ltd**
1/62-4, 1st Street, Ravi Colony,
St. Thomas Mount,
Chennai – 600 016, India.
Tel No.: +91 44 43947700
Fax No.: +91 44 43519017
Email: compliance@swajasair.com
Website: www.swajasaircharter.com
Corporate Identification Number: U62200TN2008PLC068642

**Address of the Registrar of Companies**

The Company is registered with the Registrar of Companies Tamil Nadu, Chennai, situated at:

**Registrar of Companies, Tamil Nadu**
Block No. 6, B-Wing,
2nd Floor, Shastri Bhawan,
26, Haddows Road,
Chennai – 600 034.

**Company Secretary & Compliance Officer**

**Mr. G Sriram.**
**Swajas Air Charters Ltd**
1/62-4 Ravi Colony 1st Street,
St. Thomas Mount,
Chennai 600 016, India.
Tel No: 044-43947700,
Fax No: 044-43519017,
Email: compliance@swajasair.com

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account and refund orders.

**Name of Designated Stock Exchange**

**Bombay Stock Exchange Limited.**
P. J. Towers, Dalal Street,
Fort,
Mumbai - 400 001.

**Issue Programme**

Issue Opens on [●]

Issue Closes on [●]

**Board of Directors**

The Company's Board of Directors are as follows:

| Name of the Director | Nature of Directorship | DIN |
|---|---|---|
| Mr. Thirumakottai Subramaniaiyar Raghavan | Chairman & Independent Director | 00446651 |
| Mr. R. Jayakumar | Managing Director | 02137765 |
| Mr. Christopher Ian Want | Non-Executive Director | 02564647 |
| Mr. Ramachandran Manickam | Whole Time Director | 02696198 |
| Mr. Raghunathan Swaminathan | Whole Time Director | 02264990 |
| Mr. Shanmuga Rethenam | Independent Director | 03309842 |
| Mr. Raghuraman Rajagopal | Non-Executive Director | 00019070 |
| Mr. Nishat Shah | Independent Director | 00042165 |

For further details of our Directors, see "Our Management" on page 111 of this DRHP.

**Book Running Lead Manager**

**Aryaman Financial Services Limited**
60, Khatau Building, Gr. Floor,
Alkesh Dinesh Modi Marg,
Opp. P.J.Tower (BSE Bldg.), Fort,
Mumbai – 400 001, India.
Tel. No.: +91-22-22618264
Fax No.: +91-22-22630434
Email: info@afsl.co.in
Website: www.afsl.co.in
Contact Person: Mr. Chirag Mehta/ Mr. Deepak Biyani
SEBI Registration No: INM000011344

**Registrar to the Issue**

**Cameo Corporate Services Limited***
Subramanian Building, 1 Club House Road,
Chennai - 600 002.
Tel No.: 044-2846 0390/1989
Fax No.: 044-2846 0129
E-mail ID: cameo@cameoindia.com
Website: www.cameoindia.com
Contact Person:Mr. R. D. Ramaswamy
SEBI Registration No: INR000003753
** Cameo Corporate Services Limited is currently under process of renewing its Registrar License with SEBI.*

**Legal Advisor to the Issue**

**Mr. A. Chandra Mouleeswaran B.Sc. B.L. (Advocate)**
Plot no.22, East Street,
Reserve Bank Colony,
Chromepet,
Chennai-44.
Ph: 044-22381933

**Auditor of the Company**

**M/s. R. Ravindran & Associates**
14, Ashtalakshmi Street, Muthulakshmi Nagar,
Chitlapakkam, Chennai – 600 064.
Tel. No.: 044-22281564
Fax No.: 044-22281564
E-mail ID: auditorravindran@gmail.com
Contact Person: Mr. R. Ravindran

**Bankers to the Company**

**Corporation Bank**
77 (old No.37), First Avenue,
Indira Nagar,
Chennai - 600 020.
Tel. No.: 044-2441 9083/3350
Fax No.: 044-2441 9937
E-mail ID: cb0124@corpbank.co.in
Website: www.corpbank.com
Contact Person:Mr. M. A. Sridhar

**Axis bank Limited**
George Town Branch
144, Moore Street,
Chennai - 600 001.
Tel No.: 044-2533 2161/62/63
Fax No.: 044-2533 2166
E-mail ID: branchhead@axisbank.com
Website: www.axisbank.com
Contact Person:Mr. Rajaraman

**Syndicate Member(s)**

[●] (To be appointed later)

**Bankers to the Issue and Escrow Collection Bank(s)**

[●] (To be appointed later)

**Refund Banker to the Issue**

[●] (To be appointed later)

**Self Certified Syndicate Banks**

[●]

All SCSB's as per updated list available on SEBI's website (www.sebi.gov.in) are eligible to participate in the issue process. Investors are requested to refer the SEBI website for updated list of SCSBs and their designated branches.

**Brokers to the Issue**

[●]

All brokers / trading members registered with BSE/NSE are eligible to participate in the issue process.

**IPO grading**

[●] (To be appointed later)

**Credit Rating**

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

**Trustees**

As this is an issue of Equity Shares, the appointment of trustees is not required

**Monitoring Agency**

As per Regulation 16(1) of the SEBI (ICDR) Regulations, 2009 the requirement of Monitoring Agency is not mandatory if the issue size is below Rs. 500.00 Crore. Since the Issue size is only of upto Rs. 37.50 Crore, the Company has not appointed any monitoring agency for this issue.

However, as per Clause 49 of the Listing Agreement to be entered into with stock exchange upon listing of the equity shares and the Corporate Governance Requirements, the Audit Committee of the company, would be monitoring the utilization of the proceeds of the issue.

**Project Appraisal**

The objects of the issue and deployment of funds are not appraised by any independent agency/ bank/ financial institution.

**Statement of Inter se Allocation of Responsibilities for the Issue**

The following table sets forth the inter se allocation of responsibilities for various activities in relation to this Issue among the BRLM:

| Sr. No. | Activity | Responsibility and Designated Coordinating Book Running Lead Manager |
|---|---|---|
| 1. | Capital structuring with relative components and formalities such as type of instruments., etc | AFSL |
| 2. | Due-diligence of the Company including operations / management/ business plans/ legal, etc. drafting and design of the Red Herring Prospectus including the memorandum containing salient features of the Prospectus. The Book Running Lead Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and SEBI, including finalisation of Prospectus and the RoC filing | AFSL |
| 3. | Drafting and approving all statutory advertisements | AFSL |
| 4. | Drafting and approving non-statutory advertisements including corporate advertisements | AFSL |

| | | |
|---|---|---|
| 5. | Appointment of intermediaries, viz.,<br>i. Printer(s)<br>ii. Registrar to the Issue<br>iii. Advertising agency<br>iv. Bankers to the Issue | AFSL |
| 6. | Non-institutional and retail marketing of the Issue, which will cover, inter alia, AFSL<br>• Formulating marketing strategies, preparation of publicity budget<br>• Finalising media and public relations strategy<br>• Finalising centres for holding conferences for brokers, etc.<br>• Follow-up on distribution of publicity and Issue material including application form, prospectus and deciding on the quantum of the Issue material<br>• Finalising collection centres | AFSL |
| 7. | International institutional marketing<br><br>International institutional marketing of the Issue, which will cover, inter alia,<br>• Institutional marketing strategy<br>• Finalising the list and division of investors for one to one meetings, and<br>• Finalising road show schedule and investor meeting schedules | AFSL |
| 8. | Domestic institutional marketing<br>• Domestic institutional marketing of the Issue<br>• Finalising the list and division of investors for one to one meetings<br>• Finalising road show schedule and investor meeting schedules | AFSL |
| 9. | Co-ordination with Stock Exchanges for Book Building Process software, bidding terminals and mock trading | AFSL |
| 10. | Managing the book and finalisation of pricing in consultation with the Company | AFSL |
| 11. | Post bidding activities including essential follow-up steps with Bankers to the Issue and Self Certified Syndicate Bank to get quick estimates of collection and advising the Company about the closure of Issue, management of escrow accounts, co ordination of allocation, finalisation of basis of Allotment/weeding out of multiple applications, intimation of allocation and dispatch of certificates or demat credit and refunds to bidders, dealing with the various agencies connected with the work such as Registrars to the Issue, Bankers to the | |

| | | |
|---|---|---|
| | Issue, Self Certified Syndicate Banks and the bank handling refund business, etc. The designated coordinating Book Running Lead Manager shall be responsible for ensuring that the intermediaries fulfil their functions and enable him to discharge this responsibility through suitable agreements with the Company and finalising the Underwriting Arrangement | AFSL |

**Book Building Process**

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

The principal parties involved in the Book Building Process are:

1) The Company;

2) Book Running Lead Manager;

3) Syndicate Member(s) who are intermediaries registered with SEBI or registered as brokers with BSE/NSE are eligible to act as underwriters. Syndicate Member(s) are appointed by the BRLM's;

4) Escrow Collection Banks; and

5) Registrar to the Issue.

The Issue is being made through a 100% Book Building Process wherein up to 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers, out of which 5% of QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remaining QIB portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid bids being received at or above Issue Price. Further not less than 15% of the Net Issue shall be available for allocation on proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders subject to valid bids being received from them at or above the Issue Price.

Our Company shall comply with Regulations issued by SEBI for this Issue. In this regard, our Company has appointed M/s. Aryaman Financial Services Limited as the BRLM to manage the Issue and to procure subscription to the Issue.

**Under the SEBI Regulations, QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date.**

In addition, QIBs are required to pay the QIB Margin Amount, representing 100% of the Bid Amount, upon submission of their Bids. Allocation to QIBs will be on a proportionate basis. For details, please refer the chapter titled 'Issue Structure' beginning on page 182 of this DRHP.

Resident Retail Individual Bidders have the 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 details, please refer "Issue Procedure" beginning on page 187 of this DRHP.

**The process of book building under the SEBI Regulations is subject to change. Investors are advised to make their own judgment about an investment through this process prior to submitting a Bid in the Issue.**

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

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 25 to Rs. 30 per share, Issue size of 3000 equity shares and receipt of six bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the website of the BSE (www.bseindia.com) and NSE (www.nseindia.com). The illustrative table as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

| No. of equity shares bid for | Bid Price (Rs.) | Cumulative equity shares bid | Subscription |
|---|---|---|---|
| 500 | 30 | 500 | 16.67% |
| 750 | 29 | 1250 | 41.66% |
| 1000 | 28 | 2250 | 75.00% |
| 750 | 27 | 3000 | 100.00% |
| 2750 | 26 | 5750 | 191.66% |
| 2500 | 25 | 8250 | 275.00% |

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs. 27 in the above example. The Issuer in consultation with the BRLM will finalize the issue price at or below such cut off price i.e. at or below Rs. 27. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective categories.

**Steps to be taken by the Bidders for bidding:**

- Check eligibility for making a Bid. Please refer to 'Issue Procedure" beginning on page 187 of this DRHP;
- Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
- Ensure that the Bid cum Application Form, including the ASBA Form is duly completed as per the instructions given in this DRHP and in the Bid cum Application Form; and
- Provide PAN card details on the Bid cum Application Form / ASBA Form without which the documents will be considered incomplete and are liable to be rejected. It is to be specifically noted that Bidders should not provide the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.
- The Bidder should ensure the correctness of his or her Demographic Details (as defined in 'Issue Procedure- Bidder's PAN, Depository Account and Bank Account Details' on page 204 of this DRHP) given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant so as to ensure receipt of allotment advice/refund orders with correct details at his/her present address

For further details, please refer the chapter titled 'Issue Procedure' beginning on page 204 of this DRHP.

**Withdrawal of the Issue**

Our Company in consultation with the BRLM reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Allotment of Equity Shares, without assigning any reason thereof. If our Company withdraws from the Issue, it shall issue a public notice within two days of the closure of the Issue. The notice shall be issued in the same newspapers where the pre-Issue advertisements would have appeared and our Company shall also promptly inform the Stock Exchange. If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh DRHP with the SEBI.

In terms of the SEBI -Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

**Bid/Issue Programme**

BID / ISSUE OPENS ON: [●]

BID / ISSUE CLOSES ON: [●]

Our Company may consider participation by Anchor Investors for upto [●] 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 a.m. and 3.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date (excluding ASBA Bidders), Bids shall be accepted only between **10.00 a.m. to 1.00 p.m.** (Indian Standard Time) and uploaded till

(i) 5.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders and where the Bid Amount is in excess of Rs. 2,00,000 and

(ii) till such time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs. 2,00,000.

**It is clarified that Bids not uploaded in the book, would be rejected. 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 Bid cum Application Form submitted through the ASBA process, 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 3.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. All times are Indian Standard Time. 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, some Bids may not be uploaded due to lack of sufficient time to upload and such Bids that cannot be uploaded will not be considered for allocation under the Issue and the Company, the BRLM and the members of the Syndicate shall not be responsible for this. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

On the Bid/Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Bidders after taking into account the total number of Bids received up to 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.

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Regulations. The cap on the Price Band should not be more than 120 % 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 advertised at least one day before the Bid/Issue opening date.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working 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 NSE and the BSE, by issuing a press release, and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate. The Price Band will be decided by our Company in consultation with the BRLM.

**Underwriting Agreement**

After the determination of the Issue Price but prior to filing of the Prospectus with the RoC, our Company may enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered in the Issue. Pursuant to the terms of the Underwriting Agreement, if entered into, the BRLM's shall be responsible for bringing in the amount devolved in the event that the members of the Syndicate do not fulfil their underwriting obligations. The Underwriting shall be to the extent of the bids uploaded by the Underwriter including through its syndicates / sub-syndicates. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriter are several and are subject to certain conditions to closing, as specified therein.

The Company has not yet appointed or discussed with any underwriters or have any underwriter indicated their intention to underwrite any of the Equity Shares offered in the Issue

(This portion has been intentionally left blank and will be completed before filing of the Prospectus with the RoC.)

| Name and Address of the Underwriter | Indicative Number of Equity Shares to be Underwritten | Amount Underwritten (₹ In Lacs) |
|---|---|---|
| [●] | [●] | [●] |
| [●] | [●] | [●] |

## CAPITAL STRUCTURE

The share capital of the Company as at the date of filing this DRHP, before and after the Issue, is set forth below.

*(₹. in Lacs, except share data)*

| | Particulars | Aggregate Nominal value | Aggregate Value at Issue Price |
|---|---|---|---|
| **A** | **Authorised Share Capital** | | |
| | 1,50,00,000 Equity Shares of face value of Rs. 10/- each | 1500.00 | |
| **B** | **Issued, Subscribed & Paid-up Share Capital before the Issue** | | |
| | 1,12,49,536 Equity Shares | 1124.95 | |
| **C** | **Present Issue in terms of this DRHP*** | | |
| | ***Fresh Issue of*** [●] *Equity Shares* | [●] | [●] |
| | ***Of which*** | | |
| | **QIB Portion**** | | |
| | At least [●] Equity Shares | [●] | [●] |
| | **Non-Institutional Portion** | | |
| | Upto [●] Equity Shares | [●] | [●] |
| | **Retail Portion** | | |
| | Upto [●] Equity Shares | [●] | [●] |
| **D** | **Equity Share Capital after the Issue** | | |
| | [●] Equity Shares | [●] | [●] |
| **E** | **Share Premium Account** | | |
| | Before the issue | 0.38 | |
| | After the Issue# | [●] | [●] |

*# The Share Premium Account shall be determined after the Book Building Process*

**The present issue has been authorized pursuant to a resolution of our Board dated 01-09-2010 and by special resolution passed under Section 81(1A) of the Companies Act, 1956 at an Annual General Meeting of our shareholders held on 30-09-2010.*

***Our Company may consider participation by Anchor Investors for allotment upto [●] 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, being [●] Equity Shares.*

*For further details, please refer to the chapter titled "Issue Procedure" beginning on page 187 of this DRHP.*

*Our Company has no outstanding convertible instruments as on the date of this DRHP*

**Changes in Authorized Share Capital**

| Sr. No | Date and Type of Shareholders Meeting approving the change | Nature of Change | Increase (No. of shares) | Cumulative No. of Equity Shares | Face Value (Rs.) | Cumulative Authorised Share Capital (Rs.) |
|---|---|---|---|---|---|---|
| 1 | On Incorporation | - | - | 10,000 | 10 | 1,00,000 |
| 2 | EGM held on July 24, 2008 | Increase | 19,90,000 | 20,00,000 | 10 | 2,00,00,000 |
| 3 | EGM held on October 26, 2009 | Increase | 30,00,000 | 50,00,000 | 10 | 5,00,00,000 |
| 4 | EGM held on January 31, 2011 | Increase | 1,00,00,000 | 1,50,00,000 | 10 | 15,00,00,000 |

**Notes to the Capital Structure:**

**1. Share Capital History of our Company:**

***a) Equity Share Capital***

Our Company has made allotments of Equity Shares from time to time. Our Company has not made any allotment of preference shares. The following is the Equity share capital build-up of our Company:

| Date of Allotment of fully Paid-up Shares | Number of Equity Shares Allotted | Face Value (Rs.) | Issue Price (Rs.) | Nature of Allotment | Nature of Consideration | Cumulative No. of Shares Allotted | Cumulative Paid Up Share Capital (Rs.) | Cumulative Share Premium (Rs.) |
|---|---|---|---|---|---|---|---|---|
| July 22, 2008 | 10,000 | 10 | 10 | Subscription to MoA | Cash | 10,000 | 100,000 | - |
| July 24, 2008 | 6,43,500 | 10 | 10 | Preferential Allotment | Cash | 6,53,500 | 6,535,000 | - |
| July 24, 2008 | 3,46,500 | 10 | - | Takeover of Swajas Air Charter | Other than Cash | 10,00,000 | 1,00,00,000 | - |
| October 11, 2009 | 10,00,000 | 10 | 10 | Preferential Allotment | Cash | 20,00,000 | 2,00,00,000 | - |
| October 30, 2009 | 5,64,120 | 10 | 10 | Preferential Allotment | Cash | 25,64,120 | 2,56,41,200 | - |
| March 25, 2010 | 33,691 | 10 | 350 | Preferential Allotment | Cash | 25,97,811 | 2,59,78,110 | 1,14,54,940 |
| June 10, 2010 | 32,860 | 10 | 350 | Preferential Allotment | Cash | 26,30,671 | 2,63,06,710 | 2,26,27,340 |
| January 31, 2011 | 1,81,713 | 10 | 350 | Preferential Allotment | Cash | 28,12,384 | 2,81,23,840 | 8,44,09,760 |
| February 25, 2011 | 84,37,152 | 10 | - | Bonus Issue in the ratio of 3:1 | Bonus Issue | 1,12,49,536 | 1124,95,360 | 38,240 |

### b) *Shares allotted for consideration other than cash*

The following shares were allotted for consideration other than cash:

| Date of Allotment of fully Paid-up Shares | Number of Equity Shares Allotted | Face Value (Rs.) | Issue Price (Rs.) | Nature of Allotment (Reasons for Issue / Benefits to issuer) | Nature of Consideration | Allotted person |
|---|---|---|---|---|---|---|
| July 24, 2008 | 346,500 | 10 | - | Allotment of shares as consideration for the takeover of Assets & Liabilities of Swajas Air Charter (Proprietary Concern) | Other than Cash | Mr. R. Jayakumar, Proprietor of M/s. Swajas Air Charter |

**Notes:**
Bonus Equity shares have been issued to all our Shareholders on February 25, 2011 out of the share premium account by capitalizing Rs. 84,371,520. The relevant provisions of the Companies Act have been complied with w.r.t the bonus issues.

No bonus shares have been issued out of Revaluation reserves.

Except for what has been stated above our Company has not issued any Equity Share for consideration other than cash. Further, our Company has not allotted any Equity Shares pursuant to any scheme approved under section 391-394 of the Companies Act, 1956.

### c) *History & Share Capital Build-up of our Promoters*

Our Promoters have been allotted Equity Shares and have entered into Purchase/Sale Transactions of the Company's Equity shares from time to time. The following is the Equity share capital build-up of our Promoter:

| Date of Allotment / Transfer | Allotment / Transfer | Nature of Issue & Consideration | No. of Shares | Face Value (Rs.) | Issue/ Acquisition Price (Rs.) | % of Pre-Issue Paid Up Capital | % of Post-Issue Paid Up Capital |
|---|---|---|---|---|---|---|---|
| **(i) Mr. R. Jayakumar** | | | | | | | |
| July 22, 2008 | Subscription to MOA | Subscription to MOA for Cash | 3,500 | 10 | 10 | 0.03 | [●] |
| July 24, 2008 | Allotment | Preferential Allotment for other than Cash | 3,46,500 | 10 | - | 3.08 | [●] |
| May 05, 2009 | Transfer | Cash | (50) | 10 | 10 | - | - |
| October 11, 2009 | Allotment | Preferential Allotment for Cash | 3,50,000 | 10 | 10 | 3.11 | [●] |
| October 30, 2009 | Transfer | Cash | (87,500) | 10 | 10 | (0.78) | [●] |
| January 31, 2011 | Allotment | Preferential Allotment for Cash | 23,428 | 10 | 350 | 0.21 | [●] |
| February 25, 2011 | Allotment | Bonus Issue | 19,07,634 | 10 | - | 16.96 | [●] |
| **Sub-Total (i)** | | | **25,43,512** | | | **22.61** | [●] |

| Date of Allotment / Transfer | Allotment / Transfer | Nature of Issue & Consideration | No. of Shares | Face Value (Rs.) | Issue/ Acquisition Price (Rs.) | % of Pre-Issue Paid Up Capital | % of Post-Issue Paid Up Capital |
|---|---|---|---|---|---|---|---|
| **(ii) Christopher Ian Want** | | | | | | | |
| October 30, 2009 | Allotment | Preferential Allotment for Cash | 5,64,120 | 10 | 10 | 5.01 | [●] |
| March 25, 2010 | Allotment | Preferential Allotment for Cash | 27,977 | 10 | 350 | 0.25 | [●] |
| February 25, 2011 | Allotment | Bonus Issue | 17,76,291 | 10 | - | 15.79 | [●] |
| **Sub-Total (ii)** | | | **23,68,388** | | | **21.05** | **[●]** |
| **Grand Total ( i + ii )** | | | **49,11,900** | | | **43.66** | **[●]** |

*Notes:*

- *None of the shares belonging to our promoters have been pledged till date.*
- *All the promoters' shares shall be subject to lock-in from the date of listing of the equity shares issued through this DRHP for periods as applicable under regulation 32, 33, 36(a) and 37 of the SEBI (ICDR) Regulations. For details refer to Note No. 2 of "Capital Structure" on page 56 of this DRHP.*

**d) Shares acquired by the Promoters and Promoters Group members during the last one year for a price which could be below the issue price:**

Following shares which have been acquired by our promoter and promoter group entities in the last one year could have been acquired at a price which is below the issue price:

| Date of Acquisition | Allotment / Transfer | No. of Equity Shares | Price Per share (Rs.) |
|---|---|---|---|
| **(i) R. Jayakumar** | | | |
| January 31, 2011 | Allotment | 23,428 | 350 |

**e)** None of the members of the Promoters Group/Directors and their immediate relatives have entered into any Transactions in the Equity shares of our Company within the last six months from the date of this DRHP.

**f)** None of the members of the Promoters Group/Directors and their immediate relatives have financed the purchase by any other person of Equity shares of our Company other than in the normal course of business of the financing entity within the period of six months immediately preceding the date of filing of this DRHP with SEBI.

**2. Promoters Contribution and Other Lock-In details:**

***a) Details of Promoters Contribution locked-in for 3 years***

Pursuant to the Regulation 32(1) and 36(a) of the SEBI Regulations, an aggregate 20% of the Post-Issue Equity Share capital of our Company shall be locked up by our Promoters for a period of three years from the date of allotment of Equity Shares in this Issue. The details of the Promoters' Equity Shares locked-in for a period of three years are as follows:

| Name of Promoters of Promoter's Group | Date of Allotment / Transfer | Nature of Transaction | No. of Equity Shares | Face Value | Issue/ Transfer Price | % of Post Issue Paid up Capital | Lock-in Period from the date of Public Issue Allotment |
|---|---|---|---|---|---|---|---|
| **R. Jayakumar** | [●] | [●] | [●] | [●] | [●] | [●] | [●] |
| **Christopher Ian Want** | [●] | [●] | [●] | [●] | [●] | [●] | [●] |

*(The aforesaid table will be finalized after the issue price and the number of shares to be issued is finalized in prospectus.)*

The above Equity Shares are eligible for computation of Promoter's contribution and lock-in in terms of Regulation 33 (1) of the SEBI Regulations as discussed below:

Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as promoters under the SEBI Regulations. Our Promoter has given their written undertaking for inclusion of the aforesaid Equity Shares as a part of Promoter's contribution which is subject to lock-in for a period of 3 years from the date of Allotment of Equity Shares in the proposed Issue.

In terms of undertaking executed by our Promoter, Equity Shares forming part of Promoter's contribution subject to lock-in will not be disposed/ sold/ transferred by our Promoters during the period starting from the date of filing of this DRHP with SEBI till the date of commencement of lock in period as stated in this DRHP.

We further confirm that the minimum Promoter contribution of 20% which is subject to lock-in for three years does not consist of:

- Equity Shares acquired during the preceding three years for consideration other than cash and out of revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources.
- Equity Shares acquired by the Promoters during the preceding one year, at a price lower than the price at which Equity Shares are being offered to public in the Issue.
- Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.
- The Equity Shares held by the Promoters and offered for minimum 20% Promoters' contribution are not subject to any pledge
- Equity Shares for which specific written consent has not been obtained from the shareholders for inclusion of their subscription in the minimum promoters' contribution subject to lock-in.
- Equity shares issued to our promoters on conversion of partnership firms into limited companies.

**b) Details of Shares locked-in for one year:**

- Pursuant to Regulation 37 of the SEBI Regulations, in addition to the Promoters' contribution to be locked-in for a period of 3 years, as specified above, the entire Pre-Issue issue Equity Share capital will be locked in for a period of one (1) year from the date of allotment in this Issue.

- The share certificates which are in physical form for locked-in Equity Shares will carry an inscription "nontransferable" along with the duration of specified non – transferable period mentioned on the face of the share certificate as per Regulation 35(2) of the SEBI Regulations.

- Further, Equity Shares allotted to Anchor Investors, in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment of Equity Shares in the Issue.

- Pursuant to Regulation 39 of the SEBI Regulations, the Equity Shares held by our Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions for the purpose of financing one or more of the objects of the issue and the pledge of shares is one of the terms of sanction of such loan. However, as on date of this DRHP, none of the Equity Shares held by our Promoter have been pledged to any person, including banks and financial institutions.

- Pursuant to Regulation 40 of the SEBI Regulations, Equity Shares held by the Promoters, which are locked in as per Regulation 36 of the SEBI Regulations, may be transferred to and amongst the Promoters/ Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.

- Pursuant to Regulation 40 of the SEBI Regulations, Equity Shares held by shareholders other than the Promoters, which are locked-in as per Regulation 37 of the SEBI Regulations, may be transferred to any other person holding shares, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.

**c) Lock in of equity shares allotted to Anchor Investors**

Equity Shares Allotted to Anchor Investors, in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment of Equity Shares in the Issue.

**3. Pre-Issue and Post Issue Shareholding of our Promoters and Promoter's Group**

Set forth is the shareholding of our Promoters and Promoter's Group before and after the proposed issue:

| Sr. No. | Name of Shareholder | Pre-Issue | | Post-Issue | |
|---|---|---|---|---|---|
| | | No. of Equity Shares | as a % of Issued Equity | No. of Equity Shares | as a % of Issued Equity |
| **A** | **Promoter** | | | | |
| 1 | R. Jayakumar | 25,43,512 | 22.61% | 25,43,512 | [●] |
| 2 | Christopher Ian Want | 23,68,388 | 21.05% | 23,68,388 | [●] |
| | **Total (A)** | **49,11,900** | **43.66%** | **49,11,900** | [●] |
| **B** | **Promoter Group, Relatives and Other Associates acting in Concert** | | | | |
| 3 | Mr. R. Swaminathan | 40 | 0.00% | 40 | [●] |
| 4 | Mrs. Helma Joyce | 80 | 0.00% | 80 | [●] |
| | **Total (B)** | **120** | **0.00%** | **120** | [●] |
| | **Total (A+B)** | | **43.66%** | | [●] |

**4.** Neither the Company, nor its promoters, directors, nor the BRLM have entered into any buyback and/or standby arrangements for purchase of Equity Shares of the Company from any person.

**5.** None of our Directors or Key managerial personnel hold Equity Shares in the Company, except as stated in the section titled "Our Management" beginning on page 111 of this DRHP

**6. The top ten shareholders of our Company and their Shareholding is as set forth below:**

**a.** The top ten Shareholders of our Company as on the date of this DRHP are:

| Sr. No. | Particulars | No. Of Shares | % of Issued Capital |
|---|---|---|---|
| 1 | Mahadevan Ganesh | 31,93,500 | 28.39% |
| 2 | R. Jayakumar | 25,43,512 | 22.61% |
| 3 | Christopher Ian Want | 23,68,388 | 21.05% |
| 4 | Raghuraman Rajagopal | 10,50,000 | 9.33% |
| 5 | Sushil Daswani | 5,02,856 | 4.47% |
| 6 | Kinner Traders Pvt. Ltd. | 5,00,000 | 4.44% |
| 7 | Swift Markets Ltd., Singapore | 4,56,500 | 4.06% |
| 8 | Phillipa Atkinson | 3,50,000 | 3.11% |
| 9 | Shanmuga Rethenam | 1,31,440 | 1.17% |
| 10 | Rising Ventures Trading Ltd., Hongkong | 1,30,284 | 1.16% |
| **Total** | | **1,12,26,480** | **99.80%** |

**b.** The top ten Shareholders of our Company ten (10) days prior to date of this DRHP are:

| Sr. No. | Particulars | No. Of Shares | % of Issued Capital |
|---|---|---|---|
| 1 | Mahadevan Ganesh | 31,93,500 | 28.39% |
| 2 | R. Jayakumar | 25,43,512 | 22.61% |
| 3 | Christopher Ian Want | 23,68,388 | 21.05% |
| 4 | Raghuraman Rajagopal | 10,50,000 | 9.33% |
| 5 | Sushil Daswani | 5,02,856 | 4.47% |
| 6 | Kinner Traders Pvt. Ltd. | 5,00,000 | 4.44% |
| 7 | Swift Markets Ltd., Singapore | 4,56,500 | 4.06% |
| 8 | Phillipa Atkinson | 3,50,000 | 3.11% |
| 9 | Shanmuga Rethenam | 1,31,440 | 1.17% |
| 10 | Rising Ventures Trading Ltd., Hongkong | 1,30,284 | 1.16% |
| **Total** | | **1,12,26,480** | **99.80%** |

**c.** The top ten Shareholders of our Company two (2) years prior to date of this DRHP are:

| Sr. No. | Particulars | No. Of Shares | % of Issued Capital |
|---|---|---|---|
| 1 | Mahadevan Ganesh | 6,50,000 | 65.00% |
| 2 | R. Jayakumar | 3,50,000 | 35.00% |
| **Total** | | **10,00,000** | **100.00%** |

7. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment, which is the minimum application size in this Issue. 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. In such an event, the Equity Shares held by the Promoter and subject to lock- in shall be suitably increased; so as to ensure that 20% of the post Issue paid-up capital is locked in.

8. In the case of over-subscription in all categories, at least 50% of the Issue shall be available for allocation on a proportionate basis to QIBs, 5% of the Net QIB Portion shall be reserved for Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion of the Net QIB Portion will also be eligible for allocation in the remaining QIB Portion. Upto 30% of the QIB Portion shall be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds. Further, upto 15% of Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and upto 35% of 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.

9. Under subscription, if any, in any of the categories, other than in the QIB category, would be allowed to be met with spill-over from any of the other categories or a combination of categories at the discretion of our Company in consultation with the BRLM and Designated Stock Exchange. Such inter-se spill over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines.

10. There shall be only one denomination of Equity Shares of our Company unless otherwise permitted by law. Our Company shall comply with disclosure and accounting norms as may be specified by SEBI from time to time.

11. Since the entire application money is being called on application, all successful applications, shall be issued fully paid up shares only. Also, as on the date of filing of this DRHP the entire pre-issue share capital of the Company has been made fully paid up.

12. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months commencing from the date of opening of this Issue, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares or securities convertible into Equity Shares, whether on a preferential basis or otherwise. However, during such period or at a later date, the Company may undertake an issue of shares or securities linked to equity shares to finance an acquisition, merger or joint venture by us or as consideration for such acquisition, merger or joint venture, or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by the Board to be in the interest of the Company. Further, during such period or at a later date, the Company may also issue shares through a Bonus Issue to its shareholders.

13. We have not issued any Equity Shares out of revaluation reserves. We have not issued any Equity Shares for consideration other than cash except as stated in this DRHP.

14. As on date of filing this DRHP, there are no outstanding ESOP's, warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares, nor has the company ever allotted any equity shares pursuant to conversion of ESOP's till date.

15. Our Company shall ensure that transactions in the Equity Shares by our Promoters and our Promoter Group between the date of registering the Red Herring Prospectus with the RoC and the Bid/Issue Closing Date shall be reported to the Stock Exchange within twenty-four hours of such transaction.

**16. Shareholding Pattern of the Company**

The following is the shareholding pattern of the Company as on the date of filing of this DRHP:

| Category of Shareholder | No. of Shareholders | Total No. of Shares | Total No. of Shares Held in Demat Form | Total shareholding as a % of total no. of shares | | Shares pledged or otherwise encumbered | |
|---|---|---|---|---|---|---|---|
| | | | | As a % of (A+B) | As a % of (A+B+C) | No. of shares | As a % of Total no. of shares |
| **(A) Shareholding of Promoter and Promoter Group** | | | | | | | |
| (1) Indian | | | | | | | |
| Individuals/ Hindu Undivided Family | 3 | 25,43,632 | - | 22.61% | 22.61% | - | - |
| Bodies Corporate | - | - | - | - | - | - | - |
| **Sub Total** | **3** | **25,43,632** | **-** | **22.61%** | **22.61%** | **-** | **-** |
| (2) Foreign | 1 | 23,68,388 | - | 21.05% | 21.05% | - | - |
| **Total Shareholding of Promoter and Promoter Group (A)** | **4** | **49,12,020** | **-** | **43.66%** | **43.66%** | **-** | **-** |
| **(B) Public Shareholding** | | | | | | | |
| (1) Institutions | **-** | - | **-** | - | - | - | - |
| (2) Non-Institutions | | | | | | | |
| Bodies Corporate | 3 | 10,86,784 | **-** | 9.66% | 9.66% | - | - |
| **Individuals** | | | | | | | |
| Individual shareholders holding nominal share capital upto Rs. 1 lakh | 1 | 80 | - | 0.00% | 0.00% | - | - |
| Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 2 | 10,72,856 | - | 9.54% | 9.54% | - | - |
| NRI's / OCB's | 4 | 41,77,796 | - | 37.14% | 37.14% | - | - |
| Others | - | - | - | - | - | - | - |
| **Total Public Shareholding (B)** | **10** | **63,37,516** | **-** | **56.34%** | **56.34%** | **-** | **-** |
| **Total (A+B)** | **14** | **1,12,49,536** | **-** | **100.00%** | **100.00%** | **-** | **-** |
| **(C) Shares held by Custodians and against which Depositary receipts have been issued** | **-** | - | **-** | - | - | - | - |
| **Total (A+B+C)** | **14** | **1,12,49,536** | **-** | **100.00%** | **100.00%** | **-** | **-** |

**17.** The BRLM and its associates do not directly or indirectly hold any shares of the Company.

**18.** As of the date of filing of this DRHP the total number of holders of the Equity Shares is 14.

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

**20.** Our Company may allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the net QIB Portion. 5% of the net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the net QIB Portion shall be available for allocation on a proportionate basis to QIBs, 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 [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the net QIB Portion and allocated proportionately to the QIBs in proportion to their Bids.

**21.** Our Promoters and members of the Promoter Group will not participate in the Issue.

**22.** Our Company has not made any public issue or rights issue since its incorporation.

**23.** There are restrictive covenants in the agreements entered into by our Company with certain lenders for short-term and long-term borrowing. For further details, please see "Financial Indebtedness" on page 163 of this DRHP.

## SECTION IV: PARTICULARS OF THE ISSUE

## OBJECTS OF THE ISSUE

The objects of the Issue are to finance our expansion plans and achieve the benefits of listing on the Stock Exchanges. We believe that listing will enhance our corporate image and brand name.

We intend to utilize the Issue Proceeds, after deducting the Issue expenses (the "Net Proceeds") for the following objects:

1. Part Finance the Fleet expansion;
2. Finance the setting up of MRO/Hangar Facility;
3. Finance the purchase of Office Building / Space
4. Finance the Working Capital Requirements; and
5. General Corporate Purposes

The main objects and objects incidental or ancillary to the main objects set out in our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue. Further, we confirm that the activities we have been carrying out until now are in accordance with the objects clause of our Memorandum of Association.

The details of the proceeds of the Issue are summarized in the table below:

*(₹ in Lacs)*

| Particulars | Estimated Amount* |
|---|---|
| Gross Proceeds of the Issue **("Issue Proceeds")** | [●] |
| Issue related expenses | [●] |
| Net Proceeds of the Issue **("Net Proceeds")** | [●] |

** Will be included in after finalization of Issue Price*

**Our Requirement of Funds and Means of Finance**

We estimate our Net Proceeds to be ₹ [●] Lacs. We intend to utilize the Net Proceeds as the table set forth below:

| Sr. No. | Particulars of Fund Requirements | Total Estimated Cost | Amount deployed as of March 31, 2011 | Amount to be financed from Net Proceeds | Estimated Schedule of deployment of Net Proceeds for Fiscal | | |
|---|---|---|---|---|---|---|---|
| | | | | | 2011 | 2012 | 2013 |
| 1. | Acquisition of a Bell 407 Helicopter | 1,237.60 | 455.30* | 782.30 | - | 782.30 | - |
| 2. | Acquisition of a PC Pilatus Aircraft | 941.85 | - | 941.85 | - | 941.85 | - |
| 3. | Helicopter/Aircraft acquisition related direct expenses | 143.59 | 47.78* | 95.81 | - | 95.81 | - |

| Sr. No. | Particulars of Fund Requirements | Total Estimated Cost | Amount deployed as of March 31, 2011 | Amount to be financed from Net Proceeds | Estimated Schedule of deployment of Net Proceeds for Fiscal | | |
|---|---|---|---|---|---|---|---|
| | | | | | 2011 | 2012 | 2013 |
| 4. | Setting up MRO/Hangar Facility | 905.03 | - | 905.03 | - | 905.03 | - |
| 5. | Purchase of Office Building / Space | 350.00 | - | 350.00 | - | 350.00 | |
| 5. | Working Capital | 378.19 | - | 378.19 | - | 378.19 | - |
| 6. | General Corporate Purposes | [●] | - | [●] | - | [●] | [●] |
| | **Total** | **[●]** | | **[●]** | **-** | **[●]** | **[●]** |

** An amount of ₹ 455.30 Lacs and ₹ 47.78 Lacs has already been deployed towards the initial payments for the Acquisition of Bell 407 Helicopter and related expenses, which was funded from the Fresh issue of equity shares at a premium.*

The requirement of funds is based on our current business plan. In view of the dynamic nature of our industry, we may have to revise our business plan from time to time and consequently our fund requirements may also change. This may include rescheduling of our capital expenditure programmes and / or reducing or increasing the working capital requirements. All proposed expenditure is based on internal management estimates unless otherwise specifically stated as based on quotations received. Some of the quotations and estimates received are in currencies other than in Indian Rupees. Any fluctuations in the foreign exchange rate may have an impact on the proposed utilization of the Net Proceeds.

**Means of Finance**

| Particulars | Estimated Amount* |
|---|---|
| Share Capital plus premium (already deployed) | 503.08 |
| Internal Accruals | [●] |
| Net Proceeds from Public Issue* | [●] |
| **Total** | **[●]** |

** To be completed after finalization of issue price.*
*** Already Deployed*

**DETAILS OF THE OBJECTS OF THE ISSUE**

The details regarding deployment of abovementioned expenditures, including the utilisation of the Net Proceeds, is as follows:

**a) Fleet Expansion - Acquisition of a Bell 407 Helicopter and PC Pilatus Aircraft:**

We are currently operating our Air Charter Services by acquiring Helicopters/Aircrafts on a Dry/Wet Lease basis. We now propose to purchase one Helicopter and one Aircraft in order to improve the asset base of the company and also increase our operating margins.

The details of the cost of the same are as follows:

| Particulars | Name of Supplier | Qty | Cost as per quotation (in USD) | Estimated Cost* (₹ in Lacs) |
|---|---|---|---|---|
| Bell 407 (53806) Helicopter** | Consolidated Aviation Management Corporation, Ireland | 1 | 27,20,000 | 1,237.60 |
| Pilatus PC12 (00321) Aircraft | | 1 | 20,70,000 | 941.85 |
| **Cost of Proposed Air Fleet** | | | | **2179.45** |
| Add: Customs Duty @ 2% | | | | 43.59 |
| Add: Transportation, Freight, Loading, unloading, etc | | | | 50.00 |
| Add: Direct Acquisition Costs (Consultancy, Commissions etc) | | | | 50.00 |
| **Total Cost of Proposed Air Fleet** | | | | **2,323.04** |

* Assuming that USD = Rs. 45.50

Notes:

- The Bell 407 Helicopter proposed to be acquired, is currently being operated by us in India on a dry-lease basis, and shall be converted into owned machine after the acquisition.

- The PC Pilatus Aircraft as well as the Bell 407 Helicopter proposed to be bought from the issue proceeds are second hand in nature, with the current age of these machines being 10 years and 3 years respectively. Further, as inferred by the management, the balance estimated life of these machines is approximately 14 and 21 years respectively.

**b) Setting up of MRO/Hangar Facility**

Our aircraft maintenance, if regular in nature gets carried out at the Parking Space allotted to us in Chennai Airport. For more complex repairs and MRO activities, we currently lease hangar space and MRO Facility from the Airport Authority of India on an as and when basis for our current fleet of 3 helicopters and 1 aircraft.

The company intends to set up an In-house MRO facility at the Chennai Airport which would be used to offer MRO services to its own aircraft/helicopter as well as that of others on general aviation.

With the increasing size of the elite class of India and the subsequent increasing number of charter planes there is a huge potential for MRO services which has not kept pace with the growth in Aviation business in India. The company's objective is to tap the potential demand for MRO Services by other private operators and also increase operational efficiencies of the in-house aircrafts and helicopters.

In this connection, the company has applied to Airports Authority of India, Chennai for allotment of land for construction of approximately 10000 sq. ft hangar facility. Approval is awaited from the said authorities for the proposed activities. Once the approval is received, establishment of an MRO facility would include construction of Hangar and equipping the facility with various domestic as well as imported special tools, spares and equipment.

| Sr. No. | Particulars | Estimated Cost (₹ in Lacs) | Supplier / Contractor |
|---|---|---|---|
| B.1. | Deposit to AAI for Hangar Space* | 100.00 | Airport Authority of India |
| B.2. | Fabrication of Hanger using Iron Gutters with Asbestos Roofing | 210.00 | SAR Aviation Services Pvt. Ltd., New Delhi |
| B.3 | Construction works, Civil Works, Electrical Plumbing, Flooring etc. | 300.00 | |
| B.4 | Machineries and Equipments: | 295.03 | Various suppliers as mentioned below |
| | **Total** | **905.03** | |

* We had already applied to AAI, Chennai to allot Hangar Space in Chennai Airport.

***B.4: Machineries and Equipments:***

The machineries and equipments required for the proposed MRO Facility are as follows:

*(₹ in Lacs)*

| Sr. No. | Description | Supplier | Qty | Amount ₹ In lacs |
|---|---|---|---|---|
| **A** | **Imported *** | | | |
| 1 | IFR 4000 / NAV COMM 220V | Aeroflex Transponder | 1 | 5.85 |
| 2 | Transponder A/C/S & Dme Tester | | 1 | 5.63 |
| 3 | ULB 42A 12/1 | Edmo International | 1 | 0.69 |
| 4 | Electrosonic cleaner | Kell storm | 1 | 0.30 |
| 5 | Hydralic Test Bench | Consolidated Aviation Management Corporation Limited, Ireland | 1 | 24.33 |
| 6 | Gyro Tilt Table | | 1 | 4.03 |
| 7 | A/C Lifting Jacks | | 3 | 10.06 |
| 8 | Rotor Balancing Kit | | 1 | 16.94 |
| 9 | Main Rotor Blade Stand | | 1 | 1.52 |
| 10 | RADS AT Kit | | 1 | 132.39 |
| 11 | Air Data Tester | | 1 | 11.28 |
| 12 | Tow bar 407 | | 1 | 0.46 |
| 13 | Tow bar 412 | | 1 | 0.39 |
| 14 | Tow bar | | 1 | 0.81 |
| 15 | Tow bar 109E | | 1 | 0.41 |
| 16 | Wash Cart Trolley | | 1 | 3.13 |
| 17 | Tail Support | | 1 | 0.18 |
| | **Total (A)** | | | **218.38** |
| | | | | |
| **B** | **Indigenous** | | | |
| 1 | Ground Power unit 40 KVA | MAK Controls and Systems P Ltd | 2 | 55.50 |
| 2 | Fire Extinguishers | Firecare Systems & Equipment (I) P Ltd | 14 | 0.70 |
| 3 | Hydraulic Jack 10T -2 No.'s & 5T | Vanjax Sales P Ltd | 1 | 2.68 |
| 4 | Rubber Chock | Sheetal Polymers | 40 | 0.57 |

| | | | | |
|---|---|---|---|---|
| 5 | 3,5,8 Steps Tressel | Anandhan Steel Work | 5 | 1.25 |
| 6 | General & Special Tool kits | Elite Engineering Enterprises | - | 12.25 |
| 7 | Diesel Genset - 5 KVA | Sri Rajeswari Engineering Works | 1 | 1.50 |
| 8 | Battery Charger | | 1 | 0.50 |
| 9 | Baggage Trolley | | 2 | 0.96 |
| 10 | Nitrogen Trolley | | 4 | 0.75 |
| | **Total (B)** | | | **76.65** |
| | | | | |
| | **Total (A+B)** | | | **295.03** |

*Conversion rate considered - 1 USD = Rs. 45.00

**c) Purchase of Office Building / Space**

We currently operate from a 3800 sq. ft registered and corporate office situated at 1/62 – 4, 1st Street, Ravi Colony, St. Thomas Mount, Chennai – 600 016, which we have taken on lease. We propose to purchase an office building/space with similar amount of office space in a similar area in Chennai city.

Following are the estimated costs involved in the same:

| Sr. No. | Particulars | Estimated Cost (₹ in Lacs) | Remarks |
|---|---|---|---|
| C.1. | Land and Building / Office space (4000 sq. ft @ Rs. 7500 per sq. ft) | 300.00 | These cost estimates are based on Management Perceptions and Judgments.* |
| C.2 | Office Furniture and Fittings | 50.00 | |
| | **TOTAL** | **350.00** | |

**We are currently negotiating with various sellers for such office space. However, we have not yet identified a specific property / office building we would be purchasing.*

**d) Working Capital Requirements**

The expansion of fleet size and MRO activities shall be completed within the F.Y. 2011-12, thereby increasing the operations of our company and our working capital requirements. The estimated Working Capital Requirements for F.Y. ended 2011-12 are based on the calculations and notes detailed below:

*(₹ in Lacs)*

| Particulars | Working Capital amounts for 9 month period ended December 31, 2010 (Audited) | Estimated amount for F.Y. ended 2011-12 |
|---|---|---|
| Inventories | 105.04 | 155.00 |
| Receivables | 819.60 | 347.81 |
| Loans and Advances and other Current Assets | 529.59 | 779.43 |
| **Total Current Assets** | **1454.23** | **1282.24** |
| | | |
| Current Liabilities and Provisions | 1016.16 | 304.05 |
| | | |

| | | |
|---|---|---|
| **Working Capital Gap** | **438.07** | **978.19** |
| | | |
| **Funded By:** | | |
| Working Capital Facilities | 198.90 | 250.00* |
| Owned Funds | 239.17 | 350.00 |
| IPO Net Proceeds | - | 378.19 |
| **Total** | **438.07** | **978.19** |

** Our company currently has sanctioned Working Capital Limit (Fund Based) aggregating to ₹ 250.00 Lacs from Corporation Bank. For details please refer "Financial Indebtedness" on page 163 of this DRHP.*

**Notes:**

- An average of inventory of ₹15 lacs considered for 7 machines which are to be operated in 2011-12 and an inventory of ₹50 lacs considered for MRO operations.
- Receivables represent 3 weeks of income of 2011-12
- Loans and advances and other current assets include air charter lease deposit of ₹ 650.87 Lacs representing 4 months lease charges, fuel deposits and deposits with airport authorities.
- An average 80% utilization of our aircrafts / helicopters is assumed in making the working capital estimates.
- 1 month credit is considered for dry lease charges, pilot charges and engineering and crew charges and 3 weeks credit considered for other expenditure estimated for 2011-12.

**e) General Corporate Purposes**

The Net Proceeds will be first utilized towards the aforesaid items and the balance is proposed to be utilized for general corporate purposes, including brand building exercises and strengthening of our marketing capabilities, subject to compliance with the necessary provisions of the Companies Act. Our management, in response to the competitive and 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. In accordance with the policies of our Board, our management will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

**Schedule of Implementation**

The objects of the issue are to be implemented in the F.Y. 2011-12 as is detailed below:

| Activity | Commencement | Completion |
|---|---|---|
| Acquisition of a Bell 407 Helicopter | Already commenced (Advance Paid) | Aug-2011 |
| Acquisition of a PC Pilatus Helicopter | Sep-2011 | Oct-2011 |
| Setting up MRO/Hangar Facility: | | |
| - Airport Space occupancy | Already applied | Aug-2011 |
| - Civil Works | Sep-2011 | Dec-2011 |
| - Installation of Plant and Machinery | Oct-2011 | Jan-2011 |
| Purchase of Office Buildings /Space | Sep-2011 | Dec-2011 |

**Expenses of the Issue**

The total expenses of the Issue are estimated to be approximately Rs [●] lacs. The Issue related expenses include, among others, Issue management fees, registrar fees, printing and distribution expenses, fees of the legal counsels, advertisement and road show expenses, stamp duty, depository charges, listing fees to the Stock exchanges. The break-up of the total expenses for the Issue is as follows:

*(₹ in Lacs)*

| Activity | Expense (₹ in Lacs)* | As % of total Issue related expenses | As % of Issue |
|---|---|---|---|
| Fee payable to Book Running Lead Managers, Underwriting commission and SCSBs' commission | [●] | [●] | [●] |
| Advertising and marketing expenses | [●] | [●] | [●] |
| Printing, Stationery and Distribution expenses | [●] | [●] | [●] |
| Other (Registrar's fees, legal fees, regulatory fees, listing fees, IPO grading fees etc.) | [●] | [●] | [●] |
| **Total Issue expenses** | **[●]** | **[●]** | **[●]** |

** Details will be provided after finalisation of the Issue Price.*

**Deployment of Funds**

M/s. R. Ravindran & Associates, Chartered Accountants have confirmed vide their certificate dated 10th April 2011 that as on March 31, 2011, following funds were deployed for the proposed Objects of the Issue:

| Sr. No. | Particulars | Amount (₹ in Lacs) |
|---|---|---|
| 1. | Advance paid for Acquisition of a Bell 407 Helicopter | 455.30 |
| 2. | Advance against Consultancy charges for Aircraft Acquisitions | 47.78 |
| 2. | Issue Expenses | 5.00 |
| **Total** | | **508.08** |

**Sources of Financing for the Funds Deployed**

M/s. R. Ravindran & Associates, Chartered Accountants have confirmed vide their certificate dated 10th April 2011 that the funds deployed for the proposed Objects of the Issue on March 31, 2011, have been funded from the following sources:

| Sr. No. | Particulars | Amount (₹in Lacs) |
|---|---|---|
| 1. | Share Capital plus Premium | 503.08 |
| 2. | Internal Accruals | 5.00 |
| **Total** | | **508.08** |

**Appraisal**

None of the objects of the Issue have been apprised by any banks, financial institutions or agency.

