

DRAFT RED HERRING PROSPECTUS

September 27, 2011

Please read Section 60 B of the Companies Act, 1956

(The Draft Red Herring Prospectus will be updated upon filing with the RoC)

Book Building Issue



BOHRA INDUSTRIES LIMITED

Our Company was incorporated as Aminag Minchem Private Limited on November 28, 1996 under the Companies Act, vide Certificate of Incorporation bearing registration No. 17-012912 of 1996-1997 issued by the Registrar of Companies, Rajasthan, Jaipur. The name of our Company was changed to Bohra Industries Private Limited pursuant to a Fresh Certificate of Incorporation Consequent on Change of Name, dated March 17, 1999, issued by the Registrar of Companies, Rajasthan, Jaipur. Our Company was converted into a public limited company pursuant to a Fresh Certificate of Incorporation Consequent on Change of Name, dated March 22, 1999 and the present name of our Company was adopted, that is, Bohra Industries Limited. Our Company's CIN is U24117RJ1996PLC012912. (For details of change in our name and our Registered Office, please refer to the chapter titled "History and Certain Corporate Matters" beginning on page 118 of this Draft Red Herring Prospectus).

Registered Office: 301, Anand Plaza, University Road, Udaipur – 313 001, Rajasthan, India **Telephone:** + 91 294 5101301, 91-294 5101302; **Fax:** + 91 294 2429515

Contact Person and Compliance Officer: Mr. Lekhray Jain; **Telephone:** + 91 294 5101303; **Fax:** + 91 294 2429515

E-mail: ipo@bohraindustries.com; **Website:** www.bohraindustries.com

PROMOTER OF OUR COMPANY: MR. HEMANT BOHRA

PUBLIC ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH OF BOHRA INDUSTRIES LIMITED (THE "COMPANY", OR "OUR COMPANY", OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING ₹ 8,000 LAKHS. THE ISSUE WILL CONSTITUTE [●] % OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY.

THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH

THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER, AND ADVERTISED AT LEAST TWO (2) WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE.

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

The Issue is being made under sub-regulation (1) of Regulation 26 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI ICDR Regulations") and through a Book Building Process wherein not more than 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs" and such portion the "QIB Portion"). Such 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the 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. If the aggregate demand by Mutual Funds is less than 5% of the QIB portion, the balance Equity Shares available for allocation in the Mutual Fund portion will be added to the QIB portion and be available for allocation proportionately to the QIBs (including Mutual Funds) subject to valid Bids being received from them at or above the Issue Price. Further not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the 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. All QIBs and Non-Institutional Bidders, shall participate in this Issue only through the Application Supported by Blocked Amount ("ASBA") process. Retail Bidders participating in this Issue may also utilize the ASBA process to submit their Bids. For details, please refer to the chapter titled "Issue Procedure" beginning on page 224 of this Draft Red Herring Prospectus.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first public issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. **The face value of the Equity Shares is ₹ 10 and the Issue Price is [●] times of the face value at the lower end of the Price Band and [●] times of the face value at the higher end of the Price Band.** The Issue Price (as determined and justified by our Company in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares by way of the Book Building Process as stated in chapter titled "Basis for Issue Price" beginning on page 72 of this Draft Red Herring Prospectus) should not be taken to be indicative of the market price of our Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the chapter titled "Risk Factors" beginning on page 14 of this Draft Red Herring Prospectus.

IPO GRADING

The Issue has been graded by [●] and has been assigned the [●], indicating [●] through its letter dated [●]. For further details, please refer to the chapter titled "General Information" beginning on page 40 of this Draft Red Herring Prospectus.

THE COMPANYS ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares offered through this Draft Red Herring Prospectus are proposed to be listed on BSE and NSE. The in-principle approvals from BSE and NSE for listing of the Equity Shares have been received pursuant to their letters dated [●] and [●], respectively. For the purposes of this Issue [●] shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER



SAFFRON CAPITAL ADVISORS PRIVATE LIMITED

A – 102, Everest Grande, Mahakali Caves Road, Andheri (East), Mumbai - 400 093, Maharashtra, India.

Telephone: +91 22 4082 0901/4082 0906; **Fax:** +91 22 4082 0999

E-mail: bil.ipo@saffronadvisors.com; **Website:** www.saffronadvisors.com;

Investor grievance: investorgrievance@saffronadvisors.com

Contact Person: Mr. V.S. Narayanan/Mr. Anup Varpe

SEBI Registration Number: INM 000011211

REGISTRAR TO THE ISSUE



BIGSHARE SERVICES PRIVATE LIMITED

E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai – 400 072, Maharashtra, India

Telephone: + 91 22 40430200; **Fax:** +91 22 2847 5207

E-mail: ipo@bigshareonline.com;

Website: www.bigshareonline.com

Contact Person: Mr. Ashok Shetty

SEBI Registration Number: INR 00000 1385

BID/ISSUE PROGRAMME

FOR ALL BIDDERS	BID/ISSUE OPENS ON:	[●], 2011
FOR QIBS*	BID/ISSUE CLOSES ON:	[●], 2011
FOR RETAIL AND NON-INSTITUTIONAL BIDDERS	BID/ISSUE CLOSES ON:	[●], 2011

*Our Company may consider closing the Bid/Issue Period for QIBs one working day prior to the Bid/Issue Closing Date.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

In this Draft Red Herring Prospectus, unless the context otherwise requires, the terms defined and abbreviations expanded hereunder shall have the meanings as assigned therewith.

Company Related Terms

Term	Description
“Bohra Industries Limited” or “Bohra” or “Bohra Industries” or “the Company” or “our Company” or the “Issuer” or “Issuer Company” or “we” or “us” or “our”	Unless the context otherwise requires, refers to Bohra Industries Limited, a public limited company incorporated under the Companies Act, 1956, having its registered office at 301, Anand Plaza, University Road, Udaipur – 313 001, Rajasthan, India.
BPPL	Bohra Pratisthan Private Limited a private limited company incorporated under the Companies Act, 1956, having its registered office at 336 B, Anand Plaza, University Road, Udaipur – 313 001, Rajasthan, India
BAPL	Bohra Agrifilms Private Limited a private limited company incorporated under the Companies Act, 1956, having its registered office at 331-332, B Block, Anand Plaza, Udaipur – 313 001, Rajasthan, India
Registered Office	The Registered Office of our Company is situated at 301, Anand Plaza, University Road, Udaipur – 313 001, Rajasthan, India.
Our Promoter	The Promoter of our Company namely, Mr. Hemant Bohra
Our Promoter Group	Companies, individuals and entities (other than companies) as defined under Regulation 2 sub-regulation (1)(zb) of the SEBI ICDR Regulations and disclosed in chapter titled “ <i>Our Promoter, Promoter Group and Group Companies</i> ” beginning on page 139 of this Draft Red Herring Prospectus.
Our Group Companies	Companies, firms and ventures etc. promoted by our Promoter, irrespective of whether such entities are covered under Section 370(1)(B) of the Companies Act or not and disclosed in chapter titled “ <i>Our Promoter, Promoter Group and Group Companies</i> ” beginning on page 139 of this Draft Red Herring Prospectus.

Conventional / General Terms

Term	Description
Articles or Articles of Association or AoA	The Articles of Association of our Company, as amended from time to time.
Companies Act	The Companies Act, 1956, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A body corporate registered under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time in this case being CDSL and NSDL
Depository Participant	A depository participant as defined under the Depositories Act.
Director(s)	Director(s) of Bohra Industries Limited unless otherwise specified.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under.
FII / Foreign Institutional Investor	Foreign Institutional Investor (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under the applicable laws in India.
Financial Year / Fiscal / Fiscal Year / FY	Period of twelve months ended March 31 of that particular year, unless specifically stated otherwise.
I.T. Act / IT Act	The Income Tax Act, 1961, as amended from time to time.
I.T. Rules	Income Tax Rules, 1962, as amended from time to time.

Term	Description
Indian GAAP	Generally Accepted Accounting Principles in India.
Key Managerial Personnel / KMP	The officers vested with executive powers and the officers at the level immediately below the Board of Directors of the Issuer and other persons whom the Issuer has declared as a Key Managerial Personnel and as mentioned in the chapter titled “ <i>Our Management</i> ” beginning on page 122 of this Draft Red Herring Prospectus.
Memorandum / Memorandum of Association / MoA	The Memorandum of Association of our Company, unless the context otherwise specifies.
Our Board / Board of Directors / Board	The Board of Directors of our Company or a committee duly constituted from time to time.
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time.
RoC / Registrar of Companies	The Registrar of Companies (Rajasthan) situated at Corporate Bhawan, G/6-7, Second Floor, Residency Area, Civil Lines, Jaipur – 302 001.
SCRA	Securities Contracts (Regulation) Act, 1956, read with rules and regulations thereunder and amendments thereto, as amended from time to time.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	Securities and Exchange Board of India Act, 1992, read with rules and regulations thereunder and amendments thereto and as amended from time to time.
SEBI ICDR Regulations / ICDR Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
SEBI Insider Trading Regulations	SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
SEBI Rules and Regulations	SEBI ICDR Regulations, SEBI (Underwriters) Regulations, 1993, as amended, the SEBI (Merchant Bankers) Regulations, 1992, as amended, and any and all other relevant rules, regulations, guidelines, which SEBI may issue from time to time, including instructions and clarifications issued by SEBI from time to time.
SEBI Takeover Regulations	SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time.
Statutory Auditor	The statutory auditor of our Company, being M/s. Agrawal, Gupta & Maheshwari, Chartered Accountants.
Peer Review Auditor	The Peer Review Auditor of our Company, being M/s. Dhakar & Associates, Chartered Accountants.
VCF Regulations	SEBI (Venture Capital Fund) Regulations, 1996, as amended from time to time.
VCFs / Venture Capital Fund	Venture Capital Fund(s) as defined in and registered with SEBI under the SEBI (Venture Capital Funds) Regulations, 1996.

Issue Related Terms

Term	Description
Allocation / Allocation of Equity Shares	Unless the context otherwise requires, the allocation of Equity Shares pursuant to this Issue to successful Bidders.
Allot / Allotted / Allotment / Allotment of Equity Shares	Unless the context otherwise requires, the allotment of Equity Shares pursuant to this Issue to successful Bidders.
Allottee(s)	A successful Bidder(s) to whom the Equity Shares are / have been Allotted.
Allotment Advice	In relation to Bidders, the note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after discovery of the Issue Price in accordance with the Book Building Process, including any revisions thereof.
Application Supported by Blocked Amount / ASBA	Pursuant to SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 application Supported by Blocked Amount (whether physical or electronic) used by a Bidder to make a Bid authorizing the SCSB to block the Bid Amount in their specified bank account maintained with SCSB.

Term	Description
ASBA Account	Account maintained by an ASBA Bidder with a SCSB which shall be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder, as specified in the ASBA Bid cum Application Form.
ASBA Bid cum Application Form / ASBA Form	The application form, whether physical or electronic, in terms of which an ASBA Bidder shall make a Bid pursuant to the terms of this Draft Red Herring Prospectus and which contains an authorisation to block the Bid Amount in an ASBA Account. Pursuant to SEBI circular number CIR/CFD/DIL/7/2010 dated July 13, 2010, ASBA Bid cum Application Forms are available for download from the websites of the Stock Exchanges.
ASBA Bidding Centres	Those bidding centres located in Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda and Surat where Syndicate / Sub-syndicate Members can procure ASBA Forms from investors, upload the Bid and other relevant details of such ASBA Forms in the on-line bidding platforms of the Stock Exchanges, as per SEBI Circular dated April 29, 2011 bearing reference number CIR/CFD/DIL/1/2011
ASBA Investor(s) / ASBA Bidder(s)	An investor who applies through ASBA in the Issue. Pursuant to SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 QIB and Non-Institutional Bidders are mandatorily required to utilise the ASBA process to participate in the Issue.
ASBA Revision Form	The form used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Forms or any previous ASBA Revision Form(s)
Banker(s) to this Issue / Escrow collection banks	The bank(s) which is / are clearing members and registered with the SEBI as bankers to the Issue with whom the Escrow Account will be opened, in this case being [●]
Bankers to our Company	Bankers to our Company, being State Bank of India
Basis of Allotment / Basis of Allocation	The basis on which the Equity Shares will be allotted / allocated to successful Bidders under the Issue and which is described under the chapter titled “ <i>Issue Procedure</i> ” beginning on page 224 of this Draft Red Herring Prospectus.
Bid / Issue Closing Date	The date after which the member(s) of the Syndicate / SCSB will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper and a Hindi national newspaper and a regional language newspaper 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.
Bid / Issue Opening Date	The date on which the member(s) of the Syndicate/SCSB shall start accepting Bids for this Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional language 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 ICDR Regulations.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue. In case of ASBA Bidders the highest value of the optional Bids indicated in the ASBA Bid cum Application Form.
Bid cum Application Form / Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Company and which will be considered as the application for Allotment in terms of this Draft Red Herring Prospectus and Prospectus. Unless the context otherwise states in this Draft Red Herring Prospectus, Bid Cum Application Form includes ASBA Form.
Bid(s)	An indication to make an offer during the Bidding/Issue Period by a prospective investor to subscribe to Equity Shares at a price within the Price Band, including all revisions and modifications thereto. For an ASBA Bidder(s), it means an indication to make an offer during the Bidding Period by any Bidder pursuant to the submission of an ASBA Bid cum Application Form to subscribe to the Equity Shares, including all

Term	Description
	revisions and modifications thereto.
Bidder(s)	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form or the ASBA Bid cum Application Form.
Bidding Centre	A centre for acceptance of the Bid cum Application Form.
Bidding Period or Bidding/ Issue Period or Issue/ Bidding Period or Bid / Issue Period.	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders and the ASBA Bidders can submit their Bids. Our Company may decide to close the Bidding Period for QIBs on the QIB Bid / Issue Closing Date.
Book Building Process	Book building mechanism as provided under Schedule XI of the SEBI ICDR Regulations, in terms of which the Issue is made.
BRLM / Book Running Lead Manager	Book Running Lead Manager to the Issue, in this case being Saffron Capital Advisors Private Limited.
Brokers to this Issue	Brokers registered with any recognized Stock Exchange, appointed by the Members of the Syndicate
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted.
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate Bids under the 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 / Cut-off	Any price within the Price Band finalised by us in consultation with the BRLM. A Bid submitted at the Cut-off Price by a Retail Individual Bidder (including ASBA Bidders) who has Bid for Equity Shares for an amount less than or equal to ₹ 2,00,000 and is a valid Bid at all price levels within the Price Band. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price.
Demographic Details	The demographic details of the Bidders such as their address, PAN, occupation and bank account details.
Depositories	NSDL and CDSL
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form from the ASBA Bidders 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 funds are transferred from the Escrow Account to the Public Issue Account and the amount blocked by the SCSBs are transferred from the bank account of the ASBA Investors to the Public Issue Account, as the case may be, after the Prospectus is filed with the Registrar of Companies following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchange / DSE	[●] is the designated stock exchange for the purpose of this Issue
Draft Red Herring Prospectus / DRHP	This Draft Red Herring Prospectus dated September 27, 2011 filed with SEBI and issued in accordance with the SEBI ICDR Regulations.
Eligible NRI	NRIs from such jurisdiction outside India where it is not unlawful for our Company to make this Issue or an invitation under this Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares issued herein.
Equity Shares	Equity shares of our Company having a face value of ₹ 10 each fully paid up unless otherwise specified in the context thereof.
Escrow Account(s)	Account opened with Escrow Collection Bank(s) and in whose favour the Bidders (except ASBA bidders) will issue cheque(s) or draft(s) in respect of the Bid Amount when submitting a Bid(s).
Escrow Agreement	Agreement to be entered into among our Company, the Registrar to the Issue, the Escrow Collection Bank(s), the Refund Bank(s) and the BRLM in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts

Term	Description
	collected, to the Bidders (except ASBA Bidders) on the terms and conditions thereof.
Escrow Collection Bank(s) /	The banks, which are registered with SEBI as Banker(s) to the Issue with whom the Escrow Account for the Issue will be opened
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form or ASBA Bid cum Application Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.
IPO Grading Agency / Grading Agency	[●], the grading agency appointed by our Company for grading the Issue.
Issue / Net Issue/ Issue size	Public Issue of [●] Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Equity Share, including a share premium of ₹ [●] per Equity Share, aggregating ₹ 8,000 Lakhs. The Issue of Equity Shares will constitute [●] % of the fully diluted post issue paid up capital our Company.
Memorandum of Understanding	The agreement dated January 10, 2011, entered into among our Company and the BRLM, pursuant to which certain arrangements are agreed to in relation to the Issue.
Issue Price	The final price at which Equity Shares will be issued and Allotted in terms of the Prospectus, as determined by our Company in consultation with the BRLM, on the Pricing Date.
Issue Proceeds	Proceeds from the Issue that will be available to our Company being ₹ 8,000 Lakhs
Listing Agreement	The Listing Agreement to be entered into with the Stock Exchange(s) by the Company.
Mutual Fund Portion	5% of the QIB Portion available for Allocation on a proportionate basis to Mutual Funds only.
Mutual Funds	Mutual Funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Net Proceeds	Proceeds from the Issue available to our Company, after deducting the underwriting and issue management fees, selling commissions and other expenses related with the Issue.
Net Worth	The aggregate of share capital, reserve and surplus, surplus/deficit in profit and loss account
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 sub-accounts which are foreign corporates or foreign individuals) who are not Qualified Institutional Buyers or Retail Individual Bidders and whose Bid Amount exceeds ₹ 2,00,000.
Non-Institutional Portion/ Non Institutional Portion	The portion of the Issue being not less than 15% of the Issue, consisting of [●] Equity Shares, available for Allocation to Non Institutional Bidders on a proportionate basis, subject to receipt of valid Bids at or above the Issue Price.
NR / Non-Resident	A “person resident outside India”, as defined under FEMA including eligible NRIs and FIIs.
NRI(s) / Non-Resident Indian	A “person resident outside India”, as defined under FEMA and who is a citizen of India or is a person of Indian origin (as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended).
OCB(s) / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trust in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue.
Payment through electronic transfer of funds	Payment through NECS, Direct Credit, RTGS or NEFT, as applicable.
Person / Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context

Term	Description
	requires.
Price Band	The Price Band of a minimum price of ₹ [●] (Floor Price) and the maximum price of ₹ [●] (Cap Price) and include revisions thereof. The Price Band and the minimum bid lot size for the Issue will be decided by the Company in consultation with the BRLM and shall be advertised, two Working Days prior to the Bid / Issue Opening Date, in one English national newspaper, one Hindi national newspaper and a regional language newspaper with wide circulation.
Pricing Date	The date on which our Company in consultation with the BRLM finalises the Issue Price.
Prospectus	The Prospectus, to be filed with the RoC in accordance with the provisions of the Companies Act and the SEBI ICDR Regulations containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information.
Public Issue Account	Account opened with the Banker(s) to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date and from the SCSBs from the ASBA Accounts on the Designated Date.
QIB Portion	The portion of the Issue being not more than 50% of the Issue, consisting of not more than [●] Equity Shares, available for Allocation to QIBs, subject to valid Bids being received at or above the Issue Price.
QIB Bid / Issue Closing Date	One Working Day prior to the Bid/Issue Closing Date on which our Company may decide to close the bid/Issue period for QIBs in accordance with the SEBI ICDR Regulations.
Qualified Institutional Buyers / QIB(s)	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, FIIs and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of ₹ 2,500 Lakhs, pension funds with minimum corpus of ₹ 2,500 Lakhs in accordance with applicable law, National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India, Insurance Funds set up and managed by the army, navy or air force of the Union of India and Insurance Funds set up and managed by the Department of Posts, India
Red Herring Prospectus / RHP	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act and the SEBI ICDR Regulations, which does not have complete particulars on 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/Issue Opening Date and will become a Prospectus upon filing with the RoC the copy that includes the details of the pricing, Allocation and final size of the Issue.
Refund Account(s)	No-lien account maintained by the Refund Bank(s) to which the surplus money shall be transferred on the Designated Date and from which refunds of the whole or part of the Bid Amount (excluding the ASBA Bidders), if any, shall be made.
Refund Bank(s) / Refund Banker(s)	The bank(s) which have been appointed / designated for the purpose of refunding the amount to investors either through the electronic mode as prescribed by SEBI and / or physical mode in accordance with the procedure contained in the chapter titled “ <i>Issue Procedure</i> ” beginning on page 224 of this Draft Red Herring Prospectus in this case being [●].
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through NECS, Direct Credit, NEFT, RTGS, as applicable
Registrar /Registrar to the Issue	Registrar to the Issue, in this case being Bigshare Services Private Limited
Resident Retail Individual	A Retail Individual Bidder who is a “person resident in India” (as defined in FEMA).

Term	Description
Bidder / Resident Retail Individual Investor	
Retail Individual Bidders	Individual Bidders (including HUFs and Eligible NRIs) who have Bid for Equity Shares of an aggregate amount of ₹ 2,00,000 or less.
Retail Portion	The portion of the Issue being not less than 35% of the Issue, consisting of [●] Equity Shares, available for Allocation to Retail Individual Bidders on a proportionate basis.
Revision Form	The form used by the Bidders to modify the number of Equity Shares or the Bid Price in any of their Bid-cum-Application Forms or any previous Revision Form(s). Unless the context otherwise states in this Draft Red Herring Prospectus, Bid Cum Application Form includes ASBA Bid Cum Application Form.
SCSB Agreement	The deemed agreement between the SCSBs, the BRLM, the Registrar to the Issue, our Company, in relation to the collection of Bids from the ASBA Bidders and payment of funds by the SCSBs to the ASBA Public Issue Account.
Self Certified Syndicate Banks / SCSBs	Shall mean a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of making Application/s Supported by Blocked Amount including blocking of bank account and a list of which is available on www.sebi.gov.in, or at such other website as may be prescribed by SEBI from time to time.
Stock Exchanges	Bombay Stock Exchange Limited and National Stock Exchange of India Limited
Syndicate	The BRLM and the Syndicate Members
Syndicate Agreement	The agreement to be entered into among our Company and the members of the Syndicate, in relation to the collection of Bids in the Issue
Syndicate Member(s)/ Member(s) of Syndicate	An intermediary registered with SEBI to act as a syndicate member and who is permitted to carry on the activities as an underwriter.
TRS / Transaction Registration Slip	The slip or document issued by any of the members of the Syndicate to the Bidders and by SCSBs to ASBA Investors as proof of registration of the Bid.
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America.
Underwriters	The BRLM and the Syndicate Members.
Underwriting Agreement	The Agreement to be entered into among our Company and the Underwriters on or after the Pricing Date.
Working Day(s) / Business Day(s)	All days, other than a Sunday or a public holiday (except in reference to 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 Mumbai are open for business.

Industry Related Terms / Business Related Terms

Terms	Full Form
ACL	Ammonium chloride
AS	Ammonium Sulphate
AVVNL	Ajmer Vidyut Vitran Nigam Limited
CAN	Calcium Ammonium Nitrate
DAP	Di Ammonium Phosphate
DCP	Di Calcium Phosphate
ECA	Essential Commodities Act
FCO	Fertilizer Control Order
GFCL	Godavari Fertilizers and Chemicals Limited
GSFC	Gujarat State Fertilizers and Chemicals Limited
GSSP	Granular Single Super Phosphate
HIL	Hindalco Industries Limited
HYV	High Yielding Varieties
Kg	Kilo Gram
kt	Kilotonnes
MAP	Mono-Ammonium Phosphate

Terms	Full Form
MCFL	Mangalore Chemicals and Fertilizers Limited
MOP	Muriate of Potash
MRP	Maximum Retail Price
MT	Metric Tonne
NBS	Nutrient Based Subsidy
NSS	National Sample Survey
PLC	Programmable Logic Controller
PPL	Paradeep Phosphates Limited
RAJFED	Rajasthan Federation
RCF	Rashtriya Chemicals and Fertilizers Limited
RSMML	Rajasthan State Mines and Minerals Limited
TPA	Tons Per Annum
TPF	Tilting Plan Filter
TSP	Triple Super phosphate
TSS	Total Soluble Salts
SPIC	Southern Petrochemical Industries Corporation
SSP	Single Super Phosphate
TCL	Tata Chemicals Limited
WG	Working Group
WPI	Wholesale Price Index
ZIL	Zuari Industries Limited

Abbreviations

Abbreviation	Full Form
A/c	Account
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
ASBA	Applications Supported by Blocked Amount
AY/A.Y.	Assessment Year
BSE	Bombay Stock Exchange Limited
Bn/bn	Billion
BOD	Board of Directors
CAN	Confirmation of Allocation Note
CAGR	Compounded Annual Growth Rate
CB	Controlling Branch
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CIN	Corporate Identity Number
CST Act	Central Sales Tax Act 1956
CWIP	Capital Work in Progress
DB	Designated Branch
Dept.	Department
DIN	Director Identification Number
DP ID	Depository Participant's Identification Number
DP	Depository Participant
DRHP	Draft Red Herring Prospectus
EBITDA	Earnings before Interest, Tax, Depreciation, Amortisation and extraordinary items
ECB	External Commercial Borrowings
ECS	Electronic Clearing System
EEFC	Exchange Earners Foreign Currency
EGM	Extra Ordinary General Meeting
EPCG	Export Promotion Capital Goods Scheme

Abbreviation	Full Form
EPS	Earnings per share i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares at the end of that fiscal year
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 together with rules and regulations framed thereunder, as amended
FIs	Financial Institutions
FII	Foreign Institutional Investor, as defined under the FII Regulations and registered with the SEBI under applicable laws in India
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended
FIPB	Foreign Investment Promotion Board
FY	Financial Year
FVCI	Foreign Venture Capital Investor as defined in and registered under the FVCI Regulations
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI	Government of India
HNI	High Net worth Individual
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IEC	Importer Exporter Code
IP	Intellectual Property
IPO	Initial Public Offer
IT	Information Technology
I.T. Act	The Income Tax Act, 1961, as amended from time to time
I.T. Rules	The Income Tax Rules, 1962, as amended from time to time
KMP	Key Managerial Personnel
Kg/Kgs.	Kilogram(s)
Ltd.	Limited
MICR	Magnetic Ink Character Recognition
Mn / mn	Million / million / millions
MNC	Multi National Company
MoA	Memorandum of Association
MoU	Memorandum of Understanding
MODVAT	Modified Value Added Tax
MVAT Act	Maharashtra Value Added Tax Act, 2002
NA	Not Applicable
NAV	Net Asset Value
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NR	Non-Resident
NRE Account	Non Resident External Account
NRI	Non-Resident Indian
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NTA	Net Tangible Assets
p.a.	Per annum
PAN	Permanent Account Number allotted under the Income Tax Act, 1961

Abbreviation	Full Form
PAT	Profit After Tax
PBT	Profit Before Tax
PIO	Persons of Indian Origin
PLR	Prime Lending Rate
P/E Ratio	Price/Earnings Ratio
Pvt./(P)	Private
Qty	Quantity
RBI	The Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934, as amended from time to time
RHP	Red Herring Prospectus
RoNW	Return on Net Worth
Rs./₹/Rupees /INR	Indian Rupees, the currency of the Republic of India
RTGS	Real Time Gross Settlement
SBI	State Bank of India
SCRA	The Securities Contracts (Regulation) Act, 1956, as amended from time to time.
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
Securities Act	The US Securities Act of 1933, as amended
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time.
Sq. Mts.	Square Meters
Sq. Ft./sq. ft./SFT	Square Feet
STC	Service Tax Code
TAN	Tax Deduction Account Number
TIN	Taxpayers Identification Number
TDS	Tax Deducted at Source
TRS	Transaction Registration Slip
UIN / Unique Identification Number	Unique Identification Number issued in terms of SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
UoI	Union of India
USA/US	United States of America
USD/U.S.\$/US Dollar	United States Dollars, currency of the United States of America.
VAT	Value Added Tax
VCFs	Venture Capital Funds as defined in and registered with SEBI under the VCF Regulations
VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as amended

Notwithstanding the foregoing,

- a. In the chapter titled “*Main Provisions of our Articles of Association*” beginning on page 259 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;
- b. In the chapter titled “*Financial Statements*” beginning on page 147 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;
- c. In the paragraphs titled “*Disclaimer Clause of the Bombay Stock Exchange Limited*” and “*Disclaimer Clause of the National Stock Exchange of India Limited*” in the chapter titled “*Issue Procedure*” beginning on page 224 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in those paragraphs.
- d. In the chapter titled “*Statement of Tax Benefits*” beginning on page 75 of this Draft Red Herring Prospectus, defined terms have the meaning given to such terms in that chapter.

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to gender also refer to the other gender.

Certain Conventions

In this Draft Red Herring Prospectus, unless otherwise specified or the context otherwise indicates or implies the terms all references to “Company”, “our Company”, “we”, “us” and “our”, are to Bohra Industries Limited. All references to “India” are to the Republic of India and all references to the “Government” are to the Government of India.

Financial Data

Unless stated otherwise, the financial information used in this Draft Red Herring Prospectus is derived from our Company’s audited financial statements as of and for the Financial Years ended March 31, 2007, 2008, 2009, 2010 and 2011 prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with SEBI ICDR Regulations and the Indian GAAP which are included in this Draft Red Herring Prospectus, and set out in the chapter titled “*Financial Statements*” beginning on page 147 of this Draft Red Herring Prospectus.

Our Fiscal Year commences on April 01 and ends on March 31 of a particular year. Unless stated otherwise, references herein to a Fiscal Year (e.g., Fiscal 2011), are to Fiscal Year ended March 31 of that particular year. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

There are significant differences between Indian GAAP, IFRS and US GAAP. The Company has not attempted to quantify their impact on the financial data included herein and urges you to consult your own advisors regarding such differences and their impact on the Company’s financial data. Accordingly to what extent, the financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices / Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

Any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” and elsewhere in this Draft Red Herring Prospectus unless otherwise indicated, have been calculated on the basis of the Company’s restated financial statements prepared in accordance with Indian GAAP.

Currency and units of Presentation

In this Draft Red Herring Prospectus, all references to ‘Rupees’/ ‘₹’ / ‘INR’/ ‘₹’ are to Indian Rupees, the official currency of the Republic of India. All references to ‘\$’/ ‘US\$’ / ‘USD’ / ‘U.S. Dollar(s)’ / ‘US Dollar(s)’ are to the United States Dollars, the official currency of the United States of America.

All references to ‘million’ / ‘Million’ / ‘Mn’ refer to one million, which is equivalent to ‘ten lakhs’ or ‘ten lakhs’, the word ‘Lakhs / Lakhs / Lac’ means ‘one hundred thousand’ and ‘Crore’ means ‘ten million’ and ‘billion / bn. / Billion’ means ‘one hundred crores’.

Further, any discrepancies in any table between the total and the sum of the amounts are due to rounding-off. Throughout this Draft Red Herring Prospectus, currency figures have been expressed in “million / Mn. / Millions” except those, which have been reproduced/ extracted from sources as specified at the respective places.

Industry and Market Data

The industry data used throughout the Draft Red Herring Prospectus has been obtained from the report prepared by ICRA Research in relation to the Issue, unless otherwise specified.

Disclaimer clause of ICRA Management Consulting Services Limited (“IMaCS”) for the Industry section:

All information contained in the content has been obtained by IMaCS from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided “as is” without any warranty of any kind, and IMaCS in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained herein must be construed solely as statements of opinion, and IMaCS shall not be liable for any losses incurred by the users from any of this publication or its content.

FORWARD LOOKING STATEMENTS

All statements contained in this Draft Red Herring Prospectus that are not statements of historical fact constitute “forward-looking statements”. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in this Draft Red Herring Prospectus regarding matters that are not historical facts. These forward looking statements and any other projections contained in this Draft Red Herring Prospectus (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “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 about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, among others:

- Disruptions in our Company;
- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Significant changes in the exchange rate
- Changes in laws and regulations relating to the industry in which we operate;
- Increased competition in the fertilizer industry;
- Our ability to successfully implement our growth strategy and expansion plans through the Issue;
- Our ability to meet our capital expenditure requirements;
- Competition from existing players;
- Changes in technology;
- Changes in political and social conditions in India or in 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;
- Potential mergers, acquisitions or restructurings;
- Our ability to attract and retain qualified personnel;
- The performance of the financial markets in India and globally;
- Market fluctuations and industry dynamics beyond our control; Occurrence of natural disasters or calamities affecting the areas in which we have operations; and
- Any adverse outcome in the legal proceedings in which we are involved.

For a further discussion of factors that could cause our actual results to differ, please refer chapter titled “*Risk Factors*” beginning on page 14 of this Draft Red Herring Prospectus, and chapters titled “*Industry Overview*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 84 and 171 respectively of this Draft Red Herring Prospectus.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company or the BRLM, nor any of its affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLM will ensure that investors in India are informed of material developments until the time of grant of listing and trading permissions by the Stock Exchanges.

SECTION II - RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties summarized below, before making an investment in our Equity Shares. The risks described below are relevant to the countries in which we conduct business, the industries our customers are engaged in, our Company and the Equity Shares. There may also be other risks, presently unknown to us or which we currently deem immaterial, which could also materially impair our business, operations or prospects. To obtain a complete understanding of our Company, you should read this section in conjunction with the chapter titled “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 102 and 171 respectively of this Draft Red Herring Prospectus as well as the other financial and statistical information contained in this Draft Red Herring Prospectus. Prior to making an investment decision, prospective investors should carefully consider all of the information contained in the chapter titled “Financial Statements” beginning on page 147 of this Draft Red Herring Prospectus. Unless stated otherwise, the financial data in this section is as per our financial statements prepared in accordance with Indian GAAP.

If any one or more of the following risks as well as other risks and uncertainties discussed in this Draft Red Herring Prospectus were to occur, our business, financial condition and results of our operation could suffer material adverse effects, and could cause the trading price of our Equity Shares and the value of investment in the Equity Shares to materially decline which could result in the loss of all or part of investment. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India, and is therefore subject to a legal and regulatory environment that may differ in certain respects from that of other countries.

This Draft Red Herring Prospectus 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 many factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus.

These risks are not the only ones that we face. Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify financial or other implication of any risks mentioned herein.

Materiality

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

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

INTERNAL RISK FACTORS

Risks related to Our Company and Our Business

- 1. *There are legal proceedings outstanding involving our Company. Any adverse decision may render us liable to liabilities/penalties and may adversely affect our business, results of operations and profitability.***

Our Company is currently involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. We cannot assure you that these legal proceedings will be decided in our favour. Furthermore, should there be a change in Indian law or in the laws of any such jurisdiction applicable to any of current or future projects, against our interest or an adverse outcome in one or more of the outstanding legal proceedings, we may need to make appropriate provisions in our

financial statements, which could adversely impact our business results. A summary of these legal and other proceedings involving our Company is as under:

(₹ in Lakhs)		
Type of Proceedings	Number of cases	Amount to the extent quantifiable *
<i>Cases filed against our Company</i>		
Civil Case	1	Not Quantifiable
Labour Case	1	2.47
Criminal proceedings	17	Not Quantifiable
Total	19	2.47
<i>Cases filed by our Company</i>		
Civil Proceedings	4	1,377.89
Tax Proceedings	5	137.61
Criminal Proceedings	6	10.60
Total	15	1,526.10
<i>Potential Litigation</i>		
Income Tax Notice	1	Nil
Total	1	Nil
<i>Cases filed by our Group Companies</i>		
Civil Proceedings	4	113.40
Total	4	113.40
<i>Potential Litigation</i>		
Income Tax Notice	1	0.43
Total	1	0.43

*Does not include the interest amount which may awarded by the courts on a discretionary basis

For details on the above litigations, please refer the chapter titled “*Outstanding Litigation and Material Developments*” beginning on page 184 of this Draft Red Herring Prospectus.

2. ***Our Contingent Liabilities could adversely affect our financial condition.***

We have not provided for certain contingent liabilities as on March 31, 2011. In case any of these liabilities materialize they may adversely affect our financial position. Our contingent liabilities as on March 31, 2011, on a standalone basis are as follows:

(₹ in Lakhs)	
Particular	For the period ended March 31, 2011
Guarantees by banks	445.00
Letter of Credit opened with bank	150.00

For further details, please refer the chapter titled “*Outstanding Litigations and Material Developments*” beginning on page 184 of this Draft Red Herring Prospectus. Also please refer to “*Annexure XVII – Statement of Contingent Liabilities*” forming part of the chapter titled “*Financial Statements*” beginning on page 147 of this Draft Red Herring Prospectus.

3. ***Our Company had negative cash flows in recent fiscals, the details of which are given below. Sustained negative cash flow could impact our business.***

Our Company had negative cash flows in Operating, Investing and Financing activities in the past three fiscals. The details of which is summarized below:

(₹ in Lakhs)			
Particulars	Year Ended March 31, 2009	Year Ended March 31, 2010	Year Ended March 31, 2011
Net cash from /(used in) Operating Activities	(74.95)	(112.07)	565.74
Net cash from /(used in) Investing Activities	(5.16)	(60.54)	(276.67)
Net cash from /(used in) Financing Activities	95.59	223.80	(258.94)

For FY 2011 our Company has negative cash flow from investing activities amounting to ₹ 276.67 Lakhs due to increase in Capital - Work In Progress from ₹ 62.23 Lakhs on FY 2010 to ₹ 344.15 Lakhs in FY 2011. Further we also have negative cash flow from financing activities amounting to ₹ 258.94 Lakhs due to higher interest payments.

For FY 2010 our Company has negative cash flow from Operating activities amounting to ₹112.07 Lakhs. The cash flow is negative due to decrease in Current Liabilities and Provisions. Current Liabilities and Provisions for FY 2010 stood at ₹ 483.95 Lakhs as compared to ₹ 1770.40 Lakhs for FY 2009. Further we also have negative cash flow from investing activities amounting to ₹ 60.54 Lakhs due to increase in Capital - Work In Progress.

For FY 2009 our Company has negative cash flow from Operating activities amounting to ₹74.95 Lakhs. The cash flow is negative due to increase in Sundry Debtors, Loans and Advances and Inventories.

For further details please refer to “Annexure XV – Statement of Cash Flows” forming part of the chapter titled “Financial Statements” and chapter titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 147 and 171 respectively of this Draft Red Herring Prospectus.

4. We have in the past entered into related party transactions and may continue to do so in the future. Such transactions or any future transactions with related parties may potentially involved conflict of interest and impose certain liabilities on our Company.

We have, in the course of our business, entered into transactions with related parties that include entities forming part of our Promoter Group and Group Companies. The figures of related party transactions for the last five financial years ended March 31, 2007, 2008, 2009, 2010 and 2011 are as under:

							(₹ in Lakhs)
Details of transactions with related parties during the year :			Year ended March 31				
Sr. No.	Name of the Party	Nature of Transaction	2011	2010	2009	2008	2007
1.	Mr. Hemant Bohra	Remuneration	18.00	18.00	14.40	16.00	16.80
		Unsecured Loan taken	20.00	82.50	49.70	0.00	0.00
		Conversion of Unsecured Loan to share application Money	152.20	0.00	0.00	0.00	0.00
2.	Mr. Sunil Bhandari	Remuneration	5.40	3.78	3.78	3.68	2.99
		Advances against expenses	0.00	0.81	0.81	0.51	0.40
3.	Mr. Nirmal Nagar	Remuneration	0.00	0.00	0.00	0.00	2.92
4.	Mrs. Beena Bohra	Unsecured Loan taken	0.00	0.00	20.00	0.00	0.00
		Conversion of Unsecured Loan to share application Money	20.00	0.00	0.00	0.00	0.00
5.	Bohra Pratisthan Private Limited	Rent	2.28	2.28	2.28	2.28	1.88
	Total		217.88	107.37	90.97	22.47	24.98

While we believe that all such transactions have been conducted on an arms-length basis and contain commercial terms, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will continue to 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 more information regarding our related party transactions, see the chapter titled “*Financial Statements*” beginning on page 147 of this Draft Red Herring Prospectus.

5. ***Our Company has, in the past, delayed the payment of interest on the loans granted by State Bank of India. In the event we fail to make timely repayments of our loans in the future, our lenders may take appropriate remedial action against us.***

Our Company has, in the past, delayed the payment of interest on the loans granted by State Bank of India. One of the reasons for such delay is getting the disbursement of subsidy from the Government. These unpaid interest amounts have, in the past, been converted into Funded Interest Term loan by State Bank of India. There is no assurance that in future we shall be receiving the subsidy from the Government on time and hence there could be a possibility that we may not be able to pay the interest/installments due to our lenders on due dates. Further, there is no assurance that such unpaid interest, if any, would be converted into Terms loans by our lenders. Such delays, if any, in the future may be construed as a default of the loan agreement and our lenders may take appropriate remedial action against us. Some of the major consequences of such default include, demand for immediate payment thereof, enforcement of security, etc. These actions could have an impact on the finances and operations of the Company."

6. ***We operate in different states through rental premises. We do not possess any documents which records the terms and conditions of our rental/leave and license arrangement with third parties. In the event our use and possession of such property is questioned, we may not be in a position to protect our rights to use and occupy such property. This may therefore temporarily disrupt our activities in that state and have an adverse impact on our business operations including our right to carry on business in such state.***

The branch offices of our Company are located at Delhi, Kolkata, Secunderabad, Bharuch, Panchkula, Lucknow, Indore, Bhubneshwar, Jalgoan and Mohali are not owned by us and we continue to occupy such premises on rental/leave and license basis. We do not possess any documents which records the terms and conditions of our rental/leave and license arrangement with such parties. In the event the owners/lessors/etc. of such premises raise any objection to us occupying the premises or question our use and possession of such property, we may not be in a position to protect our rights to use and occupy such property. This may therefore require us to identify some other property, which may temporarily disrupt our activities due to relocation and have an adverse impact on our business operations including our right to carry on business in such state.

For further details on all of the premises/property occupied by our Company, please refer to chapter titled “*Our Business*” beginning on page 102 of this Draft Red Herring Prospectus.

7. ***The capacity of the current plant is not fully utilized and could impair our ability to fully absorb fixed costs.***

The capacity of our plant at Umarda, Jhamarkotda Road, Udaipur has not been fully utilized, over the last three financial years, and there is no assurance that there will be an increase in the capacity utilization in the future. If we are unable to fully utilize our capacity in the future this could affect our cost and profitability and thereby adversely affect the financial condition of our Company.

Year	Plant Capacity (MT)		Production (MT)		Total Capacity Utilization	
	SSP	GSSP	SSP	GSSP	SSP	GSSP
2008-09	198,000	100,000	33,770	17,750	17.06 %	17.75 %
2009-10	198,000	100,000	28,717	20,350	14.50 %	20.35 %
2010-11	198,000	100,000	32,002	28,954	16.16 %	28.95 %

8. ***We have high working capital requirements. If we experience insufficient cash flows to allow us to make required payments on our debt or fund working capital requirements, there may be an adverse effect on our results of operations.***

Our business requires a significant infusion of working capital. In certain cases, significant amounts of working capital are required to finance the purchase of materials, distribution and other work before payments are received from our clients. Our working capital requirements may increase if, under certain contracts, payment terms do not include advance payments or such contracts have payment schedules that shift payments toward the end of a contract or otherwise increases our working capital burdens. In addition, our working capital requirements have increased in recent years due to the growth of our Company's business. All of these factors may result, and have resulted, in increase in our working capital needs.

If we are unable to provide sufficient collateral to secure the working capital facilities obtained by our Company, we may not be able to obtain the working capital facilities which may affect our business and growth prospects.

9. ***We are dependent upon selected dealers for our business. Our business is dependent on a continuing relationship with these key dealers. Any reduction or interruption in the business of a key dealer, or a substantial decrease in orders placed by a key dealer may have an adverse impact on the revenues and operations of our Company.***

We are dependent on selected dealers for our business. Our top ten dealers constitute 48.00 % of our total sales for the FY 2011. Due to the seasonal nature of our business, we typically enter into contracts for a period of upto one year, at a time. There are no formal long-term arrangements obliging any of these customers to purchase products from us in the future, at the current prices or at all. There is no assurance that we will be able to maintain the same levels of business from our existing dealers or to retain our existing dealers, or that we will be able to replace our dealers base in a timely manner or at all, in the event our existing dealers do not continue to purchase the products of our Company. The loss of, or interruption of work by, a significant number of dealers may have an adverse effect on our revenues and operations, including an interruption or partial or total work stoppage at our Company's plant.

For further details please refer to the chapters titled "Business Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 102 and 171 respectively of this Draft Red Herring Prospectus.

10. ***Our order book may not necessarily indicate what our future sales will be and our actual sales may be significantly less than estimated sales, which could adversely affect our results of operations.***

We define our order book in terms of quantity of fertilizer which is to be processed at our facility for which our customers have placed orders with us and which are pending execution. We receive projected annual supply schedules and fixed monthly supply schedules for product delivery from our customers, in accordance with which we plan various aspects of our operations including budgeting, capacity utilization and the raw material inventory we need to maintain. We cannot guarantee that the income anticipated by execution of our order book will be realised, or, if realized, will be realized on time or result in profits and as a result, our revenues, operations and profitability could be adversely affected.

11. ***Our Company may be subject to penalties and other costs due to defects in our products and damages to the same during the course of delivery, which may result in our Company incurring substantial costs in defense of such claims.***

We are exposed to claims for defects in our products which arise due to damages during transportation. In defending any such claim, our Company may incur substantial costs and receive adverse publicity. Management resources may be diverted away from our business towards defending such claims. Additionally, our contracts are generally time bound and are cancelled in the event there is a delay in delivery. Although, we try to ensure

that all our deliveries are made on schedule, we cannot rule out the possibility of a delay, due to circumstances, such as non-availability of materials. As a result of this, our Company's revenues and operations may be adversely affected.

12. ***If we are not able to renew or maintain our statutory and regulatory registrations and approvals required to operate our business, it may have a material adverse effect on our business.***

We require certain statutory and regulatory registrations and approvals to operate our business. In the future, we will be required to renew such registrations and approvals and obtain new registrations and approvals for any proposed operations, including any expansion of existing operations. While we believe that we will be able to renew or obtain such registrations and approvals as and when required, there can be no assurance that the relevant authorities will renew or issue any such registrations or approvals in the timeframe anticipated by us or at all. If we are unable to renew, maintain or obtain the required registrations or approvals, it may result in the interruption of our operations and may have a material adverse effect on our revenues and operations. For further details, please refer to the chapter titled "Government and Other Approvals" beginning on page 201 of this Draft Red Herring Prospectus.

13. ***Increases in raw material prices, which would increase our Company's cost of processing its products, may adversely affect our operating margins and results of operations.***

The prices at which we purchase the raw material depend on its prices in the domestic and international market. Our operating margins may be adversely affected in the future due to any of these factors, which may include general economic conditions, industry capacity utilization, governmental regulations, etc. We do not typically enter into long-term contracts for the supply of raw materials and are hence exposed to fluctuations in price and delivery schedules.

14. ***Any reduction or interruption in operations at our plant may have an adverse impact on the revenues and operations of our Company.***

While we have had no such history in the past, our plant is subject to operating risks including the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour unrest and lock-outs. Our facility is also subject to operating costs arising from compliance with the directives of relevant government authorities. These factors may have an adverse impact on the revenues and operations of our Company.

15. ***We do not currently have long term contracts or exclusive supply arrangements with any of our vendors, though we are dependent on a few suppliers. Any major disruption to the timely and adequate supplies of our raw materials could adversely affect our business, results of operations and financial condition.***

Our Company is dependent on a few suppliers for raw materials and we do not currently have long term contracts or exclusive supply arrangements with any of our vendors. Further, we are dependent on adequate and timely deliveries of necessary raw materials or equipment. In the event of a delay, inadequacy or default in deliveries by any of our vendors, we may not be able to obtain substitutes on an adequate and timely basis or on commercially acceptable terms. A major disruption to the timely and adequate supplies of our raw materials could adversely affect our business, results of operations and financial condition.

16. ***Our success is dependent on our marketing arrangements, for the sale and distribution of our products and on our relationship with our customers. If any of these arrangements is terminated for any reason, our business, financial condition and results of operations may be adversely affected.***

We have been marketing our products to the domestic market and to certain countries in the semi regulated market. The success of our business relies, in part, on relationships with our customers directly and agencies through who we market our products. Our Company has entered into a marketing agreement with Rashtriya Chemicals and Fertilisers Limited and Nagarjuna Fertilisers and Chemicals Limited for sales of SSP during Fiscal 2011 – 2012. Termination or breach of this agreement could amount to delay in supply goods and

collection of payments, whereby our Company's relationship with them deteriorates and may have an adverse effect on our business, financial condition and results of operations.

17. *We will be subject to risks arising from foreign exchange rate movements.*

Since we are importing our major raw material, Rock Phosphate from Jordan, Egypt and Vietnam we face an exchange rate risk primarily arising from our foreign currency revenues, receivables, payables and other foreign currency assets and liabilities.

The exchange rate between the Indian Rupee and the USD has been volatile in recent years and may fluctuate in the future. Therefore, changes in the exchange rate between the Indian Rupee and the USD may have a material adverse effect on our revenues, other income, operating costs and net income, which may in turn have a negative impact on our business, operating results and financial conditions.

18. *Our Company has obtained loan facilities from State Bank of India. The restrictive covenants imposed on our Company by State Bank of India may adversely affect our ability to conduct our business and operations.*

Our financing arrangements are secured by our assets. There are certain restrictive covenants in the financing agreement we have entered into with State Bank of India for loans and advances. These restrictive covenants *inter alia* require us to obtain either the prior permission of the lender or require us to inform them of various activities, including, among others, alteration of our capital structure, raising of additional equity or debt capital, incurrence of indebtedness, payment of dividends, undertaking any merger, amalgamation, restructuring or changes in management. Our ability to execute expansion plans, including our ability to obtain additional financing on terms and conditions acceptable to us, could be negatively impacted as a result of these restrictions and limitations. In the event that we breach a restrictive covenant, our lender could deem us to be in default and seek early repayment of loans. An event of default would also affect our ability to raise new funds or renew maturing borrowings as needed to conduct our operations and pursue our growth initiatives. Although we have received consent from our lender for the Issue, these restrictive covenants may affect some of the rights of our shareholders and our ability to conduct our business and operations.

For further details please refer to the chapter titled “*Financial Indebtedness*” beginning on page 180 of this Draft Red Herring Prospectus.

19. *Any inability to manage our growth could disrupt our business and reduce our profitability.*

We have experienced growth in recent years. Our revenues have grown from ₹ 3,211.20 Lakhs for the Fiscal 2009, to ₹ 3,655.58 Lakhs for the Fiscal 2010, to ₹ 4,777.83 Lakhs in Fiscal 2011 in large part due to a change in the policy of the Government of India – NBS Policy; under which the Company was allowed to sell fertilizers at market price. Any adverse changes in the NBS Policy by the Government of India may have an adverse effect on our results of operations and financial condition of our Company.

In particular, continued expansion increases the challenges we face in recruiting, training and retaining sufficient skilled, technical, sales and management personnel; adhering to our high quality and; maintaining high levels of client satisfaction; integrating expanded operations; and developing and improving our internal administrative infrastructure, particularly our financial, operational, communications, and other internal systems. If we are unable to properly manage our growth, it could have an adverse effect on our business, results of operations and financial condition.

For further details on our financial performance please refer to the chapter titled “*Management's Discussion and Analysis of Financial Condition and Results of Operations*” beginning on page 171 of this Draft Red Herring Prospectus.

20. *Our Trademark and logo are not registered. As such we do not enjoy the statutory protection available to us under the Trade Marks Act, 1999 for such trademarks. We may not be able to adequately protect our intellectual property rights.*

Our trademarks and logo are not registered. Any such use by our Company of the same may be opposed by third parties and we may have to incur significant cost and spend time in litigations in defending such oppositions. Due to non registration we will not be able to avail the legal protection and legal remedies (in case of infringement) available to a proprietor of registered trademarks. Thus, we have a limited ability to protect our intellectual property rights, and unauthorized parties could infringe upon or misappropriate our intellectual property.

21. ***Our Company did not comply with Section 383(A) of the Companies Act regarding the appointment of whole time company secretary. Such non-compliances may result into penalties or other action on our Company by the statutory authorities.***

The paid up capital of our Company reached ₹ 200 Lakhs on October 6, 2000 pursuant to which our Company was required to comply with Section 383(A) of the Companies Act, in as much as appointing a whole-time secretary. Our Company did not comply with Section 383(A) of the Companies Act, 1956 regarding the appointment of wholetime company secretary for the period September 25, 2001 to April 26, 2002; October 27, 2002 to July 3, 2003 and February 16, 2004 to November 29, 2010. Such non-compliances in future may result into penalties or other action on our Company by the statutory authorities.

22. ***Our Company has entered into lease agreements with the District Industrial Centre, on behalf of the Government of Rajasthan for land situated at Umarda, Jhamarkotda Road Udaipur, on certain terms and conditions. In the event of any breach of the terms and conditions by our Company, the District Industrial Centre may terminate the lease, by giving a notice thereof and to recover possession of the entire plot leased or part thereof.***

Our plant is situated at Plot no. 4887-94, Village Umarda, Jhamarkotda Road Udaipur. These premises have been leased to our Company vide lease deed dated December 16, 1996 and July 9, 1998 from the District Industrial Centre, on behalf of the Government of Rajasthan for 99 years. The right of our Company to occupy and enjoy the said plots of land which is subject to and conditional upon our Company observing all the terms and conditions of the lease deeds. In the event of any breach by our Company, the District Industrial Centre may terminate the lease, by giving a notice thereof and recover possession of the entire plot leased or any part thereof. In which case, our Company would have to shift its plant to a new location which could have a materially adverse effect on the business, growth and financial conditions of our Company. For further details, please refer to the paragraph titled “Properties” under the chapter titled “Our Business” beginning on page 102 of this Draft Red Herring Prospectus.

23. ***We occupy the premises of our Group Company, Bohra Pratisthan Private Limited, wherein our Registered Office is located on rental basis and any termination of this agreement could adversely affect our operations. Discontinuation/termination of rental agreement may require us to vacate such premises which may have an adverse impact on our business continuity. Further the rental agreement entered into by our Company is not registered.***

We do not own the premises where our Registered Office is located. We have acquired the premises pursuant to a rental agreement dated August 11, 1998. If this agreement is terminated by the Bohra Pratisthan Private Limited or we are required to vacate the premises, we may have to identify other premises to relocate our Registered Office, which could disrupt our business operations. The said leave and license agreement is not duly stamped as per existing laws. The effect of inadequate stamping is that the document is not admissible in legal proceedings, and parties to this agreement may not be able to legally enforce to same, except after paying a penalty for inadequate stamping. Any adverse impact on the title/ownership rights of the owner, from whose premises we operate our Registered Office, may impede our Company’s operations. Further, we cannot assure that we will be able to obtain alternate premises on terms favourable to us, which may also adversely affect our operations.

For further details on all of our leased premises please refer to chapter titled “Our Business” beginning on page 102 of this Draft Red Herring Prospectus.

24. ***Our current manufacturing facility is geographically located at one place, i.e. Plot no. 4887-94, Village Umarda, Jhamarkotda Road Udaipur and the loss or shutdown of operations at the facility could have a material adverse effect on us.***

Our existing plant is located at Plot no. 4887-94, Village Umarda, Jhamarkotda Road Udaipur. As a result, any local social unrest, natural disaster or break down of services and utilities in that area could have material adverse effect on the business, financial position and results of operation of our Company.

25. ***Our success depends significantly upon our senior management team. If any of them were to leave our Company, the same would adversely impact our business, revenues and profitability.***

We are highly dependent on our senior management and the team of qualified professionals working with them who have significant influence on our dealer relationships and business. Our business model is reliant on the efforts and initiatives of our senior level management and our Key Managerial Personnel, few of whom have been with us for a significant number of years. Attracting and retaining talented professionals is the key to our business growth. If one or more members of our senior management team were to leave their present positions, it may be difficult to find adequate replacements and our business could be adversely affected. In this regard, we cannot assure you that we will be able to retain / replace our skilled senior management or Key Managerial Personnel.

For further details on all of our key managerial personnel please refer to paragraph titled “*Our Key Managerial Personnel*” in the chapter titled “*Our Management*” beginning on page 122 of this Draft Red Herring Prospectus.

26. ***We operate in a highly competitive environment. Any failure to compete effectively may have a material adverse effect on our business and operations.***

The fertilizer industry is rapidly evolving due to incentives of Government of India through NBS Policy and is highly competitive. We expect that competition will continue to intensify both through the entry of new players and consolidation of existing players. Some of our competitors may have greater financial resources, technical and marketing resources and generate greater revenues, and therefore may be able to respond better to market changes than we can. We believe that our ability to compete depends on a number of factors beyond our control, including the ability of our competitors to attract, train, motivate and retain highly skilled technical employees, the price at which our competitors offer comparable services and the extent of our competitors’ responsiveness to dealer needs. Our inability to adequately address competitive pressures may have a material adverse effect on our business, prospects, financial condition and results of operations.

27. ***Our insurance coverage may not adequately protect us against certain operating hazards and natural disasters and this may have a material adverse effect on our business. We may suffer uninsured losses or losses exceeding our insurance limits.***

We generally maintain insurance on property and equipment in amounts believed to be consistent with industry practices and our insurance policies cover physical loss or damage to our property and equipment arising from a number of specified risks including burglary, fire and other perils. Notwithstanding the insurance coverage that we carry, we may not be fully insured against some business risks and the occurrence of an accident that causes losses in excess of limits specified under the relevant policy or losses arising from events not covered by insurance policies, could materially harm our financial condition and future operating results.

We face the risk of losses in our operations arising from a variety of sources, including, among others, risks related to catastrophic events, terrorist attacks and accidents. We may suffer uninsured losses from time to time. If we suffer any losses, damages and liabilities in the course of our operations, we may not have sufficient insurance or funds to cover such losses, damages or liabilities or to replace any property that has been destroyed. In addition, any payment we make to cover any uninsured losses, damages or liabilities could have a material adverse effect on our business, financial condition and results of operations. Furthermore, in the future we may not be able to maintain insurance of the types or at levels which we deem necessary or adequate. Moreover, any payments we make to cover any losses, damages or liabilities or any delays we experience in

receiving appropriate payments from our insurers could have an adverse effect on our financial condition and results of operations. For further details regarding Insurance, please refer to the paragraph titled “Insurance” beginning on page 113 of this Draft Red Herring Prospectus.

28. *Our quantity based contracts may expose us to risks beyond our control, which could reduce our profitability.*

We enter into contracts on the basis of quantity to be supplied to a dealer. Although we use our past experience and contractual provisions to price our products, we bear the risk of over pricing our products as opposed to the prices quoted by our competitors. Any failure to accurately estimate the price or availability of raw materials or non receipt of raw materials from our suppliers, in time, would result in under utilization of our plant and machinery thereby adversely affecting our revenues and profitability.

29. *We are at risk of cancellation of our orders pursuant to a short notice period with no penalty.*

We operate on an order to order basis. An order may be cancelled by a dealer without cause or on a short notice period. As a result, our orders may be cancelled due to circumstances beyond our control, such as financial constraints of the dealer, a more competitive option offered by a competitor or a change in the fertilizer policy by the Government of India. There can therefore be no certainty that our revenue flow at a particular point of time will be sustained through a particular fiscal year or into the next fiscal year.

30. *We may require further equity issuances to satisfy our capital needs, which we may not be able to procure.*

We may need to raise additional capital from time to time, dependent on business requirements. Some of the factors that may require us to raise additional capital include (i) business growth beyond what the current balance sheet can sustain, (ii) additional capital requirements imposed due to changes in regulatory regime or new guidelines, and (iii) significant depletion in our existing capital base due to unusual operating losses. We may not be able to raise such additional capital at the time it is needed or on terms and conditions favourable to us or to the existing shareholders.

31. *Environmental and safety regulations impose additional costs and may affect our Company’s results of operations.*

Our Company is subject to various central, state and local environmental and safety laws, concerning issues such as harm caused by air or waste - water emission and contamination. While we believe that our facility is currently in compliance in all material respects with applicable environmental laws and regulations, additional costs and liabilities related to compliance with these laws and regulations are an inherent part of our business. Further, while we currently intend to continue to comply with applicable environmental legislation and regulatory requirements, any changes in the applicable laws and regulations in the future may create substantial environmental compliance or remediation liabilities and costs, including monetary fines, criminal penalties on our Company’s officers for violation of applicable laws, or imposition of restrictions on our Company’s operations (which may include temporary suspension or closure of its operations). We may also, in the future, become involved in legal or regulatory proceedings, in relation to which we may be required to comply with more rigorous environmental or safety standards, or to incur significant capital and operating expenses and/or remedial costs. These factors may adversely affect our revenues and operations.

Risks related to Objects of the Issue

32. *Our funds requirements are based on internal management estimates and on the basis of quotations obtained, wherever possible, and have not been independently appraised by any bank or financial institution. Any increase in the actual deployment of funds may cause an additional burden on our finance plans. Further, we have not entered into any definitive agreements to utilize a portion of the proceeds of the Issue. Any failure to enter into arrangements on favorable terms and conditions, in a timely manner or at all, may have an adverse affect on our business and financial results.*

We intend to utilize part of the proceeds of the Issue, i.e. ₹ 4,600.00 Lakhs towards setting up the manufacturing facility for Triple Super Phosphate.

These fund requirements are based on internal management estimates and on the basis of estimates obtained from NEMC, wherever possible, and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in light of changes in external circumstances or costs or in other financial conditions, business strategy, etc. With increase in costs, our actual deployment of funds may exceed our estimates and may result in cost overrun and cause us an additional burden on our finance plans. For further details, please refer the chapter titled “*Objects of the Issue*” beginning on page 64 of this Draft Red Herring Prospectus.

Further, we have not entered into any definitive agreements to utilize portion of the proceeds of the Issue towards these objects.

33. ***Our entire Project is based on the consultancy services by Neon Engineering & Mineral Company (NEMC) which may expose us to deficiency / delay in services.***

Our Company has given Letter of Intent to NEMC vide letter dated August 30, 2011 for providing consultancy services for engineering drawing, designs and layouts. Since the entire project will be based on the consultancy provided by NEMC we would be completely exposed to any deficiency in services rendered by them. Although we have laid down the parameters within which the quality of the project would be acceptable to us, we cannot assure you that NEMC would be in a position to provide the services for the same.

Since financing of the Proposed Project is from the IPO proceeds, any delay in access to IPO proceeds would eventually delay our payments to NEMC and could as such delay the project.

34. ***The implementation of the proposed project is at a very preliminary stage. The schedule of implementation may be delayed and as a result thereof, we may face operational delays. This may have an adverse affect on our business operations and our return on investments.***

As per the proposed schedule of implementation the completion dates for setting up manufacturing facilities at Umarda is March 2013 and is subject to delays and other risks, including, among other things, contractor performance shortfalls, unforeseen engineering or technical problems, delays in procuring equipments, disputes with workers, *force majeure* events, unanticipated cost increases or changes in scope and delays in obtaining certain property rights and government approvals and consents, any of which could give rise to delays, cost overruns or the termination of the Project and/or a breach of the financial covenants imposed by our lenders. While we may seek to minimize the risks from any unanticipated events, we cannot ensure that all potential delays can be mitigated and that we will be able to prevent any cost over-runs and any loss of profits resulting from such delays, shortfalls and disruptions.

35. ***The Proposed Project being implemented by us is large in context of our Company’s current scale of operations. We may face several risks on account of implementation of our Proposed Project.***

Our Company has embarked upon a project of approximately ₹ 4,600.00 Lakhs, which is large in size compared to the present re-stated net worth of our Company as on March 31, 2011 i.e. ₹ 1,622.37 Lakhs. Since, the management and financial resources are till date allocated to a smaller scale of manufacturing facilities in one location, the Proposed Project with substantially higher capacity, poses some unforeseen risks and challenges to the financial and managerial capacity of our Company.

36. ***We intend to utilize ₹ 4,600.00 Lakhs of the Net Proceeds of this Issue towards capital cost for setting up of facilities in Udaipur. However, we have not, as of the date of the Draft Red Herring Prospectus, obtained various approvals required for the facilities.***

We intend to use ₹ 4,600.00 Lakhs of the Net Proceeds of this Issue to set up facilities near Udaipur. We also require environmental clearances and other approvals including under the Factories Act, 1948, Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981 for

setting up and commencing operations. There can be no assurance that these approvals will be obtained within the scheduled time anticipated by us, or at all. Any delay or inability in obtaining these approvals could have a material adverse effect on our ability to set up the plant as planned, and therefore, our financial condition and business prospects.

In addition, India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for employee removal and dispute resolution and imposes financial obligations on employers upon employee layoffs which may adversely affect our business and profitability. Any delays in the implementation of the project, cost overruns, changes or lack of demand for our products or for other reasons, we may not achieve the economic benefits expected of this project and our failure to obtain expected economic benefits from this project could adversely affect our business, financial condition and results of operations.

37. ***We have not started fabricating the plant and machineries pursuant to the expansion proposed in the Objects of the Issue. Any increase in the prices of equipments may result in time and cost overruns, and may affect our profitability.***

We have estimated the requirement of plant, equipment and machinery based on quotations by NEMC. However, as on date of filing this Draft Red Herring Prospectus, we have not yet started fabricating the machines. We cannot assure that we would be able to fabricate the plant and machinery required at the prices quoted/estimated in this Draft Red Herring Prospectus. Any increase in the prices of the plant and/or machinery required to be fabricated could lead to time and cost overruns, and may have a material adverse effect on our business, results of operations and financial condition. For further information please refer to the section titled “Objects of the Issue” beginning on page 64 of this Draft Red Herring Prospectus.

38. ***The deployment of the proceeds of the Issue is entirely at our discretion and will not be subject to any monitoring by any external, independent or a Monitoring Agency but through our Board of Directors.***

There will be no external, independent or a Monitoring Agency which would monitor the utilization of the proceeds of the Issue. However, our Board will monitor the utilization of these proceeds. We will disclose the details of their utilization, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclose as per the disclosure requirements of our listing agreements with the Stock Exchanges and in particular clause 49 of the Listing Agreement.

39. ***The success of our Proposed Project depends largely upon trained technical professionals and our ability to employ and retain these personnel.***

Our ability to execute the Proposed Project depends largely on our ability to employ, train, and retain trained technical professionals, particularly production managers and other mid-level professionals. The success of our Proposed Project will be dependent on the continued service of these persons or replacement of equally competent persons from the market. We may or may not be able to retain these personnel or attract and retain such new personnel in the future, which will have impact on our profitability. Our inability to employ and retain such skilled professional or other senior professionals may adversely affect our Proposed Project, along with results of operations and financial condition of our Company.

40. ***Some of the regulatory approvals for the proposed expansion are yet to be applied and any delay or non-receipt of such approvals may delay the proposed expansion plans.***

As on date of filing the Draft Red Herring Prospectus, we have not applied for some of the licenses in relation to the Objects of the Issue. We cannot assure that we would be able to apply for these licenses/approvals/permissions in a timely manner or at all, or that we would be granted such licenses/approvals/permissions in a timely manner. Such grant may also be subject to restrictions and/or permissions which may not be acceptable to us, or which may prejudicially affect our operations, and would have a material adverse effect on our business, results of operations and financial condition. For further details pertaining to the licenses / approvals / permissions, please refer to the chapter titled ‘Government and other Approvals’ beginning on page 201 of this Draft Red Herring Prospectus.

41. ***We may not be able to sustain effective implementation of our business and growth strategy, including our expansion plans and the financing of such expansion, which may adversely affect our business and results of operations.***

The success of our business will depend greatly on our ability to effectively implement our business and growth strategy. There can be no assurance that we will be able to execute our strategy within the estimated budget, or that we will meet the expectations of targeted customers. Our inability to manage our business and growth strategy may have a material adverse effect on our business, financial condition and results of operations.

Our business strategies include setting up facility for manufacturing Triple Super Phosphate for 1,00,000 MT at location nearby to our existing locations. The construction and equipping of new plants and the expansion of existing plants are subject to certain risks that could result in delays or cost overruns, which could require us to expend additional capital and adversely affect our business and operating results. Such potential events include: shortages and late delivery of building materials and facility equipment; delays in the delivery, installation, commissioning and qualification of our manufacturing equipment; seasonal factors, such as a long and intensive wet season that limits construction; labour disputes; design or construction changes with respect to building spaces or equipment layout; delays or failure in securing the necessary governmental approvals, building sites or land use rights; and technological capacity and other changes to our plans for new plants necessitated by changes in market conditions. Delays in the construction and equipping or expansion of any of our plants could result in the loss or delayed receipt of earnings and an increase in financing costs and would adversely affect our business, growth strategy and financial condition of our Company.

42. ***Our Company has not applied for manufacture of certain products. We cannot assure that we would be able to apply for these approvals in a timely manner or at all, or that we would be granted such approvals in a timely manner.***

As on date of filing this Draft Red Herring Prospectus, we have not applied for approval to manufacture of certain products proposed to be manufactured, for further details please refer to the chapter titled “*Government and Other Approvals*” beginning on page 201 of this Draft Red Herring Prospectus. We cannot assure that we would be able to apply for these approvals in a timely manner or at all, or that we would be granted such approvals in a timely manner. Such grant may also be subject to restrictions and/or permissions which may not be acceptable to us, or which may prejudicially affect our operations, and would have a material adverse effect on our business, results of operations and financial condition.

43. ***Our businesses are subject to a variety of safety, health and environmental laws and various labor, workplace related laws and regulations. Any failure on our part to comply with these applicable laws and regulations could have an adverse effect on our operations and consolidated financial condition.***

Our operations are subject to numerous safety, health and environmental protection laws and various labor, workplace related laws and regulations, which are complex and stringent and may increase our compliance costs. Such regulations may restrict our operations and adversely affect our financial condition, results of operations and cash flows by imposing conditions such as limitations on siting and constructing new waste disposal, transfer or processing facilities or expanding existing facilities, limitations, regulations or levies on collection and disposal prices, rates and volumes, limitations or bans on disposal or transportation of certain categories of waste. Significant fines and penalties may be imposed for non-compliance with the safety, health and environmental laws and regulations, and some of these laws provide for joint and several strict liability for remediation of releases of hazardous substances, rendering a person liable for environmental damage without regard to negligence or fault on the part of such person.

We are also subject to stringent labor laws. Such laws and regulations may expose us to liability arising out of the conduct of operations or conditions caused by others, or for our own acts including those which were in compliance with all applicable laws at the time such acts were performed. For example, under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, we may be held responsible for any wage payments to be made to contract labourers hired by our sub-contractors in the event of default by such sub-contractors and we may also be required to absorb a portion of such contract labourers as permanent employees under certain

circumstances. Penalties for failure to comply with these laws, rules and regulations, many of which may be applied retroactively, may include:

- administrative, civil and criminal penalties;
- revocation of permits;
- corrective action orders; and
- breach of certain existing contracts with clients.

The regulatory framework in India is evolving. Future government policies and changes in laws and regulations in India may adversely affect our business and operations, and restrict our ability to do business in our existing and target markets. The timing and content of any new law or regulation is not in our control and such new law or regulation could have an adverse effect on our business, results of operations and financial condition.

44. ***Any defect in our products, may result in our manufacturing license being withdrawn and we could become liable to customers, suffer adverse publicity and incur substantial costs which in turn could adversely affect the value of our brand, and our sales could diminish if we are associated with negative publicity.***

Any defect in our products could result in withdrawal of our license for manufacturing, storing and selling the products. Further, deficiency in our products could result in a claim against us for damages, regardless of our responsibility for such a failure or defect. We currently carry no products liability insurance with respect to our products. Although we attempt to maintain quality standards, we cannot assure that all our products would be of uniform quality, which in turn could adversely affect the value of our brand, and our sales could diminish.

Further, our business is dependent on trust our customers have in the quality of our products. Any negative publicity regarding our Company, brand, or products, including those arising from a drop in quality of merchandise from our vendors, mishaps resulting from the use of our products, or any other unforeseen events could affect our reputation and our results from operations.

Risks related to Our Equity Shareholders and Our Equity Shares

45. ***Our Promoter and Promoter Group will directly or indirectly retain majority control of our Company after the Issue, which will enable them to control the outcome of matters submitted to the shareholders for approval.***

Currently, our Promoter and Promoter Group cumulatively hold 91.99 % of the paid up equity share capital. After the completion of the Issue, subject to full subscription of the Issue, our Promoter and Promoter Group will collectively hold more than [●]% of our issued subscribed and paid-up share capital of our Company. As a result, our Promoter and Promoter Group will have the ability to exercise significant control over our Company and all matters requiring shareholders' approval, including appointment of directors, business strategy and approval of significant corporate transactions such as mergers and business combinations. The interests of our Promoter and Promoter Group may conflict with the interest of the other investors, and investors may not agree with the way in which the Promoters exercise their voting rights and powers. This could delay, prevent or deter a change in control, even if such a transaction is beneficial to our other shareholders.

For further details, please refer to the chapters titled “*Capital Structure*” and “*Our Promoter, Promoter Group and Group Companies*” beginning on page 50 and 139 respectively, of this Draft Red Herring Prospectus.

46. ***We have in the last 12 months, issued Equity Shares at a price that could be lower than the Issue Price.***

We issued 20,22,100 fully paid up Equity Shares of ₹10 each per share for cash at par on a preferential basis on October 4, 2010. Besides, this, we have in the last 12 months, not issued Equity Shares at a price that could be lower than the Issue Price. For further details, refer to the chapter titled “*Capital Structure*” beginning on page 50 of this Draft Red Herring Prospectus.

47. ***Any further issuance of Equity Shares by our Company or sales of Equity Shares by any of our significant shareholders may lead to dilution of investor's shareholding in our Company and adversely affect the trading price of the Equity Shares.***

Any future issuance of Equity Shares by our Company could dilute existing shareholders ownership. Any such future issuance of Equity Shares or sales of Equity Shares by any of our significant shareholders may also adversely affect the trading price of the Equity Shares, and could impact our ability to raise further capital through an offering of our securities.

After the completion of the Issue, our Promoter and Promoter Group will own, directly and indirectly, more than approximately [●]% of the issued subscribed and paid-up share capital of our Company. Sales of a large number of our Equity Shares by our Promoter and Promoter Group could adversely affect the market price of our Equity Shares. There can be no assurance that we will not issue additional Equity Shares or that our significant shareholders will not dispose of, pledge or otherwise encumber their Equity Shares.

Any future equity issuances by us may lead to the dilution of investor shareholding in our Company or affect the trading price of the Equity Shares of our Company.

48. ***Our Company has not paid dividends in the past. There is no guarantee that we will be able to pay dividends in the future.***

Our Company has not paid dividends in the past to its shareholders. The amount of our future dividend payments, if any, will depend upon our future earnings, financial conditions, cash flows, working capital requirements and capital expenditures. There can be no assurance that we will be able to paying dividends in future.

49. ***We may not receive final listing and trading approvals from the BSE and the NSE. An active market for the Equity Shares may not develop which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.***

The Equity Shares currently have no trading market. Our Company will apply to the BSE and NSE for final listing and trading approvals after the Allotment of the Equity Shares in the Issue. There can be no assurance that we will receive such approvals on time or at all. Also, no assurance can be given that an active trading market for the Equity Shares will develop or as to the liquidity or sustainability of any such market, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which shareholders will be able to sell their Equity Shares. If an active market for the Equity Shares fails to develop or be sustained, the trading price of the Equity Shares could fall. If an active trading market were to develop, the Equity Shares could trade at prices that may be lower than their Issue Price.

EXTERNAL RISK FACTORS

50. *We are incorporated in India and therefore subject to the policies of the Government of India. In the event of any shift / change in the government policies adverse to our business / industry in which we operate, our revenues and profitability may be adversely affected.*

We are incorporated in India and all our assets and employees are located in India. Consequently, our financial performance and the market price of our Equity Shares will be affected by changes in interest rates, regulatory policies, including taxation policies, as well as political, social and economic developments affecting India.

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

All our business facilities are located in India. Our Company, the market price and liquidity of our Equity Shares, may be adversely affected by 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. 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 unfavourable 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.

52. *Foreign Investors may have difficulty enforcing foreign judgments against us or our management.*

Our Company is a limited liability company incorporated under the laws of India. As a result, it may not be possible for investors to effect service of process upon our Company, or to enforce against our Company judgments obtained in courts outside India based upon the liability provisions of foreign countries, including the civil liability provisions of the federal securities laws of the United States. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of The Code of Civil Procedure, 1908 of India (as amended) (the "Civil Code"). Section 13 of the Civil Code provides that a foreign judgment shall be conclusive as to any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law in force in India.

Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court in any country or territory outside India which the Central Government has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty.

53. ***There is no existing market for the Equity Shares, the Issue Price of our Equity Shares may not bear any relationship to the market price of our Equity Shares after the Issue and the price of the Equity Shares may be volatile and fluctuate significantly in response to various factors.***

Prior to this Issue, there has been no public market for our Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Issue. The Issue Price of the Equity Shares may bear no relationship to the market price of the Equity Shares after the Issue. The market price of our Equity Shares after this Issue will be subject to significant fluctuations in response to, among other factors:

- variations in our operating results and the performance of our business;
- adverse media reports about us;
- regulatory developments in our target markets affecting us, our clients or our competitors;
- changes in financial estimates by securities research analysts;
- addition or loss of executive officers or Key Managerial Personnel;
- loss of one or more significant clients;
- the performance of the Indian and global economy;
- significant developments in India's economic liberalization and deregulation policies, and the fiscal regime; and
- volatility in the Indian and global securities markets.

Many of these factors are beyond our control. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue. There has been recent volatility in the Indian stock markets and our share price could fluctuate significantly as a result of such volatility in the future. As historically there has been no public market for our equity shares, we are not sure how the market would develop for our shares post listing and subsequent stock price movements going forward.

54. ***There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.***

Subsequent to listing, we will be subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India which does not allow transactions beyond certain volatility 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 percentage limit on our circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are not required to inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

55. ***You may not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Issue until the Issue receives the appropriate trading approvals***

Under the SEBI ICDR Regulations, we are permitted to allot equity shares within 12 Working Days of the Bid/Issue Closing Date. You can start trading in the Equity Shares only after they have been credited to your demat account and listing and trading permissions are received from the 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' book entry, or "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 Designated Stock Exchange. Thereafter trading in the Equity Shares is expected to commence within 12 Working Days of the Bid Closure date. Further, there can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that the trading in Equity Shares will commence within the specified time periods.

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

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

57. *Third party statistical and financial data in the Draft Red Herring Prospectus may be incomplete or unreliable*

We have not independently verified data from industry publications and other sources and therefore cannot assure you that they are complete or reliable. Discussions of matters relating to any economy or the Agriculture and Fertilizer industry in the Draft Red Herring Prospectus are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable.

58. *Our business could be adversely impacted by economic, political and social developments in India.*

The Indian government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by changes in the Indian government's policies, including taxation. Social, political, economic or other developments in or affecting India, acts of war and acts of terrorism could also adversely affect our business.

Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will be continued and any significant change in the Indian government's policies in the future could affect business and economic conditions in India in general and could also affect our business and industry in particular. In addition, any political instability in India or geopolitical stability affecting India will adversely affect the Indian economy and the Indian securities markets in general, which could also affect the trading price of our Equity Shares.

Our performance and the growth of our business are necessarily dependent on the performance of the overall Indian economy. India's economy could be adversely affected by a general rise in interest rates, currency exchange rates, and adverse conditions affecting agriculture, commodity and electricity prices or various other factors. Further, conditions outside India, such as slowdowns in the economic growth of other countries could have an impact on the growth of the Indian economy, and government policy may change in response to such conditions.

59. *Economic developments and volatility in securities markets in the global market, including financial instability in Indian financial markets, may cause the price of our Equity Shares to decline and adversely affect our results of operations and financial condition.*

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. For instance, the economic downturn globally has adversely affected market prices in the world's securities markets, including the Indian securities markets. Negative economic developments, such as rising fiscal or trade deficits, or a default on sovereign debt, in other emerging market countries may affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Indian financial markets have experienced the contagion effect of the global financial turmoil, evident from substantial fluctuations in the prices of listed securities and a sharp decline in the SENSEX, BSE's benchmark index. Any prolonged financial crisis may have an adverse impact on the Indian economy, thereby resulting in a decline in the price of our Equity Shares, which may not necessarily be directly or indirectly related to our financial performance.

The global financial crisis and economic downturn that occurred in 2008 or similar financial crisis in the future, especially in the US, Europe or China, and an increase in interest rates or other fiscal or monetary policies implemented by the Government to control the rate of economic recovery and curb inflation, may materially and adversely impact our business, financial condition, results of operations and prospects in a number of ways, such as, decrease in demand for our exports, delay or deference or cancellation of purchases from us by distributors, non-availability of financing and other sources of liquidity on reasonable terms, reduction of discretionary spending by consumers on formulations, and fall in price of our Equity Shares.

Prominent Notes

1. Investors may contact the BRLM for any grievance pertaining to this Issue. Any clarification or information relating to the Issue 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 made available only to a section of the investors in any manner. For contact details please refer to the chapter titled “*General Information*” beginning on page 40 of this Draft Red Herring Prospectus. All grievances relating to ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs, giving full details such as name, address of the applicants, number of Equity Shares applied for, Bid Amounts blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Form has been submitted by the ASBA Bidder.
2. The Net Worth of our Company was ₹1,622.37 Lakhs as on March 31, 2011, as per the restated financial statements prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Regulations. For more information, please refer the chapter titled “*Financial Statements*” beginning on page [●] of this Draft Red Herring Prospectus.
3. Issue of [●] Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Equity Share (including share premium of ₹ [●] per Equity Share) aggregating ₹ 8,000 Lakhs. The Issue will constitute [●] % of the fully diluted post Issue paid-up capital of our Company.
4. The average cost of acquisition of / or subscription to the Equity Shares of our Company by our Promoter is set forth in the table below:

Sr. No.	Name of the Promoter	Number of Equity Shares	Average Cost of Acquisition (₹)
1.	Mr. Hemant Bohra	70,45,897	6.88

Note: The average cost of acquisition of Equity Shares by our Promoter has been computed by taking the weighted average cost of the total number of Equity Shares held by them.

5. The Net Asset Value per Equity Share was ₹ 18.05 as on March 31, 2011, as per the restated financial statements prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Regulations. For more information, please refer the chapter titled “*Financial Statements*” beginning on page 147 of this Draft Red Herring Prospectus.
6. For the summarized details of transactions by our Company with our Promoter Group and Group Companies during the last five financial years ending March 31, 2007, 2008, 2009, 2010 and 2011, please refer to “*Annexure IX - Related Party Transactions*” in the chapter titled “*Financial Statements*” beginning on page 147 of this Draft Red Herring Prospectus.
7. Our Company has not changed its name in the last three years.
8. None of our Promoter, Directors and their relatives, Promoter Group, Group Companies has entered into any financing arrangement or has financed the purchase of securities of our Company during the last six months prior to the date of filing of this Draft Red Herring Prospectus with SEBI.
9. The Issue is being made under sub-regulation (1) of Regulation 26 of the SEBI ICDR Regulations and through a Book Building Process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to

Qualified Institutional Buyers (“QIBs” and such portion the “QIB Portion”). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price. All Non-Retail Bidders, shall participate in this Issue through the Application Supported by Blocked Amount (“ASBA”) process. Retail Bidders participating in this Issue may also utilize the ASBA process to submit their Bids. For details, please refer to the chapter titled “*Issue Procedure*” beginning on page 224 of this Draft Red Herring Prospectus

10. Neither our Promoter nor the members of our Promoter Group nor our Directors and their immediate relatives as defined under the SEBI ICDR Regulations have purchased or sold or financed the purchase or sale of any Equity Shares during the period of six months immediately preceding the date of this Draft Red Herring Prospectus with SEBI.
11. Our Company has not issued any Equity Shares out of revaluation reserves since inception.
12. Our Company has not issued any Equity Shares for consideration other than cash.
13. No part of the Issue proceeds will be paid as consideration to our Promoter, our Directors, our Key Managerial Personnel, our Promoter Group or our Group Companies or ventures.
14. Investors are advised to refer to the chapter titled “*Basis for Issue Price*” beginning on page 72 of this Draft Red Herring Prospectus before making an investment in this Issue.
15. Our Company and the BRLM are obliged to keep this Draft Red Herring Prospectus updated and inform the public of any material change/development until the listing and trading of the Equity Shares offered under the Issue commences.

SECTION III – INTRODUCTION

SUMMARY OF OUR BUSINESS, STRENGTHS AND STRATEGIES

This is only a summary and does not contain all information that you should consider before investing in our Equity Shares. You should read the entire Draft Red Herring Prospectus, including the information on “Risk Factors” and “Financial Statements” beginning on pages 14 and 147 respectively of this Draft Red Herring Prospectus, before deciding to invest in our Equity Shares.

Our Company, incorporated in the year 1996, is engaged in the manufacturing and marketing of phosphatic fertilizers. As a part of our business activities, we manufacture Single Super Phosphate (SSP) in both powder and granular form from rock phosphate. Our Company procures major raw materials like rock phosphate and sulphuric acid from third parties and the same are then used to form SSP and GSSP fertilizers.

We started our manufacturing activities in the year 2000 with an installed capacity of 1,98,000 TPA (tons per annum) of SSP and 1,00,000 TPA of GSSP. The fertilizer industry works in a highly regulated environment and our products, processes and inputs have been consistently verified and certified as quality products by the Agricultural Commissionerate, Rajasthan, Jaipur. Further, we are subject to continuous inspection by Project & Development India Limited (“PDIL”)

The current shift in policy regime of the Government from product based subsidy to nutrient based subsidy will encourage use of right nutrient as per the requirement of the soil and has opened a plethora of opportunities for our Company. As per the recent reports by Department of Fertilizers, SSP is a straight phosphatic multi-nutrient fertilizer which helps in treating the sulphur deficiency in soils (40% of Indian soil is sulphur deficient) as well in further enhancement of yields at a low cost. In various crops, which require more of sulphur and phosphate like oilseeds, pulses, sugarcane, fruits and vegetables, tea etc, SSP is an essential fertilizer. (*Source: <http://fert.nic.in/fertilizersubsidy/sspucs.asp>*). Further, as a part of our business strategy, our Company is in the process of diversifying our present revenue base by entering into new product which will realize better margins namely, Triple Super Phosphate (TSP). We are setting up a separate unit for manufacturing Triple Super Phosphate with a capacity of 100,000 TPA at a location near our existing operations.

With the commencement of operations of the said unit, our Company’s product portfolio will comprise of variety of phosphorus fertilizers like SSP, GSSP and TSP which shall be marketed in the domestic market under our brand “MAHALAXMI”.

In our company, success is measured in terms of customer satisfaction and quality that is built into our product. Our Company has been permitted by Department of Fertilizer, Ministry of Agriculture, Government of India, New Delhi to sell our products in the states of Madhya Pradesh, Punjab, West Bengal, Maharashtra, Uttar Pradesh, Rajasthan and Haryana through Rashtriya Chemicals and Fertilizers Limited (RCF) for a period of 1 year under our brand “MAHALAXMI” and also through Nagarjuna Fertilizers and Chemicals Limited for a period of 1 year under their brand “Dhanphos” to Andhra Pradesh, Maharashtra, Punjab, Uttar Pradesh, Madhya Pradesh, Haryana, Rajasthan, West Bengal and Gujarat. Apart from this, we also sell our products through other registered dealers in Assam, Tripura, Jharkhand, Chhattisgarh and Uttaranchal. We also have our depots in Derabassi (Punjab), Panchkula (Haryana), Jalgaon (Maharashtra), Bharuch (Gujarat), Kolkata (West Bengal), Indore (Madhya Pradesh), Lucknow (Uttar Pradesh), Hyderabad (Andhra Pradesh) through which we carry on marketing activities of our products manufactured.