**Bridge loans**

We have not raised any bridge loans against the Net Proceeds.

**Interim use of funds**

Pending utilisation of funds, our management will have flexibility, in accordance with policies established by our Board, in deploying the Net Proceeds. Pending utilisation for the purposes described above, our Company intends to invest the funds in high quality interest bearing liquid instruments, including money market mutual funds, deposits with banks, other investment grade interest bearing securities and other financial products, such as principal protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments and rated debentures as may be approved by the Board of Directors or a committee thereof or for the necessary duration or for reducing overdrafts. Our Company confirms that pending utilization of the Issue proceeds it shall not use the funds for any investments in the equity markets.

**Monitoring utilization of funds**

Our Board will monitor the utilization of the proceeds of the Issue. We will disclose the utilization of the proceeds of the Issue under a separate head along with details, for all such proceeds of the Issue that have not been utilized. We will indicate investments, if any, of unutilized proceeds of the Issue in our Balance Sheet for the relevant Financial Years subsequent to our listing. Pursuant to Clause 49 of the Listing Agreement, the Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, the Company shall prepare a statement of funds utilized for purposes other than those stated in this DRHP and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement will be certified by the statutory auditors of the Company. Our Company shall be required to inform the stock exchanges of any material deviations in the utilisation of Issue proceeds and shall also be required to simultaneously make the material deviations/adverse comments of the Audit committee through advertisement in newspapers.

No part of the proceeds from the Issue will be paid by us as consideration to our Promoters, our Directors, Promoter Group companies or key managerial employees, except in the normal course of our business.

## BASIC TERMS OF THE ISSUE

### Terms of the Issue

The Equity Shares being offered are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of this DRHP, the Red Herring Prospectus, the Prospectus, Bid cum Application Form, ASBA 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 [●] equity shares thereafter. The entire price of the equity shares of ₹ [●] per share (₹ 10/- face value + ₹ [●] 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 September 01, 2010. The shareholders of our Company authorized and approved this Issue under section 81(1A) of the Act by a Special Resolution in the Annual General Meeting of our Company held on September 30, 2010.

### Ranking of Equity Shares

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

### Face Value and Issue Price per Share

The Equity Shares having a face value of ₹ 10/- each are being offered in terms of this DRHP at a price of ₹ [●] 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*: ₹ [●] to ₹ [●] per Equity shares of Face Value of ₹ 10/- each. The Floor Price is [●] times of the Face Value and the Cap Price is [●] times 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 Guidelines, the trading in the Equity Shares shall only be in dematerialized form for all investors. Since trading of the Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of [●] Equity Shares to the successful bidders.

### Minimum Subscription

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

## BASIS OF ISSUE PRICE

The Issue Price shall be determined by the Company in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares determined through the Book Building Process and on the basis of the following qualitative and quantitative factors. The face value of the Equity Shares is ₹ 10 each and the Issue Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band. Investors should review the entire DRHP, including the sections "*Risk Factors*", "*Industry Overview*", "*Business Overview*" and "*Financial Information*" beginning on pages 13, 82, 89 and 133, respectively, of this DRHP to get a more informed view before making an investment decision.

**Qualitative Factors**

The key competitive strengths/ factors of the company which form the basis for computing the price include the following:

- We have 'early mover advantage' as one of the organized Non-Scheduled Air Charter Service Providers with a valid NSOP License and existing operative large fleet in this market which has various "Natural Barriers to Entry".
- In-house Maintenance, Repairs & Overhaul (MRO) Support Capabilities.
- Our Company has long standing relationships with Aircraft and Helicopter Manufacturing and Renting Companies.
- Our business caters to the fast-growing Aviation sector which is witnessing large investments in India.
- Well established clientele which includes large corporates.

**Quantitative Factors**

Information presented in this section is derived from the Company's Restated Financial Statements prepared in accordance with Indian GAAP, the Companies Act and the SEBI ICDR Regulations. For more details on the financial information, see the section titled "Financial Information" beginning on page 133. Some of the quantitative factors, which form the basis for deciding the price, are as follows:

**1) Basic Adjusted Earnings per Share (EPS)**

| Period | EPS* (₹ per Equity Share) | Weight |
|---|---|---|
| F.Y. 2008-2009 (for a period of 8 months) | 5.86* | 1 |
| F.Y. 2009-2010 | 4.60 | 2 |
| **Weighted Average Price** | **5.02** | |
| Nine Months Ending December 31,2010 | 5.52* | – |

*Annualized

**2) Price Earnings Ratio (P/E) in relation to the Issue Price of ₹ [●] per Equity Share of ₹ 10 each**

| Particulars | P/E at the lower end of the price band | P/E at the higher end of the price band |
|---|---|---|
| Based on the EPS for the F.Y. 2009-2010 | **[●]** | **[●]** |

| | | |
|---|---|---|
| Based on the Weighted Average EPS of last [●] years/ periods | **[●]** | **[●]** |
| **Industry P/E** | N.A. | |

***Note:*** *Except for Global Vectra Helicorp Limited, there are no other listed companies which are strictly comparable to us w.r.t the Industry segment in which we operate and hence no industry P/E data is available.*

**3) Return on Net Worth (RoNW)**

| Period | RoNW (%) | Weight |
|---|---|---|
| F.Y. 2008-2009 | 18.19% | 1 |
| F.Y. 2009-2010 | 29.02% | 2 |
| **Weighted Average Price** | **25.41%** | |
| Nine Months Ending December 31,2010 | 13.56% | – |

***Note:*** *The return on net worth has been computed by dividing the profit / (loss) after tax but before Extraordinary Items, by net worth excluding Revaluation Reserve as at the end of the year.*

**4) Minimum Return on Increased Net Worth post Issue required to maintain Pre-Issue EPS**

***At Floor Price:*** The minimum return on increased net worth post Issue required to maintain pre-Issue EPS ₹ [●] of the F.Y 2009-10 [●]%

***At Cap Price:*** The minimum return on increased net worth post Issue required to maintain pre-Issue EPS ₹ [●] of the F.Y 2009-10 [●]%

**5) Net Asset Value (NAV)**

| Period | NAV# (₹ per Equity Share) |
|---|---|
| F.Y. 2008-2009 | 21.32 |
| F.Y. 2009-2010 | 10.42 |
| Nine Months Ending December 31, 2010 | 30.43 |
| **After the Issue** | [●] |
| Issue Price | [●]* |

* The Issue Price per Equity Share will be determined on conclusion of the book building process.
# NAV per Share = Net worth, as restated, at the end of the year (excluding Preference share capital) / Number of Equity share outstanding at the end of the year

**6) Comparison with Industry Peers**

| Name of Company | Face Value | EPS* (₹.) | P/E** | RoNW for fiscal 2010 | NAV for Fiscal 2010 (₹) |
|---|---|---|---|---|---|
| Global Vectra Helicorp | 10 | 5.35 | 5.23 | 79.72% | 6.71 |

| | | | | | |
|---|---|---|---|---|---|
| Limited | | | | | |
| Swajas Air Charters Limited | 10 | 4.60 | [●] | 29.02% | 10.42 |

*EPS based on F.Y 2009-10 annual report
**P/E based on the trading price on BSE as on 21/04/2011

***Note:*** *Except for Global Vectra Helicorp Limited, there are no other listed companies which are strictly comparable to us w.r.t the Industry segment in which we operate.*

**7)** The face value of Equity Shares of our Company is ₹ 10 per Equity Share and the Issue Price is [●] times the face value at the Floor Price and [●] times the face value at the Cap Price.

**8)** This Issue Price of ₹ [●] per Equity Share has been determined by the Company in consultation with the BRLM, on the basis of the demand from investors for the Equity Shares through the Book Building Process. The BRLM believe that the Issue Price of ₹ [●] is justified in view of the above qualitative and quantitative parameters. Prospective investors should also review the entire DRHP, including, in particular, the sections titled *"Risk Factors*", *"Industry Overview"*, *"Business Overview"* and *"Financial Information"* at pages 13, 82, 89 and 133 of this DRHP to obtain a more informed view about the investment proposition.

## STATEMENT OF TAX BENEFITS

To
**Swajas Air Charters Limited**
1/62 – 4, 1st Street, Ravi Colony,
St. Thomas Mount, Chennai – 600 016,
Tamil Nadu.

Dear Sirs,

We hereby certify that the enclosed annexure states the possible tax benefits available to M/s Swajas Air Charters Limited (the "Company") and to the Shareholders of the Company under the provisions of the Income Tax Act, 1961 and the Wealth Tax Act, 1957 presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its Shareholders to derive tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The 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.

The benefits discussed in the enclosed 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. A shareholder is advised to consider in his/her/its own case, the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. We do not express any opinion or provide any assurance as to whether:

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

The 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.

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

**For M/s. R. Ravindran & Associates**
**Chartered Accountant**
Membership No. 23829
14, Ashtalakshmi Street,
Muthulakshmi Nagar,
Chitlapakkam,
Chennai – 600 064.

**Mr. R. Ravindran**

Place: Chennai
Date: 25th March 2011

## TAX BENEFITS

The tax benefits listed below are the possible benefits available under the current tax laws in India. Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its Shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill.

### I. SPECIAL TAX BENEFITS

No special tax benefits are available to the Company or its shareholders.

### II. GENERAL TAX BENEFITS AVAILABLE TO SWAJAS AIR CHARTERS LIMITED("THE COMPANY") AND ITS SHAREHOLDERS

### A. BENEFITS AVAILABLE UNDER THE INCOME TAX ACT, 1961

As per the existing provisions of the I T Act and other laws, as applicable for the time being in force, the following general tax benefits and deductions are and will, inter alia, be available to the Company and its prospective shareholders:

### (i) TO THE COMPANY:

#### 1. Dividends exempt under Section 10(34)

Dividend income (whether interim or final), in the hands of the company as distributed or paid by any other Company, on or after April 1, 2003 is completely exempt from tax in the hands of the Company, under section 10(34) of the IT Act.

#### 2. Income from units of Mutual Funds exempt under Section 10(35)

The Company will be eligible for exemption of income received from units of mutual funds specified under Section 10(23D) of the Act, income received in respect of units from the Administrator of specified undertaking and income received in respect of units from the specified company in accordance with and subject to the provisions of Section 10(35) of the Act.

#### 3. Depreciation under Section 32

In accordance with section 32 of the Act, the company is entitled to claim depreciation on specified tangible (being Buildings, Plant & Machinery, Computer and Vehicles) and intangible assets (being Knowhow, Copyrights, Patents, Trademarks, Licenses, Franchises or any other business or commercial rights of similar nature) owned by it and used for the purpose of its business.

#### 4. Premium Paid on Health Insurance under Section 36(1)(ib)

In terms of section 36(1)(ib) of the Act, with effect from April 1, 2007, the amount of any premium paid by cheque by the assessee as an employer to effect or to keep in force an insurance on the health of his employees under a scheme framed in this behalf by:

a) the General Insurance Corporation of India formed under section 9 of the General Insurance Business (Nationalisation) Act,1972 and approved by the Central Government; or

b) any other insurer and approved by the Insurance Regulatory and Development Authority established under sub-section (1) of section 3 of the Insurance Regulatory and Development Authority Act, 1999 is deductible expenditure and will accordingly apply in

relation to the assessment year 2009-10 and subsequent years.

5. **Exemption of Long-Term Capital Gain under Section 10(38)**

According to section 10(38) of the Act, long-term capital gains on sale of equity shares or units of an equity-oriented fund where the transaction of sale is chargeable to Securities Transaction Tax (STT) shall be exempt from tax. However, the aforesaid income shall be taken into account in computing the Book profit and income tax payable under section 115JB.

**6. Preliminary Expenses under Section 35D**

In accordance with and subject to the provisions of section 35D of the Income tax Act, the company will be entitled to amortise, over a period of five years, all expenditure in connection with the proposed public issue subject to the overall limit specified in the said section.

**7. Exemption of Long Term Capital Gain under Section 54EC**

According to the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds, subject to a ceiling of Rs. 50 lakhs, within six months from the date of transfer. However, if the said bonds are transferred or converted 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 bonds are transferred or converted into money.

**8. Lower Tax Rate under Section 111A on Short-Term Capital Gains**

As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to Securities Transaction tax ("STT") shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess).

**9. Lower Tax Rate under Section 112 on Long-Term Capital Gains**

As per the provisions of Section 112 of the Act, long-term gains that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

**10. Benefits under Section 115JAA**

Under Section 115JAA(1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under Section 115JB of the Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 10 years succeeding the year in which the MAT becomes allowable.

**(ii) BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS:**

1. **Exemption under Section 10(34)**

Dividend (whether interim or final) declared, distributed or paid by the Company is completely exempt from tax in the hands of the shareholders of the Company as per the provisions of section

10(34) of the IT Act.

**2. Exemption of Long-Term Capital Gain under Section 10(38)**

Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company or unit of an equity oriented mutual fund (i.e. capital asset held for the period of twelve months or more) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.

**3. Exemption of Long Term Capital Gain under Section 54EC**

According to the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds, subject to a ceiling of Rs. 50 lakhs, within six months from the date of transfer. However, if the said bonds are transferred or converted 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 bonds are transferred or converted into money.

**4. Exemption of Long term Capital Gain under Section 54F**

According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset ((not covered by sections 10(38)) and 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 a 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.

**5. Lower Tax Rate under Section 111A on Short-Term Capital Gains**

As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to Securities Transaction Tax shall be subject to tax at a rate of 15% plus applicable surcharge and education cess).

**6. Lower Tax Rate under Section 112 on Long-Term Capital Gains**

As per the provisions of Section 112 of the Act, long term gains that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

**(iii) BENEFITS AVAILABLE TO NON RESIDENTS/ NON-RESIDENT INDIAN SHAREHOLDERS (OTHER THAN MUTUAL FUNDS, FIIS AND FOREIGN VENTURE CAPITAL INVESTORS)**

1. **Exemption under Section 10(34)**

Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.

2. **Exemption under Section 10(38)**

Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to Securities Transaction Tax.

3. **Exemption of Long Term Capital Gain under Section 54EC**

According to the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds, subject to a ceiling of Rs. 50 lakhs, within six months from the date of transfer. However, if the said bonds are transferred or converted 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 bonds are transferred or converted into money.

4. **Exemption of Long Term Capital Gain under Section 54F**

According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset ((not covered by sections and 10(38)) and 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 a 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.

5. **Lower Tax Rate under Section 111A on Short-Term Capital Gains**

Under section 111A of the Act and other relevant provisions of the Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15% (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

6. **Lower Tax Rate under Section 112 on Long-Term Capital Gains**

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

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

7. Under section 115E, where the total income of a non-resident Indian includes any income from investment such income shall be taxed at a concessional rate of 20 per cent (plus applicable surcharge and education cess). Also, where shares in the company are subscribed for in

convertible foreign exchange by a Non-Resident India, long-term capital gains arising to the nonresident Indian shall be taxed at a concessional rate of 10 percent (plus applicable surcharge and education cess). The benefit of indexation of cost and the protection against risk of foreign exchange fluctuation would not be available.

8. Under provisions of 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 or in any savings certificates referred to in section 10(4B), within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

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

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

**(iv) BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FIIs')**

1. Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.

2. Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to Securities Transaction Tax. However, the aforesaid income shall be taken into account in computing the Book profit and income tax payable under section 115JB.

3. According to the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds, subject to a ceiling of Rs. 50 lakhs, within six months from the date of transfer. However, if the said bonds are transferred or converted 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 bonds are transferred or converted into money.

4. The income by way of short term capital gains or long term capital gains [in cases not covered under section 10(38) of the Act] realized by FIIs on sale of securities the company would be taxed at the following rates as per section 115 AD of the Act

   - Short term capital gains, other than those referred to under section 111A of the Act shall be taxed @ 30% (plus applicable surcharge & education cess).
   - Short term capital gains, referred to under section 111A of the Act shall be taxed @ 15 (plus applicable surcharge and education cess)
   - Long Term capital gains @ 10% (plus applicable surcharge and education cess) (without cost indexation)

It may be noted here that the benefits of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not applicable.

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

**(v) BENEFITS AVAILABLE TO MUTUAL FUNDS**

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India would be exempt from income tax. However, the Mutual Funds shall be liable to pay tax on distributed income to unit holders under Section 115R of the Act.

**B. BENEFITS AVAILABLE UNDER THE WEALTH TAX ACT, 1957**

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 no Wealth Tax will be payable on the market value of shares of the Company held by the shareholder of the Company.

***Notes:***

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

2. The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws;

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

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

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

6. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the issue.

**For M/s. R. Ravindran & Associates**
**Chartered Accountant**
Membership No. 23829
14, Ashtalakshmi Street, Muthulakshmi Nagar,
Chitlapakkam,
Chennai – 600 064.

**Mr. R. Ravindran**
Place: Chennai
Date: 25th March 2011

## SECTION V: ABOUT THE ISSUER COMPANY

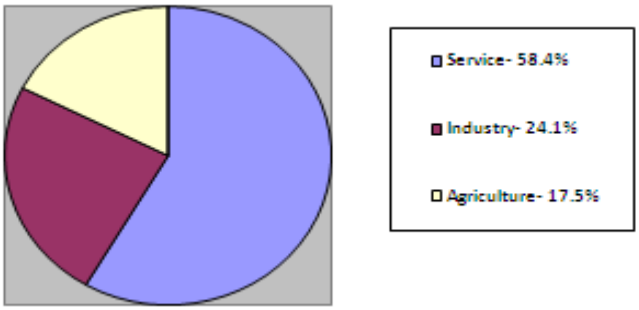
## INDUSTRY OVERVIEW

*The information in this section has not been independently verified by us, the Book Running Lead Manager or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information.*

### Overview of the Indian Economy

Since its liberalization in the 1990's the Indian Economy's GDP growth rate has averaged around 7% since 1997 and India was able to keep its economy growing at a healthy rate even during the 2007-2009 recession, managing a 9.67% GDP growth rate in 2010.

In 2010, India's PPP Gross Domestic Product stood at over $4 trillion, making it the fourth largest economy by volume. The sectoral break up of India's national GDP is as follows:




However, rising inflation became a major concern, and measures to check it are being implemented. In 2010, the rate of inflation was around 8.6%.
*(Source: http://www.economywatch.com/indianeconomy)*

The Centre for Monitoring Indian Economy (CMIE), in its monthly review has estimated India's gross domestic product (GDP) to grow at 9.2 per cent in 2010-11. Growth in the industrial sector, including construction, is projected to increase at 9.4 per cent in 2010-11 better than the 9.2 per cent growth in 2009-10. Furthermore, the services sector is estimated to expand by 10 per cent as compared to 8.6 per cent last year, led by the trade and transport segment. The major turnaround is expected from the agriculture and allied sector, which is being projected to grow by 5.7 per cent in 2010-11. The projection for food grain is also expected to rise by 5.2 per cent.
*(Source: http://www.ibef.org/)*

### Overview of the Global Aviation Industry

The air transport industry is a vital part of the increasingly globalised world economy, facilitating the growth of trade, tourism and international investment, and connecting people across continents making it a major contributor to global economic prosperity.

Air travel is no longer considered an ordeal but an experience, which is why today increased emphasis is being made on travel time, quality of flight experience, sound levels and comfort, and this is due to the fact that air travel is becoming a preferred way to travel be it long, short or just plan intra-city distances.

The growth of world air traffic today is predominately fueled by strong economic growth combined with increasingly liberalized and competitive markets and this in essence is expected to drive above-trend traffic in turn outpacing airline capacity expectations.

According to estimates released by aircraft manufacturer Boeing, strong economic growth mostly driven by intra & inter region trade and liberalized markets has generated robust demand of air travel, while airline efficiency improvements have been offsetting high fuel prices enabling overall industry profitability. Interestingly, world economics since 2004 is growing at a stable 3.4 percent and this is expected to continue through to the end of this decade.

The total value of goods transported by air represents 35% of all international trade. The industry generates a total of 32 million jobs globally, through direct, indirect, induced and catalytic impacts, which is equivalent to 7.5% of world GDP. Approximately 2,000 airlines around the world operate a total fleet of 23,000 aircrafts which serve 3,750 airports through a route network of several million kilometers managed by around 160 air navigation service providers.

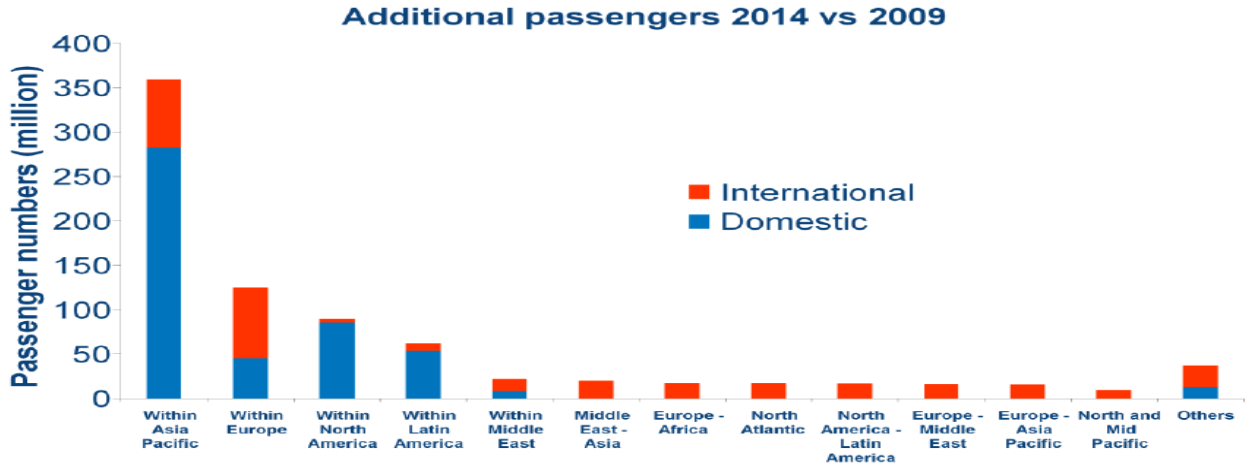
*(Source: http://www.iata.org/pressroom/Documents/atag_economic_social_benefits_2008.pdf)*

As is shown below, the RPK and FTK volumes have increased from approximately 210 billion and 200 billion in 2005 to 238 billion and 260 billion in 2010 showing a CAGR of 2.53% and 5.39% over the last five years respectively.




*Source: IATA*

The illustration below projects majority of passenger (and freight) growth to be in the Asia-Pacific region which will see an addition of over 350 million new passengers during the next five years.




*Source: IATA*

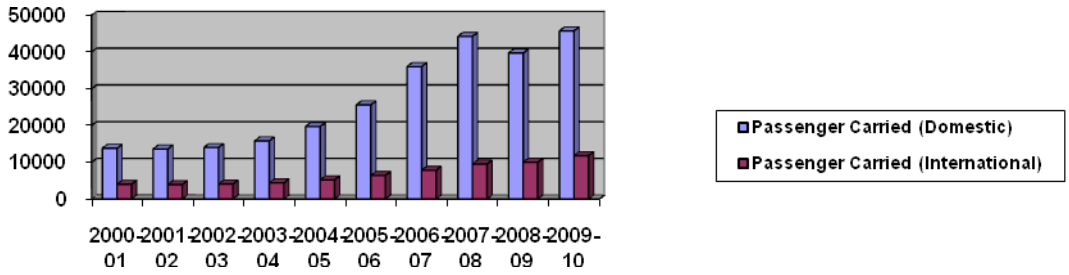
**Overview of the Indian Civil Aviation Industry**

The history of civil aviation in India started with its first commercial flight on February 18, 1911. It was a journey from Allahabad to Naini made by a French pilot Monseigneur Piguet covering a distance of about 10 km. Since then efforts are on to improve the health of India's Civil Aviation Industry.

For many years since its inception the Indian Aviation Industry was plagued by inappropriate regulatory and operational procedures resulting in either excessive or no competition. Nationalization of Indian Airlines (IA) in 1953 brought the domestic civil aviation sector under the purview of Indian Government. Government's intervention in this sector was meant for removing the operational limitations arising out of excess competition.

The upswing in India's economy since 2003 led by renewed global investor interest, clubbed with the rise in disposable incomes lead to a greater buying power of India's middle class which along with the popularisation of "low cost airlines has helped the Indian aviation sector to grow at a fast pace over the last decade.

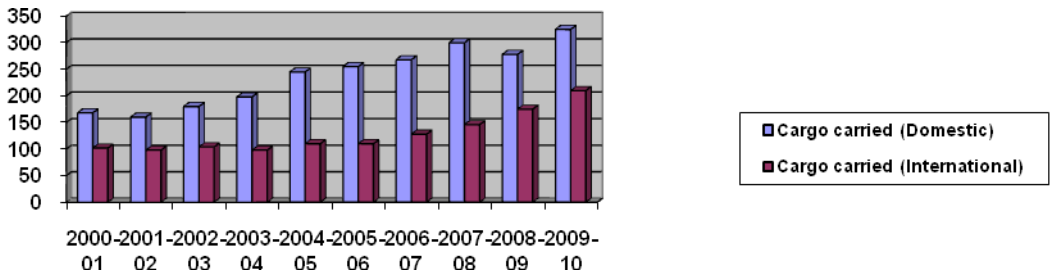
The number of Domestic passengers carried in 2000-2001 was about 14 million which increased to more than 45 million in 2009-10, registering a CAGR of 12.39%. The number of International passengers carried in 2000-2001 was around 4 million which increased to almost 12 million in 2009-10, registering a CAGR of 11.61%.




*(Figures in 000's)*
*(Source: www.mospi.nic.in)*

The amount of Domestic cargo carried increased from about 1.5 lacs in 2000-2001 to above 3 lacs in 2009-2010, registering a CAGR of 7.34%.

The amount of International cargo carried increased from 1 lac in 2000-01 to above 2 lacs in 2009-10, registering a CAGR of 7.70%.




*(Figures in 000's)*
*(Source: www.mospi.nic.in)*

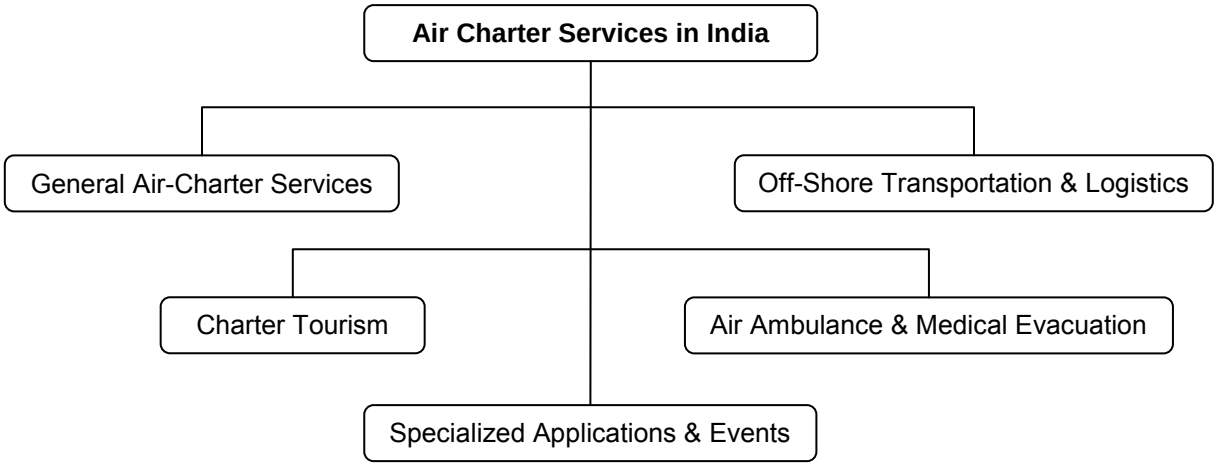
Indian carriers have 480 aircraft on order for delivery by 2012, which compared with a fleet size of 310 aircraft operating in the country presently, is substantial capacity addition and shows the expected growth from this sector. According to IATA, in its latest estimates, India shall be a driving force behind the world's civil aviation business that is globally expected to grow to a size of US$ 7.5 billion by 2013.

Passengers carried by domestic airlines during Jan-Feb 2011 were 95.11 lacs as against 79.51 lacs during the corresponding period of previous year thereby registering a growth of + 19.6%.
*(Source: http://www.thehindubusinessline.in)*

With six low cost carriers catering to a population of 1.1 billion people, the Indian airline sector is expected to outpace the global average by 2025.

**Overview of the Indian Civil Aviation Industry (Non-Scheduled)**

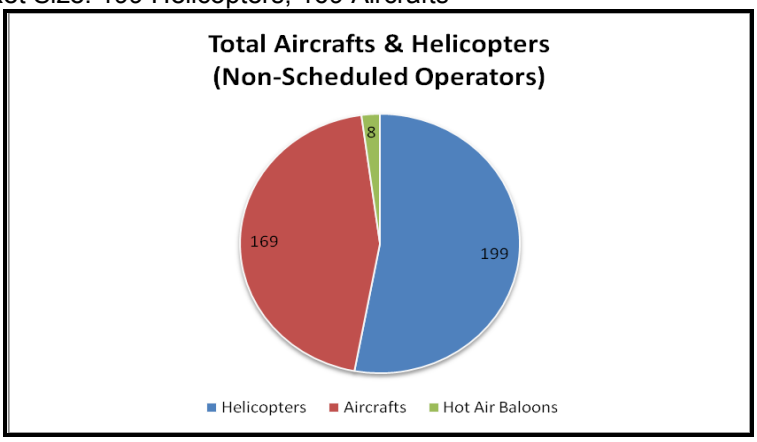
The following chart shows the major services provided in the Air-Charter Industry by various Non-Scheduled Operators:




As of January 31, 2011, a total number of 127 companies are holding Non-Scheduled Operators Permit as against 99 companies as of 2008 showing a CAGR of 8.6% p.a.

The Break-up of the Indian Aviation Market (Non-Scheduled Operators) w.r.t Helicopters and Business Jets is as follows:

- Current Market Size: 199 Helicopters; 169 Aircrafts




*DGCA: (updated upto 31st January 2011)*

**Helicopters:**

Majority of helicopters serve the offshore Oil & Gas Exploration Industry and VIP charters. The major Non-Scheduled Operators providing Helicopter charter services are:

- Pawan Hans Helicopters – largest operator with a fleet of 44 helicopters.
- Deccan Charters – 11 helicopters servicing charter, VIP and offshore services.
- Global Vectra Helicopters – 25 helicopters mainly serving offshore industry.

On the basis of the seat capacity available with the following helicopter transportation services companies (including both offshore and onshore) the following is the standing of the players as on January 31, 2011:

| Name of Operator | Seat Capacity | % of total seat capacity | No. of Helicopters | % of total no. of helicopters |
|---|---|---|---|---|
| Pawan Hans | 484 | 22.24% | 44 | 24.86% |
| Global Vectra | 295 | 13.56% | 25 | 14.12% |
| Deccan Air | 99 | 4.55% | 11 | 6.21% |
| Others (49) | 1298 | 59.65% | 97 | 54.80% |
| **Total** | **2176** | **100%** | **177** | **100%** |

Source: DGCA *(updated upto 31st January 2011)*

**Business Jets:**

Business Jet Charters is a fast growing segment and significant demand is expected from this segment in the future. The market is dominated by corporate ownership with the following charter companies:

| Company | Aircrafts Serviced |
|---|---|
| Chimes Aviation Pvt. Ltd. | 10 |
| Religare Aviation Ltd | 9 |
| Reliance Commercial | 7 |
| AR Airways (P) Ltd | 8 |
| Air Charter Services Pvt. Ltd. | 6 |
| Taj Air | 4 |
| Span Air | 4 |
| Jagson Airlines | 3 |
| **Total** | **51** |

(Source: DGCA) *(updated upto 31st January 2011)*

**Requirements to Obtain a Non-Scheduled Operators' Permit:**

- Obtain a Letter of NoC from DGCA.
- Payment of fees of NSOP.
- Obtain an NOC by Office of the Director General of Civil Aviation for import of aircraft.
- Obtain a security clearance for the directors on the board of the company.
- Obtain an approval from the BCAS for the Company's Security Manual.

- Acquire an approval of the base of operation.
- Conduct a preparedness meeting.
- Finalize the company's Operation Manual.
- Prepare a list of trained / licensed flight crew.
- Ensure that certificates of Registration of aircraft are endorsed on the permit.
- Obtain a certificate of Airworthiness of each aircraft.
- Have a proof of requisite insurance coverage of aircraft.
- Secure a copy of the approval of Maintenance Organisation Exposition.
- Ensure the firm's approval under CAR 145.
- Obtain an approval of MEL/CDL.
- Obtain a CAR Compliance report by the Regional Director of Airworthiness.
- Have a proof of arrangement for CVR & FDR/DFDR readouts.
- Procure an inspection report in respect of facilities of the applicant.

**Government Initiatives – Indian Civil Aviation Industry**

a) Infrastructure Development:
   - "In-principle" approval has been accorded for setting up of a Greenfield airport at Mopa (Goa), Navi Mumbai, Sindhudurg (Maharashtra), Bijapur, Gulbarga, Hassan, Simoga (Karnataka), Kannur (Kerala), Pakyong (Sikkim), Durgapur (West Bengal), Dabra (Madhya Pradesh).
   - Development of Kolkata and Chennai International Airports has been taken up by Airports Authority of India at the approved cost of Rs.1942 crores and Rs.1808 crores respectively.
   - New international terminal buildings are being constructed by Airports Authority of India at Jaipur, Trivandrum, Ahmedabad airports.
   - Development works are being taken up at Surat, Calicut, Pune and Vishakhapatnam airports.
   - Airports Authority of India and Indian Space Research Organization have jointly undertaken the implementation of GPS Aided Geo Augmented Navigation (GAGAN) System over Indian airspace which would provide precision approach and landing guidance up to APV 1.5 leading to CAT-I to aircraft. The system is likely to be fully operational by June, 2013.

b) Training Facilities:
   - Rajiv Gandhi National Flying Institute has been established at Gondia, Maharashtra that imparts training to the upcoming pilots
   - Facilities at Indira Gandhi Rashtriya Uran Akademi are proposed to be upgraded so as to increase the capacity to 100 pilots per year
   - Aero Club of India has procured two single engine simulators and one multi engine Baron G-58 trainer aircraft and allotted the same to eligible member flying clubs for training of pilots

c) Policy Movements:
   - Revised FDI policy for airports has been put in place vide which 100% FDI, through automatic route, has been permitted in Greenfield airports.
   - FDI requirements for air transport side of civil aviation have been revised and separate limits have been prescribed in respect of different sectors such as cargo, airlines, non-scheduled operators, MRO etc.
   - Greenfield Airport Policy has been announced, which lays down policy guidelines for establishment of new airports
   - Relaxed procedure for establishment of private airports for 'private use' has been announced
   - Bilateral arrangements with other countries have been liberalized

*(Source: Outcome Budget 2010-2011: Ministry of Civil Aviation)*

**Key Developments in the Indian Aviation Industry**

- City side developments of 35 non-metro airports:
  Airport Authority of India has undertaken upgradation and modernisation of 35 non-metro airports in the country as per Government's decision.
- Helicopter operations:
  Delhi Development Authority has allotted 25 acres land near Rohini for construction of First integrated Heliport in the country.
  Pawan Hans Helicopters Limited has submitted a detailed project report to the Ministry of Civil Aviation for development of Hadapsar Gliding Center, Pune as Helicopter Training Institute and Heliport.
- The new International Terminal at Ahmedabad was commissioned on 4.7.2010.
- India – US Aviation Joint Working Group on Security:
  The India –US Aviation Joint Group Meeting on Security was held in New Delhi on 20–21 January, 2010. During this meeting two MoUs on deployment of Air Marshals and Co-operation in Airport Technical Visits were signed between the Government of India and the Government of United States of America. The two MoUs mark the beginning of an ongoing co-operation between the two countries in the matters in security.

*(Source: Monthly Summary and Annual Report 2009-2010: Ministry of Civil Aviation)*

## BUSINESS OVERVIEW

*The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in the Red Herring Prospectus, including the information contained in the section entitled "Risk Factors," beginning on page 13 of this DRHP.*

*In this section, a reference to the "Company" means 'Swajas Air Charters Limited'. Unless the context otherwise requires, references to "we", "us", or "our" refers to 'SACL'.*

### A. OVERVIEW

We are a Non-Scheduled Airline Operator servicing a fleet of fixed-wing aircraft and helicopters across India. On incorporation, the company had taken over the assets and liabilities of M/s. Swajas Air Charters, an air craft brokerage proprietary concern of Mr. R. Jayakumar, the promoter and Managing Director of the Company which he was operating from 1996. The company, today, has gradually grown to dry lease and wet lease a number of helicopters and aircrafts of its own and has become one of the key Non-Scheduled Operator in Southern India having gained experience over the years. The services provided can fulfill various Aviation requirements which range from corporate travel to emergency medical services as well as from aircraft management to maintenance and technical support.

Our company offers a number of services falling under the segments of:

1. General Air-Charter Services
2. Off-Shore Transportation & Logistics
3. Charter Tourism
4. Medical Evacuation Services
5. Operations & Maintenance

We initially carried out air charter services through a wet lease model wherein the lessor of the aircraft provided the aircraft along with the complete crew, maintenance and insurance requirements. As the company matured and gained experience, we started a dry-lease arrangement whereby the lessor only provided the aircraft. The other requirements of insurance, crew, ground staff, supporting equipment, maintenance, etc were managed by Swajas Air Charters Limited.

We presently operate the following Aircraft & Helicopters on a dry-lease basis:

| Sr. No. | Model Name | Brief Description |
|---|---|---|
| | **Aircrafts** | |
| 1 | Cessna Citation XL | Turbo – Fan Powered, Corporate Jet |
| | **Helicopters** | |
| 2 | Bell 407 | Single – Engine, Business Class Helicopter |
| 3 | Bell 412EP | Twin – Engine, Business Class Helicopter |
| 4 | Bell 412EP | Twin – Engine, Offshore Transportation Helicopter |

Our Revenues have grown from ₹ 751.97 Lacs in fiscal 2008-09 to ₹ 2333.71 Lacs in the 9 months ending 31st December 2010 in the fiscal 2010-11 at a CAGR of 40.25%. Our earnings before interest, tax, depreciation and amortization have increased from ₹ 58.98 Lacs in 2008-09 to ₹ 190.07 Lacs in 2010-11 (for the 9 months ending 31st December 2010), at a CAGR of 42.02%. Our profit after tax has increased from ₹ 38.78 Lacs in fiscal 2008-09 to ₹ 108.56 Lacs for the 9 months period ended December 2010, at a CAGR of 35.51%.
*(Note: CAGR is calculated after annualizing the past results)*

Our Clients include Hardy Exploration & Production (India) Inc., Government of Orissa, Videocon Industries Limited, Larsen & Toubro Limited, Nimbus Communications Limited, Suzlon Energy Limited, Apollo Hospitals Group, BALCO (Bharat Aluminium Company Limited), etc.

## B. COMPETITIVE STRENGTHS

We are in the business of providing various Air Charter services pre-dominantly in Southern India. We are a registered permit holder to operate non-scheduled air transport services with the Office of Director General of Civil Aviation, Government of India. We believe that following are our principle competitive strengths:

***Strong Relationships:***

We provide services to clients operating in various sectors under contracts, which are for a period of one to three years with one or more renewal options. Mr. R. Jayakumar, one of the promoters of the Company has been in this industry over the last 20 years, where through him we have been able to develop strong relationships with our clients and also retain them through continuous support. Further, our other promoter Mr. Christopher Ian Want has strong relationships with several foreign aircraft suppliers which further complemented with his extensive experience in Aircraft Identification, selection and acquisition related activities, we shall be able to leverage these relationships in ensuring the on-going good strength of our fleet.

***Natural Barriers to Entry:***

We are one of the few companies operating in this highly regulated industry which requires considerable expertise and experience for qualifying to carry out business and in which there is considerable time period involved for gaining an entry into the industry. Personnel are another important factor for success in this industry, since the regulations and client requirements require minimum experience of the pilots. We have thus achieved an early-mover advantage, being one of the few companies operating in this niche area and having all the necessary clearances, infrastructure and operational background. All these factors act as natural barriers for any potential competitors.

***In-house Fleet and existing flight operational experience:***

To meet the operational requirements of our clients, we currently have an in-house fleet strength of 3 helicopters and 1 aircraft operating on a dry-lease basis and we also operate various other aircrafts and helicopters on wet lease and other such arrangements and when required. The Bell 412EP and the Bell 407 are considered as benchmarks in their class for performance, availability and reliability. The Bell 412EP has been flying successfully for medium range distances in the offshore routes as well as other routes. The Bell 407 and Agusta A109E have been flying successfully on medium range routes. This strengthens our flight operations, spares inventory, crewing, engineering activities, insurance, overhead and related activities. We believe with that existing flight experience coupled with in-house fleet and aircraft acquisition capabilities; we can increase our operational scalability on increased demand.

***In-house Maintenance, Repairs & Overhaul (MRO) Support Capabilities:***

We are able to support our operations in an efficient manner because of our strong in-house MRO capabilities, which we currently execute by hiring space from the Airport Authority of India as and when required. Mostly, our in-house capability enables us to reduce the time taken for servicing our helicopters, as we do not have to ship the helicopter to external agencies, leading to enhanced serviceability of our fleet and additional flying hours due to quicker turnaround time. We also have the advantage of low labour costs in India, which helps reduce our costs further. We believe that the combination of the above factors enables us to offer our services at competitive rates in comparison to other operators. These capabilities will further be utilized, when our in-house MRO Facility is activated as proposed.

***Experienced and Professional Management:***

We have an experienced and professional management team overseeing our operations. Our Managing Director has over 20 years of experience in the Air Charter industry in India and all our key personnel have strong aviation backgrounds and experience in their areas of operation. We have 10 pilots and 5 Aircraft Maintenance Engineers with most of our pilots coming from defense backgrounds with thousands of hours of prior flying experience. We also have sufficient number of Instructors and Examiners to conduct the necessary training for the currency of their licenses. Lastly, our AMEs have wide experience in maintaining helicopters and aircrafts in India. As a result, we boast of highly trained and specialized members in all areas of our operations, including compliances of various Government regulatory issues, flight planning, dispatch, maintenance, crewing and training.

***Focus on Safety***

We have developed sophisticated safety and training programs & practices that have resulted in our strong safety record. We have been compliant with the stringent safety and performance requirements required by our clients, DGCA and the helicopter manufacturers. We have also independently addressed the safety aspect of our operations across all activities including the air crew and ground crew, helicopter, flight operations, maintenance and training by setting up internal systems. Our internal systems and operations have always been compliant with the safety requirements mandated by our clients, which are over and above the DGCA standard.

## C. BUSINESS STRATEGY:

The key components of our business strategies are as follows:

***Strengthen our competitive position in the existing market:***

We intend to strengthen our competitive position by winning new business, renewing existing contracts, cost reduction and through continuing focus on safety. We plan to leverage our in-house capabilities of flight experience, aircraft maintenance, relations with key aircraft and helicopter manufacturers and lessors and an existing operational available fleet, to improve our market share in the NSOP aviation market. We also plan to cater to the customized needs and requirements for special applications & events:

- Aviation Support for Film Production in the Indian Film Industry,
- Aerial Reconnaissance,
- Aerial Photography & Video Shooting,
- Flower & Leaflet Dropping,
- Election Campaigning,
- Banner Towing ,
- Geophysical & Mapping Surveys,
- Search And Rescue,
- Construction,
- Electronic News Gathering,
- Law Enforcement,
- Power Line Maintenance,
- Fire Fighting, etc.

***Development of Air Ambulance Services:***

We plan to acquire a PC Pilatus Aircraft and modify the interiors in order to make it into an Air Ambulance. The types of air-ambulance services provided vary substantially form one operator to another. The type of services proposed to be offered by SACL fall under the Franco-German model and Anglo-American Model where the emphasis is to bring definitive care rapidly to the patients, wherever they are and also involve physicians attempting complex interventions only when the patient reaches the hospital respectively. We

believe that Air Ambulance services, being a high margin niche business, will help the company further improve its operating margins and goodwill in the market.

***Growth through Fleet Expansion:***

Our current fleet size stands at 3 helicopters and 1 aircraft on dry lease and various other helicopters and aircrafts on wet lease and other arrangements as and when need arises. We plan to increase the size of our fleet by acquiring one of the existing Bell 412 Helicopter operated on Dry-Lease and one additional PC Pilatus Aircraft from the issue proceeds. We also intend to increase our dry-lease portfolio in the coming periods in order to cater to the growing demands of this sector and hence facilitate growth.

***Strengthening and Expansion of Infrastructure:***

We plan to further develop and strengthen our MRO and support capabilities by adding to our existing infrastructure. We initially plan to construct a full service hangar and avionics shop at Chennai aerodrome. The facilities at these hangars will provide support for the current as well as the planned fleet expansion deployed. Secondly, we plan to acquire our own office space from the issue proceeds, hence improving the asset base of the company and also reducing the cash flow burden w.r.t office lease payments.

***Enhancement of Safety Standards:***

Safety is our priority and while we already in compliance with the regulatory standards of the DGCA. We have an in-house Quality Control Department as well as a Quality Assurance Department that supervises the execution of stringent maintenance practices and procedures. This team constantly monitors the activities of all our personnel to ensure that only the best and safest is delivered to our customers.

## D. DETAILS OF OUR CURRENT BUSINESS OPERATIONS

**Existing Registered & Corporate Office:**

Our Existing Registered & Corporate Office is located at 1/62 – 4, 1st Street, Ravi Colony, St. Thomas Mount, Chennai – 600 016.

**Our Current Fleet:**

Our current Fleet includes 3 Helicopters and 1 Aircraft. The Company presently operates the following Aircraft & Helicopters on a dry-lease basis:

| Sr. No. | Model Name | Brief Description |
|---|---|---|
| | **Aircrafts** | |
| 1 | Cessna Citation XL | Turbo – Fan Powered, Corporate Jet |
| | **Helicopters** | |
| 2 | Bell 407 | Single – Engine, Business Class Helicopter |
| 3 | Bell 412EP | Twin – Engine, Business Class Helicopter |
| 4 | Bell 412EP | Twin – Engine, Offshore Transportation Helicopter |

**Aircrafts**

**1. Cessna Citation 560 XL:**

Our fleet includes a Cessna Citation 560 XL Aircraft bearing manufacturer's serial number 560-5168 and bearing Indian Registration Mark VT-SWC.

The Cessna Citation (Model 560XL) is a turbofan-powered small-to-medium sized business jet built by the Cessna Aircraft Company in Kansas, USA.



**Actual Photograph – Cessna Citation**

*General Characteristics:*

Crew: 2
Capacity: 7 – 10 passengers
Empty Weight: 5687 kgs
Maximum Take-off Weight: 9071 kgs
Powerplant: 2 x Pratt & Whitney Canada PW-545A Turbofans

*Performance:*

Cruise Speed: 795 km/hr
Range: 2080 nm (3852 kms)
Service Ceiling: 45,000 ft
Rate of Climb: 3790 ft/min

**Helicopters**

**1. Bell 412EP:**

Our fleet includes 2 Bell 412EP Helicopters bearing serial numbers 36221 and 36241 along with bearing Indian Registration Marks VT-SWD and VT-SWE respectively.



**Actual Photograph – VT SWD**

The Bell 412EP helicopters are used for medium range operations, in the range of 50 to 100 Nautical Miles. This type has been in use since 1991 and is the successor to the widely used Bell 212 helicopter. Due to their serviceability coupled with performance, these helicopters are considered to be benchmarks in their category.

*General Characteristics:*

Crew: 1-2 pilots
Capacity: up to 13 passengers
Empty Weight: 6,789 lb (3,079 kg)
Maximum Takeoff Weight: 11,900 lb (5,397 kg)
Powerplant: 2× Pratt & Whitney Canada PT6T-3BE Twin-Pac turboshafts, 900 shp (671 kW) each



**Actual Photograph – VT SWE**

*Performance:*

Maximum speed: 140 knots (161 mph, 259 km/h)
Cruise speed: 122 knots (140 mph, 226 km/h)
Range: 402 nm (463 mi, 745 km)
Service ceiling: 20,000 ft (6,096 m)
Rate of climb: 1,350 ft/min (6.86 m/s)

**2. Bell 407:**

Our fleet includes a Bell 407 Helicopter bearing manufacturer's serial number 53806 and bearing Indian Registration Mark VT-SWA.

The Bell 407 is a four-blade, single-engine, civil utility helicopter. The Bell 407 is frequently used for corporate transport, as an air ambulance, law enforcement, electronic news gathering and movie making.

*General characteristics:*

Crew: 1 pilot
Capacity: Typical seating configuration for seven comprising pilot and passengers, with five passengers in main cabin.
Empty weight: 2,668 lb (1,210 kg)
Useful load: 2,347 lb (internal) (1,065 kg (internal))
Max takeoff weight: 6,000 lb (2,722 kg)
Powerplant: 1 × Rolls Royce Allison 250-C47 turboshaft, 700 shp (520 kW)
Propellers: 4 blade rotor



**Actual Photograph – Bell 407**

*Performance:*

Maximum speed: 140 knots (260 km/h)
Cruise speed: 133 knots (152 mp/h, 246 km/h)
Range: 324 nm (372 mi, 598 km)
Service ceiling: 18,690 ft (5,698 m)

**Operating/Financial Leases and Hire Purchase terms:**

Helicopter acquisition can be done under a variety of ownership and financing options such as lease, hire purchase or outright purchase. Outright purchase can be done using available funds or through finance arrangement. As on March 31, 2011, all our helicopters and aircrafts have been acquired through dry leases.

Brief Details of the Lease Agreements for obtaining the Helicopters & Aircrafts are as follows:

| Sr. No. | Model Name | Registration Mark | Name of Lessor | Address of Lessor | Validity of the Lease |
|---|---|---|---|---|---|
| 1 | Cessna Citation 560XL | VT-SWC | Consolidated Aviation Management Corporation Limited | Rearour, Aherla Cork, Ireland. | 23/10/2019 |
| 2 | Bell 407 | VT-SWA | Consolidated Aviation Management Corporation Limited | Rearour, Aherla Cork, Ireland. | 30/09/2019 |
| 3 | Bell 412EP | VT-SWD | Aircon Beibara Fze. | P.O.Box 121095, Sharjah Free Zone, Sharjah, UAE. | 14/10/2014 |
| 4 | Bell 412EP | VT-SWE | Aircon Beibara Fze. | P.O.Box 121095, Sharjah Free Zone, Sharjah, UAE. | 14/10/2014 |

We propose to buy one Bell 407 Helicopter (which is currently dry leased by us) and an additional PC Pilatus Aircraft from the Issue Proceeds. For further details regarding the same, pertaining to the same please refer to *"Objects of the Issue"* beginning on page 63 of this DRHP.