Our Company has a fully functional quality control laboratory as required by the Fertilizer Control Order issued under Essential Commodities Act 1955, which regulates and monitors the quality of fertilizer mixtures, packing, marking on the fertilizer bags and setting up of quality control laboratories. Our laboratory is equipped with various instruments like, electronic analytical balance, pH meter, sieve shaker, muffle furnace, water distillation plant, magnetic stirrer etc. and can carry out 5000 samples of finished products in a year. The raw materials and the finished products are subjected to various physical and chemical tests to show that they meet the required specifications. Some of the characteristics that are tested include moisture test, P₂O₅ content test for raw materials and free acidity test. Various other tests are also performed, depending on the specific nature of the fertilizer composition.

OUR COMPETITIVE STRENGTHS

We believe that the following are our primary competitive strengths:

1. Repetitive orders

1. Revised policy to benefit manufacturing operations
2. Raw material linkages and other location advantages
3. Application of information technology in practice
4. We adhere to the Quality Standards as prescribed by Fertilizer Control Order.
5. Distribution of dealer network
6. Experienced and qualified management team

OUR BUSINESS STRATEGY

Our strategic objective is to continue to improve on and consolidate our position by enhancing the current production and adding new products. We intend to achieve this by implementing/focusing the following aims/areas:

1. Continue to expand and diversify our product portfolio
2. Modernisation and upgradation of our technology
3. Capitalize the opening of new markets and enhancing our existing production and customer base

SUMMARY OF FINANCIAL INFORMATION

STATEMENT OF ASSETS & LIABILITIES, AS RESTATED

(₹ in Lakhs)

Particulars	For the Year ended March 31				
	2011	2010	2009	2008	2007
FIXED ASSETS					
Gross Block	1,369.99	1,369.11	1,366.94	1,232.91	1,232.49
Less: Depreciation	437.58	383.27	327.80	272.83	223.52
NET BLOCK	932.41	985.85	1,039.14	960.08	1,008.97
Capital Work in progress	344.15	62.23	0.00	126.67	8.76
NET FIXED ASSETS (A)	1,276.56	1,048.08	1,039.14	1,086.76	1,017.73
INVESTMENTS (B)	0.66	0.61	0.57	0.53	0.64
Current Assets, Loans & Advances					
Inventories	2,049.83	1,848.51	1,753.10	967.46	954.11
Sundry Debtors	2,171.87	1,446.41	2,042.34	1,056.49	1,060.09
Cash & Bank Balance	132.87	102.74	51.55	36.07	34.91
Loans & Advances	314.64	341.83	399.52	346.50	127.87
TOTAL (C)	4,669.20	3,739.49	4,246.50	2,406.52	2,176.99
Liabilities & Provisions					
Secured Loans	3,542.26	3,304.76	2,782.48	2,390.91	2,123.15
Unsecured Loans	0.00	152.20	69.70	179.03	101.00
Deferred Tax Liability	47.59	41.40	53.25	72.67	77.32
Current Liabilities	562.79	468.04	1,757.54	322.24	241.02
Provisions Others	18.38	15.91	12.87	10.21	8.95
Provisions for taxes	153.04	1.75	0.20	0.47	3.09
TOTAL (D)	4,324.05	3,984.06	4,676.02	2,975.52	2,554.53
NET WORTH (A+B+C-D)	1,622.37	804.13	610.19	518.29	640.83
Represented By:					
Equity Share Capital	899.00	696.79	696.79	487.29	487.29
Share Application Money	0.00	0.00	0.00	65.00	50.00
Reserve & Surplus	723.37	107.34	0.00	0.00	103.54
Debit balance in Profit and loss account	0.00	0.00	86.60	34.00	0.00
NET WORTH	1,622.37	804.13	610.19	518.29	640.83

STATEMENT OF PROFIT & LOSS, AS RESTATED

(₹ in Lakhs)

Particulars	For the Year ended March 31				
	2011	2010	2009	2008	2007
SALES					
Fertilizer Manufactured	4,777.83	3,655.58	3,211.20	2,823.18	2,540.65
Others	0.00	69.00	0.27	0.66	0.87
TOTAL SALES	4,777.83	3,724.58	3,211.47	2,823.84	2,541.52
Less: Excise Duty on sales	0.00	0.00	0.00	0.00	0.00
Net Sales	4,777.83	3,724.58	3,211.47	2,823.84	2,541.52
Other Incomes	6.90	11.13	2.25	0.17	3.03
Increase/ (Decrease) in Inventories	111.59	133.11	889.29	(51.19)	36.08
TOTAL INCOME	4,896.32	3,868.81	4,103.00	2,772.82	2,580.64
EXPENSES					
Raw Material Consumed	2,118.83	1,966.59	2,927.99	1,614.26	1,411.66
Manufacturing Expenses	156.73	133.60	192.15	149.49	110.91
Personnel Cost (excluding contribution to PF)	159.42	125.49	104.58	85.98	97.70
Contribution. to Provident Fund	3.54	3.41	2.68	2.34	2.25
Administrative Expenses	97.71	115.88	35.28	27.20	43.14
Selling Expenses	791.52	753.43	366.57	566.57	496.55
Packing Expenses	207.31	179.04	156.39	148.05	95.52
TOTAL EXPENSES	3535.06	3,277.45	3,785.65	2,593.89	2,257.73
Profit before Interest & Depreciation	1361.26	591.36	317.35	178.93	322.91
Less: Interest Expenses	546.44	380.98	331.16	270.11	246.36
Profit before Depreciation	814.82	210.38	(13.80)	(91.18)	76.54
Less: Depreciation	54.31	55.47	54.97	49.30	48.86
Profit before Tax & Prior Period Adjustment	760.51	154.91	(68.77)	(140.48)	27.68
Prior Period Adjustment (Preliminary Exp. W/ off)	0.00	0.00	0.00	0.00	0.60
Profit before Tax	760.51	154.91	(68.77)	(140.48)	27.08
Net impact of restatement adjustments	15.61	35.00	(2.51)	(1.26)	(8.20)
Profit before taxation as restated	776.12	189.91	(71.29)	(141.75)	18.89
Less: Provisions for Taxation					
Current Tax	165.91	7.82	0.00	0.00	3.04
Fringe Benefit Tax	0.00	0.00	0.73	0.45	0.44
Deferred Tax Liability	6.19	(11.85)	(19.42)	(4.65)	7.65
MAT Credit Entitlement	12.02	0.00	0.00	0.00	0.00
Profit After Tax (after restatement)	616.04	193.94	(52.60)	(137.54)	7.76

STATEMENT OF CASH FLOW

(₹ in Lakhs)

Particulars	Year ended March 31				
	2011	2010	2009	2008	2007
Cash Flow from Operating Activities					
Net Profit / (Loss) Before Tax	776.12	189.91	(71.29)	(141.75)	18.89
Adjustment For					
Depreciation	54.31	55.47	54.97	49.30	48.86
Interest and finance charge	546.44	380.98	331.16	270.11	246.36
Interest received form Bank & others	(6.17)	(3.91)	(2.25)	(0.13)	(0.22)
Net Profit / (Loss) on sale / discard of Fixed Assets	0.00	0.00	0.00	0.00	(0.42)
Operating Profit / (Loss) Before Working Capital Changes	1,370.71	622.45	312.60	177.54	313.48
Adjustments for					
Trade & Other Receivables	(698.26)	653.61	(1038.87)	(215.02)	(198.43)
Inventories	(201.32)	(95.41)	(785.63)	(13.35)	89.32
Trade Payables	97.22	(1286.46)	1437.96	82.48	(226.23)
Cash Generated from Operations	568.34	(105.80)	(73.95)	31.64	(21.86)
Direct Tax (paid) / received	(2.60)	(6.27)	(1.00)	(3.07)	(1.83)
Net Cash from Operating Activities (A)	565.74	(112.07)	(74.95)	28.57	(23.69)
Cash Flow From Investing Activities					
Purchase / Addition of Fixed Assets	(0.88)	(2.17)	(134.03)	(0.41)	(35.80)
Sale of Fixed Assets	0.00	0.00	0.00	0.00	2.95
Increase / Adjustment in Capital Work in Progress	(281.92)	(62.23)	126.67	(117.91)	(8.76)
Purchase of Investment	(0.04)	(0.04)	(0.04)	0.11	0.05
Interest received form Bank & others	6.17	3.91	2.25	0.13	0.22
Cash from / (used in) Investment Activities (B)	(276.67)	(60.54)	(5.16)	(118.09)	(41.44)
Cash Flow From Financing Activities					
Proceeds from Unsecured Loan	20.00	82.50	(109.33)	78.03	0.00
Proceeds from Bank Borrowings (Net)	226.30	490.79	391.57	21.78	235.64
Money received towards Share Capital & Application Money	30.01	0.00	144.50	15.00	50.00
Interest Paid (Net)	(535.24)	(349.49)	(331.16)	(24.13)	(238.19)
Net Cash Receipt / Used in Financing Activities (C)	(258.94)	223.80	95.59	90.67	47.45
Net increase / (-) decrease in cash & cash equivalents (A) + (B) + (C)	30.14	51.19	15.48	1.16	(17.69)
Cash & cash equivalents as on beginning of the year	102.74	51.55	36.07	34.91	52.60
Cash & cash equivalents as on end of year	132.87	102.74	51.55	36.07	34.91

THE ISSUE

Issue of Equity Shares	[●] Equity Shares aggregating upto ₹ 8,000 Lakhs
<i>of which*</i>	
1. QIB Portion	[●] Equity Shares constituting not more than 50% of the Issue to the Public (Allocation a proportionate basis).
<i>of which</i>	
Available for Allocation to Mutual Funds only	[●] Equity Shares constituting 5% of the QIB Portion (Allocation on a proportionate basis).
Balance for all QIBs Portion	[●] Equity Shares (Allocation on a proportionate basis).
2. Non Institutional Portion	[●] Equity Shares constituting not less than 15% of the Issue to the Public (Allocation on a proportionate basis).
3. Retail Portion	[●] Equity Shares constituting not less than 35% of the Issue to the Public (Allocation on a proportionate basis).
Equity Shares outstanding prior to the Issue	89,90,000 Equity Shares
Equity Shares outstanding after the Issue	[●] Equity Shares
For information on the use of the Issue proceeds, please refer to chapter titled “ <i>Objects of the Issue</i> ” beginning on page 64 of this Draft Red Herring Prospectus.	

**Allocation to all categories, if any, shall be made on a proportionate basis subject to valid Bids received at or above the Issue Price. Under-subscription, if any, in any category would be allowed to be met with spill over from any other category at the discretion of the Company, in consultation with the BRLM, and the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid bids being received at or above the Issue Price. For more information, please refer to chapter titled “Issue Procedure” beginning on page 224 of this Draft Red Herring Prospectus.*

GENERAL INFORMATION

Incorporation

Our Company was incorporated as Aminag Minchem Private Limited on November 28, 1996 under the Companies Act, *vide* Certificate of Incorporation bearing registration No. 17-012912 of 1996-1997 issued by the Registrar of Companies, Rajasthan, Jaipur. The name of our Company was changed to Bohra Industries Private Limited pursuant to a Fresh Certificate of Incorporation consequent on Change of Name, dated March 17, 1999, issued by the Registrar of Companies, Rajasthan, Jaipur. Our Company was converted into a public limited company pursuant to a Fresh Certificate of Incorporation Consequent on Change of Name, dated March 22, 1999 and the present name of our Company was adopted, that is, Bohra Industries Limited.

The Corporate Identification Number of our Company is U24117RJ1996PLC012912.

Our Registered Office

301, Anand Plaza,
University Road,
Udaipur – 313 001,
Rajasthan
India.
Tel: +91 294 5101301 / 5101302
Fax: +91 294 2429515
Website: www.bohraindustries.com

For details of change in our Registered Office, please refer to the chapter titled “*History and Other Corporate Matters*” beginning on page 118 of the Draft Red Herring Prospectus.

Our Registrar of Companies

Registrar of Companies (Rajasthan),
Corporate Bhawan,
G/6-7, Second Floor,
Residency Area,
Civil Lines,
Jaipur – 302 001
Rajasthan
India

Our Board of Directors

The Board of Directors as on the date of the Draft Red Herring Prospectus is as follows:

Sr. No	Name and Designation	Age	DIN	Address
1.	Mr. Hemant Bohra <i>Managing Director</i>	53	01128799	220, Ashok Nagar, Udaipur – 313 001, Rajasthan, India
2.	Mr. Sunil Bhandari <i>Whole-time Director</i>	49	01028404	82, Madhuban, Udaipur – 313 001, Rajasthan, India
3.	Mr. Satyanarayan Maheshwari <i>Independent Director</i>	55	01123713	457, Ambamata Yojna, Udaipur – 313 001, Rajasthan, India
4.	Mr. Deepak Babel <i>Independent Director</i>	35	03320024	C/o Alankar 2, Bombay Annex Building, Sector - 17, Vashi, Navi Mumbai – 400 703, Maharashtra, India
5.	Mr. Chandra Prakash Agrawal <i>Independent Director</i>	55	01433245	511 - Panchratna Complex, Bedla Road, Udaipur – 313 001, Rajasthan, India

For detailed profile of our Directors, please refer to the chapters titled “*Our Management*” beginning on page 122 of this Draft Red Herring Prospectus.

Company Secretary

Ms. Priyanka Jain
301, Anand Plaza,
University Road,
Udaipur – 313 001,
Rajasthan
India.
Tel: +91 294 5101301 / 5101302
Fax: +91 294 2429515
Email: priyanka.jain@bohraindustries.com

Compliance Officer

Mr. Lekhraj Jain
301, Anand Plaza,
University Road,
Udaipur – 313 001,
Rajasthan
India.
Tel: +91 294 5101301 / 5101302
Fax: +91 294 2429515
Email: grievance@bohraindustries.com

Investors can contact our Compliance Officer i.e. Mr. Lekhraj Jain and/or the Registrar to the Issue, i.e., Bigshare Services Private Limited and/or Book Running Lead Manager i.e. Saffron Capital Advisors Private Limited, in case of any pre-Issue or post-Issue related problems, such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account or refund orders, etc.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue i.e. Bigshare Services Private Limited with a copy to the relevant SCSBs giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch or the collection centre of the relevant SCSBs where the ASBA Form was submitted by the ASBA Bidder.

Book Running Lead Manager

Saffron Capital Advisors Private Limited

A – 102, Everest Grande,
Mahakali Caves Road,
Andheri (East),
Mumbai - 400 093
Maharashtra, India.
Tel: +91 91 22 4082 0901/4082 0906
Fax: +91 22 4082 0999
E-mail: bil ipo@saffronadvisor.com
Investor grievance E-mail: investorgrievance@saffronadvisor.com
Website: www.saffronadvisor.com
Contact Person: Mr. V.S. Narayanan / Mr. Anup Varpe
SEBI Registration Number: INM 000011211

Legal Advisor to the Issue

M/s. Crawford Bayley & Co.
Advocates & Solicitors
State Bank Buildings, 4th Floor,
N.G.N. Vaidya Marg, Fort,
Mumbai - 400 001
Maharashtra, India
Tel: +91 22 2266 8000
Fax: +91 22 2266 3978
Email: sanjay.asher@crawfordbayley.com

Registrar to this Issue

Bigshare Services Private Limited
E-2, Ansa Industrial Estate,
Saki Vihar Road, Sakinaka,
Andheri (East),
Mumbai – 400 072
Maharashtra, India
Tel No: + 91 22 40430200
Fax No: +91 22 28475207
SEBI Registration No: INR 00000 1385
Email: ipo@bigshareonline.com
Investor Grievance Email: investor@bigshareonline.com
Website: www.bigshareonline.com
Contact Person: Mr. Ashok Shetty

Banker to our Company

State Bank of India
Commercial Branch,
4-C Madhuban,
Udaipur – 313 001
Rajasthan,
India
Tel: + 91- 0294 - 2419132
Fax: + 91 –0294 - 2419131
Email: pawanarora@sbi.co.in
Website: www.statebankofindia.com
Contact Person: Pawan Arora

Bankers to the Issue / Escrow Collection Banks

The Bankers to the Issue / The Escrow Collection Bank(s) shall be appointed prior to filing of the Red Herring Prospectus with RoC.

Refund Bank

The Refund Banker(s) shall be appointed prior to filing of the Red Herring Prospectus with RoC in consultation with the BRLM.

Syndicate Members

The Syndicate Member(s) will be appointed prior to filing the Red Herring Prospectus with RoC in consultation with the BRLM.

Brokers to this Issue

All the members of the recognised stock exchanges would be eligible to act as brokers to the Issue in consultation with the BRLM.

Self Certified Syndicate Banks

The SCSB's as per updated list available on SEBI's website (www.sebi.gov.in). For details on Designated Branches of SCSBs collecting the ASBA Form, please refer the above mentioned SEBI link.

Statutory Auditor to our Company

M/s. Agrawal, Gupta & Maheshwari, Chartered Accountants

13, Gyan Marg,
Opposite RMV School,
Udaipur – 313 001
Rajasthan
India

Tel: + 91 294 2419512

Fax: + 91 294 2417650

Contact Person: Mr. Arvind Agrawal (Membership Number: 72643)

Email: agmchartered@yahoo.co.in

Firm Registration No.: 012681C

Independent Auditor (Peer Review Certified)*

M/s. Dhakar & Associates, Chartered Accountants

73, Bhupalpura, Road – A,
Udaipur – 313 001

Tel: +91 294 2417909

Email: nirmal_d@sancharnet.in

Contact Person: Mr. Nirmal Dhakar

Firm Registration No.: 007268C

Peer Review Certificate No. 005388

** M/s. Dhakar & Associates hold a peer reviewed certificate dated June 9, 2011 issued by the Peer Review Board of The Institute of Chartered Accountants of India, New Delhi*

Statement of Allocation of Responsibilities of the BRLM

The following table sets forth the responsibilities for various activities of Saffron Capital Advisors Private Limited as BRLM for the Issue:

Sr. No.	Activity
1.	Capital Structuring with relative components and formalities such as type of instruments, etc.
2.	Due diligence of Company's operations / management / business plans / legal etc. Drafting and design of the Offer Document including memorandum containing salient features of the Prospectus. The BRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, ROC and SEBI including finalisation of Prospectus and ROC filing.
3.	Drafting and approval of all statutory advertisement
4.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in 3 above including corporate advertisement, brochure etc.
5.	Appointment of other intermediaries viz., Registrar's, Printers, Advertising Agency, Bankers to the Issue
6.	Preparation of Road show presentation and preparation of FAQs
7.	International Institutional Marketing strategy

Sr. No.	Activity
	<ul style="list-style-type: none"> Finalise the list and division of investors for one to one meetings, in consultation with the Company, and Finalizing the International road show schedule and investor meeting schedules.
8.	Domestic institutions / banks / mutual funds marketing strategy <ul style="list-style-type: none"> Finalise the list and division of investors for one to one meetings, institutional allocation in consultation with the Company. Finalizing the list and division of investors for one to one meetings, and investor meeting schedules.
9.	Non-Institutional and Retail marketing of the Issue, which will cover, inter alia, <ul style="list-style-type: none"> Formulating marketing strategies, preparation of publicity budget Finalise Media and PR strategy; Finalising centers for holding conferences for press and Brokers; Follow-up on distribution of publicity and Issuer material including form, prospectus and deciding on the quantum of the Issue material. Finalise Collection Centers
10.	Co-ordination with Stock Exchanges for Book Building Software, bidding terminals and mock trading.
11.	Finalisation of Pricing, in consultation with the Company
12.	The post bidding activities including management of escrow accounts, co-ordination of non-institutional allocation, intimation of allocation and dispatch of refunds to bidders etc. The post Offer activities for the Offer involving essential follow up steps, which include the finalisation of trading and dealing of instruments and demat of delivery of shares, with the various agencies connected with the work such as the registrar's to the Issue and Bankers to the Issue and the bank handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.

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

Credit rating

This being an issue of Equity Shares, there is no requirement of credit rating for the Issue.

IPO Grading Agency

[●]

IPO Grading

This Issue has been graded by [●] and has been assigned IPO Grade [●] indicating [●] fundamentals through its letter dated [●] and has been reaffirmed by the letter dated [●].

The IPO grading is assigned on a [●] scale from [●] with an "IPO Grade [●]" indicating [●] fundamental and an "IPO Grade [●]" indicating [●] fundamental. Attention is drawn to the disclaimer appearing under the paragraph titled "Disclaimer clause of the IPO Grading Agency" in the chapter titled "Other Regulatory and Statutory Disclosures" beginning on page 206 of this Draft Red Herring Prospectus.

This grading expires within [●] from the date of the report. The rationale for the Grade assigned to our Company's IPO by [●], has been set out in its report.

Grading Rationale

The rationale / description furnished by the IPO grading agency will be updated at the time of filing the Red Herring Prospectus with RoC and will be made available for inspection at our Registered Office from 10.00 a.m. to 4.00 p.m. on Working Days during the Bid/ Issue Period.

Expert Opinion

Except for the report of [●] in respect of the IPO Grading of this Issue (a copy of which will be annexed to the Red Herring Prospectus as Annexure I), furnishing the rationale for its grading which will be provided to the Designated Stock Exchange included in this Draft Red Herring Prospectus, our Company has not obtained any expert opinions.

Trustees

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

Monitoring Agency

A monitoring agency is not required to be appointed in terms of sub-regulation (1) of Regulation 16 of the SEBI ICDR Regulations. The Board of Directors of our Company will monitor the use of the proceeds of this Issue.

Project Appraisal

The objects of the Issue have not been appraised by any appraising entity. The objects of this Issue and means of finance therefore are based on internal estimates of our Company.

BOOK BUILDING PROCESS

The Book Building Process refers to the process of collection of Bids from the investors on the basis of the Red Herring Prospectus within the Price Band. 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 [●], [●] edition of [●] and [●] edition of [●] (one in English, one in Hindi and one in the regional language newspaper) at least two Working Days prior to the Bid/Issue Opening Date. The Issue Price is finalised after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- Our Company;
- BRLM in this case being Saffron Capital Advisors Private Limited;
- Syndicate Member(s) which are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The BRLM shall appoint the Syndicate Members.
- Registrar to this Issue;
- Escrow Collection Bank(s); and
- Self Certified Syndicate Banks.

The Issue is being made under sub-regulation (1) of Regulation 26 of the SEBI ICDR Regulations and through a Book Building Process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs" and such portion the "QIB Portion"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price. All potential non-retail Bidders, shall participate in this Issue through the Application Supported by Blocked Amount ("ASBA") process. Retail Bidders participating in this Issue may also utilize the ASBA process to submit their Bids.

Under-subscription, if any, in any 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 and in accordance with applicable laws, rules, regulations and guidelines, subject to valid Bids being received at or above the Issue Price.

Attention of all QIBs is specifically drawn to the fact that all QIBs are required to pay the entire Bid Amount at the time of the submission of the Bid cum Application Form. In accordance with the SEBI ICDR Regulations, QIBs are not allowed to withdraw their Bids after the QIB Bid/Issue Closing Date. For further details, please refer to chapters titled “*Terms of the Issue*” and “*Issue Structure*” on page 217 and 221 respectively, of this Draft Red Herring Prospectus.

Our Company will comply with the SEBI ICDR Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, we have appointed the BRLM to manage the Issue and procure subscriptions to the Issue.

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

Steps to be taken by the Bidders for making a Bid or application in this Issue:

1. Check eligibility for making a Bid. For further details, see the chapter titled “*Issue Procedure*” beginning on page 224 of this Draft Red Herring Prospectus.
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form or the ASBA Form, as the case may be;
3. Ensure that the Bid cum Application Form or ASBA Form is duly completed as per the instructions given in the Draft Red Herring Prospectus and in the respective forms;
4. Ensure that you have mentioned your PAN in the Bid cum Application Form or ASBA Form (for further details, see the chapter titled “*Issue Procedure*” beginning on page 224 of this Draft Red Herring Prospectus prior to making a Bid);
5. Except for bids on behalf of the Central or State Government and the officials appointed by the courts, for Bids of all values ensure that you have mentioned your PAN allotted under the I.T. Act in the Bid cum Application Form and the ASBA Form (see the chapter titled “*Issue Procedure*” beginning on page 224 of this Draft Red Herring Prospectus). However, Bidders residing in the State of Sikkim are exempted from the mandatory requirement of PAN. The exemption is subject to the Depository Participants’ verifying the veracity of the claim of the investors that they are residents of Sikkim, by collecting sufficient documentary evidence in support of their address;
6. Ensure the correctness of your Demographic Details (as defined in the paragraph titled “*Bidder’s Depository Account and Bank Account Details*” in the chapter titled “*Issue Procedure*” beginning on page 224 of this Draft Red Herring Prospectus), given in the Bid cum Application Form or ASBA Form, with the details recorded with your Depository Participant;
7. ASBA Bidders shall submit an ASBA Bid cum Application Form either in physical or electronic form to (a) the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form; or (b) to the members of the Syndicate who shall further submit such ASBA Bid cum Application Form to the SCSBs. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that their ASBA Form is not rejected.

Illustration of book building and price discovery process

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

Bidders (excluding the Retail ASBA bidders who can only bid at cut-off price) can bid at any price within the Price Band. For instance, assume a price band of ‘20 to 24’ per equity share, issue size of 3,000 equity shares and receipt of five 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 bidding centers during the bidding period. The illustrative book below shows the demand for the equity shares of the issuer company at various prices and is

collated from bids received from various investors.

Bid Quantity	Bid Amount (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., '22' in the above example. The Issuer, in consultation with the BRLM will finalise the issue price at or below such cut-off price, i.e., at or below '22'. All bids at or above this issue price are valid bids and are considered for allocation in the respective categories.

Withdrawal of this Issue

In accordance to SEBI Regulations, our Company in consultation with the BRLM, reserve the right not to proceed with the Issue at anytime including after the Bid/Issue Opening Date but before allotment, without assigning reasons thereof. In the event of withdrawal of this Issue after the Bid/Issue Closing Date, the reasons therefore shall be disclosed in a public notice which shall be published within two Working Days of the Bid/Issue Closing Date in English and Hindi daily national newspapers and one regional daily newspaper, each with wide circulation. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchanges shall be informed promptly. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification.

Further, in the event our Company in consultation with the BRLM withdraws the Issue after the Bid/Issue Closing Date and subsequently we decided to proceed with the initial public offering of Equity Shares, a fresh draft red herring prospectus will be filed with SEBI.

Notwithstanding the foregoing, this Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

In terms of the SEBI Regulations, QIBs bidding in the Net QIB Portion shall not be allowed to withdraw their Bids after the Bid/Issue Closing Date. Since, the Bidding Period for QIBs will close one Working Day prior to the Bid/Issue Closing Date, QIBs will not be able to withdraw their Bids after [●] i.e., one Working Day prior to the Bid/Issue Closing Date.

Bid/Issue Program

Categories of Investors	Bid Opens On	Bid Closes on	Bid Acceptance timing on all days except last day	Bid Acceptance time on the last day
For QIBs	[●]	[●]	10. a.m. – 5 p.m.	10 a.m. – 3 p.m.
For Non Institutional Bidders	[●]	[●]	10. a.m. – 5 p.m.	10 a.m. – 3 p.m.
For Retail Individual Bidders	[●]	[●]	10. a.m. – 5 p.m.	10 a.m. – 4 p.m.

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 Bid/Issue Period at the Bidding Centers mentioned on the Bid cum Application Form or, in case of Bids submitted through ASBA, by the member of the syndicate or the Designated Branches of the SCSBs except that on the Bid/Issue Closing Date:

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 Working 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 requested to note 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. Bids not uploaded in the book would be rejected. If such Bids are not uploaded, our Company, BRLM, Syndicate Members, Sub-syndicate members and the SCSBs will not be responsible. Bids will be accepted only on Working Days. 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, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB.

Investors please note that as per letter no. List/smd/sm/2006 dated July 03, 2006 and letter no. NSE/IPO/25101-6 dated July 06, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and Holidays as declared by the exchanges.

Our Company in consultation with the BRLM reserve the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI ICDR Regulations provided that the revised cap of the price band should not be more than 20% of the revised floor of the band i.e. revised cap of the Price Band shall be less than or equal to 120% of the revised floor of the price band. The Floor Price can be revised up or down to a maximum of 20% of the original Floor Price and shall be advertised at least one Working Day before the Bid /Issue Opening Date. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of ₹5,000 to ₹7,000.

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

Underwriting Agreement

After the determination of the Issue Price but prior to the filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Member does not fulfill 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 Underwriting Agreement is dated [●] and has been approved by the Board of Directors.

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

(₹. in Lakhs)

Details the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten
[●]	[●]	[●]
[●]	[●]	[●]

The above table has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC.

In the opinion of our Board of Directors (based on a certificate dated [●] given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors, at its meeting held on [●] has accepted and entered into the Underwriting Agreement with the Underwriters.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the BRLM and the Member(s) of Syndicate shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscriptions for/subscribe to Equity Shares to the extent of the defaulted amount, as specified in the underwriting agreement.

The underwriting arrangements mentioned above shall not apply to the subscriptions by the ASBA Bidders in this Issue.

CAPITAL STRUCTURE

The share capital of our Company as of the date of the Draft Red Herring Prospectus is set forth below.

		(Amount in ₹)
	Aggregate value at nominal value	Aggregate value at Issue Price
A) AUTHORISED SHARE CAPITAL		
2,00,00,000 Equity Shares of ₹10 each	20,00,00,000	
B) ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL BEFORE THE ISSUE		
89,90,000 Equity Shares of ₹10 each	8,99,00,000	
C) PRESENT ISSUE IN TERMS OF THE DRAFT RED HERRING PROSPECTUS		
Public Issue of [●] Equity Shares of ₹ 10 each fully paid up aggregating to ₹ 8,000 Lakhs ⁽¹⁾		[●]
<i>Of which⁽²⁾</i>		
QIB Portion of not more than [●] Equity Shares;		
Non-Institutional Portion of not less than [●] Equity Shares		
Retail Portion of not less than [●] Equity Shares		
D) PAID-UP SHARE CAPITAL AFTER THE ISSUE		
[●] Equity Shares of ₹ 10 each		[●]
E) SECURITIES PREMIUM ACCOUNT		
Before the Issue		Nil
After the Issue ⁽³⁾		[●]

- 1 The Issue has been authorized by the Board of Directors pursuant to a board resolution dated December 16, 2010 and by the shareholders of our Company pursuant to a special resolution dated January 7, 2011 passed at the EGM of shareholders under section 81(1A) of the Companies Act.
- 2 Available for allocation on a proportionate basis, subject to valid bids being received at or above the Issue Price.
- 3 The Securities Premium Account after the Issue shall be determined after the Book Building Process.

NOTES TO CAPITAL STRUCTURE

1. Details of increase in Authorised Share Capital of Our Company since incorporation

Sr. No.	Particulars of Increase		Date of Shareholders' Meeting	AGM/EGM
	From	To		
1.	-	₹ 10,00,000 consisting of 1,00,000 Equity shares of ₹ 10 each.	Incorporation	-
2.	₹10,00,000 consisting of 1,00,000 Equity shares of ₹ 10 each.	₹ 1,00,00,000 consisting of 10,00,000 Equity shares of ₹ 10 each.	March 15, 1999	EGM
3.	₹ 1,00,00,000 consisting of 10,00,000 Equity shares of ₹ 10	₹ 2,00,00,000 consisting of 20,00,000 Equity shares of ₹ 10	February 1, 2000	EGM

Sr. No.	Particulars of Increase		Date of Shareholders' Meeting	AGM/EGM
	From	To		
	each.	each.		
4.	₹ 2,00,00,000 consisting of 20,00,000 Equity shares of ₹ 10 each.	₹ 2,50,00,000 consisting of 25,00,000 Equity shares of ₹ 10 each.	August 31, 2000	EGM
5.	₹ 2,50,00,000 consisting of 25,00,000 Equity shares of ₹ 10 each.	₹ 4,00,00,000 consisting of 40,00,000 Equity shares of ₹ 10 each.	February 20, 2002	EGM
6.	₹ 4,00,00,000 consisting of 40,00,000 Equity shares of ₹ 10 each.	₹ 5,00,00,000 consisting of 50,00,000 Equity shares of ₹ 10 each.	February 2, 2004	EGM
7.	₹ 5,00,00,000 consisting of 50,00,000 Equity shares of ₹ 10 each.	₹ 7,50,00,000 consisting of 75,00,000 Equity shares of ₹ 10 each.	October 6, 2008	EGM
8.	₹ 7,50,00,000 consisting of 75,00,000 Equity shares of ₹ 10 each.	₹ 10,00,00,000 consisting of 1,00,00,000 Equity shares of ₹ 10 each.	September 25, 2010	EGM
9.	₹ 10,00,00,000 consisting of 1,00,00,000 Equity shares of ₹ 10 each.	₹ 20,00,00,000 consisting of 2,00,00,000 Equity shares of ₹ 10 each.	December 15, 2010	EGM

2. *Share Capital History of our Company*

The following is the history of the Equity Share Capital of our Company:

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature of Consideration	Nature of allotment	Cumulative No. of Equity Shares	Cumulative Equity Share capital (₹)	Cumulative Equity Share Premium
November 20, 1996	200	10	10.00	Cash	Initial subscription ⁽¹⁾	200	2,000	-
March 31, 1999	1,15,900	10	10.00	Cash	Preferential Allotment ⁽²⁾	1,16,100	11,61,000	-
March 31, 2000	8,91,300	10	10.00	Cash	Preferential Allotment ⁽³⁾	10,07,400	1,00,74,000	-
October 6, 2000	10,95,500	10	10.00	Cash	Preferential Allotment ⁽⁴⁾	21,02,900	2,10,29,000	-
March 30, 2002	12,00,000	10	10.00	Cash	Preferential Allotment ⁽⁵⁾	33,02,900	3,30,29,000	-
March 31, 2003	6,00,000	10	10.00	Cash	Preferential Allotment ⁽⁶⁾	39,02,900	3,90,29,000	-
March 31, 2006	9,70,000	10	10.00	Cash	Preferential Allotment ⁽⁷⁾	48,72,900	4,87,29,000	-
November 18, 2008	20,95,000	10	10.00	Cash	Preferential Allotment ⁽⁸⁾	69,67,900	6,96,79,000	-
October 4, 2010	20,22,100	10	10.00	Cash	Preferential Allotment ⁽⁹⁾	89,90,000	8,99,00,000	-

⁽¹⁾ Initial allotment of 100 equity shares each to the subscribers to the MoA of the Company being Mr. Nirmal Nagar and Mr. Amit Jain.

- (2) Preferential allotment of 31,400 equity shares to Mr. Nirmal Nagar and 84,500 equity shares to Mr. Hemant Bohra.
- (3) Preferential allotment of 4,92,800 equity shares to Mr. Hemant Bohra, 72,000 equity shares to Mr. Nirmal Prakash Nagar, 1,22,500 equity shares to Mr. Sharad Bohra, 20,000 equity shares to Mr. Vishnu Purohit, 30,000 equity shares to Ms. Chandra Kanta Bhandari, 5,000 equity shares to Ms. Beena Bohra, 5,000 equity shares to Mr. Ramlal Jain, 20,000 equity shares to Mr. Sunil Bhandari, 5,000 equity shares to Mr. Mangilal Kumawat, 1,00,000 equity shares to Bohra Agrifilms Private Limited; and 19,000 equity shares to Bohra Pratisthan Private Limited.
- (4) Preferential allotment of 2,70,500 equity shares to Mr. Hemant Bohra, 10,000 equity shares to Ms. Beena Bohra, 5,000 equity shares to Mr. Sunil Bhandari, 10,000 equity shares to Bohra Pratisthan Private Limited, 2,500 equity shares to Mr. Prafool Siyal, 4,000 equity shares to Ms. Sangeeta Bohra, 4,000 equity shares to Ms. Usha Bohra, 7,000 equity shares to Ms. Jatan Devi Bohra, 14,000 equity shares to Ms. Asha Boonlia, 4,000 equity shares to Mr. Chotu Bohra, 4,000 equity shares to Mr. Ratan Bohra, 4,000 equity shares to Mr. Bheru Bohra, 4,000 equity shares to Mr. Jagannath Choubey, 5,000 equity shares to Mr. Randeep Gupta, 7,500 equity shares to Dr. Dilkush Babel, 7,000 equity shares to Mr. Kamal Babel, 4,000 equity shares to Mr. Shankar Mehta, 4,000 equity shares to Mr. Raj Mehta, 4,000 equity shares to Mr. Deepak Babel, 4,000 equity shares to Mr. Vijay Bohra, 6,000 equity shares to Mr. Rahul Bohra, 4,500 equity shares to Ms. Meena Bohra, 7,500 equity shares to Mr. Gulab Bohra, 4,500 equity shares to Mr. Mahendra Siyal, 4,000 equity shares to Mr. Hira Chordia, 7,500 equity shares to Mr. Ishwar Bohra, 7,500 equity shares to Mr. Padam Bohra, 6,500 equity shares to Mr. Sushil Chordia, 7,500 equity shares to Mr. Anil Bhandari, 3,000 equity shares to Mr. Rajendra Siyal, 3,000 equity shares to Mr. Ranjeet Chordia, 6,000 equity shares to Mr. Sanjay Bhandari, 3,000 equity shares to Mr. Indar Bhandari, 5,500 equity shares to Mr. Madan Chordia, 7,000 equity shares to Mr. Roshan Bapna, 6,000 equity shares to Mr. Jagdish Bohra, 5,500 equity shares to Mr. Kalu Bohra, 2,500 equity shares to Mr. Naresh Chordia, 20,000 equity shares to Hemant Bohra (HUF); and 6,00,000 equity shares to Bakiwala Finance Co. Private Limited
- (5) Preferential allotment of 2,60,000 equity shares to Mr. Hemant Bohra, 30,000 equity shares to Mr. Shankar Mehta, 80,000 equity shares to Bohra Pratisthan Private Limited, 50,000 equity shares to Bakiwala Finance Co. Private Limited, 2,00,000 equity shares to Mr. Shakee Chakiwala, 90,000 equity shares to Amba Alloys Private Limited, 90,000 equity shares to Millansaar Impex & Traders Private Limited, 90,000 equity shares to RSG Marketing Private Limited, 90,000 equity shares to Saurabh Petrochem Private Limited, 40,000 equity shares to Enpol Private Limited, 1,00,000 equity shares to Mr. Bhagwati Sarwa, 6,000 equity shares to Mr. Mahendra Jain, 4,000 equity shares to Mr. Manbhar Jain, 10,000 equity shares to Ms. Mamta Agarwal, 15,000 equity shares to Mr. Praveen Ladia, 15,000 equity shares to Mr. Manish Ladia, 10,000 equity shares to Mr. Prakash Nahar, 10,000 equity shares to Mr. Amit Agarwal; and 10,000 equity shares to Mr. Dilip Patwari
- (6) Preferential allotment of 6,00,000 equity shares to Bakiwala Finance Co. Private Limited
- (7) Preferential allotment of 7,00,000 equity shares to Bakiwala Finance Co. Private Limited, 60,000 equity shares to Kumar Hitech Industries limited, 30,000 equity shares to Vegabite Finance Limited, 70,000 equity shares to Pisces Computech Private Limited, 50,000 equity shares to Jai Krish Investment Private Limited; and 60,000 equity shares to Aradhana Computronics Private Limited
- (8) Preferential allotment of 5,00,000 equity shares to Bohra Pratisthan Private Limited, 1,50,000 equity shares to Mr. Hemant Bohra, 4,20,000 equity shares to Aditi Speciality Packaging Private Limited, 50,000 equity shares to Smrita Realtech Private Limited, 1,00,000 equity shares to Varandavan Infra Developers Private Limited, 2,20,000 equity shares to Jindal Footwear Private Limited, 60,000 equity shares to Spring Medicare Private Limited, 75,000 equity shares to PMP Farms Private Limited, 1,50,000 equity shares to KMC Portfolio Private Limited, 2,80,000 equity shares to Agarwal Tradelink Private Limited; and 90,000 equity shares to Bhawani Engineering Private Limited
- (9) Preferential allotment of 15,22,000 equity shares to Mr. Hemant Bohra, 2,00,000 equity shares to Ms. Beena Bohra; and 3,00,100 equity shares to Aditi Speciality Packaging Private Limited. Preferential allotment of 15,22,000 equity shares to Mr. Hemant Bohra and 2,00,000 equity shares to Ms. Beena Bohra are against the conversion of their un-secured loan of ₹ 1,52,20,000 and ₹ 20,00,000 respectively.

3. *Issue of Equity Shares in the last one year*

Except as stated below our Company has not issued any Equity Shares in the preceding one year. The Equity Shares as below may have been issued at a price lower than the Issue Price.

Date of Allotment of Equity Shares	Number of Equity Shares	Nature of Allotment	Face Value (₹)	Issue Price (₹)
October 4, 2010	15,22,000	Preferential Allotment to Mr. Hemant Bohra	10	10
	2,00,000	Preferential Allotment to Ms. Beena Bohra	10	10
	3,00,100	Preferential Allotment to Aditi Speciality Packaging Private Limited	10	10

4. Our Company has not issued any Equity Shares for consideration other than cash.

5. Our Company has not issued any Equity Shares out of revaluation reserves or in terms of any scheme approved under Sections 391- 394 of the Companies Act.

6. *Build-up of Promoter's Shareholding, Contribution and lock-in*

(a) Details of the build up of our Promoter's shareholding in our Company

Date of allotment/ Transfer or when the Equity Shares were made fully paid up	Nature of Consideration	Nature of allotment / acquisition	No. of Equity Shares	Face Value (₹)	Issue/acquisition price per Equity Share (₹)
Mr. Hemant Bohra					
March 31, 1999	Cash	Preferential Allotment	84,500	10	10
March 31, 2000	Cash	Preferential Allotment	4,92,800	10	10
October 6, 2000	Cash	Preferential Allotment	2,70,500	10	10
March 30, 2002	Cash	Preferential Allotment	2,60,000	10	10
February 28, 2003	Cash	Transfer (Purchase) ⁽¹⁾	7,80,000	10	0.50
March 21, 2007	Cash	Transfer (Purchase) ⁽²⁾	2,70,000	10	0.50
November 18, 2008	Cash	Preferential Allotment	1,50,000	10	10
September 26, 2009	Cash	Transfer (Purchase) ⁽³⁾	12,66,097	10	0.50
			19,50,000	10	10
October 4, 2010	Cash	Preferential Allotment ⁽⁴⁾	15,22,000	10	10
Total			70,45,897		
% of Pre Issue paid up equity share capital			78.37		
% of Post Issue paid up equity share capital			[●]		

⁽¹⁾ Purchase of 2,00,000 equity shares from Mr. Shakee Chakiwala, 90,000 equity shares from Amba Alloys Private Limited, 90,000 equity shares from Millansaar Impex & Traders Private Limited, 90,000 equity shares from RSG Marketing Private Limited, 90,000 equity shares from Saurabh Petrochem Private Limited, 40,000 equity shares from Enpol Private Limited, 1,00,000 equity shares from Mr. Bhagwati Sarwa, 6,000 equity shares from Mr. Mahendra Jain, 4,000 equity shares from Mr. Manbhar Jain, 10,000 equity shares from Ms. Mamta Agarwal, 15,000 equity shares from Mr. Praveen Ladia, 15,000 equity shares from Mr. Manish Ladia, 10,000 equity shares from Mr. Prakash Nahar, 10,000 equity shares from Mr. Amit Agarwal; and 10,000 equity shares from Mr. Dilip Patwari.

⁽²⁾ Purchase of from 60,000 equity shares from Kumar Hitech Industries limited, 30,000 equity shares from Vegabite Finance Limited, 70,000 equity shares from Pisces Computech Private Limited, 50,000 equity shares from Jai Krish Investment Private Limited and 60,000 equity shares from Aradhana Computronics Private Limited.

⁽³⁾ Purchase of from 90,000 equity shares from Bhawani Engineering Private Limited, 1,00,000 equity shares

from Varandavan Infra Developers Private Limited, 50,000 equity shares from Smrita Realtech Private Limited, 2,20,000 equity shares from Jindal Footwear Private Limited, 60,000 equity shares from Spring Medicare Private Limited, 75,000 equity shares from PMP Farms Private Limited, 1,50,000 equity shares from KMG Portfolio Private Limited, 2,80,000 equity shares from Agarwal Tradelink Private Limited, 3,500 equity shares from Mr. Nirmal Prakash Nagar, 96 equity shares from Mr. Amit Jain, 1,22,501 equity shares from Mr. Sharad Bohra, 20,000 equity shares from Mr. Vishnu Purohit, 30,000 equity shares from Ms. Chandra Kanta Bhandari, 5,000 equity shares from Mr. Ramlal Jain, 25,000 equity shares from Mr. Sunil Bhandari, 5,000 equity shares from Mr. Mangilal Kumawat, 30,000 equity shares from Mr. Shankar Mehta and 19,50,000 equity shares from Bakiwala Finance Co. Private Limited.

- (4) Preferential allotment of 15,22,000 equity shares to Mr. Hemant Bohra against the conversion of his unsecured loan of ₹ 1,52,20,000.

(b) The details of the shareholding of our Promoter and Promoter Group as on the date of filing of the Draft Red Herring Prospectus:

Name of the Shareholders	Pre-Issue Equity Capital		Post – Issue Equity Capital	
	Number of Equity Shares	%	Number of Equity Shares	%
(A) Promoter				
Mr. Hemant Bohra	70,45,897	78.37	[●]	[●]
Total (A)	70,45,897	78.37	[●]	[●]
(B) Promoter Group				
Ms. Beena Bohra	2,15,000	2.39	[●]	[●]
Mr. Praful Bohra	1	0.00	[●]	[●]
Mr. Ashok Bohra	1	0.00	[●]	[●]
Mr. Basant Bohra	1	0.00	[●]	[●]
Bohra Pratisthan Private Limited	6,09,000	6.77	[●]	[●]
Bohra Agrifilms Private Limited	3,80,000	4.23	[●]	[●]
Hemant Kumar Bohra (HUF)	20,000	0.22	[●]	[●]
Total (B)	12,24,003	13.62	[●]	[●]
Total (A) + (B)	82,69,900	91.99	[●]	[●]

(c) Details of Promoter Contribution locked-in for three years

Pursuant to the SEBI ICDR Regulations, an aggregate of 20% of the post-Issue Equity Share Capital of our Company shall be locked in by the Promoter for a period of three (3) years from the date of allotment in the Issue, whichever is later.

Except for the 15,22,000 Equity Shares acquired by the Promoter on October 4, 2010, and 21,57,800 Equity Shares pledged with the State Bank of India, all the Equity Shares of our Company held by Mr. Hemant Bohra are eligible for Promoter's contribution and are currently held in physical form.

As per clause (a) sub-regulation (1) regulation 32 of the SEBI ICDR Regulations, and in terms of the aforementioned table of Promoter's share capital build- up, the below mentioned Equity Shares, held by our Promoter, shall be locked in for a period of three (3) years from the date of Allotment as per sub-regulation (a) of regulation 36 of SEBI ICDR Regulations:

Name	Date of Allotment / Transfer / Acquisition	No. of Equity Shares	Face Value (₹)	Issue / Acquisition Price	Consideration (Cash/ bonus/ kind etc.)	% of Per Issue equity share capital	% of Post Issue equity share capital
Mr. Hemant Bohra	[•]	[•]	[•]	[•]	[•]	[•]	[•]
TOTAL		[•]	-	-	-	[•]	[•]

We confirm that specific written consent has been obtained from our Promoter, whose Equity Shares form part of Promoter's contribution, to lock-in his Equity Shares for a period of three years from the date of allotment to ensure minimum Promoter's contribution to the extent of 20% of the post-Issue paid-up capital of our Company.

The Promoter's contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as 'a promoter' under the SEBI ICDR Regulations. All the Equity Shares which are being locked-in are not ineligible for computation of Promoter's contribution under regulation 33 of the SEBI ICDR Regulations.

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

- (i) Equity Shares acquired in past three years for consideration other than cash and revaluation of assets or capitalisation of intangible assets is involved in such transaction;
- (ii) Equity Shares resulting from a bonus issue by utilisation of revaluation reserves or unrealised profits of the issuer or from bonus issue against equity shares which are ineligible for minimum Promoter's contribution during the period of last three years;
- (iii) Equity Shares acquired by our Promoter during the preceding one year at a price lower than the price at which equity shares are being offered to public in the Issue;
- (iv) Equity Shares allotted to our Promoter during the preceding one year at a price less than the issue price, against funds brought in by them during that period, post conversion of partnership firms;
- (v) Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary
- (vi) Equity Shares pledged with any creditor.

Further, our Company has not been formed by the conversion of a partnership firm into a company.

Our Promoter has undertaken that the Equity Shares forming part of Promoter's contribution subject to lock-in will not be disposed, sold or transferred by our Promoter during the period starting from the date of filing of the Draft Red Herring Prospectus with the SEBI till the date of commencement of lock-in period. The details of lock-in shall also be provided to the Stock Exchanges prior to listing of the Equity Shares

(d) Details of Equity Shares locked in for one year

In terms of regulation 37 of the SEBI ICDR Regulations, other than the above Equity Shares that are locked in for a period of three (3) years, the entire pre-Issue Equity Share Capital of our Company would be locked-in for a period of one (1) year from the date of Allotment of Equity Shares in the Issue.

(f) Other requirements in respect of lock-in

As per regulation 39 read with Regulation 36 (b) of the SEBI ICDR Regulations, the locked in Equity Shares held by our Promoter, as specified above, may be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan. Provided that, if any Equity Shares are locked in as minimum Promoter's

contribution under Regulation 39(a) of the SEBI ICDR Regulations, the same may be pledged, only if, in addition to fulfilling the above requirement, the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the Objects of the Issue.

In terms of regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by the Promoter, locked-in as per regulation 36 may be transferred to another Promoter or any person of the Promoter Group or to new promoter or a person in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations, as applicable.

As per regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by persons other than Promoter and locked-in as per regulation 37 of the SEBI ICDR Regulations may be transferred to any other person holding Equity Shares which are locked-in alongwith the Equity Shares proposed to be transferred, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the SEBI Takeover Regulations.

7. *Our Shareholding pattern as of the date of the Draft Red Herring Prospectus*

The table below represents the shareholding pattern of our Company as per Clause 35 of the Listing Agreement, before the proposed Issue and as adjusted for this Issue:

A. The following table presents the shareholding pattern of our Company as on date of the Draft Red Herring Prospectus:

I(a) Shareholding Pattern

Category code	Category of Shareholder	Number of Share-holders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a % of (A+B) ¹	As a % of (A+B+C)	No. of shares	As a %
(A)	Shareholding of Promoter and Promoter Group							
(A)(1)	Indian							
(a)	Individuals/ Hindu Undivided Family	6	72,80,900	Nil	80.98	80.98	21,72,800	29.84
(b)	Central Government/ State Government(s)							
(c)	Bodies Corporate	2	9,89,000	Nil	11.00	11.00	Nil	Nil
(d)	Financial Institutions/ Banks							
(e)	Any Others(Specify)							
	Sub Total(A)(1)	8	82,69,900	Nil	91.99	91.99	21,72,800	26.27
(A) (2)	Foreign							
A	Individuals (Non-Residents Individuals/ Foreign Individuals)							
B	Bodies Corporate							
C	Institutions							
D	Any Others(Specify)							

	Sub Total(A)(2)							
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	8	82,69,900	Nil	91.99	91.99	21,72,800	26.27
(B)	Public shareholding							
(B)(1)	Institutions							
(a)	Mutual Funds/ UTI							
(b)	Financial Institutions / Banks							
(c)	Central Government/ State Government(s)							
(d)	Venture Capital Funds							
(e)	Insurance Companies							
(f)	Foreign Institutional Investors							
(g)	Foreign Venture Capital Investors							
(h)	Any Other (specify)							
	Sub-Total (B)(1)							
(B) (2)	Non-institutions							
(a)	Bodies Corporate	1	7,20,100	Nil	8.01	8.01	Nil	Nil
(b)	Individuals							
I	i. Individual shareholders holding nominal share capital up to ₹ 1 Lakhs							
II	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakhs.							
(c)	Any Other (specify)							
(c-i)	Foreign Nationals							
(c-ii)	Trust							
	Sub-Total (B)(2)	1	7,20,100	Nil	8.01	8.01	Nil	Nil
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	1	7,20,100	Nil	8.01	8.01	Nil	Nil
	TOTAL (A)+(B)	9	89,90,000	Nil	100	100	21,72,800	24.17
(C)	Shares held by Custodians and against which Depository Receipts have been issued							
	GRAND TOTAL (A)+(B)+(C)	9	89,90,000	Nil	100	100	21,72,800	24.17

I (b) Statement showing Shareholding of people (including shares, warrants, convertible securities) belonging to the category of “Promoter and Promoter Group”:

Sr. No.	Name of the shareholders	Total shares held		Shares pledged or otherwise encumbered			Details of warrants		Details of convertible securities		Total Shares (including underlying shares assuming full conversion of warrants and convertible securities as % of diluted share capital)
		Number	As a % of grand total (A)+(B)+(C)	Number	As a %	As a % of grand total (A)+(B)+(C) of sub-clause (I)(a)	Number of warrants held	As a % total no. of warrants of the same class	Number of convertible securities held	As a % total no. of convertible securities of the same class	
(I)	(II)	(III)	(IV)	(V)	(VI)=(V)/(III) X 100	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)
1	Hemant Bohra	70,45,897	78.37	21,57,800	30.62	24	-	-	-	-	70,45,897
2	Basant Bohra	1	0	-	-	-	-	-	-	-	1
3	Prafful Bohra	1	0	-	-	-	-	-	-	-	1
4	Ashok Bohra	1	0	-	-	-	-	-	-	-	1
5	Bohra Beena	2,15,000	2.39	15,000	6.98	0.17	-	-	-	-	2,15,000
6	Bohra Agrifilms Pvt. Ltd.	3,80,000	4.23	-	-	-	-	-	-	-	380000
7	Bohra Pratisthan Pvt. Ltd.	6,09,000	6.77	-	-	-	-	-	-	-	609000
8	Hemant Kumar Bohra (HUF)	20,000	0.22	-	-	-	-	-	-	-	20000
	Total	82,69,900	91.99	21,72,800	-	24.17	-	-	-	-	82,69,900

I (c) (i) Statement showing Shareholding of persons (including shares, warrants, convertible securities) belonging to the category 'Public' and holding more than 1% of our Equity Shares:

Sr. No.	Name of the shareholder	No. of Equity Shares	Shares as a % of total no. of shares (i.e. grand total (A)+(B)+(C) indicated in statement at para (I) (A) above)	Details of warrants		Details of convertible securities		Total Shares (including underlying shares assuming full conversion of warrants and convertible securities as % of diluted share capital)
				No. of warrants held	As a % total no. of warrants of the same class	Number of convertible securities held	As a % total no. of convertible securities of the same class	
1.	Aditi Speciality Packaging Pvt. Limited	7,20,100	8.01	-	-	-	-	7,20,100

I (c) (ii) Statement showing Shareholding (including shares, warrants, convertible securities) of persons (together with PAC) belonging to the category "Public" and holding more than 5% of the total number of shares of the Company

Sr. No.	Name of the shareholder (s) and the Persons Acting in Concert (PAC) with them	No. of Equity Shares	Shares as a % of total number of shares (i.e. grand total (A)+(B)+(C) indicated in statement at para (I) (A) above)	Details of warrants		Details of convertible securities		Total Shares (including underlying shares assuming full conversion of warrants and convertible securities as % of diluted share capital)
				Number of warrants held	As a % total no. of warrants of the same class	Number of convertible securities held	As a % total no. of convertible securities of the same class	
1.	Aditi Speciality Packaging Pvt. Limited	7,20,100	8.01	-	-	-	-	7,20,100

(I) (d) Statement showing details of locked-in shares:

Sr. No.	Name of the shareholder	Number of locked-in shares	Locked-in shares as a % of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
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1. NIL

(II) (a) Statement showing details of Depository Receipts (DRs):

Sr. No.	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of outstanding DRs	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a % of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
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1. NIL

(II) (b) Statement showing Holding of Depository Receipts (DRs), where underlying shares are in excess of 1% of the total number of shares:

Sr. No.	Name of the DR Holder	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a % of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
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1. NIL

8. The average cost of acquisition of / or subscription to the Equity Shares of our Company by our Promoter is set forth in the table below:

Sr. No.	Name of the Promoter	Number of Equity Shares	Average Cost of Acquisition (₹)
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1. Mr. Hemant Bohra 70,45,897 6.88

Note: The average cost of acquisition of Equity Shares by our Promoter has been computed by taking the weighted average cost of the total number of Equity Shares held by them.

9. The list of our shareholders and the number of Equity Shares held by them is as under:

(a) Our top 10 shareholders as of the date of filing of this Draft Red Herring Prospectus are as follows:

Sr. No.	Shareholder	No. of Equity Shares	Percentage of shareholding
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1.	Mr. Hemant Bohra	70,45,897	78.37
2.	Aditi Speciality Packaging Private Limited	7,20,100	8.01
3.	Bohra Pratisthan Private Limited	6,09,000	6.77
4.	Bohra Agrifilms Private Limited	3,80,000	4.23
5.	Ms. Beena Bohra	2,15,000	2.39
6.	Hemant Kumar Bohra (HUF)	20,000	0.22
7.	Mr. Basant Bohra	1	0.00
8.	Mr. Prafful Bohra	1	0.00
9.	Mr. Ashok Bohra	1	0.00
Total		89,90,000	100.00

(b) Our top 10 shareholders 10 days prior to the filing of this Draft Red Herring Prospectus are as follows:

Sr. No.	Shareholder	No. of Equity Shares	Percentage of shareholding
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1.	Mr. Hemant Bohra	70,45,897	78.37
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2.	Aditi Speciality Packaging Private Limited	7,20,100	8.01
3.	Bohra Pratisthan Private Limited	6,09,000	6.77
4.	Bohra Agrifilms Private Limited	3,80,000	4.23
5.	Ms. Beena Bohra	2,15,000	2.39
6.	Hemant Kumar Bohra (HUF)	20,000	0.22
7.	Mr. Basant Bohra	1	0.00
8.	Mr. Prafful Bohra	1	0.00
9.	Mr. Ashok Bohra	1	0.00
	Total	89,90,000	100.00

(c) Our top 10 shareholders as of two years prior to the date of filing of this Draft Red Herring Prospectus were as follows:

Sr. No.	Shareholder	No. of Equity Shares	Percentage of shareholding
1.	Mr. Hemant Bohra	55,23,897	79.28
2.	Bohra Pratisthan Private Limited	6,09,000	8.74
3.	Aditi Speciality Packaging Private Limited	4,20,000	6.03
4.	Bohra Agrifilms Private Limited	3,80,000	5.45
5.	Hemant Kumar Bohra (HUF)	20,000	0.29
6.	Ms. Beena Bohra	15,000	0.21
7.	Mr. Basant Bohra	1	0.00
8.	Mr. Prafful Bohra	1	0.00
9.	Mr. Ashok Bohra	1	0.00
	Total	69,67,900	100.00

10. Issue of [●] Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Equity Share (including share premium of ₹ [●] per Equity Share) aggregating ₹ 8,000 Lakhs. The Issue will constitute [●]% of the fully diluted post Issue paid-up capital of our Company.
11. The Issue is being made under sub-regulation (1) of Regulation 26 of the SEBI ICDR Regulations and through a Book Building Process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs" and such portion the "QIB Portion"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price.
12. Under-subscription, if any, in any category would be allowed to be met with spill over from any of the other categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid Bids being received at or above the Issue Price. In the event that the aggregate demand in the QIB Portion and/or Non-Institutional Portion and/or Retail Portion has not been met, under-subscription, if any, 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; and in accordance with applicable laws, rules, regulations and guidelines, subject to valid bids being received at or above the Issue Price.
13. Investors may note that in case of over-subscription, if any, in the Issue, allotment shall be made on a proportionate basis to QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders and will be finalised by our Company in consultation with the BRLM and the Designated Stock Exchange; and in accordance with applicable laws, rules, regulations and guidelines, subject to valid Bids being received at or above the Issue Price.

14. Oversubscription, if any, to the extent of 10% of this Issue can be retained for the purpose of rounding off and making allotments in minimum lots, while finalising the '*Basis of Allotment*'. Consequently, the actual Allotment may increase by a maximum of 10% of this Issue, as a result of which the post-Issue paid-up capital would also increase by the excess amount of Allotment so made. In such an event, the Equity Shares to be locked-in towards the Promoter's Contribution shall be suitably increased, so as to ensure that 20% of the post-Issue paid-up capital is locked in.
15. The Equity Shares are fully paid up and there are no partly paid up Equity Shares as on date. Further, since the entire money in respect of the Issue is being called on application, all the successful applicants will be issued fully paid-up Equity Shares.
16. Neither our Promoter nor the members of our Promoter Group nor our Directors and their immediate relatives as defined under the SEBI ICDR Regulations have purchased or sold or financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of the Draft Red Herring Prospectus with SEBI.
17. We shall ensure that transactions in Equity Shares by the Promoter and members of the Promoter Group between the date of registering the Red Herring Prospectus with the RoC and the listing of our Equity Shares on the Stock Exchanges shall be reported to the Stock Exchanges within twenty four (24) hours of such transaction.
18. As of the date of this Draft Red Herring Prospectus, the total number of shareholders of our Equity Shares is nine. All Equity Shares are held in physical form as on date of this Draft Red Herring Prospectus.
19. A Bidder cannot make a Bid for more than the number of Equity Shares offered to the public through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidders.
20. Our Company, our Promoter, our Directors and the BRLM have not entered into any buy-back and/or standby and/or any other similar arrangements for the purchase of Equity Shares from any person.
21. No incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise, shall be made either by us or our Promoter to the persons who receives Allotments, if any, in the Issue for making an application for Allotment in this Issue.
22. Neither the BRLM nor its associates holds any Equity Shares as on the date of this Draft Red Herring Prospectus.
23. Our Company does not have any employee stock option plan as on the date of this Draft Red Herring Prospectus
24. There are no outstanding warrants, options or rights to convert debentures, loans or other financial instrument that can be convertible into the Equity Shares or which would entitle any person any option to receive Equity Shares after the Issue. Further, none of the loans taken by our Company are convertible into Equity Shares.
25. Our Company has not raised any bridge loans against the Net Proceeds from the Issue.
26. As on the date of the Draft Red Herring Prospectus, except for 21,57,800 shares held by Mr. Hemant Bohra which have been pledged with the State Bank of India, none of the Equity Shares held by our Promoter have been pledged by to banks / financial institutions. For further information with regards to various financial facilities being availed by our Company, kindly refer to the chapter titled "*Financial Indebtedness*" beginning on page 180 of this Draft Red Herring Prospectus.

27. None of our sundry debtors is related to our Promoter or our Directors.
28. As per the existing policies, OCBs are not permitted to participate in the Issue. Sub accounts of FIIs who are foreign corporates or foreign individuals are not QIBs, and hence cannot Bid in the QIB Portion in the Issue.
29. We presently do not intend or propose any further issue of Equity Shares, whether by way of issue of bonus Equity Shares, preferential allotment and rights issue or in any other manner during the period commencing from submission of the Draft Red Herring Prospectus with SEBI until the Equity Shares proposed to be issued pursuant to the Issue have been listed on the Stock Exchanges.
30. No payment, direct or indirect in the nature of discount, commission, and allowance or otherwise shall be made either by our Company or our Promoter or Directors to the persons who receive allotments, if any, in this Issue.
31. We presently do not intend or propose or have not entered into any negotiations or considerations to alter our capital structure for a period of six months from the Bid/Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except if we enter into acquisition(s), joint venture(s) or other arrangements, we may, subject to necessary approvals, consider raising additional capital to fund such activities or use Equity Shares as currency for acquisition or participation in such joint ventures or any other arrangements, as the case may be.
32. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified/ prescribed by SEBI from time to time.
33. Our Promoter and the members of the Promoter Group will not participate in this Issue.
34. We have availed financial facilities from various banks and financial institutions and in respect of the agreements entered into by our Company with our lenders and sanction letters issued by our lenders to us, we are bound by certain restrictive covenants, including those in relation to our capital structure. For further details on the restrictive covenants contained in the financing documents, please refer to chapter titled “*Financial Indebtedness*” beginning on page 180 of this Draft Red Herring Prospectus.

OBJECTS OF THE ISSUE

The present Issue is being made to raise the funds for the following purposes:

1. Setting up of manufacturing facility for Triple Super Phosphate
2. Additional Working Capital Requirements
3. General Corporate Purposes
4. Public Issue expenses

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

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

Cost of Project & Means of Finance

The cost of project and means of finance as estimated by our management are given below:

Cost of Project

		(₹ in Lakhs)
Sr. No.	Particulars	Amount
1.	Setting up of manufacturing facility for Triple Super Phosphate	4600.00
2.	Additional Working Capital Requirements for present operations	2000.00
3.	General Corporate Purposes*	[●]
4.	Public Issue expenses*	[●]
Total		8,000.00

** To be incorporated at the time of filing Prospectus*

Means of Finance

		(₹ in Lakhs)
Sr. No.	Particulars	Amount
1.	Proceeds from Initial Public Offer	8,000.00
Total		8,000.00

In case the IPO does not go as planned, our Company will make alternative arrangements like availing of fresh loans from bank(s) and/or utilizing internal accruals. In case of excess funds remaining after deployment as per the Objects of the Issue, the same will be utilized for General Corporate Purposes. For further details please refer to the paragraph titled “General Corporate Purposes” beginning on page 69 under section titled “Objects of the Issue” beginning on page 64 of this Draft Red Herring Prospectus.

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution or any independent organization. Our plans are subject to a number of variables, including possible cost overruns; receipt of critical governmental approvals; and changes in management’s views of the desirability of current plans, among others.

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

Since the objects of the Issue are proposed to be financed out of the Issue proceeds, the requirement as per Regulation 4(2)(g) of the SEBI Regulations for of firm arrangements through verifiable means towards 75% of the stated means of finance, excluding the amount proposed to be raised through this Issue, is not applicable.

Appraisal

Our Company has not got its proposed requirements of funds as detailed in this chapter appraised by any bank or financial institution.

Brief Details about the Project

1. Manufacturing facility for Triple Super Phosphate

Our Company proposes to set up a facility for manufacturing Triple Super Phosphate for 1,00,000 MT at location nearby to our existing locations. Our Company has received a quotation dated August 17, 2011 from Neon Engineering & Minerals Company (NEMC) for consultancy services with estimated price for various equipments along with their engineering drawing & design, layout and supervisions services. Their scope of work would include the following:

- A. Planning, designing & drawing of cost efficient TSP plant as the requirement, which shall include the following:
 - i. Preparation of complete plant layout drawings;
 - ii. Preparation of equipments drawing;
 - iii. Preparation of equipments fabrication drawings;
 - iv. Preparation of equipments elevation/sectional drawings and
 - v. Other technical details of the equipments for designing of civil foundations
- B. Supervision of site fabrication work
- C. Supervision of site erection work
- D. Supervision of commissioning of the plant
- E. To suggest the vendors for bought out items & assist in selection of vendors

Our Company has given letter of intent dated August 30, 2011 to NEMC. The detailed break up of the cost is as under:

i. Land Acquisition

Our Company proposes to acquire 1,00,000 sq. ft of land adjoining our existing location for setting up a manufacturing facility for Triple Super Phosphate at a total cost of ₹ 200.00 Lakhs as estimated by our management. Our Company is in the process of finalisation of the same.

ii. Site Development

The site development consists of earthwork, levelling, excavation, and construction of boundary wall. The estimated cost of site development is ₹ 4.00 Lakhs and cost of construction of boundary wall is estimated at ₹ 6.00 Lakhs.

iii. Building and Civil Works

As per the estimate given by Khamesra Brothers Private Limited (KBPL) dated August 15, 2011 the building and civil works machine foundations would cost ₹ 517.96 Lakhs and would include the following:

(₹ in Lakhs)					
Sr. No.	Particulars	Nos.	Area (Sq Mtrs)	Rate/Sq Mtr	Amount
1	Raw Material Crane Shed	1	480	12,000	57.60
2	Green TSP Shed	1	1440	12,000	172.80

3	Granular TSP Storage Shed	1	400	10,000	40.00
4	Granular TSP Shed	1	700	15,000	105.00
5	Pollution Control Zone	1	300	12,000	36.00
6	Process Shed	1	600	12,000	72.00
7	Work Shop & Store	1	150	9,000	13.50
8	Administrative Office	1	150	12,500	18.75
9	Water Storage tank	1		Lumpsum	2.31
TOTAL					517.96

iv. Plant & Machinery

Our Company requires the following plant & machinery aggregating ₹ 653.00 Lakhs, as per the estimates received from NEMC. The Plant & Machinery required for the same shall be fabricated inhouse under the supervision of NEMC. The details of Plant & Machinery required for the project are as follows:

			(₹ In Lakhs)
Sr. No.	Equipment Particulars	Qty.	Cost
CRP FEEDING & GRINDING SECTION:			
1.	EOT Grab Bucket Crane complete in all respect – 7.5 MT capacity	1	115.00
2.	Raw material feed hopper - 40 MT capacity fabricated complete in all respect	1	14.00
3.	Belt Conveyor complete in all respect with drive motor & gear box with supporting structure – (5 TPH capacity)	1	8.00
4.	Close circuit Ball Mill (Or Equivalent) complete in all respect with blower, motors cyclones etc – (12 TPH capacity)	1	161.00
5.	Ground rock phosphate storage hopper with supporting structure –(40 MT capacity)	1	14.00
6.	Double chain bucket elevator complete in all respect	1	14.00
ACIDULATION SECTION:			
7.	Acidulating mixer complete with all fittings, paddles, acid resistant brick lining, drive motor & gear box etc.	1	23.00
8.	Acidulating Den complete in all respect with drive motor & gear box etc.	1	20.00
9.	M S rubber lined ventury scrubber to scrub gases evolved during acidulation from den & mixer.	1	35.00
10.	Rubber lined scrubbing ID centrifugal fan complete in all respect with drive motor etc.	1	6.00
11.	MS rubber lined interconnecting ducts for scrubbing section	1	13.00
12.	MS rubber lined Chimney with guy rope complete in all respect	1	9.00
13.	Green TSP discharge conveyor belt complete in all respect	1	13.00
14.	Cooling Tower	1	12.00
TSP PACKING SECTION:			
15.	Feed hopper for powder TSP packing plant – (40 MT capacity)	1	14.00
16.	Conveyor belt complete in all respect with drive motor & gear box, supporting structure etc. – (15 TPH capacity)	1	14.00
17.	Rotary screen complete in all respect for screening oversize material	1	8.00
18.	Recycle Belts from chain mill to screen	1	8.00
19.	Double chain bucket elevator for finish goods to product hopper	1	21.00
20.	Finish TSP powder hopper 40 MT capacity	1	14.00
21.	Packing System complete with stitching machine	1	40.00

ACID STORAGE & HANDLING SYSTEM:		
22. Acid storage tanks duly rubber lined	2	23.00
23. Complete Acid pumps & valves for the system	lumpsum	20.00
MISCELLANEOUS:		
24. Water Day tank of 2000 ltr. Capacity	1	1.00
25. Water pumps & valves for the system	lot	8.00
26. All supporting structures of the equipments, interconnecting chutes, ladders etc	Lump sum	25.00
TOTAL		653.00

v. Miscellaneous Fixed Assets

As per the estimates by our management, miscellaneous fixed assets would cost ₹ 85.00 Lakhs and include the following:

1. Pipe lines for water
2. Furniture & Fixtures
3. Weighing Bridge
4. D.G. Sets (2 sets of 250kVA capacity each)

Note: The type of plant and machinery and the prices may differ considering the conditions prevailing while placing the orders. We do not propose to purchase any second hand machinery in the proposed project.

vi. Electricals and Installations

The total cost for electrical and installation would be ₹ 65.00 Lakhs as per our management estimates.

vii. The Preliminary and pre operative expenses

Preliminary and Pre operative Expenses include administrative expenses, training and human resource development, travelling expenses, insurance and legal expenses which are estimated at ₹ 15.75 Lakhs by our management.

viii. Consultancy fees

The technical fees and the project consultant fees for the project as mentioned in the quotation given by NEMC would be ₹ 8.00 Lakhs.

ix. Contingencies

Provision for Contingencies is estimated at ₹ 45.29 Lakhs which is around 3 % of our total cost of Land & Building, Plant & Machinery and Miscellaneous Fixed Assets.

x. Working Capital Requirement

Working Capital requirement for TSP is estimated to be ₹ 4,615.00 Lakhs, out of which ₹ 3,000 Lakhs will be raised from the proceeds of this Issue and the balance will be arranged from internal accruals.

Particulars	No. of days	Total Working Capital Requirements for FY 2012-13
Current Assets		
Raw Materials	30	851.00
Stock in process	10	322.00
Finished Goods	13	839.00

Sundry Debtors/Price Concession	60	2,548.00
Other current Assets		55.00
Total Current Assets (A)		4,615.00
Less :Current Liabilities (B)		0.00
Working Capital Gap (A-B)		4,615.00
Proposed Working Capital to be funded from IPO		3,000.00
Funding through Own Funds		1,615.00

Schedule of Implementation

The schedule of implementation as estimated by our management is as follows:

Sr. No.	Particulars	Month of Commencement	Month of Completion
C	Setting up of Triple Super Phosphate		
	Land identification & Acquisition	Already Commenced	April, 2012
	Site Development	April, 2012	May, 2012
	Building and Civil Works	April, 2012	December, 2012
	Plant & Machinery	February, 2012	January, 2013
	Electricals and Installation	November, 2012	February, 2013
	Trail Run	February 2013	
	Commercial Production	March 2013	

2. Additional Working Capital Requirements

We have existing banking relationships with sanctioned working capital limits for our existing products as provided in the “Annexure VI- Secured Loans” beginning on page 158 under section titled “Financial Statements” beginning on page 147 of this Draft Red Herring Prospectus. These limits and our internal accruals are adequate to meet our existing requirements. However, our Company will utilize a part of the Issue Proceeds to fund additional working capital requirements for manufacturing SSP.

The total working capital needs of our Company, as assessed based on the internal working of our Company is expected to reach ₹ 8,288.00 Lakhs by FY 2012 for existing products out of which we propose to fund ₹ 2,000 Lakhs through this Public Issue, details of which are mentioned hereunder:

Particulars	No. of Days	Working Capital Requirement FY 2011 (Actual)	No. of Days	Working Capital Requirement FY 2012 (Estimated)
Current Assets				
Raw Materials	67	404	60	1,103
Stock in process	75	656	40	1,101
Finished Goods (Factory)	72	949	30	2,009
Sundry Debtors / Price Concession	166	2,172	109	3,999
Other current Assets		488		1,611
Total Current Assets (A)		4,669		9,823
Current Liabilities				
Sundry Creditors	75	526	15	950

Other Liabilities and provisions	208	2,259
Total Current Liabilities (B)	734	3,209
Working Capital Gap (A-B)	3,935	6,614
Less: Existing Bank Borrowings	2,549	2,866
Net Working Capital Requirement	1,386	3,748
Proposed Working Capital to be funded from IPO	0	2,000
Funding through Own Funds	1,386	1,748

3. Public Issue Expenses

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

(₹ in Lakhs)			
Activity	Expenses (₹ in Lakhs)*	% of Issue Size*	% of Issue expenses*
Lead management, Syndicate fees, underwriting and selling commission	[●]	[●]	[●]
Advertisement and marketing expenses	[●]	[●]	[●]
Printing and stationery (including expenses on transportation of the material)	[●]	[●]	[●]
Others (Filing Fees with SEBI, BSE and NSE, Registrar's fees, legal fees, IPO Grading, listing fees, travelling and other miscellaneous expenses etc.)	[●]	[●]	[●]
Total	[●]	[●]	[●]

*Shall be incorporated at the time of filing the Prospectus

4. General Corporate Purposes

Our Company intends to deploy the balance Issue proceeds aggregating upto [●] Lakhs, towards the general corporate purposes, including but not restricted to strategic initiatives, entering into strategic alliances, partnerships, joint ventures etc. and meeting exigencies & contingencies for the project, which our Company in the ordinary course of business may not foresee, or any other purposes as approved by our Board of Directors.

Our management, in response to the dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may also include rescheduling the proposed utilization of Issue Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Issue Proceeds. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

Deployment of Funds in the Project

We have incurred the following expenditure on the project till August 31, 2011. The same has been certified by our statutory auditors Agarwal Gupta & Maheshwari, Chartered Accountants vide their certificate dated September 10, 2011.

Deployment of funds

		(₹ in Lakhs)
Sr. No.	Particulars	Amount deployed till August 31, 2011
A.	Triple Super Phosphate	
a)	Preliminary and Pre-operative Expenses	4.00
b)	Technical Fees	1.50

B.	Public Issue Expenses	18.00
	Total	23.50

The above mentioned deployment has been financed out of the Internal Accruals. Since the entire objects of the issue stated are to be funded from the IPO, the amount spent till date on the objects, certified by the statutory auditors, shall be recouped from the public issue proceeds.

Details of balance fund deployment

(₹ in Lakhs)					
Sr. No.	Particulars	Amount deployed till August 31, 2011	To be Deployed till March 2012	FY 2012-13	Total Amount
1.	Triple Super Phosphate				
2.	Land Acquisition	-		200	200
3.	Site Development	-		10	10
4.	Building and Civil Works	-		517.96	517.96
5.	Plant & Machinery	-		653	653
6.	Miscellaneous Fixed Assets	-		85	85
7.	Electricals and Installation	-		65	65
8.	Preliminary and Pre operative Expenses	4		11.75	15.75
9.	Consultancy Fees	1.5		6.5	8
10.	Contingency	-		45.29	45.29
11.	Working Capital Requirement			3000.00	3000.00
12.	Additional Working Capital Requirement	-		2000.00	2000.00
13.	Public Issue Expenses	18	250.00	[●]	[●]
14.	General Corporate Purposes	-		[●]	[●]
	Total	23.5	250	[●]	[●]

Interim Use of Funds

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

Monitoring of Issue proceeds

Our Audit Committee will also monitor the utilization of the Issue Proceeds. We will disclose the utilization of the Issue proceeds under separate head in our balance sheet for the Financial Year 2012 and 2013.

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

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

No part of the Issue Proceeds of this issue will be paid as consideration to our Promoters, directors, key managerial employees or group concerns/companies promoted by our Promoters.

BASIS FOR ISSUE PRICE

The issue price will be determined by the Company, in consultation with the Lead Manager, on the basis of market conditions and on the basis of the following quantitative and qualitative factors. The information presented in this section for fiscal 2006, 2007, 2008, 2009, 2010 and 2011 is derived from the Company's restated audited summary financial statements, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Regulations. You should read the following summary with the sections titled "Risk Factors", "Our Business" and "Financial Statements" on pages 14, 102 and 147, respectively, of this Draft Red Herring Prospectus, to get a more informed view before making an investment decision. The trading price of the equity shares could decline and you may lose all or part of your investments.

Specific attention of the investors is drawn to the sections titled "Risk Factors" and "Financial Statements" on pages 14 and 147, respectively, of this Draft Red Herring Prospectus to have a more informed view about the investment proposition.

Qualitative Factors

1. Repetitive orders
2. Raw material linkages and other location advantages
3. Revised policy to benefit our manufacturing operations
4. Application of information technology in practice
5. We adhere to the Quality Standards as prescribed by Fertilizer Control Order.
6. Distribution of dealer network
7. Experienced and qualified management team

Quantitative Factors

Information presented in this section is derived from our Company's restated financial statements.

1. Adjusted Earnings Per Share

Particulars	EPS (₹)	Weights
2008-2009	(0.93)	1
2009-2010	2.78	2
2010-2011	7.75	3
Weighted Average EPS	4.65	

2. Price/Earning Ratio (P/E) in relation to Issue Price of ₹ [●] per share

Particulars	P/E at the lower end of the price band (₹ [●])	P/E at the higher end of the price band (₹ [●])
a. Based on 2010-11 EPS of ₹ 7.75	[●]	[●]
b. Based on weighted average EPS of ₹ 4.65	[●]	[●]
Industry P/E*		

▪ Highest – Oswal Chemicals % Fertilizers Limited	19.83
▪ Lowest – Khaitan Chemicals & Fertilizers Limited	0.54
▪ Average - Industry	6.31

**Note: The industry high and low has been considered from the industry peer set provided below. The industry composite has been calculated as the arithmetic average P/E of the industry peer set provided below. For further details please refer to the paragraph “Comparison with industry peers” below.*

3. Return on Net Worth

Particulars	RONW (%)	Weights
2008-2009	(8.62)%	1
2009-2010	24.12%	2
2010-2011	37.97%	3
Weighted Average RONW	25.58%	

4. The minimum return on net worth required to maintain pre-Issue EPS of ₹ 7.75 is [●].

5. Net Asset Value per share (₹)

Particulars	P/E at the lower end of the price band (₹ [●])	P/E at the higher end of the price band (₹ [●])
As on March 31, 2011	18.05	18.05
After Issue	[●]	[●]
Issue Price	[●]	[●]

6. Comparison of Accounting Ratios with Peer Group Companies

Sr. No.	Particulars	Net Sales (₹ in Lakhs)	Basic EPS	P/E	RONW (%)	NAV (₹)	Face Value (₹)	Networth (₹ in Lakhs)
1	Rama Phosphates Limited	35,425.71	16.93	2.53	40.55	41.01	10	7,255.87
2	Liberty Phosphate Limited	36,417.77	23.08	2.35	40.57	60.06	10	8,672.05
3	Khaitan Chemicals & Fertilizers Limited	45,733.53	32.43	0.54	29.53	109.84	10	10,652.96
4	Oswal Chemicals & Fertilizers Limited	19,446.89	3.20	19.83	4.25	75.36	10	193,541.01
5	Bohra Industries Limited	4,777.83	7.75	[●]	37.97	18.05	10	1,622.37

(Source: www.bseindia.com and www.nseindia.com)

Notes:

- Above information is based on Standalone financials as of and for the year ended March 31, 2011.
- P/E is the ratio of the closing price as on September 23, 2011 on BSE and basic Earnings Per Share as per Audit report on Standalone Financials for the year ended March 31, 2011. Closing price of Oswal Chemical & Fertilizers Limited as on September 23, 2011 on NSE is used.
- Basic EPS and Profit after Tax (PAT) are before extra-ordinary items as per the Audit Reports.
- Networth is calculated as Equity Share Capital (+) Reserves and Surplus (-) Profit and Loss Account Debit Balance.
- Return on Net Worth (RONW) is calculated as profit after tax during FY 2011 as per Standalone Financials divided by Net Worth as on March 31, 2011.
- NAV (book value per share) = Total shareholders' funds divided by number of equity shares outstanding as on March 31, 2011.

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

The BRLM believes that the Issue Price of ₹ [●] per Equity Shares is justified in view of the above qualitative and quantitative parameters. The investors may also want to peruse the Risk Factors beginning on page 14 and our financials as set out in the “*Financial Statements*” beginning on page 147 in this Draft Red Herring Prospectus to have a more informed view about the investment proposition.

STATEMENT OF TAX BENEFITS

To

**The Board of Directors,
Bohra Industries Limited**
301, Anand Plaza,
University Road
Udaipur -313 001
Rajasthan, India

Dear Sirs,

We hereby report that the enclosed annexure states the possible tax benefits that may be available to Bohra Industries Limited (the “Company”) and to the Shareholders of the Company under the provisions of 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 and their interpretations. Hence, the ability of the Company or its Shareholders to derive tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil.

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

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

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

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

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

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

For **Agrawal Gupta and Maheshwari**
Chartered Accountants

Arvind Agrawal
Partner
Membership No. 72643

Firm Registration No. 012681C

Date: September 10, 2011

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

A. SPECIAL TAX BENEFITS TO THE COMPANY

Under the Sales Tax Exemption Scheme, 1998 of the Government of Rajasthan, the Company is exempted from the payment of sales tax/VAT on the sale of products of the Company made in the State of Rajasthan and during the course of inter state for a period of 11 years commencing from April 10, 2003, to the extent of ₹ ₹ 611.03 Lakhs.

B. SPECIAL TAX BENEFITS TO THE SHAREHOLDERS OF OUR COMPANY:

NIL

GENERAL TAX BENEFITS, AVAILABLE TO ALL CATEGORIES OF COMPANIES OR TO THE SHAREHOLDERS OF ANY COMPANY, SUBJECT TO FULFILLING CERTAIN CONDITIONS AS REQUIRED UNDER THE RESPECTIVE ACTS:

I BENEFITS AVAILABLE TO THE COMPANY UNDER INCOME TAX ACT, 1961 (“THE IT ACT “)

1. Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received by the Company from domestic companies is exempt from income tax.
2. Under section 10(38) of the IT Act, long term capital gains arising to a shareholder company on transfer of equity shares in the another Company as investment would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India after 1st October, 2004 and is liable to securities transaction tax under that chapter provided that the income by way of long term capital gain of a company shall be taken into account in computing the book profit and income tax payable under section 115JB.
3. Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
4. Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.
5. Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:
 - (a) National Highway Authority of India constituted under section 3 of The National highway Authority of India Act 88;
 - (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

The investment made in the long term assets as specified above by the assessee during any financial year is subject to maximum of fifty Lakhs rupees. If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the

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

6. Under section 32 of IT Act, the deduction for depreciation will be available at the prescribed rates on tangible assets such as building, plant and machinery, furniture and fixture, etc. and intangible assets such as patent, trademark, copy right, know how, licenses etc if acquired after March 31, 1998.
7. Under section 32 (2) of the IT Act, the unabsorbed depreciation arising due to absence/ insufficient of profits or gains chargeable for the previous year can be carried forward. The amount is allowed to be carried forward and set off for the succeeding previous years until the amount is exhausted without any time limit.
8. Under section 10(35) of the IT Act, any income received in respect of the units of Mutual Fund specified under section 10(23D) of the IT Act is exempt from tax.
9. Under section 35D of the IT Act, the deduction will be available equal to $1/5^{\text{th}}$ of the expenditure incurred of the nature specified in the said section, including expenditure on present issue, such as underwriting commission, brokerage and other charges, as specified in the provision, by way of amortization over a period of 5 successive years, beginning with the previous years in which the business commences, subject to prescribed limits.
10. Under section 115JAA (1A) of the Act tax credit shall be allowed in respect of any tax paid (MAT) under section 115JB of the Act for any Assessment Year commencing on or after 1st April 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 10 years immediately succeeding the year in which the MAT credit initially arose.

BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS

1. Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.
2. Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.
3. In terms of section 36(1)(xv) of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
4. Under section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, as per second proviso to section 48 of the IT Act, in respect of long term capital gains (i.e. shares held for a period exceeding 12 months) from transfer of shares of Indian Company, it permits substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed from time to time.

5. Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:
 - (a) National Highway Authority of India constituted under section 3 of The National highway Authority of India Act;
 - (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

The investment made in the long term assets as specified above by the assessee during any financial year is subject to maximum of Fifty lacs rupees. If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the IT Act.

6. Under section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.
7. Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

However In the case of an individual or a Hindu Undivided Family, being resident, where the total income as reduced by such short term capital gain is below the maximum amount which is not chargeable to Income Tax then, such short term capital gain shall be reduced by the amount by which total income as so reduced falls short of the maximum amount which is not chargeable to income tax and the tax on the balance of such short term capital gain shall be computed at the rate of ten percent. Where the gross total income of an assessee includes any short term capital gain referred herein above then the deduction under chapter VI-A shall be allowed from the gross total income as reduced by such capital gain.

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

Provided that in the case of an Individual or a Hindu Undivided Family where the total income as reduced by such long term capital gains is below the maximum amount which is not chargeable to income tax, then such long term capital gain shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income tax and the balance of such long term capital gains shall be computed at the rate of 20%.

BENEFITS AVAILABLE TO MUTUAL FUNDS

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

BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FIIS')

1. Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.
2. Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.
3. Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:
 - (a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act;
 - (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

The investment made in the long term assets as specified above by the assessee during any financial year is subject to maximum of Fifty lacs rupees. If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the IT Act.