**Services Offered:**

Following are the charter services offered by Swajas Air Charters Limited:

1. General Air-Charter Services
2. Off-Shore Transportation & Logistics
3. Charter Tourism
4. Medical Evacuation Services
5. Operations & Maintenance

Apart from the above, the company also caters to a variety of other sectors including, forestry, mining, search and rescue, construction, mapping, electronic news gathering, law enforcement, power line maintenance, fire fighting, etc. The details of the above services provided are as follows:

**1. General Air-Charter Services**

Under the General Air-Charter category, the core activities of the company include Corporate Travel, VIP Transportation, Group Charter, Cargo Charter, etc. Corporate Travel and VIP Transportation Services primarily cater to the air-charter needs of corporate clients, industrialists, foreign visiting dignitaries, various state heads, politicians, celebrities, etc. Swajas Air Charters Limited also provides helicopters and aircrafts for other companies like Vedanta Aluminium, Suzlon, Sterlite Group of Industries, Krishnapatinam Port & Karaikal Port Authorities, etc.

**2. Off-Shore Transportation & Logistics**

Off-Shore Transportation & Logistics involves transportation of crew and cargo for Oil & Gas companies to offshore oil platforms located approximately 50 to 100 nautical miles from the coastline of India for their exploration and production activities. The company uses the Bell 412EP helicopters for these services.

**3. Charter Tourism**

Swajas Air Charters Limited offers a wide range of Charter facilities for Tourism Activities. They range from wedding-in-the-sky to custom honeymoon packages. These customized packages provide the flexibility to choose the time and destination of one's preference. Charter Tourism also includes Heli-Adventure Tourism and Heli-Religious Tourism. ***Heli-Adventure Tourism*** gives a unique view of various locations from a vantage point along with the safety and comfort of the Helicopters. SACL offers services to exotic destinations ranging from Vijayanagar Empire in Hampi to forts and palaces in Rajasthan as well as the Taj Mahal. ***Heli-Religious Tourism*** provides an opportunity to exchange tiring day treks and endless road journeys for a short heli-trip to various remote religious destinations in India like Badrinath, Kedarnath, Puttaparthi, Tirupathi, Shirdi, Shravanbelgola, Guruvayoor to name a few.

**4. Medical Evacuation Services**

Medical Evacuation facilities have already been started by Swajas Air Charters Limited. The Medical Evacuation Services demands accuracy, reliability & confidence. The ***emergency medical evacuation services*** include the following:

- Medical Repatriation
- Hospital Transfers
- Donor Organ Transfer
- Search & Rescue

**5. Operations & Maintenance**

Swajas Air Charters Limited has recently taken up ***Operations & Maintenance services*** of aircrafts of third parties. Business houses and individuals who own aircrafts / helicopters, most of the times are not able to setup a fully fledged maintenance department to take care of their machines as separate hanger

facilities are very cost ineffective and capital intensive. Therefore, Swajas Air Charters Limited provides this service to various clients.

Swajas Air Charters Limited also provides ***aircraft management services*** for helicopters / aircrafts in association with a wide network of renowned professional service agencies. These services include providing the complete crew with the essential computerized flight plans, weather data and expediting custom and immigration formalities for passengers. It also includes fuelling arrangements & coordinating post flight formalities. It also involves notifying departure and arrival times, for suitable reception and any other special arrangements, if required.

**Infrastructure Facilities:**

**Parking Space for existing Fleet:**

We have been allotted overnight parking space for our existing fleet by Airport Authority of India at Chennai Airport.

**Hangar / MRO Facility:**

Our company currently rents space equipped with all the necessary utilities required from the Airport Authority of India for its Hangar and MRO Facility purposes as and when the need arises. However we propose to set up an in-house Hangar/MRO Facility from the issue proceeds. For further details regarding the plant and machinery proposed to be purchased for the same, please refer to "Objects of the Issue" beginning on page 63 of this DRHP.

**Engineering, Facilities and Procedures:**

Our engineering team is responsible for fleet serviceability, reliability and supporting our operations. The team consists of qualified and experienced people. Our engineering strength stands at 5 licensed AMEs to service the helicopters & aircrafts and this team is assisted by a second rung of 10 BAMELs and 7 technicians. We believe that the team is experienced and licensed to carry out various maintenance activities.

We follow a progressive maintenance program with checks scheduled at 100 hours, 300 hours and 600 hours. To be able to offer the highest aircraft serviceability to our clients, we carry out most of our scheduled maintenance in-between flights and at the end of the flying day. This offers an unhindered utilization of the fleet during the daylight hours and thus the maximum flying time to the client. The unscheduled maintenance requirements are addressed immediately as and when they arise whether between flights or after the flying day. This kind of maintenance program allows us to maximize revenues by offering higher flying hours as well as meeting the serviceability requirement of our clients.

We believe that our in-house capabilities enable us to have lower overhaul costs compared to an operator who uses external agencies. It also ensures that there are no logistic costs involved in shipping parts to external agencies thus reducing the time that the helicopter is not available for use.

We also have an approved safety shop for overhaul and repair of safety items such as life vests, life rafts and floats and also an approved electrical shop for overhaul of batteries installed on the helicopters.

**Major checks required as per the manufacturers schedule / DGCA requirements:**

| Type of Check | In-House Facility | Average Time Taken |
|---|---|---|
| 100 Hours | YES/NO | 24 Hours |
| 300 Hours | YES/NO | 2 Days |
| 600 Hours | YES/NO | 3 Days |

| | | |
|---|---|---|
| Engine Overhaul | YES/NO | 11 Days |
| 3000 Hours / 5 Year Check | YES/NO | 30 Days |

Our facilities and procedures are periodically audited by DGCA and international agencies for ensuring adherence to highest industry standards. Some of the prominent auditors include DGCA, Transocean, Aviation Management Systems (AMS), DET NORSKE VERITAS AUDIT, (DNB), OIL AND GAS ITALY (ENI) etc.

**Safety and Quality:**

We are committed to ensuring the maximum safety possible during the provision of our helicopter transportation services and to maintaining the helicopters and equipment in accordance with safety requirements prescribed by authorities such as the DGCA, as well as by our clients. Further, we ensure regular and updated training and checks for our pilots and technical staff.

All our flight operations and engineering activities are based on good industry practices and are constantly being monitored at different levels. Our Safety Department is independently managed and headed by a safety manager who is the interface between the Company and DGCA and also our ISO Management Representative. Our Safety Manager Capt .D.K. Chand is an Ex-Defense pilot with over four decades of experience in the aviation industry and respected Senior Pilot with examiner rating approved by DGCA for Helicopters. He undergoes regular safety courses conducted by independent aviation agencies, most recently being by DGCA and Boeing.

We have a comprehensive safety manual for general safety and quality requirements. In addition to the DGCA approved manuals including the operations manual, maintenance manual, and quality control manual, we also adhere to the Helicopter Manufacturer's manual providing the specific safety requirements. All these manuals are constantly updated through issue of technical circulars by the quality control department of the Company reflecting any new development / directives in DGCA regulations or of the helicopter manufacturer.

*Safety in Flight Operations*

Safety management at our Company is an ongoing process and is not restricted to helicopter equipment alone. Mandatory proficiency check and instrument rating check for pilots are carried out once every six months. Additionally, various processes such as checks to ensure that our pilots are eligible to fly at night and unscheduled cockpit voice recorder readouts are carried out at regular intervals to ensure that we meet safety requirements.

*Safety in Engineering*

On the engineering side, safety is ensured by mandatory pre-flight and post-flight checks, periodic internal refresher of technical staff and regular meetings both internally and with external authorities and clients.

***Helicopter Safety***

***Safety Equipment:***

**Cessna Citation**

Our Cessna Citation is equipped with 1 x 10 men capacity life rafts with sea survival kit, Passenger life jackets (one per pax), 2 crew life jackets, emergency locator transmitter, Fire extinguishers and First Aid Kit.

**Bell 412 EP**

All our Bell 412 helicopters during operations have automatically deployable floatation gear, lifejackets for all passengers and life rafts on board fitted with emergency locator transmitter and a sea survival kit including food and flares. Search and rescue beacon for life rafts.

**Bell 407**

Our Bell 407 is equipped with safety equipments like emergency locator transmitter, flash light, fire extinguishers and first aid kit.

**CLIENT BASE**

Our Client Base includes companies like the following:

- Krishnapatnam Port
- NAPC Properties
- Trimax Industries
- Government of Orissa
- Hardy Exploration & Production (India) Inc.
- Hindustan Oil Exploration Company
- Suzlon Energy Limited
- Cairn Energy
- Government of Karnataka
- Sterlite Group of Industries
- Videocon Industries Limited
- Larsen & Toubro Limited
- Nimbus Communications Limited
- Apollo Hospitals Group
- BALCO (Bharat Aluminium Company Limited)

## E. SWOT ANALYSIS

For any business to be successful it is very necessary for it to capitalize on its strengths, and work on overcoming its weakness. The SWOT Analysis of our Company is listed below.

**Strength**

- Experienced, Diverse and Skilled Human Resource
- Strong Client Relationships
- Inclusive Capacity Utilization of the aircraft/Helicopters
- Integrated operations covering Air Chartering, MRO and O & M of third party aircrafts

**Weakness**

- Limited Fleet Strength.
- Extensive focus on Southern Region
- Still a small player
- Line of Credit given to clients
- Less than optimum Capacity Utilization of the aircraft/Helicopters

**Opportunity**

- Connecting through affordable air services the fast growing public transportation between tier I and tier II and III cities of southern region

- Capture the exponential growth in the medical tourism segment of India through air medical evacuation facility
- Higher Tourist & Business Travelers Influx
- Gain access and dominate the fast growing market for MRO in the southern region.

**Threats**

- Unhealthy competition from the larger competitors
- Deficiencies in Infrastructure
- Increasing Fuel Prices
- Higher Aircraft Maintenance & Operating Costs

## F. MARKETING SET UP

We have a dedicated marketing and a sales team headed by Managing Director and assisted by Assistant Vice President Apart from sales executives. The team has combined experience of more than 50 years both in marketing and sales specialized in Aviation and hospitality industry.

**The Marketing Team**

1. Mr. R. Jayakumar
2. Mr. Clive Lewis
3. Mr. Arivazhagan
4. Mr. Gerald Newton

## G. PROPERTIES

We have leased the following properties for our corporate operations. The brief details of the properties leased by us are set out below:

| Location | Owner | Monthly Rent (Rs.) | Deposit (Rs.) | Valid upto |
|---|---|---|---|---|
| Registered and Corporate Office at 1/62-4, 1st Street, Ravi Colony, St. Thomas Mount, Chennai – 600 016. | Dr. Prabhu Thilaak | 1,05,000 | 6,30,000 | 1/07/2011 |
| Line Maintenance Office Premises at Airport Authority of India, Chennai | Airport Authority of India | 36,845 | - | 19/04/2012 |

We propose to lease land and property from the issue proceeds to be utilized towards our proposed MRO/Hangar facilities. Further, we propose to purchase office building/space from the Issue Proceeds. For further details please refer “Objects of the Issue” beginning on page 63 of this DRHP.

## H. COMPETITORS

We compete with our clients on a number of factors such as the pricing of our services, reliability of service, availability of helicopters as specified by our clients in terms of technical requirements as well as the time period of service, and safety. We believe that our of fleet size strength, our safety procedures, our constant training and efficient performance, enable us to compete favorably in many of these areas.

Our market position will depend on our ability to respond to various competitive factors affecting the industry. Any failure by us to compete effectively, including in terms of pricing or providing quality services, could have a material adverse effect on our results of operations. There are many players in the air-charter business in India being Pawan Hans Helicopters Limited, United Helicharters Private Limited, Deccan Aviation Limited and Global Vectra Helicorp Limited. Please refer "Industry Overview" on page 82 of this DRHP for further details.

## I. CAPACITY

**Existing Installed Capacity**
Following are the details of the existing installed capacity of the company:

| Particulars | Financial Year |
|---|---|
| | 2009-10 |
| Optimum hours of flying hours* | 1070.00 |
| Actual hours flown | 695.17 |
| Capacity Utilization (%) | 64.97 |

**Based on the internal estimates of the company*

**Proposed Capacity**

We intend to increase the capacity utilization up to 80% in the coming years by increasing the marketing efforts and reduction of downtime of the aircrafts and helicopters.

## J. PERSONNEL

We believe that our employees are the key to our business and we aim to keep our personnel motivated and enthusiastic. We offer our employees the best-in-industry remuneration and ensure the improvement of their skills through regular training.

Our total employee strength is 80, of which pilots constitute the largest segment. We have 16 pilots as on March 31, 2011 of which 5 are captains and 5 are co-pilots and the other 6 pilots are understudies. Our maintenance team consists of 5 AMEs of which 14 are certified to perform category A and C checks. The average flying experience of our pilots is around 3500 hours. The average flying experience of our captains is around 5000 hours. The average flying experience of our co-pilots is around 3000 hours.

There are stringent Flight Duty Time Limit (FDTL) rules stipulated by DGCA, in place within our Company to ensure that pilots do not fly more than their stipulated time. This ensures that pilot fatigue is never a cause for any day-to-day flying incident/accident. FDTL is closely monitored through advanced software to ensure that pilot utilization levels are well tracked to ensure that no pilot crosses his FDTL.

**Training**

All our flying crew and engineers undertaking required training and refresher courses as per DGCA training guidelines. Administrative staff and operations staffs are being trained regularly by our internal training arrangements.

## K. INTELLECTUAL PROPERTY

We have applied for registration of our company's logo and trademark (TM-1) under Class 12 of the Act, at the office of Registrar of the Trademark, Chennai, Tamil Nadu on 21st April 2011. The application is pending for approval.

## L. INSURANCE

Aviation insurance is a mandatory requirement of the DGCA and its proof forms a part of the documents needed by DGCA for the revalidation of the company's Non-Scheduled Operator's permit at the end of every year. As a rule, the helicopter, passengers, crew and third party must be covered under an adequate insurance coverage.

We maintain comprehensive insurance covering our assets and operations at certain levels, which we believe to be appropriate. Our Company has the following insurance policies as on date:

| Name of Insurance Company | Policy Number | Period | | Helicopter / Aircraft & Registration Number | Risks Covered | Sum Insured (Rs. In Lacs) | Premium (Rs.) |
|---|---|---|---|---|---|---|---|
| | | Begin Date | End Date | | | | |
| The New India Assurance Co. Ltd. | 712703431001000000 01 | 17/11/2010 | 16/11/2011 | Bell 412 VT-SWE | Hull All Risks, War Risks, CSL | 3,000.00 | 5,34,955 Quarterly |
| United India Insurance Co. Ltd. | 500700/43/10/01/0000 0050 | 19/10/2010 | 18/10/2011 | Cessna 560XL VT-SWC | Hull All Risks, Third Party Liability, Passenger Legal Liability, Passenger Baggage Liability | 9,000.00 | 255,345 Quarterly |
| United India Insurance Co. Ltd. | 500700/43/10/01/0000 0051 | 19/10/2010 | 18/10/2011 | Cessna 560XL VT-SWC | Hull Value | 3,000.00 | 31,434 Quarterly |
| United India Insurance Co. Ltd. | 500700/43/10/01/0000 0054 | 19/11/2010 | 18/11/2011 | Bell 412 VT-SWD | Hull All Risks, Third Party Liability, Passenger Legal Liability, Passenger Baggage Liability | 8,000.00 | 503,244 Quarterly |
| United India Insurance Co. Ltd. | 500700/43/10/01/0000 0055 | 19/11/2010 | 18/11/2011 | Bell 412 VT-SWD | Hull Value | 3,000.00 | 28,954 Quarterly |
| United India Insurance Co. Ltd. | 500700/43/10/01/0000 0050 | 17/03/2011 | 16/03/2012 | Bell 407 VT-SWA | Hull All Risks, (Excluding Third party and passengers) | 1,750.00 | 2,13,111 quarterly |
| United India Insurance Co. Ltd. | 500700/43/10/01/0000 0051 | 17/03/2011 | 16/03/2012 | Bell 407 VT-SWA | Hull War Risks | 1,750.00 | 13,562 quarterly |

However, the amount of our insurance coverage may be less than the replacement cost of all covered property and may not be sufficient to cover all financial losses that we may suffer should a risk materializes. Further, there are many events that could cause significant damages to our operations, or expose us to third-party liabilities, whether or not known to us, for which we may not be adequately insured. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our results of operations and financial position.

**Key:**

- **Hull All Risks (including ground and flight exposure)** – This covers the helicopter against all risks of physical loss or damage, subject to a deductible of 2.5% of the aircraft agreed value against each and every loss (also applicable to any form of total loss). The Hull premium rate for the fleet is stated as a percentage of the Agreed fleet value.

## KEY INDUSTRY REGULATIONS AND POLICIES

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

**Laws and Regulations relating to the Aviation Industry**

The primary legislation governing the aviation sector in India is the Aircraft Act and the Aircraft Rules, 1937 which are enacted under the Aircraft Act. The statute empowers various authorities including the DGCA to regulate aircraft operations in India.

In addition to the aforesaid legislation, the following are some of the important enactments applicable to entities which provide air transport services in India:

1. **The Airports Authority of India Act, 1994:** a statute creating the Airports Authority of India (AAI), and providing for the administration and cohesive management of aeronautical communication stations, airports and civil enclaves where air transport services are operated or are intended to be operated.

2. **The Carriage by Air Act, 1972:** a statute giving effect to the Convention for the Unification of Certain Rules Relating to International Carriage by Air signed at Warsaw on October 12, 1929 (as amended by the Hague Protocol on the September 28, 1955), acceded to by India. India has also extended the provisions of this act to non-international carriage by air.

3. **The Tokyo Convention Act, 1975:** a statute giving effect to the Convention of Offences and Certain Other Acts Committed on Board Aircraft, as signed at Tokyo on September 14, 1963 and acceded to by India.

4. **The Anti-Hijacking Act, 1982:** a statute giving effect to the Convention for the Suppression of Unlawful Seizure of Aircraft, signed at The Hague on December 16, 1970; and acceded to by India.

5. **The Suppression of Unlawful Acts Against Safety of Civil Aviation Act, 1982:** An Act to give effect to the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation signed on September 23, 1971 at Montreal and acceded to by India.

In addition to the above enactments and the Aircraft Rules, air transport services in India are governed by other rules including:

6. **The Aircraft (Public Health) Rules, 1954;**

7. **The Aircraft (Demolition of Obstructions Caused by Buildings, Trees Etc.) Rules,1994; and**

8. **The Aircraft (Carriage of Dangerous Goods) Rules, 2003.**

In addition to the above, legislations relating to direct and indirect taxation, environmental and pollution control regulations, intellectual property, labour and employment related legislation apply to us, as they apply to all industries. We are required to obtain various consents, approvals and permissions prior to or during the course of our operations under the aforesaid legislation.

**Regulators**

***Director General of Civil Aviation (DGCA)***

Domestic aviation in India is regulated by the Ministry of Civil Aviation (MoCA) and its two attached offices, the Bureau of Civil Aviation Security (BCAS) which is the central agency for aviation security; and the Director General of Civil Aviation which is responsible for the regulation of air transport services in India and for the enforcement of civil air regulations, air safety and airworthiness standards.

The DGCA is the principal regulator in the Indian civil aviation sector. *Inter alia*, the office of the DGCA promulgates, implements and monitors standards relating to the operations and airworthiness of an aircraft, licensing of personnel such as flight crew, flight dispatchers and aircraft maintenance engineers, air transport operations, investigation of minor accidents, etc. The detailed terms and conditions of these standards, including, without limitation, the authorities involved, the application processes and the requirements of renewal are prescribed by the Aircraft Act, the Aircraft Rules, CARs, ATACs, AICs and other circulars and advisory circulars.

Amongst other things, the DGCA is responsible for the following:

- **Aircraft registration:** DGCA is responsible for registration of all civil aircraft in India. Rule 30 of the Aircraft Rules empowers the DGCA to register aircraft and to grant certificate of registration in India;

- **Airworthiness certification:** Rule 15 requires that all aircraft registered in India to possess a current and valid Certificate of Airworthiness before it is flown. Under the provisions of Rule 50A, the DGCA issues/renews or revalidates the Certificate of Airworthiness;

- **Grant of approval to maintenance organizations:** Rule 133B certifies approved organizations for maintenance of aircraft.

- **Continuing airworthiness information:** DGCA issues continuing airworthiness information in the form of mandatory modifications/inspections which prescribe the mandatory actions required for the continued safe operation of the aircraft. These mandatory modification/inspection notify aircraft owners of potentially unsafe and other conditions affecting the airworthiness of their aircraft and/or accessories;

- **Grant of air operator's permits:** DGCA, under the provisions of Rule 134 of the Aircraft Rules grants permission to persons to operate an air transport service to, within and from India.

  The air transport services offered are
  (a) Scheduled Air Transport Services (Passenger) (CAR Section 3 Series 'C' Part II),
  (b) Non- Scheduled Air Transport Services (Passenger) (CAR Section 3 Series 'C' Part III),
  (c) Air Transport Services (Cargo) (CAR Section 3 Series 'C' Part IV) and
  (d) Non- Scheduled Air Transport Services (Charter Operation) (CAR Section 3 Series 'C' Part V).

  These permits are equivalent to the Air Operator's Certificate required to be granted by ICAO member States. Our helicopter operations are covered by the Non-Scheduled Operator's Permit (NSOP) which is discussed below.

- **Grant of licenses to crews and personnel involved in the operation and maintenance of aircraft:** The DGCA grants approvals and licenses to certain personnel such as flight crew, flight dispatchers and aircraft maintenance engineers.

**Regulations applicable to our business:**

We are engaged in providing non scheduled air transport services in India. Companies engaged in providing non scheduled air transport services are required to obtain the Non-Scheduled Operators Permit (NSOP) from the DGCA.

*Operation of Non-scheduled air transport services*

A 'scheduled air transport service' means an air transport service undertaken between two or more places and operated according to a published time table or with flights so regular or frequent that they constitute a recognizably systematic series, each flight being open to use by members of the public. A non-scheduled operation means an air transport service other than scheduled air transport service and that may be on charter basis and/or non-scheduled basis. Permission to operate non-scheduled services in India is only granted to:

- a citizen of India; or
- a company registered under the Companies Act, 1956 having its principal place of business within India, its chairman and at least two-thirds of its directors are citizens of India; and, its substantial ownership and control are vested in Indian Nationals.

Requirements for the operating permit also include certain requirements relating to permissible classes of aircraft, a minimum subscribed equity capital depending on the number of aircraft, availability of sufficient maintenance facilities, adequate maintenance and repair facilities, adequate number of flight crew and cabin crew, and adequate ground handling facilities and staff.

***Foreign ownership restrictions***

Foreign investment in Indian securities is regulated through the Industrial Policy of the Government of India 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 the 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. Under the current foreign investment policy, FDI in the "Air Transport Services (Domestic Airlines)" sector (including scheduled and non-scheduled operators) is permitted up to 49% and up to 100% by NRIs (both under the automatic route, i.e., without the prior approval of the FIPB). Detailed guidelines in this regard have been issued by the DGCA under AIC No. 09. The Industrial Policy further prohibits foreign airlines from making any direct or indirect equity investment in a domestic airline.

In addition, the guidelines issued by the DGCA from time to time, including AIC No. 09, specify the following restrictions:

- a foreign investing institution or other entity that proposes to hold equity in the domestic air transport sector must not be a subsidiary of a foreign airline;
- a foreign financial institution or other entity that proposes to hold equity in the domestic air transport sector must not have foreign airlines as its shareholder;
- the substantial ownership and effective control of companies operating non-scheduled services must be vested in Indian nationals; and
- a foreign investing institution or other entity that proposes to hold equity in the domestic air transport sector may have representation on the board of directors of a domestic airline company, but such representation shall not exceed one-third of the total strength of such board.

No person shall make a Bid in pursuance of this Issue unless such person is eligible to acquire Equity Shares of our Company in accordance with the AIC No. 09, and other applicable laws, rules, regulations, guidelines and approvals.

Investors making a Bid in response to the Issue will be required to confirm and will be deemed to have represented to our Company, the BRLM, the Underwriters and their respective directors, officers, agents,

affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to subscribed to the Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the BRLM, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor whether such investor is eligible to subscribe to Equity Shares of our Company.

**Regulations applicable to our fleet:**

***Acquisition of aircraft***

The acquisition of aircraft and their use for non scheduled airline operations requires that we obtain various permissions, approvals and consents. The import of aircraft requires a general "no-objection" certificate from the MoCA and subsequently a specific "no-objection" certificate to import aircraft from the DGCA. Further, permission from the RBI is required for foreign currency financing arrangements for the acquisition of aircraft. For aircraft that are in operation elsewhere prior to their import by us, export certificates of airworthiness and certificates of deregistration are required from the regulators in the country of import prior to their import into India. Following the import of aircraft, further permissions, particularly in connection with registration of the aircraft, certification of their airworthiness and an issue or extension of the permit to operate air transport services for non scheduled commercial operations must be obtained and maintained in order for them to be inducted into our fleet and used for our operations. In addition to the above, we also required to obtain and maintain adequate levels of insurance for its scheduled commercial operations, including:

- Insurance for passengers, baggage, crew and cargo; and
- Hull loss and third party risk.

Under the applicable regulations, aircraft imported for non scheduled commercial operations must comply with various functional requirements prior to their certification. These include limitations on maximum permissible age, type of aircraft that may be imported, installation of prescribed instrumentation and safety equipment and restrictions specific to the nature of the arrangement under which aircraft are leased.

**Regulations governing our personnel**

Personnel employed in our operations including our flight crews, flight dispatchers, and engineering personnel engaged in maintenance are required to be approved or licensed by the DGCA. In addition to the above requirements, certain clearances are required for non-scheduled airlines prior to appointment of various personnel, including:

- Security clearance for non-India pilots and engineers to be obtained under ATC No. 03 of 1998.
- Security clearance for the chairman and directors of all scheduled and non scheduled airline operators under ATC No. 3 of 1998.

***Air crew***

All of our flight crews are required to obtain aircraft specific licenses from the DGCA prior to the operation of aircraft. These licenses are to be renewed on a periodic basis. Our air crews are also required to undergo proficiency checks on a regular basis in order to keep their licenses current. In addition, our flight crews may also need to satisfy specific requirements in connection with offshore operations. Our air crew training program is required to be approved by the DGCA.

**Regulations governing engineering and maintenance**

All the AME's employed in connection with our engineering and maintenance operations must be licensed or approved by the DGCA for carrying out their specific maintenance and certification roles. These licenses or approvals have to be renewed on an annual basis. Recurrent training of these personnel is also required to ensure compliance with proficiency requirements.

Further, our quality control documentation is required to be approved by the DGCA.

We are required to maintain certain basic maintenance facilities for our aircraft in order to qualify for a permit to provide non-scheduled air transport services. Consequently, we have obtained approvals from the DGCA to provide different levels of maintenance services for our fleet. We are required to renew these approvals on an annual basis.

**Regulations governing security**

We are required to comply with BCAS requirements when training our airport based security personnel and our security documentation must be approved by the BCAS. We are also required to obtain BCAS approval for our security arrangements in each airport prior to commencing our operations.

**Regulations governing safety**

Only scheduled operators are mandatorily required to establish a flight safety cell in order to monitor its flight safety, investigate any safety related incidents and recommend remedial measures in connection with the same; while non-scheduled operators are only 'encouraged' to do so by the applicable CAR. Notwithstanding the recommendatory nature of these guidelines, we have undertaken strict voluntary compliance with the applicable CAR.

**Regulations governing quality assurance**

We are required to have a quality assurance system to carry out internal audits of its engineering activities. We are also required to appoint a quality control manager whose appointment is to be approved by the DGCA. Further, we are also required to designate an accountable manager who has the corporate authority to ensure compliance of our maintenance operations with DGCA requirements.

## HISTORY AND OTHER CORPORATE MATTERS

### Our Brief History

Swajas Air Charters Limited is a Non-Scheduled Airline Operator servicing a fleet of fixed-wing aircraft and helicopters across India. Having being incorporated to absorb the on-going proprietary concern of Mr. R. Jayakumar named Swajas Air Charters which was a small aircraft brokerage proprietary concern in the year 1996, the company, today, has gradually grown to dry lease and wet lease a number of helicopters and aircrafts of its own. Swajas Air Charters Limited has become one of the key Non-Scheduled Operator in Southern India having gained experience over the years. The services provided can fulfill various Aviation requirements which range from corporate travel to emergency medical services as well as from aircraft management to maintenance and technical support.

Our Clients include Hardy Exploration & Production (India) Inc., Government of Orissa, Videocon Industries Limited, Larsen & Toubro Limited, Nimbus Communications Limited, Suzlon Energy Limited, Apollo Hospitals Group, BALCO (Bharat Aluminium Company Limited), etc.

For further details pertaining to our business and competition please see "Business Overview" beginning on page 89 of this DRHP.

### Incorporation and Change in Name/Constitution

Our Company was incorporated on 22nd July 2008 under the Companies Act, 1956 as 'Swajas Air Charters Private Limited' and received its Certificate of Incorporation from the Registrar of Companies, Tamil Nadu, Chennai. The Corporate Identity Number of the Company was U62200TN2008PTC068642.

The company was converted from "Private Limited" to "Public Limited" vide a special resolution dated 4th June 2009 and a fresh certificate consequent to change of name and constitution was issued by the Registrar of Companies. Chennai on 26th June 2009. The new Corporate Identity Number of the Company is U62200TN2008PLC068642

Except as stated above, there have no other changes in the name of our company till date.

### Changes in Registered Office of the Company

Pursuant to a resolution passed at the meeting of the Board of Directors of the company held on November 10, 2010 we have shifted our registered office from New No. 47, Old No. 22, Arathoon Road, Royapuram, Chennai – 600 013 to the current office address of 1/62 – 4, 1st Street, Ravi Colony, St. Thomas Mount, Chennai – 600 016.

Except as stated above, there have no other changes in the registered office of our company till date.

### Main Objects of the Company:

The main objects of the Company are as follows:

- *To take over the entire assets & liabilities of Swajas Air Charters, a proprietorship concern owned by Mr. R. Jayakumar, carried at New No. 47, Old No. 22, Arathoon Road, Royapuram, Chennai – 600 013.*

- *To carry on the business of airlines, air charter, aviation services, tour operators and related activities. To own, hire, manage, administer, rent, lease, sub lease and run aircrafts for chartering & any other commercial purpose on contractual basis in India & abroad.*

- *To build, own, administer, manage and carry on the business of running hotels, transit inn, leisure club, restaurants, resorts, multiplex theatres, shopping complexes and holiday homes.*

**Amendments to the Memorandum of Association**

Dates on which some of the main clauses of the Memorandum of Association of the Company have been changed citing the details of amendment as under:

| Date | Nature of Amendment |
|---|---|
| 24th July 2008 | Increase in the Authorised Capital from Rs. 1 lakh to Rs. 2 Crores and alteration of the Articles of Association for inserting the Brand Name Clause. |
| 26th June 2009 | Conversion of our company from a Private Limited to a Public Limited Company. |
| 27th August 2009 | Replacement of the existing Articles of Association with a new set of Articles of Association. |
| 26th October 2009 | Increase in the Authorised Capital from Rs. 2 Crores to Rs. 5 Crores. |
| 31st January 2011 | Increase in the Authorised Capital from Rs. 5 Crores to Rs. 15 Crores. |

**Major events in the History of the Company:**

| Year | Major Event |
|---|---|
| 2008-09 | Our Company was incorporated in July 2008. |
| | Absorbed the on-going proprietary concern of Mr. R. Jayakumar named Swajas Air Charters |
| | Applied for Non Schedule Operator Permit (NSOP) and obtained the same from Director General of Civil Aviation, Ministry of Civil Aviation. |
| | Obtained Security Clearances for all the directors of the Company from Ministry of Home Affairs. |
| | NOC received from Ministry of Civil Aviation for starting NSOP operations. |
| | Completion of `preparedness' formalities with DGCA to import and operate Bell 407 Helicopter. |
| | Identification of Bell 407 helicopter for dry lease and completion of leasing formalities. |
| | Obtained NSOP permit from DGCA in March 2009. |
| | Acquired on dry lease basis a Bell 407 Helicopter for its own charter services. |
| 2009-10 | Started Offshore operations using Bell 412 helicopters on wet lease basis. |
| | Company converted into Public Limited Company in June 2009. |
| | Contract signed with Hardy Exploration & Production (India) Inc. for offering offshore services for a period of 3 yeas extendible by another 2 years. |
| | Started process to import on dry lease basis 2 Bell 412 helicopters, 1 Augusta 109 E helicopter and 1 Cessna Citation 560 XL aircraft. |
| | Bank Guarantee limits of ₹130.93 Lacs and Bills Discounting limits of ₹90 Lacs obtained from Axis Bank, George Town Branch, Chennai. |
| | Acquired the above aircraft and helicopters and put them into commercial operations. |
| 2010-11 | Obtained CAR 145 approval to maintain own/others aircraft and helicopters obtained from DGCA. |
| | Obtained CAR 145 approval extended to cover Embraer Legacy 600 Private Jet owned by Krishnapatnam Port Company Limited. |

| Year | Major Event |
|---|---|
| | Obtained CAR-M approval obtained from DGCA to carry out Continuing Air worthiness Management tasks. |
| | Obtained CAR 145 approval extended to cover Bell 412 helicopter of Navyuga Engineering Company Limited. |
| | Obtained Security Clearances for all the 6 additional directors of the Company from Ministry of Home Affairs. |
| | Signed a contract with Government of Orissa for offering air chartering services of 1 twin engine helicopter for a period of 1 year. |
| | Limits of Axis Bank taken over by Corporation Bank, Chennai and additional loan limits also obtained. For details of limits available please refer "Financial Indebtedness" on page163 of this DRHP. |
| | International Safety audit carried out by Aviation Management Systems (AMS), Singapore, Det Norske Veritas (DNV) and ENI – Oil & Gas, Italy and clearances obtained to operate helicopter/aircraft for offshore and onshore operations for Transocean Offshore International Ventures Limited and Hardy Exploration & Production (India) Inc. |

**Subsidiaries of the Issuer Company**

We have no Subsidiary Company, as on date.

**Shareholders' Agreement**

There are no Shareholders' Agreements existing as on date.

**Other Agreements**

Except the contracts/agreements entered in the ordinary course of the business carried out and the list of material contracts mentioned in "Other Information" beginning on page 263 of this DRHP, Swajas Air Charters Limited has not entered into any other agreements/contracts.

**Financial Partners**

There are no financial partnership agreements entered into by the Company.

**Strategic Partners**

There are no strategic partnership agreements entered into by the Company.

**Number of Shareholders of our Company**

Our company currently is a closely held company having only 14 shareholders.

## OUR MANAGEMENT

**Board of Directors**

As per our Articles of Association we are required to have not less than 3 directors and not more than 12 directors.

The following table sets forth the details regarding our Board of Directors as on the date of filing of this DRHP with SEBI:

| Name, Fathers Name, Address, Nationality & Age | Status of Directors in Our Company | Occupation, DIN & Qualification | Other Directorships |
|---|---|---|---|
| **Mr. Thirumakottai Subramaniaiyar Raghavan**<br>s/o Thirumakottai Muthuswamyaiyer Subramaniaiyar<br><br>8/2, Jeevarathinam Nagar, Adyar, Chennai – 600 013.<br><br>Nationality: Indian<br><br>Age: 70 Years | Chairman & Independent Director | DIN: 00446651<br><br>Occupation: Professional<br><br>Qualification: M.A., CAIIB | 1. Giri Trading Agency Ltd.<br>2. Tanfac Industries Ltd.<br>3. Empee Sugars & Chemical Ltd.<br>4. Empee Distilleries Ltd.<br>5. Viswapriya Financial Services & Securities Ltd.<br>6. Leathercrafts India Ltd.<br>7. Indus Finance Corporation Ltd.<br>8. Onelife Capital Advisors Ltd. |
| **Mr. R. Jayakumar**<br>s/o Swaminathan Iyer Raghunathan<br><br>New 47 (Old 22) Arathoon Road, Royapuram, Chennai – 600 013.<br><br>Nationality: Indian<br><br>Age: 46 Years | Managing Director | DIN: 02137765<br><br>Occupation: Business<br><br>Qualification: B. Com. | 1. Swajas Air Charters & Hotels Pvt. Ltd.<br>2. Swajas Aviation Infrastructure Pvt. Ltd. |
| **Mr. Christopher Ian Want**<br>s/o Derek William Want<br><br>7404 Alestone Drive, Wilmington, North Carolina – 28411, U.S.A.<br><br>Nationality: American<br><br>Age: 40 Years | Non-Executive Director | DIN: 02564647<br><br>Occupation: Business<br><br>Qualification: Degree in Aviation Science | - Nil - |

| Name, Fathers Name, Address, Nationality & Age | Status of Directors in Our Company | Occupation, DIN & Qualification | Other Directorships |
|---|---|---|---|
| **Mr. Ramachandran Manickam**<br>s/o Manickammudaliar Shanmugam<br><br>Plot No. 32, No. 2/171, Juhu Beach Road, Uthandi, Neelankarai, Chennai – 600 119.<br><br>Nationality: Indian<br><br>Age: 81 Years | Executive Director<br><br>(Airport Operations) | DIN: 02696198<br><br>Occupation: Salaried Executive<br><br>Qualification: Undergraduate | - Nil - |
| **Mr. Raghunathan Swaminathan**<br>S/o Swaminathan Iyer Raghunathan<br><br>3A, Sri Kamakodi Nagar Annexe, Valasaravakkam, Chennai – 600 087.<br><br>Nationality: Indian<br><br>Age: 50 Years | Executive Director<br><br>(Finance) | DIN: 02264990<br><br>Occupation: Executive Director<br><br>Qualification: B. Com. | 1. Swajas Aviation Infrastructure Pvt. Ltd. |
| **Mr. Shanmuga Rethenam**<br>s/o Rathakrishnan Muthaiya Padayachi<br><br>107 Burgandy Crecent, 658803, Singapore.<br><br>Nationality: Singaporean<br><br>Age: 35 Years | Independent Director | DIN: 03309842<br><br>Occupation: Business<br><br>Qualification: GCE 'O' Level | - Nil - |
| **Mr. Raghuraman Rajagopal**<br>s/o Rajagopal Venkateswara Chetty<br><br>2, Phase 3, Parkavi Apartment, 22/9 Mariyamman Koil Street, K. K. Nagar West, Chennai – 600 078.<br><br>Nationality: Indian<br><br>Age: 33 Years | Non-Executive Director | DIN: 00019070<br><br>Occupation: Business<br><br>Qualification: B. Com. | 1. Ardent Petroleum Pvt. Ltd.<br>2. Southside Aviation Ltd.<br>3. Euro Asia Infra Development Corporation Ltd.<br>4. Southside Hotels & Resorts Pvt. Ltd.<br>5. GV Studio City Ltd. |

| Name, Fathers Name, Address, Nationality & Age | Status of Directors in Our Company | Occupation, DIN & Qualification | Other Directorships |
|---|---|---|---|
| **Mr. Nishat Dilip Shah**<br>s/o Mr. Dilip Pratap Shah<br><br>E 2/7, Sterling City Club, Near Tulip School, Bopal, Ahmedabad – 380 058.<br><br>Nationality: Indian<br><br>Age: 33 Years | Independent Director | DIN: 00042165<br><br>Occupation: Business<br><br>Qualification: M.B.A. | 1. Saurashtra Travels Private Limited |

**Important Notes regarding the Board of Directors**

- There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which of the directors of our Company are selected as a director or member of Senior Management
- There are no service contracts entered into between the Directors with our Company.
- None of the above mentioned Directors are on the RBI List of willful defaulters as on the date of this DRHP.
- 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 Directors of our Company, has been or is involved as a director of any other company, which have been suspended or delisted in the last five years.
- 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 Directors**

- **Thirumakottai Subramaniaiyar Raghavan**

Mr. T. S. Raghavan, s/o Shri Thirumakottai Muthuswamyaiyer Subramaniaiyar, aged about 70 years, is a Non-Executive Independent Director of the Company. He is also the Chairman of the Board of Directors of our company. He holds a Masters Degree in Arts and has also completed the CAIIB course. He has over 35 years of experience in the banking industry. Through his professional career, he has held various senior level positions in a number of banks in India. He was the executive director of Vijaya Bank for a period of about 2 years, Chairman and Managing Director of Bank of Maharashtra for a period of about 2 years and Chairman & Managing Director of Indian Bank from 1998 to 2000. He joined our Company as a Non-Executive Independent Director on 4th October 2010 and was re-designated as Chairman of the Company in the Board meeting held on 5th October 2010 and his appointment as Chairman for a period of 3 years (from 5/10/2010 to 4/10/2013) was confirmed by the members of the company at the EGM held on 30th October 2010.

- **R. Jayakumar**

Mr. R. Jayakumar, s/o Shri Raghunathan Swaminathan, aged about 46 years, is the Promoter of Swajas Air Charters Limited. He is also the Managing Director of Swajas Air Charters Limited. He is a commerce graduate by pedagogy and has over 20 years of experience in aviation industry covering Scheduled and General Aviation. He was previously employed in NEPC airlines as Head-Commercial for a period of 5 years. He mainly focuses on Business Development and Marketing aspects of the company and also monitors the Finance and Operations segments closely. He normally interacts with the end customers at embarkation points across India for direct feedback. He is the director of our company since its incorporation and was last re-appointed as Managing Director of the company on the EGM held on 22nd July 2009 for a period of 3 years from 1st April 2009 to 31st March 2012.

- **Christopher Ian Want**

Mr. Christopher Ian Want, s/o Mr. Derek William Want, aged about 40 years, is the promoter of Swajas Air Charters Limited. He is also a Non-Executive Director of the Company. He is an American national and holds a Degree in Aviation Science. He is well versed with various air-craft operations and has over 18 years of experience in the airline and air charter industry as well as more than 7500 hours of flying experience. He has been actively involved in aircraft acquisition, selection and consultancy for a variety of clients for the last 15 years. He is an experienced pilot and has acquired an Airline Transport Pilot licence with type ratings in the Boeing 737, McDonald Douglas DC9, Beechcraft 1900 and both the Citation 560XL and 500 series aircrafts. He is also a licensed instructor for single-engine, multi-engine and instrument airplanes. He also holds a Flight Engineer Certificate for Turbo Jet powered aircrafts. He began his career as an Assistant Chief Flying Instructor for an international Flight School where he gained invaluable oversight and management experience. His flight experience includes five years as a Captain with US Airways Express flying the Beechcraft 1900D. He also accumulated experience by working for Cessna's fractional ownership company. Prior to joining Swajas Air Charters Limited, he was flying domestically as well as internationally in DC8 and DC9 aircrafts as a flight crewmember for the cargo consortium Airborne Express / DHL. He was last appointed as Non-Executive Director on 4th October 2010.

- **Ramachandran Manickam**

Mr. Ramachandran Manickam, s/o of Shri Manickammudaliar Shanmugam, aged about 81 years, is an Executive Director of the Company. He is an undergraduate and has more than 6 decades of experience in the Aviation Industry. Over his professional career, he has held various key positions in companies such as National Aviation Company of India Limited (NACIL) which is now known as Air India Limited and NEPC Airlines. He looks after the complete aircraft operations of the company as well as into Human Resource matters relating to operational personnel like Pilots, Engineers, Crew Support Staff, etc. He joined our company to head the operations right at the inception of the company i.e. on 22nd July 2008 and was appointed as a Director on 4th October 2010. He was appointed as a Whole Time Director in the Board Meeting held on 5/10/2010 for a period of 3 years (5/10/2010 to 4/10/2013) and his appointment and remuneration was confirmed by the members in the EGM held on 30/10/2010.

- **Raghunathan Swaminathan**

Mr. Raghunathan Swaminathan, s/o Shri Swaminathan Iyer Raghunathan, aged about 50 years, is an Executive Director of the Company. He has completed his graduation in Commerce and has more than 20 years of experience in the field of Finance, Accounts & Statutory Compliances. He has previously worked with Arkkays National Engineering & Foundry Company as an Assistant General Manager. He joined our company as a Director on 04/10/2010 and was last appointed as Executive Director on 5th October 2010 in the Board Meeting held on 5/10/2010 for a period of 3 years (5/10/2010 to 4/10/2013) and his appointment and remuneration was confirmed by the members in the EGM held on 30/10/2010.

- **Shanmuga Rethenam**

Mr. Shanmuga Rethenam s/o Mr. Rathakrishnan Muthaiya Padayachi, aged about 35 years is a Non Resident Indian based in Singapore and a Non-Executive Independent Director of our company. He has completed his General Certificate of Education (Ordinary Level) examinations in Singapore, and has been

an aviation professional specializing in acquisition, leasing and operation of aircraft and helicopter for the past 12 years. He has joined our company as an Independent director on 13th November 2010.

- **Raghuraman Rajagopal**

Mr. Raghuraman Rajagopal s/o Rajagopal Venkateswara Chetty, aged about 33 years is a Commerce Graduate from Chennai. He has more than 10 years experience in the areas of Administration and Management Information Systems with respect to the Media and Entertainment Industry. He has joined our company as a Non-Executive Non-Independent Director on 28th July 2008.

- **Nishat Shah**

Mr. Nishat Shah, s/o Mr. Dilip Pratap Shah, aged about 33 years has pursued his Masters in Management from New Jersey Institute of Technology, USA. He has been involved in aviation industry for more than 10 years in operations and management by way of leasing helicopters and aircrafts in various categories. In addition, he has also gained experience on corporate strategies including Turnaround Management, Securitisation & Security Enforcements while working in ARC. Being from a family that belongs to the business in Print Media and Tourism sector; he has good exposures in media relations & tourism. He has joined our company as an Independent director on 4th October 2010.

**Details of the Current Term of Directors**

| Name of the Director | Date of commencement of current term | Date of expiry of current Term |
|---|---|---|
| Mr. Thirumakottai Subramaniaiyar Raghavan | October 4, 2010 | Ensuing AGM |
| Mr. R. Jayakumar | July 22, 2008 | 31/03/2012 |
| Mr. Christopher Ian Want | October 4, 2010 | Ensuing AGM |
| Mr. Ramachandran Manickam | October 4, 2010 | 04/10/2013 |
| Mr. Raghunathan Swaminathan | October 4, 2010 | 04/10/2013 |
| Mr. Shanmuga Rethenam | November 13, 2010 | Ensuing AGM |
| Mr. Raghuraman Rajagopal | October 4, 2010 | Retirement by rotation in Ensuing AGM |
| Mr. Nishat Shah | October 4, 2010 | Ensuing AGM |

**Relationship between the Directors**

Except for those mentioned below none of the Directors of the Company are related to each other

| Name of Director | Relationship With | Nature of Relationship |
|---|---|---|
| Mr. R. Jayakumar | Mr. Raghunathan Swaminathan | Brothers |
| Mr. Raghunathan Swaminathan | Mr. Raghunathan Jayakumar | |

**Borrowing Powers of the Board**

The Articles of Association of our Company have empowered the Board of Directors of our Company, from time to time at its discretion, to receive deposits or loans from members either as an advance of call or otherwise and generally raise or borrow money by way of deposits, loans, overdrafts, cash credit or by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, anybody corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of our Company and may secure the payment of any sums of money received, raised or borrowed; provided that the total amount borrowed by our Company (apart from temporary loans obtained from our Company's

Bankers in the ordinary course of business) shall not without the consent of our Company in General Meeting exceed Rs. 100 Crores.

The Board of Directors of our Company has power to borrow up to Rs. 100 Crores as per the members' resolution passed in the AGM of our Company held on September 30, 2010.

**Compensation of Board of Directors**

***1. Mr. R. Jayakumar***

Mr. R. Jayakumar is the Managing Director of the Company.

The compensation package payable to him as resolved in the shareholders meeting held on 22nd July 2009 is stated hereunder

*Remuneration:*

| | |
|---|---|
| Salary | : Rs. 15,00,000 per annum |
| Perquisites | : As per the provisions of Schedule XIII of the Companies Act, 1956 |
| House Rent Allowance | : Rs. 6,00,000 per annum |
| Others Allowance | : Rs. 3,00,000 per annum |

The above said remuneration and perquisites shall be subject to the ceiling laid down in sections 198, 269, 309 & 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions as may be amended from time to time.

*Minimum Remuneration:* In the event of loss, absence or inadequacy of profits in any financial year during the currency of tenure of Mr. R. Jayakumar, the remuneration aforesaid shall be the minimum remuneration payable to him.

***2. Mr. Ramachandran Manickam***

Mr. Ramachandran Manickam is the Executive Director (Operations) of the Company.

The compensation package payable to him as resolved in the shareholders meeting held on 30/10/2010 is stated hereunder

*Remuneration:*

| | |
|---|---|
| Salary | : Rs. 8,88,000 per annum |
| Perquisites | : As per the provisions of Schedule XIII of the Companies Act, 1956 |
| Others Allowance | : Rs. 48,000 per annum |

The above said remuneration and perquisites shall be subject to the ceiling laid down in sections 198, 269, 309 & 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions as may be amended from time to time.

Minimum Remuneration: In the event of loss, absence or inadequacy of profits in any financial year during the currency of tenure of Mr. Ramachandran Manickam the remuneration aforesaid shall be the minimum remuneration payable to him.

***3. Raghunathan Swaminathan***

Mr. Raghunathan Swaminathan is the Executive Director (Airport Operations) of the Company.

The compensation package payable to him as resolved in the shareholders meeting held on 30/10/2010 is stated hereunder

*Remuneration:*

Salary : Rs. 7,20,000 per annum
Perquisites : As per the provisions of Schedule XIII of the Companies Act, 1956
House Rent Allowance : Rs. 90,000 per annum
Others Allowance : Rs. 1,50,000 per annum

The above said remuneration and perquisites shall be subject to the ceiling laid down in sections 198, 269, 309 & 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions as may be amended from time to time.

Minimum Remuneration: In the event of loss, absence or inadequacy of profits in any financial year during the currency of tenure of Mr. Raghunathan Swaminathan the remuneration aforesaid shall be the minimum remuneration payable to him.

***Compensation package for the Independent Directors***

As decided in the board meeting held on 05/10/2010 all of the other directors being non-executive directors, shall be paid a sitting fee of Rs.2500/- for every board meeting as well as every meeting of respective committees attended by them.

**Directors Remuneration for the 9 month period ended 31st December 2010:**

*(Figures in ₹)*

| Name of Director | Sitting Fees | Salaries / Perquisites | House Rent Allowance | Others | Total |
|---|---|---|---|---|---|
| Mr. R. Jayakumar | - | 11,25,000 | 4,50,000 | 2,25,000 | 18,00,000 |
| Mr. Ramachandran Manickam | - | 6,66,000 | - | 36,000 | 7,02,000 |
| Mr. Raghunathan Swaminathan | - | 5,40,000 | 67,500 | 1,12,500 | 7,20,000 |

**Compliance with Corporate Governance**

The provisions of the Listing Agreement to be entered into with the Stock Exchange(s) with respect to Corporate Governance and the SEBI Guidelines in respect of corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchange.