4. Under section 115AD capital gain arising on transfer of short term capital assets, being shares and debentures in a company, are taxed as follows:
 - a. Short term capital gain covered by section 111A on transfer of shares/ debentures entered in a recognized stock exchange which is subject to securities transaction tax shall be taxed @ 15% (Plus applicable surcharge and education cess if any)
 - b. Short term capital gain on transfer of shares/ debentures other than those mentioned above would be taxable @ 30% (Plus applicable surcharge and education cess if any)
5. Under section 115AD(1)(iii) of the Act income by way of long term capital gain arising from the transfer of shares (in cases not covered under section 10(38) of the Act) held in the company will be taxable @10% (plus applicable surcharge and education cess). It is to be noted that the benefits of indexation and foreign currency fluctuations are not available to FIIs.
6. As per section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the IT Act to the extent they are more beneficial to the FII.
7. In terms of section 36(xv) of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction e from the amount of income chargeable under the head "Profit and gains of business or profession"

arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES/ FUNDS

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

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

1. Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.
2. Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.
3. Under the first proviso to section 48 of the IT Act, in case of a non resident shareholder, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations) (in cases not covered by section 115E of the IT Act-discussed hereunder), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/ loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares.
4. Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
5. Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:
 - (a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act;
 - (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

The investment made in the long term assets as specified above by the assessee during any financial year is subject to maximum of Fifty lacs rupees. If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the IT Act.

6. Under section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.
7. Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.
8. Where shares of the Company have been subscribed in convertible foreign exchange, Non-Resident Indians (i.e. an individual being a citizen of India or person of Indian origin who is not a resident) have the option of being governed by the provisions of Chapter XII-A of the IT Act, which inter alia entitles them to the following benefits:
 - i. Under section 115E, where the total income of a non-resident Indian includes any income from investment or income from capital gains of an asset other than a specified asset, such income shall be taxed at a concessional rate of 20 per cent (plus applicable surcharge and education cess). Also, where shares in the company are subscribed for in convertible foreign exchange by a Non-Resident India, long term capital gains arising to the non-resident Indian shall be taxed at a concessional rate of 10 percent (plus applicable surcharge and education cess). The benefit of indexation of cost and the protection against risk of foreign exchange fluctuation would not be available.
 - ii. Under provisions of section 115F of the IT Act, long term capital gains (in cases not covered under section 10(38) of the IT Act) arising to a non-resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange (in cases not covered under section 115E of the IT Act) shall be exempt from Income tax, if the net consideration is reinvested in specified assets or in any savings certificates referred to in section 10(4B), within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.
 - iii. Under provisions of section 115G of the IT Act, it shall not be necessary for a Non-Resident Indian to furnish his return of income under section 139(1) if his income chargeable under the Act consists of only investment income or long term capital gains or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the IT Act.
 - iv. In accordance with the provisions of Section 115H of the Act, a Non Resident Indian become assessable as a resident in India, he may furnish a declaration in writing to the assessing officer along with his return of income for that year under Section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
 - v. Under section 115I of the Act, a Non-resident Indians, if he elects by so declaring in the return of his income for that assessment year, not to be governed by the above mentioned special provisions of chapter XII-A, then he will be entitle to tax benefits available to resident individuals.

9. In terms of section 36(xv) of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction e from the amount of income chargeable under the head “Profit and gains of business or profession” arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
10. As per Section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the Non-Resident/ Non- Resident India would prevail over the provisions of the IT Act to the extent they are more beneficial to the Non-Resident/ Non-Resident India.

BENEFITS AVAILABLE UNDER THE WEALTH TAX ACT, 1957

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

Notes:

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, including as laid down by the circular 4/2007 dated 15th June 2007 issued by CBDT concerning capital gain, for availing concessions in relation to capital gains tax;
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 share holders.

SECTION IV – ABOUT THE COMPANY

INDUSTRY OVERVIEW

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Overview

Traditionally, Indian agriculture was driven by indigenous knowledge based methods using locally produced organic materials for soil fertilisation. The use of organic manures (farmyard manure, compost, green manure, etc.) has been the oldest practised means of nutrient replenishment in India. Prior to the 1950s, organic manures were almost the only sources of soil and plant nutrition. Owing to a high animal population, farmyard manure (primarily cattle manure) is the most common organic manure. However, the Green Revolution in the 1960s resulted in the advent of modern methods based on high yielding varieties (HYV) seeds and chemical fertilisers. In order to reap the potential of the new HYV seeds, farmers also rapidly increased their use of chemical fertilisers and pesticides. As compared with organic materials, chemical fertilisers result in greater productivity through a significant improvement in crop yields and agricultural production.

The major demand determinants for the fertiliser industry are:

- **Input prices,**
- **Output prices,**
- **Area under HYV seeds,**
- **Area under irrigation,**
- **Availability of credit and**
- **Farm size distribution**

Generally, the growth in fertiliser consumption in a year is influenced by the consumption of fertilisers in the immediate past. Generally, good weather in succession leads to high growth in fertiliser consumption successively. On the other hand, severe drought, followed by favourable weather conditions, does not translate into recovery to the previous normal level in the immediate following year, as farmers are left with limited resources to buy required quantity of fertilisers after the drought year.

Recently, the Working Group on Fertilisers for the 11th Five Year Plan (WG) has estimated the impact of various variables on fertiliser consumption. The results indicate that the effect of irrigation and HYV area was strong on the consumption for N. A one percent increase in the area under irrigation resulted in 0.66% increase in the consumption of N. Similarly, a 1% increase in the area under HYV led to a 0.65% increase in the consumption of N. Weather has an important role on the fertiliser consumption. Fertiliser consumption declined in the year of adverse weather situation and increased significantly under the good weather conditions. A 1% increase in the long-term average value of rainfall led to 0.30% increase in the consumption of N. Although fertiliser prices have increased at a low rate over the years, a steep rise in prices has led to a decline in consumption, especially of P and K fertilisers.

Table 1: Effect of Market Factors on Fertiliser Demand

Increase of 1%, FY1972-2006

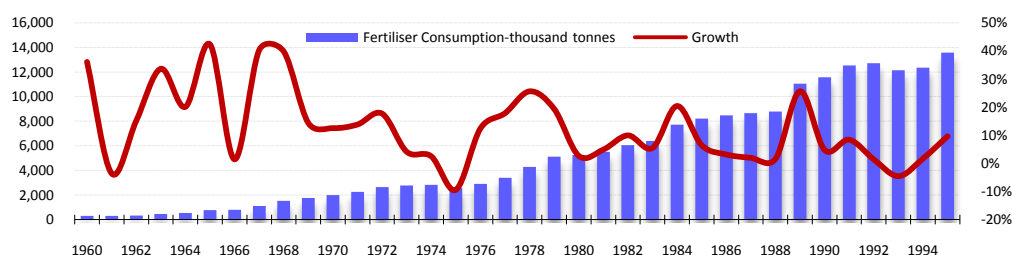
	N	P205	K2O
N Price	-0.265	-0.230	-
P Price	0.049	-0.279	-
K price	-	-	-0.398

	N	P205	K2O
Irrigated Area	0.658	2.029	3.165
Area under HYV	0.645	0.715	0.106
Long Period Rainfall	0.300	0.266	0.113
Lagged Consumption	0.568	0.495	0.346

There is a strong empirical correlation between the area under HYV and area under irrigation, and fertiliser consumption. In fact, the fertiliser consumption per hectare (ha) is often considered a proxy for the level of modernisation of agriculture. A higher level of modernisation signifies assured irrigation, use of HYV seeds and employment of modern practices such as use of fertilisers, pesticides, and farm machinery.

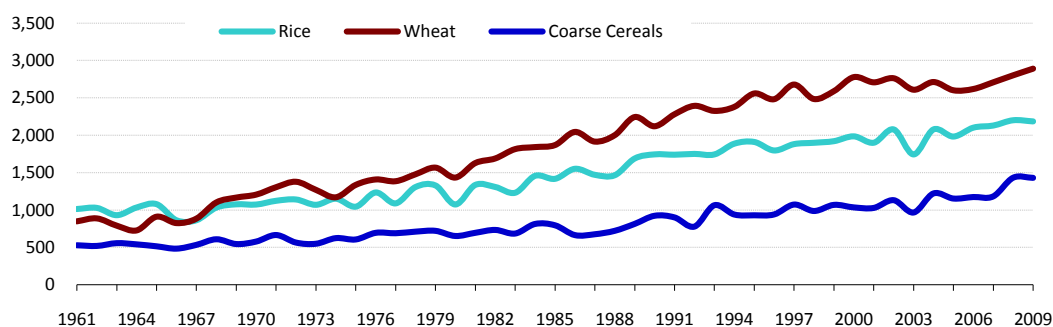
Prior to the Green Revolution, India's fertilisers consumption increased slowly from 70 kilotonnes (kt) in 1950-51 to 452 kt in 1962-63. With the introduction of HYV seeds, there was a sharp increase in fertiliser consumption to 1.98 mt in FY1970, and to 12.73 mt in FY1992.

Figure 1: India's Fertiliser Consumption – FY1960-1995



Following the significant increase in fertiliser consumption since the mid-1960s, yields for major crops increased significantly in a short period of time. Yields have increased progressively since the Green Revolution as a result of improved land-management, conventional plant-breeding techniques and the selection of improved varieties and hybrids. Increasingly mechanised irrigation and drainage and improved post-harvest handling and storage methods have also contributed to raising yields, as have more intensive inputs of fertilisers and agrochemicals.

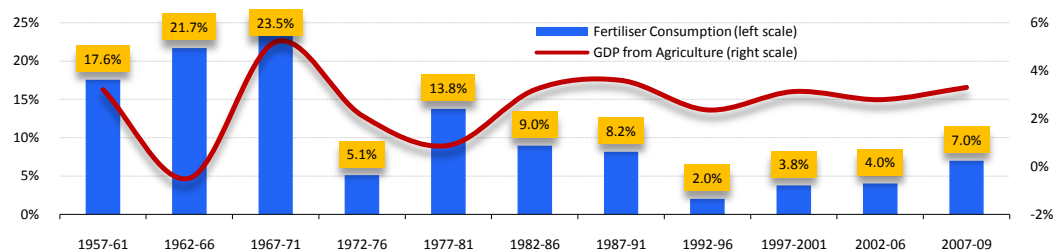
Figure 2: Yields of Major Food-grains



Kg per hectare

After the decontrol of P and K fertilisers in 1992, the growth in fertiliser consumption slowed because of an increase in prices. India's fertiliser consumption reached a peak of 18.07 mt in FY2000, before declining to a recent low of 16.1 mt in FY2003. Consumption also declined because of a slowdown in agricultural production and lower commodity prices.

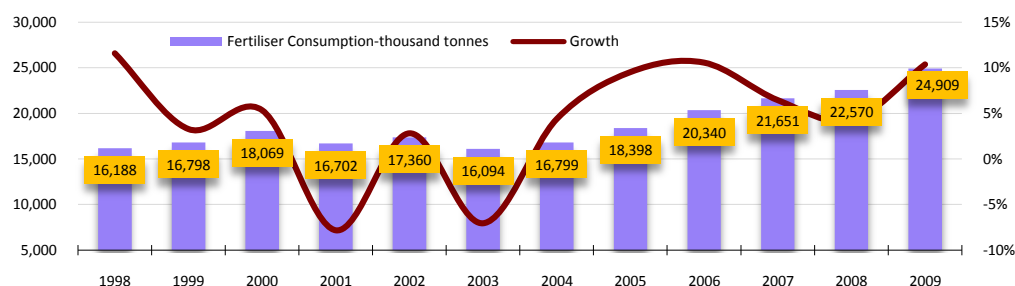
Figure 3: Growth in Fertiliser Consumption and GDP from Agriculture



Annual averages

However, the recovery in agricultural production since FY2004 has resulted in India's fertiliser consumption increasing at a 3-year CAGR of 7% to 24.91 mt in FY2009.

Figure 4: India's Fertiliser Consumption – FY1998-2009



During FY2008, while consumption of N and K₂O increased 4.7% and 12.9%, respectively; consumption of P₂O₅ declined 0.5%. K₂O consumption had declined 3.3% in FY2007 primarily due to the shortfall in the availability of MOP, arising out of contractual delays. The moderation in consumption growth during FY2008 was primarily because of a slowdown in consumption during the Kharif 2007-08 season. During FY2009, while N consumption increased 4.7%; consumption of P and K increased at substantially higher rates of 18% and 25.7%, respectively. The sharp increase in P & K consumption was mainly because of a significant increase in consumption in the Southern Region.

Table 2: State-wise Fertiliser Consumption and Growth

Consumption (Thousand tonnes)	Growth
----------------------------------	--------

FY	2007	2008	2009	2007	2008	2009	3-year
EAST	3,228	3,432	3,816	10.4%	6.3%	11.2%	9.3%
Arunachal Pradesh	1	1	1	-2.7%	0.0%	11.0%	2.6%
Assam	204	214	221	2.8%	5.0%	3.1%	3.6%
Bihar	1,072	1,206	1,357	16.6%	12.5%	12.6%	13.9%
Jharkhand	139	145	147	3.0%	4.7%	1.6%	3.1%
Manipur	19	19	13	34.3%	-0.3%	-32.3%	-3.2%
Meghalaya	5	4	4	4.5%	-20.5%	-9.6%	-9.1%
Mizoram	4	4	4	62.3%	4.6%	12.4%	24.0%
Nagaland	1	1	1	3.2%	31.3%	8.3%	13.6%
Orissa	403	452	535	2.0%	12.2%	18.4%	10.6%
Sikkim	0	0	0	0.0%			
Tripura	17	12	14	9.0%	-25.5%	12.5%	-2.9%
West Bengal (WB)	1,365	1,375	1,519	10.1%	0.7%	10.5%	7.0%
NORTH	6,821	6,953	7,405	4.3%	1.9%	6.5%	4.2%
Haryana	1,125	1,220	1,289	-0.3%	8.5%	5.6%	4.5%
Himachal Pradesh (HP)	49	50	57	2.1%	2.0%	14.8%	6.1%
Jammu & Kashmir (J&K)	86	78	105	-6.8%	-9.1%	34.3%	4.4%
Punjab	1,691	1,698	1,768	0.2%	0.4%	4.1%	1.6%
Uttar Pradesh (UP)	3,726	3,756	4,033	7.6%	0.8%	7.4%	5.2%
Uttaranchal	143	150	153	18.6%	5.1%	1.6%	8.2%
Chandigarh	0	0	0				
Delhi	1	0	1	131.1%	-62.5%	64.1%	12.5%
SOUTH	5,349	5,497	6,457	-1.4%	2.8%	17.5%	6.0%
Andhra Pradesh (AP)	2,484	2,668	3,071	-2.7%	7.4%	15.1%	6.4%
Karnataka	1,486	1,507	1,832	-2.6%	1.5%	21.5%	6.3%
Kerala	209	208	261	3.2%	-0.3%	25.3%	8.8%
Tamil Nadu (TN)	1,125	1,076	1,265	2.3%	-4.4%	17.6%	4.8%
A & N Islands	1	1	1	3.4%	42.6%	-31.0%	0.6%
Pondicherry	44	37	28	3.7%	-15.8%	-24.8%	-13.1%
Lakshadweep	0	0	0				
WEST	6,253	6,688	7,231	14.7%	7.0%	8.1%	9.9%
Gujarat	1,409	1,623	1,717	10.1%	15.2%	5.8%	10.3%
Madhya Pradesh (MP)	1,205	1,302	1,423	28.1%	8.0%	9.3%	14.8%
Chhattisgarh	436	442	463	16.5%	1.3%	4.7%	7.3%
Maharashtra	2,259	2,326	2,566	14.8%	3.0%	10.3%	9.2%
Rajasthan	936	987	1,052	6.1%	5.4%	6.6%	6.0%
Goa	6	7	8	7.8%	19.8%	14.0%	13.8%
Daman & Diu	0	0	0		-4.1%	-17.0%	
D & N Haveli	1	1	1	10.6%	-18.4%	7.8%	-0.9%
India	21,651	22,570	24,909	6.4%	4.2%	10.4%	7.0%

The season wise analysis indicates that while consumption growth in Kharif season increased from 7.4% in FY2008 to 13.2% in FY2009, consumption in Rabi season improved from 1.4% to 7.6%. The slow growth during Kharif 2007-08 was primarily because of a decline in N and P2O5 consumption in the Southern region. The higher growth during FY2009 was primarily due to near-normal monsoons and record prices for primary commodities.

Table 3: Season-wise Consumption of Fertiliser Nutrients

Volume	Growth
(Thousand tonnes)	

FY	2004	2005	2006	2007	2008	2009	2008	2009	3-year
Kharif	7,538	8,348	9,198	10,254	11,017	12,472	7.4%	13.2%	10.7%
N	5,143	5,504	6,028	6,576	6,945	7,375	5.6%	6.2%	7.0%
P	1,697	1,921	2,151	2,674	2,731	3,321	2.1%	21.6%	15.6%
K	699	924	1,018	1,004	1,341	1,777	33.6%	32.5%	20.4%
Rabi	9,261	10,050	11,143	11,396	11,553	12,437	1.4%	7.6%	3.7%
N	5,934	6,210	6,695	7,197	7,475	7,716	3.9%	3.2%	4.8%
P	2,428	2,703	3,053	2,869	2,784	3,185	-3.0%	14.4%	1.4%
K	899	1,137	1,395	1,331	1,295	1,536	-2.7%	18.6%	3.3%
Total	16,799	18,398	20,340	21,651	22,570	24,909	4.2%	10.4%	7.0%
N	11,077	11,714	12,723	13,773	14,419	15,091	4.7%	4.7%	5.9%
P	4,124	4,624	5,204	5,543	5,515	6,506	-0.5%	18.0%	7.7%
K	1,598	2,061	2,413	2,335	2,636	3,313	12.9%	25.7%	11.1%

The slow growth in fertiliser consumption during the 1990s was primarily because of slow growth in adoption of HYV seeds. The adoption of new technology, mainly the HYV seeds requires intensive use of fertilisers and pesticides under adequate and assured water supply. Because of a slowdown in growth of irrigated area, the growth in area under HYV seeds declined from an annual growth rate of 8.1% in the 1980s to 4.4% in the 1990s. As a result, annual growth rate of fertiliser consumption declined from 7.8% in the 1980s to 4.3% in the 1990s.

Because of the nature of cropping pattern and applicability of fertilisers on different crops, usage penetration of fertilisers is higher in the Kharif season. For example, data from 59th Round of National Sample Survey (NSS) for January-December 2003 indicates that around 76% farmer households used fertilisers during the Kharif season, as compared with 54% during the Rabi season. Use of fertilisers was more common in Kharif than in Rabi for all major States except Bihar, Punjab, Haryana and Uttar Pradesh (UP). In all major States more than 50% farmer households used fertilisers during Kharif. During Rabi, 30% or more households used them, except in Chhattisgarh (8%) and Orissa (15%).

While a wide variety of fertilisers are consumed in India, urea accounts for most of the consumption of N, and DAP accounts for most of that of P. Other straight N fertilisers, such AS, CAN and AIC account for only 2%.

Table 4: Consumption of Fertilisers

FY	Volume (Thousand tonnes)					Growth		
	2005	2006	2007	2008	2009	2008	2009	3-year
Urea	20,665	22,298	24,338	25,963	26,649	6.7%	2.6%	6.1%
DAP	6,256	6,764	7,381	7,497	9,231	1.6%	23.1%	10.9%

Because of the widespread deficiency of N, the fertiliser consumption ratio has favoured N nutrients. However, the share of N has declined from 71% in FY1996 to 60.6% in FY2009. The share of N had increased in FY2007 and FY2008 mainly because of short supply of K2O. Over the period FY1996-2009, the share of P has increased from 21% to 26.1%. After decontrol of P and K fertilisers and increase in prices, the share of N increased in FY1994. Despite the introduction of a price concession on P and K fertilisers and other measures taken to increase their consumption, the ratio increased till FY1997. Subsequently it has tended to improve.

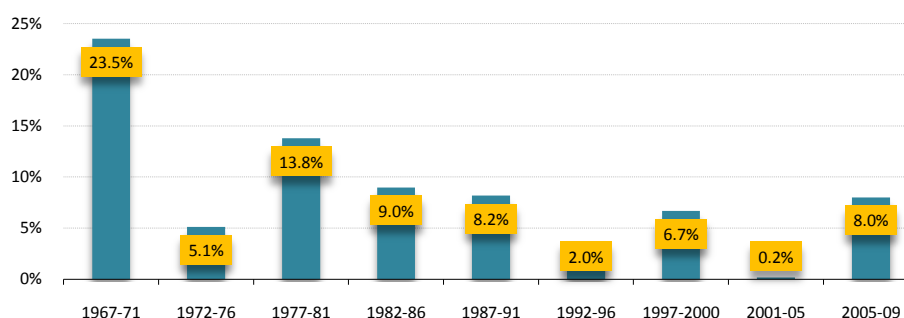
Table 5: Nutrient Consumption of Fertilisers and Share

FY	Consumption (Thousand tonnes)			Share		
	N	P	K	N	P	K
1994	8,788	2,669	909	71.1%	21.6%	7.3%
1995	9,507	2,932	1,125	70.1%	21.6%	8.3%
1996	9,823	2,898	1,156	70.8%	20.9%	8.3%
1997	10,302	2,977	1,030	72.0%	20.8%	7.2%
1998	10,902	3,914	1,373	67.3%	24.2%	8.5%
1999	11,354	4,112	1,332	67.6%	24.5%	7.9%

FY	Consumption (Thousand tonnes)			Share		
	N	P	K	N	P	K
2000	11,593	4,798	1,678	64.2%	26.6%	9.3%
2001	10,920	4,215	1,568	65.4%	25.2%	9.4%
2002	11,310	4,382	1,667	65.2%	25.2%	9.6%
2003	10,474	4,019	1,601	65.1%	25.0%	9.9%
2004	11,077	4,124	1,598	65.9%	24.6%	9.5%
2005	11,714	4,624	2,061	63.7%	25.1%	11.2%
2006	12,723	5,204	2,413	62.6%	25.6%	11.9%
2007	13,773	5,543	2,335	63.6%	25.6%	10.8%
2008	14,419	5,515	2,636	63.9%	24.4%	11.7%
2009	15,091	6,506	3,313	60.6%	26.1%	13.3%

India's consumption of fertilisers per hectare is among the lowest in the world. Per hectare (ha) consumption increased from 72.1 kg/ha in FY1992 to 129.1 kg/ha in FY2009.

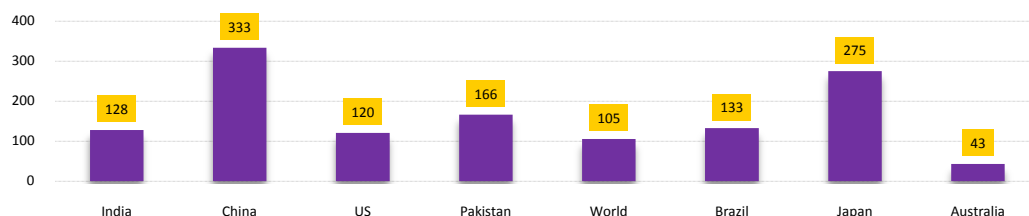
Figure 5: Growth in Fertiliser Consumption per Hectare



The Indian average of 129 kg/ha compares unfavourably even with the figures for Bangladesh and Pakistan. The productivity of Indian agriculture is predictably among the lowest in the world. The average yield of paddy in India is ~3,200 kg/ha whereas the corresponding yield in China is 6,341 kg/ha. The reasons for the low consumption of fertilisers in India compared with other countries can be traced to the difference in the impact of different variables affecting fertiliser consumption.

Figure 6: Country-wise Fertiliser Consumption

2006, per hectare of arable land



The intensity of fertiliser consumption varies greatly between various regions. Amongst the major crop producing states, fertiliser consumption varies from 48.9 kg/ha in Rajasthan to 240 kg/ha in AP.

Table 6: State-wise Fertiliser Consumption per Hectare

Kg

FY	1997	2004	2005	2006	2007	2008	2009	Growth (2007-09)
EAST	60.6	72.8	80.1	88.2	97.4	101.6	113.0	8.6%
Arunachal Pradesh	2.2	2.9	2.9	2.8	3.0	2.7	2.9	1.2%
Assam	14.6	47.5	44.0	53.1	54.6	60.2	62.1	5.4%
Bihar	79.6	88.1	93.8	124.1	144.7	159.0	179.0	13.0%
Jharkhand		54.5	59.7	63.5	65.5	54.9	55.7	-4.3%
Manipur	48.6	126.3	85.7	63.7	85.5	84.9	57.5	-3.4%
Meghalaya	14.4	19.6	18.6	19.0	19.9	15.4	13.9	-9.9%
Mizoram	3.5	16.8	14.8	23.5	38.1	42.1	47.3	26.3%
Nagaland	3.8	1.9	1.6	1.6	1.7	2.2	2.2	11.2%
Orissa	25.8	37.1	40.8	45.3	46.2	52.1	61.6	10.8%
Sikkim	5.9	3.6	5.0	2.8	2.8	0.0	0.0	-100.0%
Tripura	18.8	37.1	39.8	50.7	55.3	41.9	47.2	-2.4%
WB	102.8	114.1	134.2	130.0	143.2	142.7	157.7	6.7%
NORTH	116.6	139.7	144.9	152.0	158.5	159.7	170.1	3.8%
Haryana	127.7	161.7	163.4	173.5	173.0	190.9	201.6	5.1%
HP	35.5	49.0	47.0	51.0	52.1	52.8	60.6	5.9%
J&K	41.0	72.0	68.3	84.6	78.9	69.5	93.3	3.3%
Punjab	157.0	190.1	193.7	208.7	209.2	212.7	221.4	2.0%
UP	107.6	126.7	134.6	138.0	148.4	145.6	156.3	4.2%
Uttaranchal		104.8	88.3	95.3	113.1	121.3	123.2	8.9%
Chandigarh	100.0	3.3	3.3	0.0	0.0		0.0	
Delhi	348.7	30.4	12.4	10.2	23.6	9.1	14.9	13.5%
SOUTH	102.8	110.2	130.5	152.8	150.7	161.4	189.6	7.5%
AP	138.4	145.3	158.8	191.0	185.9	208.2	239.7	7.9%
Karnataka	68.7	78.9	101.0	117.1	114.1	121.2	147.3	7.9%
Kerala	61.5	64.1	67.3	67.8	70.0	71.4	89.4	9.7%
TN	112.6	114.6	161.7	182.2	186.7	184.1	216.5	5.9%
A & N Islands	9.1	16.0	10.9	12.8	13.3	62.1	42.9	49.7%
Pondicherry	483.3	1,012.3	1,077.9	1,182.8	1,226.1	1,032.5	776.1	-13.1%
Lakshwadeep	40.0	3.3	0.0	0.0	0.0	0.0	0.0	#
WEST	49.1	56.8	64.5	67.2	77.1	81.2	87.8	9.3%
Gujarat	72.7	94.7	103.5	113.2	124.6	133.0	140.7	7.5%
MP	39.4	51.7	52.8	48.0	61.5	64.7	70.8	13.8%

FY	1997	2004	2005	2006	2007	2008	2009	Growth (2007-09)
Chhattisgarh		44.2	63.4	65.1	75.9	77.1	80.7	7.4%
Maharashtra	62.1	64.2	77.8	87.3	100.1	103.0	113.7	9.2%
Rajasthan	34.4	37.4	36.1	40.6	43.1	45.8	48.9	6.4%
Goa	36.8	36.3	34.1	32.5	35.0	41.5	47.3	13.3%
Daman & Diu	72.0	0.0	3.3	0.0	163.3	156.7	130.0	
D & N Haveli	41.5	35.7	36.6	40.4	44.6	36.4	39.3	-0.9%
INDIA	75.5	88.3	96.6	105.5	112.3	116.5	128.6	6.8%

Fertilizer Prices

The consumption of any nutrient is dependent on its relative price with respect to the other nutrients. The following table presents the growth rates in the wholesale price index (WPI) of various nutrients and their consumption over the last decade.

Table 7: Growth of WPI and Consumption

FY	WPI					Consumption			
	AS	Urea	DAP	SSP	All Fertilisers	AS	Urea	DAP	SSP
1997	0.5%	0.9%	-0.6%	4.9%	0.3%	11.2%	6.2%	5.0%	1.2%
1998	5.5%	9.3%	-8.7%	2.4%	5.3%	-7.2%	3.1%	48.2%	21.2%
1999	6.5%	1.6%	-3.4%	-0.2%	1.3%	-6.7%	4.0%	8.5%	0.9%
2000	2.4%	7.7%	-15.8%	5.5%	3.5%	12.8%	-0.6%	19.0%	-2.5%
2001	4.1%	14.1%	6.9%	1.7%	10.6%	-3.6%	-5.4%	-15.2%	-20.6%
2002	4.7%	0.6%	0.4%	1.3%	2.1%	-12.4%	3.8%	5.0%	-8.9%
2003	7.9%	4.6%	4.9%	0.0%	4.3%	-12.2%	-7.2%	-11.5%	-4.1%
2004	3.9%	0.2%	0.0%	4.2%	0.6%	14.0%	6.9%	2.8%	1.8%
2005	4.7%	0.0%	0.0%	3.1%	0.9%	-1.9%	4.5%	11.2%	0.2%
2006	5.0%	0.0%	0.0%	0.8%	2.5%	8.6%	7.9%	8.1%	8.1%
2007	10.0%	0.0%	0.0%	0.2%	1.3%	-2.8%	9.1%	9.1%	5.6%
2008	8.9%	0.1%	0.1%	6.6%	2.0%	-31.2%	6.7%	1.6%	-21.4%
2009	66.3%	0.0%	0.0%	1.7%	8.7%	0.2%	2.6%	23.1%	14.4%
2005-09	17.0%	0.0%	0.0%	2.5%	3.0%	-6.5%	6.2%	10.4%	0.6%

From the table above, it is apparent that the response of N consumption to price increases has been weaker as compared with the response of P and K consumption to the increase in their prices. While the prices of N have increased, its consumption has also increased steadily. The reason is that since urea is the cheapest fertiliser, it is less likely to be substituted with other nutrients. However, P consumption declined in years of high price increases. Thus, the apparently higher price sensitivity of P can also be accounted for by the fact that its prices have risen more sharply and at higher absolute levels.

Another fact that has attracted considerable attention has been the worsening N:P:K ratio and its increasing deviation from the ideal 4:2:1. One reason often advanced for the worsening N:P:K ratio is the substitution of P and K with N. However, the impact of such substitution on the consumption of N would have been limited as the CAGR for N consumption in the 1990s was significantly lower than in the 1980s. Thus, the decontrol of P and K did not accelerate the growth of N consumption. Even this growth can be easily explained by other factors like growth in area under irrigation and the use of HYV seeds.

The Indian fertiliser industry provides for the three primary nutrients: nitrogen-N, phosphate-P₂O₅ and potash-K₂O. Besides these, the industry also manufactures complex fertilisers (N:P:K), which are a combination of the three nutrients. Urea (46% N), ammonium sulphate or AS (20.6% N), calcium ammonium nitrate or CAN (25% N), ammonium chloride or ACI (25% N) are the straight nitrogenous N-fertilisers manufactured. The complex fertilisers comprise a combination of two or three nutrients and are referred to as NP or NPK fertilisers. These include 16:20:20, 20:20:0, 14:28:14, 14:35:14, 17:17:17, 19:19:19, 16:20:0, 15:15:15, 20.8:20.8:0, 23:23:0, 10:26:26, 12:32:16 and 20:0:10.

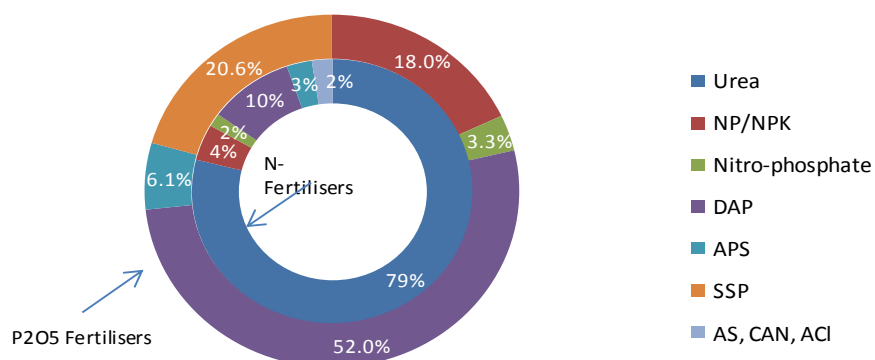
Table 8: India's Installed Capacity and Production of Fertilisers

Thousand tonnes of nutrients

FY	1991	1998	2004	2005	2006	2007	2008	2009	2010
Capacity	11,047	13,695	17,610	17,688	17,748	18,027	18,165	18,183	19,158
N	8,282	10,559	12,208	12,208	12,288	12,290	12,290	12,290	12,945
Straight N	7,252	9,350	10,007	9,956	10,066	10,066	10,066	10,604	10,523
Through NP/NPKs	1,030	1,209	2,201	2,252	2,222	2,224	2,224	1,686	2,422
P	2,765	3,135	5,402	5,480	5,460	5,736	5,875	5,892	6,213
Straight P2O5	817	1,038	980	982	1,068	1,190	1,208	1,225	1,280
Through NP/NPKs	1,948	2,097	4,421	4,499	4,391	4,546	4,667	4,667	4,932
Production	9,044	13,159	14,183	15,343	15,536	15,965	14,617	14,318	16,298
N	6,993	10,083	10,557	11,305	11,333	11,525	10,903	10,900	11,924
Straight N	6,148	8,806	8,936	9,504	9,430	9,510	9,259	9,314	9,314
Through NP/NPKs	845	1,277	1,621	1,801	1,903	2,015	1,644	1,587	2,055
P	2,051	3,076	3,627	4,038	4,203	4,440	3,714	3,417	4,374
Straight P2O5	584	613	407	394	447	476	359	405	495
Through NP/NPKs	1,467	2,463	3,220	3,645	3,755	3,965	3,355	3,012	3,879

During the period, 2005-2010, the installed capacity of straight N fertilisers has increased at a five-year compound average growth rate (CAGR) of 1.2% to about 13 million tonnes (mt) per annum or mtpa in terms of nutrients.

Figure 7: Share of Fertilisers in Installed Capacity of N and P2O5



Sources: FAI, IMaCS Research

Phosphate Fertilizer

All P fertilisers are made from naturally occurring phosphorus-containing minerals. Such minerals are broadly called rock phosphates. The major intermediate for P fertilisers is phosphoric acid, which is derived from rock phosphate. The basic principle of phosphoric acid manufacture is through decomposition of rock phosphate by an acid—sulphuric acid, nitric acid or hydrochloric acid.

The sector-wise production of P fertilisers in the country and their shares in the total production are presented in the following table. Among individual manufacturers, while IFFCO is in the cooperative sector and has a highest share of 27% in production, others are in the private sector and smaller in size. They include Gujarat State Fertilisers and Chemicals Limited (GSFC), Paradeep Phosphates Limited (PPL), Godavari Fertilisers and Chemicals Limited (GFCL), SPIC, TCL, MCFL, ZIL, and Hindalco Industries Limited (HIL).

Table 9: Phosphate Fertiliser Production, Capacity Utilisation, and Market Shares

FY	Production (Thousand tonnes)					Capacity Utilisation (%)				
	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
Public	294	234	162	192	228	75.8	60.4	41.9	49.6	59.0
Private	2,875	3,077	2,584	2,309	2,953	86.2	85.4	71.0	61.7	71.8
Cooperative	1,034	1,129	969	916	1,194	63.6	65.9	56.6	53.5	69.7
Total	4,203	4,440	3,714	3,417	4,374	78.5	77.4	64.7	58.5	70.4

The western region accounts for about 48% of the total production and 36% of the total consumption. While the northern region accounts for 26% of total P fertiliser consumption, it produces only about 1%. The eastern and southern regions, together, account for about 50% and 40% of production and consumption, respectively. While growth in overall annual production of P fertilisers was 28% in 2009-2010, the growth in consumption was 11.8%. While capacity addition and production has stagnated over the three-year period of 2008-2010, consumption has increased by 9.5%, resulting in a demand-supply gap of 38%.

Table 10: Regional Distribution of P2O5 Fertiliser Capacity, Production, Consumption and Gap

FY	Volume (Thousand tonnes)					Growth			
	2004	2005	2006	2007	2008	2009	2010	2010	3-year CAGR
Capacity	5,402	5,480	5,460	5,736	5,875	5,892	6,213	5.4%	2.7%
East	1,539	1,544	1,545	1,544	1,565	1,565	1,567	0.1%	0.5%
North	114	83	93	96	96	100	92	8.0%	-1.4%
South	1,276	1,302	1,313	1,435	1,475	1,475	1,711	16.0%	6.0%
West	2,594	2,570	2,509	2,662	2,738	2,752	2,843	3.3%	2.2%
Production	3,617	4,028	4,203	4,440	3,714	3,417	4,374	28.0%	-0.5%
East	778	936	878	1,099	1,106	966	1,099	13.8%	0.0%
North	44	38	41	44	31	35	40	14.3%	-3.1%
South	998	1,091	1,202	1,200	880	849	1,124	32.4%	-2.2%
West	1,799	1,963	2,082	2,097	1,697	1,569	2,112	34.6%	0.2%
Consumption	4,124	4,624	5,204	5,543	5,515	6,506	7,274	11.8%	9.5%
East	519	590	685	762	803	918	974	6.1%	8.5%
North	1,398	1,349	1,505	1,505	1,474	1,662	1,871	12.6%	7.5%

FY	Volume (Thousand tonnes)							Growth	
	2004	2005	2006	2007	2008	2009	2010	2010	3-year CAGR
South	922	1,166	1,437	1,451	1,362	1,727	1,833	6.1%	8.1%
West	1,286	1,518	1,577	1,825	1,876	2,199	2,596	18.1%	12.5%
Gap	-507	-596	1,001	1,103	1,800	3,089	2,900	6.1%	38.0%
East	259	345	192	336	303	47	125	166.0%	-28.1%
North	1,354	1,311	1,464	1,461	1,443	1,627	1,831	12.5%	7.8%
South	76	-75	-234	-251	-481	-878	-709	19.2%	41.4%
West	513	445	505	272	-179	-631	-483	23.5%	221.1%

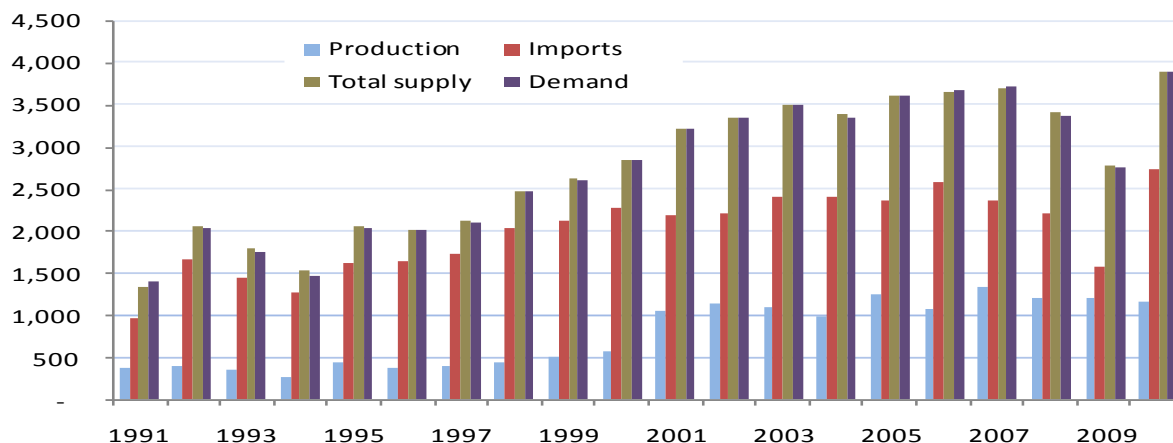
N, P and K are also applied to soil through a number of complex fertilisers, the most important being DAP or 18:46:0. It contains 18% by weight of nitrogen and 46% by weight of phosphate. After urea, DAP is the second most widely used fertiliser in India and accounts for around 63% of India's P fertiliser consumption, followed by complex NP/NPK fertilisers (30%), and SSP (7%).

The two important inputs of DAP production are ammonia and phosphoric acid. While some manufacturers do produce either or both internally, the majority of manufacturers import both the raw materials. The total supply of ammonia increased from 9.2 million tonnes in 1991 to 15.2 million tonnes on 2009-2010. Imports increased from 6.5% to 12.6% during this period

The fertiliser industry consumed 3.9 million tonnes of phosphoric acid in 2009-2010, up from 1.4 million tonnes in 1990-91. Imports accounted for 70% of the total supply in 2009-2010. While production was stagnant, imports increased at a five-year CAGR of 3%. Demand increased at a CAGR of 1% during this period. In 2009-2010, India imported phosphoric acid from Morocco, Senegal, South Africa, Tunisia, USA, Israel, Jordan, Lebanon and Spain. The major domestic manufacturers of phosphoric acid are IFFCO (Paradeep), Paradeep Phosphates, Sterlite Industries, Hindalco Industries, FACT and Coromandel International. The private sector accounts for 1 million tonnes of the total installed capacity of about 2 million tonnes.

Figure 8: Phosphoric Acid for Fertiliser Industry

FY, Thousand tonnes



Source: IMaCS Research

Phosphate and complex fertiliser plants can either be based on imported phosphoric acid or in-house phosphoric acid manufactured from rock phosphate. For deriving phosphoric acid from rock phosphate, companies use either sulphuric acid (for DAP and SSP) or nitric acid (for NP and NPKs). The sulphuric acid itself may be bought or manufactured in-house from sulphur either in the elemental or pyrite forms. Sulphuric acid is also manufactured by capturing the sulphur dioxide rich smelter gases in copper smelters. Around 57% of the P capacity is based on imported phosphoric acid, while the rest is manufactured in-house from imported rock phosphate. Since around 70% of phosphoric acid requirement is met through imports, trends in international prices play a significant role in domestic production costs.

Table 11: Feedstock-wise Share in Phosphate Fertilisers Capacity

Thousand tonnes

	Sulphur	Smelter Gases	Sulphuric Acid (External)	Nitric Acid	Phosphoric Acid (External)	Total
October 2002	2,689	184	57	153	2,053	5,137
SSP	989	-	57	-	-	1,047
NP/NPK	1,701	184	-	153	2,053	4,090
October 2003	2,650	184	58	153	2,491	5,536
SSP	949	-	58	-	-	1,007
NP/NPK	1,701	184	-	153	2,491	4,529
November 2006	2,804	184	58	152	2,473	5,671
SSP	1,011	0	58	0	0	1,068
NP/NPK	1,794	184	0	152	2,473	4,603
November 2007	2,835	184	58	152	2,473	5,702
SSP	1,041	-	58	-	-	1,099
NP/NPK	1,794	184	-	152	2,473	4,603
November 2008	2,858	184	139	152	2,531	5,865
SSP	1,065	0	139	0	0	1,204
NP/NPK	1,794	184	0	152	2,531	4,661
November 2009	2,879	184	139	152	2,830	6,185
SSP	1,086	-	139	-	-	1,225
NP/NPK	1,794	184	-	152	2,830	4,960
November 2010	2,876	184	182	152	2,819	6,213

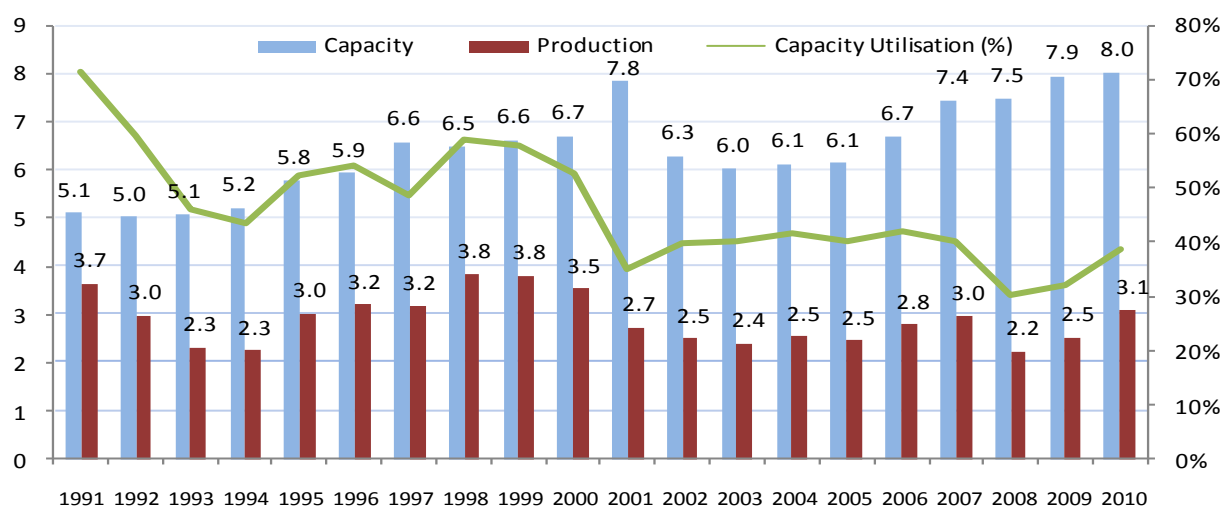
	Sulphur	Smelter Gases	Sulphuric Acid (External)	Nitric Acid	Phosphoric Acid (External)	Total
SSP	1,099	-	182	-	-	1,281
NP/NPK	1,777	184	-	152	2,819	4,931

The only straight P fertiliser produced in the country is SSP or 0:16:0. The main raw materials required are rock phosphate and sulphuric acid (H_2SO_4). SSP contains 16% water soluble P_2O_5 , 12% sulphur, 21% calcium, and some other essential micronutrients in small proportions. SSP is a cheaper fertiliser used to treat sulphur deficiency in soils, as well as a nutrient for enhancement of yields.

SSP is produced by 82 manufacturing plants in the country with an annual installed capacity of around 8 mtpa (P_2O_5 equivalent of 1.28 mtpa). In 2009-2010, the production was 3.1 million tonnes, resulting in a capacity utilisation of 39%, up from 30% in 2008.

Figure 9: SSP Capacity, Production and Capacity Utilisation

FY, Million tonnes



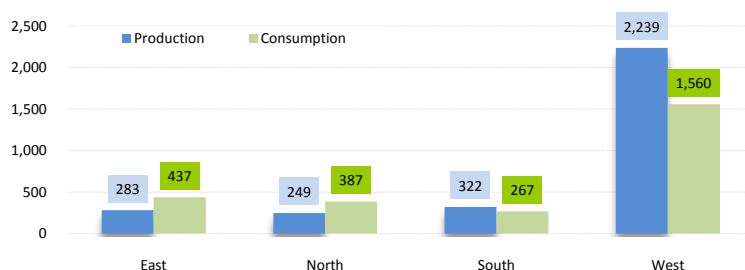
Capacity as of November

Sources: FAI, IMACS Research

Of the total SSP production of around 3.1 mt in FY2010, around 53% was produced in the western region, which is also the largest consumer – accounting for 59% of total SSP consumption. The surplus SSP is primarily despatched to the eastern region.

Figure 10: Region-wise SSP Production and Consumption

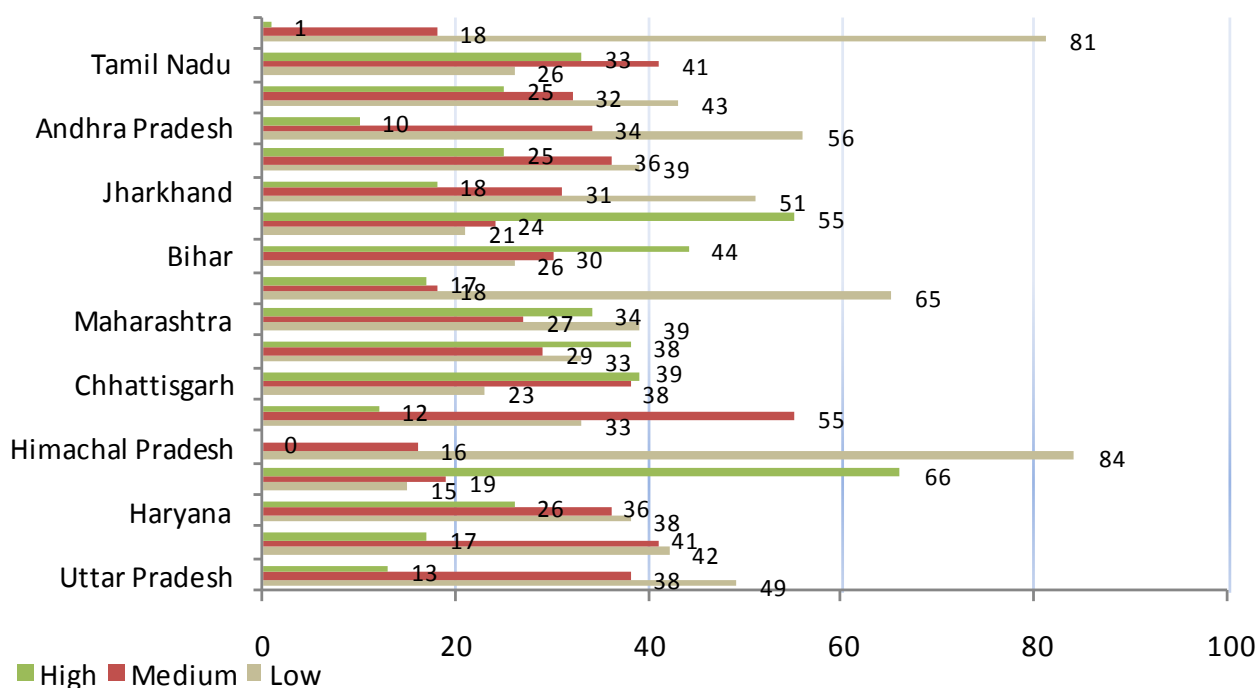
FY2010, Thousand tonnes



According to the proceedings of a symposium-cum-workshop on “Sulphur in Balanced Fertilisation”, organised by TSI (Washington DC), FAI (New Delhi) and IFA (Paris), a study of 49,194 soil samples from across the country indicates that Punjab, Orissa, Bihar, Gujarat and Chhattisgarh have a larger percentage of samples with high sulphur deficiency.

Figure 11: Sulphur Deficiency in Soil

Percentage of sample with high, medium or low deficiency



Source: IMaCS Research

Imports of DAP increased at a CAGR of 56% between FY2005 and FY2010. The US, Lithuania, Russia and Jordan were the key suppliers of DAP in FY2010. In FY2010, the total consumption of mono-ammonium phosphate (MAP) was 0.13 million tonnes. At present, most of the MAP requirement is imported. Use of MAP and triple-super phosphate (TSP) is fairly recent phenomenon. Imports of MAP grew at a CAGR of 54% during FY2005-2010.

Table 12: Import of Phosphate Fertilisers – DAP, MAP and TSP

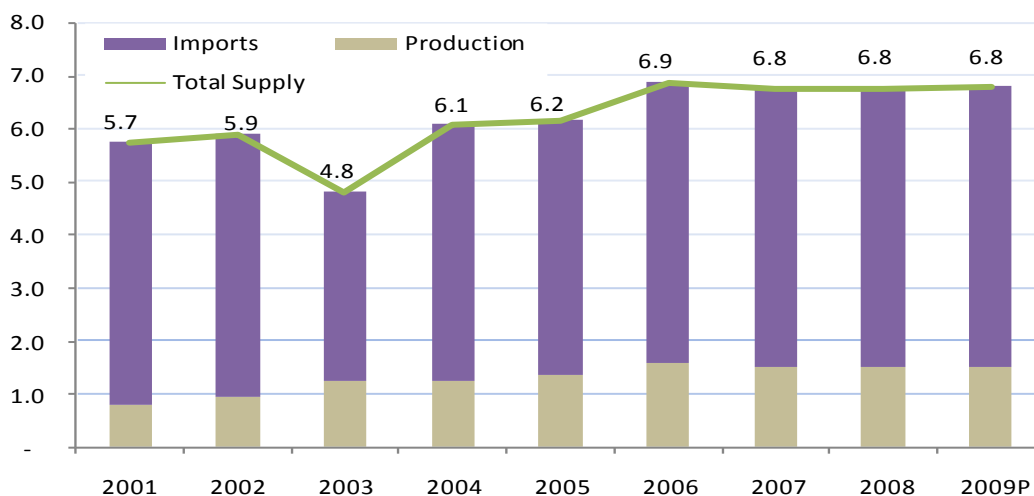
Thousand tonnes

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-2010
DAP (18-46-0)	644	2,438	2,875	2,724	6,192	5,889
Australia	-	115	70	5	323	-
China	-	-	-	271	400	102
Russia and Lithuania	102	399	471	88	1,238	1,246
Jordan	39	188	374	466	675	1,390
Korea	-	-	-	45	122	-
Mexico	-	-	-	-	228	10
Germany	-	-	-	-	37	-
Saudi Arabia	-	-	-	-	14	-
Turkey	-	-	-	23	101	27
Greece	-	-	-	-	115	-
Thailand	-	-	-	-	16	-
Tunisia	-	-	-	-	123	94
Ukraine	-	-	-	-	185	-
Vietnam	-	-	-	-	113	-
USA	503	1,736	1,960	1,822	2,502	3,020
Others	-	-	-	4	-	-
MAP (11-52-0)	22	45	97	266	267	193
China	-	-	97	265	48	-
Dubai	-	-	-	0.4	-	-
Israel	-	-	-	1	-	-
Estonia and Ukraine	22	45	-	-	154	193
South Africa	-	-	-	-	14	-
Thailand	-	-	-	-	51	-
TSP (0-46-0)	-	-	-	-	173	87
China	-	-	-	-	10	87
Israel	-	-	-	-	163	-

As assessed in 2005, India has 305.3 million tonnes of rock phosphate reserves, of which 21.1 mt can be used for chemicals and fertilisers and 90.7 million tonnes, which are beneficiable. These reserves are primarily located in Jharkhand, Rajasthan, Madhya Pradesh, Uttar Pradesh and Uttarakhand. In 2009-10, domestic production was 1.59 million tonnes and imports around 5.32 mt in (2009). Jordan is the largest supplier of rock phosphate with a share of 42%, followed by Egypt (17%), Morocco (14%), Togo (9%). The rest 18% is from Vietnam, Algeria, Nauru, Syria and Tunisia.

Production of rock phosphates increased at a CAGR of 4% between FY2004 and FY2009 from 1.2 million tonnes to 1.5 million tonnes. During this period, imports increased at a CAGR of 2%, from 4.8 million tonnes to 5.3 million tonnes. Although imports accounted for about 78% of the total supply in 2009, the share of imports has declined from over 86% in FY2001. The overall supply of rock phosphates increased at a CAGR of 2% from 6.1 million tonnes to 6.8 million tonnes.

Figure 12: Production, Imports and Total Supply of Rock Phosphates
FY, Million tonnes



Phosphate Fertilisers raw materials

The Indian phosphate fertiliser manufacturers depend substantially on imported raw materials. P205 fertilisers are produced from rock phosphate, which is crushed and combined with acids to produce phosphoric acid, which is used as a feedstock for phosphoric fertilisers such as DAP and SSP. Phosphate rock is the only economical source of phosphorus for manufacturing P fertilisers. Phosphate rock is the only economical source of phosphorus for manufacturing phosphate fertilisers and chemicals. Phosphate rock, when used in an untreated form, is not very soluble and provides little available phosphorus to plants, except in some moist acidic soils. Treating phosphate rock with sulphuric acid makes phosphoric acid, the basic material for producing most phosphate fertilisers. About two-thirds of global phosphoric acid production is directed towards fertiliser production. Of these, DAP is the most commonly used fertiliser and accounts for 37% of world usage of phosphoric acid.

The availability of rock phosphate from domestic sources is inadequate at 1.54 mt, resulting in estimated imports of around 5.24 mt in 2007. The fertiliser industry imports both raw materials (rock phosphate and phosphoric acid) and final products (primarily DAP or 18:46:0, but also complex fertilisers). The demand from India, thus, plays a crucial role in determining the international price. Cutbacks in domestic production of DAP lead to lower Indian demand for phosphoric acid and this has a dampening effect on global phosphoric acid prices.

Rock phosphate deposits are widely distributed throughout the world and are generally mined by using surface mining methods. The world rock phosphate reserves are estimated at 18 billion tonnes, of which 6.6 billion tonnes are in China, and 5.7 billion tonnes in Morocco. India's rock phosphate reserves are estimated at 90 mt. At the present rate of mining, it is expected that world reserves will last for around 120 years.

World rock phosphate production increased 3.3% in 2007 to 156 mt mainly because of higher output in China and Brazil. In terms of P_2O_5 content, production increased 6.6% in 2007 to 49.8 mt. According to the Food and Agriculture Organisation (FAO), world phosphate fertiliser consumption is expected to increase 2.6% in 2008-09 to 37.6 mt, with growth being concentrated in Asia and South America.

China, US and Morocco are the largest producers of rock phosphate and phosphoric acid. Apart from domestic usage, US production of phosphate fertilisers is dependent upon export sales, primarily of MOP to Brazil and DAP to China, India, and South Asia. Morocco accounts for almost 50% of world rock phosphate exports. India imported around 5.24 mt of rock phosphate in 2007, accounting for 17% of world rock phosphate trade of 31.3 mt. Around 49% of India's imports are from Jordan, followed by Morocco (21%), and Algeria (12%).

Table 13: World Rock Phosphate Production and Reserves

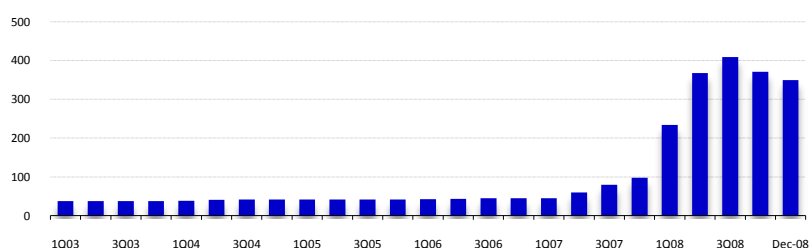
mt

	Reserves	Production—Rock Phosphate				P ₂ O ₅ content	
	2006	2005	2006	2007	2005	2006	2007
China	30.70	30.40	38.60	45.40	9.13	11.60	15.10

US	30.10	36.10	30.10	29.70	10.30	8.68	8.48
Morocco & Western Sahara	27.00	28.79	27.00	27.00	9.20	8.66	8.66
Russia	11.00	11.00	11.00	11.00	4.00	4.00	4.00
Tunisia	8.00	8.22	7.80	7.80	2.40	2.30	2.30
Jordan	5.87	6.37	5.80	5.54	2.04	1.86	1.77
Brazil	5.80	5.45	5.93	6.00	2.04	2.22	2.30
Syria	3.85	3.50	3.66	3.70	1.08	1.13	1.14
Israel	2.95	3.24	2.95	3.07	0.89	0.81	0.84
India	1.20	1.20	1.20	1.21	0.36	0.36	0.36
Others	15.53	15.73	16.95	15.58	5.07	5.08	4.85
World	142.00	150.00	151.00	156.00	46.50	46.70	49.80

The Fertiliser Association of India (FAI) negotiates the price of phosphoric acid for a year for the industry as a whole. To that extent, the level of concession on DAP and exchange rate movements of the domestic currency are key demand factors determining the price of phosphoric acid. Phosphoric acid prices were negotiated downwards from around US\$412/t in FY2000 to US\$341.5/t in FY2003, reflecting sharp increases in phosphoric acid capacities in some of the countries importing phosphoric acid. However, since then the prices have increased significantly and indicative price increased from US\$461.25/t during FY2007 to US\$566.25/mt in FY2008. Prices have increased because of strong P fertiliser demand which led to tight supplies of rock phosphate. Despite some weakening in demand, global rock phosphate trade expanded in 2008 because of increased imports in Asia and Oceania. However, rock phosphate prices have declined in recent months. Although world average prices increased 387% in 2008 to US\$346/t, they have declined 19% during 4Q2008 to average US\$350/t in December 2008.

Figure 13: Quarterly Trends in World Rock Phosphate Prices



US\$ per tonne, Moroccan, 70% BPL, contract, f.a.s. Casablanca

Even though prices of rock phosphate have moderated in recent months, the market is expected to remain tight driven by expected strong demand for phosphate fertilisers and limited additions to phosphate rock capacity. Other than Saudi Arabia's large Ma'aden project scheduled for 2011-12, few new projects are scheduled that add capacity to the export market. Phosphoric acid expansions, primarily adding granulated phosphate capacity, will likely occur in China. OCP in Morocco is planning to increase phosphoric acid capacity in 2008 and 2009. New export capacity is expected to come on line in Tunisia (late 2009), Jordan (2011-12) and Morocco (2012).

Although phosphoric acid is available in requisite quantity globally, Indian fertiliser producers face problems in sourcing raw material till the prices provided to the suppliers are finalised by the Government. With the price being a part of subsidy provided to the manufacturers, its due diligence is performed by the GoI. However, the GoI's delay in fixing prices leads to delay in sourcing raw material, loss of production and leads to shortage of P fertilisers in the extreme situation. The GoI has also decided to change the methodology for arriving at the import prices. This resulted in delays and a decline in P fertiliser production during Q1FY2006.

Fertilizer Subsidies and Government Policies

NBS Policy for P&K and SSP, 2010

Under the nutrient based subsidy (NBS) regime, the Government aims to promote balanced fertilisation through new fortified products and lead to an increase in agricultural productivity. In the first phase of NBS policy implemented from April 2010, the per kg NBS for nutrients N, P, K and S for 2010-11 have been fixed at ₹ 23,227, ₹ 26,276, ₹ 24,487 and ₹ 1,784, respectively. NBS is applicable to DAP, MOP, MAP, TSP, 12-grades of complex fertilisers, ammonium sulphate and SSP. The NBS per tonne for powder and granulated SSP for 2010-11 has been fixed at Rs 4,400 inclusive of freight. Twenty percent of decontrolled fertilisers including SSP would be subject to movement control under the ECA 1955. The NBS per tonne for 16-16-16 has been fixed at Rs 11,838. There is an additional subsidy for fortified fertilisers with Boron fixed at ₹ 300 per tonne, and Zinc at ₹ 500 per tonne..

OUR BUSINESS

The financial figures used in this chapter, unless otherwise stated, have been derived from our Company's restated financial statements and audit reports for the relevant years.

Our Company, incorporated in the year 1996, is engaged in the manufacturing and marketing of phosphatic fertilizers. As a part of our business activities, we manufacture Single Super Phosphate (SSP) in both powder and granular form from rock phosphate. Our Company procures major raw materials like rock phosphate and sulphuric acid from third parties and the same are then used to form SSP and GSSP fertilizers.

We started our manufacturing activities in the year 2000 with an installed capacity of 1,98,000 TPA (tons per annum) of SSP and 1,00,000 TPA of GSSP. The fertilizer industry works in a highly regulated environment and our products, processes and inputs have been consistently verified and certified as quality products by the Agricultural Commissionerate, Rajasthan, Jaipur. Further, we are subject to continuous inspection by Project & Development India Limited ("PDIL")

The current shift in policy regime of the Government from product based subsidy to nutrient based subsidy will encourage use of right nutrient as per the requirement of the soil and has opened a plethora of opportunities for our Company. As per the recent reports by Department of Fertilizers, SSP is a straight phosphatic multi-nutrient fertilizer which helps in treating the sulphur deficiency in soils (40% of Indian soil is sulphur deficient) as well in further enhancement of yields at a low cost. In various crops, which require more of sulphur and phosphate like oilseeds, pulses, sugarcane, fruits and vegetables, tea etc, SSP is an essential fertilizer. (*Source: <http://fert.nic.in/fertilizersubsidy/sspucls.asp>*). Further, as a part of our business strategy, our Company is in the process of diversifying our present revenue base by entering into new product which will realize better margins namely, Triple Super Phosphate (TSP). We are setting up a separate unit for manufacturing Triple Super Phosphate with a capacity of 100,000 TPA at a location near our existing operations.

With the commencement of operations of the said unit, our Company's product portfolio will comprise of variety of phosphorus fertilizers like SSP, GSSP and TSP which shall be marketed in the domestic market under our brand "MAHALAXMI".

In our company, success is measured in terms of customer satisfaction and quality that is built into our product. Our Company has been permitted by Department of Fertilizer, Ministry of Agriculture, Government of India, New Delhi to sell our products in the states of Madhya Pradesh, Punjab, West Bengal, Maharashtra, Uttar Pradesh, Rajasthan and Haryana through Rashtriya Chemicals and Fertilizers Limited (RCF) for a period of 1 year under our brand "MAHALAXMI" and also through Nagarjuna Fertilizers and Chemicals Limited for a period of 1 year under their brand "Dhanphos" to Andhra Pradesh, Maharashtra, Punjab, Uttar Pradesh, Madhya Pradesh, Haryana, Rajasthan, West Bengal and Gujarat. Apart from this, we also sell our products through other registered dealers in Assam, Tripura, Jharkhand, Chhattisgarh and Uttaranchal. We also have our depots in Derabassi (Punjab), Panchkula (Haryana), Jalgaon (Maharashtra), Bharuch (Gujarat), Kolkata (West Bengal), Indore (Madhya Pradesh), Lucknow (Uttar Pradesh), Hyderabad (Andhra Pradesh) through which we carry on marketing activities of our products manufactured.

Our Company has a fully functional quality control laboratory as required by the Fertilizer Control Order issued under Essential Commodities Act 1955, which regulates and monitors the quality of fertilizer mixtures, packing, marking on the fertilizer bags and setting up of quality control laboratories. Our laboratory is equipped with various instruments like, electronic analytical balance, pH meter, sieve shaker, muffle furnace, water distillation plant, magnetic stirrer etc. and can carry out 5000 samples of finished products in a year. The raw materials and the finished products are subjected to various physical and chemical tests to show that they meet the required specifications. Some of the characteristics that are tested include moisture test, P₂O₅ content test for raw materials and free acidity test. Various other tests are also performed, depending on the specific nature of the fertilizer composition.

For the year ended March 31, 2011, our Company recorded net sales of ₹ 4,777.83 Lakhs and a net profit of ₹ 616.04 Lakhs as compared to the net sales of ₹ 3724.58 Lakhs and a net profit of ₹ 193.94 Lakhs in March 31, 2010.

OUR COMPETITIVE STRENGTHS

We believe that the following are our primary competitive strengths:

1. Repetitive orders

Our Company measures success and quality from the repetitive orders that we procure from our customers/dealers which has enabled us to maintain our brand image in the market. Our Company has always believed in serving the best quality through our processes and products.

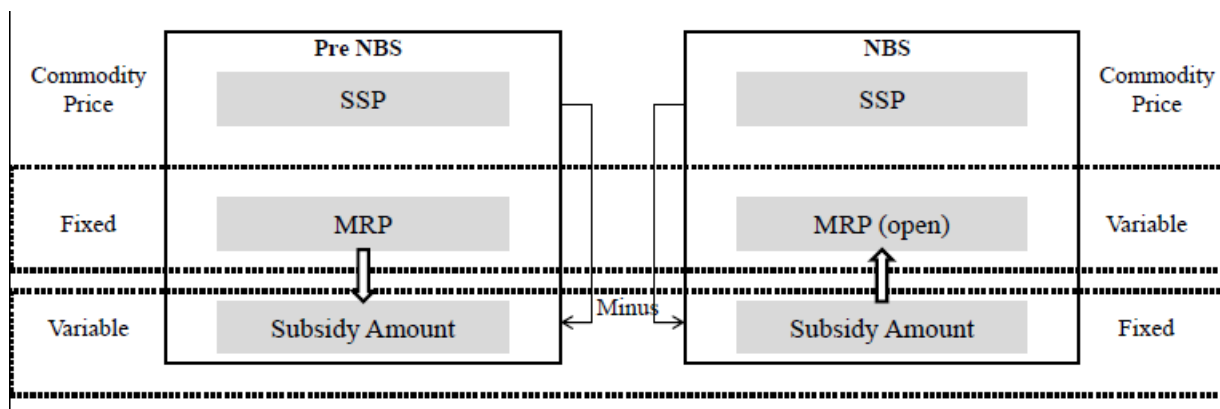
2. Revised policy to benefit manufacturing operations

Under the earlier subsidy scheme for SSP, up to 2007-08, the Department of Fertilizers paid an ad-hoc concession. The MRP of SSP was fixed by State Governments and varied from State to State. This ad-hoc dispensation and the low rates of concession fixed by Central Government, coupled with the progressive increases in input costs, has not only resulted in a sharp decline in SSP production and consumption, but also had a serious adverse impact on the SSP industry. This resulted in the under utilization of the capacities by the SSP units in comparison to their installed capacities limiting the movement of SSP to nearby areas.

(Source: IMaCS Research)

The Nutrient Based Subsidy (NBS) Policy for the first time has recognized that the value of each nutrient is the same irrespective of its source. For the first time, Ministry of Agriculture, Department of Fertilizer has also considered Sulphur as a major nutrient content in SSP (40% Indian soil is sulphur deficient) and making it eligible for subsidy. SSP also contains Calcium, Magnesium and abundant micronutrients like Molybdenum, Boron Zinc, Copper and Manganese which are not available in any other Phosphatic Fertilisers. Further, till now the same 'P' in DAP and other NPKs was getting much higher subsidy as compared to the 'P' in SSP which is now eligible for subsidy on per nutrient value. Therefore, with equal subsidy on 'P' and subsidy on 'S' which is not present in DAP makes SSP a very viable product. Apart from this, SSP is now also eligible for freight subsidy. This will provide flexibility in determining selling price and availability of SSP fertilizer in different states leading to better realization which is a major shift from fixed MRP era to flexible MRP. This would help boost use of non-urea based fertilizers i.e. SSP and TSP and other grades of fertilizers. The effect of the subsidy is explained below:

Example: Subsidy (Pre NBS and Post NBS)



Therefore, the current shift in policy regime, from product based subsidy ("PBS") to nutrient based subsidy ("NBS") will benefit our existing and proposed manufacturing operations that have opened up a plethora of opportunities for our Company. Our present product portfolio consists of SSP and GSSP. We propose to diversify ourselves by adding Triple Super Phosphate in the product portfolio. Further, due to our linkages to raw materials and other location advantages, we would be able to enjoy an edge over other players. Our Company would enjoy lower cost of landing of raw materials which in turn would increase our sales volumes and capacity utilization.

3. *Raw material linkages and other location advantages*

The sourcing of raw material is the key factor in determining sustainability of business. Our Company's existing plant is located at Udaipur, which is a rich source for our main raw material i.e. rock phosphate and sulphuric acid. Our Company sources rock phosphate from the mines located at the Jhamarkotra Mines of Rajasthan State Mines and Mineral (RSMML) a undertaking of Government of Rajasthan and the sulphuric acid is procured from Hindustan Zinc Limited. Further, Udaipur is well-connected by road, rail and air to the rest of the country. This facilitates easy movement of raw material into the factory location and finished products to the respective markets across the country thereby reducing logistics costs and achieving economies of scale. This also provides our Company other advantages like managerial talent, skilled labour, vendor base, technical supports and low lead times from suppliers. These locational advantages have served our Company well and therefore, we have chosen to expand at the same location.

4. *Application of information technology in practice*

The existing plant at which we operate is fully computerized (*Source: Office of Joint Director, Agriculture, Jaipur*) which helps in monitoring the entire operations and is highly cost effective and reliable. Every machine is connected to Programmable Logic Controller (PLC) for optimum working with belt weigher, on line flow meters, remote on line transmitters for acid etc due to which an optimum product mix is produced. Further, our raw material losses are minimized due to complete computerized operations in plant.

5. *We adhere to the Quality Standards as prescribed by Fertilizer Control Order.*

The fertilizer industry is subjected to complete quality control by the Fertilizer Control Order, 1985 issued under Essential Commodities Act 1955 which regulates and monitors the quality of fertilizer mixtures, packing, marking on the fertilizer bags and setting up of quality control laboratories. We adhere to quality standards as prescribed by Fertilizer Control Order and our Company is dedicated towards maintaining the quality of our products, processes and inputs which have been consistently verified and certified as quality products by the Agricultural Commissionerate, Rajasthan, Jaipur. All products that leave our factory premise are inspected by our quality control laboratory. Further, a quality check is done at every stage of manufacturing to ensure adherence to desired specifications. The raw materials and the finished products are subjected to various physical and chemical tests to show that they meet the required specifications. Some of the characteristics that are tested include moisture test, P_2O_5 content test for raw materials and free acidity test. Various other tests are also performed, depending on the specific nature of the fertilizer composition.

6. *Distribution of dealer network*

Our Industry is highly regulated by Fertilizer Control Order which regulates and monitors the registration of the dealers. With years of experience and presence in the industry we have developed a strong distribution network in the local as well as inter state market. We market our products across 11 states through a distribution network comprising of approximately 500 dealers and 8 depots through which we access our retailers and marketers. Our distribution network and retail association have helped us to extend the reach of our products across India. Further, over a period of time, our Company has built-up a track record for quality products and timely delivery to our dealers. Our Company has been able to retain and further strengthen this relationship by providing them product which they can rely upon.

7. *Experienced and qualified management team*

Our Company is managed by a team of experienced and qualified personnel, possessing an average experience of 20 years, including in the areas of production, quality control, marketing and finance. Our Managing Director, Mr. Hemant Bohra has more than 30 years of experience in the field of manufacturing, trading, Import and export of chemicals, plastics and fertilizers and is the guiding force behind all strategic decisions taken at management levels and is also responsible for spearheading our Company's management, global operations and guiding it through its next phase of growth. Mr. Sunil Bhandari, a Director on our Board holds a Bachelor's Degree in Mechanical Engineering from Manipal Institute of Technology, Manipal and has 25 years of working experience in various industries and is responsible for marketing the products of our Company. Our Promoters and Directors are backed

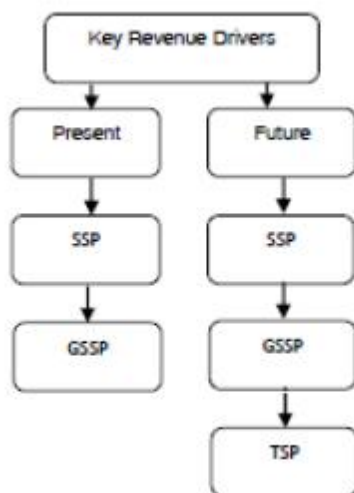
by a team of qualified personnel with relevant domain experience which provides us with a competitive advantage as we seek to expand in our existing product portfolio.

OUR BUSINESS STRATEGY

Our strategic objective is to continue to improve on and consolidate our position by enhancing the current production and adding new products. We intend to achieve this by implementing/focusing the following aims/areas:

1. Continue to expand and diversify our product portfolio

Our Company aims to capitalize on its presence in the fertilizer market and the shift in policy regime from product based subsidy to nutrient based subsidy. We aim to increase our capacity utilization in our existing product and intend to diversify by setting up a manufacturing plant for, Triple Super Phosphate thereby strengthening our existing product portfolio. This will enable our Company to focus on the specialty nutrients segments and other water soluble fertilizers. The key revenue drivers of our Company have been depicted in the following diagram:



2. Modernisation and upgradation of our technology

Our Company believes in making investments for continuously achieving higher levels of excellence in its products. New technologies are constantly being developed for various processes of manufacturing fertilizers. We have invested in latest technology, plant & machinery and intend to continue upgrading our technology in the future to keep ourselves competitive and efficient. Our existing plant is fully automated and computerized which helps us in reducing cost and achieve economies of scale. Further, for the proposed expansion, our Company has planned each investment in such a way that it will serve the above mentioned goals. Based on our experience, we plan to develop machinery in house based on designs, and supervision from Neon Engineering & Minerals Company, an established firm, which will help us in reducing our project implementation time, dependency on outside agencies & manpower, increase our quality and reduce our project cost.

3. Capitalize the opening of new markets and enhancing our existing production and customer base

Our Company endeavors to capitalize on the opening up of new markets after the introduction of the first phase of nutrient based subsidy scheme. Under the new scheme, the producers/marketers of SSP will be allowed to sell SSP with open MRP offering thereby increasing the outreach of SSP in wider areas. We aim to strengthen our presence in the phosphatic fertilizer segment and thus exploit the opportunity of catering to various other markets across India.

LOCATION

Presently, we are operating from Plot no. 4887-94, Village Umarda, Jhamarkotda Road Udaipur, which is manufacturing SSP and GSSP fertilizer. We propose to carry on the diversification of our project for manufacturing Triple Super Phosphate, at nearby location. For further details on the diversification, please refer to the section titled “Objects of the issue” beginning on page 64 of this Draft Red Herring Prospectus.

OUR PRODUCTS

Presently, the products manufactured at our Umarda plant are as following:

Product	Description	Quality	Uses
Present:			
Powder SSP	SSP fertilizer having 14.5% Water soluble P ₂ O ₅ , Minimum 4% Free Phosphoric Acid, Maximum 11% Sulphur, minimum 12% Moisture, maximum 21% Calcium, maximum	As per FCO, Fertilizer 1985	
Granulated SSP	GSSP fertilizer having 14.5% Water soluble P ₂ O ₅ , Minimum 4% Free Phosphoric Acid, Maximum 5% Moisture, Maximum Particle size-Not less than 90 per cent of the material shall pass through 4mm IS sieve and shall be retained on 1 mm IS sieve. Not more than 5 per cent shall pass through 1mm IS sieve.	As per FCO, Fertilizer 1985	
Proposed:			
Triple Super Phosphate (TSP)	TSP fertilizer having 42.5% Water soluble P ₂ O ₅ , Minimum 46.0% Total Water soluble P ₂ O ₅ , Minimum 3.0 % Free Phosphoric Acid, Maximum 12.0 % Moisture, Maximum	As per FCO Fertilizer 1985	

PLANT AND MACHINERY, TECHNOLOGY AND PROCESS

Plant and Machinery

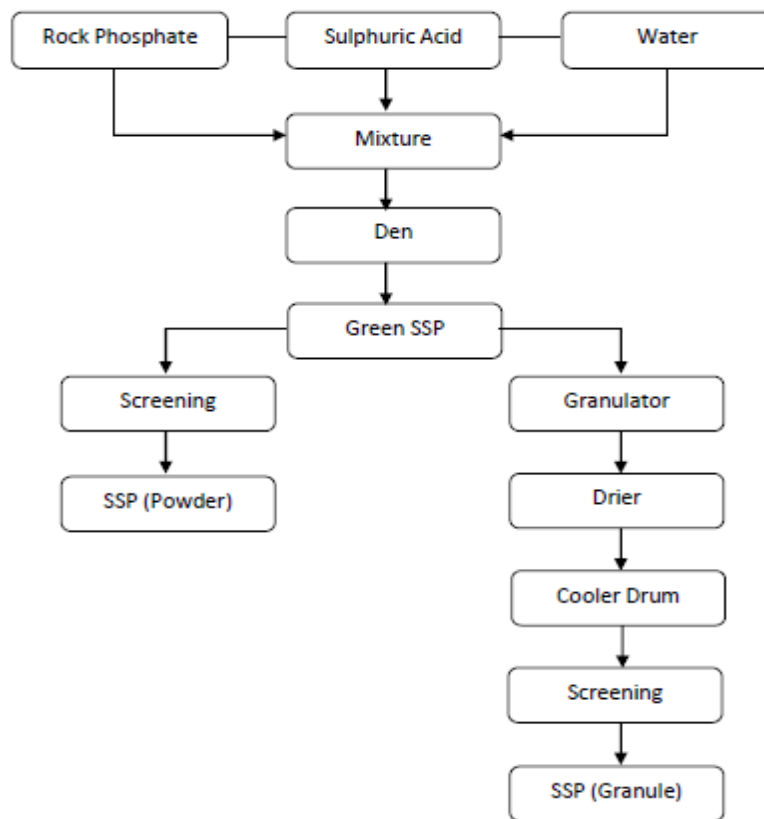
Our manufacturing unit at Umarda, Udaipur is divided into various sections and has indigenous plant and machinery, which includes acid storage tank, EOT cranes, ball, drier, hot air generator, blower, hoppers, belt conveyors and automated bagging machine. These machines are used for different processes including filtrations, reactions, grinding, drying, and mixing.

Technology

The manufacture of Single Super Fertilizer involves a series of multiple step processes under controlled conditions of temperature and pressure. Our existing plant is fully automated and computerized to ensure proper flow of raw materials. Our Company's packaging is also done by an automated bagging machine which ensures minimum wastage of finished goods.

Manufacturing Process

Process Flow Chart for SSP and GSSP



Manufacturing Process in detail

Present

Single Super Phosphate

It is made by reacting rock phosphate which is finely ground in a mill with sulphuric acid in a controlled environment in a mixture (reactor) with water. The gas generated is passed through various pollution control system. It passes through ventury where it is water sprayed to dissolve gases. This is further passed through various scrubbing chambers where all gases that are generated are trapped in water and only clean water as steam vapor is released in atmosphere through chimney.

Simultaneously, the viscous material from mixture is carried slowly on a moving den where 80% of chemical reaction completes to produce green SSP of +12% P_2O_5 . This material is then stored and reshuffled in green SSP storage area for next 14 to 20 days to complete chemical reactions to give final product i.e. SSP of +14.5% P_2O_5 . It is then sent for packing in packing area in laminated HDPE bags and sent to SSP storage area.

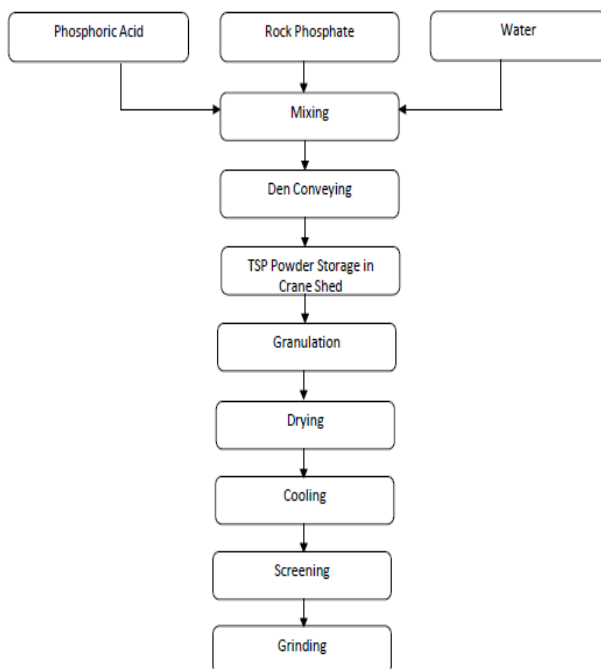
Granular Single Super Phosphate

The fully cured SSP from storage is sent to GSSP manufacturing. The SSP is sent to slow rotating granulator drum where it is sprayed with water which form granules. It is then sent to dryer drum which is heated up to 700 degree centigrade using multi fuel furnace. This evaporates the water and SSP granules become dry and hard which is further sent to cooler drum. The water vapor and exhaust gases are then released to atmosphere from chimney after passing through various pollution control equipments

The dried granules is sent through conveyor and are screened for oversize and undersize in screens and finished product is collected and sent for packing and stored for further selling. The over sized and undersized granules are collected and crushed to powder on line using jaw crusher and recycled back to granulation drum using elevator.

Proposed

Triple Super Phosphate (TSP)



Manufacturing Process

The manufacturing process of Triple Super Phosphate is almost similar to SSP except for reacting rock phosphate with Sulphuric Acid as in SSP, here the reaction takes place using phosphoric acid to give TSP.

Phosphate rock assaying +31% P₂O₅ are ground to minimum 65% - 200 meshes and is stored in the over head bin. Automatic weigh scale is installed to control the feed into mixer. Phosphoric Acid (54%) and water is pumped to mixer. Phosphoric Acid and water is metered with an automatic control meter which maintains acid-rock-water ratio at the pre-determined setting. The discharge of mixer goes into Den. In den material is cured slowly under the suction for collecting of gas generated in the mixer and Den. The TSP material is transferred from den to storage piles, where further curing takes place. It contains about 12% moisture and during this maturing stage the moisture content reduces. It is dug out with a grab bucket E.O.T. crane for further processing (if required it will be further converted into granules form) or packed in required packing of 50Kg bags.

Utilities and Infrastructure facilities Raw Material

Presently, following raw materials are required for manufacturing SSP and GSSP fertilizer.

- Rock Phosphate
- Sulphuric Acid

Rock Phosphate

Rock phosphate constitutes 58% of the raw material consumed in making SSP and GSSP fertilizer. It is primarily supplied by Rajasthan State Mines and Minerals Limited ("RSMML"), a Government of Rajasthan undertaking,

which has the largest deposit of rock phosphate in India. The mines are located within 5 kms from our plant at Umarda, Udaipur. Due to limited availability of rock phosphate during the peak season and availability of Government subsidy on all types of imported Rock Phosphate, we also import to meet our demand and will continue to import rock phosphate from Jordan, Egypt, and Vietnam etc. this being an alternate source of our major raw material for our present and proposed operations

Sulphuric Acid

Sulphuric acid forms 34 % of the raw material consumed and should be of 98% strength. The same is sourced from Hindustan Zinc Limited, from their Debari and Chanderiya units which are located 15 kms and 100 kms respectively from our plant.

For our proposed expansion, the phosphoric acid shall be procured from the local markets and is available in sufficient quantity.

Utilities Water

Presently, the total requirement of water is approximately 150 kilo litres per day which is available from borewells and tubewells in sufficient quantity. We propose to use the same source of water supply for our proposed expansion.

Power

We have a sanctioned load capacity of 750 KVA for power supply from Ajmer Vidyut Vitran Nigam Limited (“AVVNL”) which is sufficient to meet our present requirements. We have a generator of 62 KVA for general lighting in case of power failure.

For our proposed expansion we shall require an additional load capacity of approximately 800 KVA. We shall apply for the same in due course of time from AVVNL.

Fuel

We require 50kg/ton of coal for heating up the furnace which is required for drying rock phosphate and for drying moist granules during manufacturing GSSP. Coal will also be used in manufacturing of TSP during granulation process. Coal is available locally and in sufficient quantity. Further, we use diesel for our generators and no external storage is required for it.

Manpower

As of September 15, 2011, we had 70 employees. The following table sets forth the number of our employees as on date:

Particulars	Management	Officers/ Clerks	Workers	Total
Existing	10	18	42	70
Proposed	3	7	12	22
TOTAL	13	25	54	92

Our proposed manpower requirement for our expansion plan will be met through advertisements and personal contacts.

Past Production figures of the Industry

All P fertilisers are made from naturally occurring phosphorus-containing minerals. Such minerals are broadly called rock phosphates. The major intermediate for P fertilisers is phosphoric acid, which is derived from rock phosphate. The basic principle of phosphoric acid manufacture is through decomposition of rock phosphate by an acid—sulphuric acid, nitric acid or hydrochloric acid.

Among individual manufacturers, while IFFCO is in the cooperative sector and has a highest share of 27% in production, others are in the private sector and smaller in size. They include Gujarat State Fertilisers and Chemicals Limited (GSFC), Paradeep Phosphates Limited (PPL), Godavari Fertilisers and Chemicals Limited (GFCL), SPIC, TCL, MCFL, ZIL, and Hindalco Industries Limited (HIL).

The western region accounts for about 48% of the total production and 36% of the total consumption. While the northern region accounts for 26% of total P fertiliser consumption, it produces only about 1%. The eastern and southern regions, together, account for about 50% and 40% of production and consumption, respectively. While growth in overall annual production of P fertilisers was 28% in 2009-2010, the growth in consumption was 11.8%. While capacity addition and production has stagnated over the three-year period of 2008-2010, consumption has increased by 9.5%, resulting in a demand-supply gap of 38%.