Our Company has taken necessary steps to implement the provisions of the Corporate Governance. The constitution of our Board of Directors is in compliance with the said provisions and it has the necessary committees in place in compliance with the said provisions:

1. Audit Committee
2. Shareholders/Investor Grievance Committee
3. Remuneration Committee

**Composition of Board of Directors**

The Board of Directors of our Company has an optimum combination of executive and non-executive Directors as envisaged in Clause 49 of the Listing Agreement. Our Board is headed by a Non-Executive Independent Chairman and hence out of the total of eight directors, three are independent directors in accordance with the requirement of clause 49 of the listing agreement of the stock exchange.

| Sr. No. | Name of the Director | Nature of Directorship |
|---|---|---|
| 1 | Mr. Thirumakottai Subramaniaiyar Raghavan | Chairman & Independent Director |
| 2 | Mr. R. Jayakumar | Managing Director |

| | | |
|---|---|---|
| 3 | Mr. Christopher Ian Want | Non-Executive and Non-Independent Director |
| 4 | Mr. Ramachandran Manickam | Whole Time Director |
| 5 | Mr. Raghunathan Swaminathan | Whole Time Director |
| 6 | Mr. Shanmuga Rethenam | Non Executive Independent Director |
| 7 | Mr. Raghuraman Rajagopal | Non-Executive Non Independent Director |
| 8 | Mr. Nishat Shah | Non Executive Independent Director |

**1. Audit Committee**

Our Company has constituted an audit committee, as per the provisions of Section 292A of the Companies Act, 1956. The audit committee was constituted on 21/03/2011 and the composition of audit committee consists as mentioned under:

| Sr. No. | Name of the Director | Designation in Committee | Nature of Directorship |
|---|---|---|---|
| 1 | Mr. T. S. Raghavan | Chairman | Non-Executive, Independent |
| 2 | Mr. Shanmuga Rethenam | Member | Non-Executive, Independent |
| 3 | Mr. Raghunathan Swaminathan | Member | Whole Time Director |

The scope of Audit Committee shall include but shall not be restricted to the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct sufficient and credible.

2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

4. Reviewing, with the management, the annual financial statements before submission to the board for approval , with particular references to;

   - Matters, required to be included in the Director's Responsibility statement be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
   - Changes, if any, in accounting policies and practices and reasons for the same.
   - Major accounting entries involving estimates based on the exercise of judgment by management.
   - Significant adjustments made in the financial statements arising out of audit findings.
   - Compliance with listing and other legal requirements relating to financial statements.
   - Disclosure of any related party transactions.
   - Qualifications in the draft audit report.

5. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.

6. Reviewing with the Management, performance of statutory and internal auditors, and adequacy of the internal control systems.

7. Discussion with internal auditors any significant findings and follow up there on.

8. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the Matter to the board.

9. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

10. To look in to the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.

11. To review the following information:
    - The management discussion and analysis of financial condition and results of operations.
    - Statement of significant related party transactions (as defined by the Audit Committee) submitted by management.
    - Management letters/letters of internal control weaknesses issued by statutory auditors.
    - Internal audit reports relating to internal control weaknesses; and
    - The appointment, removal and terms of remuneration of the chief internal auditor.

12. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in the matter.

**The Audit Committee enjoys following powers:**

a. To invite such of the executives, as it considers appropriate (and particularly the head of finance function) to be present at the meetings of the Committee,
b. To investigate any activity within its terms of reference,
c. To seek information from any employee
d. To obtain outside legal or other professional advice, and
e. To secure attendance of outsiders with relevant expertise if considered necessary.

**The Audit Committee shall mandatorily review the following information:**

a. Management discussion and analysis of financial condition and results of operations;
b. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
d. Internal audit reports relating to internal control weaknesses; and
e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Committee, reasons for disagreement shall have to be incorporated in the minutes of the Board Meeting and the same has to be communicated to the shareholders. The Chairman of the committee has to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit.

The Company Secretary of the Company, acts as the Secretary to the Committee.

**Meeting of Audit Committee**

The audit committee shall meet at least four times in a year and not more than four months shall elapse between two meetings. The quorum shall be either two members or one third of the members of the audit committee whichever is greater, but there shall be a minimum of two independent members present.

**2. Shareholders/ Investor Grievance Committee**

Our Company has constituted a shareholders/investor grievance committee. The constitution of the shareholders / investor grievance committee was approved by a meeting of the Board of Directors held on 21/03/2011.

| Sr. No | Name of the Director | Designation in committee | Nature of Directorship |
|---|---|---|---|
| 1 | Mr. T. S. Raghavan | Chairman | Non-Executive, Independent |
| 2 | Mr. R. Jayakumar | Member | Managing Director |
| 3 | Mr. Shanmuga Rethenam | Member | Non-Executive, Independent |
| 4 | Mr. Raghunathan Swaminathan | Member | Whole Time Director |
| 5 | Mr. Raghuraman Rajagopal | Member | Non-Executive Director |

**This committee will address all grievances of Shareholders/Investors and its terms of reference include the following:**

a. Allotment and listing of our shares in future
b. Redressing of shareholders and investor complaints such as non-receipt of declared dividend, annual report, transfer of Equity Shares and issue of duplicate/split/consolidated share certificates;
c. Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by our Company, including review of cases for refusal of transfer/ transmission of shares and debentures;
d. Reference to statutory and regulatory authorities regarding investor grievances;
e. To otherwise ensure proper and timely attendance and redressal of investor queries and grievances;
f. And to do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.

The Company Secretary of our Company, acts as the Secretary to the Committee.

In order to expedite the process of share transfer, this committee has delegated powers to a sub-committee consisting company secretary and executive director, who shall attend the work of share transfer formalities at least once in a fortnight and report to this committee on a regular basis.

**Policy on Disclosures & 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 Exchange. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 on listing of our Equity Shares on stock exchange. Further, Board of Directors have approved and adopted the policy on insider trading in view of the proposed public issue.

Mr. R. Jayakumar, Managing Director, 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.

### 3. Remuneration / Compensation Committee

Our Company has constituted a remuneration/compensation committee. The constitution of the remuneration/compensation committee was approved by a meeting of the Board of Directors held on 21/03/2011

| Sr. No | Name of the Director | Designation in committee | Nature of Directorship |
|---|---|---|---|
| 1 | Mr. T. S. Raghavan | Chairman | Non-Executive, Independent |
| 2 | Mr. Nishat Shah | Member | Non-Executive, Independent |
| 3. | Mr. Shanmuga Rethenam | Member | Non-Executive, Independent |

The Committee is required to meet at least once a year.

The remuneration committee has been constituted to recommend/review remuneration of Directors and key managerial personnel based on their performance and defined assessment criteria. The remuneration policy of our Company is directed towards rewarding performance, based on review of achievements on a periodic basis. The remuneration policy is in consonance with the existing industry practice.

The board has set up a remuneration committee to determine on their behalf and on behalf of the shareholders with agreed terms of reference our Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment. To avoid conflicts of interest, the remuneration committee, this would determine the remuneration packages of the executive directors. It comprises of at least three directors, all of whom are non-executive directors the chairman of committee being an independent Director.

The scope of Remuneration/Compensation Committee shall include but shall not be restricted to the following:

a. 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.);
b. To be authorized 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;
c. To implement, supervise and administer any share or stock option scheme of the Company;
d. To attend to any other responsibility as may be entrusted by the Board within the terms of reference.

**Shareholding of Directors**

As per the Articles of Association of our Company, a Director is not required to hold any shares in our Company to qualify him for the office of Director of our Company.

None of the directors of our Company other than those mentioned below hold any shares in our Company.

| Sr. No. | Name of Directors | No. of Shares | % of Pre-Issue Share Capital |
|---|---|---|---|

| | | | |
|---|---|---|---|
| 1 | Mr. Thirumakottai Subramaniaiyar Raghavan | - | - |
| 2 | Mr. R. Jayakumar | 25,43,512 | 22.61 |
| 3 | Mr. Christopher Ian Want | 23,68,388 | 21.05 |
| 4 | Mr. Ramachandran Manickam | 80 | 0.00 |
| 5 | Mr. Raghunathan Swaminathan | 40 | 0.00 |
| 6 | Mr. Shanmuga Rethenam | 1,31,440 | 1.17 |
| 7 | Mr. Raghuraman Rajagopal | 10,50,000 | 9.33 |
| 8 | Mr. Nishat Shah | 22,856 | 0.20 |
| | **TOTAL** | **61,16,316** | **54.37** |

**Interests of Directors**

Except as stated in the 'Annexure 19' of the Auditors Report on page 151 of this DRHP, all our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of our Board or committees thereof as well as to the extent of remuneration and/or reimbursement of expenses payable to them in accordance with the provisions of the Companies Act and in terms of the Articles.

The Directors may also be regarded as interested in the shares, if any, held by them or that may be subscribed by and allotted/transferred to the companies, firms and trusts and other entities in which they are interested as Directors, members, partners and/or trustees or otherwise as also any benefits, monetary or otherwise derived there from.

There are no sums paid or agreed to be paid to any director or to the company in cash or in shares or otherwise by any person either to induce him to become, or to qualify him as, a director, or otherwise for services rendered by any director or by the company in connection with the promotion or formation of SACL.

Further, the Articles of Association provide that the directors and officers shall be indemnified by our Company against loss in defending any proceeding brought against directors and officers in their capacity as such, if the indemnified director or officer receives judgment in his favor or is acquitted in such proceeding.

**Interest as to Property**

We have not entered into any contract, agreements or arrangements during the preceding two years from the date of this DRHP in which our directors are directly or indirectly interested and no payments have been made to them in respect of any contracts, agreements or arrangements which are proposed to be made to them.

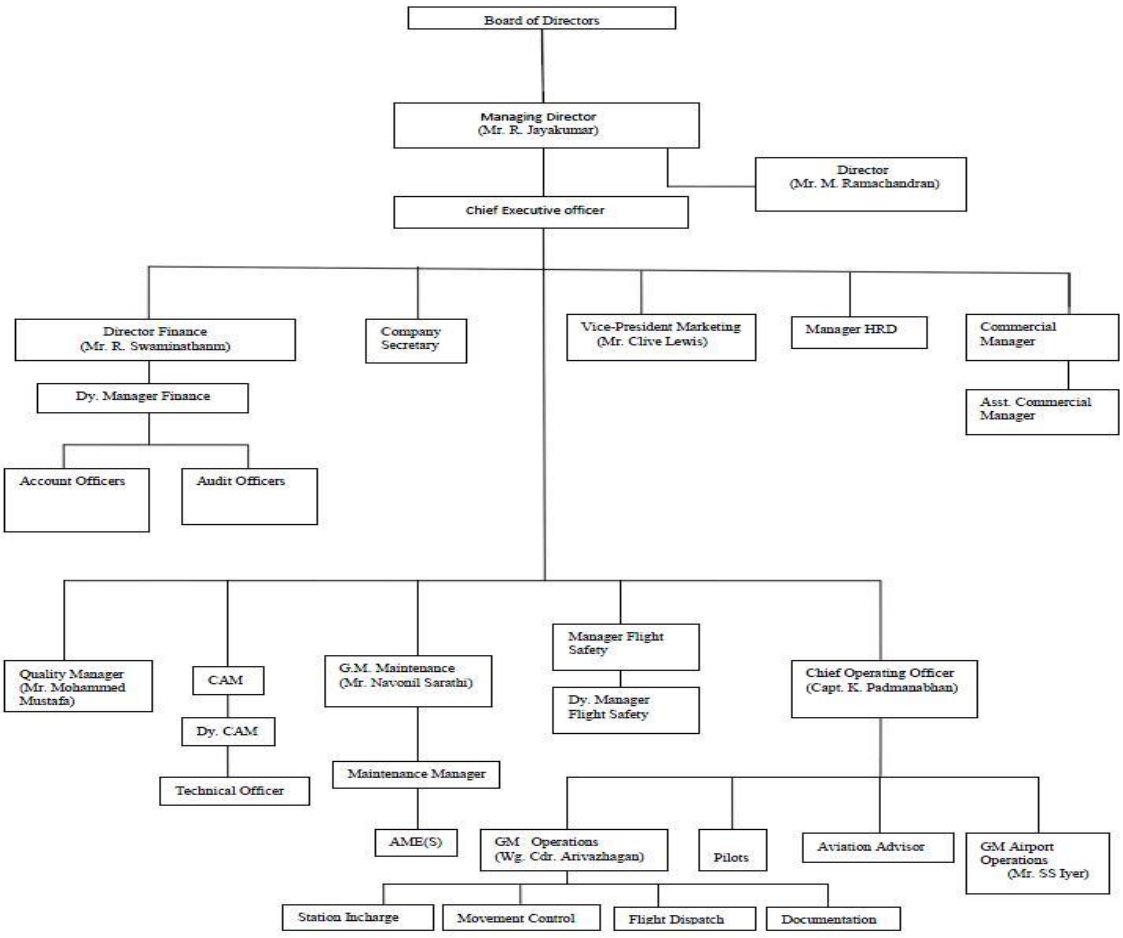
**Changes in the Board of Directors in the last 3 years**

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

| Name | Date of Appointment / Cessation | Reason for Change |
|---|---|---|
| Mr. R. Jayakumar | July 22, 2008 | Appointment on Incorporation |
| Mr. Mahadevan Ganesh | July 22, 2008 | Appointment on Incorporation |
| Mr. Raghuraman Rajagopal | July 28, 2008 | Appointment |

| Name | Date of Appointment / Cessation | Reason for Change |
|---|---|---|
| Mr. Veda Narayanan | June 4, 2009 | Appointment |
| Mr. T. S. Raghavan | June 4, 2009 | Appointment |
| Mr. Christopher Ian Want | June 4,2009 | Appointment |
| Mr. Veda Narayanan | October 10,2009 | Resignation |
| Mr. T. S. Raghavan | October 10,2009 | Resignation |
| Mr. Christopher Ian Want | October 10,2009 | Resignation |
| Mr. Christopher Ian Want | October 4, 2010 | Appointment |
| Mr. Ramachandran Manickam | October 4, 2010 | Appointment |
| Mr. T. S. Raghavan | October 4, 2010 | Appointment |
| Mr. Raghunathan Swaminathan | October 4, 2010 | Appointment |
| Mr. Nishat Shah | October 4, 2010 | Appointment |
| Mr. Shanmuga Rethenam | November 13, 2010 | Appointment |
| Mr. Mahadevan Ganesh | December 1, 2010 | Resignation |

**Management Organization Chart**



**Key Management Personnel**

The key managerial personnel and their designations are as under:

| Name of Employee | Designation & Functional Area | Date of Joining | C.T.C (in Rs. Lacs) | Qualification | Name of Previous Employer | Experience (in Years) |
|---|---|---|---|---|---|---|
| Capt. D. K. Chand | Advisor cum Senior Captain | 28.03.2010 | 45.00 | Graduate from National Defense Academy | Global Vectra Helicorporation Private Limited | Over 35 years |
| Capt. Padmanabhan | Chief Operating Officer | 02.11.2009 | 51.00 | B.Sc. | Global Vectra Helicorporation Private Limited | Over 27 years |
| Mr. Navonil Sarathy | GM Engineering | 12.10.2009 | 24.45 | AME | Government of Madhya Pradesh | Over 17 years |
| Mr. Mohamed Mustafa | Quality Manager | 15.12.2008 | 9.00 | Associate Member of Aeronautical Society of India | Crescent Air Cargo Limited | Over 50 years |
| Mr. S. S. Iyer | GM Airport Operations | 08.02.2010 | 7.80 | B. Com. | Dan Air Aviation Limited | Over 37 years |
| Wg. Cdr. Arivazhagan | GM Operations | 01.11.2008 | 7.32 | M. Com, M.B.A. | Indian Air Force | Over 22 years |
| Mr. G. Sriram | Company Secretary | 21.10.2010 | 3.60 | A.C.S., M. Phil, M.B.A. | JKM Associates | Over 7 years |

**Shareholding of Key Managerial Personnel**

None of the Key Managerial Personnel in our Company hold any shares of our Company as on the date of filing of this DRHP.

**Bonus or Profit Sharing Plan for the Key Managerial Personnel**

Our Company does not have fixed bonus/profit sharing plan for any of the employees, directors, key managerial personnel.

**Relationship of Key Managerial Personnel with the Promoters, Directors and other Key Managerial Personnel**

None of the key personnel mentioned above are related to the promoters/directors of our Company. None of our key managerial personnel have been selected pursuant to any arrangement/understanding with major shareholders/ customers/ suppliers.

**Changes in the Key Managerial Personnel in the last three years:**

| Name | Designation | Date of Joining | Date of Leaving |
|---|---|---|---|
| Capt. D. K. Chand | Advisor cum Senior Captain | 28.03.2010 | Appointment |
| Capt. Padmanabhan | Chief Operating Officer | 02.11.2009 | Appointment |
| Mr. Navonil Sarathy | GM Engineering | 12.10.2009 | Appointment |
| Mr. Mohamed Mustafa | Quality Manager | 15.12.2008 | Appointment |
| Mr. S. S. Iyer | GM Airport Operations | 08.02.2010 | Appointment |
| Wg. Cdr. Arivazhagan | GM Operations | 01.11.2008 | Appointment |
| Mr. G. Sriram | Company Secretary | 21.10.2010 | Appointment |

**Notes:**

1. All the key managerial personnel mentioned above are on the payrolls of our Company as the permanent employees. Also, none of them have a specific term / date of expiry.

2. The key management personnel mentioned above are not related parties as per the Accounting Standard 18.

3. We confirm that the Promoters/Directors of our Company do not have any relationship whatsoever with any of our key managerial personnel.

4. There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which of the Key Managerial Persons of our Company are selected as a member of Senior Management.

**Employee Share Purchase and Employee Stock Option Scheme**

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

**Payment or Benefit to our Officers**

Except for the statutory benefits upon termination of their employment, payment of salaries and yearly bonus, we do not provide any other benefit to our employees.

## OUR PROMOTERS AND PROMOTERS GROUP

### OUR PROMOTERS:

*Our Individual Promoters are:*

1. Mr. R. Jayakumar
2. Mr. Christopher Ian Want

Following are certain key details regarding our promoter:

### 1. Mr. R. Jayakumar



| Identification | Details |
|---|---|
| Age | 46 |
| Qualification | B.COM |
| Experience | 25 years |
| Occupation | Business |
| PAN | AFEPR8038L |
| Passport No. | G0055026 |
| Driving Liscence Number | F/TN/004009066/2001 |
| Voters' ID | FZG2901759 |
| Bank Account Number | 424010100103923 |
| Name of Bank & Branch | Axis Bank Ltd. George Town Branch, Chennai |
| % of pre-issue share holding in the Issuer Company | 22.61% |
| DIN | 02137765 |

### 2. Mr. Christopher Ian Want



| Identification | Details |
|---|---|
| Age | 40 |
| Qualification | Degree in Aviation Science |
| Experience | 18 years |
| Occupation | Business |
| PAN | ABQPW7410H |
| Passport No. | 464395064 |
| Driving License Number (USA) | 35000702 |
| Voter ID (USA) | 0000002377413 |
| Bank Account Number | USD 59605544 Sterling 20915831 |
| Name of Bank & Branch | Barclays Bank, PLC |
| % of pre-issue share holding in the Issuer Company | 21.05% |
| DIN | 02564647 |

For detailed profile of our promoter please refer "Our Management" beginning on page 111 of this DRHP.

**Declaration**

We confirm that the personal details of our Promoters viz., Permanent Account Number, Bank Account Details and Passport Number have been submitted to the Stock Exchanges, at the time of filing of this DRHP.

We further confirm that, our Promoter has not been declared as willful defaulter by RBI or any other government authority and there are no violations of securities laws committed by our Promoter in the past nor any such proceedings are pending against our Promoter.

**Interest of Promoter in our Company**

Our Company is promoted by Mr. R. Jayakumar and Mr. Christopher Ian Want. At present our Promoters together hold 49,11,900 equity shares of our Company. Our promoters may be deemed to be interested in the promotion of our Company to the extent of shares held by them and also to the extent of shares held by their relatives and group companies. Our Promoters may also benefit from holding directorships in our Company.

Further, save and except as stated otherwise in the chapters titled *'Business Overview', 'Our Management'* and the section titled '*Financial Statements'* beginning on pages 89, 111 and 133 respectively, of this DRHP, and to the extent of Equity Shares held by them, our Promoter does not have any other interests in our Company as on the date of filing of this DRHP.

**Payment or benefits to our Promoter during the last two years**

Except as stated in the "Annexure 19" of the "Auditors Report" on page 151 of this DRHP, there has been no payment or benefits to our Promoter during the last two years from the date of this DRHP.

**Other Ventures of Promoters**

Save and except as disclosed on page 128 in this DRHP, there are no other ventures of our Promoters in which they have business interests / other interests.

**Companies / Firms from which the Promoter has disassociated in last 3 (three) years**

Our Promoters have not disassociated with any company/firm in the last three years.

**Interest in the property of Company**

The promoters do not have any interest in any property acquired by our Company within two years preceding the date of this Draft Red Hearing Prospectus or proposed to be acquired by our Company.

**OUR PROMOTER GROUP**

Apart from our Promoter, the following individuals and companies comprise our Promoter Group.

***a) Natural Persons***

| Name of Promoter group Entity | Relationship with Promoters |
|---|---|
| Mrs. Helma Joyce | Wife of Mr. R. Jayakumar |
| Mr. R. Swaminathan | Brother of Mr. R. Jayakumar |

***b) Companies, Firms and HUFs:***

| Relationship | Mr. R. Jayakumar | Mr. Christopher Ian Want |
|---|---|---|
| Any company in which 10% or more of the share capital is held by the promoter or an immediate relative of the Promoter or a firm or HUF in which the Promoter or any one or more of his immediate relative is a member | 1. Swajas Air Charters & Hotels Private Limited<br>2. Swajas Aviation Infrastructure Private Limited | Nil |
| Any company in which a company mentioned in the above, holds 10% of the total holding | Nil | Nil |
| Any HUF or firm in which the aggregate share of the Promoter and his immediate relatives is equal to or more than 10% of the total holding | Nil | Nil |

No other person except mentioned above is part of the promoter group. Also, apart from those mentioned above there are no other Companies promoted by our Promoter or where in our Promoter has any controlling interest such that they can be our Group Companies.

**DETAILS OF OUR PROMOTER GROUP ENTITIES**

**1. Swajas Air Charters & Hotels Private Limited**

Swajas Air Charters & Hotels Private Limited was incorporated on 16/11/2005 as a Private Limited under the Companies Act, 1956. The registered office of the Company is at 47/22 Arthoon Road Royapuram, Chennai-600013. The promoter of Swajas Air Charters & Hotels Private Limited is Mr. R. Jayakumar.

The business of Swajas Air Charters & Hotels Private Limited as described by its Memorandum of Association is:

1. *To build, own, administer, manage and carry on the business of running Hotels, Transit Inn, Restaurants, Resorts, Multiplex Theatres, Shopping Complexes and Holidays Homes.*

2. *To own, hire, manage, administer, lease and run aircrafts for chartering on contractual basis.*

**Shareholding Pattern**

The shareholding Pattern of the Company as on date of this DRHP is as follows:

| Name of Shareholder | No. of Equity Shares Held | Shareholding (%) |
|---|---|---|
| Mr. R. Jayakumar | 7,000 | 70.00 |
| Mrs. J. Helma Joyce | 1,500 | 15.00 |
| Mr. G. Ramesh | 1,500 | 15.00 |
| **Total** | **10,000** | **100.00%** |

**Board of Directors:**

The Board of Directors comprises of Mr. R. Jayakumar and Mrs. Helma Joyce.

**Financial Performance:**

Following are the brief audited financials of said firm for the last three financial years:

(₹ in Lacs)

| Particulars | 31-Mar-08 | 31-Mar-09 | 31-Mar-10 |
|---|---|---|---|
| Total Income | 78.69 | 86.85 | - |
| Profit / (Loss) After Tax (PAT) | 2.93 | 0.10 | (0.23) |
| Equity Share Capital (Face value Rs. 10/- per Share) | 1.00 | 1.00 | 1.00 |
| Reserves & Surplus (excluding Revaluation Reserve) | 3.96 | 4.06 | 3.82 |
| Earnings per Share | 29.30 | 0.99 | NA |
| Book Value per Share | 49.57 | 50.56 | 48.24 |

**Important Notes:**

- Company is an unlisted company and has not made any public or rights issue in the preceding three years.
- It is not a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985, and is not in the process of any winding up.
- It has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

**2. Swajas Aviation Infrastructure Private Limited (SAIPL)**

Swajas Aviation Infrastructure Private Limited was incorporated on 7th September 2009 as a Private Limited under the Companies Act, 1956. The registered office of the Company is at 47/22 Arthoon Road Royapuram, Chennai-600 013. The promoter of Swajas Aviation Infrastructure Private Limited is Mr. R. Jayakumar,

The business of Swajas Aviation Infrastructure Private Limited as described by its Memorandum of Association is:

*To carry on the business of developing private airports from project level to compilation, managing and operation of the airport managing existing airports market existing*

**Shareholding Pattern**

The shareholding Pattern of the Company as on date of this DRHP is as follows:

| Name of Shareholder | No. of Equity Shares Held | Shareholding (%) |
|---|---|---|
| Mr. R. Jayakumar | 8,000 | 80.00 |
| Mr. R. Swaminathan | 1,000 | 10.00 |
| Mr. G. Ramesh | 1,000 | 10.00 |
| **Total** | **10,000** | **100.00%** |

***Board of Directors:***

The Board of Directors comprises of Mr. R. Jayakumar, Mr. R. Swaminathan and Mr. G. Ramesh

***Financial Performance:***

Following are the brief audited financials of the said company:

(₹ in Lacs)

| Particulars | 31-Mar-10 |
|---|---|
| Total Income | Nil |
| Profit / (Loss) After Tax (PAT) | (0.43) |
| Equity Share Capital<br>(Face value Rs.10/- per Share) | 1.00 |
| Reserves & Surplus<br>(excluding Revaluation Reserve) | Nil |
| Debit balance in P & L Account | 0.43 |
| Earnings per Share | NA |
| Book Value per Share | 5.75 |

** Since the company is newly incorporated, figures for only the one Financial Year completed is disclosed*

**Important Notes:**

- Company is an unlisted company and has not made any public or rights issue in the preceding three years.
- It is not a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985, and is not in the process of any winding up.
- It has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

**3. Swajas Air Charters, proprietary concern**

This is a proprietary concern of Mr. R. Jayakumar which was originally into air chartering business which assets and liabilities were taken over by the company with effect from 22nd July 2008 for a consideration of ₹ 34.65 Lacs. The consideration was settled by issue of 3,46,500 equity shares of ₹10/- each in the Company. The proprietary concern has its office at 47/22 Arthoon Road, Royapuram, Chennai 600 013.

Consequent to the takeover of the assets and liabilities and also the business of Air Charter by the Company, the proprietary concern is carrying out some allied activities only related to Air chartering.

**Financial Performance:**

Following are the brief financials of said firm for the last three financial years:

(₹ in Lacs)

| Particulars | As at 31.03.2008 | As at 31.03.2009 | As at 31.03.2010 |
|---|---|---|---|
| Proprietor's Capital | 66.83 | 40.27 | 38.93 |
| Total Income | 670.91 | 198.60 | 25.34 |
| Net Profit | 37.95 | 18.03 | 1.16 |

**Declaration**

We confirm that our Promoters and Promoter Group entities, including relatives of the Promoters, have confirmed that they have not been declared as willful defaulters by RBI or any government authority and there are no violations of securities laws committed by any of them in the past or any such proceedings are pending against any of them. Additionally, none of the Promoters or Promoter Group Entities or Persons in Control of Body corporate forming part of our Promoter Group has been restrained from accessing capital markets for any reasons by the SEBI or any other authorities..

**Shareholding of Promoter & Promoter Group:**

The Pre-Issue & post-Issue shareholding of our Promoters and our Promoter Group is as follows:

| Sr. No. | Name of Shareholder | Pre-Issue (as at 31st December 2010) | | Post-Issue | |
|---|---|---|---|---|---|
| | | No. of Equity Shares | As a% of Pre-Issue Equity | No. of Equity Shares | As a% of Post Issue Equity |
| **A** | **Promoter** | | | | |
| 1 | Mr. R. Jayakumar | 25,43,512 | 22.61 | 25,43,512 | [●] |
| 2 | Mr. Christopher Ian Want | 23,68,388 | 21.05 | 23,68,388 | [●] |
| | **Total (A)** | **49,11,900** | **43.66** | **49,11,900** | [●] |
| **B** | **Promoter Group and Other Associates acting in Concert** | | | | |
| 3 | Mr. R. Swaminathan | 40 | - | 40 | [●] |
| 4 | Mr. Helma Joyce | 80 | - | 80 | [●] |
| | **Total (B)** | **120** | **-** | **120** | [●] |
| | **Total (A+B)** | **49,12,020** | **43.66** | **49,12,020** | [●] |

**Defunct Promoter Group Companies**

Save and except as disclosed in this chapter, none of our group companies have been defunct.

**Litigation**

For details relating to Litigations involving the Promoters and Promoter Group Entities please refer "Outstanding Litigations and Material Developments" on beginning on page 164 of this DRHP.

**Common Pursuits**

Some of our Promoter Group Entities have common pursuits and are involved in the aviation infrastructure and air charter related activities. We shall adopt necessary procedures and practices as permitted by law to address any conflict situations as and when they may arise.

**Related Party Transactions**

Save and except as disclosed in "Annexure 19" of the Auditors Report on page 151 of this DRHP, there has been no payment or benefits to our Promoters during the last five years preceding the date of this DRHP.

## DIVIDEND POLICY

The Board of Directors of the company may, at its discretion, recommend dividend to be paid to the members of the company. The factors that may be considered by the Board before making any recommendations for the dividend includes but not limited to profits/earnings during the financial year, liquidity of the company, need for reserving resources for future growth, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time etc.

Dividend will be declared and approved at the Annual General Meeting of the shareholders based on the recommendation by the Board. The Board may also from time to time pay to the member's interim dividend if it considers justified by the profits generated by the company.

We have not declared any dividend since inception.

## SECTION VI: FINANCIAL INFORMATION

## AUDITOR'S REPORT

The Board of Directors,
Swajas Air Charters Limited
1/62-4, Ravi Colony, 1st Street,
St. Thomas Mount,
Chennai 600 016, Tamil Nadu

A. a) We have examined the annexed financial information of SWAJAS AIR CHARTERS LIMITED ('the Company") for the Financial period ended 31st December, 2010 prepared and approved by the Board of Directors of the Company for the purpose of disclosure in the offer documents being issued by the Company in connection with the issue of equity shares of the Company. Audits for the financial year ended 31st March, 2010, and period ending 31st March 2009, were conducted by previous auditor, Mr. T. S. Ranganathan, Chartered Accountant. We have placed reliance on the financial information examined by him for the period ending 31st March 2009 and as required by SEBI ICDR Regulations, we have re-audited the accounts for the year ending 31st March 2010 as the previous auditor has not subjected himself to peer review process of ICAI.

b). In accordance with the requirements of:

(i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');

(ii) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('the SEBI ICDR Regulations, 2009') issued by Securities and Exchange Board of India ('SEBI') on August 26, 2009 and related amendments and

(iii) Our terms of engagement agreed with you in accordance with our Letter dated 1st March 2011 in connection with the proposed issue of Equity Shares of the Company.

We report that the restated assets and liabilities of the Company as at 31st December 2010, 31st March 2010, and 2009, are as set out in 'Annexure 1' to this report after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies as appearing in 'Annexure 3' and Notes to the statements of Assets & Liabilities and Profit & Loss Account appearing in 'Annexure 4' to this report.

We report that the restated profits of the Company for the nine months ended 31st December 2010 and the year ended 31st March 2010, and period ended 31st March 2009, are as set out in 'Annexure 2' to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies as appearing in 'Annexure 3' and Notes to the Statements of Assets & Liabilities and Profit & Loss Account appearing in 'Annexure 4' to this report.

B. We have examined the following financial information relating to the Company proposed to be included in the Offer Document, as approved by you and annexed to this report.

i. Notes to Adjustments in Restated Financial Statements 'Annexure 5' to this report
ii. Details of changes in Significant Accounting Policies as given in 'Annexure 6' to this report.
iii. Details of qualifications appearing in the audit report as given in 'Annexure 7' to this report.
iv. Statement of Cash Flow as appearing in 'Annexure 8' to this report;
v. Accounting Ratios as appearing in 'Annexure 9' to this report;
vi. Statement of Dividends as appearing in 'Annexure 10' to this report;
vii. Capitalization Statement as appearing in 'Annexure 11' to this report;
viii. Statement of Tax Shelter as appearing in 'Annexure 12' to this report.
ix. Statement of Secured Loans as appearing in 'Annexure 13' to this report.

x. Statement of Unsecured Loans as appearing in 'Annexure 14' to this report
xi. Statement of Debtors including the related party debtors enclosed as 'Annexure 15' to this report.
xii. Details of loans and advances as given in 'Annexure 16' to this report.
xiii. Details of Other Assets as given in `Annexure 17' to this report.
xiv. Statement of Other Income as appearing in 'Annexure 18' to this report.
xv. Details of transactions with the Related Parties as appearing in 'Annexure 19' to this report;
xvi. Details of Contingent Liabilities as appearing in 'Annexure 20' to this report;

C. i) In our opinion the financial information of the Company as stated in Para A and B above read with Significant Accounting Policies enclosed in Annexure 4 to this report, after making adjustments/restatements and regroupings as considered appropriate and subject to certain matters as stated in Notes to the Statements, has been prepared in accordance with Part II of Schedule II of the Act and we have complied with the Schedule VIII, Clause IX (9) of the SEBI ICDR Regulations, 2009.

In terms of Schedule VIII, Clause IX (9) of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts of the Swajas Air Charters Limited, we, M/s. R. Ravindran & Associates, Chartered Accountants, Statutory Auditors, of Swajas Air Charters Limited have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the 'Peer Review Board' of the ICAI. We further confirm that Statements of Assets and Liabilities and Profit and Loss or any other financial information have been incorporated in the offer document after making the following adjustments, wherever quantification is possible:

1. Adjustments/ rectification for all incorrect accounting practices or failures to make provisions or other adjustments which resulted in audit qualifications except for those audit qualification whose financial impact not ascertainable or not quantifiable.

2. Material amounts relating to adjustments for previous years has been identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred.

3. Where there has been a change in accounting policy, the profits or losses of the earlier years (required to be shown in the offer document) and of the year in which the change in the accounting policy has taken place has been recomputed to reflect what the profits or losses of those years would have been if an uniform accounting policy was followed in each of those years.

4. If an incorrect accounting policy is followed, the re-computation of the financial statements has been in accordance with correct accounting policies.

ii) The accounting policies of the Company are in compliance with all Indian Accounting Standards.

iii) This report is intended solely for your information and for inclusion in the Offer Document in connection with the specific Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For R. Ravindran & Associates
Chartered Accountants

Sd/-
Mr. R. Ravindran
Proprietor
Membership No. 23829

Place: Chennai
Date: 25th March 2011

**ANNEXURE 1**

**Restated Statement of Assets and Liabilities** (₹ in Lacs)

| PARTICULARS | As at 31.12.2010 | As at 31.3.2010 | As at 31.3.2009 |
|---|---|---|---|
| | | | |
| **Fixed Assets** | | | |
| Gross Block | 36.78 | 27.78 | 7.13 |
| Depreciation | 8.41 | 5.09 | 1.05 |
| Net Block | 28.37 | 22.69 | 6.08 |
| Less: Revaluation Reserve | - | - | - |
| **Total Fixed Assets (A)** | **28.37** | **22.69** | **6.08** |
| | | | |
| **Investments (B)** | **-** | **-** | **-** |
| | | | |
| **Current Assets, Loans and Advances:** | | | |
| Inventories | 105.04 | 63.22 | - |
| Sundry Debtors | 819.60 | 536.06 | 253.82 |
| Cash and Bank Balances | 592.78 | 186.87 | 8.55 |
| Loans and Advances | 442.92 | 131.03 | 160.88 |
| Other Current Assets | 86.67 | 116.09 | 18.47 |
| **Total (C)** | **2,047.01** | **1,033.27** | **441.72** |
| | | | |
| **Liabilities and Provisions :** | | | |
| Secured Loans | 242.72 | 83.37 | - |
| Unsecured Loans | 15.39 | 43.94 | 27.71 |
| Current Liabilities | 904.67 | 599.79 | 188.74 |
| Provisions | 111.49 | 57.89 | 18.00 |
| **Total (D)** | **1,274.27** | **784.99** | **234.45** |
| | | | |
| **Deferred Tax Liability (E)** | **0.57** | **0.19** | **0.18** |
| | | | |
| **Net Worth (A+B+C-D-E)** | **800.54** | **270.77** | **213.17** |
| | | | |
| **Represented by** | | | |
| Equity Share Capital (A) | 263.07 | 259.78 | 100.00 |
| Share Application Money (B) | 522.00 | 0.00 | 100.00 |
| Reserves and Surplus | | | |

| PARTICULARS | As at 31.12.2010 | As at 31.3.2010 | As at 31.3.2009 |
|---|---|---|---|
| General Reserve | 12.09 | 12.09 | 3.87 |
| Share Premium | 226.27 | 114.55 | - |
| Profit & Loss Account | 213.82 | 105.26 | 34.90 |
| Total Reserves & Surplus | 452.18 | 231.90 | 38.77 |
| Less: Revaluation Reserve | - | - | - |
| Total (C ) | 452.18 | 231.90 | 38.77 |
| Miscellaneous Exp. to the extent not w/off (D) | 436.70 | 220.90 | 25.60 |
| | - | - | - |
| **Net Worth (A+B+C–D)** | **800.54** | **270.77** | **213.17** |

**ANNEXURE 2**

**Summary Statement Of Profit And Loss, As Restated** (₹ in Lacs)

| PARTICULARS | 9 Months Ending 31.12.2010 | Year Ending 31.3.2010 | Period Ending 31.3.2009 |
|---|---|---|---|
| | | | |
| **Income :** | | | |
| Income from operations | 2,326.43 | 2,911.42 | 751.01 |
| Other Income | 7.28 | 3.70 | 0.96 |
| **Total Income** | **2,333.71** | **2,915.12** | **751.97** |
| | | | |
| **Expenditure:** | | | |
| Charter Operating Expenses | 1,615.25 | 2,302.97 | 609.29 |
| Employees Cost | 275.83 | 220.72 | 16.18 |
| Administration Expenses | 172.49 | 169.93 | 48.82 |
| Directors Remuneration | 32.22 | 24.00 | 13.50 |
| Professional and Consultancy Charges | 18.17 | 23.55 | 5.02 |
| Preliminary and Preoperative Expenses w/off | 29.68 | 32.73 | 0.17 |
| | | | |
| **Total Expenditure** | 2,143.64 | 2,773.90 | 692.99 |
| **Net Profit before Interest, Depreciation, Tax and Extraordinary Items** | **190.07** | **141.23** | **58.98** |
| Finance Charges | 24.22 | 18.18 | **0.97** |
| Depreciation | 3.32 | 4.04 | 1.05 |
| **Net Profit before Tax and Extraordinary Items** | **162.53** | **119.01** | **56.96** |
| **Provision for Taxation** | | | |
| Current Tax | 53.60 | 40.43 | 17.46 |
| Fringe benefit tax | - | - | 0.54 |
| Deferred Tax | 0.37 | 0.01 | 0.18 |
| **Net Profit after Tax and before Extraordinary Items** | 108.56 | 78.57 | 38.78 |
| Extraordinary Items | **-** | **-** | **-** |
| **Net Profit after Extraordinary Items** | 108.56 | 78.57 | 38.78 |
| Balance brought forward | 105.26 | 34.90 | - |
| Less: Transferred to General Reserve | - | 8.22 | 3.87 |
| Profit/(Loss) Carried to Balance Sheet | **213.82** | **105.26** | **34.90** |

**ANNEXURE 3**

**Significant Accounting Policies**

**I. Company Overview**

Company is engaged in offering air chartering services (helicopters and aircrafts) in the areas of General Charter, Medical Evacuation and Offshore services.

**II. Significant Accounting Policies:**

**1. Basis of Preparation of Financial statements**

i) The Financial statements of the Company are prepared under the historical cost convention in accordance with generally accepted accounting principles applicable in India. The said financial statements comply with the relevant provisions of the Companies Act and applicable Accounting Standards issued by ICAI.

ii) The company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis.

**2. Fixed Assets and Depreciation**

i) Fixed assets are stated at their original cost of acquisition including taxes, freight and other incidental expenses related to acquisition and installation of the concerned assets less depreciation till date.

ii) Fixed assets which are retired from active use or held for disposal are stated at lower of their net book value and net realizable value and are shown separately in the financial statements. Any profit or losses arising on disposal are generally recognised in profit and loss account.

iii) Depreciation on Fixed Assets is provided on written down value method at the rates prescribed in Schedule XIV of the Companies Act, 1956 on monthly pro rata basis.

**4. Revenue Recognition**

The Company derives income from leasing/hiring helicopters and small aircrafts. Charter Hire Income is recognised, on accrual basis, based on terms of the contracts entered into with the customers**.**

Charter Hire Income is inclusive of Service Tax.

**5. Lease**

The company has taken aircrafts and helicopters both under dry lease and wet lease terms under lease agreements and are renewable on periodic basis at the option of both the parties. Payments in the form of advances if any are grouped under loans and advances and monthly rentals are charged to profit and loss account.

**6. Taxes on Income**

Provision for income tax is made on the taxable income for the year at current rates. Tax expense comprises of current tax and deferred tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of income tax payable for the reporting year.

Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods.

**7. Miscellaneous Expenditure**

Preoperative expenditure refers to the onetime costs incurred in relation to a leased helicopter/aircraft before its first commercial flight and also the expenditure incurred in relation to the setting up of a comprehensive Maintenance, Repair and Overhaul (MRO) facility at the Chennai airport.

Onetime costs incurred pertaining to a helicopter/aircraft before its first commercial flight will be written off over a period of 5 years from the year in which the respective helicopter/aircraft is first put into commercial use. MRO expenditure will be written off over a period of 5 years from the year in which the MRO facility will get operational on completion of the proposed MRO/Hangar facility at the Chennai Airport.

**8. Foreign Exchange Transactions**

Foreign exchange transactions are recognized in the books based on the prevailing rate on the date of the transaction. The difference between the actual payment / receipt and the amount recognized in the books is taken to revenue in the case of current assets/liabilities and adjusted to carrying cost in the case of fixed assets. Where the transaction is not settled within the year, gains/losses arising on conversion at year end rates are recognized in the profit and loss account if relating to current assets / liabilities and adjusted in the carrying cost in the case of transactions relating to fixed assets.

9. **Provisions, Contingent Liabilities and Contingent Assets**

Necessary provisions are made for present obligations that arise out of past events prior to the Balance Sheet date entailing future outflow of economic resources. Such provisions reflect best estimates based on available information. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

10. **Earnings Per Share**

The Earning considered in ascertaining the Company's earning per Shares (EPS) comprise of the net profit after tax to equity shares holders. Basic earnings per share are calculated by dividing the Net Profit or Loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profits attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

## ANNEXURE 4

**Notes To Accounts**

1) The Company has acquired all the assets and liabilities of Swajas Air Charters, a proprietary concern of one of the promoters and Managing Director of the Company, Mr. R. Jayakumar for a lump sum consideration of Rs.34,65,000 (Rupees Thirty Four Lacs Sixty Five Thousand Only) with effect from 22.07.2008. In pursuance of consideration due, the Company has issued and allotted 3,46,500 equity shares of Rs.10 each fully paid up to Mr. R. Jayakumar.

2) The status of the Company has been changed from Private Limited to Public Limited w.e.f. 26th June 2009 by complying with the provisions of the Section 31 of the Companies Act. Consequent upon the conversion and change of the name, the Registrar of Companies has issued fresh certificate of incorporation on 26th June 2009.

3) In the opinion of the Board the current assets, Loans and advances are approximately of the value stated and are realizable in the ordinary course of business. The provision for all known liabilities is adequate.

4) **Earnings per Share:**

(₹ In Lacs)

| PARTICULARS | 9 Months Ending 31.12.2010 | Year Ending 31.3.2010 | Period Ending 31.3.2009 |
|---|---|---|---|
| | | | |
| Net profit after tax | 108.56 | 78.57 | 38.78 |
| No. of equity shares at the end of the year/period (face value - Rs.10/-) | 26,30,671 | 25,97,811 | 10,00,000 |
| Weighted No. of equity shares at the end of the year/period (face value - Rs.10/-) | 26,22,307 | 17,08,346 | 9,92,174 |
| Earnings per share | 5.52* | 4.60 | 5.86* |

** Annualized*

5) In respect of the provision for deferred tax, timing difference due to depreciation adjustment has been considered.

6) **Contingent Liabilities:**

(₹ In Lacs)

| Particulars | As at 31.12.10 | As at 31.03.10 | As at 31.03.09 |
|---|---|---|---|
| Outstanding Performance Bank Guarantees | 130.93 | 130.93 | - |

7) Segment Reporting

As the company business activities falls within single segment viz. Air Chartering and allied services, the disclosure requirement of Accounting Standard 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

8) The previous year's figure have been regrouped and rearranged, wherever necessary.

## ANNEXURE 5

**Notes To Adjustments In Restated Financial Statements** (₹ in Lacs)

| PARTICULARS | As at | As at | |
|---|---|---|---|
| | 31.12.2010 | 31.3.2010 | 31.3.2009 |
| | | | |
| Preliminary expenses w/off as per : | | | |
| Audited Accounts | 0.10 | 0.03 | 0.03 |
| Restated Accounts | - | - | 0.17 |
| | | | |
| Current Tax: | | | |
| Audited Accounts | 53.60 | 36.76 | 17.65 |
| Restated Accounts | 53.60 | 40.43 | 17.46 |
| | | | |
| Short provision of Income Tax in Earlier Years | | | |
| Audited Accounts | 3.48 | - | - |
| Restated Accounts | - | - | - |

**Notes;**

As per Accounting Standard 26 (AS 26), preliminary expenses are to be written off fully in the year of incurring the same. Rs.0.17 lacs of preliminary expenses incurred in the year 2008-09 was written off 0.034 lacs each in the FY 2008-09 and 2009-10 and the balance Rs.0.102 lacs was written off in the accounts for the 9 months period ending 31st December 2010. The entire entire amount of Rs.0.17 lacs is now written off in the FY 2008-09 itself in the restated financial statements.

Excess provision of tax to the tune of Rs.0.19 lacs pertaining to FY 2008-09 and short provision of income tax of Rs.3.67 lacs pertaining to FY 2009-10 have been considered in the accounts for the 9 months period ending 31st December 2010 (net figureof Rs.3.48 lacs). These adjusments are now given effect to in the respective accounting periods.

(₹ in Lacs)

| PARTICULARS | As at | As at | |
|---|---|---|---|
| | 31.12.2010 | 31.3.2010 | 31.3.2009 |
| | | | |
| Preoperative Expenditure as per: | | | |
| Audited Accounts | 436.70 | 220.90 | 60.90 |
| Restated Accounts | 436.70 | 220.90 | 25.60 |
| | | | |
| Loans and Advances as per: | | | |
| Audited Accounts | 442.92 | 131.03 | 125.57 |
| Restated Accounts | 442.92 | 131.03 | 160.88 |

| | | | |
|---|---|---|---|
| Current Liabilities | | | |
| Audited Accounts | 904.67 | 643.73 | 216.44 |
| Restated Accounts | 904.67 | 599.79 | 188.73 |
| | | | |
| Unsecured Loans | | | |
| Audited Accounts | 15.39 | - | - |
| Restated Accounts | 15.39 | 43.94 | 27.71 |

Note:
Rs.35.30 Lacs pertaining to amounts recoverable from a party was inappropriately grouped under preoperative expenditure in the year 2008-09. Proper grouping was effected in the year 2009-10. Appropriate grouping is now considered in the year 2008-09 itself.

Amount received from directors net of repayments to Directors grouped under Current Liabilities in the previous years and are now more appropriately restated as unsecured loans

## ANNEXURE 6

**Details Of Changes In Significant Accounting Policies**

a) Period ended December 31, 2010: NIL

b) Financial year ended March 31, 2010: NIL

c) Period ended March 31, 2009: NIL

## ANNEXURE 7

**Statement Of Qualifications In Auditor's Report**

a) Period ended December 31, 2010: NIL

b) Financial year ended March 31, 2010: NIL

c) Period ended March 31, 2009: NIL

## ANNEXURE 8

**Summary Statement Of Cash Flow, As Restated** (₹ in Lacs)

| PARTICULARS | 9 Months Ending 31.12.2010 | Year Ending 31.3.2010 | Period Ending 31.3.2009 |
|---|---|---|---|
| | | | |
| **Cash Flows from Operating Activities** | | | |
| Net Profit Before tax | 162.53 | 119.01 | 56.96 |
| Adjustments for: | | | |
| Depreciation | 3.32 | 4.04 | 1.05 |
| Interest Expense | 24.22 | 18.18 | 0.97 |
| Interest Income | (6.14) | (3.70) | - |
| Miscellaneous Expenditure Written Off | 29.68 | 32.73 | 0.17 |
| | | | |
| **Operating Profit before Working** | | | |
| **Capital Changes** | **213.61** | **170.25** | **59.15** |
| Change in Inventories | (41.82) | (63.22) | |
| Change in Debtors | (283.54) | (282.24) | (171.58) |
| Change in other Current Assets | 29.42 | (97.62) | (18.47) |
| Change in Loans & Advances | (292.57) | 106.27 | (100.92) |
| Change in Current Liabilities | 304.88 | 411.05 | 103.43 |
| **Net Cash Flow from Operating Activities Before Tax & Extra - Ordinary Items** | **(70.02)** | **244.50** | **(128.38)** |
| Less: Tax Paid | 19.32 | 76.97 | 26.23 |
| **Net Cash Flow from Operating Activities** | **(89.34)** | **167.53** | **(154.61)** |
| | | | |
| **Cash Flow from Investing Activities** | | | |
| Purchase of Fixed Assets | (9.00) | (20.64) | (3.15) |
| Pre-operative Expenditure i incurred | (245.47) | (228.03) | (25.77) |
| Interest received | 6.14 | 3.70 | - |
| **Net Cash Flow used in Investing Activities** | **(248.33)** | **(244.97)** | **(28.92)** |
| | | | |
| **Cash Flows from Financing Activities** | | | |
| Share Capital raised | 3.29 | 59.78 | 65.35 |
| Share Premium received | 111.72 | 114.55 | |
| Secured Loans received (Net) | 159.35 | 83.37 | - |
| Unsecured Loans received (Net) | (28.55) | 16.23 | 27.71 |

| PARTICULARS | 9 Months Ending | Year Ending | Period Ending |
|---|---|---|---|
| | 31.12.2010 | 31.3.2010 | 31.3.2009 |
| Share Application money received | 522.00 | - | 100.00 |
| Interest paid | (24.22) | (18.18) | (0.97) |
| **Net Cash Flow from Financing Activities** | **743.59** | **255.76** | **192.09** |
| | | | |
| **Net increase in cash and cash equivalents** | **405.92** | **178.32** | **8.55** |
| | | | |
| **Cash and Cash Equivalents (Opening Balance)** | **186.87** | **8.55** | **-** |
| | | | |
| **Cash and Cash Equivalents (Closing Balance)** | **592.78** | **186.87** | **8.55** |

Cash and Cash Equivalents consist of cash in hand, bank balance in Current Account and fixed deposit account.