(Source: www.imacs.in)

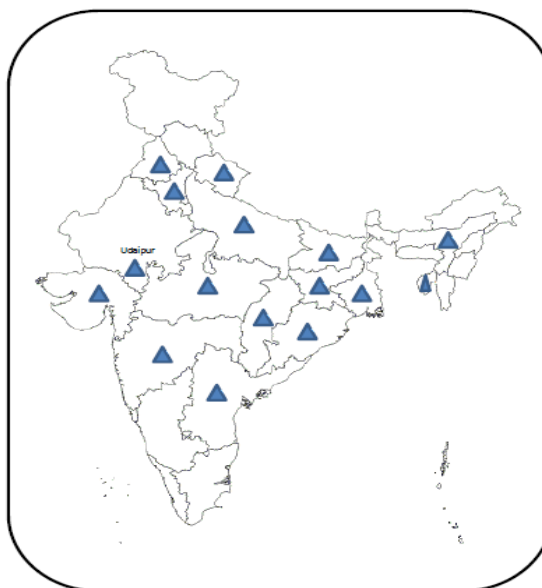
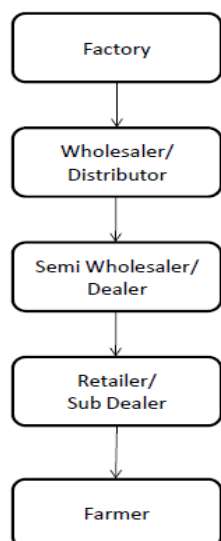
Competition

Our Competition comes from various big, established, public sector players in the market that supply various kinds of fertilizers. In order, to remain competitive, we strive to reduce our cost of production and improve our sales price & offer our products as per guidelines and the standards prescribed by FCO. Our Company faces direct competition from players like Rama Phosphate Limited, Liberty Phosphate Limited, Khaitan Chemical & Fertilizers Limited and others.

Approach to marketing and marketing set up

Our Company's marketing team is headed by our Director, Mr. Sunil Bhandari and is duly supported by Vice President (Marketing), Country Manager (Marketing), regional sales managers, area sales managers and marketing executives. Our company has two separate channels for SSP fertilizer which is sold under our brand "*MAHALAXMI*".

- I. **Direct Sales through dealers:** In direct sales through dealers, the orders are placed directly by dealers to the company
- II. **Sales through Marketers:** In sales through marketers, sales orders are collected by marketers from their own dealers network and are then placed to our Company. Our Company then supplies the material directly to the dealers.



Our Company has a two tier network. On top level are distributors and under them are dealers and retailers. Material movement takes place both by road and rail. Further, our Company has been licensed by Department of Fertilizer to sell our products through Rashtriya Chemicals and Fertilizers Limited (RCF) for a period of 1 year under our brand name “*MAHALAXMI*” in the states of Madhya Pradesh, Andhra Pradesh, Punjab, West Bengal, Bihar, Orissa, Uttar Pradesh, Rajasthan and Haryana. Our products are also sold in Assam, Tripura, Jharkhand, Chhattisgarh and Uttaranchal. We also have depots in Derabassi (Punjab), Panchkula (Haryana), Jalgaon (Maharashtra), Bharuch (Gujarat), Kolkata (West Bengal), Indore (Madhya Pradesh), Lucknow (Uttar Pradesh), Hyderabad (Andhra Pradesh) through which we carry on marketing activities of our products.

We also market our products through various marketing government federations like RAJFED and MARKFED.

We have a distribution channel of approximately 500 dealers, retailers and marketers.

Capacity and Capacity Utilization

For Last 3 years

For SSP and GSSP

Year	Plant Capacity (MT)		Production (MT)		Total Capacity Utilization	
	SSP	GSSP	SSP	GSSP	SSP	GSSP
2008-09	198,000	100,000	33,770	17,750	17.06 %	17.75 %
2009-10	198,000	100,000	28,717	20,350	14.50 %	20.35 %
2010-11	198,000	100,000	32,002	28,954	16.16 %	28.95 %

For next 3 years

For SSP and GSSP

Year	Plant Capacity (MT)		Production (MT)		Total Capacity Utilization	
	SSP	GSSP	SSP	GSSP	SSP	GSSP
2011-12	198,000	100,000	47,550	47,550	24.02 %	47.55
2012-13	198,000	100,000	75000	75,000	37.88 %	75.00 %
2013-14	198,000	100,000	75000	75,000	37.88 %	75.00 %

For Triple Super Phosphate (Proposed)

Year	Plant Capacity (MT)	Production (MT)	Capacity Utilization
2013-14	1,00,000	50,000	50.00 %
2014-15	1,00,000	60,000	60.00 %
2015-16	1,00,000	65,000	65.00 %

Our Properties

Our Company conducts its operations from the following properties:

Sr. No.	Details of Deed / Agreement	Nature of right granted	Particulars of the premises	Consideration	Tenure / Term	Uses
1.	Lease Deed dated December 16, 1996 between District Industrial Center ("Lessor") and our Company ("Lessee")	Lease	Area admeasuring 1.06 hectares located at Plots No. 4887 to 4891, Village Umarda, Tehsil girwa, Udaipur-313001	₹ 250 per acre for every year	99 years	Industrial
2.	Lease Deed dated July 9, 1998 between District Industrial Center ("Lessor") and our Company ("Lessee")	Lease	Area admeasuring 0.395 hectares, located at Plots No. 4892 to 4894 Village Umarda, Tehsil girwa, Udaipur-313001	₹ 250 per acre for every year	99 years	Industrial
3.	Rental Agreement dated August 11, 1998 between Bohra Pratisthan Private Limited and our Company	Rent	Area admeasuring 564.25 sq. ft. located at 301, Anand Plaza, University Road, Udaipur, Rajasthan	₹ 9,000 per month	Renewable on yearly basis	Registered Office
4.	Rental Agreement dated August 31, 2006 between Bohra Pratisthan Private Limited and our Company	Rent	Area admeasuring 225 sq. mt. located at Jamar Kotra Road, Village Umarda, Majra-Kanpur, The, Girwa, Udaipur, Rajasthan	₹ 10,000 per month	Renewable on yearly basis	Godown

Our Company has its branch offices situated at New Delhi, Kolkata, Secundarabad, Pachkula, Bharuch, Lucknow, Indore, Bhubneshwar, Jalgoan and Mohali. Our Company does not possess any documents which records the terms and conditions of our rental/leave and license/lease, etc. arrangement with such parties for its abovementioned branch offices. In the event the owners/lessors/etc. of such premises raise any objection to us occupying the premises or question our use and possession of such property, we may not be in a position to protect our rights to use and occupy such property. For associated risk factor, please refer to the section titled "Risk Factors" beginning on page 14 of this Draft Red Herring Prospectus.

Insurance Policies of our Company

Our Company has insurance coverage which we consider reasonably sufficient to cover all normal risks associated with our operations and which we believe is in accordance with the industry standards. Further, our contractual obligations also require us to obtain specific insurance policies

We have taken insurance policies with various insurance companies covering certain risks in relation to our business and our people. We have taken group personal accident and group medical insurance policies for the benefit of our people covering risks against bodily injuries. Our employees are covered by a group life insurance policy. We have also taken commercial general liability insurance to cover against risks of damage to our property, including fire damage and loss of profits.

KEY INDUSTRY REGULATIONS AND POLICIES

The following description is an overview of certain laws and regulations in India and abroad, which are relevant to our Company. Information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to Bidders and is neither designed nor intended to be a substitute for professional legal advice.

Taxation statutes such as the Income Tax Act, 1961, Central Sales Tax Act, 1956 and applicable local sales tax statutes, and other miscellaneous regulations and statutes such as labour laws apply to us as they do to any other Indian company. The statements below are based on the current provisions of laws, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. For details of government approvals obtained by us, see the chapter titled "Government and Other Approvals" beginning on page 201 of this Draft Red Herring Prospectus.

THE FERTILIZER (CONTROL) ORDER, 1985

The Government of India has passed the Fertilizer (Control) Order, 1985 ('Order') under the powers conferred to it under Section 3 of the Essential Commodities Act, 1955. As per the provisions of this Order, the Government of India has wide powers to regulate the trade in fertilizers across India. As per the Order, no person shall sell or carry on the business of selling fertilizer without obtaining prior permission of the State Government. The State Government has the power to issue license for trading in fertilizers for a period of three years, which may be renewed, suspended or cancelled at its discretion. Further, the State Government also has the power to issue a certificate of manufacture, without which no person can carry on the business of manufacture of fertilizers.

The Order also prescribes certain standards that are required to be followed during the manufacture of fertilizers. No person can manufacture, import or sell any mixture of fertilizers unless such mixture conforms to the standards laid down by the Government of India in this Order. The Government of India also has the power to regulate prices and also has the power to direct manufacturers/importers to sell fertilizers to particular States, in order to ensure fair and equitable access to farmers across India.

RAJASTHAN SALES TAX / CENTRAL SALES TAX EXEMPTION SCHEME, 1998 ('EXEMPTION SCHEME')

The Exemption Scheme was notified by the Government of Rajasthan under Section 15 of the Rajasthan Sales Tax Act, 1994 and Section 8(5) of the Central Sales Tax Act, 1956. The thrust of the Exemption Scheme is to exempt industrial units from payment of tax on intra-State sales / inter-State sales of the goods and by-products manufactured by them within the State of Rajasthan, including the waste items derived there from and the packing material used therewith, in the manner specified in this Exemption Scheme. The Exemption Scheme can be availed by new industrial units, industrial units undertaking expansion, industrial units launching diversification and sick industrial units. As per the Exemption Scheme, a new industrial unit would be eligible for 100% exemption from payment of sales tax during the first year, 90% in the second year and so on, and shall be valid for a period 11 years. An industrial unit covered under the Exemption Scheme shall be entitled to claim benefits under it, only if at least 70% of their work force are bona fide residents of Rajasthan by the third year of commencement of business. New industrial units desirous of availing exemption under the Exemption Scheme may make an application to the Member Secretary of the State/District Level Screening Committee under Form A-1.

FEMA REGULATIONS

Foreign investment in India is governed primarily by the provisions of FEMA which relates to regulation primarily by RBI and the rules, regulations and notifications thereunder, and the policy prescribed by the Department of Industrial Policy and Promotion, GoI, ("FDI Policy") and the FDI Policy issued by the DIPP (Circular 1 of 2011, with effect from April 1, 2011).

The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended ("FEMA Regulations") to

prohibit, restrict or regulate, transfer by or issue of security to a person resident outside India. As specified by the FEMA Regulations, no prior consent and approval is required from the FIPB or the RBI, for FDI under the "automatic route" within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI.

FOREIGN EXCHANGE MANAGEMENT (TRANSFER OR ISSUE OF ANY FOREIGN SECURITY) REGULATIONS, 2004

A person resident in India may purchase a foreign security out of funds held in Resident Foreign Currency (RFC) account maintained in accordance with the Foreign Exchange Management (Foreign Currency Accounts) Regulations, 2000. An Indian Company may make direct investment in a Joint Venture or Wholly Owned Subsidiary outside India provided that the total financial commitment of the Indian Company in the Joint Ventures/Wholly Owned Subsidiaries shall not exceed 400% of the net worth of the Indian Party as on the date of the last audited balance sheet. Application for direct investment in a Wholly Owned Subsidiary outside India, or by way of exchange for shares of a foreign company, shall be made in Part I of the Form ODI. Reserve Bank will allot a unique Identification Number for each Joint Venture or Wholly Owned Subsidiary outside India and the Indian Party shall quote such number in all its communications and reports to the Reserve Bank and the authorised dealer. A Joint Venture/Wholly Owned Subsidiary set up by the Indian party as per the Regulations may diversify its activities /set up step down subsidiary/ alter the shareholding pattern in the overseas entity. Provided the Indian party reports to the Reserve Bank, the details of such decisions taken by the Joint Venture/Wholly Owned Subsidiary within 30 days of the approval of those decisions by the competent authority concerned of such Joint Venture/Wholly Owned Subsidiary in terms of local laws of the host country, and, include the same in the Annual Performance Report required to be forwarded annually to the Reserve Bank.

REGULATIONS REGARDING FOREIGN INVESTMENT

Foreign investment in Indian securities is governed by the provisions of the FEMA read with the applicable FEMA Regulations. The DIPP has issued 'Circular 1 of 2011' (the "FDI Circular") which consolidates the policy framework on FDI, with effect from April 1, 2011. The FDI Circular consolidates and subsumes all the press notes, press releases, clarifications on FDI issued by DIPP till March 31, 2011. All the press notes, press releases, clarifications on FDI issued by DIPP till March 31, 2011 stand rescinded as on April 1, 2011. Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be made.

Under the approval route, prior approval of the GoI through FIPB is required. FDI for the items or activities that cannot be brought in under the automatic route may be brought in through the approval route. Where FDI is allowed on an automatic basis without the approval of the FIPB, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where FIPB approval is obtained, no approval of the RBI is required except with respect to fixing the issuance price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company.

Investment by FIIs

FIIs including institutions such as pension funds, mutual funds, investment trusts, insurance and reinsurance companies, international or multilateral organizations or their agencies, foreign governmental agencies, sovereign wealth funds, foreign central banks, asset management companies, investment managers or advisors, banks, trustees, endowment funds, university funds, foundation or charitable trusts or societies and institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under the FEMA. FIIs must also comply with the provisions of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time ("FII Regulations"). The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely, securities issued by Indian companies, to realize capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic

custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

FII's are permitted to purchase shares of an Indian company through public/private placement under:

- Regulation 5 (1) of the FEMA Regulations, subject to terms and conditions specified under Schedule 1 of the FEMA Regulations ("FDI Route").
- Regulation 5 (2) of the FEMA Regulations subject to terms and conditions specified under Schedule 2 of the FEMA Regulations ("PIS Route").

In case of investments under FDI Route, investments are made either directly to the company account, or through a foreign currency denominated account maintained by the FII with an authorised dealer, wherein Form FC-GPR is required to be filed by the company. Form FC-GPR is a filing requirement essentially for investments made by non-residents under the 'automatic route' or 'approval route' falling under Schedule 1 of the FEMA Regulations.

In case of investments under the PIS Route, investments are made through special non-resident rupee account, wherein Form LEC (FII) is required to be filed by the designated bank of the FII concerned. Form LEC (FII) is essentially a filing requirement for FII investment (both in the primary as well as the secondary market) made through the PIS Route.

Foreign investment under the FDI Route is restricted/ prohibited in sectors provided in part A and part B of Annexure A to Schedule 1 of the FEMA Regulations.

Ownership Restrictions of FIIs

The issue of securities to a single FII under the PIS Route should not exceed 10% of the issued and paid-up capital of the company. In respect of an FII investing in securities on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued and paid-up capital. The aggregate FII holding in a company cannot exceed 24% of its total paid-up capital. The said 24% limit can be increased up to 100% by passing a resolution by the board of directors followed by passing a special resolution to that effect by the shareholders of the company.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the FII Regulations, an FII may issue, deal or hold, offshore derivative instruments such as "Participatory Notes", equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed on any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or their Sub-Account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity. FIIs and their Sub-Accounts are not allowed to issue offshore derivative instruments with underlying as derivatives.

LAWS RELATING TO EMPLOYMENT

THE MINIMUM WAGES ACT, 1948

State governments may stipulate the minimum wages applicable to a particular industry. The minimum wages may consist of a basic rate of wages and a special allowance, or a basic rate of wages and the cash value of the concessions in respect of supplies of essential commodities, or an all-inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions, if any.

STATE SPECIFIC SHOPS AND COMMERCIAL ESTABLISHMENTS ACTS AS APPLICABLE

Under various state laws dealing with shops and establishments, any shop or commercial establishment has to obtain a certificate of registration from the supervising inspector and has to comply with certain rules laid down therein. These statutes and rules and regulations framed thereunder regulate the opening and closing hours of shops and

commercial establishments, daily and weekly work hours, closing dates and holidays, health and safety of persons working in shops and commercial establishments, payment of wages, maintenance of records and registers by the employers, among others.

THE PAYMENT OF GRATUITY ACT, 1972 (the “Gratuity Act”)

Under the Gratuity Act, an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement or resignation, superannuation or death or disablement due to accident or disease.

EMPLOYEES PROVIDENT FUND AND MISCELLANEOUS PROVISIONS ACT, 1952 (the “EPF Act”)

The EPF Act provides for the institution of compulsory provident fund, pension fund and deposit linked insurance funds for the benefit of employees in factories and other establishments. A liability is placed both on the employer and the employee to make certain contributions to the funds mentioned above.

PAYMENT OF BONUS ACT, 1965 (the “Bonus Act”)

Pursuant to the Bonus Act an employee in a factory or in any establishment where 20 or more persons are employed on any day during an accounting year, who has worked for at least 30 Working Days in a year is eligible to be paid a bonus.

EMPLOYEES STATE INSURANCE ACT, 1948 (the “ESI Act”)

The ESI Act provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto.

EQUAL REMUNERATION ACT, 1979 (“ER Act”)

The ER Act provides for payment of equal wages for equal work of equal nature to male or female workers and for not making discrimination against female employees in the matters of transfers, training and promotions etc.

INTER-STATE MIGRANT WORKMEN’S (REGULATION OF EMPLOYMENT AND CONDITIONS OF SERVICE) ACT, 1979

The Inter-State Migrant Workmen’s (Regulation of Employment and Conditions of Service) Act, 1979 is applicable to an establishment, which employs five or more inter-state migrant workmen through an intermediary (who has recruited workmen from one State for employment in an establishment situated in another State). The inter State migrant workmen, in an establishment to which this Act becomes applicable, are required to be provided certain facilities such as housing, medical aid, travel expenses etc.

HISTORY AND CERTAIN CORPORATE MATTERS

Our History

Mr. Amit Jain and Mr. Nirmal Nagar were appointed as the founding Directors of our Company. Thereafter, on July 15, 1998 Ms. Beena Bohra and Mr. Sunil Bhandari were appointed as the Directors of our Company. Mr. Amit Jain, one of the founding directors of our Company, resigned from the Board of our Company on August 14, 1998 to pursue other interests. Mr. Hemant Bohra joined our Company as an additional Director on December 10, 1998. The name of our Company was changed from 'Aminag Minchem Private Limited' to 'Bohra Industries Private Limited' on March 17, 1999. He was appointed as the Managing Director of our Company at the shareholders' meeting on March 20, 2001 for a period of five years and has been actively involved in running our Company's business. Mr. Hemant Bohra resigned from the post of Managing Director of our Company on April 1, 2002 as he was unable to oversee the day to day affairs of our Company, but he continued to serve on our Board. Mr. Hemant Bohra was re-appointed as the Managing Director of our Company on November 18, 2008 and has since been actively involved in Company's business and operations.

Corporate Profile

Our Company was incorporated as Aminag Minchem Private Limited on November 28, 1996 under the Companies Act, *vide* Certificate of Incorporation bearing registration No. 17-012912 of 1996-1997 issued by the Registrar of Companies, Rajasthan, Jaipur. The name of our Company was changed to Bohra Industries Private Limited pursuant to a Fresh Certificate of Incorporation Consequent on Change of Name, dated March 17, 1999, issued by the Registrar of Companies, Rajasthan, Jaipur. Our Company was converted into a public limited company pursuant to a Fresh Certificate of Incorporation Consequent on Change of Name, dated March 22, 1999 and the present name of our Company was adopted, that is, Bohra Industries Limited. Our Company's CIN is U24117RJ1996PLC012912.

Changes in the Registered Office of our Company

Effective date	Address	Reason for Change
-	32-C, Adarsh Nagar, University Road, Udaipur 313 001, Rajasthan, India	Registered office at the time of Incorporation
August 11, 1998	301, Anand Plaza, University Road, Udaipur – 313 001, Rajasthan, India.	Administrative convenience

Main Object of our Company

The main object of our Company, as contained in our Memorandum of Association, is as set forth below:

- “To carry on in India or elsewhere the business to manufacture, process, produce, formulate, mix, disinfect, clean, wash, dilute, concentrate, compound, segregate, pack, repack, add, remove, heat grade, freeze, fermentate, reduce, improve, buy, sell, resell, import, export, barter, transport, store, forward, distribute, dispose, develop, handle, manipulate, market, procure, supply, treat, work and to act as agent, broker, representative consultants, collaborators, stockists, liaisoner, job workers, or otherwise to deal in all kinds of fertilizers and chemicals whether nitrogenous, phosphatic, potash or otherwise such as single super phosphate, triple super phosphate, phosphate rock, sodium silica flouride, lime rock phosphate, urea, sulphur, gypsum, silicon flouride, vanadium pentoxide, oleum, sulphuric acid, zinc sulphate, silicon dioxide, phosphoric acid, nitric acid, hydrochloric acid, soda ash, caustic soda, chlorine based chemicals, diammonium phosphate, monoammonium phosphate, calcium chloride and other organic salts, by products, derivatives, compounds, residues, waste, whether straight, complex or mixed and whether granulated or otherwise and to do all incidental acts and things as may be necessary for the attainment of above object.*
- To carry on the business of manufacture, imports, exports, distributors, dealers, and agents in agro chemical products, fertilizers and insecticides, pesticides chemical manure including nitrogenous, phosphoric, potassium like urca, ammonium sulphate, ammonium nitro phosphate and other nitrogen allied chemicals, super phosphates, single, double, triple and allied phosphoric manures, potassium manures and granulated*

manures, mixtures of N.P.K different composition and of different proportions of N.P.K, di-ammonium phosphates, muriate of potash, dolomite gypsum, organic manure, leather meat, bonemeat, hoofs and horns, meat bone, grist, sterilised animal meat, potassium chloride, crystals, sodium nitrate, fertilizers, mixture of calcium nitrate and ammonium nitrate (and) mixture of calcium nitrate and magnesium nitrate and also in all types of liquid and vegetable fertilizers.

3. *To carry on the business of manufacturing, refining and preparing all classes and kinds of fertilizers and all classes and kinds of chemicals including petro chemicals and plastics and industrial and other preparations arising from or required in the manufacture of any kind of fertilizers and chemicals and to carry on any operation or processes of mixing, granulating different chemicals or fertilizers.*
4. *To manufacture acids, alkalies, corrosive, anti- corrosive substances, non corrosive substances, all kinds of chemicals and petro chemicals as elements and intermediates moderators or in mixture or compound forms.*
5. *To buy, sell, import, export, treat in and deal in any kind of chemicals, petro chemicals and plastics, fertilizers or other things which the company is authorized to manufacture and any raw materials required for the manufacturing of any chemicals or fertilizers or other things which this company is authorized to manufacture.*
6. *To carry of the business of buyers, sellers, dealers, stockist, merchants and distributors of urea and fertilizers like, ammonium sulphate, nitrate (double salt), ammonium nitrate, calcium ammonium nitrate (Nitrate Stone), ammonium chloride, super phosphate, urea and other types of fertilizers of synthetics or natural origin containing nitrogen, phosphorus or other compounds, soda as, pesticides, D.D.T seeds, processed seeds, concentrate for cattle or poultry feed and to manufacture various inorganic and organic compounds by all possible methods now prevalent or as they may be devised in future.*
7. *To carry on in India or abroad the business of establishing, commissioning, setting up, operating and maintaining electric power transmission systems/networks, waste –heat recovery plant, captive power plant, power systems, generating stations based on conventional/ non-conventional resources for captive consumption and or for evacuation, transmission, distribution, trading or supply of power through establishing or using stations, tie-lines, sub-stations and transmission or distribution lines in any manner including build, own and transfer (BOT), and/or build, own and operate (BOO) and/or build, own, lease and transfer (BOLT) and/or build, own, operate and transfer (BOOT) basis or otherwise ,and to acquire in any manner power transmission systems/networks, power systems, generation stations, tie-lines, sub-stations and transmission or distribution systems from State Electricity Boards, Vidyut Boards, Power Utilities, Generating Companies, Transmission Companies, Distribution Companies, Central or State Government Undertakings, Licensees, other local authorities or statutory bodies, other captive or independent power producers and distributors and to do all the ancillary , related or connected activities as may be considered necessary or beneficial or desirable for or along with any or all of the aforesaid purposes which can be conveniently carried on these systems, networks or platforms.*
8. *To carry on or undertake or to be interested or engaged in any of the business whether in India or outside India, either solely or in partnership with other companies, corporation, or individual or firm or any other association of persons as manufacturers, miners, exporters, importers, buyers, sellers, agents, service organisations and dealers in iron ores, ferrous ores, chromium ores, copper, sponge iron, aluminium notch bar, lime, dolomite, felspar, graphite, electrodes and nipples, petroleum coke, rock phosphahte ,gypsum aluminium wire, fuel-oil, nickle, tungsten, refractories, coal, manganese, magnesite, clay, fire clay, oxygen/acetylene gas, waste-heat recovery plant, captive power plant, air pollution control equipment, ferrous substance and metal of every description and grade and all products, intermediates and by-products consequent to or obtained in the process of manufacture of above articles, and to carry on any other business (manufacture or otherwise) which may seem to the company capable of being conveniently carried on in connection with the above or either calculated directly or indirectly to enhance the value, if any, of the company's properties and rights for the time being.*

The main objects as contained in our Memorandum of Association enable us to carry on the business that is being presently carried out and the objects for which the funds are being raised through this Initial Public Offering

Amendments to our Memorandum of Association since incorporation

EGM/ AGM	Date of shareholder's resolution	Nature of Amendment
EGM	March 15, 1999	<i>Change in Capital Clause</i> The Authorised Share Capital of our Company was increased from ₹ 10,00,000 consisting of 1,00,000 Equity shares of ₹ 10 each to ₹ 1,00,00,000 consisting of 10,00,000 Equity shares of ₹ 10 each.
EGM	March 15, 1999	<i>Change of Name</i> Name of our Company was changed from Aminag Minchem Private Limited to Bohra Industries Private Limited
EGM	March 21, 1999	<i>Change of Name</i> Name of our Company was changed from Bohra Industries Private Limited to Bohra Industries Limited
EGM	February 1, 2000	<i>Change in Capital Clause</i> The Authorised Share Capital of our Company was increased from ₹ 1,00,00,000 consisting of 10,00,000 Equity shares of ₹ 10 each to ₹ 2,00,00,000 consisting of 20,00,000 Equity shares of ₹ 10 each
EGM	August 31, 2000	<i>Change in Capital Clause</i> The Authorised Share Capital of our Company was increased from ₹ 2,00,00,000 consisting of 20,00,000 Equity shares of ₹ 10 each to ₹ 2,50,00,000 consisting of 25,00,000 Equity shares of ₹ 10 each.
EGM	February 20, 2002	<i>Change in Capital Clause</i> The Authorised Share Capital of our Company was increased from ₹ 2,50,00,000 consisting of 25,00,000 Equity shares of ₹ 10 each to ₹ 4,00,00,000 consisting of 40,00,000 Equity shares of ₹ 10 each.
EGM	February 2, 2004	<i>Change in Capital Clause</i> The Authorised Share Capital of our Company was increased from ₹ 4,00,00,000 consisting of 40,00,000 Equity shares of ₹ 10 each to ₹ 5,00,00,000 consisting of 50,00,000 Equity shares of ₹ 10 each.
EGM	October 6, 2008	<i>Change in Capital Clause</i> The Authorised Share Capital of our Company was increased from ₹ 5,00,00,000 consisting of 50,00,000 Equity shares of ₹ 10 each to ₹ 7,50,00,000 consisting of 75,00,000 Equity shares of ₹ 10 each.
EGM	September 25, 2010	<i>Change in Capital Clause</i> The Authorised Share Capital of our Company was increased from ₹ 7,50,00,000 consisting of 75,00,000 Equity shares of ₹ 10 each to ₹ 10,00,00,000 consisting of 1,00,00,000 Equity shares of ₹ 10 each.
EGM	December 15, 2010	<i>Change in Capital Clause</i> The Authorised Share Capital of our Company was increased from ₹ 10,00,00,000 consisting of 1,00,00,000 Equity shares of ₹ 10 each to ₹ 20,00,00,000 consisting of 2,00,00,000 Equity shares of ₹ 10 each
EGM	December 15, 2010	<i>Change in Main Objects Clause</i> The main object of our Company was amended by adding clauses A (1) to (8).

Major Events

Year	Key events, milestones and achievements
1996	Our Company was incorporated as “Aminag Minchem Private Limited” on November 28, 1996, and registered <i>vide</i> registration number 17– 012912 of 1996 – 97 with the Registrar of Companies, Rajasthan, Jaipur, under the Companies Act.

1999	Name of our Company was changed from Aminag Minchem Private Limited to Bohra Industries Private Limited
1999	Our Company was converted into a public limited company under the Companies Act and the name of our Company was changed to ' <i>Bohra Industries Private Limited</i> ' pursuant to a fresh certificate of incorporation consequent on change of name dated March 22, 1999 issued by the Assistant Registrar of Companies, Rajasthan, Jaipur.
2000	Installed capacity of 1,98,000 TPA (tons per annum) of SSP and 1,00,000 TPA of GSSP
2010	The main object of our Company was amended by adding clauses A (1) to (8).

For details on the description of our Company's activities, products, technology, capacity utilization and exports, please refer to chapters titled "*Industry Overview*", "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" and "*Basis for Issue Price*" beginning on pages 84, 171 and 72 respectively of this Draft Red Herring Prospectus

Raising of capital in the form of equity or debt

Other than as disclosed in "*Capital Structure*" and "*Financial Indebtedness*" beginning on page 50 and 180 respectively of this Draft Red Herring Prospectus, our Company has not issued any capital in the form of equity or debt.

Revaluation of assets

Our Company has not re-valued its assets since incorporation.

Changes in the activities of our Company during the preceding five years

There has been no change in the activities of our Company during the preceding five years.

Injunctions or restraining orders

Our Company is not operating under any injunction or restraining order.

Members

As on the date of this Draft Red Herring Prospectus our Company has nine members / shareholders.

Agreements

We are not a party to nor have we entered into any other material contract not being a contract:

- a. Entered into in the normal course of business carried on, or intended to be carried on, by our company; or
- b. Entered into more than two years before the date of this Draft Red Herring Prospectus.

Strategic partners

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

Financial partners

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

Our subsidiaries

As on the date of this Draft Red Herring Prospectus, our Company does not have any subsidiaries.

OUR MANAGEMENT

Under our Articles, our Company is required to have not less than three directors and not more than twelve directors. Our Company currently has five Directors on its Board. Our Managing Director is an executive Director and in compliance with the requirement of clause 49 of the Listing Agreement, our Company has one Whole-time Director and three independent Directors.

Our Board

Sr. No	Name, Designation, Residential Address, Nationality, Occupation and DIN	Age	Date of Appointment as Director and Term of appointment	Details of other directorships / partnership / trusteeship / proprietorship / HUF
1.	Mr. Hemant Bohra <i>Designation:</i> Managing Director <i>Residential Address:</i> 220, Ashok Nagar, Udaipur 313 001, Rajasthan, India <i>Nationality:</i> Indian <i>Occupation:</i> Business <i>DIN:</i> 01128799	53	<i>Date of appointment:</i> Appointed as an Additional Director on December 10, 1998 and thereafter confirmed as Director in the Annual General Meeting held on September 30, 1999 <i>Term of appointment:</i> November 18, 2008 to November 17, 2013	HUF: Hemant Kumar Bohra (HUF)
2.	Mr. Sunil Bhandari <i>Designation:</i> Whole-time Director <i>Residential Address:</i> 82, Madhuban, Udaipur – 313 001, Rajasthan, India <i>Nationality:</i> Indian <i>Occupation:</i> Professional <i>DIN:</i> 01028404	49	<i>Date of appointment:</i> Appointed as an Additional Director on June 28, 2000 and thereafter confirmed as a Whole-time Director in the Annual General Meeting held on September 29, 2000 <i>Term of appointment:</i> October 01, 2010 to September 30, 2015	Nil
3.	Mr. Satyanarayan Maheshwari <i>Designation:</i> Independent Director <i>Residential Address:</i> 457, Ambamata Yojna, Udaipur – 313 001, Rajasthan, India <i>Nationality:</i> Indian <i>Occupation:</i> Professional <i>DIN:</i> 01123713	55	<i>Date of appointment:</i> Appointed as an Additional Director on September 01, 2008 and thereafter confirmed as an Independent Director in the Annual General Meeting held on September 24, 2009 <i>Term of appointment:</i> Liable to retire by rotation	1.Sai Darshan Nirman Private Limited

Sr. No	Name, Designation, Residential Address, Nationality, Occupation and DIN	Age	Date of Appointment as Director and Term of appointment	Details of other directorships / partnership / trusteeship / proprietorship / HUF
4.	Mr. Deepak Babel <i>Designation:</i> Independent Director <i>Residential Address:</i> C/o Alankar 2, Bombay Annex Building, Sector - 17, Vashi, Navi Mumbai - 400 703, Maharashtra, India <i>Nationality:</i> Indian <i>Occupation:</i> Professional <i>DIN:</i> 03320024	35	<i>Date of appointment:</i> Appointed as an Additional Director on October 01, 2010 and thereafter confirmed as an Independent Director in the Extra Ordinary General Meeting held on December 15, 2010 <i>Term of appointment:</i> Liable to retire by rotation	Nil
5.	Mr. Chandra Prakash Agrawal <i>Designation:</i> Independent Director <i>Residential Address:</i> 511 - Panchratna Complex, Bedla Road, Udaipur - 313 001, Rajasthan, India <i>Nationality:</i> Indian <i>Occupation:</i> service <i>DIN:</i> 01433245	55	<i>Date of appointment:</i> Appointed as an Additional Director on October 01, 2010 and thereafter confirmed as an Independent Director in the Extra ordinary General Meeting held on December 15, 2010 <i>Term of appointment:</i> Liable to retire by rotation	Nil

Brief Biographies of our Directors

Mr. Hemant Bohra, Managing Director

Mr. Hemant Bohra, aged 53 years, is the Managing Director of our Company. He has been on the Board of Directors of our Company since December 10, 1998 . He holds a Bachelor's degree in Commerce from Mohanlal Sukhadia University, Udaipur and brings with him more than 30 years of experience in the field of manufacturing, trading, import and export of chemicals, plastics and fertilizers. Prior to joining our Company as a Director, he was involved in the manufacture and sale of agrifilms through a partnership firm in the name and style of M/s Bohra Pratisthan. Mr. Bohra spearheads the entire operations of our Company and is the guiding force behind all the corporate decisions, subject to directions of the Board of Directors along with the team of experienced and qualified professionals from various disciplines.

Mr. Bohra was appointed as the President of the Rajasthan SSP Manufacturer's Association for a term of five years commencing July 4, 2008. Since March 2, 2007, Mr. Bohra has been the Vice President of the Fertiliser Mixture Manufacturers Association of India; a Patron of the Vigyan Samiti, Udaipur since March 20, 2006; as well as a Trustee of the Vidya Bandu Foundation and Member of the Board of Maharana Pratap Agricultural University, Udaipur since October 22, 2009.

Mr. Sunil Bhandari, Whole-time Director

Mr. Sunil Bhandari, aged 49 years, is the Whole-time Director of our Company since October 01, 2010. He has been

on the Board of our Company since June 28, 2000 . He holds a Bachelor's Degree in Mechanical Engineering from Manipal Institute of Technology, Manipal, Karnataka. He started his career in 1985 with J K Tyre Limited as a Production Executive Trainee for a period of one year. He then founded Plastech Industries, a proprietorship concern in 1986, which he ran till 1995. He then became the Chief Executive Officer of our Group Company, Bohra Pratisthan Private Limited for a period of five years, from 1995 till 2000, where he was responsible for launching and commissioning of internet services in Udaipur, which was a first of its kind in Rajasthan and he was also instrumental in setting up the first international call centre in Udaipur. He is responsible for looking after the marketing operations of our Company.

Mr. Satyanarayan Maheshwari, Independent Director

Mr. Satyanarayana Maheshwari, aged 55 years, is an Independent Director of our Company since September 01, 2008. Mr. Maheshwari is a Bachelor in Commerce from Mohanlal Sukhadia University, Udaipur. In addition he also holds a degree in L.L.B. from Indore University with specialisation in Taxation laws. He is a qualified Chartered Accountant from ICAI, a Company Secretary from ICSI and has completed his Post Graduate Diploma conducted by the ICAI in Management Accountancy. He is also a Doctor in Philosophy from the Mohanlal Sukhadia, University, Udaipur. Mr. Maheshwari started his career in 1980 as an accounts officer at Tata Exports Limited where he worked for 3 years. He worked as a General Manager with the Blow Plast Group in Rajasthan for a period of five years. He worked with JK Industries Limited for a brief period before joining the Polar group as a general manager (finance & CS), where he worked till 1996. Subsequently, Mr. Maheshwari joined M/s. Maheshwari and Gupta, a chartered accountancy firm as a partner and in 2005 he joined M/s. Punjaawat, Pokhrana and Hiran, a chartered accountancy firm as a senior partner. Our Company has not paid Mr. Maheshwari any fees for the financial year 2010 – 2011.

Mr. Deepak Babel, Independent Director

Mr. Deepak Babel, aged 35 years, is an Independent Director of our Company since October 01, 2010. He is a qualified Chartered Accountant from the Institute of Chartered Accountants of India and an associate member of the Institute of Chartered Accountants of India and has completed his Bachelor's degree in Science (Mathematics). Mr. Babel started his career in our Company in December 1999 and he worked with us till 2002. He thereafter joined Laxmi Organic Industries Limited in 2004 and continued working there till January, 2007. He joined Pantaloon's Retail (India) Limited and continued working there till February 2009. Mr. Babel is presently practicing as a Chartered Accountant. Our Company has not paid Mr. Babel any fees for the financial year 2010 – 2011.

Mr. Chandra Prakash Agrawal, Independent Director

Mr. Chandra Prakash Agrawal, aged 55 years, is an Independent Director of our Company since October 01, 2010. He holds a Bachelor's Degree in Commerce and a Masters Degree in Commerce from the University of Udaipur. He is also a Doctor of Philosophy from the Mohanlal Sukhadia, University, Udaipur. Mr. Agrawal started his career in 1988 as an Associate Professor in Business Administration at the Rajasthan Vidyapeeth University, Udaipur, Rajasthan, where he was involved in teaching under-graduates and graduates. He has also served the university in various capacities such as the Course Director of Post Graduate Diploma in Marketing and Sales Management and has also guided several students in their Ph.D thesis and dissertations. Mr. Agrawal is a member of Indians Society of Training and Development as well as a member of the Indian Commerce Association. Our Company has not paid Mr. Agrawal any fees for the financial year 2010 – 2011.

Directorships in Suspended / Delisted Companies

None of our Directors are/were directors in listed companies whose shares have been/were suspended from being traded on the Bombay Stock Exchange or the National Stock Exchange in the preceding five years. None of our Directors are/were directors in listed companies which have been/were delisted from the stock exchanges in India.

Other Declarations

- (i) *Mr. Sunil Bhandari who is the Whole - time director of our Company is the brother in law of Mr. Hemant Bohra, Managing Director.*

- (ii) *As on the date of this Draft Red Herring Prospectus, there is no arrangement or understanding with major, customers, suppliers or others, pursuant to which any of our Director was selected as a director or a member of our senior management.*
- (iii) *As on the date of this Draft Red Herring Prospectus, there are no service contracts entered into by and between our Directors and our Company whereby benefits would be provided upon termination of employment.*
- (iv) *As on the date of this Draft Red Herring Prospectus, none of our Directors currently are or have been in the past, Directors in listed companies, trading in whose shares was suspended; and / or which have been / were desisted from the stock exchanges*

Borrowing powers of our Board of Directors

Our Articles of Association, subject to Sections 58A, 292 and 293 of the Companies Act, authorize our Board, to raise or borrow or secure the payment of any sum or sums of money for the purposes of conducting the business of our Company. Pursuant to a resolution passed at the Extra ordinary General Meeting held on December 15, 2010, our shareholders have authorized our Board to borrow monies (apart from temporary loans obtained from banks in the ordinary course of business) up to a limit not exceeding ₹ 10,000 Lakhs.

For further details of the provisions of our Articles of Association regarding borrowing powers of our Board, please refer to the chapter titled “*Main Provisions of our Articles of Association*” beginning on page 259 of this Draft Red Herring Prospectus.

Remuneration/Compensation of our Directors

Managing Director

Mr. Hemant Bohra, is the Managing Director of our Company and was appointed as the Managing Director of our Company pursuant to Board Resolution dated November 18, 2008 and resolution of the shareholders passed at the Annual General Meeting dated September 24, 2009. Our Company has entered into an agreement dated November 17, 2010 with Mr. Hemant Bohra for the abovementioned appointment. Following are the significant terms of his employment:

Particulars		Remuneration
Salary		₹ 1,20,500 per month
Allowances	(i)	Children’s Education Allowance: ₹ 5,000 per month
	(ii)	Transport Allowance: ₹ 15,000 per month
	(iii)	Special Allowance: ₹ 9,500 per month
Perquisites as included in the gross salary	(i)	Gratuity not exceeding half month's salary for each completed year of service.
	(ii)	Contribution to the Provident Fund, Super annuation Fund or annuity Funds will not be included in the computation of the ceiling on perquisites to the extent these either or put together are not taxable under the Income Tax Act, 1961.
	(iii)	Encashment of leave as per the rules of the Company.
	(iv)	Company car with driver and telecommunication facilities for official use.
	(v)	Leave encashment of un-availed leave as per the rules of the Company.
		(iv) Such remuneration by way of commission, in addition to the salary,

incentive remuneration, if any, and benefits, perquisites and allowances payable, calculated with reference to the net profits of the company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of the financial year, subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act. The specific amounts payable to Mr. Bohra will be based on certain performance criteria to be laid down by the Board and will be payable annually after the annual accounts have been approved by the Board of Directors and adopted by the Members.

Mr. Sunil Bhandari, Whole-time Director

Mr. Sunil Bhandari was originally appointed as an Additional Director on June 28, 2000 and thereafter confirmed as a Whole-time Director in the Annual General Meeting held on September 29, 2000. He has been currently appointed as a Whole-time Director of our Company *vide* agreement dated December 16, 2010, pursuant to a Board Resolution dated October 1, 2010 and the Shareholders approval in the EGM held on December 15, 2010 for a period of 5 years with effect from October 1, 2010.

Following are the significant terms of his employment:

Particulars	Remuneration
Salary	₹ 17,300 per month
Allowances	(i) House Rent Allowance: ₹ 5,000 per month (ii) Transportation Allowance: ₹ 800 per month (iii) Children Education Allowance: ₹ 500 per month (iv) Special Allowance: ₹ 21,400 per month
Perquisites as included in the gross salary	(i) Gratuity not exceeding half month's salary for each completed year of service. (ii) Contribution to the Provident Fund, Super annuation Fund or annuity Funds will not be included in the computation of the ceiling on perquisites to the extent these either or put together are not taxable under the Income Tax Act, 1961. (iii) Encashment of leave as per the rules of the Company. (iv) Company car with driver and telecommunication facilities for official use. (v) Leave encashment of un-availed leave as per the rules of the Company.

Independent Directors

Sitting fees of ₹ 2,500 and ₹ 1,500 payable to our Independent Directors for attending Board and Committee Meetings respectively, as approved *vide* Board resolution dated May 30, 2011.

Benefits Paid

The details of all the cash benefits paid, whether in nature of remuneration or allowances or perquisites or otherwise, to all the Directors in the last financial year ending March 31, 2011 are as under:

Particulars	₹ in Lakhs
Mr. Hemant Bohra	18.00
Mr. Sunil Bhandari	5.47

Shareholding of our Directors

As per the Articles of Association of our Company, our Directors are not required to hold any Equity Shares of our Company. Save and except as below, our Directors do not hold any Equity Shares of our Company as on the date of this Draft Red Herring Prospectus:

Sr. No.	Name of the Directors	Number of Equity Shares	% of Pre Issue Paid-up Capital
1.	Mr. Hemant Bohra	70,45,897	78.37
	TOTAL	70,45,897	78.37

Interest of Directors

Except for Mr. Hemant Bohra, who is a Promoter-Director, none of our Directors are interested in the promotion of our Company.

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of remuneration payable to them for their services as Whole-time Director of our Company and reimbursement of expenses as well as to the extent of commission and other remuneration, if any, payable to them under our Articles of Association. Some of the Directors may be deemed to be interested to the extent of consideration received/paid or any loan or advances provided to any body corporate including companies and firms, and trusts, in which they are interested as directors, members, partners or trustees.

All our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in our Company, or that may be subscribed for and allotted to our non-promoter Directors, out of the present Issue and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

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

Our Directors may also be regarded interested to the extent of dividend payable to them and other distributions in respect of the Equity Shares, if any, held by them or by the companies / firms / ventures promoted by them or that may be subscribed by or allotted to them and the companies, firms, in which they are interested as Directors, members, partners and Promoter, pursuant to this Issue.