**ANNEXURE 9**

**Restated Accounting Ratios** (₹ in Lacs)

| PARTICULARS | 9 Months Ending | Year Ending | Period Ending |
|---|---|---|---|
| | 31.12.2010 | 31.3.2010 | 31.3.2009 |
| | | | |
| Net profit after tax | 108.56 | 78.57 | 38.78 |
| Networth | 800.54 | 270.78 | 213.17 |
| Return on Networth Ratio (%) | 13.56% | 29.02% | 18.19% |
| No. of equity shares at the end of the year/period (face value - Rs.10/-) | 2,630,671 | 25,97,811 | 10,00,000 |
| Weighted No. of equity shares at the end of the year/period (face value - Rs.10/-) | 2,622,307 | 17,08,346 | 9,92,174 |
| Weighted No. of equity shares at the end of the year/period considering the effect of Bonus shares in previous years (face value - Rs.10/-) | 1,04,89,228 | 68,33,384 | 39,72,016 |
| Earnings per share * | 5.52* | 4.60 | 5.86* |
| Earnings per share considering the effect of Bonus shares in previous years* | 1.38 | 1.15 | 1.47* |
| Net Asset value/Book Value per share | 30.43 | 10.42 | 21.32 |
| Net Tangible Asset | 1059.22 | 398.28 | 241.06 |

** Annualized*

**Notes:**

- The Company has issued 3,46,500 equity shares on 24th July 2008 for consideration other than cash for taking over the assets and liabilities of Swajas Air Charters, a proprietary concern of the present Managing Director and one of the promoters of the company, Mr. R. Jayakumar.
- Earnings per share calculations are done by considering the weighted Number of Equity Shares.
- For the calculation of Earnings Per Share (EPS), Net Profit is considered after Tax and extraordinary items.
- For the calculation of Return on Net worth, Net Profit is considered as restated i.e. Net Profit after tax after extra ordinary items.
- Net Asset Value / Book Value are determined by considering net worth divided by shares at the end of the year.

## ANNEXURE 10

**Statement of Dividend Paid** (₹ in Lacs)

The Company has not paid any dividends so far.

## ANNEXURE 11

**Statement of Capitalisation** (₹ in Lacs)

| PARTICULARS | Pre Issue at 31.12.2010 | Post Issue |
|---|---|---|
| | | |
| **Borrowings** | | |
| Short Term Debt | 229.78 | **[●]** |
| Long Term Debt | 28.34 | **[●]** |
| | | |
| **Total Debt** | 258.12 | **[●]** |
| | | |
| **Shareholders' Funds** | | |
| Share Capital | 263.07 | **[●]** |
| Share Application money | 522.00 | **[●]** |
| Reserves and Surplus | 452.18 | **[●]** |
| Miscellaneous Expenditure not w/off | (436.70) | **[●]** |
| | | |
| **Total Shareholders' Funds** | 800.54 | **[●]** |
| **Long Term Debt/Equity Ratio** | 0.04 | **[●]** |
| **Total Term Debt/Equity Ratio** | 0.32 | **[●]** |

**Notes:**

- Working Capital Limits are considered as short term debts.
- Post 31st December 2010, i.e. on 31/01/201, 1,81,713 Equity shares of Rs.10/- each were issued at a price of Rs.350 to various investors and 84,37,152 bonus shares were issued to the shareholders on 25/02/2011 in the ratio of 3:1 (3 shares for every 1 share held

## ANNEXURE 12

**Statement of Tax Shelter** (₹ in Lacs)

| PARTICULARS | 9 Months Ending 31.12.2010 | Year Ending 31.3.2010 | Period Ending 31.3.2009 |
|---|---|---|---|
| | | | |
| **Profit/Loss before tax** | 162.53 | 119.01 | 56.96 |
| | | | |
| Normal Tax Rate | 33.22% | 33.99% | 30.90% |
| Minimum Alternative Tax Rate (MAT) | 19.93% | 16.99% | 11.33% |
| **Notional Tax at Normal Rates (A)** | 53.99 | 40.45 | 17.60 |
| **Adjustments:** | | | |
| Difference in Book and Income Tax Depreciation | (1.21) | -- | -- |
| | | | |
| **Net Adjustments (B)** | (1.21) | - | - |
| | | | |
| **Tax Saving Thereon (C )** | (0.40) | - | - |
| **Total Taxation D = (A) +(C )** | 53.59 | 40.45 | 17.60 |
| Tax payable as per MAT | 32.39 | 20.22 | 6.45 |
| Tax expense recognized | 53.60 | 40.43 | 17.46 |
| Tax as per Return of Income | | 40.43 | 17.46 |

## ANNEXURE 13

**Statement of Secured Loans** (₹ in Lacs)

| PARTICULARS | 9 Months Ending 31.12.2010 | Year Ending 31.3.2010 | Period Ending 31.3.2009 |
|---|---|---|---|
| | | | |
| Term Loan from Banks | 43.82 | - | - |
| | | | |
| Bill Discounting from Banks (secured by hypothecation of Stock / Book Debts / Other Current Assets) | 85.07 | 83.37 | - |
| Working capital loan from banks (secured by hypothecation of Stock / Book Debts / Other Current Assets) | 113.83 | | |
| Total | **242.72** | **83.37** | **-** |

## ANNEXURE 14

**Statement of Unsecured Loans** (₹ in Lacs)

| PARTICULARS | 9 Months Ending 31.12.2010 | Year Ending 31.3.2010 | Period Ending 31.3.2009 |
|---|---|---|---|
| | | | |
| From Director | 15.39 | 43.94 | 27.71 |
| | | | |
| **Total** | **15.39** | **43.94** | **27.71** |

## ANNEXURE 15

**Statement of Sundry Debtors** (₹ in Lacs)

| PARTICULARS | 9 Months Ending 31.12.2010 | Year Ending 31.3.2010 | Period Ending 31.3.2009 |
|---|---|---|---|
| | | | |
| Debts outstanding for a period exceeding six months | 211.25 | 105.49 | 87.59 |
| | | | |
| Others | 608.36 | 430.58 | 166.23 |
| **Total** | **819.60** | **536.06** | **253.82** |

## ANNEXURE 16

**Statement of Loans and Advances** (₹ in Lacs)

| PARTICULARS | 9 Months Ending 31.12.2010 | Year Ending 31.3.2010 | Period Ending 31.3.2009 |
|---|---|---|---|
| | | | |
| TDS Receivable | 121.99 | 102.66 | 26.23 |
| Service Tax Receivable | - | - | 11.74 |
| Rent Advance | 5.50 | 5.50 | - |
| Lease Rental Advances | 178.37 | - | 20.00 |
| Advances - Others | 137.06 | 22.87 | 67.60 |
| **Total** | **442.92** | **131.03** | **125.57** |

## ANNEXURE 17

**Statement of Other Current Assets** (₹ in Lacs)

| PARTICULARS | 9 Months Ending | Year Ending | Period Ending |
|---|---|---|---|
| | 31.12.2010 | 31.3.2010 | 31.3.2009 |
| | | | |
| Aircraft Lease Deposit | - | 7.00 | 14.00 |
| Deposit with Indian Oil Corporation | 10.00 | 10.00 | 2.50 |
| Airport Authority of India | - | 10.60 | 0.72 |
| Lease Rentals deposit | 50.27 | 50.28 | - |
| Licence, Landing & Parking Deposits | 1.00 | 15.94 | 1.00 |
| Other Deposits | 25.40 | 22.28 | 0.25 |
| **Total** | **86.67** | **116.09** | **18.47** |

## ANNEXURE 18

**Statement of Other Income** (₹ in Lacs)

| PARTICULARS | 9 Months Ending | Year Ending | Period Ending |
|---|---|---|---|
| | 31.12.2010 | 31.3.2010 | 31.3.2009 |
| | | | |
| Profit before tax and exceptional items | 108.56 | 78.57 | 38.78 |
| 20% of the above | 21.71 | 15.71 | 7.76 |
| | | | |
| Other Income - Non - Recurring | | | |
| - Discount Received | - | - | 0.96 |
| - Interest Received | 6.14 | 3.70 | - |
| - Others | 1.14 | - | - |
| **Total** | **7.28** | **3.70** | **0.96** |

## ANNEXURE 19

**Statement of Related Party Transaction**

The Company has entered into the following related party transactions. Such parties and transactions are identified as per Accounting Standard 18 issued by Institute of Chartered Accountants of India:

**Key Managerial Personnel**

| Sr. No. | Related Party | Relationship |
|---|---|---|
| 1. | R. Jayakumar | Managing Director |
| 2. | R. Swaminathan | Whole Time Director |
| 3. | M. Ramachandran | Whole Time Director |

**Related Party Transaction**

(₹ in Lacs)

| Related Party | Relationship | Nature of Transaction | Period ending 31.12.10 | Year ending 31.03.2010 | Period ending 31.03.09 |
|---|---|---|---|---|---|
| R Jayakumar | Managing Director | Unsecured Loans net of repayments | 15.39 | 43.93 | 27.71 |
| | | Remuneration paid by the company | 18.00 | 24.00 | 13.50 |
| | | Equity capital issued towards Business acquired for lumpsum cash consideration by the company | - | - | 34.65 |
| | | Equity Share Capital issued by the Company | See Note below | 35.00 | 0.35 |
| Mr. R. Swaminathan | Wholetime Director | Remuneration paid by the company | 7.20 | 7.80 | - |
| Mr. M. Ramachandran | Wholetime Director | Remuneration paid by the company | 7.02 | 8.52 | 3.50 |

**Notes:**

Post 31st December 2010, i.e. on 31/01/2011, 23,428 equtiy shares of Rs.10/- each were issued at a price of Rs.350 per share to Mr. R. Jayakumar.

Further, the company issued bonus shares to Mr. R. Jayakumar (19,07,634 shares), Mr. M. Ramachandran

(60 shares) and Mr. R. Swaminathan (30 shares) on 25/02/2011

**ANNEXURE 20**

**Statement of Contingent Liabilities** (₹ in Lacs)

| PARTICULARS | 9 Months Ending | Year Ending | Period Ending |
|---|---|---|---|
| | 31.12.2010 | 31.3.2010 | 31.3.2009 |
| | | | |
| Outstanding Performance Bank Guarantees | 130.93 | 130.93 | - |

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION OF THE COMPANY

*You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements included in this Prospectus. You should also read the Section titled 'Risk factors' beginning on page 13 of this DRHP, which enumerates number of factors and contingencies that could impact our financial condition and results of operations. The following discussion is based on our restated 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 March 31 of each year.*

### OVERVIEW

Swajas Air Charters Limited is a Non-Scheduled Airline Operator servicing a fleet of fixed-wing aircraft and helicopters across India. On incorporation, the company had taken over the assets and liabilities of Swajas Air Charters, an air craft brokerage proprietary concern of Mr. R. Jayakumar, the promoter and Managing Director of the Company which he was operating from 1996. The company, today, has gradually grown to dry lease and wet lease a number of helicopters and aircrafts of its own. Swajas Air Charters Limited has become one of the key Non-Scheduled Operator in Southern India having gained experience over the years. The services provided can fulfill various Aviation requirements which range from corporate travel to emergency medical services as well as from aircraft management to maintenance and technical support.

Swajas Air Charters Limited offers a number of services falling under the segments of:

1. General Air-Charter Services
2. Off-Shore Transportation & Logistics
3. Charter Tourism
4. Medical Evacuation
5. Operations & Maintenance

Mr. R. Jayakumar, one of the promoters of our company has got about 20 years of experience in aviation industry and Mr. Christopher Ian Want, USA, who is the other promoter of the company is a pilot by profession. He holds an Airline Transport Pilots Licence (ATP), Flight Engineer Licence (FE) and Gold Seal Instructor Ratings for single, multi engine and instrument aircraft (CFI, CFII and MEI).

Our Company proposes to buy one Bell 407 helicopter and also one PC Pilatus aircraft. With the PC Pilatus Aircraft it intends to commence Air Ambulance Services. The main difference between air ambulances services and medical evacuation services which the company is already offering is that in the case of the former the aircraft will be equipped with all the medical equipment and the medical team on a permanent basis whereas in the case of medical evacuation services, only a normal aircraft will be temporarily converted into an air ambulance.

The company also intends to expand its current fleet strength by taking more aircrafts/helicopter on dry lease.

### SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR

There have been no significant events in the Last Financial Year.

### FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Except as otherwise stated in this DRHP, the Risk Factors in this DRHP the following important factors, among others, could cause the actual results to differ materially from the expectations

- General Economic and Business Conditions;
- Our Company's ability to successfully implement its strategy and its growth and plans;

- Possible increasing competition in the Aviation Industry
- Increases in pilot, engineers, crew salaries and fuel price increase
- Downtime of aircrafts/helicopters due to technical reasons and the huge costs to be incurred by the company for making alternative arrangements for commitments already given by the Company
- Changes in laws and regulations that apply to the Aviation Industry and more specifically in the Non-Scheduled Operators segment;
- Changes in fiscal, economic or political conditions in India;
- Changes in interest rates and tax laws in India.

**OUR SIGNIFICANT ACCOUNTING POLICIES**

For Significant accounting policies please refer to the Section titled 'Financial Information' beginning on page 133 of this DRHP.

**ANALYSIS OF OUR RESULTS OF OPERATIONS**

**For the nine months period ended December 31, 2010**

**(₹ In Lacs)**

| Period | 9 Months ended 31.12.2010 | % of Turnover |
|---|---|---|
| Income from Charter Operations | 2,326.43 | 99.69% |
| Other Income | 7.28 | 0.31% |
| **Total Revenue** | **2,333.71** | **100%** |
| Expenditure excl. Depreciation, write off of preoperative expenditure and Interest | 2,113.94 | 90.58% |
| Depreciation | 3.32 | 0.14% |
| Write off of preoperative Expenditure | 29.68 | 1.27% |
| Interest | 24.22 | 1.04% |
| **Profit before tax** | 162.54 | 6.96% |
| Taxes | 53.97 | 2.31% |
| Profit after Tax | 108.56 | 4.64% |
| | | |
| **Particulars** | **Amount** | **% of Turnover** |
| Charter Operation Expenses | 1,625.14 | 69.64% |
| Administrative and Staff Cost | 498.69 | 21.37% |
| **Total** | **2,123.29** | **91.01%** |

We recorded Total Turnover of Rs. 2,326.43 Lacs and Total Expenditure (Including depreciation, write off of preliminary and preoperative expenditure and interest) Rs.2,171.18 Lacs for the 9 months period ending December 31, 2010. Charter Operating Expenses constituted 69.21% of the Turnover. The Administrative and Staff Cost constituted 21.37% of the Turnover for the 9 months period ending December 31, 2010.

**Turnover**

The Turnover for the 9 months period ending December 31, 2010 was Rs. 2,333.71 Lacs. Further, our core operations have contributed 99.69% of the total income, this primarily due to the increase in the dry lease operations of the company as compared to supplementary income generating service.

**Interest and Financial Charges**

We incurred interest cost of Rs. 24.22 Lacs for the 9 months period ending December 31, 2010.

**Depreciation and write off of preoperative expenditure**

We incurred Depreciation cost of Rs. 3.32 Lacs and the write off of preliminary and preoperative expenditure was Rs.29.68 lacs.

**Taxes**

Taxes for the 9 months period ending December 31, 2010 have been provided at Rs. 53.97 Lacs, which include Current Tax of Rs. 53.60 Lacs and Deferred Tax Liability of Rs. 0.37 Lacs.

**Net Profit**

Our Profit before Taxes for the 9 months period ending December 31, 2010 was Rs. 162.54 which is around 6.96% of the total income. Lacs, while the Net Profit of Rs. 108.56 Lacs, represented a Net Profit Margin at 4.64%.

**For the year ended March 31, 2010**

**(₹ In Lacs)**

| Particulars | 12 Months ended 31.03.2010 | % of Turnover |
|---|---|---|
| Income from Charter Operations | 2,911.42 | 99.87% |
| Other Income | 3.70 | 0.13% |
| **Total Revenue** | **2,915.12** | **100%** |
| Expenditure excl. Depreciation, write off of preoperative expenditure and Interest | 2,741.17 | 94.03% |
| Depreciation | 4.04 | 0.14% |
| Write off of preliminary and preoperative Expenditure | 32.73 | 1.12% |
| Interest | 18.18 | 0.62% |
| **Profit before tax** | 119.01 | 4.08% |
| Taxes | 40.44 | 1.39% |
| Profit after Tax | **78.57** | **2.70%** |

**(Rs. In Lacs)**

| Particulars | Amount | % of Turnover |
|---|---|---|
| Charter Operation Expenses | 2,302.97 | 79.00% |
| Administrative and Staff Cost | 438.20 | 15.03% |
| **Total** | **2,741.17** | **94.03%** |

We recorded Total Turnover of Rs. 2915.12 Lacs and Total Expenditure (Including depreciation, write off of preliminary and preoperative expenditure and interest) Rs.2796.11 Lacs for the year ended March 31, 2010. Charter operating expenses constituted 79% of the Turnover. The Administrative and Staff Cost constituted 15.03 % of the Turnover for the year ended March 31, 2010.

**Turnover**

The Turnover for the year ended March 31, 2010 was Rs. 2915.12 Lacs inclusive of service tax. The core operations have contributed of 99.87% which comprise of the income from the dry lease operations as well as and other service income.

**Interest and Financial Charges**

We incurred interest cost of Rs. 18.18 Lacs for the year ended March 31, 2010.

**Depreciation and write off of preoperative expenditure**

We incurred Depreciation cost of Rs. 4.04 Lacs and the write off of preliminary and preoperative expenditure was Rs.32.73 Lacs.

**Taxes**

Taxes for the year ended March 31, 2010 are Rs. 40.44 Lacs, which include Current Tax of Rs. 40.43 Lacs and Deferred Tax Liability of Rs.0.01 Lacs.

**Net Profit**

Our Profit before Taxes were Rs.119.01 Lacs for the year ended March 31, 2010 which is around 4.08% of the total income. We recorded Net Profit after tax of Rs. 78.57 Lacs which is 2.70% of the turnover.

**COMPARITIVE ANALYSIS**

| Particulars | 9 Months ended 31.12.2010 | % Y-O-Y Growth* | 12 Months ended 31.03.2010 | % Y-O-Y Growth** | 8 months ended 31.03.2009 |
|---|---|---|---|---|---|
| Turnover | 2326.43 | 6.54% | 2,911.42 | 158.44% | 751.01 |
| Other Income | 7.28 | 162.35% | 3.70 | 156.09% | 0.96 |
| **Total Revenue** | **2333.71** | 6.74% | **2,915.12** | 158.44% | **751.97** |
| **Charter Operating Expenses** | 1615.25 | -6.48% | 2,302.97 | 151.98% | 609.29 |
| % to Turnover | 69.21% | - | 79.00% | - | 81.03% |
| **Administrative, Staff & Other Expenses** | 498.69 | 51.74% | 438.20 | 249.74% | 83.53 |
| % to Turnover | 21.37% | - | 15.03% | - | 11.11% |
| **Total Expenditure** | 2113.96 | 2.82% | 2,741.17 | 163.77% | 692.82 |
| % to Turnover | 90.58% | - | 94.03% | - | 92.13% |
| **Profit before Depreciation, Amortisation and interest** | 219.77 | 68.45% | 173.95 | 96.04% | 59.15 |
| % to Turnover | 9.42% | - | 5.97% | - | 7.87% |
| **Depreciation** | 3.32 | 9.57% | 4.04 | 156.51% | 1.05 |
| % to Turnover | 0.14% | - | 0.14% | - | 0.14% |
| Amortisation of Preoperative Expenditure | 29.68 | 20.93% | 32.73 | 12733.43% | 0.17 |
| % to Turnover | 0.85% | - | 1.12% | - | 0.02% |

| Particulars | 9 Months ended 31.12.2010 | % Y-O-Y Growth* | 12 Months ended 31.03.2010 | % Y-O-Y Growth** | 8 months ended 31.03.2009 |
|---|---|---|---|---|---|
| **Profit Before Interest and Tax** | 186.75 | 81.52% | 137.19 | 57.86% | 57.93 |
| % to Turnover | 8.00% | - | 4.71% | - | 7.70% |
| **Interest** | 24.22 | 77.66% | 18.18 | 1146.99% | 0.97 |
| % to Turnover | 1.04% | - | 0.62% | - | 0.13% |
| **Profit Before Tax** | 162.53 | 82.11% | 119.01 | 39.28% | 56.96 |
| % to Turnover | 6.97% | - | 4.08% | - | 7.58% |
| **Provision for Tax including deferred tax** | 53.97 | 77.96% | 40.44 | 48.27% | 18.18 |
| % to Turnover | 2.31% | - | 1.39% | - | 2.42% |
| **Profit after Tax** | 108.56 | 84.23% | 78.57 | 35.07% | 38.78 |
| % to Turnover | 4.65% | - | 2.70% | - | 5.16 |
| **Effective Tax Rate** (based on current tax) | 32.97% | - | 33.97% | - | 30.65% |

**Annualized growth rates for the 9 months ended December 2010.*
***Annualized growth rates of 8 Months ended March 2009.*

**COMPARISON BETWEEN FINANCIAL PERFORMANCES FOR NINE MONTHS PERIOD ENDED 31ST December 2010 AND 31ST March 2010.**

**INCOME**

During the 9 months period ended 31st December 2010, the turnover of the company was Rs.2333.71 Lacs as against the Rs.2915.12 Lacs turnover the company had made during the year ended 31st March 2010. There has been a 6.74 % increase in the current period over the previous year on comparing the annualized figures of the current period with the previous year. This can be attributed to higher demand stemming from improved marketing efforts and word of mouth publicity.

**OPERATIONAL EXPENSES**

The operational Expenses during the nine months period ended 31st December 2010 was Rs. .1615.25 Lacs. The operational expenses have decreased by 6.48% on comparing its annualized figures with that of the previous year figures for 31st March 2010 (Rs.2302.97 Lacs). The decrease can be attributed to deceased cost of operations due to the dry lease aircrafts bought in the same year and also because of the increase in the efficiency of operations. The operational expense as a percentage of the sales is 69.64% for December ending 2010 as against 79% in the financial year 2009-10.

**EMPLOYEE COSTS AND ADMINISTRATIVE EXPENSES**

The employee costs and administrative expenses for the financial year 2009-10 were Rs.438.20 Lacs and for the 9months period ended 31st December 2010 it is Rs.498.69 Lacs. On comparison of annualized figures of 9 months ending December 2010 with that of the year ending 31st March 2010, there is an increase of 51.74%. The increase is due to increased deployment of manpower for managing the growing levels of operations and due to the rise in the director's remunerations. The employee costs and administrative expenses as a percentage of sales was 15.03% in 2009-10 and 21.37% 2010-11, up to 31st December 2010.

**INTEREST EXPENSES**

Interest expenses for the period ended December 2010 is Rs.24.22 Lacs as against Rs.18.18 lacs in the previous year 2009-10. The interest expenses as a percentage of sales are 0.62% in 2009-10 and 1.04% in 2010-11 up to 31st December 2010. On comparison of annualized figures of 9 months ending December 2010 with that of the year ending 31st March 2010, there is an increase of 77.66%.

**AMORTISATION OF PREOPERATIVE EXPENDITURE**

During the 9 months period ended 31st December 2010, the amount amortized was Rs.29.68 lacs as against Rs.32.73 Lacs in the financial year 2009-10. As a % of turnover the amortization component was 1.27% for the 9 months period ended 31st December 2010 and 1.12% in the financial year 2009-10.

**DEPRECIATION**

Depreciation for the period ending 31st December 2010 is Rs.3.32 Lacs accounting for 0.14% of sales as against the depreciation of Rs.4.04 Lacs for the year ended 31st March 2010 accounting for the 0.14% in relation to turnover. On comparison of annualized figures of 9 months ending December 2010 with that of the year ending 31st March 2010, there is an increase of 9.57%.

**PROFIT BEFORE TAX**

The Profit before tax for the period 9 months ended 31st December 2010 is Rs.162.54 Lacs and the same was 119.01 lacs for the year ended 31st March 2010. On comparison of annualized figures of 9 months ending December 2010 with that of the year ending 31st March 2010, there is an increase of 82.11%. As a % on turnover it was 6.97% for the 9 months period ending 31st December 2010 and 4.08% for the FY 2009-10.

**PROFIT AFTER TAX**

The Profit after tax for the period 9 months ended 31st December 2010 is Rs.108.56 Lacs and the same was 78.57 lacs for the year ended 31st March 2010. On comparison of annualized figures of 9 months ending December 2010 with that of the year ending 31st March 2010, there is an increase of 84.23%. As a % on turnover it was 4.65% for the 9 months period ending 31st December 2010 and 2.70% for the FY 2009-10.

**COMPARISON BETWEEN FINANCIAL PERFORMANCES FOR ACCOUNTING YEAR ENDED 31ST March 2010 and the EIGHT MONTHS PERIOD ENDED 31ST March 2009.**

**INCOME**

During the financial year 2009-10 the turnover of the company were Rs.2915.12 lacs as against the Rs.751.01 lacs turnover the company had made during the 8 months period 31st March 2009. There has been a 158.44 % increase in the year 2009-10 over the previous 8 months period ending 31st March 2009 on comparing the annualized figures of the previous period. This can be attributed to increase in fleet size and better marketing efforts.

**OPERATIONAL EXPENSES**

The operational Expenses during the year period ended 31st March 2010 was Rs.2302.97 lacs and for the period ending 31st March 2009 it was Rs.609.29 lacs. The operational expenses have increased 151.98% on comparing with the annualized figures with that of the previous period. The increase is in line with the increase in the turnover of the company.

**EMPLOYEE COSTS AND ADMINISTRATIVE EXPENSES**

The employee costs and administrative expenses for the financial year 2009-10 were Rs.438.20 lacs and for the 8months period ending 31st March 2009 it was Rs.83.53 Lacs. On comparison of annualized figures of 8 months ending March 2009 with that of the year ending 31st March 2010, there is an increase of 249.74%. The increase is due to increased deployment of manpower for managing the anticipated future growth in

levels of operations. The employee costs and administrative expenses as a percentage of sales was 15.03% in 2009-10 and 11.11% for the 8 months period ending 31st March 2009.

**INTEREST EXPENSES**

Interest expenses for the year ended March 2010 is Rs.18.18 lacs as against 0.97 lacs in the previous year 2009-10. The interest expenses as a percentage of sales are 0.62% in 2009-10 and 0.13% in the 8 months period ended 31st March 2009. On comparison of annualized figures of 8 months ending March 2009 with that of the year ending 31st March 2010, there is an increase of 1146.99%.

**AMORTISATION OF PREOPERATIVE EXPENDITURE**

During the year 2009-10, the amount amortized was Rs.32.73 lacs as against Rs.0.17 lacs in the financial year 2008-09. As a % of turnover the amortization component was 1.12% in the financial year 2009-10 and 0.02% in the 8 months period ended 31st March 2009. The increase in amortization in the year 2009-10 was due to the commencement of amortization of onetime costs incurred before bringing the dry leased aircrafts into their first commercial flight in the year 2009-10.

**DEPRECIATION**

Depreciation for the year ending 31st March 2010 was of Rs.4.04 lacs for the year ended 31st March 2010 as against Rs.1.05 lacs in the previous 8 months period ending on 31st March 2009. On comparison of annualized figures of 8 months ending March 2009 with that of the year ending 31st March 2010, there is an increase of 156.51%.

**PROFIT BEFORE TAX**

The Profit before tax for the year 2009-10 and the same was Rs.119.01 lacs for the year ended 31st March 2010 and for the 8 month period ending 31st March 2009 it was Rs.56.96 lacs. As a % on turnover it was 4.08%for the FY 2009-10 and for the 8 months period ended 31st March 2009 it was 7.58%. On comparison of annualized figures of 8 months ending March 2009 with that of the year ending 31st March 2010, there is an increase of 39.28%.

**PROFIT AFTER TAX**

The Profit after tax for the period 9 months ended 31st December 2010 is Rs.108.56 Lacs and the same was 78.57 lacs for the year ended 31st March 2010. On comparison of annualized figures of 8 months ending March 2009 with that of the year ending 31st March 2010, there is an increase of 35.07%. As a % on turnover it was 2.70%for the FY 2009-10 and for the 8 months period ended 31st March 2009 it was 5.16%.

**LIQUIDITY AND CAPITAL RESOURCES**

| Particulars | Nine months period ended December 31, 2010 | Financial Year Ended March 31, 2010 | Period ended March 31, 2009 |
|---|---|---|---|
| Cash Flow from Operating Activities | (89.34) | 167.53 | (154.61) |
| Cash Flow from Investing Activities | (248.33) | (244.97) | (28.92) |
| Cash Flow from Financing Activities | 743.59 | 255.76 | 192.09 |
| **Net Increase / Decrease In cash & Cash Equivalents** | **405.92** | **178.32** | **8.55** |

**Operating Activities**

Net cash used in operating activities was negative Rs 89.34 Lacs in the nine months ended December 31, 2010 as compared to PBT of Rs. 162.53 Lacs. This difference is mainly due to increase in current assets mainly increased sundry debtors and loans and advances by Rs. 283.54 Lacs and Rs. 292.57 Lacs, respectively. This was further warranted due to increase in the income from charter operations and loans given to various parties in the normal business course of the company as well as for further expansion purpose.

Net cash used in operating activities was Rs 167.53 Lacs for the Financial Year ended March, 31, 2010 as compared to PBT of Rs. 119.01 Lacs. This difference is mainly due to the working capital decrease for the same period.

Net cash used in operating activities was negative Rs 154.61 Lacs for the Financial Year ended March 31, 2009 as compared to PBT of Rs. 56.96 Lacs. This can be attributed to the fact that due to the first year of operations the working capital was bought in and the increase of the same effected into a negative cash flow for the same period.

**Investing Activities**

Net cash used in investing activities in the nine months ended December 31, 2011 was negative Rs. 248.33 Lacs. This was mainly due to on account of purchase of fixed assets for Rs. 9 Lacs and increase in the preoperative expenditure incurred by Rs. 245.48 Lacs.

Net cash used in investing activities for the Financial Year ended March 31, 2010 was negative Rs. 244.97 Lacs. This was mainly due to on account of increase in the preoperative expenditure incurred by Rs. 228.03 Lacs.

Net cash used in investing activities for the Financial Year ended March 31, 2009 was negative Rs. 28.92 Lacs. This was mainly due to on account of purchase of fixed assets for Rs. 3.15 Lacs and increase in the preoperative expenditure incurred by Rs. 25.77 Lacs.

**Financing Activities**

Net cash from financing activities in the nine months ended December 31, 2011 was Rs. 743.59 Lacs resulting from fresh issue of share capital at a premium of Rs. 115.01 Lacs and mainly due to the acceptance of share application money from various parties amounting to Rs. 522.00 Lacs.

Net cash from financing activities for the Financial Year ended March 31, 2010 was Rs. 255.76 Lacs resulting from fresh issue of share capital at a premium of Rs. 174.33 Lacs and further, our company raised additional money in the manner of secured and unsecured which is net of principal payments made to the servicing of the loans amounting to Rs. 99.60 Lacs.

Net cash from financing activities for the Financial Year ended March 31, 2009 was Rs. 192.09 Lacs resulting from fresh issue of share capital to the tune of Rs.65.35 lacs and receipt of share application money to the tune of Rs.100 lacs. Further, our company raised additional money in the mode of unsecured which is net of principal payments made to the servicing of the loans amounting to Rs. 27.71 Lacs.

**Related Party Transactions**

For details of related party transactions, please refer to the section titled “Annexure 19” of the “Auditor’s Report” on page 151 of this DRHP.

**Financial Market Risks**

We are exposed to financial market risks from changes in Interest rates and Inflation.

**Interest Rate Risk**

Our interest rate risk results from changes in interest rates, which may affect our finance expenses. We bear interest rate risk with respect to the debts, which we have for the period ended December 31, 2010, since the interest rates could fluctuate in the near future. Any rise in interest rates would result in higher interest bearing debts.

**Effect of Inflation**

We are affected by inflation as it has an impact on Salaries, Fuel Cost etc. In line with changing inflation rates, we rework our margins so as to absorb the inflationary impact.

**AN ANALYSIS OF REASONS FOR THE CHANGES IN SIGNIFICANT ITEMS OF INCOME AND EXPENDITURE IS GIVEN BELOW**

1) **Unusual or infrequent events or transactions**

   Our Company has acquired the Assets and Liabilities of Swajas Air Charters, proprietary concern of the present Managing Director and one of the promoters of the Company, Mr. R. Jayakumar with effect from 22nd July 2008. For more details refer to the Chapter titled "History and Other Corporate Matters" beginning on page 108 in this DRHP.

2) **Significant economic changes that materially affected or are likely to affect income from continuing operations.**

   There have been no significant economic changes in the aviation industry in the recent past, which are likely to affect income from continuing operations.

3) **Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue, or income from continuing operations**

   Apart from the risks as disclosed under Section 'Risk Factors' beginning on page 13 in this DRHP, 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 lease charges, pilot, crew and fuel costs or prices that will cause a material change are known.**

   Our Company's future costs and air charter rates will be determined by demand/supply situation, overall economic conditions of the country, government policies and availability etc.

5) **Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new services or increased charter rates.**

   Increases in revenues are by and large linked to increases in volume of business.

6) **Total turnover of each major Industry segment in which our Company operated**

   Please refer to page 82 under the Chapter titled "Industry Overview"

7) **Status of any publicly announced new products or business segment.**

   Our Company has not publicly announced any new products or business segments.

8) **The extent to which the business is seasonal.**

   Our Company's business is not seasonal.

**9) Any significant dependence on a single or few suppliers or customers.**

We can source our aircrafts/helicopters from various lessors across the world. We are not dependent on few customers for our air charters.

**10) Competitive Conditions**

For details of competitive conditions, please refer to the Paragraph titled 'Competitors' beginning on page 102 of this DRHP.

***Significant developments after December 31, 2010***

Except as stated below, there has been no significant development after December 31, 2010:

**1. Further issue of shares**

On January 31, 2011, we have issued 1,81,713 Equity Shares to the following persons at an issue price of Rs.350/- per share including a premium of Rs.340/-

| Name of the person | No. of shares issued |
|---|---|
| Mr. Sushil Daswani<br>(Non Resident Indian) | 125714 |
| Rising Ventures Trading Limited, Hong Kong<br>(Foreign Company) | 32571 |
| Mr. R. Jayakumar<br>Managing Director of the Company | 23428 |
| **Total** | **181713** |

**2. Bonus Issue**

Our Company had issued 84,37,152 equity shares as bonus shares out of share premium to all the shareholders in the ratio of (3:1) i.e. 3 equity shares of Rs.10/- each for every 1 share held by the shareholders.

**Note: Statement in the Management Discussion and Analysis Report describing our objectives, outlook, estimates, expectations or predictions may be "Forward Looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from these expressed or implied. Important factors that could make difference to our operations include, among others, economic conditions affecting demand/supply and price conditions in domestic market in which we operate, changes in government regulations, tax laws and other statutes and other incidental factors.**

## FINANCIAL INDEBTEDNESS

Our company has availed Working Capital and Term Loan facilities. Following are the details regarding the indebtedness of our company:

| Name of Bank | Type of Facility | Amount Sanctioned (₹ in Lacs) | Amount outstanding / utilized as on December 31, 2010 (₹ in Lacs) | Brief Terms and Conditions |
|---|---|---|---|---|
| **(i) Term Loan Facilities** | | | | |
| Corporation Bank | Term Loan I | 50.00 | 38.84 | *Security:* Hypothecation / First Charge on Plant and Machinery and other moveable assets.<br><br>*Rate of Interest:* COBAR + 1% = 13.50%<br><br>*Repayment Schedule:* 36 monthly installments of ₹ 1.70 lacs per month and interest to be paid separately as and when due. (6 months initial moratorium period) |
| Corporation Bank | Term Loan II | 38.00 | 4.98 | *Security:* Hypothecation / First Charge on Plant and Machinery and other moveable assets.<br><br>*Rate of Interest:* COBAR + 1% = 13.50%<br><br>*Repayment Schedule:* 36 monthly installments of ₹ 1.29 lacs per month and interest to be paid separately as and when due. |
| **(ii) Working Capital Facilities** | | | | |
| Corporation Bank | Cash Credit | 100.00 | 113.83 | *Security:* Hypothecation / First Charge on Book Debts and other current assets.<br><br>*Rate of Interest:* COBAR + 0.50% = 13%<br><br>*Repayment Schedule:* CC – Running account repayable on demand subject to annual renewal. |
| Corporation Bank | Bills of Exchange | 150.00 | 85.07 | *Security:* Bills/Invoices accompanied by hundies duly accepted by drawees.<br><br>*Rate of Interest:* COBAR + 0.50% = 13% + Commission at prescribed rates. |

Apart from the above we also have a sanction for Bank Guarantee Limit of ₹ 200.00 lacs from Corporation Bank, out of which ₹ 130.93 lacs has been utilized for providing bank guarantees for our operational requirements as on December 31, 2010.

## SECTION VII: LEGAL AND OTHER INFORMATION

## OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

*Excepting as stated herein, there is no outstanding or pending litigation, suit, economic offence, criminal or civil prosecution, proceeding, proceeding initiated for offence (irrespective of whether specified in paragraph (I) of Part I of Schedule XIII of the Companies Act) or litigation for tax liabilities against Swajas Air Charters Limited (SACL), Directors of SACL involving SACL and its Promoter or Promoters Group companies and there are no defaults to banks/financial institutions, non-payment of or overdue statutory dues, or dues towards holders of any debentures, bonds and fixed deposits and arrears of preference shares, other unclaimed liabilities of SACL and no disciplinary action has been taken by SEBI or any stock exchanges against SACL, its Promoters, the Directors and Promoter Group Companies.*

*Further, there are no past cases in which penalties have been imposed on SACL, the Promoters, the Directors or the Promoters Group Companies, and there is no outstanding litigation against any other Company whose outcome could have a material adverse effect on the position of SACL. Further, there are no cases of litigations, defaults etc. in respect of Companies/firms/Ventures with which the Promoters were associated in the past but are no longer associated, in respect of which the name(s) of the Promoters continues to be associated.*

### I. Litigations relating to our Company and Contingent Liabilities of Our Company

**A) Litigations by and against Company**

1. Income Tax Cases: Nil
2. Service Tax Cases: Nil
3. Cases under Negotiable Instruments Act: Nil
4. Civil Court Cases: Nil
5. Cases under Securities Laws: Nil
6. Criminal Cases: Nil
7. Cases filed by and against the Directors: Nil
8. Past cases in which penalties were imposed on our Company and Directors: Nil

**B) Show Cause Notices/Legal Notices issued by/against our Company**

No Show Cause Notice or Legal Notices have been issued against our Company

**C) Contingent Liabilities of our Company**

1. Outstanding Performance Bank Guarantee aggregating to ₹130.93 lacs.

### II. Litigations relating to our Promoters

**A) Cases filed by the Swajas Air Charters, Proprietorship of Mr. R. Jayakumar, one of the promoters of the Company.**

*Criminal case*

Complaint bearing C.C. No. 7406 of 2006 under S. 138 of the Negotiable Instruments Act was filed for a dishonored cheque aggregating Rs. 8,50,000/- against M/s. Suresh Builders Private Limited and its Director, Mr.Suresh Babu on the file of XVI Metropolitan Magistrate, George Town, Chennai. The accused have appeared in the above case. The said case is now posted to 13th June 2011.

*Civil Case*

Civil Suit bearing CS 782 of 2010 under Order IV Rule 1 of the Original Side Rules, High Court, Madras Read With Order VII Rule 1 Of the Civil Procedure Code is filed by Mr. R. Jayakumar, Prop.: Swajas Air Charters against M/s. Jupiter Aviation Private Ltd., Mr. Air Commander Chandrasekaran, and M/s. Suresh Builders Pvt. Ltd rep. by its Managing Director, Mr. Suresh Babu Under Order IV RULE 1 Of the Original Side Rules, High Court Madras Read With Order VII Rule 1 Of the Civil Procedure Code, for the recovery a sum of Rs.28,89,600/- together with interest and costs.

The said matter is pending before the High Court, Madras for service of summons on the Third and Forth Defendants.

**III. Litigations relating to our Directors other than Promoters**

As on the date of filing of this Prospectus, there are no cases filed by/ against our Directors.

**IV. Litigations relating to our Group Companies / Ventures of Promoters**

*Civil Case filed against Swajas Air Charters & Hotels Private Limited*

Captain K.K. Sainani has filed a Civil Suit, C.S.No.726 of 2009 against the Swajas Air Charters & Hotels Private Limited before High Court, Original Side, Chennai, for recovery of a sum of Rs.17,82,000 from the Company, along with interest and costs of the said suit. As pecuniary Jurisdiction of the City Civil Courts at Chennai were increased, the said C.S.No.726 of 2009, is transferred from the file of High Court, Original Side, Chennai, to City Civil Court at Chennai.

The defense of Swajas Air Charters & Hotels Private Limited to the said case in that the said Company appointed Captain K.K. Sainani, as Captain to fly Cessana Sovereign Type Aircraft on contract basis for a period of one year commencing from 10.03.2006 and ended on 09.03.2007, where as Captain K.K. Sainani claimed Salary for the period of June & July, 2007, for which he is not entitled to.

The case is currently pending further hearing.

**V. Past cases in which Penalties have been imposed**

There are no cases in the last five years in which penalties have been imposed on our Company.

**Amounts Owed to Small Scale Undertakings and other Creditors**

There are no amounts owed to small scale undertakings or any other creditor exceeding Rs.1 lac for a period of more than 30 days by our company as on December 31, 2010.

**Material Developments**

Except as stated under the Chapter titled 'Management's Discussion and Analysis of Results of Operations and Financial Condition of the Company" beginning on page 153 of this DRHP and our Financial Statements included herein, no Material Developments have taken place after December 31, 2010, the date of the latest balance sheet, that would materially adversely affect the performance or prospects of our company. In accordance with SEBI requirements, our Company and the Book Running Lead Manager will ensure that investors are informed of material developments until such time as the grant of Listing and Trading permission by the Stock Exchange.

## GOVERNMENT AND OTHER KEY APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the government and various governmental agencies required for our present business and except as mentioned below, no further approvals are required for carrying on our present business.

### I. Approvals pertaining to this Issue

1. In-principle approval from the National Stock Exchange dated [•];

2. In-principle approval from the Bombay Stock Exchange dated [•];

3. Observation letter from Securities and Exchange Board of India dated [•].

### II. Approvals pertaining to our Current Business

***Constitutional Registrations***

i) Certificate of Incorporation number U62200TN2008PTC068642 dated 22nd July 2008

ii) Fresh Certificate of Incorporation number U62200TN2008PLC068642 pursuant to conversion to public limited Company dated 26th June 2009

***Tax / Revenue / Labor / Miscellaneous Registrations and Licenses***

iii) Permanent Account Number AAMCS2116E under the I. T. Act

iv) Tax Deduction Number CHES25124B under the I.T. Act

v) Service Tax Number AAMCS2116EST001 under the Service Tax Rules.

vi) Certificate of Importer-Exporter Code (IEC No. 0408035552) issued under the Foreign Trade Development Act by the Foreign Trade Development Officer dated 05.02.2009.

***Licenses and approvals for our helicopter and aircraft operations.***

vii) Non-Scheduled Operator Permit from the Director General of Civil Aviation to operate non-scheduled air transport services, permit no. 11/2009 dated, 06.10.2009 valid upto March 25, 2011. The permit is being extended by DGCA . Three helicopters (with Registration Numbers VT-SWA, VT-SWD and VT-SWE) and one aircraft (with registration number VT-SWC) can be operated under the authority of this permit.

viii) Approval from the Ministry of Civil Aviation for the operation of non-scheduled air transport services.

ix) We have valid Certificates of Registration and Certificates of Airworthiness for all our Helicopters and aircraft, issued by the DGCA.

x) We have CAR 145 approval (Approval No. O/SWJS/80 dated 25.01.2010) and CAR-M Approval (and Approval no. F/CAMO/SWJS/1252 dated 31.07.2010).

xi) Approval No. F/Swajas/1563 dated 23.11.2009 of Quality Manager and approval No. F/CAMO/SWJS/1252 dated 31.07.2010 of Continuing Airworthiness Manager from the Office of the Dy. Director General of Civil Aviation, Chennai.

xii) No Objection Certificate No. F.No.AV.14015/89/2008-dt dated 02.01.2009 from Ministry of Civil Aviation for the operation of non-scheduled air transport services.

xiii) Security Clearances for Directors No. AV.14015/89/08-DT dated 14.09.2010 from the Directorate General of Civil Aviation according approval for the induction of six new directors in the Board of Directors namely Mr.Thirmakotti Subramaniya Raghavan, Mr.Manickam Ramachandran, Mr.Raghunathan Swaminathan, Mr.Christopher Ian Want, Mr.Shanmuga Rethenam and Mr.NishatShah.

xiv) Approval No. O/SWJS/80 dt 25.01.2010 of Maintenance Organization Exposition (M.O.E.) from the office of the Dy.Director General of Civil Aviation, Chennai.

xv) Approval No. CAS-2/2008-SP-SACPL/DIV-II dated 12.02.2009 for the Security Manual from the Commissioner of Security (Civil Aviation).

**III. Approvals pertaining to Foreign Investments in our Company**

We have filed necessary forms with RBI from time to time in relation to foreign equity investment into the Company, including issue of bonus shares. The FDI Investment into our company come under Automatic Route as FDI investments other than from NRIs do not exceed 49%.

**IV. Licenses Applied for and Pending Approval**

i) The company has applied to the Airports Authority of India for allocation of land to set up a hangar at Chennai airport.

ii) The company has applied to Ministry of Civil Aviation and Director General of Civil Aviation for purchase of PC Pilatus 12 Aircraft.

iii) The company is yet to obtain registration with the ESI Corporation. Application was filed on 30th March 2011.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Present Issue

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

### Prohibition by SEBI

Our Company, our Directors, our Promoters, the Directors of our Promoter Companies or persons in control of our Promoter Companies, the group companies, companies promoted by or Promoters and companies or entities with which our Company's Directors are associated as directors / promoters / partners have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. The listing of any securities of our Company has never been refused at anytime by any of the stock exchanges in India.

### Prohibition by RBI

Our Company, our Promoters, their relatives, group companies and associate companies has, not been identified 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.

### Compliance with SEBI Regulations

The Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time. In this regard the Company has appointed Mr. G. Sriram, Company Secretary as Compliance Officer of the Company.

### Eligibility for the Issue

The company is ineligible as per Regulation 26(1) of the SEBI ICDR 2009 and hence is making this issue under Regulation 26(2)(a)(i) and b(i) of the SEBI (Issue of Capital and Disclosure Requirements), 2009.

*26(2)(a)(i) "the issue is made through the book building process and the issuer undertakes to allot at least fifty percent of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make allotment to the qualified institutional buyers"*

*26(2)(b)(i) "the minimum post-issue face value capital of the issuer is ten crore rupees"*

The Company is doing a "compulsory book-building issue" wherein the Company shall allot at least 50% of the net public offer to QIBs and to refund full subscription monies if it fails to make allotment to the QIBs.

The promoters, the company, directors of SACL are not identified as willful defaulters by the RBI/ GOI authorities and there are no violations of securities laws committed by them in the past or pending against them other than those disclosed in this Offer Document.

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.

SACL undertakes that the number of allottees in the Issue shall be at least 1,000. Otherwise, the entire application money shall be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

**DISCLAIMER CLAUSES**

**SEBI DISCLAIMER CLAUSE**

**"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE 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 THE DRAFT RED HERRING DOCUMENT. THE BOOK RUNNING LEAD MERCHANT BANKER, ARYAMAN FINANCIAL SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING DOCUMENT, THE BOOK RUNNING LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MERCHANT BANKER ARYAMAN FINANCIAL SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED APRIL 27, 2011 WHICH READS AS FOLLOWS:**

**(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**

**(2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**

**A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THIS ISSUE;**

**B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, REGULATIONS, INSTRUCTIONS, ETC. ISSUED BY THE BOARD, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

**C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE (AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SEBI (ICDR) 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 SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.***

(4) **WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – NOTED FOR COMPLIANCE**

(5) **WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF 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 CLAUSE 33 OF THE SEBI (ICDR) 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.**

(7) **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATIONS 32 AND CLAUSE (c) AND (d) OF SUB- EGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATION 2009 SHALL BE COMPIED 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.**

(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 PROSPECTUS/ LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE**

10) **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE ALLOTTED SHARES IN THE DEMAT OR PHYSICAL MODE. – NOT APPLICABLE**

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 SHARES OF THE COMPANY 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.**

** Cameo Corporate Services Limited is currently under process of renewing its registration as a Registrar with SEBI.*

**The filing of the draft red herring prospectus does not, however, absolve our company from any liabilities under section 63 or section 68 of the companies act, 1956 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed issue. SEBI further reserves the right to take up, at any point of time, with the book running lead manager any irregularities or lapses in the draft red herring prospectus.**

**All legal requirements pertaining to the issue will be complied with at the time of filing of the red herring prospectus with the roc in terms of section 60b of the companies act. All legal requirements pertaining to the issue will be complied with at the time of registration of the prospectus with the roc in terms of section 56, section 60 and section 60b of the companies act.**

**DISCLAIMER FROM THE COMPANY AND BRLM**

Investors may note that our Company, its Directors and its BRLM, accept no responsibility for statements made other than in this DRHP or in the advertisement or any other material issued by or at the instance of the Issuer Company or BRLM and that any one, placing reliance on any other source of information including our website www.swajasaircharter.com would do so at their own risk.

The BRLM, do not accept any responsibility save to the limited extent as provided in terms of the Agreement entered into between our Company and the BRLM dated 5th April 2011 and the Underwriting Agreement to be entered into between our Company and the Underwriters.

All information shall be made available by our Company and the BRLM 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 or at bidding centers etc. Neither we nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/ hardware system or otherwise.

**DISCLAIMER IN RESPECT OF JURISDICTION**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs, FIIs and Foreign Venture Capital Funds Registered with SEBI.

This DRHP does not, however, constitute an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this DRHP comes is required to inform him or herself about, and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Chennai 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 DRHP has been filed with SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this DRHP may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this DRHP nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**DISCLAIMER CLAUSE OF STOCK EXCHANGES**

**Disclaimer Clause of Bombay Stock Exchange Limited (BSE)**

"Bombay Stock Exchange Limited has given vide its letter No. [•] dated [•] permission to this Company to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

The Exchange does not in any manner:

i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
ii. warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
iii. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

And it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever."

**Disclaimer Clause of National Stock Exchange Limited (NSE)**

As required, a copy of this DRHP has been submitted to National Stock Exchange of India Limited. NSE has given vide its letter Ref. No. [•] dated [•] permission to the Issuer to use the Exchange's name in this DRHP as one of the stock exchanges on which this Issuer's securities are proposed to be listed subject to the Issuer fulfilling the various criteria for listing including the one related to paid up capital and market capitalisation (i.e. the paid up capital shall not be less than Rs. 10 crores and market capitalisation shall not be less than Rs. 25 crores at the time of listing).

The Exchange has scrutinized this DRHP for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the DRHP 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 DRHP, nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

**Disclaimer Clause of IPO Grading Agency**

Attention is drawn to the disclaimer appearing on page [●] of this DRHP.

**FILING**

A copy of the DRHP has been filed with the Corporate Finance Department of SEBI at:

Southern Regional Office, SEBI
D' Monte Building, 3rd Floor,
32 D' Monte Colony, TTK Road,
Alwarpet, Chennai : 600018.

and the BSE at

Bombay Stock Exchange Limited,
P.J. Towers, Dalal Street, Mumbai-400001

and the NSE at

The National Stock Exchange of India Ltd,
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai-400051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under 60B of the Companies Act would be delivered for registration to the Registrar of Companies, Chennai, Tamil Nadu at

Block No. 6, B-Wing,
2nd Floor, Shastri Bhawan,
26, Haddows Road,
Chennai – 600 034.

and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC.

## LISTING

Application will be made to the Bombay Stock Exchange Limited and National Stock Exchange for permission to deal in and for an official quotation of the Equity Shares to be issued under the present issue pursuant to this document.

Bombay Stock Exchange Limited shall be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB, Non Institutional and Retail portion.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Bombay Stock Exchange, we shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this DRHP. 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.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE & NSE are taken within twelve working days of Closure of the Issue.

**Impersonation**

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

**"Any person who:**

a. **makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, Or**
b. **otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."**

## CONSENTS

Necessary Consents for the issue have been obtained from the following

1. Directors of our Company
2. Promoters of our Company
3. Bankers to our Company
4. Auditors to our Company
5. Book Running Lead Manager to the Issue
6. Syndicate Members*
7. Legal Advisor to the Issue
8. Registrar to the Issue
9. Company Secretary & Compliance Officer
10. Bankers to the Issue*
11. Underwriters to Issue*

* to be obtained

The said consents would be filed along with a copy of the RHP/ Prospectus with the Registrar of Companies, Block No. 6, B-Wing, 2nd Floor, Shastri Bhawan, 26, Haddows Road, Chennai – 600 034., Tamil Nadu 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 RHP/ Prospectus, for registration with the Registrar of Companies, Block No. 6, B-Wing, 2nd Floor, Shastri Bhawan, 26, Haddows Road, Chennai – 600 034., Tamil Nadu.

M/s. R. Ravindran & Associates, Chartered Accountant, have given their respective written consents to the inclusion of their report in the form and context in which it appears in this DRHP and such consents and reports have not been withdrawn up to the time of delivery of DRHP.

M/s. R. Ravindran & Associates, Chartered Accountant, have given their written consents to the tax benefits accruing to our Company and its members in the form and context in which it appears in this DRHP and have not withdrawn such consent up to the time of delivery of DRHP.

**EXPERT OPINION**

Except for the Report of the Auditors on the Financial Information of our Company and Statement of Tax Benefits, our Company has not obtained any expert opinions.

**Issue Expenses**

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

*(₹ in Lacs)*

| Activity | Expense (₹ in Lacs)* | As % of total Issue related expenses | As % of Issue |
|---|---|---|---|
| Fee payable to Book Running Lead Managers, Underwriting commission and SCSBs' commission | [●] | [●] | [●] |
| Advertising and marketing expenses | [●] | [●] | [●] |
| Printing, Stationery and Distribution expenses | [●] | [●] | [●] |
| Other (Registrar's fees, legal fees, regulatory fees, listing fees, IPO grading fees etc.) | [●] | [●] | [●] |
| **Total Issue expenses** | **[●]** | **[●]** | **[●]** |

** Details will be provided after finalisation of the Issue Price.*

**FEES PAYABLE TO THE BRLM, BROKERAGE AND SELLING COMMISSION**

The total fees payable to the BRLM including underwriting & brokerage if any for the Issue will be as per the MoU executed between our Company and the BRLM on 5th April 2011, a copy of which is available for inspection at our Registered Office and forms part of Material Contracts & Documents.

**FEES PAYABLE TO THE REGISTRAR TO THE ISSUE**

The fees payable to the Registrar to the Issue, Cameo Corporate Services Ltd., will be as per the MoU executed between our Company and the Registrar dated 9th December 2010 a copy of which is available for inspection at our Registered Office and forms part of Material Contracts & Documents.

**Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.**

**PREVIOUS PUBLIC OR RIGHTS ISSUES IN THE LAST 5 YEARS**

Our Company has not made any public or rights issue of Equity Shares/ Debentures since inception.

## PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH

The following shares were allotted for consideration other than cash:

| Date of Allotment of fully Paid-up Shares | Number of Equity Shares Allotted | Face Value (Rs.) | Issue Price (Rs.) | Nature of Allotment | Nature of Consideration |
|---|---|---|---|---|---|
| July 24, 2008 | 346,500 | 10 | - | Allotment of shares for takeover of Assets & Liabilities of Swajas Air Charter (Proprietary Concern) | Other than Cash |

Except for what has been stated above our Company has not issued any Equity Share for consideration other than cash. Further, our Company has not allotted any Equity Shares pursuant to any scheme approved under section 391-394 of the Companies Act, 1956.

## COMMISSION OR BROKERAGE ON PREVIOUS ISSUES

Our Company has not made any public or rights issue of Equity Shares/ Debentures since inception.

**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.**

There have been no capital issues since inception by us or our group companies.

## PERFORMANCE VIS-À-VIS OBJECTS

There are no Listed Ventures of our Promoters

## OUTSTANDING DEBENTURES OR BOND ISSUE OR PREFERENCE SHARES:

Our Company has no outstanding debentures or bond issue or redeemable preference shares.

## STOCK MARKET DATA FOR OUR COMPANY'S EQUITY SHARES

Our company is coming out with IPO and its shares are not yet listed in any of the exchanges.

## MECHANISM FOR REDRESSAL OF INVESTOR'S GRIEVANCES

Our Company has constituted a Shareholders Grievance Committee to look into the redressal of shareholders/Investors complaints such as Issue of duplicate/split/consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares, complaints for non receipt of dividends etc. To expedite the process of share transfer, our company has appointed Cameo Corporate Services Pvt. Ltd. as the Registrar and Share Transfer Agents of Our Company vide MoU dated 9th December 2010.

## DISPOSAL OF INVESTOR'S GRIEVANCES AND REDRESSAL MECHANISM

Our Company assures that the Board of Directors in respect of the complaints, if any to be received shall adhere to the following schedules:

| Sr. No. | Nature of Complaint | Time Table |
|---|---|---|
| 1. | Non-receipt of refund | Within 7 days of receipt of complaint subject to production of satisfactory evidence |
| 2. | Non Receipt of Share Certificate/ Demat Credit | Within 7 days of receipt of complaint subject to production of satisfactory evidence |
| 3. | Any other complaint in relation to Initial Public Issue | Within 7 days of receipt of complaint with all relevant details |

Our company has appointed Mr. G. Sriram, Company Secretary, as Compliance Officer who would directly deal with SEBI with respect, to implementation/ compliance of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints .The investors may contact the Compliance Officer in case of any offer related problems. The Compliance Officer would be available at the Corporate Office of our Company. He may be contacted at the following address:

Our Company Secretary and Compliance Officer is **Mr. G Sriram.**
His contact details are as follows:

**Swajas Air Charters Ltd**
1/62-4 Ravi Colony 1st Street,
St. Thomas Mount,
Chennai 600 016, India.
Tel No: 044-43947700,
Fax No: 044-43519017,
Email: compliance@swajasair.com

**CHANGES IN AUDITORS DURING THE LAST THREE YEARS**

M/s. T.S. Ranganathan, Chartered Accountants, Chennai was appointed as the First Statutory Auditors of the company by the Board of Directors at their meeting held on 23/07/2008, and confirmed by the shareholders of the company at the AGM held on 23/09/2009.

M/s R. Ravindran & Associates were appointed as the Statutory Auditors of the company by the Board of Directors at their meeting held on 05/01/2011, and confirmed by the shareholders of the company at the AGM/EGM held on 31/01/2011, and shall been continuing as the Statutory Auditors of the Company.

Since our company was going for a fresh issue of equity through Initial Public Offering, the company was required to have an auditor with a valid peer review certificate, hence, Mr. Ravindran & Associates were appointed as the auditor of our Company.

**CAPITALISATION OF RESERVES OR PROFITS DURING THE LAST FIVE YEARS:**

Our company has issued Bonus Equity shares to all our Shareholders on February 25, 2011 out of the share premium account by capitalizing Rs. 8,43,71,520.

**REVALUATION OF ASSETS DURING THE LAST FIVE YEARS:**

Our company has not revalued any of its assets since its inception.

## SECTION VIII – ISSUE RELATED INFORMATION

## TERMS OF ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles, conditions of the FIPB approval, the terms of this DRHP, the Red Herring Prospectus and the Prospectus, Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advices and other documents/ certificates that may be executed in respect of the Issue.

The Equity Shares shall also be subject to laws, guidelines, regulations, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, the Government of India, Stock Exchanges, RoC, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

**Authority for the Issue**

1. The Board of Directors has, pursuant to a resolution passed at their meeting held on September 01, 2010 authorized the Issue subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act, and such other authorities as may be necessary.

2. The shareholders of our Company have, pursuant to a resolution dated September 30, 2010 under Section 81(1A) of the Companies Act, authorized the Issue.

**Ranking of Equity Shares**

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend. The Allottees will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. See the section titled "Main Provisions of the Articles of Association of our Company" on page 221 for a description of our Articles.

**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.

**Face Value and Issue Price**

The face value of the Equity Shares is Rs. 10 each. The Floor Price of Equity Shares is Rs. [●] per Equity Share and the Cap Price is Rs. [●] per Equity Share.

The Price Band and the minimum bid lot as decided by our Company, in consultation with the Book Running Lead Manager, including the relevant financial ratios computed for both the Cap Price and the Floor Price and shall be published at least one Working Days prior to the Offer Opening Date in English and Hindi national newspapers along with a Regional Language Newspaper of Tamil Nadu, each with wide circulation. Investors may be guided in the meantime by secondary market prices.

At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

**Compliance with SEBI Guidelines**

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

**Rights of the Equity Shareholder**

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

- ☑ Right to receive dividend, if declared;
- ☑ Right to attend general meetings and exercise voting powers, unless prohibited by law;
- ☑ Right to vote on a poll either in person or by proxy;
- ☑ Right to receive offers for 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, the terms of the listing agreement executed with the stock exchanges, and our Company's Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the section titled "Main Provisions of the Articles of Association" on page 221 of this DRHP.

**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 SEBI Regulations, the trading of our Equity Shares shall only be in dematerialized form. Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of one (1) Equity Share subject to a minimum Allotment of [●] Equity Shares.

The Price Band and the minimum Bid lot size for the Issue will be decided by the Company, in consultation with the BRLM, and advertised in [●] edition of English national daily [●], [●] edition of Hindi national daily [●] and [●] edition of regional language newspaper [●] at least two working days prior to the Bid/ Issue Opening Date.

**Joint Holders**

Where two or more persons are registered as the holders of any Equity Share, they shall be deemed to hold the same as joint tenants with benefits of survivorship, subject to provisions contained in the Articles.

**Jurisdiction**

Exclusive jurisdiction for the purpose of this Offer is with the competent courts in Chennai.

**Nomination Facility to Investor**

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand

rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office/ Corporate Office of our Company 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 Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized form, 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 investors require changing their nomination, they are requested to inform their respective depository participant.

**Bidding Period**

| **Offer Program** | |
|---|---|
| **FOR ALL BIDDERS** | **Offer Opens on [●]** |
| **FOR QIBs** | **Offer Closes on [●]** |
| **FOR RETAIL AND NON-INSTITUTIONAL BIDDERS** | **Offer Closes on [●]** |

**Minimum Subscription**

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

Further, in accordance with Regulation 26(4) of the SEBI (ICDR) Regulations, our Company shall ensure that the number of Allottees under the Issue shall not be less than 1,000.

**The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable US state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdictions.**

**Arrangement for disposal of Odd Lots**

There are no arrangements for disposal of odd lots.

**Restriction on transfer of shares**

Except for lock-in of the pre-Issue Equity Shares and Promoters minimum contribution in the Issue as detailed in the section *"Capital Structure"* on page 56, and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares.

**Allotment in Dematerialized Form**

Investors should note that Allotment to all successful Bidders will only be in dematerialized form. Bidders will not have the option of getting Allotment in physical form. On Allotment, the Equity Shares shall be traded only in the dematerialized segment of the Stock Exchanges.

## ISSUE STRUCTURE

Public issue of [●] equity shares of ₹ 10/- each (the "equity shares") for cash at a price of ₹ [●] per equity share (including a share premium of ₹ [●] per equity share) aggregating to ₹ [●] Lacs ("herein after referred to as "the Issue") by Swajas Air Charters Limited (hereinafter referred to as "SACL" or the "Company" or the "Issuer").

The issue shall constitute [●] % of the post issue share capital of our company.

Price band: ₹ [●] to ₹ [●] per equity share of face value ₹ 10 each.

The issue price is [●] times the face value at the lower end of the price band and [●] times the face value at the higher end of the price band.

The Issue is being made through the 100% Book Building Process.

| Particulars | QIBs | Non Institutional Bidders | Retail Individual Bidders |
|---|---|---|---|
| **Number of Equity Shares*#** | At least [●] Equity Shares or Net Issue less allocation to Non Institutional Bidders and Retail Individual Investors | Upto [●] Equity Shares shall be available for allocation | Upto [●] Equity Shares shall be available for allocation |
| **Percentage (%) of Issue Size available for Allocation** | At least 50% of the Net Issue to the public (of which 5% shall be reserved for Mutual Funds) or Net Issue to the public less allocation to Non- Institutional Bidders and Retail Individual Bidders.<br><br>Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The Unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs. | Upto 15% of the Net issue to the public. | Upto 35% of the Net issue to the public. |

| | | | |
|---|---|---|---|
| **Basis of Allocation if respective category is oversubscribed** | Proportionate as follows:<br><br>(a) [●] Equity Shares shall be allocated on a proportionate basis to Mutual above Funds in the Mutual Funds Portion;<br><br>(b) [●] Equity shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above. | Proportionate | Proportionate |
| **Minimum Bid**** | Such number of Equity Shares in multiples of [●] Equity Shares, such that the Bid Amount exceeds ₹ 2,00,000. | Such number of Equity Shares in multiples of [●] Equity Shares, such that the Bid Amount exceeds ₹ 2,00,000. | [●] Equity Shares and in multiples of [●] Equity Shares thereafter. |
| **Maximum Allotment** | Such number of Equity Shares in the Multiple of [●] Equity Shares, so that the Bid amount does not exceed Issue Size and subject to regulations as applicable to the Bidder. | Such number of Equity Shares in the Multiple of [●] Equity Shares, so that the Bid amount does not exceed Issue Size and subject to regulations as applicable to the Bidder. | Such number of Equity Shares in the Multiple of [●] Equity Shares, so that the Bid amount does not exceed ₹ 2,00,000/. |
| **Mode of Allotment** | Compulsorily in dematerialized form. | Compulsorily in dematerialized form. | Compulsorily in dematerialized form. |
| **Bid/Allotment Lot** | [●] Equity Shares and in multiples of [●] Equity Shares thereafter. | [●] Equity Shares and in multiples of [●] Equity Shares thereafter. | [●] Equity Shares and in multiples of [●] Equity Shares thereafter. |
| **Trading Lot** | One (1) Equity Share | One (1) Equity Share | One (1) Equity Share |
| **Who can apply***** | (i) a mutual fund, venture capital fund registered with the Board;<br><br>(ii) a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board;<br><br>(iii) a public financial institution as defined in | Eligible NRIs, Resident Indian individuals, HUF (in the name of the *Karta*), companies, corporate bodies, scientific institutions, societies, trusts and eligible/permitted Sub-Accounts which are foreign corporates or foreign individuals bidding under the Non-Institutional Portion. | Resident Indian individuals (including HUFs in the name of the *Karta*) and Eligible NRIs applying for Equity Shares such that the Bid Amount does not exceed ₹. 200,000 in value. |

| | | | |
|---|---|---|---|
| | section 4A of the Companies Act, 1956; (iv) a scheduled commercial bank;<br><br>(v) a state industrial development corporation;<br><br>(vi) an insurance company registered with the Insurance Regulatory and Development Authority;<br><br>(vii)a provident fund with minimum corpus of twenty five crore rupees;<br><br>(viii) a pension fund with minimum corpus of ₹ 2500 Lacs;<br><br>(ix) 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;<br><br>(x) insurance funds set up and managed by army, navy or air force of the Union of India; | | |
| **Terms of Payment** | 100% of the Bid amount at the time of submission of Bid cum Application form to the members of the syndicate. | 100% of the Bid amount at the time of submission of Bid cum Application form to the members of the syndicate. | 100% of the Bid amount at the time of submission of Bid cum Application form to the members of the syndicate. |
| **Margin Amount** | Full amount on Bidding | Full amount on Bidding | Full amount on Bidding |

Note: All categories of bidders can apply through ASBA in this issue. In case of Bidders submitting ASBA Bid cum Application Form, the SCSB shall be authorised to block such funds (being 100% of the Bid amount) in the bank account of the Bidder that are specified in the ASBA Bid cum Application Form.

***** Subject to valid Bids being received at or above the Issue Price, under subscription, if any, in any of the categories, other than in the QIB category, would be allowed to be met with spill-over from any of the other categories or a combination of categories at the discretion of our Company in consultation with the BRLM and Designated Stock Exchange. Such inter-se spill over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines.

** Our Company may allocate upto 30% of the QIB Portion to Anchor Investors at the Anchor Investor Issue Price in accordance with the SEBI (ICDR) Regulations, 2009. At least one-third of the Anchor Investor Portion shall be available for allocation to Domestic Mutual Funds only. Allocation to Anchor Investors shall

be on a discretionary basis subject to minimum number of two Anchor Investors. Further, Anchor Investors shall pay the Anchor Investor Margin Amount at the time of submission of Bid-cum-Application Form to the BRLM and the balance within the Pay-in Date which shall be a date no later than two days of the Bid Closing Date.

***In case the bid cum application form or ASBA form is submitted in joint names, the investors 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 or ASBA form.

# Subject to valid Bids being received at or above the Issue Price, this Issue is being made through the 100% Book Building Process wherein at least 50% of the Issue will be allocated on a proportionate basis to QIBs, out of the QIB 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 [●] 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, upto 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and upto 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. Equity Shares being offered through this DRHP can be applied for in dematerialized form only.

**Withdrawal of the Issue**

The Company in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime including after the Bid Closing Date, without assigning any reason thereof.

**Bidding Period / Issue Period**

| **Offer Program** | |
|---|---|
| **FOR ALL BIDDERS** | **Offer Opens on [●]** |
| **FOR QIBs** | **Offer Closes on [●]** |
| **FOR RETAIL AND NON-INSTITUTIONAL BIDDERS (INCLUDING ELIGIBILE EMPLOYEES BIDDING UNDER THE EMPLOYEE RESERVATION PORTION)** | **Offer Closes on [●]** |

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form or incase of bids submitted through ASBA, the designated branches of the SCSBs except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded till (i) 4.00 p.m. in case of Bids by QIB Bidders and Non Institutional Bidders (ii) till until 5.00 p.m. in case of Bids by Retail Individual Bidders. Due to limitation of the 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 advised that due to clustering of last day applications, as is typically experienced in public offerings, some Bids may not get uploaded on the last date. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLM and Syndicate members will not be responsible. Bids will be accepted only on Business Days, i.e. Monday to Friday (excluding any public holiday). Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

On the Bid/Issue Closing Date, extension of time may be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid cum Application Forms and ASBA Form as stated herein and reported by the BRLM to the Stock Exchange within half an hour of such closure.

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 Bid cum Application Form submitted through the ASBA process, 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 on the Bid/Issue Closing Date. All times are Indian Standard Time. 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, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLM and Syndicate members will not be responsible. Bids will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holidays).

The Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI ICDR Regulations provided that the Cap Price is less than or equal to 20% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least one day before the Bid /Issue Closing Date.

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

## ISSUE PROCEDURE

*This section applies to all Bidders. Please note that all Bidders other than the Anchor Investors can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all the Bidders are required to make payment of the full Bid Amount along with the Bid cum Application Form. In case of ASBA Bidders, an amount equivalent to the full Bid Amount will be blocked by the SCSBs. Also, please note that the SEBI circular no. CIR/CFD/DIL/8/2010 dated October 12, 2010 shall not be applicable to this Issue until further clarification on the procedure for Syndicate Members to procure ASBA forms from the ASBA Bidders.*

***Book Building Procedure***

The Issue is being made through the 100% Book Building Process wherein at least 50% of the Issue shall be allocated to QIBs on a proportionate basis. Out of the QIB Portion (excluding 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. Further, upto 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and upto 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. Allocation to Anchor Investors shall be on a discretionary basis and not on a proportionate basis.

All Bidders, other than the ASBA Bidders, are required to submit their Bids through the Syndicate. ASBA Bidders are required to submit their Bids through the SCSBs.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders depository account including DP ID, PAN and Beneficiary Account Number shall be treated as incomplete and rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

***ASBA Process***

An ASBA investor, intending to subscribe to a public issue, shall submit a completed ASBA form to a Self Certified Syndicate Bank (SCSB), with whom the bank account to be blocked, is maintained, through one of the following modes -

i) Submit the form physically with the Designated Branches (DBs) of the SCSB ("Physical ASBA"); or
ii) Submit the form electronically through the internet banking facility offered by the SCSB ("Electronic ASBA").

The SCSB shall give an acknowledgement by giving the counter foil or specifying the application number to the ASBA investor, as a proof of having accepted his/ her ASBA, in a physical or electronic mode respectively.

If the bank account specified in the ASBA does not have sufficient credit balance to meet the application money, the ASBA shall be rejected by the SCSB.

i) After accepting a Physical ASBA, the SCSB shall block funds available in the bank account specified in the Physical ASBA, to the extent of the application money specified in the ASBA. The SCSB shall then capture and upload the relevant details in the electronic bidding system as specified by the stock exchange(s) for a particular issue.

ii) In case of an Electronic ASBA, the ASBA investor himself/ herself shall fill in all the relevant details, except the application number which shall be system generated. The SCSB shall thereafter upload all the details specified by the stock exchange(s). The SCSB (Controlling Branch (CB) or DBs) shall provide Transaction

Registration Slip(s)/ Order number(s), confirming upload of ASBA details in the electronic bidding system of the stock exchange. TheTransaction Registration Slip(s)/ Order number(s) shall be provided to the ASBA investor as a proof of uploading the details of ASBA, only on demand. In case an ASBA investor wants to withdraw his/ her ASBA during the bidding/ offer period, he/ she shall submit his/ her withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the stock exchange(s) and unblocking of funds in the relevant bank account. Stock exchange to allow SCSBs to undertake modification of selected fields in the bid details already uploaded Registrar to get the electronic bid details from the stock exchanges at the end of the day. The SCSB shall send investor category-wise the following aggregate information as per the format specified by the Registrar to the issue, to the registrar:

(i) Total number of ASBAs uploaded by the SCSB
(ii) Total number of shares and total amount blocked against the uploaded ASBAs..

The Registrar shall reconcile the compiled data received from the stock exchange(s) and all SCSBs (hereinafter referred to as the "reconciled data"). The registrar shall then match the reconciled data with the depositories' 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 depositories' database, such ASBA shall be rejected by the registrar.

In case an ASBA investor wants to withdraw his/her ASBA after the bid closing date, he/she shall submit the withdrawal request to the registrar. The registrar shall delete the withdrawn bid from the bid file.

The registrar shall reject multiple ASBAs determined as such, based on common PAN.

The registrar shall finalise the basis of allotment and submit it to the Designated Stock Exchange for approval.

Once the basis of allotment is approved by the Designated Stock Exchange, the registrar shall provide the following details to the CB of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the issuer's account designated for this purpose, within the timelines specified in the ASBA facility:

(i) Number of shares to be allotted against each valid ASBA
(ii) Amount to be transferred from the relevant bank account to the issuer's account designated for this purpose, for each valid ASBA
(iii) The date by which the funds referred to in sub-para (ii) above, shall be transferred to the issuer's account designated for this purpose.
(iv) 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.

SCSBs shall unblock the relevant bank accounts for:

(i) Transfer of requisite money to the issuer's account designated for this purpose against each valid ASBA.
(ii) Withdrawn/ rejected/ unsuccessful ASBAs.

The CB of each SCSB shall confirm the transfer of requisite money against each successful ASBA to the Registrar to the Issue.

**Bid cum Application Form**

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

| Category | Colour of Bid cum Application Form/ ASBA Form |
|---|---|

| | |
|---|---|
| Resident Indians and Eligible NRIs applying on a non-repatriation basis (ASBA as well as non-ASBA Bidders*) | **[●]** |
| Eligible NRIs, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis (ASBA as well as non-ASBA Bidders*) | **[●]** |

** Bid cum Application forms for ASBA Bidders and the abridged prospectus will also be available on the website of the BSE (www.bseindia.com) and NSE (www.nseindia.com) at least one day prior to the Bid/Issue Opening Date. A hyperlink to the website of the Stock Exchange s for the facility will be provided on the website of the BRLM and SCSBs.*

***Bid cum Application forms for Anchor Investors have been made available at the offices of the BRLM.*

Bidders (other than ASBA Bidders) are required to submit their Bids through the Syndicate. Such 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 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. On filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completion and submission of the Bid cum Application Form to a member of the Syndicate or the SCSBs, the Bidder is deemed to have authorised the Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

ASBA Bidders shall submit an ASBA Bid cum Application Form to the SCSBs authorizing blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form. Only QIBs can participate in the Anchor Investor Portion and QIBs applying under the Anchor Investor portion cannot submit their Bids through the ASBA process.

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.

**Who can Bid?**

- Indian nationals resident in India who are not minors in single or joint names (not more than three). Bids by minors can be made when they are represented by major guardian.

- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/ ASBA Form as follows: "Name of sole or first Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;

- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares;

- Mutual Funds registered with SEBI;

- Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Offer;

- Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations and other laws, as applicable);

- FIIs and Sub-Accounts of FIIs, other than a Sub-Account which is a foreign corporate or foreign individual;
- Sub-Accounts of FIIs, which are foreign corporates or foreign individuals only under the Non- Institutional Bidders category;
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Funds registered with SEBI;
- Multilateral and bilateral development financial institutions;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
- Scientific and/or industrial research organizations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with minimum corpus of ₹. 2500 Lacs and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of ₹. 2500 Lacs and who are authorised under their constitution to hold and invest in equity shares;
- National Investment Fund;
- Insurance funds set up and managed by the army, navy or air force of the Union of India;
- Multilateral and Bilateral Development Financial Institutions; and
- Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

**The information below is given for the benefit of the Bidders. Our Company and the BRLM do not accept responsibility for the completeness and accuracy of the information stated. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this DRHP. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for does not exceed the limits prescribed under laws or regulations.**

**Participation by associates and affiliates of the Book Running Lead Manager and Syndicate Members**

The BRLM and the Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLM and Syndicate Members may subscribe to or purchase Equity Shares in the Issue, either in the QIB Portion or in Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis.

The BRLM and any persons related to the BRLM or the Promoters and the Promoter Group cannot apply in the Issue under the Anchor Investor Portion.

**Bids by Anchor Investors**

Our Company may consider participation by Anchor Investors in the QIB Portion for up to 30% of the QIB Portion in accordance with the ICDR Regulations. Only QIBs as defined in Regulation 2(1)(zd) of the ICDR Regulations and not otherwise excluded pursuant to Schedule XI of the ICDR Regulations are eligible to invest. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor Portion. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. In accordance with the ICDR Regulations, the key terms for participation in the Anchor Investor Portion are provided below:

a) Anchor Investors Bid cum Application Forms will be made available for the Anchor Investor Portion at our Registered Office, and with the members of the Syndicate.

b) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds Rs. 100 million. A Bid cannot be submitted for more than 30% of the QIB Portion. In case of a Mutual Fund registered with SEBI, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of Rs. 100 million.

c) One-third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds.

d) The Bidding for Anchor Investors shall open one Working Day before the Bid/Issue Opening Date and shall be completed on the same day.

e) Our Company, in consultation with the BRLM, shall finalize allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion shall not be less than:

- Two, where the allocation under Anchor Investor Portion is up to Rs. 2,500 million; and

- Five, where the allocation under Anchor Investor Portion is over Rs. 2,500 million.

f) Allocation to Anchor Investors shall be completed on the Anchor Investor Bidding Date. 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.

g) Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date.

h) In the event the Issue Price is greater than the Anchor Investor Issue Price, the additional amount being the difference between the Issue Price and the Anchor Investor Issue Price shall be paid by the Anchor Investors by the Pay-in-Date. In the event the Issue Price is lower than the Anchor Investor Issue Price, the Allotment to Anchor Investors shall be at the higher price i.e. the Anchor Investor Issue Price.

i) The Equity Shares Allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

j) None of the BRLM or any person related to the BRLM, promoters, or promoter group shall participate in the Anchor Investor Portion. The parameters for selection of the Anchor Investors shall be clearly identified by the BRLM and shall be made available as part of the records of the BRLM for inspection by SEBI.

k) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.

Additional details, if any, regarding participation in the Issue under the Anchor Investor Portion shall be disclosed in the advertisement for the Price Band which shall be published by our Company in an English national newspaper, a Hindi national newspaper and a Tamil language newspaper, each with wide circulation at least two Working Days prior to the Bid/Issue Opening Date.

**Bids by Mutual Funds**

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand in the Mutual Funds portion is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

Bids made by asset management companies or Custodians of Mutual Funds shall specifically state names of the concerned schemes for which such bids are made.

One-third of the Anchor Investor Portion shall be reserved for allocation to 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 other Anchor Investors.

**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.**

**No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.**

**Bids by Eligible NRIs**

Eligible NRIs should note that applications that are accompanied by payment in free foreign exchange should use the Bid cum Application Form which is blue in colour. Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts should use the form meant for Resident Indians.

**Bid by FIIs**

*As per the current regulations, the following restrictions are applicable for investments by FIIs:*

The issue of Equity Shares to a single FII should not exceed 10% of total post-Issue paid-up share capital. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total paid-up share capital or 5% of our total paid-up share capital in case such sub-account is a foreign corporate or a foreign individual. As of now, the aggregate FII holding in our Company cannot exceed 24% of our total paid-up share capital. With the approval of the Board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended (the "**SEBI FII Regulations**"), an FII, as defined in the SEBI FII Regulations, may issue or otherwise deal in or hold, offshore derivative instruments (as defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by a FII against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with „know your client" norms. An FII is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the BRLM and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such Offshore Derivative Instrument does not constitute any obligation or claim or claim on or an interest in, our Company.

**Bids by SEBI registered Venture Capital Funds**

The SEBI (Venture Capital Funds) Regulations, 1996 as amended *inter alia* prescribe the investment restrictions on VCFs and FVCIs.

Accordingly, the holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the venture capital fund. Further, venture capital funds can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering of a venture capital undertaking whose shares are proposed to be listed.

**Bids by Insurance Companies**

In case of the Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject such Bids without assigning reasons thereof.

**Bids by Provident Funds/ Pension Funds**

In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

**The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this DRHP. Bidders are advised to make their independent investigations and Bidders are advised to ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this DRHP.**

**Maximum and Minimum Bid Size**

a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 200,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 200,000. In case the Bid Amount is over Rs. 200,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off Price option, the Bid would be considered for allocation under the Non-Institutional Portion. The Cut-off Price option is an option given only to the Retail Individual Bidders indicating their agreement to Bid for and purchase the Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

b) **For Non-Institutional Bidders and QIBs:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 200,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **A QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the Bid Amount upon submission of the Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 200,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 200,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at Cut-off Price".

c) **Anchor Investor Portion:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount is at least Rs. 100 Million and in multiples of [●] Equity Shares thereafter. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids. A Bid cannot be submitted for more than 30% of the QIB Portion under the Anchor Investor Portion. **Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/ Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised Anchor Investor Allocation Notice.**

**Information for Bidders:**

1) Our Company shall file the Red Herring Prospectus with the RoC at least three days before the Offer Opening Date.

2) Copies of the Bid cum Application Form and copies of the Red Herring Prospectus will be available with the Syndicate. For ASBA Bidders, Bid cum Application Forms will be available on the websites of BSE and NSE

3) Our Company and the BRLM shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and in one Tamil newspaper with wide circulation. This advertisement shall be in the prescribed format.

4) Any eligible Bidder who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from the Registered Office of our Company.

5) Eligible Bidders who are interested in subscribing for the Issue Shares should approach any of the BRLM or Syndicate Members or their authorised agent(s) to register their Bids. Bidders (other than Anchor Investors) who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.

6) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms (other than the ASBA Bid cum Application Forms) should bear the stamp of the members of the Syndicate, otherwise they will be rejected. Bids by ASBA Bidders shall be accepted by the Designated Branches of the SCSBs in accordance with the SEBI ICDR Regulations and any circulars issued by SEBI in this regard. Bidders (other than Anchor Investors) applying through the ASBA process also have an option to submit the ASBA Bid cum Application Form in electronic form.

7) The demat accounts of Bidders for whom PAN details have not been verified, excluding persons resident in the state of Sikkim, who, may be exempted from specifying their PAN for transacting in the securities market, shall be “suspended for credit” and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Bidders.

**The applicants may note that in case of DP ID or Client ID and PAN mentioned in the Bid cum Application Form / ASBA Bid cum Application Form and entered into the electronic bidding system of the stock exchanges by the Syndicate / SCSBs and the designated branch of SCSBs do not match with the DP ID and Client ID and PAN available in the Settlement Depository database, the application is liable to be rejected.**

**Information specific to ASBA Bidder**

1) ASBA Bidders who would like to obtain the Red Herring Prospectus and/or the ASBA Form can obtain the same from the Designated Branches. ASBA Bidders can also obtain a copy of this Red Herring Prospectus and/or the ASBA Form in electronic form on the websites of the SCSBs.

2) The Bids should be submitted to the SCSBs on the prescribed ASBA Form. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.

3) The SCSBs shall accept Bids only during the Offer Period and only from the ASBA Bidders.

4) The Book Running Lead Manager shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA Form to the SCSBs. The SCSBs will then make available such copies to investors intending to apply in this Offer through the ASBA process. Additionally, the Book Running Lead Manager shall ensure that the SCSBs are provided with soft copies of the abridged prospectus as well as the ASBA Forms and that the same are made available on the websites of the SCSBs.

5) The ASBA Form shall bear the stamp of the SCSBs and/or the Designated Branch, if not, the same shall be rejected.

**Method and Process of Bidding**

1) Our Company in consultation with the BRLM will decide the Price Band and the minimum Bid lot size for the Issue and the same shall be advertised in two national newspapers (one each in English and Hindi) and in one Tamil newspaper with wide circulation at least two working days prior to the Bid/ Issue Opening Date. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid/Issue Period.

2) The Bid/Issue Period shall be for a minimum of three working days and shall not exceed 10 working days. The Bid/ Issue Period maybe extended, if required, by at least an additional three working days, 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 published in two national newspapers (one each in English and Hindi) and one Tamil newspaper with wide circulation and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate.

3) During the Bid/Issue Period, Bidders, other than QIBs, who are interested in subscribing for the Equity Shares should approach the Syndicate or their authorised agents to register their Bids. The Syndicate shall accept Bids from all Bidders and have the right to vet the Bids during the Bid/ Issue Period in accordance with the terms of the Red Herring Prospectus. Bidders (other than Anchor Investors) who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.

4) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph titled “Bids at Different Price Levels” below) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.

5) 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 or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate or SCBS will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph entitled “Build up of the Book and Revision of Bids”.

6) Except in relation to the Bids received from the Anchor Investors, the Syndicate/the SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction

Registration Slip, ("**TRS**"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

7) The BRLM shall accept the Bids from the Anchor Investors during the Anchor Investor Bid/ Issue Period i.e. one working day prior to the Bid/ Issue Opening Date. Bids by QIBs under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.

8) Along with the Bid cum Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described in "Escrow Mechanism - Terms of payment and payment into the Escrow Accounts" in the section "Issue Procedure" beginning on page 187 of this DRHP.

9) 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.

10) 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.

11) 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 and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.

12) The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

**Bids at different price levels and revision of Bids**

1) Our Company in consultation with the BRLM and without the prior approval of, or intimation, to the Bidders, 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 disclosed at least two days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

2) Our Company, in consultation with the BRLM will finalise the Issue Price within the Price Band, without the prior approval of, or intimation, to the Bidders.

3) Our Company, in consultation with the BRLM, can finalise the Anchor Investor Issue Price within the Price Band, without the prior approval of, or intimation, to the Anchor Investors.

4) 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 may Bid at the Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB and Non-Institutional Bidders and such Bids from QIB and Non-Institutional Bidders shall be rejected.

**5)** Retail Individual Bidders, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the Cap Price with the Syndicate. In

case of ASBA Bidders (excluding Non-Institutional Bidders and QIB Bidders) bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price.

**6)** In the event of any revision in the Price Band, whether upward or downward, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs.7,000.

**Escrow mechanism, terms of payment and payment into the Escrow Accounts**

For details of the escrow mechanism and payment instructions, see "Payment Instructions" in this section.

**Electronic Registration of Bids**

1) The Syndicate and the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges.

2) The Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/Issue Closing Date.

3) There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Bids are being accepted. The Syndicate Members and/or SCSBs shall be responsible for any acts, mistakes or errors or omission and commissions in relation to,

(i) the Bids accepted by the Syndicate Members and the SCSBs,
(ii) the Bids uploaded by the Syndicate Members and the SCSBs,
(iii) the Bids accepted but not uploaded by the Syndicate Members and the SCSBs or
(iv) with respect to Bids by ASBA Bidders, Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.

4) The Stock Exchanges will offer an electronic facility for registering Bids for the Issue. This facility will be available with the Syndicate and their authorised agents and the SCSBs during the Bid/ Issue Period. The Syndicate Members and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis. On the Bid/ Issue Closing Date, the Syndicate and the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges.

5) Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges would be made available at the Bidding centres during the Bid/Issue Period.

6) At the time of registering each Bid other than ASBA Bids, the Syndicate shall enter the following details of the Bidders in the on-line system:

- Investor Category – Individual, Corporate, FII, NRI, Mutual Fund, etc.
- Numbers of Equity Shares Bid for.
- Bid Amount.
- Cheque Details.
- Bid cum Application Form number.
- DP ID and client identification number of the beneficiary account of the Bidder.
- PAN.

7) With respect to Bids by ASBA Bidders, at the time of registering such Bids, the SCSBs shall enter the following information pertaining to the ASBA Bidders into the online system:

- Application Number;
- PAN (of First ASBA Bidder, in case of more than one ASBA Bidder);

- Investor Category and Sub-Category- Individual, Corporate, FII, NRI, Mutual Funds, etc.:
- DP ID and client identification number of the beneficiary account of the Bidders;
- Numbers of Equity Shares Bid for;
- Quantity;
- Bid Amount; and
- Bank account number;

8) TRS will be generated for each of the bidding options when the Bid is registered. It is the Bidder"s responsibility to obtain the TRS from the Syndicate or the Designated Branches of the SCSBs. The registration of the Bid by the member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated/Allotted either by the Syndicate or our Company.

9) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

10) In case of QIB Bidders, only the BRLM and their affiliate Syndicate Members have the right to accept the Bid or reject it. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids will be rejected on technical grounds listed herein. The members of the Syndicate may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSBs shall have no right to reject Bids, except on technical grounds.

11) 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 and/or the BRLM are cleared or approved by the Stock Exchanges; 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, the Promoter, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this DRHP; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

12) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. Members of the Syndicate and the SCSBs will be given up to one day after the Bid/Issue Closing Date to verify DP ID and Client ID uploaded in the online IPO system during the Bid/Issue Period after which the Registrar to the Issue will receive this data from the Stock Exchanges and will validate the electronic bid details with depository's records.

13) Details of Bids in the Anchor Investor Portion will not be registered on the on-line facilities of the electronic facilities of the Stock Exchanges.

**Build up of the book and revision of Bids**

1) Bids received from various Bidders through the Syndicate and the SCSBs shall be electronically uploaded to the Stock Exchanges" mainframe on a regular basis.

2) The book gets built up at various price levels. This information will be available with the BRLM at the end of the Bid/Issue Period.

3) During the Bid/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

4) Revisions can be made in both the desired number of Equity Shares and the Bid Amount 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 such Bidder is changing only one of the options in the Revision Form, the Bidder must still fill the details of the other two

options that are not being revised, in the Revision Form. The Syndicate and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.

5) The Bidder can make this revision any number of times during the Bid/Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate or the SCSB through whom such Bidder 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.

6) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 200,000 if the Bidder wants to continue to Bid at Cut-off Price), with the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards 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 Price.

7) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

8) Our Company in consultation with the BRLM, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 5,000 to Rs. 7,000.

9) 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. With respect to the Bids by ASBA Bidders, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid Amount. In case of Bids, other than ASBA Bids, the Syndicate shall collect the payment in the form of cheque or demand draft 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. In such cases, the Syndicate will revise the earlier Bids details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.

10) When a Bidder revises his or her Bid, he or she should surrender the earlier TRS request for a revised TRS from the Syndicate or the SCSB, as proof of his or her having revised the previous Bid.

**Price Discovery and Allocation**

1) Based on the demand generated at various price levels, our Company in consultation with the BRLM, shall finalise the Issue Price and the Anchor Investor Issue Price.

2) Under-subscription, if any, in any other category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange.

3) Allocation to Non-Residents, including Eligible NRIs and FIIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.

4) Allocation to Anchor Investors shall be at the discretion of our Company in consultation with the BRLM, subject to compliance with the SEBI ICDR Regulations.

5) QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date. Further, the Anchor Investors shall not be allowed to withdraw their Bids after the Anchor Investor Bid/Issue Period.

**Signing of the Underwriting Agreement and the RoC Filing**

1) Our Company, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on or immediately after the finalisation of the Issue Price.

2) After signing the Underwriting Agreement, our Company will update and file the updated Red Herring Prospectus with the RoC in accordance with the applicable law, which then would be termed as the „Prospectus". The Prospectus will contain details of the Issue Price, the Anchor Investor Issue Price, Issue size, and underwriting arrangements and will be complete in all material respects.

**Pre-Issue Advertisement**

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI ICDR Regulations, in one English language national daily newspaper, one Hindi language national daily newspaper and one Tamil language daily newspaper, each with wide circulation.

**Advertisement regarding Issue Price and Prospectus**

Our Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price and the Anchor Investor Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

**Issuance of Confirmation of Allotment Note ("CAN")**

1) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Syndicate a list of the Bidders who have been Allotted Equity Shares in the Issue.

2) The Registrar will dispatch CANs to the Bidders who have been Allotted Equity Shares in the Issue.

3) The dispatch of CAN shall be deemed a valid, binding and irrevocable contract for the Bidder.

4) The Issuance of CAN is subject to "Notice to Anchor Investors - Allotment Reconciliation and CANs" as set forth below.

**Notice to Anchor Investors: Allotment Reconciliation and CANs**

A physical book will be prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of our Company in consultation with the BRLM, selected Anchor Investors will be sent an Anchor Investor Allocation Notice and if required, a revised Anchor Investor Allocation Notice. All Anchor Investors will be sent Anchor Investor Allocation Notice post Anchor Investor Bid/Issue Period and in the event that the Issue Price is higher than the Anchor Investor Issue Price, the Anchor Investors will be sent a revised Anchor Investor Allocation Notice within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors should note that they shall be required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised Anchor Investor Allocation Notice within the pay-in date referred to in the revised Anchor Investor Allocation Notice. The revised Anchor Investor Allocation Notice will constitute a valid, binding and irrevocable contract (subject to the issue of CAN) for the Anchor Investor to pay the difference between the Issue Price and the Anchor Investor Issue Price and accordingly the CAN will be issued to such Anchor Investors. In the event the Issue Price is lower than the Anchor Investor Issue Price, the Anchor Investors who have been Allotted Equity Shares will directly receive CAN. The CAN shall be deemed a valid, binding and irrevocable contract for the Allotment of Equity Shares to such Anchor Investors.

The final allocation is subject to the physical application being valid in all respect along with receipt of stipulated documents, the Issue Price being finalised at a price not higher than the Anchor Investor Issue Price and Allotment by the Board of Directors.

**Designated Date and Allotment of Equity Shares:**

1) Our Company will ensure that:

   (i) the Allotment of Equity Shares; and

   (ii) credit to the successful Bidder's depositary account will be completed within 12 Working 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, our Company will ensure the credit to the successful Bidder's depository account is completed within two working days from the date of Allotment.

2) In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.

3) Allottees will have the option to re-materialise the Equity Shares so Allotted 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/ Allotted to them pursuant to this Issue.**

**General Instructions**

***Do's:***

☑ Check if you are eligible to apply having regard to applicable law, rules, regulations, guidelines and approvals and the terms of the Red Herring Prospectus;

☑ Ensure that your Bid is within the Price Band;

☑ Read all the instructions carefully and complete the Bid-cum-Application Form;

☑ Ensure that the details of your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be Allotted in dematerialized form only;

☑ Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate or with respect to ASBA Bidders, ensure that your Bid is submitted at a Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilised by the Bidder for bidding has a bank account;

☑ With respect to ASBA Bids 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 you have mentioned the correct bank account number in the ASBA Bid cum Application Form;

☑ Ensure that you have collected a TRS for all your Bid options;

☑ Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB;

☑ Ensure that the full Bid Amount is paid for the Bids subsmitted to the Syndicate and funds equivalent to the Bid Amount are blocked in case of any Bids submitted throught the SCSBs.

- ☑ Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;

- ☑ Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

- ☑ Each of the Bidders should mention their Permanent Account Number (PAN) allotted under the IT Act in the Bid Cum Application Form. (Please refer to the sub-section titled "Permanent Account Number" under this section);

- ☑ Ensure that the name(s) given in the Bid-cum-Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. Where the Bid-cum-Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid-cum-Application Form; and

- ☑ Ensure that the Demographic Details are updated, true and correct in all respects.

***Don'ts:***

- ✕ Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;

- ✕ Do not Bid for lower than minimum Bid size;

- ✕ 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;

- ✕ Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;

- ✕ Do not pay Bid amount in cash, money order, postal order or by stock invest;

- ✕ Do not Bid at cut off price (for QIB Bidders and Non-Institutional Bidders, for Bid Amount in excess of Rs. 200,000);

- ✕ Do not bid where bid amount exceeds Rs. 2,00,000 (for Retail Individual Bidders)

- ✕ Do not fill up the Bid-cum-Application Form for an amount that exceeds the Issue size and / or investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws / regulations or maximum amount permissible under the applicable regulations.

- ✕ Do not send Bid-cum-Application Form by post; instead submit the same to a member of the Syndicate only.

- ✕ Do not provide your GIR number instead of your PAN as bid is liable to be rejected on those ground.

- ✕ Do not submit the Bid without the QIB Margin Amount, in case of a Bid by QIB.

**INSTRUCTIONS SPECIFIC TO ASBA BIDDERS**

***Do's:***

- ☑ Check if you are eligible to Bid under ASBA.

- ☑ Ensure that you use the ASBA Form specified for the purposes of ASBA.

- ☑ Read all the instructions carefully and complete the ASBA Form.

- ☑ Ensure that your ASBA Form is submitted at a Designated Branch where the ASBA Account is maintained and not to the Escrow Collecting Banks (assuming that such bank is not a SCSB), to our Company or the Registrar to the Offer or the members of the Syndicate.

- ☑ Ensure that the ASBA Form is signed by the ASBA Account holder in case the ASBA Bidder is not the account holder.

- ☑ Ensure that you have mentioned the correct ASBA Account number in the ASBA Form.

- ☑ Ensure that you have funds equal to the Bid Amount in the ASBA Account before submitting the ASBA Form to the respective Designated Branch.

- ☑ Ensure that you have correctly checked the authorisation box in the ASBA Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds in the ASBA Account equivalent to the Bid Amount mentioned in the ASBA Form.

- ☑ Ensure that you receive an acknowledgement from the Designated Branch for the submission of your ASBA Form.

- ☑ Ensure that the name(s) given in the ASBA Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Form.

***Don'ts:***

- ✕ Do not Bid on another ASBA Form or on a Bid cum Application Form after you have submitted a Bid to a Designated Branch.

- ✕ Payment of Bid Amounts in any mode other than through blocking of Bid Amounts in the ASBA Accounts shall not be accepted under the ASBA.

- ✕ Do not send your physical ASBA Form by post. Instead submit the same to a Designated Branch.

- ✕ Do not submit the GIR no. instead of PAN.

**INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM**

Bids must be:

1) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.

2) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected. Bidders should note that the Syndicate and / or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.

3) Information provided by the Bidders will be uploaded in the online IPO system by the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/ Allotment. The Bidders should ensure that the details are correct and legible.

4) For Retail Individual Bidders, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of Rs. 200,000.

5) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 200,000 and in multiples of [●] Equity Shares thereafter. Bids

cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.

6) For Anchor Investors, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to Rs. 100 Million and in multiples of [●] Equity Shares thereafter.

7) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

8) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

**Bidder's PAN, Depository Account and Bank Account Details**

**Bidders should note that on the basis of PAN of the Bidders, DP ID and beneficiary account number provided by them in the Bid cum Application Form, the Registrar will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). These bank account details would be used for giving refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) or unblocking of ASBA Account. 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 dispatch/ credit of refunds to Bidders or unblocking of ASBA Account at the Bidders sole risk and neither the BRLM or the Registrar or the Escrow Collection Banks or the SCSBs nor our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.**

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/CANs/allocation advice and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

**Refund orders/ CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder (other than ASBA 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 such Bidder's sole risk and neither our Company, the Escrow Collection Banks, Registrar, the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.**

In case no corresponding record is available with the Depositories, which matches the two parameters, namely, PAN of the Bidder and the DP ID/Client ID, then such Bids are liable to be rejected.

**Bids by Non Residents including NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis**

Bids and revision to Bids must be made in the following manner:

a) On the Bid cum Application Form or the Revision Form, as applicable (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

b) In a single name or joint names (not more than three and in the same order as their Depositary Participant Details).

c) Bids on a repatriation basis shall be in the names of individuals, or in the name 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 US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.**

**As per the existing policy of the Government of India, OCBs are not permitted to participate in the Issue.**

**There is no reservation for Eligible NRIs and FIIs and all applicants will be treated on the same basis with other categories for the purpose of allocation.**

**Bids under Power of Attorney**

*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 of association and articles of association and/or bye laws must be submitted along with the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof.

*By FIIs, FVCIs, VCFs and Mutual Funds*

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 along with the Bid cum Application Form or ASBA Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason.

Our Company at its absolute discretion reserves the right to relax the above conditions of simultaneous lodging of the powers of attorney, subject to the terms and conditions that our Company and the Selling Shareholder, in consultation with the Book Running Lead Manager deem fit.

*By Insurance Companies*

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, the Selling Shareholder reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

*By provident funds*

In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, the Selling Shareholder reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

*By ASBA Bidders*

In case of an ASBA 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 and the Selling Shareholder, in consultation with the Book Running Lead Manager, reserves the right to reject such Bids.

Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney along with the Bid cum Application Form or the ASBA Form, as the case may be, subject to such terms and conditions that our Company and the Book Running Lead Manager may deem fit.

**PAYMENT INSTRUCTIONS**

**Escrow Mechanism for Bidders other than ASBA Bidders**

Our Company and the Syndicate shall open Escrow Account(s) with one or more Escrow Collection Bank(s) 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 would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Banks for and on behalf of the Bidders shall maintain the monies in the Escrow Account until the Designated Date. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the DRHP.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Escrow Collection Banks and the Registrar to facilitate collections from the Bidders.

**Payment mechanism for ASBA Bidders**

The ASBA Bidders shall specify the bank account number in the ASBA Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA 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 unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Form or for unsuccessful ASBA Forms, the Registrar shall give instructions to the SCSB to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation 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.

**Payment into Escrow Account for Bidders other than ASBA Bidders**

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the Bid Amount payable on the Bid as per the following terms:

1) All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.

2) The Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the Syndicate. If the payment is

not made favoring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be rejected.

3) The payment instruments for payment into the Escrow Account should be drawn in favour of:

   (i) In case of Resident QIB Bidders: "[●]"

   (ii) In case of Non-Resident QIB Bidders: "[●]"

   (iii) In case of Resident Retail and Non-Institutional Bidders: "[●]"

   (iv) In case of Non-Institutional Bidders: "[●]"

4) Anchor Investors would be required to pay the Bid Amount at the time of submission of the Bid cum Application Form. In the event of the Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price as per the pay-in date mentioned in the revised Anchor Investor Allocation Notice. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.

5) For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:

   (ii) In case of resident Anchor Investors: "[●]"

   (iii) In case of non-resident Anchor Investors: "[●]"

6) In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.

7) In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-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 or NRO Account.

8) 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.

9) The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.

10) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.

11) Payments should be made by cheque, or a demand draft 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 cheques/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 and ASBA Forms**

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by Account Payee cheques or drafts equivalent to the margin amount shall be submitted to the Members of the Syndicate at the time of submitting the Bid-cum-Application Form.

No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

**OTHER INSTRUCTIONS**

**Joint Bids in the case of Individuals**

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. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

***Multiple Bids***

A Bidder should submit only one (and not more than one) Bid

In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of the Mutual Fund and such Bids in respect of over 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. Bids by QIBs under the Anchor Investor Portion and the QIB Portion (excluding the Anchor Investor Portion) will not be treated as multiple Bids.

After submitting a bid using an ASBA Bid cum Application Form either in physical or electronic mode, where such ASBA Bid has been submitted to the SCSBs and uploaded with the Stock Exchanges, an ASBA Bidder cannot Bid, either in physical or electronic mode, whether on another ASBA Bid cum Application Form, to either the same or another Designated Branch of the SCSB, or on a non-ASBA Bid cum Application Form. Submission of a second Bid in such manner will be deemed a multiple Bid and would be rejected. However, ASBA Bidders may revise their Bids through the Revision Form, the procedure for which is described in "Build Up of the Book and Revision of Bids" below.

More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs will not accept a total of more than five ASBA Bid cum Application Forms with respect to any single ASBA Account.

Duplicate copies of ASBA Bid cum Application Forms downloaded and printed from the website of the Stock Exchanges bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

Our Company, in consultation with the BRLM, reserves the right to reject, in its absolute discretion, all or all except one of such multiple Bid(s) in any or all categories. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple Bids are provided below:

1) All Bids will be checked for common PAN as per the records of Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN will be treated as multiple Bids and will be rejected.

2) For Bids from Mutual Funds and FII sub-accounts, which are submitted under the same PAN, as well as Bids on behalf of the Central or State Government, an official liquidator or receiver appointed by a court and residents of Sikkim, for whom the submission of PAN is not mandatory, the Bids are scrutinized for DP ID and Beneficiary Account Numbers. In case such Bids bore the same DP ID and Beneficiary Account Numbers, these would be treated as multiple Bids and will be rejected.

**Permanent Account Number (PAN)**

Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, the Bidders, 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. In accordance with the SEBI ICDR Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. **Any Bid cum Application Form without the PAN is liable to be rejected, except for residents in the state of Sikkim, may be exempted from specifying their PAN for transactions in the securities market. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground**.

**Withdrawal of ASBA Bids**

ASBA Bidders can withdraw their Bids during the Bid/ 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 an ASBA Bidder (other than a QIB bidding through an ASBA Form) wishes to withdraw the Bid after the Offer Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Offer. The Registrar to the Offer shall delete the withdrawn Bid from the Bid file and give instruction to the SCSB for unblocking the ASBA Account after approval of the "Basis of Allotment".

**REJECTION OF BIDS**

In case of QIB Bidders, our Company, in consultation with the BRLM, may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by RTGS/NEFT/NES/Direct Credit/cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk. With respect to Bids by ASBA Bidders, the Designated Branches of the SCSBs shall have the right to reject Bids by ASBA Bidders if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the Bid by ASBA Bidder by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

***Grounds for Technical Rejections***

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to Bids by ASBA Bidders, the amounts mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;

- 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;

- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Bid cum Application Form;
- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than the Floor Price;
- Bids at a price more than the Cap Price ;
- Signature of sole and/or joint Bidders missing;
- Submission of more than five ASBA Bid cum Application Forms per bank account;
- Submission of Bids by Anchor Investors through ASBA process;
- Bids at Cut-off Price by Non-Institutional and QIB Bidders;
- Bids for number of Equity Shares which are not in multiples of [●];
- Category not ticked;
- Multiple Bids as defined in this DRHP;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by stock invest/money order/postal order/cash;
- Bid cum Application Forms does not have the stamp of the BRLM or Syndicate Members or the SCSB;
- Bid cum Application Forms do not have the Bidder's depository account details;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and this DRHP and as per the instructions in this DRHP and the Bid cum Application Forms;
- 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 Depositary Participant's identity (DP ID) and the beneficiary's account number;
- With respect to Bids by the ASBA Bidders, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- Bids by QIBs not submitted through the BRLM or in case of ASBA Bids for QIBs (other than Anchor Investors) not intimated to the BRLM;

- Bids by persons in the United States other than in reliance of Regulation S under the Securities Act;
- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
- Bids not uploaded on the terminals of the Stock Exchanges; and
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

**IN CASE THE DP ID, CLIENT ID AND PAN MENTIONED IN THE BID CUM APPLICATION FORM AND ENTERED INTO THE ELECTRONIC BIDDING SYSTEM OF THE STOCK EXCHANGES OR THE SYNDICATE/THE SCSBs DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITARIES, THE APPLICATION IS LIABLE TO BE REJECTED.**

**Equity Shares in Dematerialised Form with NSDL or CDSL**

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialised 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 the Company, the Depositories and the Registrar,

1. An Agreement dated [●] among NSDL, our Company and Registrars to the Issue.
2. An Agreement dated [●] among CDSL, our Company and Registrars to the Issue.

All Bidders can seek allotment only in Dematerialized mode. Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

- 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.
- 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.
- Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- 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 details of the Bidder(s) with the Depository.
- Non Transferable allotment advice or refund orders will be directly sent to the Bidders by the registrar to the Issue.
- 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.
- The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.

- It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where Equity Shares are proposed to be listed are connected to NSDL and CDSL.

- The trading of Equity Shares of the Company would only be in dematerialized form for all investors in the demat segment of the Stock Exchanges.

**Communications**

All future communications in connection with Bids made in this Issue should be addressed to the Registrar 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 form, name and address of the member of the Syndicate or the Designated Branch of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

**Bidders can contact the Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of Allotted shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted with the Designated Branches of the SCSBs, Bidders can contact the Designated Branches of the SCSBs.**

**PAYMENT OF REFUND**

Bidders other than ASBA Bidders must note that on the basis of Bidder's DP ID and beneficiary account number provided by them in the Bid cum Application Form, the Registrar will obtain, from the Depositories, the Bidders" bank account details, including the nine digit Magnetic Ink Character Recognition ("**MICR**") code as appearing on a cheque leaf to make refunds.

On the Designated Date and no later than 12 Working Days from the Bid/Issue Closing Date, the Escrow Collection Bank shall dispatch refund orders for all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on bidding, if any, after adjusting for allocation/Allotment to such Bidders.

**Mode of making refunds for Bidder's other than ASBA Bidder's**

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through various modes in the following order of preference:

***NECS***

Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. 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 centres where clearing houses are managed by the RBI, except where the applicant is eligible and opts to receive refund through direct credit or RTGS.

***Direct Credit***

Applicants having bank accounts with the Refund Bank (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.

***RTGS***

Applicants having a bank account at any of the centres where clearing houses are managed by the RBI and whose refund amount exceeds Rs. 200,000 will be considered to receive refund through RTGS. For such

eligible applicants, IFSC code will be derived based on the MICR code of the Bidder as per depository records/RBI master. In the event the same is not available as per depository records/RBI master, refund shall be made through NECS. 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.

***NEFT***

Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, if any, available to that particular bank branch. IFSC 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 of that particular bank branch and the payment of refund will be made to the applicants through this method.

***Others***

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value upto Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

**Mode of making refunds for ASBA Bidders**

In case of ASBA Bidders, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Offer Closing Date.

**DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY**

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants of the Bidders and submit the documents pertaining to the Allotment to the Stock Exchanges within 12 working days of Bid/ Issue Closing date.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 Working Days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 12 Working Days of Bid/ Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges are taken within 12 Working Days of the Bid/Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI ICDR Regulations, our Company further undertakes that:

(ii) Allotment of Equity Shares shall be made only in dematerialised form within 12 Working Days of the Bid/Issue Closing Date; and

(ii) With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 Working Days of the Bid/Issue Closing Date would be ensured. With respect to the

ASBA Bidders, instructions for unblocking of the ASBA Bidder‟s Bank Account shall be made within 12 Working Days from the Bid/Issue Closing Date.

(iii) Our Company shall pay interest at 15% p.a. for any delay beyond 15 days or 12 working days, whichever is later from the Bid/Issue Closing Date, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 12 Working Days prescribed above. If such money is not repaid within eight days from the day our Company becomes liable to repay, our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under the applicable law.

**IMPERSONATION**

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

***"Any person who:***

***a) makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or***

b) ***otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,***

***shall be punishable with imprisonment for a term which may extend to five years."***

**BASIS OF ALLOTMENT**

**For Retail Individual Bidders**

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

- The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate Basis of Allotment, refer below.

**For Non-Institutional Bidders**

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non Institutional Bidders will be made at the Issue Price.

- The Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

- In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate Basis of Allotment refer below.

**For QIBs (other than Anchor Investors)**

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the successful QIB Bidders will be made at the Issue Price.

- The QIB Portion shall be available for Allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

- Allotment shall be undertaken in the following manner:

  a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion (excluding Anchor Investor Portion) shall be determined as follows:

     (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Portion (excluding Anchor Investor Portion), allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion (excluding Anchor Investor Portion).

     (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion (excluding Anchor Investor 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 for Allotment to all QIB Bidders as set out in (b) below;

  b) In the second instance Allotment to all QIBs shall be determined as follows:

     (i) In the event that the oversubscription in the QIB Portion, (excluding Anchor Investor 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 Shares on a proportionate basis along with other QIB Bidders (excluding Anchor Investor Portion).

     (iii) Under-subscription below 5% of the QIB Portion (excluding Anchor Investor Portion), if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

- The aggregate Allotment to QIB Bidders shall not be less than [●] Equity Shares.

- Under-subscription, if any, in any category except for the QIB Portion, would be met with spill-over from other categories at our sole discretion, in consultation with the BRLM.

**For Anchor Investor Portion**

- Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the Company, in consultation with the BRLM, subject to compliance with the following requirements:

  - not more than 30% of the QIB Portion will be allocated to Anchor Investors;

- 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 other Anchor Investors;

- allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of two Anchor Investors for allocation up to Rs. 25,000 Lacs and minimum number of five Anchor Investors for allocation more than Rs. 25,000 Lacs.

- The number of Equity Shares Allotted to Anchor Investors and the Anchor Investor Issue Price, shall be made available in the public domain by the BRLM before the Bid/ Issue Opening Date by intimating the same to the Stock Exchanges.

**Method of proportionate basis of Allotment**

In the event the Issue is oversubscribed, the basis of Allotment shall be finalized by our Company, in consultation with the BRLM and the Designated Stock Exchange. The executive director or managing director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalized in a fair and proper manner.

The Allotment to Bidders shall be made in marketable lots on a proportionate basis as explained below:

a) Bidders will be categorized according to the number of Equity Shares applied for by them.

b) The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the oversubscription ratio.

c) The number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the oversubscription ratio.

d) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:

   - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above; and

   - Each successful Bidder shall be allotted a minimum of [●] Equity Shares.

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 market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.

f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

g) Subject to valid Bids being received, allocation of Equity Shares to Anchor Investors shall be at the sole discretion of our Company in consultation with the Book Running Lead Manager.

**Illustration of Allotment to QIBs and Mutual Funds ("MF")**

**A. Issue Details**

| No. | Particulars | Issue details |
|---|---|---|
| 1 | Issue size | 200 crore Equity Shares |
| 2 | Allocation to QIB (50%) | 100 crore Equity Shares |
| Of which: | | |
| | a) Reservation to MF (5%) | 5 crore Equity Shares |
| | b) Balance for all QIBs including MFs | 95 crore Equity Shares |
| 3 | No. of QIB applicants | 10 |
| 4 | No. of shares applied for | 500 crore Equity Shares |

**B. Details of QIB Bids**

| No. | Type of QIB bidders# | No. of Equity Shares bid for (in crore) |
|---|---|---|
| 1 | A1 | 50 |
| 2 | A2 | 20 |
| 3 | A3 | 130 |
| 4 | A4 | 50 |
| 5 | A5 | 50 |
| 6 | MF1 | 40 |
| 7 | MF2 | 40 |
| 8 | MF3 | 80 |
| 9 | MF4 | 20 |
| 10 | MF5 | 20 |
| **Total** | | 500 |

*# A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)*

**C. Details of Allotment to QIB Bidders/ Applicants**

| Type of QIB bidders | Shares bid for | Allocation of 5 crore Equity Shares to MF proportionately (please see note 2 below) | Allocation of balance 95 crore Equity Shares to QIBs proportionately (please see note 3 below) | Aggregate allocation to MFs |
|---|---|---|---|---|
| **(I)** | **(II)** | **(III)** | **(IV)** | **(V)** |
| A1 | 50 | 0 | 9.6 | 0 |
| A2 | 20 | 0 | 3.8 | 0 |
| A3 | 130 | 0 | 24.9 | 0 |
| A4 | 50 | 0 | 9.6 | 0 |
| A5 | 50 | 0 | 9.6 | 0 |
| MF1 | 40 | 1 | 7.5 | 8.5 |
| MF2 | 40 | 1 | 7.5 | 8.5 |
| MF3 | 80 | 2 | 15 | 17 |
| MF4 | 20 | 0.5 | 3.7 | 4.2 |
| MF5 | 20 | 0.5 | 3.7 | 4.2 |
| | **500** | **5** | **95** | **42.4** |

*Please note:*

1) The illustration presumes compliance with the requirements specified in this DRHP in "Basic Terms of the Issue" beginning on page 71 of this DRHP.

2) Out of 100 crore equity shares allocated to QIBs, 5 crore (i.e. 5%) will be allocated on proportionate basis among 5 mutual fund applicants who applied for 200 crore shares in QIB category.

3) The balance 95 crore equity shares (i.e. 100 - 5 (available for mutual funds)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 crore equity shares (including 5 mutual fund applicants who applied for 200 equity shares).

4) The figures in the fourth column entitled "Allocation of balance 95 crore equity shares to QIBs proportionately" in the above illustration are arrived as under:

   - For QIBs other than mutual funds (A1 to A5) = No. of shares bid for (i.e. in column II) X 95 / 495

   - For mutual funds (MF1 to MF5) = {(No. of shares bid for (i.e. in column II of the table above) less equity shares allotted ( i.e., column III of the table above)} X 95/495

   - The numerator and denominator for arriving at allocation of 95 crore shares to the 10 QIBs are reduced by 5 crore shares, which have already been allotted to mutual funds in the manner specified in column III of the table above.

**Letters of Allotment or Refund Orders or instructions to the SCSBs**

Our Company shall give credit to the beneficiary account with depository participants within Twelve (12) Working Days from the Bid/Issue Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk within Twelve (12) working days of the Bid/Issue Closing Date. Bidders to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within Twelve (12) working days of the Bid/ Issue Closing Date. In case of ASBA Bidders, the Registrar shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within Twelve (12) working days of the Bid/Issue Closing Date which shall be completed within one working day after the receipt of such instruction from the Registrar to the Issue.

**Interest in case of delay in dispatch of Allotment Letters or Refund Orders/ instruction to the SCSBs by the Registrar.**

Our Company agrees that

(i) Allotment of Equity Shares; and

(ii) credit to the successful Bidder's depositary accounts will be completed within 12 Working Days of the Bid/ Issue Closing Date. Our Company further agree that it shall pay interest at the rate of 15% p.a. if the Allotment letters or refund orders have not been despatched 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 in the disclosed manner within 15 days from the Bid/ Issue Closing Date.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

**UNDERTAKING BY THE COMPANY**

Our Company undertake as follows:

- That the complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily;
- That all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges within 12 Working Days of the Bid/Issue Closing Date;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar by the Issuer;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 Working Days of the Bid/ Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That the certificates of the securities/ refund orders to Eligible NRIs shall be dispatched within specified time;
- That no further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and
- That adequate arrangement shall be made to collect all ASBA Bid cum Application Forms and to consider them similar to non-ASBA applications while finalising the Basis of Allotment.

**UTILISATION OF ISSUE PROCEEDS**

Our Board of Directors of the Company certifies that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilised out of Issue shall be disclosed, and continue to be disclosed till the time any part of the issue proceeds remains unutilised, under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested;
- the utilisation of monies received under Promoter's contribution shall be disclosed, and continue to be disclosed till the time any part of the Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- the details of all unutilised monies out of the funds received under Promoter's contribution shall be disclosed under a separate head in the balance sheet of the issuer indicating the form in which such unutilised monies have been invested.

Our Company shall comply with the requirements of Clause 49 of the Listing Agreement in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.

Our Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from the Stock Exchanges has been received.

**Withdrawal of the Issue**

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid Opening Date but before the Allotment of Equity Shares. In such an event our Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to the Stock Exchanges.

Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

**Restrictions on Foreign Ownership Of Indian Securities**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the GoI, as notified through press notes and press releases issued from time to time, and FEMA and circulars and notifications issued thereunder. While the Industrial Policy, 1991 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 the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures and reporting requirements for making such investment. The government bodies responsible for granting foreign investment approvals are FIPB and the RBI.

**Subscription by foreign investors (NRIs/FIIs)**

FIIs are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the shares is not less than the price at which the shares are issued to residents. The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. The above information is given for the benefit of the Bidders. The Company and the BRLM is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this DRHP. Bidders are advised to make their independent investigations and ensure that the Bids are not in violation of laws or regulations applicable to them.**

## SECTION IX: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

### MODIFICATION OF RIGHTS

| Title of Article | Article Number and contents |
|---|---|
| Modification of rights | 10.<br>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 Sections 106 and 107 of the Act, be modified, commuted, affected, abrogated, dealt with or varied with the consent in writing of the holders of not less than three-fourth of the issued capital of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of Shares of that class, and all the provisions hereafter contained as to General Meeting shall *mutatis mutandis* apply to every such Meeting. This Article is not to derogate from any power the Company would have if this Article was omitted.<br>The rights conferred upon the holders of the Shares (including preference shares, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of Shares of that class, be deemed not to be modified, commuted, affected, dealt with or varied by the creation or issue of further Shares ranking *pari passu* therewith. |

### SHARES, CERTIFICATES AND DEMATERIALISATION

| Title of Article | Article Number and contents |
|---|---|
| Restriction on allotment and return of allotment | 11.<br>The Board of Directors shall observe the restrictions on allotment of Shares to the public contained in Sections 69 and 70 of the Act, and shall cause to be made the returns as to allotment provided for in Section 75 of the Act. |
| Further issue of shares | 12.<br>(1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of Shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further Shares whether out of unissued share capital or out of increased share capital then:<br>(a) Such further Shares shall be offered to the persons who at the date of the offer are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those Shares at that date<br>(b) Such offer shall be made by a notice specifying the number of Shares offered and limiting a time not being less than thirty days from the date of the offer and the offer, if not accepted, will be deemed to have been declined.<br>(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to them in favour of any other person, and the notice referred to in sub-clause (b) 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.<br>(d) After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given declines to accept the Shares offered, the Board of Directors may dispose them off in such manner and to such person(s) as they may think in their sole discretion fit.<br>(2) Notwithstanding anything contained in sub-clause (1) hereof, the further Shares aforesaid may be offered to any person(s) (whether or not those persons include the persons referred to in clause (a) sub-clause (1) hereof) in any manner whatsoever. |

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| | (a) If a Special Resolution to that effect is passed by the Company in the General Meeting; or<br>(b) Where no such Special Resolution is passed, if the votes cast (whether on a show of hands, or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting, (including the casting vote, if :any, of the Chairman) by Members who, being entitled 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.<br>(3) Nothing in sub-clause (c) of clause (l) hereof shall be deemed;<br>(a) To extend the time within which the offer should be accepted; or<br>(b) To authorise any person to exercise the right of renunciation for a second time, on the ground that the persons in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.<br>(4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:<br>(i) To convert such debentures or loans into Shares in the Company; or<br>(ii) to subscribe for Shares in the Company (whether such option is conferred in these Articles or otherwise)<br>PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:<br>(a) either has been approved by the Central Government before the issue of the debentures or the raising of the loans, or is in conformity with the rules, if any, made by that government in this behalf, and<br>(b) in the case of debentures or loans 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 the General Meeting before the issue of the debentures or the raising of the loans. |
| Shares under control of Directors | 13.<br>Subject to the provisions of the Act and these Articles, the Shares in the capital of the Company for the time being shall be under the 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 compliance 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 the 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 be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares. Provided that option or right to call for Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting. |
| Power to offer Shares/options to acquire Shares | 13A<br>(i) Without prejudice to the generality of the powers of the Board under Article 13 or in any other Article of these Articles of Association, the Board or any Committee thereof duly constituted may, subject to the applicable provisions of the Act, rules notified there under and any other applicable laws, rules and regulations, at any point of time, offer existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) to its employees, including Directors (whether whole-time or not), whether at par, at discount or at a premium, for cash or for |

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| | consideration other than cash, or any combination thereof as may be permitted by law for the time being in force.<br>(ii) In addition to the powers of the Board under Article 13A(i), the Board may also allot the Shares referred to in Article 13A(i) to any trust, whose principal objects would *inter alia* include further transferring such Shares to the Company's employees [including by way of options, as referred to in Article 13A(i)] in accordance with the directions of the Board or any Committee thereof duly constituted for this purpose. The Board may make such provision of moneys for the purposes of such trust, as it deems fit.<br>(iii) The Board, or any Committee thereof duly authorised for this purpose, may do all such acts, deeds, things, etc. as may be necessary or expedient for the purposes of achieving the objectives set out in Articles 13A(i) and (ii) above. |
| Application of premium received on Shares | 14.<br>(1) where the Company issues Shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on these Shares shall be transferred to an account, to be called "the share premium account" and the provisions of the Act relating to the reduction of the share capital of the Company shall except as provided in this Article, apply as if the share premium account were paid up share capital of the Company.<br>(2) The share premium account may, notwithstanding anything in clause (I) thereof be applied by the Company:<br>(a) In paying up unissued Shares of the Company, to be issued to the Members of the Company as fully paid bonus;<br>(b) In writing off the preliminary expenses of the Company;<br>(c) In writing off the expenses of or the commission paid or discount allowed or any issue of Shares or debentures of the Company ; or<br>(d) In providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company. |
| Power also to Company in General Meeting to issue Shares | 15.<br>In addition to and without derogating from the powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any Shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option or right to call for or buy allotted Shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment, or disposal of any Shares. |
| Power of General Meeting to authorize Board to offer Shares/Options to employees | 15A<br>(i) Without prejudice to the generality of the powers of the General Meeting under Article 15 or in any other Article of these Articles of Association, the General Meeting may, subject to the applicable provisions of the Act, rules notified there under and any other applicable laws, rules and regulations, determine, or give the right to the Board or any Committee thereof to determine, that any existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) be allotted/granted to its employees, including Directors (whether whole-time or not), whether at par, at discount or a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force. The General Meeting may also approve any |

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| | Scheme/Plan/ other writing, as may be set out before it, for the aforesaid purpose<br>(ii) In addition to the powers contained in Article 15A(i), the General Meeting may authorise the Board or any Committee thereof to exercise all such powers and do all such things as may be necessary or expedient to achieve the objectives of any Scheme/Plan/other writing approved under the aforesaid Article. |
| Shares at a discount | 16.<br>The Company may issue at a discount Shares in the Company of a class already issued, if the following conditions are fulfilled, namely:<br>(a) The issue of the Shares at discount is authorised by resolution passed by the Company in the General Meeting and sanctioned by the Company Law Board;<br>(b) The resolution specifies the maximum rate of discount (not exceeding ten percent or such higher percentage as the Company Law Board may permit in any special case) at which the Shares are to be issued; and<br>(c) The Shares to be issued at a discount are issued within two months after the date in which the issue is sanctioned by the Company Law Board or within such extended time as the Company Law Board may allow. |
| Installments of Shares to be duly paid | 17.<br>If by the conditions of any allotment of any Shares the whole or any part of the amount or issued 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 and from time to time shall be the registered holder of the Shares or his legal representatives, and shall for the purposes of these Articles be deemed to be payable on the date fixed for payment and in case of non-payment the provisions of these Articles as to payment of interest and expenses forfeiture and like and all the other relevant provisions of the Articles shall apply as if such installments were a call duly made notified as hereby provided. |
| The Board may issue Shares as fully paid-up | 18.<br>Subject to the provisions of the Act and these Articles, the Board may allot and issue Shares in the Capital of the Company as payment for any property purchased or acquired or for services rendered to the Company in the conduct of its business or in satisfaction of any other lawful consideration. Shares which may be so issued may be issued as fully paid-up or partly paid up Shares. |
| Acceptance of Shares | 19. Any application signed by or on behalf of an applicant for Share(s) in the Company, followed by an allotment of any Share therein, shall be an acceptance of Share(s) within the meaning of these Articles, and every person who thus or otherwise accepts any Shares and whose name is therefore placed on the Register of Members shall for the purpose of this Article, be a Member. |
| Deposit and call etc., to be debt payable | 20. The money, if any which the Board of Directors shall on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any Shares allotted by them shall immediately on the inscription of the name of the allottee in the Register of Members as the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly. |
| Liability of Members | 21.<br>Every Member, or his heirs, executors or administrators to the extent of his assets which come to their hands, shall be liable to pay to the Company the portion of the capital represented by his Share which may, for the time being, remain unpaid thereon in such amounts at such time or times and in such manner as the Board of Directors shall, from time to time, in accordance with the Company's requirements require or fix for the payment thereof. |
| Dematerialisation of securities | 21.(A)<br>Definitions<br>**Beneficial Owner** “Beneficial Owner” means a person whose name is recorded as such with a Depository. |

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| | **SEBI** "SEBI" means the Securities and Exchange Board of India.<br><br>**Bye-Laws** "Bye-Laws" mean bye-laws made by a depository under Section 26 of the Depositories Act, 1996;<br><br>**Depositories Act.** "Depositories Act" means the Depositories Act, 1996 including any statutory modifications or re-enactment thereof for the time being in force;<br><br>**Depository** "Depository" means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992;<br><br>**Record** "Record" includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI;<br><br>**Regulations** "Regulations" mean the regulations made by SEBI;<br>**Security** "Security" means such security as may be specified by SEBI. |
| Dematerialisation of securities | 21.(B)<br>Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act. |
| Options to receive security certificates or hold securities with depository | 21.(C)<br>Every person subscribing to securities offered by the Company shall have the option to receive the Security certificates or hold securities with a depository.<br>Where a person opts to hold a Security with a depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of such information the depository shall enter in its record the name of the allotted as the Beneficial Owner of that Security. |
| Securities in depositories to be in fungible form | 21.(D)<br>All Securities held by a Depository shall be dematerialised and shall be in a fungible form; nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners. |
| Rights of depositories and beneficial owners | 21.(E)<br>(1) Notwithstanding anything to the contrary contained in the Articles, a Depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of Security on behalf of the Beneficial Owner;<br><br>(2) Save as otherwise provided in (1) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it;<br><br>(3) Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the Records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the Securities held by a Depository. |
| Depository To Furnish Information | 21.(F)<br><br>Every Depository shall furnish to the Company information about the transfer of Securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf. |
| Option to Opt | 21.(G) |

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| out in respect of any security | 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 information as above make appropriate entries in its Records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be. |
| Sections 83 and 108 of the Act not to apply | 21.(H)<br>Notwithstanding anything to the contrary contained in the Articles,<br>(1) Section 83 of the Act shall not apply to the Shares held with a Depository;<br>(2) Section 108 of the Act shall not apply to transfer of Security affected by the transferor and the transferee both of whom are entered as Beneficial Owners in the Records of a Depository. |
| Share certificate | 22.<br>(a)Every Member or allotee of Shares is entitled, without payment, to receive one certificate for all the Shares of the same class registered in his name.<br><br>(b) Any two or more joint allottees or holders of Shares shall, for the purpose of this Article, be treated as a single Member and the certificate of any Share which may be the subject of joint ownership may be delivered to any one of such joint owners, on behalf of all of them. |
| Limitation of time for issue of certificates | 22A.<br>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 so 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 two months 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 e in such form as the directors may prescribe and 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 or several joint holders shall be a sufficient delivery to all such holder. |
| Renewal of share certificates | 23.<br>No certificate of any Share or Shares shall be issued either in exchange for those, which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the pages on the reverse for recording transfer have been duly utilised unless the certificate in lieu of which it is issued is surrendered to the Company.<br>PROVIDED THAT no fee shall be charged for issue of new certificate in replacement of those which are old, decrepit or worn out or where the pages on the reverse for recording transfer have been fully utilized. |
| New certificate to be granted on delivery of the old certificates | 24.<br>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, 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 (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall |

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| | be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.<br><br>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 rules made under Securities Contracts (Regulation) Act 1956 or any other Act, or rules applicable thereof in this behalf.<br>The provision of this Article shall mutatis mutandis apply to Debentures of the Company. |
| The first name joint holder deemed sole holder | 25.<br>If any Share(s) stands in the name of two or more persons, the person first named in the Register of Members shall, as regards receipt of dividends or bonus or service of notice and all or any other matters connected with Company except voting at Meetings and the transfer of the Shares be deemed the sole holder thereof but the joint holders of a Share shall severally as well as jointly be liable for the payment of all incidents thereof according to the Company's Articles. |
| Company not bound to recognize any interest in Shares other than of registered holder | 26.<br>Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them. |
| Trust recognised | 27.<br>(a) Except as ordered, by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof, any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.<br><br>(b) Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor or of a person of unsound mind (except in case where they are fully paid) or in the name of any firm or partnership. |
| Declaration by person not holding beneficial interest in any Shares | 28.<br>(1) Notwithstanding anything herein contained a person whose name is at any time entered in Register of Member of the Company as the holder of a Share in the Company, but who does not hold the beneficial interest in such Shares, shall, if so required by the Act within such time and in such forms as may be prescribed, make declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such Share in the manner provided in the Act<br>2) A person who holds a beneficial interest in a Share or a class of Shares of the Company, shall if so required by the Act, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the Shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in the Act<br>(3) Whenever there is a change in the beneficial interest in a Share referred to above, the beneficial owner shall, of so required by the Act, within the time prescribed, from |

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| | the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed in the Act<br>(4) Not withstanding anything contained in the Act and Articles 26 and 27 hereof, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration. |
| Funds of Company not to be applied in purchase of Shares of the Company | 29.<br>No funds of the Company shall except as provided by Section 77 of the Act, be employed in the purchase of its own Shares, unless the consequent reduction of capital is effected and sanction in pursuance of Sections 78, 80 and 100 to 105 of the Act and these Articles or in giving either directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any Share in the Company in its holding Company. |

**CALLS**

| Title of Article | Article Number and contents |
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| Directors may make calls | 35.<br>(a) Subject to the provisions of Section 91 of the Act, the Board of Directors may from time to time by a resolution passed at a meeting of a Board (and not by a circular resolution)make such calls as it thinks fit upon the Members in respect of all moneys unpaid on the Shares or by way of premium, held by them respectively and not by conditions of allotment thereof made payable at fixed time and each Member shall pay the amount of every call so made on him to person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine. No call shall be made payable within less than one month from the date fixed for the payment of the last preceding call.<br>(b) The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof. |
| Notice of call when to be given | 36.<br>Not less than one month notice in writing of any call shall be given by the Company specifying the time and place of payment and the person or persons to whom such call shall be paid. |
| Call deemed to have been made | 37.<br>A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board of Directors and may be made payable by the Members of such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Board of Directors. |
| Directors may extend time | 38.<br>The Board of Directors may, from time to time at its discretion, extend the time fixed for the payment of any call and may extended such time to call or any of the Members, the Board of Directors may deem fairly entitled to such extension but no Member shall be entitled to such extension as of right except as a matter of grace and favour. |
| Amount payable at fixed time or by installments to be treated as calls | 39.<br>If by the terms of issue of any Share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the Share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or |

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| | installment accordingly. |
| When interest on call or installment payable | 40.<br>If the sum payable in respect of any call or installment is not paid on or before the day appointed for the payment thereof, the holder for the time being or allottee of the Share in respect of which the call shall have been made or the installment shall be due, shall pay interest on the same at such rate not exceeding eighteen percent per annum as Directors shall fix from the day appointed for the payment thereof upto the time of actual payment but the Directors may waive payment of such interest wholly or in part. |
| Evidence in action by Company against share holder | 41.<br>On the trial of hearing of any action or suit brought by the Company against any Member or his Legal Representatives for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the Member in respect of whose Shares the money is sought to be recovered is entered on the Register of Members as the holder or as one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the Shares in respect of which the money is sought to be recovered, that the resolution making the call is duly recorded in the minute book and the notice of such call was duly given to the Member or his legal representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of Directors who made such call, nor that a quorum of Directors 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 the proof of the matters aforesaid shall be conclusive evidence of the debt. |
| Payment in anticipation of calls may carry interest | 42.<br>The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any Member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.<br>The Members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.<br><br>The provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company. |

**LIEN**

| Title of Article | Article Number and contents |
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| Partial payment not to preclude forfeiture | 43.<br>Neither the receipt by the Company of a portion of any money which shall, from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, or any indulgence granted by the Company in respect of the payment of such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided. |
| Company to have lien on Shares/ Debentures | 44.<br>The Company shall have first and paramount lien upon all 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. That is to say that, the fully paid shares shall be |

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| | free from all lien and that in the case of partly paid shares the Issuers's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares. No equitable interests in any Share/ Debenture shall be created except upon the footing and condition that this Article is to have full legal effect. Any such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/ Debentures; PROVIDED THAT the Board of Directors may, at any time, declare any Share/ Debenture to be wholly or in part exempt from the provisions of this Article. 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. |
| As to enforcing lien by sale | 45.<br>The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has lien for the purpose of enforcing the same PROVIDED THAT no sale shall be made:-<br>(a) Unless a sum in respect of which the lien exists is presently payable; or<br>(b) Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is /presently payable has been given to the registered holder for the time being of the Share or the person entitled thereto by reason of his death or insolvency.<br>For the purpose of such sale the Board may cause to be issued a duplicate certificate in respect of such Shares and may authorise one of their members to execute a transfer there from behalf of and in the name of such Members<br>(c) The purchaser shall not be bound to see the application of the purchase money, nor shall his title to the Shares be affected by any irregularity, or invalidity in the proceedings in reference to the sale. |
| Application of proceeds of sale | 46.<br>(a) The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable, and<br>(b) The residue if any, after adjusting costs and expenses if any incurred shall be paid to the person entitled to the Shares at the date of the sale (subject to a like lien for sums not presently payable as existed on the Shares before the sale). |

**FORFEITURE OF SHARES**

| Title of Article | Article Number and contents |
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| If money payable on Shares not paid notice to be given | 47.<br>If any Member fails to pay the whole or any part of any call or any installments of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for installment remains unpaid, give notice to him 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. |
| Sum payable on allotment to be deemed a call | 48.<br>For the purposes of the provisions of these Articles relating to forfeiture of Shares, the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such Share on the day of allotment. |
| Form of notice | 49.<br>The notice shall name a day, (not being less than fourteen days form the day of the notice) and a place or places on and at which such call in installment and such interest thereon at such rate not exceeding eighteen percent per annum as the Directors may determine and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, Shares in respect of which the call was made or installment is payable will be liable to be forfeited. |

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| In default of payment Shares to be forfeited | 50.<br>If the requirements of any such notice as aforesaid are not complied with, any Share or Shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture. |
| Notice of forfeiture to a Member | 51.<br>When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid. |
| Forfeited Shares to be the property of the Company and may be sold etc. | 52.<br>Any Share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit. |
| Member still liable for money owning at the time of forfeiture and interest | 53.<br>Any Member whose Shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen percent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such moneys or any part thereof, if it thinks fit, but shall not be under any obligation to do so. |
| Effects of forfeiture | 54.<br>The forfeiture of a Share shall involve the extinction at the time of the forfeiture, of all interest in and all claims and demand against the Company in respect of the Share and all other rights incidental to the Share, except only such of those rights as by these Articles are expressly saved. |
| Power to annul forfeiture | 55.<br>The Board of Directors 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. |

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| Declaration of forfeiture | 56<br>(a) A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or the Secretary of the Company, and that Share in the Company has been duly forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.<br><br>(b) The Company may receive the consideration, if any, given for the Share on any sale, re-allotment or other disposal thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed off.<br><br>(c) The person to whom such Share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the Share.<br><br>(d) Any such purchaser or allotee shall not (unless by express agreement) be liable to pay calls, amounts, installments, interests and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interests or bonuses accrued or which might have accrued upon the Share before the time of completing such purchase or before such allotment.<br><br>(e) Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be effected by the irregularity or invalidity in the proceedings in reference to the forfeiture, sale re-allotment or other disposal of the Shares. |
| Provisions of these articles as to forfeiture to apply in case of nonpayment of any sum. | 57.<br>The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a Share becomes payable at a fixed time, whether on account of the nominal value of Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified. |
| Cancellation of shares certificates in respect of forfeited Shares | 58.<br>Upon sale, re-allotment or other disposal under the provisions of these Articles, the certificate or certificates originally issued in respect of the said Shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said Shares to the person or persons entitled thereto. |
| Evidence of forfeiture | 59.<br>The declaration as mentioned in Article 56(a) of these Articles shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share. |
| Validity of sale | 60.<br>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 Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively. |
| Surrender of Shares | 61.<br>The Directors may subject to the provisions of the Act, accept surrender or any share |

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| | from any Member desirous of surrendering on such terms and conditions as they think fit. |

**TRANSFER AND TRANSMISSION OF SHARES**

| Title of Article | Article Number and contents |
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| No transfers to minors etc. | 62.<br>No Share which is partly paid-up or on which any sum of money is due shall in any circumstances be transferred to any minor, insolvent or person of unsound mind. |
| Form of transfer | 63.<br>A common form of transferred shall be used and the instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. |
| Application for transfer | 64.<br>(a) An application for registration of a transfer of the Shares in the Company may be either by the transferor or the transferee.<br>(b) Where the application is made by the transferor and relates to partly paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice<br>(c) For the purposes of clause (b) above notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address, given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post. |
| Execution of transfer | 65.<br>The instrument of transfer of any Share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be witnessed. The transferor shall be deemed to remain the holder of such Share until the name of the transferee shall have been entered in the Register of Members in respect thereof. The requirements of provisions of Section 108 of the Companies Act, 1956 and any statutory modification thereof for the time being shall be duly complied with. |
| Transfer by legal representatives | 66.<br>A transfer of Share in the Company of a deceased Member thereof made by his legal representative shall, although the legal representative is not himself a Member be as valid as if he had been a Member at the time of the execution of the instrument of transfer. |
| Register of Members etc when closed | 67.<br>The Board of Directors shall have power on giving not less than seven days pervious notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated to close the Register of Members and/or the Register of debentures holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board. |
| Directors may refuse to register transfer | 68.<br>Subject to the provisions of Section 111 of the Companies Act, 1956 and section 22A of the Securities Contracts (Regulation) Act, 1956 and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such |

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| | transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Issuer on any account whatsoever except where the Company has a lien on shares. |
| Death of one or more joint holders of Shares | 69.<br>In case of the death of any one or more of the persons named in the Register of Members as the joint holders of any Share, the survivor or survivors shall be the only persons recognised by the Company as having any title or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him with any other person. |
| Titles of Shares of deceased Member | 70.<br>The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks it, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 109A and 109B of the Companies Act. |
| Notice of application when to be given | 71.<br>Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act. |
| Registration of persons entitled to Shares otherwise than by transfer (Transmission Clause) | 72.<br>Subject to the provisions of the Act and Article 69 hereto, any person becoming entitled to Share in consequence of the death, lunacy, bankruptcy insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Share or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered as a holder, he shall execute an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the Shares. This clause is hereinafter referred to as the "Transmission Clause". |
| Refusal to register nominee | 73.<br>Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any Share of his nominee as if he were the transferee named in an ordinary transfer presented for registration. |
| Person entitled may receive dividend without being registered as a Member | 74.<br>A person entitled to a Share by transmission shall subject to the right of the Directors to retain dividends or money as is herein provided, be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the Share. |

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| No fees on transfer or transmissions | 75.<br>No fee shall be charged for registration of transfer, transmission Probate, Succession Certificate & Letters of Administration, Certificate of Death or Marriage, Power of Attorney or other similar documents. |
| Transfer to be presented with evidence of title | 76.<br>Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the Shares and generally under and subject to such conditions and regulations as the Board may, from time to time prescribe, and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board. |
| Company not liable for disregard of a notice prohibiting registration of transfer | 77.<br>The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound to be required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit. |

**SHARE WARRANTS**

| Title of Article | Article Number and contents |
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| Power to issue share warrants | 78.<br>The Company may issue warrants subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant. |
| Deposit of share warrants | 79.<br>(a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant<br>(b) Not more than one person shall be recognized as depositor of the Share warrant<br>(c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor |
| Privileges and disabilities of the holders of share warrant | 80.<br>(a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company.<br>(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the |

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| | holder of the Share included in the warrant, and he shall be a Member of the Company. |
| Issue of new share warrant coupons | 81.<br>The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction. |

**BORROWING POWERS**

| Title of Article | Article Number and contents |
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| Power to borrow | 86.<br>Subject to the provisions of Sections 58A, 292 and 370 of the Act and these Articles, the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purposes of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in General Meeting. No debts incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded. |
| The payment or repayment of moneys borrowed | 87.<br>The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of bonds, debentures or debentures stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its un-called capital for the time being and the debentures and the debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued. |
| Terms of issue of Debentures | 88.<br>Any debenture, 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 General Meeting, appointment of Directors and otherwise; however, Debentures with the right to conversion into or allotment of Shares shall be issued only with the consent of the Company in General Meeting by a Special Resolution. |
| Mortgage of uncalled capital | 89.<br>If any uncalled capital of the Company is included in or charged by mortgage or other security, the Directors may, subject to the provisions of the Act and these Articles, make calls on the Members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security has been executed. |

**MEETING OF MEMBERS**

| Title of Article | Article Number and contents |
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| Statutory meeting | 90.<br>The statutory meeting shall be held in accordance with the provisions of Section 165 of the Act within a period of not less than one month and not more than six months |

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| | from the date on which the Company shall be entitled to commence business. |
| Annual General Meeting | 91.<br>The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other Meeting in that year. All General Meetings other than Annual General Meetings shall be called Extra-ordinary General Meetings. An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Register under the provisions of Section 166 (1) of the Act to extend the time with which any Annual General Meeting may be held. Every Annual General Meeting shall be called at a time during business hours, on a day that is not a public holiday, and shall be held at the office of the Company or at some other place within the city in which the Registered Office of the Company is situated as the Board may determine and the notices calling the Meeting shall specify as the Annual General Meeting. Then company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every Member of the Company shall be entitled to attend, either in person or by proxy and the Auditors of the Company, shall have the right to attend and be heard at any General Meeting which he attends on any part of the business which concerns him as an Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Director's Report and audited statement of accounts, the Proxy Register with proxies and the Register of Director's Shareholding, which Registers shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared the annual list of Members, summary of share capital, balance sheet and profit and loss account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act. |
| Report statement and registers to be laid before the Annual General Meeting | 92.<br>The Company shall in every Annual General Meeting in addition to any other Report or Statement lay on the table the Director's Report and audited statement of accounts, Auditor's Report (if not already incorporated in the audited statement of accounts), the Proxy Register with proxies and the Register of Director's Shareholdings, which Registers shall remain open and accessible during the continuance of the Meeting. |
| Extra-Ordinary General Meeting | 93.<br>All General Meeting other than Annual General Meeting shall be called Extra-Ordinary General Meeting. |
| Requisitionists' meeting | 94.<br>(1) Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such number of Members as is hereinafter specified and (unless the General Meeting otherwise resolves) at the expense of the requisitionists:-<br>(a) Give to the Members of the Company entitled to receive notice of the next Annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting.<br>(b) Circulate to the Members entitled to have notice of any General Meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or any business to be dealt with at that Meeting.<br>(2) The number of Members necessary for a requisition under clause (1) hereof shall be<br>(a) Such number of Members as represent not less than one-twentieth of the total voting power of all the Members having at the date of the resolution a right to vote on the resolution or business to which the requisition relates; or<br>(b) not less than one hundred Members having the rights aforesaid and holding |

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| | Shares in the Company on which there has been paid up an aggregate sum of not less than Rupees one lac in all.<br><br>(3) Notice of any such resolution shall be given and any such statement shall be circulated, to Members of the Company entitled to have notice of the Meeting sent to them by serving a copy of the resolution or statement to each Member in any manner permitted by the Act for service of notice of the Meeting and notice of any such resolution shall be given to any other Member of the Company by giving notice of the general effect of the resolution in any manner permitted by the Act for giving him notice of meeting of the Company. The copy of the resolution shall be served, or notice of the effect of the resolution shall be given, as the case may be in the same manner, and so far as practicable, at the same time as notice of the Meeting and where it is not practicable for it to be served or given at the time it shall be served or given as soon as practicable thereafter.<br>(4) The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless:<br>(a) A copy of the requisition signed by, the requisitionists (or two or more copies which between them contain the signature of all the requisitionists) is deposited at the Registered Office of the Company.<br>(i)In the case of a requisition, requiring notice of resolution, not less than six weeks before the Meeting.<br>(ii)the case of any other requisition, not let than two weeks before the Meeting, and<br>(b) There is deposited or tendered with the requisition sum reasonably sufficient to meet the Company expenses in giving effect thereto.<br>PROVIDED THAT if after a copy of the requisition requiring notice of a resolution has been deposited at the Registered Office of the Company, and an Annual General Meeting is called for a date six weeks or less after such copy has been deposited, the copy although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purposes also thereof.<br>(5) The Company shall also not be bound under this Article to circulate any statement, if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter.<br>(6) Notwithstanding anything in these Articles, the business which may be dealt with at Annual General Meeting shall include any resolution for which notice is given in accordance with this Article, and for the purposes of this clause, notice shall be deemed to have been so given, notwithstanding the accidental omission in giving it to one or more Members. |
| Extra-Ordinary General Meeting by Board and by requisition<br><br>When a Director or any two Members may call an Extra Ordinary General Meeting | 95.<br>(a) The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of the Members as herein provided, forthwith proceed to convene Extra-Ordinary General Meeting of the Company.<br><br>(b) If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors. |
| Contents of requisition, and number of requisitionists required and the conduct of Meeting | 96.<br>(1) In case of requisition the following provisions shall have effect:<br>(a) The requisition shall set out the matter for the purpose of which the Meeting is to be called and shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company.<br>(b) The requisition may consist of several documents in like form each signed by one |

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| | or more requisitionists.<br>(c) The number of Members entitled to requisition a Meeting in regard to any matter shall be such number as hold at the date of the deposit of the requisition, not less than one-tenth of such of the paid-up share capital of the Company as that date carried the right of voting in regard to that matter.<br>(d) Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (3) shall apply separately in regard to such matter, and the requisition shall accordingly be valid only in respect of those matters in regard to which the conditions specified in that clause are fulfilled.<br>(e) If the Board does not within twenty-one days from the date of the deposit of a valid requisition in regard to any matters, proceed, duly to call a Meeting for the consideration of those matters on a day not later than forty-five days from the date of the deposit of the requisition, the Meeting may be called:<br>(i)By the requisitionists themselves ; or<br>(ii) by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth of the paid-up share capital of the Company as is referred to in sub clauses (c) of clause (I) which ever is less. PROVIDED THAT for the purpose of this sub-clause, the Board shall, in the case of a Meeting at which a resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the Meeting if they do not give such notice thereof as is required by sub-section (2) of Section 189 of the Act.<br>(2) A meeting called under sub-clause (c) of clause (1) by requisitionsits or any of them:<br>(a) shall be called in the same manner as, nearly as possible, as that in which meeting is to be called by the Board; but<br>(b) shall not be held after the expiration of three months from the date of deposit of the requisition. PROVIDED THAT nothing in sub-clause (b) shall be deemed to prevent a Meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some days after the expiry of that period.<br>(3) Where two or more Persons hold any Shares in the Company jointly; a requisition or a notice calling a Meeting signed by one or some only of them shall, for the purpose of this Article, have the same force and effect as if it has been signed by all of them.<br>(4) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board to duly to call a Meeting shall be repaid to the requisitionists by the Company; and any sum 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 were in default. |
| Length of notice of Meeting | 97.<br>(1) A General Meeting of the Company may be called by giving not less than twenty-one days notice in writing.<br>(2) A General Meeting may be called after giving shorter notice than that specified in clause (1) hereof, if consent is accorded thereto:<br>(i) In the case of Annual General Meeting by all the Members entitled to vote thereat; and<br>(ii) In the case of any other Meeting, by Members of the Company holding not less than ninety-five percent of such part of the paid up share capital of the Company as gives a right to vote at the Meeting.<br>PROVIDED THAT where any Members of the Company are entitled to vote only on some resolution, or resolutions to be moved at a Meeting and not on the others, those Members shall be taken into account for the purposes of this clause in respect of the former resolutions and not in respect of the later. |
| Contents and manner of service of notice | 98.<br>(1) Every notice of a Meeting of the Company shall specify the place and the day and hour of the Meeting and shall contain a statement of the business to be transacted thereat. |

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| | (2) Subject to the provisions of the Act notice of every General Meeting shall be given;<br>(a) to every Member of the Company, in any manner authorised by sub-sections (1) to (4) Section 53 of the Act**;**<br>(b) to the persons entitled to a Share in consequence of the death, or insolvency of a Member, by sending it through post in a prepaid letter addressed to them by name or by the title of representative of the deceased, or assignees of the insolvent, or by like description, at the address, if any in India supplied for ,the purpose by the persons claiming to be so entitled or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; and<br>(c) to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 of the Act in the case of Members of the Company<br>PROVIDED THAT, where the notice of a Meeting is given by advertising the same in a newspaper circulating in the neighborhood of Registered Office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section, but it shall be mentioned in the advertisement that the statement has been forwarded to the Members of the Company.<br>(3)Every notice convening a Meeting of the Company shall state with reasonable prominence 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 himself and that a proxy need not be a Member of the Company. |
| Special and ordinary business and explanatory statement | 99.<br>(1)(a) In the case of an Annual General Meeting all business to be transacted at the Meeting shall be deemed special, with the exception of business relating to<br>(i) the consideration of the accounts, balance sheet the reports of the Board of Directors and Auditors;<br>(ii) the declaration of dividend;<br>(iii) the appointment of Directors in the place, of those retiring; and<br>(iv) the appointment of, and the fixing of the remuneration of the Auditors, and<br>(b) In the case of any other meeting, all business shall be deemed special<br>(2) Where any items of business to be transacted at the Meeting of the Company are deemed to be special as aforesaid, there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item, of business, including in particular the nature of the concern or interest, if any, therein of every Director.<br>PROVIDED THAT, where any such item of special business at the Meeting of the Company relates to or affects, any other company, the extent of shareholding interest in that other company of every Director of the Company shall also be set out in the statement, if the extent of such shareholding interest is not less than twenty percent of the paid up-share capital of the other company.<br>(3) Where any item of business consists of the according of approval to any document by the Meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid. |
| Omission to give notice not to invalidate proceedings | 100.<br>The accidental omission to give such notice as aforesaid to or non-receipt thereof by, any Member or other person to whom it should be given, shall not invalidate the proceedings of any such Meeting. |

**MEETING OF MEMBERS**

| Title of Article | Article Number and contents |
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| Notice of business to be given | 101.<br>No General Meeting, Annual or Extra-Ordinary shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or |

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| | notices convening the Meeting. |
| Quorum | 102.<br>Five Members entitled to vote and present in person shall be quorum for General Meeting and no business shall be transacted at the General Meeting unless the quorum requisite be present at the commencement of the Meeting. A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. The President of India or the Governor of a State being a Member of the Company shall be deemed to be personally present if it is presented in accordance with Section 187 of the Act. |
| If quorum not present when Meeting to be dissolved and when to be adjourned | 103.<br>If within half an hour from the time appointed for holding a Meeting of the Company, a quorum is not present, the Meeting, if called by or upon the requisition of the Members shall stand dissolved and in any other case the Meeting shall stand, adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday, at the same time and place or to such other day and at such other time and place as the Board may determine. If at the adjournment meeting also, a quorum is not present within half an hour from the time appointed for holding the Meeting, the Members present shall be a quorum and may transact the business for which the Meeting was called. |
| Resolution passed at adjourned Meeting | 104.<br>Where a resolution is passed at an adjourned Meeting of the Company, the resolution for all purposes is treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date. |
| Chairman of General Meeting. | 105.<br>At every General Meeting the Chair shall be taken by the Chairman of the Board of Directors. If at any Meeting, the Chairman of the Board of Directors is not present within ten minutes after the time appointed for holding the Meeting or though present, is unwilling to act as Chairman, the Vice Chairman of the Board of Directors would act as Chairman of the Meeting and if Vice Chairman of the Board of Directors is not present or, though present, is unwilling to act as Chairman, the Directors present may choose one of themselves to be a Chairman, and in default or their doing so or if no Directors shall be present and willing to take the Chair, then the Members present shall choose one of themselves, being a Member entitled to vote, to be Chairman. |
| Act for resolution sufficiently done or passed by Ordinary Resolution unless otherwise required. | 105(A)<br>Any act or 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 done so or passed if effected by an Ordinary Resolution unless either the Act or the Articles specifically require such act to be done or resolution be passed by a Special Resolution. |
| Business confined to election of Chairman whilst the Chair is vacant | 106.<br>No business shall be discussed at any General Meeting except the election of a Chairman whilst the Chair is vacant. |
| Chairman may adjourn Meeting | 107.<br>(a) The Chairman may with the consent of Meeting at which a quorum is present and shall if so directed by the Meeting adjourn the Meeting from time to time and from place to place.<br>(b) 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>(c) When a Meeting is adjourned for thirty days or more notice of the adjourned Meeting shall be given as in the case of an original Meeting.<br>(d) Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or of the business to be transacted at any adjourned Meeting. |
| How questions are decided at Meetings | 108.<br>Every question submitted to a General Meeting shall be decided in the first instance by a show of hands unless the poll is demanded as provided in these Articles. |

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| Chairman's declaration of result of voting on show of hands | 109.<br>A declaration by the Chairman of the Meeting that on a show of hands, a resolution has or has not been carried either unanimously or by a particular majority, and an entry to that effect in the book containing the minutes of the proceeding of the Company's General Meeting shall be conclusive evidence of the fact, without proof of the number or proportion of votes cast in favour of or against such resolution. |
| Demand of poll | 110.<br>Before or on the declaration of the result of the voting on any resolution on a show of hands a poll may be ordered to be taken by the Chairman of the Meeting on his own motion and shall be ordered to be taken by him on a demand made in that behalf by any Member or Members present in person or by proxy and holding Shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than fifty thousand rupees has been paid up. The demand for a poll may be withdrawn at any time by the Person or Persons who made the demand. |
| Time of taking poll | 111.<br>A poll demanded on a question of adjournment or election of a Chairman shall be taken forthwith. A poll demanded on any other question shall be taken at such time not being later than forty-eight hours from the time when the demand was made and in such manner and place as the Chairman of the Meeting may direct and the result of the poll shall be deemed to be the decision of the Meeting on the resolution on which the poll was taken. |
| Chairman's casting vote | 112.<br>In the case of equality of votes the Chairman shall both on a show of hands and on a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a Member. |
| Appointment of scrutinizers | 113.<br>Where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutinizers to scrutinize the vote given on the poll and to report thereon to him. One of the so appointed shall always 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. The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutinizer from office and fill vacancies in the office of the arising from such removal or from any other cause. |
| Demand for poll not to prevent transaction of other business | 114.<br>The demand for a poll shall not prevent transaction of other business (except on the question of the election of the Chairman and of an adjournment) other than the question on which the poll has been demanded. |
| Special notice | 115.<br>Where by any provision contained in the Act or in these Articles, special notice is required for any resolution notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the Meeting at which it is to be moved, exclusive of the day which the notice is served or deemed to be served on the day of the Meeting. The Company shall immediately after the notice of the intention to move any such resolution has been received by it, give its Members notice of the resolution in the same manner as it gives notice of the Meeting, or if that is not practicable shall give them notice thereof, either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the Meeting. |

**VOTES OF MEMBERS**

| Title of Article | Article Number and contents |
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| Member paying money in advance | 116.<br>A Member paying the whole or a part of the amount remaining unpaid on any Share |

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| not to be entitled to vote in respect thereof | held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of moneys so paid by him until the same would but for such payment become presently payable. |
| Restriction on exercise of voting rights of Members who have not paid calls | 117.<br>No Member shall exercise any voting rights in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien. |
| Number of votes to which Member entitled | 118.<br>Subject to the provisions of Article 116, every Member of the Company holding any equity share capital and otherwise entitled to vote shall, on a show of hands when present in person (or being a body corporate present by a representative duly authorised) have one vote and on a poll, when present in person (including a body corporate by a duly authorised representative), or by an agent duly authorised under a Power of Attorney or by proxy, his voting right shall be in proportion to his share of the paid-up equity share capital of the Company. Provided however, if any preference shareholder is present at any meeting of the Company, (save as provided in clause (b) of sub-section (2) of Section 87) he shall have a right to vote only on resolutions before the Meeting which directly affect the rights attached to his preference shares. A Member is not prohibited from exercising his voting rights on the ground that he has not held his Shares or interest in the Company for any specified period preceding the date on which the vote is taken. |
| Votes of Members of unsound mind | 119.<br>A Member of unsound mind, or in respect of whom order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on a poll, vote by proxy. |
| Votes of joint Members | 120.<br>If there be joint registered holders of any Shares, one of such persons may vote at any Meeting personally or by an agent duly authorised under a Power of Attorney or by proxy in respect of such Shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the Meeting, and if more than one of such joint holders be present at any Meeting either personally or by agent or by proxy, that one of the said persons so present whose name appears higher on the Register of Members shall alone be entitled to speak and to vote in respect of such Shares, but the other holder(s) shall be entitled to vote in preference to a person present by an agent duly authorised under a Power of Attorney or by proxy although the name of such person present by agent or proxy stands first or higher in the Register of Members in respect of such Shares. Several executors or administrators of a deceased Member in whose name Shares stand shall for the purpose of these Articles be deemed joint holders thereof. |
| Representation of body corporate | 121.<br>(a) A body corporate (whether a company within the meaning of the Act or not) may, if it is a Member or creditor of the Company (including a holder of Debentures) authorise such person as it thinks fit by a resolution of its Board of Directors or other governing body, to act as its representative at any Meeting of the Company or any class of shareholders of the Company or at any meeting of the creditors of the Company or Debenture-holders of the Company. A person authorised by resolutions aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member, shareholder, creditor or holder of Debentures of the Company. The production of a copy of the resolution referred to above certified by a Director or the Secretary of such body |

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| | corporate before the commencement of the Meeting shall be accepted by the Company as sufficient evidence of the validity of the said representatives' appointment and his right to vote thereat.<br>(b) Where the President of India or the Governor of a State is a Member of the Company, the President or as the case may be the Governor may appoint such person as he thinks fit to act as his representative at any Meeting of the Company or at any meeting of any class of shareholders of the Company and such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the President, or as the case may be, the Governor could exercise as a Member of the Company. |
| Votes in respects of deceased or insolvent Members | 122.<br>Any person entitled under the Transmission Article to transfer any Shares may vote at any General Meeting in respect thereof in the same manner as if he was the registered holder of such Shares; provided that at least forty-eight hours before the time of holding the Meeting or adjourned Meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of the right to transfer such Shares and give such indemnity (if any) as the Directors may require unless the Directors shall have previously admitted his right to vote at such Meeting in respect thereof. |
| Voting in person or by proxy | 123.<br>Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a Member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act. |
| Rights of Members to use votes differently | 124.<br>On a poll taken at a Meeting of the Company a Member entitled to more than one vote or his proxy, or other persons 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 |
| Proxies | 125.<br>Any Member of the Company entitled to attend and vote at a Meeting of the Company, shall be entitled to appoint another person (whether a Member or not) as his proxy to attend and vote instead of himself PROVIDED ALWAYS that a proxy so appointed shall not have any right what so ever to speak at the Meeting. Every notice convening a Meeting of the Company shall state that a Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself, and that a proxy need not be a Member of the Company. |
| Proxy either for specified meeting or for a period | 126.<br>An instrument of proxy may appoint a proxy either for the purposes of a particular Meeting specified in the instrument and any adjournment thereof or it may appoint a proxy for the purpose of every Meeting to be held before a date specified in the instrument and every adjournment of any such Meeting. |
| No proxy to vote on a show of hands | 127.<br>No proxy shall be entitled to vote by a show of hands. |
| Instrument of proxy when to be deposited | 128.<br>The instrument appointing a proxy and the Power of Attorney or authority (if any) under which it is signed or a notarially certified copy of that Power of Attorney or authority, shall be deposited at the Registered Office of the Company at least forty-eight hours before the time for holding the Meeting at which the person named in the instrument purposes to vote and in default the instrument of proxy shall not be treated as valid. |
| Form of Proxy | 129.<br>Every instrument of proxy whether for a specified Meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in Schedule IX to the Act, and signed by the appointer or his attorney duly authorised in writing or if the appointer is a body corporate, be under its seal or be signed by any officer or attorney duly authorised by it. |
| Validity of votes given | 130. |

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| by proxy notwithstanding revocation of authority | A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any Power of Attorney under which such proxy was signed, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received by the Company at the Registered Office before the commencement of the Meeting or adjourned Meeting at which the proxy is used 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 of the same not having been revoked. |
| Time for objection to vote | 131.<br>No objection shall be made to the qualification of any voter or to the validity of a vote except at the Meeting or adjourned Meeting at which the vote objected to is given or tendered, and every vote, whether given personally or by proxy, not disallowed at such Meeting, shall be valid for all proposes and such objection made in due time shall be referred to the Chairman of the Meeting. |
| Chairman of any Meeting to be the judge of Validity of any value | 132.<br>The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The decision of the Chairman shall be final and conclusive. |
| Custody of Instrument | 133.<br>If any such instrument of appointment is confined to the object of appointing at attorney or proxy for voting at Meetings of the Company, it shall remain permanently or for such time as the Directors may determine, in the custody of the Company. If such instrument embraces other objects, a copy thereof examined with the original shall be delivered to the Company to remain in the custody of the Company. |

**DIRECTORS**

| Title of Article | Article Number and contents |
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| Number of Directors | 134.<br>Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not more than twelve. |
| First Directors | 135.<br>The first Directors of the Company are:<br>(1) JAYAKUMAR. R.<br>(2) GANESH MAHADEVAN |
| Debenture Directors | 136.<br>Any Trust Deed for securing Debentures may if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of Debentures, of some person to be a Director of the Company and may empower such Trustees or holder of Debentures, from time to time, to remove and re-appoint any Director so appointed. The Director appointed under this Article is herein referred to as "Debenture Director" and the term “Debenture Director” means the Director for the time being in office under this Article. The Debenture Director shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be agreed between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions contained herein. |
| Nominee Director or Corporation Director | 137.<br>a) Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to Industrial Finance |

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| | Corporation of India (IFCI),ICICI Ltd.(ICICI), The Industrial Development Bank of India (IDBI) or any other financing company or body out of any loans granted or to be granted by them to the Company or so long as IFCI, ICICI, IDBI or any other financing corporation or credit corporation or any other financing company or body (each of which IFCI, ICICI, IDBI or any other financing corporation or credit corporation or any other financing company or body is hereinafter in this Article referred to as "The Corporation" ) continue to hold Debentures in the Company by direct subscription or private placement, or so long as the Corporation holds Shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director, whole time or non-whole time (which Director or Directors is/are hereinafter referred to as "Nominee Director(s)") on the Board of the Company and to remove from such office any persons so appointed and to appoint any person or persons in his/ their places.<br>b) The Board of Directors of the Company shall have no power to remove from office the Nominee Director(s). Such Nominee Director(s) shall not be required to hold any Share qualification in the Company. Further Nominee Director shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Directors(s) shall be entitled to the same rights and privileges and be subject to the obligations as any other Director of the Company.<br>c) The Nominee Director(s) so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation and the Nominee Director/s so appointed in exercise of the said power, shall *ipso facto* vacate such office immediately on the moneys owing by the Company to the Corporation being paid off<br>d) The Nominee Director(s) appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and all the Meetings of the Committee of which the Nominee Director(s) is/are Member(s) as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.<br>e) The sitting fees in relation to such Nominee Director(s) shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any other fees, commission, moneys or remuneration in any form is payable to the Nominee Director of the Company, such fees, commission, moneys and remuneration in relation to such Nominee Director(s) shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director(s), in connection with their appointment or Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s provided that if any such Nominee Director/s is/are an officer(s) of the Corporation..<br>f) Provided also that in the event of the Nominee Director(s) being appointed as Whole-time Director(s); such Nominee Director/s shall exercise such power and duties as may be approved by the lenders and have such rights as are usually exercised or available to a whole-time Director in the management of the affairs of Company. Such Nominee Director shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation(s) nominated by him. |
| Limit on number of retaining Directors | 138.<br>The provisions of Articles 136, 137 and 138 are subject to the provisions of Section 256 of the Act and number of such Directors appointed under Article 137 shall not exceed in the aggregate one third of the total number of Directors for the time being |

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| | in office. |
| Alternate Director | 139.<br>The Board may appoint, an Alternate Director recommended for such appointment by the Director (hereinafter in this Article called "the Original Director") to act for him during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. Every such Alternate Director shall, subject to his giving to the Company an address in India at which notice may be served on him, be entitled to notice of meetings of Directors and to attend and vote as a Director and be counted for the purposes of a quorum and generally at such Meetings to have and exercise all the powers and duties and authorities of the Original Director. The Alternate Director appointed under this Article shall vacate office as and when the Original Director returns to the State in which the meetings of the Board are ordinarily held and if the term of office of the Original Director is determined before he returns to as aforesaid, any provisions in the Act or in these Articles for automatic reappointment of retiring Director in default of another appointment shall apply to the Original Director and not the Alternate Director. |
| Directors may fill in vacancies | 140.<br>The Directors shall have power at any time and from time to time to appoint any person to be a Director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only upto the date to which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid. However, he shall then be eligible for re-election. |
| Additional Directors | 141.<br>The Directors shall have the power at any time and from time to time to appoint any other person to be a Director as an addition to the Board (“Additional Director”) so that the total number of Directors shall not at any time exceed the maximum fixed by these Articles. Any person so appointed as an Additional Director to the Board shall hold his office only upto the date of the next Annual General Meeting and shall be eligible for election at such Meeting. |
| Qualification shares | 142.<br>A Director need not hold any qualification shares. |
| Directors’ sitting fees | 143.<br>The fees payable to a Director for attending each Board meeting shall be such sum as may be fixed by the Board of Directors not exceeding such sum as may be prescribed by the Central Government for each of the meetings of the Board or a Committee thereof and adjournments thereto attended by him. The Directors, subject to the sanction of the Central Government (if any required) may be paid such higher fees as the Company in General Meeting shall from time to time determine. |
| Extra remuneration to Directors for special work | 144.<br>Subject to the provisions of Sections 198, 309, 310, 311 and 314 of the Act, if any Director, being willing shall be called upon to perform extra services (which expression shall include work done by a Director as a Member of any Committee formed by the Directors or in relation to signing share certificate) or to make special exertions in going or residing or residing out of his usual place of residence or otherwise for any of the purposes of the Company, the Company may remunerate the Director so doing either by a fixed sum or otherwise as may be determined by the Director, and such remuneration may be either in addition to or in substitution for his share in the remuneration herein provided.<br><br>Subject to the provisions of the Act, a Director who is neither in the whole time employment nor a Managing Director may be paid remuneration either:<br>i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or<br>ii) by way of commission if the Company by a Special Resolution authorised such payment. |

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| Traveling expenses incurred by Directors on Company's business | 145.<br>The Board of Directors may subject to the limitations provided by the Act allow and pay to any Director who attends a meeting of the Board of Directors or any Committee thereof or General Meeting of the Company or in connection with the business of the Company at a place other than his usual place of residence, for the purpose of attending a Meeting such sum as the Board may consider fair compensation for traveling, hotel, and other incidental expenses properly incurred by him in addition to his fees for attending such Meeting as above specified. |
| Director may act notwithstanding vacancy | 146.<br>The continuing Director or Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the quorum fixed by these Articles for a meeting of the Board, the Director or Directors may act for the purpose of increasing the number, of Directors or that fixed for the quorum or for summoning a General Meeting of the Company but for no other purposes. |
| Board resolution necessary for certain contracts | 147.<br>(1) Subject to the provisions of Section 297 of the Act, except with the consent of the Board of Directors of the Company, a Director of the Company or his relative, a firm in which such a Director or relative is partner, any other partner in such a firm or a private company of which the Director is a member or director, shall not enter into any contract with the Company.<br>(a) For the sale, purchase or supply of goods, materials or services; or<br>b) for underwriting the subscription of any Share in or debentures of the Company;<br>(c) nothing contained in clause (a) of sub-clause (1) shall affect:-<br>(i) the purchase of goods and materials from the Company, or the sale of goods and materials to the Company by any Director, relative, firm, partner or private company as aforesaid for cash at prevailing market prices; or<br><br>(ii) any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private company on the other for sale, purchase or supply of any goods, materials and services in which either the Company, or the Director, relative, firm, partner or private company, as the case may be regularly trades or does business, PROVIDED THAT such contract or contracts do not relate to goods and materials the value of which, or services the cost of which, exceeds five thousand rupees in the aggregate in any year comprised in the period of the contract or contracts;<br>(2) Notwithstanding any contained in sub-clause(1) hereof, a Director, relative, firm partner or private company as aforesaid may, in circumstances of urgent necessity, enter without obtaining the consent of the Board, into any contract with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or cost of such services exceeds rupees five thousand in the aggregate in any year comprised in the period of the contract; but in such a case the consent of the Board shall be obtained at a Meeting within three months of the date on which the contract was entered into.<br>(3)Every consent of the Board required under this Article shall be accorded by a resolution passed at a meeting of the Board required under clause (1) and the same shall not be deemed to have been given within the meaning of that clause unless the consent is accorded before the contract is entered into or within three months of the data on which was entered into.<br>(4) If consent is not accorded to any contract under this Article, anything done in pursuance of the contract will be voidable at the option of the Board.<br>(5) The Directors, so contracting or being so interested shall not be liable to the Company for any profit realised by any such contract or the fiduciary relation thereby established. |
| Disclosure to the Members of Directors' interest in | 148.<br>When the Company:-<br>(a) enters into a contract for the appointment of a Managing Director or Whole time |

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| contract appointing Managers, Managing Director or Whole time Director | Director in which contract any Director of the Company is whether directly or indirectly, concerned or interested; or<br><br>(b) varies any such contract already in existence and in which a Director is concerned or interested as aforesaid, the provisions of Section 302 of the Act shall be complied with. |
| Directors of interest<br><br>General notice of disclosure | 149.<br>(a) A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract 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 in the manner provided in Section 299 (2) of the Act.<br>(b) A general notice, given to the Board by the Director to the effect that he is a director or is a member of a specified body corporate or is a member of a specified firm under Sections 299(3)(a) shall expire at the end of the financial year in which it shall be given but may be renewed for a further period of one financial year at a time by fresh notice given in the last month of the financial year in which it would have otherwise expired. No such general notice and no renewal thereof shall be of effect unless, either it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that is brought up and read at the first meeting of the Board after it is given. |
| Directors and Managing Director may contract with Company | 150.<br>Subject to the provisions of the Act the Directors (including a Managing Director and Whole time Director) shall not be disqualified by reason of his or their office as such from holding office under the Company or from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or lessee or otherwise, nor shall any such contract or any contracts or arrangement entered into by or on behalf of the Company with any Director or with any company or partnership of or in which any Director shall be a member or otherwise interested be avoided nor shall any Director so contracting be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established, but it is declared that the nature of his interest shall be disclosed as provided by Section 299 of the Act and in this respect all the provisions of Section 300 and 301 of the Act shall be duly observed and complied with. |
| Disqualification of the Director | 151.<br>(1)A person shall not be capable of being appointed Director of the Company if:-<br>(a) he has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force;<br>(b) he is an undischarged insolvent;<br>(c) he has applied to be adjudged an insolvent and his application is pending;<br>(d) he has been convicted by a Court of any offence involving moral turpitude sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed form the date of expiry of the sentence;<br>(e) he has not paid any call in respect of Shares of the Company held by him whether alone or jointly with others and six months have lapsed from the last day fixed for the payment of the call; or<br>(f) an order disqualifying him for appointment as Director has been passed by a Court in pursuance of Section 203 of the Act and is in force; unless the leave of the Court has been obtained for his appointment in pursuance of that Section. |
| Vacation of office by Directors | 151.<br>(2) The office of Director shall become vacant if:-<br>(a) he is found to be of unsound mind by a Court of competent jurisdiction; or<br>(b) he applies to be adjudged an insolvent; or<br>(c) he is adjudged an insolvent; or<br>(d) he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for less than six months; or |

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| | (e) 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 payment of the call unless the Central Government, by a notification in the Official Gazette removes the disqualification incurred by such failure; or<br>(f) absents himself from three consecutive meetings of the Board of Directors, 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<br>(g) he(whether by himself or by any person for his benefit or on his account or any firm in 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<br>(h) he being in any way whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement, entered into or to be entered into by or on behalf of the Company fails to disclose the nature of his concern or interest at a meeting of the Board of Directors as required by Section 299 of the Act; or<br>(i) he becomes disqualified by an order of the Court under Section 203 of the Act; or<br>(j) he is removed by an Ordinary Resolution of the Company before the expiry of his period of notice; or<br>(k) if by notice in writing to the Company, he resigns his office, or<br>(l) having been appointed as a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company. |
| Vacation of office by Directors (contd.) | 151.<br>(3) Notwithstanding anything contained in sub-clauses (c), (d) and (i) of sub clause (2) hereof, the disqualification referred to in these clauses shall not take effect:<br>(a) for thirty days from the date of the adjudication, sentence or order;<br>(b) where any appeal or petition is preferred within 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<br>(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. |

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| Removal of Directors | 152.<br>(a) The Company may subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles by Ordinary Resolution remove any Director not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of his period of office.<br>(b) Special Notice as provided by these Articles or Section 190 of the Act; shall be required of any resolution to remove a Director under the Article or to appoint some other person in place of a Director so removed at the Meeting at which he is removed.<br>(c) On receipt of notice of a resolution to remove a Director under this Article; the Company shall forthwith send a copy; thereof to the Director concerned and the Director (whether or not he is a Member of a Company) shall be entitled to be heard on the resolution at the Meeting.<br>(d) where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding reasonable length) and requests their notification to Members of the Company, the Company shall, unless the representations are, received by it too late for it to do so:<br>(i) in the notice of the resolution given to the Members of the Company state the fact of the representations having been made, and<br>(ii) send a copy of the representations to every Member of the Company to whom notice of the Meeting is sent(before or after the representations by the Company) and if a copy of the representations is not sent as aforesaid because they were received too late\ or because of the Company's default the Director may (without prejudice to his right to be heard orally) require that the representation shall be read out at the Meeting; provided that copies of the representation need not be sent or read out at the Meeting if on the application, either of the Company or of any other person who claims to be aggrieved by the Court is satisfied that the rights concerned by this sub-clause are being abused to secure needless publicity for defamatory matter.<br>(e) A vacancy created by the removal of the Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board, in pursuance of Article 143 or Section 262 of the Act be filled by the; appointment of another Director in his place by the Meeting at which he is removed, provided special notice of the intended appointment has been given under sub clause (3) hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.<br>(f) If the vacancy is not filled under sub-clause(e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they are applicable of Article 143 or Section 162 of the Act, and all the provisions of that Article and Section shall apply accordingly<br>(g) A Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.<br>(h) Nothing contained in this Article shall be taken:-<br>(i) as depriving a person removed hereunder of any compensation of damages payable to him in respect of the termination of his appointment as Director, or<br>(ii) as derogating from any power to remove a Director which may exist apart form this Article. |
| Interested Directors not to participate or vote in Board's proceedings | 153.<br>No Director shall as a Director take part in the discussion of or vote on any contract arrangement or proceedings entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement, not shall his presence count for the purpose of forming a quorum at the time of any such discussion or voting, and if he does vote, his vote shall be void. Provided however, that nothing herein contained shall apply to:- |

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| | (a) any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;<br>(b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely;<br>(i) in his being:<br>(a) a director of such company; and<br>(b)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 director by the company, or<br>(ii) in his being a member holding not more than two percent of its paid-up share capital. |
| Director may be director of companies promoted by the Company | 154.<br>A Director may be or become a director of any company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise and no such Director shall be accountable for any benefit received as director or shareholder of such company except in so far Section 309(6) or Section 314 of the Act may be applicable. |

**ROTATION AND APPOINTMENT OF DIRECTORS**

| Title of Article | Article Number and contents |
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| Rotation of Directors | 155.<br>Not less than two third of the total number of Directors shall (a) be persons whose period of the office is liable to termination by retirement by rotation and (b) save as otherwise expressly provided in the Articles be appointed by the Company in General Meeting. |
| Retirement of Directors | 156.<br>Subject to the provisions of Articles 138 and 140, the non-retiring Directors should be appointed by the Board for such period or periods as it may in its discretion deem appropriate. |
| Retiring Directors | 157.<br>Subject to the provisions of Section 256 of the Act and Articles 136 to 143, at every Annual General Meeting of the Company, one-third or 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 the number nearest to one-third shall retire from office. The Debenture Directors, Nominee Directors, Corporation Directors, Managing Directors if any, subject to Article 169, shall not be taken into account in determining the number of Directors to retire by rotation. In these Articles a "Retiring Director" means a Director retiring by rotation. |
| Ascertainment of Directors retiring by rotation and filling of vacancies | 158.<br>Subject to Section 288 (5) of the Act, the Directors retiring by rotation under Article 160 at every Annual General Meeting shall be those, who have been longest in office since their last appointment, but as between those who became Directors on the same day, those who are to retire shall in default of and subject to any agreement amongst themselves be determined by the lot. |
| Eligibility for re-election | 159.<br>A retiring Director shall be eligible for re-election and shall act as a Director through out and till the conclusion of the Meeting at which he retires. |
| Company to fill vacancies | 160.<br>Subject to Sections 258, 259 and 294 of the Act, the Company at the General Meeting, at which a Director retires in manner aforesaid, may fill up the vacancy by appointing the retiring Director or some other person thereto. |
| Provision in default | 161. |

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| of appointment | (a) If the place of retiring Director is not so filled up and the Meeting has not expressly resolved not to fill the vacancy, the Meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.<br>(b) If at the adjourned Meeting also, the place of the retiring Director is not filled up and the 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:<br>(i) at that Meeting or the previous Meeting a resolution for the re-appointment of such Director has been put to the Meeting and lost.<br><br>(ii) the retiring Director has by a notice in writing addressed to the Company or its Board of Directors expressed his unwillingness to be so re-appointed.<br><br>(iii) he is not qualified or is disqualified for appointment<br>(iv) a resolution, whether Special or Ordinary is required for his appointment or re-appointment by virtue of any provisions of the Act, or<br>(v) the provision of the sub-section (2) of section 263 of the Act is applicable to the case. |
| Company may increase or reduce the number of Directors or remove any Director | 162.<br>Subject to the provisions of Section 252,255 and 259 of the Act, the Company may by Ordinary Resolution from time to time, increase or reduce the number of Directors and may alter qualifications. |
| Appointment of Directors to be voted individually | 163.<br>(a) No motion, at any General Meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has been first agreed to by the Meeting without any vote being given against it.<br>(b) A resolution moved in contravention of clause (a) hereof shall be void, whether or not objection was taken at the time of its being so moved, provided where a resolution so moved has passed no provisions or the automatic re-appointment of retiring Directors in default of another appointment as therein before provided shall apply.<br>(c) For the purposes of this Article, a motion for approving a person's appointment, or for nominating a person for appointment, shall be treated as a motion for his appointment. |
| Notice of candidature for office of Directors except in certain cases | 164.<br>(1) No person not being a retiring Director shall be eligible for election to the office of Director at any General Meeting unless he or some other Member intending to propose him has given atleast fourteen days notice in writing under his hand signifying his candidature for the office of a Director or the intention of such person to propose him as Director for that office as the case may be, along with a deposit of five hundred rupees which shall be refunded to such person or, as the case may be, to such Member, if the person succeeds in getting elected as a Director.<br><br>(2) The Company shall inform its Members of the candidature of the person for the office of Director or the intention, of a Member to propose such person as candidate for that office by serving individual notices on the Members not less than seven days before the Meeting provided that it shall not be necessary for the Company to serve individual notices upon the Members as aforesaid if the Company advertises such candidature or intention not less than seven days before the Meeting in at least two newspapers circulating in the place where the registered office of the Company is located of which one is published in the English language and the other in the regional language of that place.<br><br>(3) Every person (other than Director retiring by rotation |

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| | or otherwise or person who has left at the office of the Company a notice under Section 257 of the Act signifying his candidature for the office of a Director) proposed as a candidate for the office a Director shall sign and file with the Company his consent in writing to act as a Director, if appointed.<br><br>(4) A person other than:-<br>(a) a Director appointed after retirement by rotation or immediately on the expiry of his term of office, or an Additional or Alternate Director or a person filling a casual vacancy in the office of a Director under Section 252 of the Act ,appointed as a Director re-appointed as an additional or alternate Director immediately on the expiry of his term of office shall not act as a Director of the Company unless he has within thirty days of his appointment signed and filled with the Registrar his consent in writing to act as such Director. |
| Disclosure by Directors of their holdings of their Shares and debentures of the Company | 165.<br>Every Director and every person deemed to be Director of the Company by virtue of sub-section (10) of Section 307 of the Act shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section. Any such notice shall be given in writing and if it is not given at a meeting of the Board the person giving the notice shall take all reasonable steps to secure that it is brought up and read at the next meeting of the Board after it is given. |

**MANAGING DIRECTOR**

| Title of Article | Article Number and contents |
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| Powers to appoint Managing Director | 166.<br>Subject to the provisions of Section 267, 268, 269, 316 and 317 of the Act, the Board may, from time to time, appoint one or more Directors to be Managing Director or Managing Directors or Whole time Directors of the Company, for a fixed term not exceeding five years as to the period for which he is or they are to hold such office, and may, from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.<br>(a) The Managing Director shall perform such functions and exercise such powers as are delegated to him by the Board of Directors of the Company in accordance with the provisions of the Companies Act, 1956.<br>(b) Subject to the provisions of Sections 255 of the Act, the Managing Director shall not be while he continues to hold that office, subject to retirement by rotation. |
| Remuneration of Managing Director | 167.<br>Subject to the provisions of Sections 309, 310 and 311 of the Act, a Managing Director shall, in addition to any remuneration that might be payable to him as a Director of the Company under these Articles, receive such remuneration as may from time to time be approved by the Company. |
| Special position of Managing Director | 168.<br>Subject to any contract between him and the Company, a Managing shall not, while he continues to hold that office, be subject to retirement by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire but (subject to the provision of any contract between him and the Company), he shall be subject to the same provisions as to resignation and removal as the Directors of the Company and shall, *ipso facto* and immediately, cease to be a Managing Director if he ceases to hold the office of Director from any cause. |
| Powers of Managing Director | 169.<br>The Director may from time to time entrust to and confer upon a Managing Director or Whole time Director for the time being such of the powers exercisable under these provisions by the Directors, as they may think fit, and may confer such powers for |

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| | 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 the Directors in that behalf and from time to time, revoke, withdraw, alter, or vary all or any of such powers. |
| | 170.<br>The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Whole time Director or Whole time Directors of the Company and may exercise all the powers referred to in these Articles. |
| | 171.<br>Receipts signed by the Managing Director for any moneys, goods or property received in the usual course of business of the Company or for any money, goods, or property lent to or belonging to the Company shall be an official discharge on behalf of and against the Company for the money, funds or property which in such receipts shall be acknowledged to be received and the persons paying such moneys shall not be bound to see to the application or be answerable for any misapplication thereof. The Managing Director shall also have the power to sign and accept and endorse cheques on behalf of the Company. |
| | 172.<br>The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit. |
| | 173.<br>Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract with the Company and especially to do the work of Managing Director and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company. |
| Appointment and powers of Manager | 173A<br>The Board may, from time to time, appoint any Manager (under Section 2(24) of the Act) to manage the affairs of the Company. The Board may from time to time entrust to and confer upon a Manager such of the powers exercisable under these Articles 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. |

**DIVIDENDS AND CAPITALISATION OF RESERVES**

| Title of Article | Article Number and contents |
|---|---|
| Division of profits | 192.<br>(a) Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any of Share in the Company, dividends may be declared and paid according to the amounts of the Shares.<br><br>(b) No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of this Article as paid on the Shares. |
| The Company at General Meeting may declare | 193. The Company in General Meeting may declare dividends, to be paid to Members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, |

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| dividend | but no dividends shall exceed the amount recommended by the Board of Directors. However, the Company may declare a smaller dividend than that recommended by the Board in General Meeting. |
| Dividends out of profits only | 194. No dividend shall be payable except out of profits of the Company arrived at the manner provided for in Section 205 of the Act. |
| Interim dividend | 195. The Board of Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies. |
| Debts may be deducted | 196.<br>(a) The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.<br>(b) The Board of Directors may retain the dividend payable upon Shares in respect of which any person is, under the Transmission Article, entitled to become a Member or which any person under that Article is entitled to transfer until such person shall become a Member or shall duly transfer the same. |
| Capital paid-up in advance as interest not to earn dividend | 197.<br>Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits. |
| Dividends in proportion to amounts paid-up | 198.<br>All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid, but if any Share is issued on terms provided that it shall rank for dividends as from a particular date such Share shall rank for dividend accordingly. |
| No Member to receive dividend while indebted to the Company and the Company's right in respect thereof | 199.<br>No Member shall be entitled to receive payment of any interest or dividend or bonus in respect of his Share or Shares, whilst any money may be due or owing from him to the Company in respect of such Share or Shares (or otherwise however either alone of jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any Member all such sums of money so due from him to the Company. |
| Effect of transfer of Shares | 200.<br>A transfer of Shares shall not pass the right to any dividend declared therein before the registration of the transfer. |
| Dividend to joint holders | 201.<br>Any one of several persons who are registered as joint holders of any Shares may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Shares. |
| Dividend how remitted | 202.<br>The dividend payable in cash may be paid by cheque or warrant sent through post directly to registered address of the shareholder entitled to the payment of the dividend or in case of joint holders to the registered address of that one of the joint holders who is first named on the Register of Members or to such person and to such address as the holder or joint holders may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transit or for any dividend lost, to the Member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means. |
| Notice of dividend | 203.<br>Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holders of Share in the manner herein provided. |
| Reserves | 204.<br>The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as reserve or reserves, which shall, at the discretion of the Directors, be applicable for meeting contingencies or for |

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| | any other purposes to which the profits of the Company may be properly applied and pending such application, may at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit. |
| Dividend to be paid within time required by law. | 205.<br>The Company shall pay the dividend, or send the warrant in respect thereof to the shareholders entitled to the payment of dividend, within such time as may be required by law from the date of the declaration unless:-<br><br>(a) where the dividend could not be paid by reason of the operation on any law; or<br><br>(b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with; or<br>(c) where there is dispute regarding the right to receive the dividend; or<br><br>(d) where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder; or<br><br>(e) where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company. |
| Unclaimed dividend | 206.<br>Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the company in that behalf in any scheduled bank, to be called “Unpaid Dividend Account”.<br><br>Any money transferred to the unpaid dividend account of a company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the Fund known as Investor Education and Protection Fund established under section 205C of the Act.<br>No unclaimed or unpaid divided shall be forfeited, before the claim becomes barred by law |
| Set-off of calls against dividends | 207.<br>Any General Meeting declaring a dividend may on the recommendation of the Directors 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 Members, be set off against the calls. |
| Dividends in cash | 208.<br>No dividends shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalisation of the profits or reserves of the Company for the purpose of issuing fully paid up bonus Shares or paying up any amount for the time being unpaid on any Shares held by Members of the Company. |
| Capitalisation | 209.<br>(1)The Company in General Meeting may, upon the recommendation of the Board, resolve:<br>(a) That is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and<br><br>(b)that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportion.<br><br>(2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the |

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| | provisions contained in clause (3) either in or towards;<br><br>(a) paying up any amount for the time being unpaid on any Shares held by such Members respectively, or<br>(b) paying up in full unissued Shares of the Company to be allocated and distributed, credited as fully paid up, to and amongst Members in the proportion aforesaid, or<br>(c) partly in the way specified in sub clause (a) and partly in that specified in sub-clause(b)<br>(3) A share premium account and capital redemption reserve account may, for the purpose of this Article, only be applied in the paying up of unissued Shares to be issued to Members of the Company as fully paid bonus shares. |
| Board to give effect | 210.<br>The Board shall give effect to the resolution passed by the Company in pursuance of above Article. |
| Fractional certificates | 211.<br>(1) Whenever such a resolution as aforesaid shall have been passed, the Board shall;<br>(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid Shares and<br>(b) Generally do all acts and things required to give effect thereto.<br>(2)The Board shall have full power:<br>(a) to make such provision by the issue of fractional cash certificate or by payment in cash or otherwise as it thinks fit, in the case of Shares becoming distributable in fractions, also<br>(b) to authorise any person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further Shares to which they may be entitled upon such capitalisation or (as the case may require) for the payment by the Company on their behalf by the application thereof of the respective proportions of the profits resolved to be capitalised of the amounts remaining unpaid on their existing Shares.<br>(3) Any agreement made under such authority shall be effective and binding on all such Members.<br>(4)That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any question or difficulties that may arise in regard to any issue including distribution of new Shares and fractional certificates as they think fit. |

**ACCOUNTS**

| Title of Article | Article Number and Contents |
|---|---|
| Books to be kept | 212.<br>(1) The Company shall keep at its Registered Office proper books of account as would give a true and fair view of the state of affairs of the Company or its transactions with respect to:<br><br>(a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place<br>(b) all sales and purchases of goods by the Company<br>(c) the assets and liabilities of the Company and<br>(d) if so required by the Central Government, such particulars relating to utilisation of material or labour or to other items of cost as may be prescribed by the Government<br>Provided that all or any of the books of account aforesaid may be kept at such other place in India as the Board of Directors may decide and when the Board of Directors so decides the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place. |

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| | (2)Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with the provisions of clause (1) if proper books of account relating to the transaction effected at the branch are kept at that office and proper summarised returns, made upto date at intervals of not more than three months, are sent by the branch office to the Company at its Registered Office or the other place referred to in sub-clause (1). The books of accounts and other books and papers shall be open to inspection by any Director during business hours. |
| Inspection by Members | 213.<br>No Members (not being a Director) shall have any right of inspecting any account books or documents of the Company except as allowed by law or authorised by the Board. |
| Statements of accounts to be furnished to General Meeting | 214.<br>The Board of Directors shall from time to time in accordance with Sections 210,211,212, 216 and 217 of the Act, cause to be prepared and laid before each Annual General Meeting a profit and loss account for the financial year of the Company and a balance sheet made up as at the end of the financial year which shall be a date which shall not precede the day of the Meeting by more than six months or such extended period as shall have been granted by the Registrar under the provisions of the Act. |
| Right of Members or others to copies of balance sheet and Auditors' report and statement under Section 219 | 215.<br>(1) The Company shall comply with the requirements of Section 219 of the Act.<br><br>(2) The copies of every balance sheet including the Profit & Loss Account, the Auditors' Report and every other document required to be laid before the Company in General Meeting shall be made available for inspection at the Registered Office of the Company during working hours for a period of 21 days before the Annual General Meeting.<br><br>A statement containing the salient features of such documents in the prescribed form or copies of the documents aforesaid, as the Company may deem fit will be sent to every Member of the Company and to every trustee of the holders of any Debentures issued by the Company not less than 21 days before the date of the Meeting. |
| Accounts to be audited | 216.<br>Once at least in every year the accounts of the Company shall be examined, balanced and audited and the correctness of the profit and loss Account and the balance sheet ascertained by one or more Auditor or Auditors. |
| Appointment of Auditors | 217.<br>(1) Auditors shall be appointed and their qualifications, rights and duties regulated in accordance with Section 224 to 229 and 231 of the Act.<br><br>(2) The Company shall at each Annual General Meeting appoint an Auditor or Auditors to hold office from conclusion of that Meeting until the conclusion of the next Annual General Meeting and shall within seven days of the appointment give intimation thereof to the Auditor so appointed unless he is a retiring Auditor.<br><br>(3) At any Annual General Meeting a retiring Auditor by whatsoever authority appointed shall be reappointed unless:<br>(a) he is not qualified for re-appointment;<br>(b) he has given to the Company notice in writing of his unwillingness to be re-appointed;<br>(c) a resolution has been passed at that Meeting appointing some body instead of him or providing expressly that he shall not be re-appointed; or<br><br>(d) where notice has been given of an intended resolution to appoint some person or persons in the place of retiring Auditor, and by reason of the death, incapacity or disqualification of that person or of all those persons as the case |

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| | may be, the resolution cannot be proceeded with.<br>(4) Where at any Annual General Meeting no Auditors are appointed or re-appointed, the Central Government may appoint a person to fill the vacancy.<br>(5)The Company shall within seven days of the central government's power under sub-clause (4) becoming exercisable give notice of that fact to that Government.<br>(6) The Directors may fill any casual vacancy in the office of Auditors, but while any such vacancy continues, the surviving or continuing Auditor or Auditors (if any) may act but where such vacancy is caused by the resignation of art Auditor, the vacancy shall only be filled by the Company in General Meeting.<br><br>(7) A person, other than a retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless a special notice of a resolution for appointment of that person to the office of Auditor has been given by a Member to the Company not less than fourteen days before the Meeting in accordance with Section 190 of the Act and the Company shall send a copy of any such notice to retiring Auditor and shall give notice thereof, to the Members in accordance with Section 190 of the Act and all the other provisions of Section 225 of the Act shall apply in the matter. The provisions of this sub-clause shall also apply to a resolution that retiring Auditor shall not be re-appointed. |
| Accounts when audited and approved to be conclusive except as to errors discovered within 3 months | 218.<br>Every account when audited and approved by a General Meeting shall be conclusive except as regards any errors discovered therein within the next three months after the approval thereof. Whenever any such error is discovered within that period, the account shall be corrected, and amendments effected by the Directors in pursuance of this Article shall be placed before the Members in General Meeting for their consideration and approval and, on such approval, shall be conclusive. |

**DOCUMENTS AND NOTICES**

| Title of Article | Article Number and Contents |
|---|---|
| To whom documents must be served or given | 219.<br>Document or notice of every Meeting shall be served or given on or to (a) every Member (b) every person entitled to a Share in consequence of the death or insolvency of a Member and (c) the Auditor or Auditors for the time being of the Company, PROVIDED that when the notice of the Meeting is given by advertising the same in newspaper circulating in the neighborhood of the office of the Company under Article 99, a statement of material facts referred to in Article 100 need not be annexed to the notice, as is required by that Article, but it shall merely be mentioned in the advertisement that the statement has been forwarded to the Members of the Company. |
| Members bound by documents or notices served on or given to previous holders | 220.<br>Every person, who by operation of law, transfer or other means whatsoever, shall become entitled to any Share, shall be bound by every document or notice in respect of such Share, which prior to his name and address being entered in the Register of Members shall have been duly served on or given to the person from whom he derived, his title to such Share. |
| Service of documents on the Company | 221.<br>A document may be served on the Company or an officer thereof by sending it to the Company or officer at the Registered Office of the Company by post under a certificate of posting or by registered post or by leaving it at its Registered Office. |
| Authentication of documents and proceedings | 222.<br>Save as otherwise expressly provided in the Act, a document or proceedings requiring authentication by the Company may be signed by a Director, the Managing Director, or the Secretary or other authorised officer of the Company and need not be under the Seal of the Company. |

**WINDING UP**

| Title of Article | Article Number and Contents |
|---|---|
| Distribution of assets | 225.<br>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 the 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 the 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. |
| Distribution in specie or kind | 226.<br>(a) If the Company shall be wound up, whether voluntarily or otherwise, the Liquidator may, with the sanction of a Special Resolution, divide amongst the contributories in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidator, with the like sanction, shall think fit.<br><br>(b) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributions (except where unalterably fixed by the Memorandum of Association and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories, shall be determined on any contributory who would be prejudicial thereby shall have a right to dissent and ancillary rights as if such determination were a Special Resolution passed pursuant to Section 494 of the Act.<br><br>(c) In case any Shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said Shares may within ten days after the passing of the Special Resolution by notice in writing direct the Liquidator to sell his proportion and pay him the net proceeds and the Liquidator shall, if practicable act accordingly. |
| Right of shareholders in case of sale | 227.<br>A Special Resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any Shares or other consideration receivable by the liquidator be distributed against the Members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the Members subject to the rights of dissent and consequential rights conferred by the said sanction. |
| Directors and others right to indemnity | 228.<br>Subject to the provisions of Section 201 of the Act, every Director of officer, or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, charges, losses and damages which any such person may incur or become liable to pay by reason of any contract entered into or any act, deed, matter or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act, neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him |

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| | as such Director, officer or Auditor or other office of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favour, or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court. |
| Director, officer not responsible for acts of others | 229.<br>Subject to the provisions of Section 201 of the Act no Director, Auditor or other officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of the title to any property acquired by order of the Directors for on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested for any loss or damages arising from the insolvency or tortuous act of any person, firm or Company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or oversight on his part of for any other loss, damage, or misfortune whatever shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty. |

**SECRECY CLAUSE**

| Title of Article | Article Number and Contents |
|---|---|
| Secrecy Clause | 230.<br>Every Director/Manager, Auditor, treasurer, trustee, member of a committee, officer, servant, agent, accountant or any other person-employed in the business of the Company shall, if so required by the Director, before entering upon his duties, sign a declaration pledging himself, to observe a strict secrecy respecting all transactions and affairs of the Company with the Company customers and the state of the accounts with individuals and in matter thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in discharge of his duties except when required to do so by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained. |
| No Member to enter the premises of the Company without permission | 231.<br>No Member or other person (not being a Director) shall be entitled to visit or inspect any property or premises of the Company without the permission of the Board of Directors or Managing Director, or to inquire discovery of or any information respecting any details of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose. |

## SECTION X: OTHER INFORMATION

## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Offer Document) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this Offer Document, delivered to the Registrar of Companies, Tami Nadu located at Chennai for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered office of our Company situated at, 1/62-4 Ravi Colony 1st Street, St. Thomas Mount, Chennai 600 016, Tamil Nadu, India from 10.00 a.m. to 4.00 p.m. from the date of this Offer Document to until the date of Closing of the Issue.

**A. Material Contracts:**

1. Letter of our company dated 25th February 2011 appointing Aryaman Financial Services Limited as Book Running Lead Manager for the issue.

2. Memorandum of Understanding dated 5th April 2011 entered between our Company and Aryaman Financial Services Limited, the Book Running Lead Manager.

3. Memorandum of Understanding dated 9th December 2010 entered into by our Company with Cameo Corporate Services Private Limited., to act as the Registrar to the Issue.

4. Escrow agreement dated [●] between our Company, BRLM, Registrar, the Syndicate Members and the Escrow Collection Banks.

5. Syndicate Agreement dated [●] between our Company, BRLM and the Syndicate Members.

6. Underwriting Agreement dated [●] between our Company, BRLM and the Syndicate Members.

7. Tripartite agreement between the Company, CDSL and Cameo Corporate Services Pvt. Ltd. dated [●]

8. Tripartite agreement between the Company, NSDL and Cameo Corporate Services Pvt. Ltd. dated [●].

9. Business Transfer Agreement between our Company and Mr. R. Jayakumar (Proprietor – Swajas Air Charters) dated 22nd July 2008.

**B. Material Documents:**

1. Memorandum and Articles of Association of our Company as amended from time to time.

2. Certificate of Incorporation dated 22nd July 2008 issued by the Registrar of Companies, Tamil Nadu and a fresh certificate of incorporation consequent upon change from “Private” to “Public” Limited dated 26th June 2009.

3. Copy of the resolution passed at the meeting of the Board of Directors held on 1st September 2010 authorizing further issue of shares through an Initial Public Offer.

4. Copy of the special resolution passed in the Annual General Meeting of the shareholders held on 30th September 2010 authorizing further issue of shares through IPO under Section 81 (1A) of the Companies Act, 1956.

5. Copies of Annual reports of our Company for the period ended 2008-09, F.Y. ended 2009-10 and for the nine months period ended 31st December 2010.

6. Resolution of the members of the Board passed at the Meeting of the Board of Directors of the company held on 5th Jan 2011 appointing M/s. R. Ravindran & Associates, Chartered Accountants as the statutory auditors of the company from 5th Jan 2011 to the conclusion of next AGM of the company.

7. Report of the statutory Auditor M/s R. Ravindran & Associates, Chartered Accountants, dated 25th March 2011 as mentioned in this DRHP.

8. Letter dated 25th March 2011 from the auditors of our Company M/s R. Ravindran & Associates, Chartered Accountants confirming tax benefits and tax shelter as mentioned in this DRHP

9. Copy of the Board Resolution dated 21st October 2010 regarding appointment of Mr. G. Sriram as our Company secretary and compliance officer.

10. Copies of Undertakings from Swajas Air Charters Limited

11. Consents of BRLM, Bankers to our Company, Legal Advisors, Auditors, Directors, Company Secretary & Compliance Officer, Registrars and Bankers to the Issue, to include their names in the Offer Document to act in their respective capacities.

12. In principle listing approval from BSE, NSE vide their letters dated [●] & [●] respectively;

13. Due Diligence Certificate dated 27th April 2011 to SEBI from Aryaman Financial Services Limited

14. SEBI Final observation letter [●] dated [●] and reply of the BRLM to the same dated [●]

15. IPO Grading Report dated [●] by [●]

Any of the contracts or documents mentioned in this DRHP may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

## DECLARATION

No statement made in this Draft Red Herring Prospectus contravenes any of the provisions of the Companies Act, 1956 and the rules made there under. All the legal requirements connected with the said Issue as also the guidelines, instructions, etc. issued by SEBI, Government and any other competent authority in this behalf, have been duly complied with.

We hereby certify that all disclosures made in this Draft Red Herring Prospectus are true and correct.

**Signed by all the Directors and the Company Secretary of the Company**

**Mr. Thirumakottai Subramaniaiyar Raghavan**
*Chairman & Independent Director*

**Mr. Raghunathan Swaminathan**
*Whole Time Director*

**Mr. Raghunathan Jayakumar**
*Managing Director*

**Mr. Shanmuga Rethenam**
*Independent Director*
*(Signed by Mr. R. Jayakumar – POA Holder)*

**Mr. Christopher Ian Want**
Non-Executive Director
*(Signed by Mr. R. Jayakumar – POA Holder)*

**Mr. Raghuraman Rajagopal**
Non-Executive Director

**Mr. Ramachandran Manickam**
*Whole Time Director*

**Mr. Nishat Shah**
Independent Director

**Mr. G. Sriram**
Company Secretary and Compliance Officer

Place: Chennai
Date: 27th April 2011