Our Directors do not have any interest in any property acquired by our Company in a period of two years before the date of this Draft Red Herring Prospectus or proposed to be acquired by us as on the date of this Draft Red Herring Prospectus. For further details, please refer to paragraph titled “*Our Property*” in the chapter titled “*Our Business*” beginning on page 102 of this Draft Red Herring Prospectus.

Further, save and except as stated otherwise under the paragraph titled “*Shareholding of our Directors*” in this chapter; in “*Annexure IX - Related Party Transactions*” in the chapter titled “*Financial Statements*” beginning on page 147 of this Draft Red Herring Prospectus and under the paragraphs titled “*Interest of Promoter in our Company*” and “*Common Pursuits*” in the chapter titled “*Our Promoter, Promoter Group and Group Companies*” beginning on page 139 of this Draft Red Herring Prospectus, our Directors do not have any other interests in our Company as on the date of this Draft Red Herring Prospectus.

Our Directors are not interested in the appointment of or acting as Underwriters, Registrar and Bankers to the Issue or any such intermediaries registered with SEBI.

Changes in our Board of Directors during the last three years

Save and except as mentioned below, there has been no change in our Board of Directors during the last three years:

Sr. No.	Name and Designation	Date of		Reasons
		Appointment	Resignation	
1.	Mr. Hemant Bohra <i>Managing Director</i>	November 18, 2008	–	Appointment
2.	Mr. Sunil Bhandari <i>Whole-time Director</i>	October 01, 2010	–	Appointment
3.	Mr. Chandra Prakash Agrawal <i>Director</i>	–	May 1, 2009	Resignation
4.	Mr. Satyanarayan Maheshwari <i>Independent Director</i>	September 24, 2009	–	Appointment
5.	Mr. Deepak Babel <i>Independent Director</i>	October 01, 2010	–	Appointment
6.	Mr. Chandra Prakash Agrawal <i>Independent Director</i>	October 01, 2010	–	Appointment

Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance and SEBI Regulations in respect of corporate governance will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchanges. Our Company has complied with the corporate governance code in accordance with Clause 49 of such Listing Agreement, particularly, in relation to appointment of Independent Directors to our Board and constitution of the Audit Committee and the Remuneration Committee. Our Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

Our Company currently has five Directors on its Board. Our Managing Director is an executive Director and in compliance with the requirement of clause 49 of the Listing Agreement, our Company has one Whole-time Director and three independent Directors.

Committees of the Board

Our Company has constituted an Audit Committee and a Shareholders, Share Transfers and Investors' Grievance Committee to meet the requirements of corporate governance as stipulated in terms of the Clause 49 of the Listing Agreement. To enable efficient functioning with regards to the activities being carried out by our Company as well as activities relating to this Issue we have constituted a Remuneration Committee and an IPO Committee.

a. Audit Committee

The Audit Committee was constituted by our Directors at their Board meeting held on October 1, 2010 pursuant to section 292(A) of the Companies Act, 1956.

The Audit Committee consists of the following members:

Sr. No.	Name	Designation in the Committee	Nature of Directorship
1.	Mr. Satyanarayan Maheshawari	Chairman	Independent Director
2.	Mr. Chandra Prakash Agrarwal	Member	Independent Director
3.	Mr. Deepak Babel	Member	Independent Director

Our Company Secretary, Ms. Priyanka Jain shall be the secretary to the Committee.

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

Powers of the Audit Committee

1. 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,
2. To investigate any activity within its terms of reference,
3. To seek information from any employee,
4. To obtain outside legal or other professional advice,
5. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of Audit Committee

The scope of the Audit Committee shall include but shall not be restricted to the following:

1. Oversight of our Company's financial reporting processes and the disclosure of its financial information to ensure that the financial statement is 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 the statutory auditor for any other services rendered by the statutory auditor;
4. Appointment, removal and terms of remuneration of internal auditor;
5. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in the accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions; and
 - g. Qualifications in the draft audit report.
6. Reviewing, with the management, the quarterly financial statements before submission to the Board of Directors for their approval;
7. 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 the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
8. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
9. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
10. Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors;
11. Discussion with internal auditors on any significant findings and follow up there on;

12. 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;
13. Discussion with 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;
14. To look into the reasons for substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
15. To review the functioning of the Whistle Blower mechanism, when the same is adopted by our Company and is existing;
16. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate; and
17. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee or as may be statutorily required to be carried out by the Audit Committee.

Review of information by Audit Committee

The Audit Committee shall mandatorily review the following information:

1. Management's discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. 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 recorded in 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 our Company to provide clarifications on matters relating to the audit.

Meeting of the 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 Directors present.

b. Shareholders' Grievance Committee:

For redressing the Shareholders/ Investors complaints, the Company has constituted a Shareholders' Grievance Committee *vide* resolution dated October 1, 2010 as per the requirements of the Clause 49 of the Listing Agreement. The present Committee consists of the following members:

Sr. No.	Name	Designation in the Committee	Nature of Directorship
1.	Mr. Deepak Babel	Chairman	Independent Director
2.	Mr. Chandra Prakash Agrawal	Member	Independent Director
3.	Mr. Satyanarayan Maheshwari	Member	Independent Director

Our Company Secretary Ms. Priyanka Jain shall be the secretary to the Committee.

This committee will address all grievances of Shareholders / Investors in compliance of the provisions of clause 49 of the Listing agreements with the Stock Exchanges and its terms of reference include the following:

1. Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
2. 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;
3. 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;
4. Allotment and listing of shares;
5. Review of cases for refusal of transfer / transmission of shares and debentures;
6. Reference to statutory and regulatory authorities regarding investor grievances;
7. Ensure proper and timely attendance and redressal of investor queries and grievances; and
8. To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.

c. Remuneration Committee

The Remuneration Committee was constituted pursuant to the Board meeting held on October 1, 2010 as per the requirements of Clause 49 of the Listing Agreement. The Remuneration Committee is responsible for the reviewing, assessing and recommending the appointment, terms of appointment and re-appointment including remuneration etc of Executive and/or Non-Executive Directors and senior employees. The present Remuneration Committee consists of the following members:

Sr. No.	Name	Designation in the Committee	Nature of Directorship
1.	Mr. Chandra Prakash Agrawal	Chairman	Independent Director
2.	Mr. Deepak Babel	Member	Independent Director
3.	Mr. Satyanarayan Maheshwari	Member	Independent Director

Our Company Secretary Ms. Priyanka Jain shall be the secretary to the Committee.

The scope of Remuneration Committee shall include but shall not be restricted to the following:

1. to ensure that our Company has formal and transparent procedures for the selection and appointment of new directors to the board and succession plans;
2. to develop and implement a plan for identifying and assessing competencies of directors;
3. to identify individuals who are qualified to become board members, taking into account a variety of factors, including, but not limited to:
 - the range of skills currently represented on the board;
 - the skills, expertise, experience (including commercial and/or industry experience) and particular qualities that make individuals suitable to be a director of our Company; and/or
 - the individual's understanding of technical, accounting, finance and legal matters;
4. to make recommendations for the appointment and removal of directors;
5. ensure that our Company has in place a programme for the effective induction of new directors;
6. to review, on an ongoing basis, the structure of the board, its committees and their inter relationship;
7. To recommend to the Board, the remuneration packages of our 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.);

8. To be authorised at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, our 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;
9. To implement, supervise and administer any share or stock option scheme of our Company
10. To attend to any other responsibility as may be entrusted by the Board within the terms of reference.

Meeting of the Remuneration Committee

The Committee is required to meet at least once a year.

d. IPO Committee

An IPO Committee was constituted *vide* Board Resolution dated January 8, 2011, to assist the Audit Committee in overseeing; and assisting them in monitoring the amounts raised through this Issue. They shall further apprise the Audit Committee of funds received, utilized, pending for project implementation etc. for the information of the Stock Exchanges and Investors and shall keep the information updated through our Company's website. The composition of the IPO Committee is as follows:

Sr. No.	Name	Designation in the Committee	Nature of Directorship
1.	Mr. Hemant Bohra	Chairman	Managing Director
2.	Mr. Sunil Bhandari	Member	Whole-time Director
3.	Mr. Deepak Babel	Member	Independent Director

The terms of reference of the IPO Committee of our Company includes:

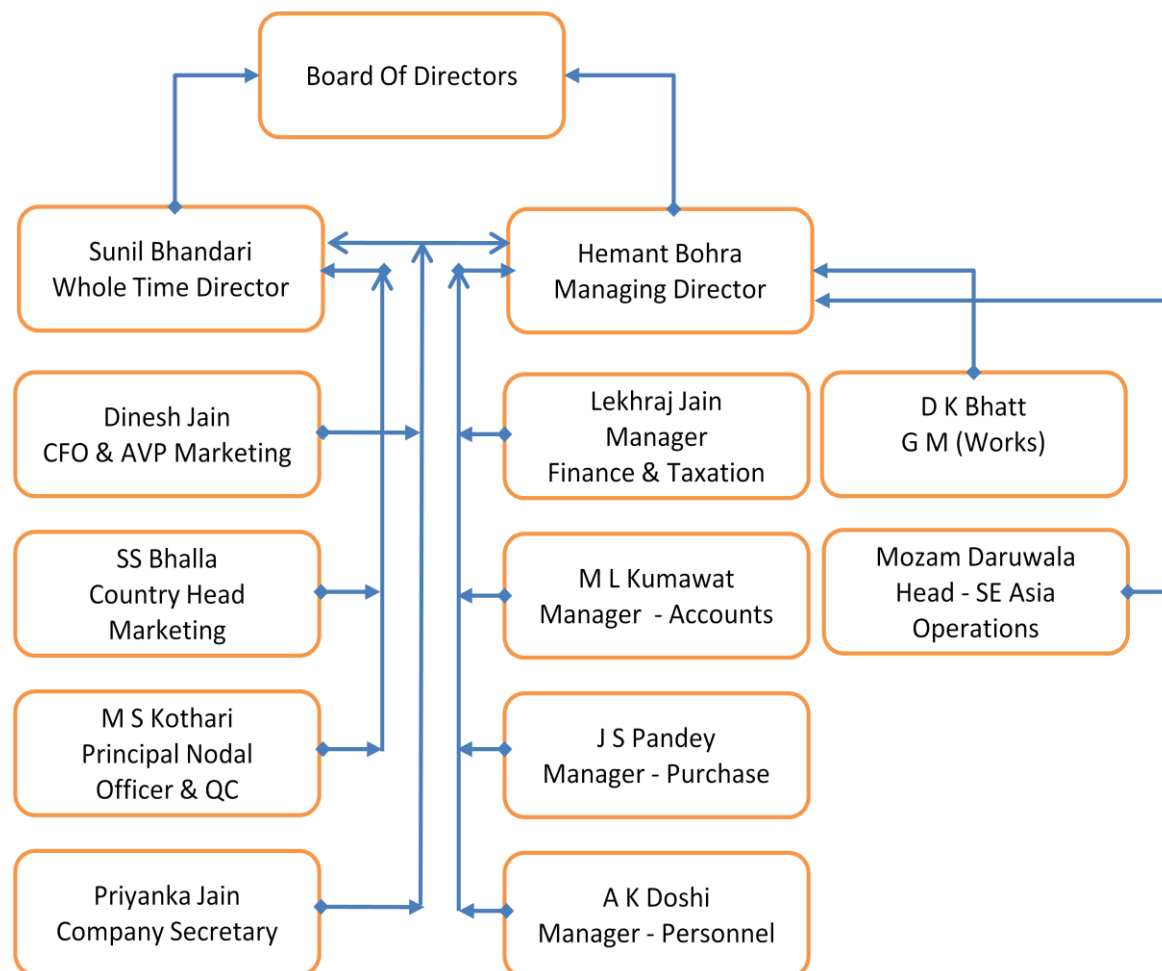
1. to decide the actual size of the Issue, including any offer for sale by promoter/shareholders and/or any reservations on a firm or competitive basis as may be permitted, timing, pricing and all the terms and conditions of the Issue of the shares, including the price, and to accept any amendments, modifications, variations or alterations thereto;
2. to appoint and enter into arrangements with book running lead manager(s), co-managers to the Issue, Underwriters to the Issue, Syndicate Members to the Issue, advisors to the Issue, Stabilizing Agent, Brokers to the Issue, Escrow Collection Bankers to the Issue, Registrars, legal advisors in relation to the Issue, advertising and/or promotion or public relations agencies and any other agencies, intermediaries or persons;
3. to finalize, settle, to execute and deliver or arrange the delivery of the offering documents (this Draft Red Herring Prospectus, the Red Herring Prospectus, Final Prospectus - including the international wrap and final international wrap, if required, for marketing the Issue in jurisdictions outside India), memorandum of understanding with the book running lead manager(s), memorandum of understanding with the registrar, syndicate agreement, underwriting agreement, escrow agreement, stabilization agreement and all other documents, deeds, agreements and instruments as may be required or desirable in connection with the Issue of shares or the Issue by our Company;
4. to open one or more separate current account(s) with a scheduled bank to receive applications along with application monies in respect of the Issue or any other account with any name and style as required during or after the process of the forthcoming Initial Public Offering (IPO) of our Company in such name and style as may be decided;
5. to open one or more bank account of our Company for the handling of refunds for the Issue;
6. to approve/issue all notices, including any advertisement(s) in such newspapers as it may deem fit and proper about the future prospects of our Company and the proposed issue conforming to the guidelines/ regulations issued by SEBI and such other applicable authorities;

7. to make any applications to RBI, FIPB and such other authorities, as may be required, for the purpose of Issue of shares by our Company to non-resident investors including but not limited to NRIs, FIIs, FVCI's and other non-residents;
8. to take necessary actions and steps for obtaining relevant approvals, consents from FIPB, SEBI, Stock Exchanges, RBI and such other authorities as may be necessary in relation to the IPO;
9. to make applications for listing of the equity shares of our Company on one or more stock exchange(s) and to execute and to deliver or arrange the delivery of the listing agreement(s) or equivalent documentation to the concerned stock exchange(s);
10. to finalise the basis of allocation in consultation with the BRLM and the designated stock exchange and to allot the shares to the successful Allottees;
11. to enter the names of the Allottees in the Register of Members of our Company;
12. to settle any question, difficulty or doubt that may arise in connection with the IPO including the issue and allotment of the Equity Shares attached thereto, as aforesaid and to do all such acts, deeds and things as the Board may in its absolute discretion consider necessary, proper, desirable or appropriate for settling such question, difficulty or doubt;
13. to do all acts and deeds, and execute all documents, agreements, forms, certificates, undertakings, letters and instruments as may be necessary for the purpose of or in connection with the Issue;
14. to authorise and approve the incurring of expenditure and payment of fees in connection with the initial public offer of our Company;
15. to approve and adopt the preliminary offering memorandum, and offering memorandum, and any other offering document for the public issue as required under Section 60, Section 60B and other relevant provisions of the Companies Act, 1956 and to file the same with the Registrar of Companies ("ROC") and SEBI, as the case may be, and to make any corrections or alterations therein;
16. to affix the common seal of our Company on all documents as may be required by law, in relation to the Issue, and in terms of the articles of association of our Company;
17. to do all such acts, deeds and things as may be required to dematerialise the equity shares of our Company and to sign agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) limited and such other agencies, authorities or bodies as may be required in this connection; and
18. to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, or otherwise in relation to the Issue or any matter incidental or ancillary in relation to the Issue, including without limitation, allocation and allotment of the shares as permissible in law, issue of share certificates in accordance with the relevant rules.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

Our Company undertakes to comply with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992 after listing of our Company's shares on the Stock Exchanges. Our Company Secretary Ms. Priyanka Jain is responsible for setting forth policies, procedures, monitoring and adhering to the rules for the prevention of dissemination of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

Organization Structure



Our Key Managerial Personnel

Our Company is managed by its Board of Directors, assisted by qualified professionals, who are permanent employees of our Company having experience in their respective fields, including but not limited to finance, compliance and marketing.

As on the date of this Draft Red Herring Prospectus, there is no arrangement or understanding with major, customers, suppliers or others, pursuant to which any of our Key Managerial Personnel was selected as a director or a member of our senior management. Further, The Key Management Personnel mentioned below are not related parties as per the Accounting Standard 18.

Mr. Dinesh Jain – Chief Financial Officer and Assistant Vice President – Marketing

Mr. Dinesh Jain, aged 43 years, is our Chief Financial Officer and Assistant Vice President – Marketing. He has completed his Bachelor's degree in Science from Mohanlal Sukhadia University, Udaipur and has completed his intermediate level examination from the Institute of Cost and Works Accountants of India. Mr. Jain started his career with Modern Denim Limited, Ahmedabad where he worked for five years as a Budget Officer. He thereafter joined West India Gas Products Limited as a Commercial Officer. Prior to joining our Company, he worked with Shurveer Colour Chem. Private Limited where he was responsible for Production, Sales, Commercial and other

matters. Having joined our Company on June 5, 2000, he is responsible for looking after the overall marketing and finance activities of our Company. The remuneration paid to him for the financial year 2010 – 2011 was ₹ 4,87,500 inclusive of perquisites and other benefits.

Mr. S. S. Bhalla – Country Head – Marketing

Mr. S. S. Bhalla, aged 65 years, is our County Head – Marketing. He has completed his Bachelor's degree in Science (Agricultural Engineering and Technology) from the Punjab Agricultural University and has also completed his Masters in Engineering from the Asian Institute of Technology, Bangkok, Thailand. He has an aggregate experience of over thirty seven years in the field of Marketing. He started his career in March, 1982 with Punjab Tractors, Mohali as a Senior Marketing Officer. Thereafter, he has worked with various companies such as Rama Phosphate Limited between September, 2000 and March, 2004 where he was the Vice President of Marketing. Prior to joining our Company in 2009 he was working with Indian Phosphate Limited as the President of Marketing. Having joined our Company on January, 14, 2009, he is the marketing in-charge for our pan India operations. The remuneration paid to him for the financial year 2010 – 2011, was ₹ 3,67,500 inclusive of perquisites and other benefits.

Mr. Mozam Daruwalla – Head – South East Asia Operations

Mr. Mozam Daruwalla, aged 49 years, is heading our operations in South East Asia. He has completed his Bachelor's degree in Commerce from the University of Mumbai and has also completed a diploma in COBOL Programming from Datamatics Corporation, Mumbai. He has an experience of twenty six (26) years in the fields of General Administration, Finance, Marketing and Financial Report. He started his career in April 1990 with Reliance Industries Limited where he worked as a Regional Sales Manager. Since then he has worked with various Indian and multinational companies such as Nulec Industries (NIG) Limited, Lagos, Nigeria (Project Manager) – (Marketing Manager - Fabrics), Tolaram Group (Marketing Manager - Fabrics), SM Energy Teknik Limited (Manager Sales – Textile Machinery); Roffe Group of companies, Mumbai. Prior to joining our Company, he was working as the Managing Director of Godrej Vietnam Company Limited and Binh Duong, Vietnam. Having joined our Company on October, 26, 2009 he is responsible for looking after and setting up our Company operations. The remuneration paid to him for the financial year 2010 – 2011, was ₹ 1,56,512 inclusive of perquisites and other benefits.

Mr. Lekhraj Jain – Manager – Finance and Taxation

Mr. Lekhraj Jain, aged 54 years, is our Manager – Finance and Taxation and is the Compliance Officer of the Issue. He has completed his Bachelor's degree in Commerce from University of Udaipur. He has an experience of over twenty six (26) years in the field of finance and taxation. He started his career in 1981 as a Tax consultant with a leading firm in Udaipur till 1984. He later on worked with Dharmasi Morarji Chemicals Co. Limited between 1984 and 2001 as a Senior Accountant responsible for overseeing Assessment of TDS, Sales Tax matters, costing, budgeting, etc. Having joined our Company on August 24, 2001, he is responsible for overseeing the finance and tax related activities of our Company. The remuneration paid to him for the financial year 2010 – 2011 was ₹ 2,36,220 inclusive of perquisites and other benefits.

Mr. Mangilal Kumawat – Manager – Accounts

Mr. Mangilal Kumawat, aged 46 years, is our Manager - Accounts. He has completed his Bachelor's degree in Commerce from University of Rajasthan. He has also completed his Masters in Commerce from the MLSU University, where he was the recipient of the gold medal. He has an experience of over twenty two years in the field of Finance and Taxation. Prior to his association with our Company, he worked with our Group Company, Bohra Agrifilms Private Limited (*erstwhile* partnership M/s Bohra Pratisthan) as a Manager - Accounts between 1988 and 2007. Having joined our Company on January 01, 2008, he has been responsible for the finance department of our Company. The remuneration paid to him for the financial year 2010 – 2011 was ₹ 2,47,500 inclusive of perquisites and other benefits.

Mr. J. S. Pandey – Manager – Purchase and Stores

Mr. J. S. Pandey, aged 57 years, is our Manager – Purchase and Stores. He has completed his intermediate level from SRK Inter College, Firozabad. He has an experience of over thirty three years in the field of Inventory Management. Prior to his association with our Company he has worked with Raghav Industries, Shruti Synthetics Limited and Jupiter Catering Co-operative Society Limited, in charge of stores and purchases. Having joined our Company on December 20, 2004, he is in-charge of the purchase and stores department at our plant. The remuneration paid to him for the financial year 2010 – 2011 was ₹ 1,40,220 inclusive of perquisites and other benefits.

Mr. A. K. Doshi – Manager – Personnel

Mr. A. K. Doshi, aged 60 years, is our Manager – Personnel. He has completed his Bachelor's degree in Arts from University of Udaipur and has also completed his Master's degree in Arts from University of Udaipur. He started his career with Hindustan Zinc Limited and worked there for over 35 years in various capacities such as Deputy Manager (Vigilance), Deputy Manager (Security & Intelligence). Having joined our Company on March 1, 2003, he has been made responsible for administration of our human resources. The remuneration paid to him for the financial year 2010 – 2011 was ₹ 2,05,500 inclusive of perquisites and other benefits.

Mr. Mahendra Singh Kothari – Principal Nodal Officer – Quality Control

Mr. M. S. Kothari, aged 55 years, is our Principal Nodal Officer – Quality Control. He has completed his Bachelor's degree in Science (Chemistry) from the University of Rajasthan. He has a vast experience of over twenty (20) years in the field of Quality Management. He started his career with Liberty Phosphate Limited in 1983 where he worked as a senior chemist till 2000. Having joined our Company on July 1, 2000, he has been made responsible for overseeing the quality control of our products and manufacturing process. The remuneration paid to him for the financial year 2010 – 2011 was ₹ 1,80,996 inclusive of perquisites and other benefits.

Mr. Devendra Kumar Bhatt – General Manager – Works

Mr. Devendra Kumar Bhatt, aged 62 years, is our General Manager – Works. He has completed his Bachelor's degree in Science (Chemistry) from the University of Rajasthan and also holds a Bachelor's degree in Engineering from India Institute of Chemical Engineering. He has a vast experience of over thirty (30) years in the Chemical and fertiliser sectors. He started his career in 1969 with DCM Shriram Consolidated Limited where he worked as a Technical Assistant. He has subsequently worked with various companies such as Pyrites Phosphates & Chemicals Limited, where he worked from 1986 till 2003 in various capacities from Manager to Executive Director. He joined Noon Consultants (Private) Limited as a management consultant for a period three years. He then joined Sutlej Textiles & Industries Limited in 2006 as a consultant and worked there till 2011. Having joined our Company on June 16, 2011 he is in charge of execution of projects. As Mr. Bhatt was appointed in financial year 2011 – 2012, no remuneration was paid to her by our Company in financial year 2010 – 2011.

Ms. Priyanka Jain, Company Secretary

Ms. Priyanka Jain, aged 24 years, is our Company Secretary. She has completed her Bachelor's degree in Commerce from Mohanlal Sukhadia University, Udaipur and she is also a qualified Company Secretary from Institute of Company Secretaries of India. She is responsible for looking after the secretarial work of our Company. She joined our Company on May 30, 2011. As Ms. Jain was appointed in financial year 2011 – 2012, no remuneration was paid to her by our Company in financial year 2010 – 2011.

Relation of Key Management Personnel and Directors

None of the Key Managerial Personnel are related to each other or to our Directors.

Shareholding of our Key Managerial Personnel

As on the date of this Draft Red Herring Prospectus, none of our Key Managerial Personnel hold any shares in our

Company.

Bonus and/or Profit Sharing Plan for the Key Managerial Personnel

Our Company does not have any bonus or profit-sharing plan for its Key Managerial Personnel save and except the bonus paid including under the Payment of Bonus Act to our Key Managerial Personnel.

Except as stated otherwise in this Draft Red Herring Prospectus, no amount or benefit has been paid or given within the two preceding years or are intended to be given to any of our Key Managerial Personnel except the normal remuneration for services rendered as directors, officers or employees.

Contingent and Deferred Compensation

No contingent or deferred compensation has accrued in favour of our Key Managerial Personnel.

Loans given to our Key Managerial Personnel

Our Company has not advanced any loans to our Key Managerial Personnel.

Changes in our Key Managerial Personnel during the past three years

Sr. No.	Name	Designation	Date of		Remarks
			Appointment	Resignation	
1.	Mr. Devendra K. Thakur	Assistant General Manager (Works)	July 18, 2008	February 01, 2010	Resignation
2.	Mr. Shantilal Gandhi	Deputy General Manager (Works)	December 21, 2009	June 1, 2011	Appointment and Resignation
3.	Mr. Mozam Daruwalla	Head South East Asia	October 26, 2009	–	Appointment
4.	Ms. Chandani Saruparia	Company Secretary	November 30, 2010	May 30, 2011	Appointment & Resignation
5.	Ms. Priyanka Jain	Company Secretary	May 30, 2011	-	Appointment
6.	Mr. Devendra Kumar Bhatt	General Manager – Works	June 16, 2011	–	Appointment

Interest of Key Managerial Personnel

Apart from above, all our Key Managerial Personnel may be deemed to be interested to the extent of the remuneration and other benefits in accordance with their terms of employment for services rendered and reimbursement of expenses incurred by them during the ordinary course of business as officers or employees to our Company. Furthermore, no amount or benefit has been paid or given during the preceding year to any of our key managerial personnel.

Employees

For details of the Employees/ Manpower of our Company, please refer to the paragraph titled “Manpower” beginning on page 109 under Chapter “Business Overview” beginning on page 102 of this Draft Red Herring Prospectus.

Employees Stock Option Scheme

Our Company does not have any Employee Stock Option Scheme in place as on the date of this Draft Red Herring Prospectus.

Payment of Benefits to Officers of our Company (non-salary related)

Except as stated above and the payment of salaries, perquisites and reimbursement of expenses incurred in the ordinary course of business, and the transactions as enumerated in the chapter titled “*Financial Statements*” and the chapter titled “*Our Business*” beginning on pages 147 and 102 respectively of this Draft Red Herring Prospectus, we have not paid / given any amount or benefit to the officers of our Company, within the two preceding years nor do we intend to make such payment/give such benefit to any officer as on the date of this Draft Red Herring Prospectus.

Retirement Benefits


Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company.

OUR PROMOTER, PROMOTER GROUP AND GROUP COMPANIES

Our Promoter

Our Company is promoted by Mr. Hemant Bohra.

Details of our Promoter are as under:

	Mr. Hemant Bohra		
	<i>Managing Director</i>		
	Mr. Bohra currently resides at 220, Ashok Nagar, Udaipur 313 001, Rajasthan, India		
	Voter Identification number	RJ/18/142/216507	
	Driving license number	RJ-27/DLC/06/93835	

For detailed profile and other details please refer to the chapter titled “*Our Management*” beginning on page 122 of this Draft Red Herring Prospectus.

We confirm that the personal details of our Promoter viz., Permanent Account Numbers, bank account numbers and passport numbers have been submitted to BSE and NSE on which our securities are proposed to be listed, at the time of filing this Draft Red Herring Prospectus with such Stock Exchanges.

Declaration

We further confirm that, our Promoter has not been declared as a 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.

Relationship of Promoter with our Directors

Our Promoter, Mr. Hemant Bohra is related to Mr. Sunil Bhandari, the Whole - time director of our Company, as Mr. Bhandari is the brother in law of Mr. Bohra.

Experience of our Promoter in the business of our Company

Our Promoter has an experience of over thirty years in our current line of business. Our Promoter is further assisted by a team of qualified professionals who assist in managing the operations of our Company.

Interest of our Promoter

Our Promoter is interested:

- (i) in the promotion of our Company as also to the extent of his shareholding in our Company.
- (ii) to the extent of shares held by his relatives from time to time, for which they are entitled to receive dividend declared, if any, by our Company.
- (iii) to the extent of benefits accruing to him, being a director in our Company.
- (iv) to the extent of remuneration and/or reimbursement of expenses payable to him under the Articles/his terms of appointment.

As on the date of this Draft Red Herring Prospectus our Promoter, Mr. Hemant Bohra holds 70,45,897 Equity Shares of our Company. For further details please refer to the Chapter titled “*Capital Structure*” beginning on page 50 of this Draft Red Herring Prospectus.

Except as stated hereinabove and as stated in “*Annexure IX - Related Party Transactions*”, in the chapter titled “*Financial Statements*” beginning on page 147 of this Draft Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years, from the date of this Draft Red Herring Prospectus, in which the Promoter is directly or indirectly interested; and no payments have been made to him in respect of these contracts, agreements or arrangements.

Further, except as stated above and as stated otherwise under the paragraph titled “*Shareholding of our Directors*” in the chapter titled “*Our Management*” beginning on page 122; in “*Annexure IX - Related Party Transactions*” in the chapter titled “*Financial Statements*” beginning on page 147, and under the paragraph titled “*Interest of Directors*” in the chapter titled “*Our Management*” beginning on page 122 paragraph titled “*Our Properties*” in the chapter titled “*Our Business*” beginning on page 102 of this Draft Red Herring Prospectus, our Promoter does not have any other interests in our Company as on the date of this Draft Red Herring Prospectus.

Other Confirmations

Our Company has neither made any payments in cash or otherwise to the Promoter or to firms or companies or entities in which our Promoter is interested as a member, director or promoter nor has our Promoter been offered any inducements to become a director or otherwise to become interested in any firm or company, in connection with the promotion or formation of our Company. No interest has been charged by our Company and the members of the Group Companies.

Our Promoter and Promoter Group, including the relatives of our Promoter have confirmed that they have not been detained as willful defaulters by the RBI or any other governmental authority. Further, there are no violations of securities laws committed by our Promoter and Promoter Group in the past or are pending against them.

Details of Companies / Entities/ Firms from which our Promoter has disassociated themselves in last 3 (three) years

Our Promoter has not disassociated himself from any of the companies, firms, or other entities during the last three years preceding the date of this Draft Red Herring Prospectus.

OUR PROMOTER GROUP

In terms of Regulation 2(1)(zb) of the SEBI ICDR Regulations, the following persons form a part of our Promoter Group.

Individuals related to our Promoter:

Relationship	Mr. Hemant Bohra
Father	Late Mr. Onkar Bohra
Mother	Ms. Jatan Bohra
Spouse	Ms. Beena Bohra
Brother	Mr. Sharad Bohra
	Mr. Praful Bohra
	Mr. Ashok Bohra
	Mr. Basant Bohra
Sister	Ms. Asha Bohra
Son	-
Daughter	Ms. Aditi Bohra
Spouse's Father	Late Mr. R. M. Bhandari
Spouse's Mother	Ms. Chandrakanta Bhandari

Spouse's Brother	Mr. Sunil Bhandari
	Mr. Sanjay Bhandari
	Mr. Anil Bhandari
Spouse's Sister	-

Companies, partnership firms, proprietary concerns, trusts, HUF's related to our Individual Promoter:

Nature of Relationship	Entity
Any body corporate in which 10% or more of the equity share capital is held by the Promoter or an immediate relative of the promoter or a firm or Hindu Undivided Family in which the Promoter or any one or more of his immediate relative is a member	<ol style="list-style-type: none"> 1. Bohra Pratisthan Private Limited 2. Bohra Agrifilms Private Limited 3. Hemant Kumar Bohra HUF 4. Phytochem Remedies (India) Private Limited
Any body corporate in which a body corporate as mentioned above holds 10% or more, of the equity share capital	<ol style="list-style-type: none"> 1. Bakiwala Finance Company Private Limited 2. Phytochem Remedies (India) Private Limited
Any HUF or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than 10%	NIL

All persons whose shareholding is aggregated for the purpose of disclosing under the heading "shareholding of the promoter group"

NIL

OUR GROUP COMPANIES

As specified in the SEBI ICDR Regulations, the companies, firms and other ventures, promoted by our Promoter, other than our Promoter Company, which form part of our Group Companies are as follows:

1. Bohra Pratisthan Private Limited

Bohra Pratisthan Private Limited ("BPPL") was incorporated on August 31, 1992 *vide* Certification of Incorporation bearing registration number 17-06928 of 1992 – 93, issued by the Registrar of Companies, Rajasthan, Jaipur. The CIN of BPPL is U25201RJ1992PTC006928.

As per its memorandum of association, BPPL is authorised to and is currently carrying on the business of an internet service provider. BPPL was earlier involved in stock broking activity as a sub-broker registered with SEBI bearing registration numbers, BSE – INS012674532 and NSE – INS232625736 and entered into an agreement dated July 31, 2006 with HSBC Invest Direct Securities (India) Limited to act as its subbroker. However, BPPL terminated the agreement with HSBC Invest Direct Securities (India) Limited with effect from November 20, 2010 with the intention of discontinuing securities related business, and thereafter has initiated the process of cancellation of its registration as a sub-broker with SEBI. However, as on date of this Draft Red Herring Prospectus, BPPL has not received any confirmation from SEBI regarding the cancellation of its status as a sub-broker.

Registered Office

336 B, Anand Plaza, University Road, Udaipur – 313 001, Rajasthan, India

Board of Directors

As on date of this DRHP, BPPL has two directors, as detailed herein below:

Name	Designation
Ms. Beena Bohra	Director

Mr. Niranjana Surana	Director
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Shareholding Pattern

The shareholding pattern of BPPL as on date of this DRHP is as follows:

Sr. No.	Name of the Shareholders	Number of Shares	Percentage of Share Capital (%)
1.	Ms. Beena Bohra	17,81,237	52.13
2.	Mr. Hemant Bohra	8,20,155	24.00
3.	Bakiwala Finance Company Private Limited	8,15,509	23.87
4.	Mr. Sharad Bohra	11	Negligible
Total		34,16,912	100.00

Interest of our Promoter

Our Promoter is deemed to be interested to the extent of his and his relatives' shareholding in BPPL.

Audited Financial Performance

The summary of audited financial results of BPPL for the Fiscal 2011, 2010 and 2009 are as under:

(₹ in Lakhs)

Particulars	For the financial year ended March 31,		
	2011	2010	2009
Authorised capital	350.00	350.00	350.00
Equity capital	341.69	341.69	341.69
Reserves and Surplus	46.70	46.68	52.84
Misc, Expenditure to the extent not written off	-	-	-
Sales	230.77	55.63	92.00
Profit/ (loss) after tax	0.02	(6.16)	4.49
Earnings per Share (₹)	Negligible	-	0.13
Net Asset Value Per Share (₹) ⁽¹⁾	11.36	11.36	11.54

(1) Face value of each equity share is ₹10

We confirm that:

1. The equity shares of BPPL are not listed on any stock exchange
2. BPPL has not made any public or rights issue in the preceding three (3) years.
3. BPPL is not a sick company as defined under the Sick Industrial Companies (Special Provisions) Act, 1985 and is not under liquidation.
4. No winding up application has been made in respect of BPPL.

2. Bohra Agrifilms Private Limited

Bohra Agrifilms Private Limited ("BAPL") was incorporated on March 31, 1999 vide Certification of Incorporation bearing registration number 17-015518 of 1998 – 99, issued by the Registrar of Companies, Rajasthan, Jaipur. The CIN is U25201RJ1999PTC015518

As per its memorandum of association, BAPL is authorised to and is currently carrying on the business of manufacturing heavy-duty chemical resistance wide width film Tuffthene.

Registered Office

331-332, B Block, Anand Plaza, Udaipur – 313 001, Rajasthan, India

Board of Directors

As on date of this DRHP, BAPL has two directors, as detailed herein below:

Name	Designation
Ms. Beena Bohra	Director
Mr. Niranjan Surana	Director

Shareholding Pattern

The shareholding pattern of BAPL as on date of this DRHP is as follows:

Sr. No.	Name of the Shareholders	Number of Shares	Percentage of Share Capital (%)
1	Ms. Beena Bohra	8,59,000	53.69
3	Mr. Hemant Bohra	4,06,000	25.38
2	Bakiwala Finance Company Private Limited	2,95,000	18.44
4	Mr. Sharad Bohra	39,900	2.49
5	M/s. Hind Processors	50	Negligible
6	Choudhary Avas Avam Vitta Private Limited	50	Negligible
Total		16,00,000	100.00

Interest of our Promoter

Our Promoter is deemed to be interested to the extent of his and his relatives' shareholding in BAPL.

Audited Financial Performance

The summary of audited financial results of BAPL for the Fiscal 2011, 2010 and 2009 are as under:

Particulars	(₹ in Lakhs)		
	For the period ended March 31,		
	2011	2010	2009
Authorised capital	160.00	160.00	160.00
Equity capital	160.00	160.00	160.00
Reserves and Surplus	190.27	84.77	61.67
Misc, Expenditure to the extent not written off	-	-	-
Sales	387.17	362.53	198.53
Profit/ (loss) after tax	22.64	23.10	13.85
Earnings per Share (₹)	1.42	1.44	0.87
Net Asset Value Per Share (₹) ⁽¹⁾	21.89	15.30	13.85

(1) Face value of each equity share is ₹10

We confirm that:

1. The equity shares of BAPL are not listed on any stock exchange
2. BAPL has not made any public or rights issue in the preceding three (3) years.
3. BAPL is not a sick company as defined under the Sick Industrial Companies (Special Provisions) Act, 1985 and is not under liquidation.
4. No winding up application has been made in respect of BAPL.

3. Hemant Kumar Bohra (HUF)

Hemant Kumar Bohra (HUF) was formed on April 1, 2004. The HUF consists of Mr. Hemant Bohra as the Karta and Ms. Beena Bohra and Ms. Aditi Bohra as the co-parceners. The PAN is AADHH2123J.

As on date of this Draft Red Herring Prospectus, Hemant Kumar Bohra (HUF) is not carrying on any activity and its income during the financial year 2010-11 was nil, and as such it is not liable for audit.

Defunct / Struck-off Companies

None of our Promoter or Promoter Group or Group Companies has become defunct in the five years preceding the filing of this Draft Red Herring Prospectus.

Sales between our Company and Group Companies

There have been no sales and purchases between our Company and our Group Companies, when such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our Company except as disclosed in “Annexure IX - Related Party Transactions” under chapter titled “Financial Statements” beginning on page 147 of this Draft Red Herring Prospectus.

Interests of our Promoter and Group Companies

Our Promoter and Group Companies are interested to the extent of their shareholding of Equity Shares from time to time, and in case of our Promoter, also to the extent of shares held by his relatives from time to time, for which they are entitled to receive the dividend declared, if any, by our Company. Our Promoter may also benefit from holding directorship in our Company. Our Promoter may also be deemed to be interested to the extent of remuneration and/or reimbursement of expenses payable to them under the Articles/ terms of appointment. As on the date of this Draft Red Herring Prospectus, our Promoter holds 78.37% Equity Shares of our Company.

Except as stated hereinabove and as stated in “Annexure IX - Related Party Transactions” under chapter titled “Financial Statements” beginning on pages 147 of this Draft Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Red Herring Prospectus in which our Promoter is directly or indirectly interested and no payments have been made to him in respect of these contracts, agreements or arrangements which are proposed to be made to them.

Further, except as stated above and as stated otherwise under the paragraph titled “Shareholding of our Directors” in the chapter titled “Our Management” beginning on page 122 of this Draft Red Herring Prospectus; in “Annexure IX - Related Party Transactions” under chapter titled “Financial Statements” beginning on pages 147 of this Draft Red Herring Prospectus, and under the paragraph titled “Interest of Directors” in the chapter titled “Our Management” beginning on page 122, paragraph titled “Our Properties” in the chapter titled “Our Business” beginning on page 102, our Promoter does not have any other interests in our Company as on the date of this Draft Red Herring Prospectus.

Further, except as disclosed above and in the audited restated financial statements of our Company under “Annexure IX - Related Party Transactions” under chapter titled “Financial Statements” beginning on page 147 of this Draft Red Herring Prospectus, our Group Companies and associates have no business interest in our Company.

Related Party Transactions

For details pertaining to our Related Party Transactions please refer to “Annexure IX - Related Party Transactions” under the chapter titled “Financial Statements” beginning on page 147 of this Draft Red Herring Prospectus.

Payment or Benefit to our Promoter, Promoter Group and Group Companies

No payment has been made or benefit given to our Promoter, Promoter Group or Group Companies in the two years preceding the date of this Draft Red Herring Prospectus except as mentioned / referred to in this chapter and in the chapter titled “Our Management” and in the chapter titled ‘Financial Statements’ beginning on pages 122 and 147

respectively, of this Draft Red Herring Prospectus. Further, as on the date of this Draft Red Herring Prospectus, there is no bonus or profit sharing plan for our Promoter.

Common Pursuits

There are no common pursuits between our Company and our Group Companies as on the date of filing this Draft Red Herring Prospectus.

We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, if at all and as and when they may arise.

Except as stated in this section, neither our Promoter nor our Directors are involved with one or more ventures which are in the same line of activity or business as that of our Company.

Litigation

For details relating to legal proceedings involving our Promoter and our Group Companies, please refer to the chapter titled “*Outstanding Litigation and Material Developments*” beginning on page 184 of this Draft Red Herring Prospectus.

DIVIDEND POLICY

For the past five fiscal years our Company has not declared any dividend.

The declaration and payment of dividends will be recommended by our Board and approved by our shareholders, at their discretion and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The Board may also from time to time pay interim dividends. All dividend payments are made in cash/cheque/demand draft to the shareholders of our Company.

SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

AUDITOR'S REPORT

To

The Board of Directors
Bohra Industries Limited
301, Anand Plaza
University Road
Udaipur

Sub: Proposed Initial Public Offer (“IPO”) of Bohra Industries Limited

Sirs,

A.

- a) We have examined and found correct the attached financial information of BOHRA INDUSTRIES LIMITED (“the Company”) for the Financial Years ended March 31, 2011, March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007 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.
- 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. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009 (“the Regulation”) issued by the Securities and Exchange Board of India (‘SEBI’) and amendments made thereto from time to time in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992; and
 - iii. The Guidance Note on Reports in Company Prospectus and Guidance Note on Audit Reports / Certificates on Financial Information in Offer Documents issued by the Institute of Chartered Accountants of India and
 - iv. The terms of our engagement agreed with you in accordance with our letter dated July 19, 2011 in connection with the Initial Public Offer of Equity shares by the Company.

We report that the restated Assets and Liabilities of the Company as at March 31, 2011, 2010, 2009, 2008, 2007 are as set out in (***Annexure I***) to this report after making such adjustments/ restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts (***Annexure III***) and Notes of Adjustments in Restated Financial Statements appearing as (***Annexure IV***) to this report.

We report that the Restated Profit and Loss Statement of the company for the Financial Years ended on March 31, 2011, 2010, 2009, 2008, 2007 are as set out in (***Annexure II***) to this report. These profits/losses 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 and Notes to Accounts (***Annexure III***) and Notes of Adjustments in Restated Financial Statements appearing as (***Annexure IV***) to this report.

These statements have been prepared by the Company and approved by its Board of Directors (collectively referred to as the “**Restated Financial Statements**”). These statements have been extracted from the audited financial statements of the Company for the respective years.

Audit of the financial statements for the financial year ended March 31, 2011, 2010, 2009, 2008 has been conducted by M/s. Agrawal Gupta & Maheshwari, Chartered Accountants, Udaipur, India (“**Statutory Auditors**”) and for the financial year ended March 31, 2007 by M/s Arvind Agrawal, Chartered Accountants, Udaipur.

Further, financial statements for the financial year March 31, 2011 have been re-audited by us as required under the SEBI ICDR Regulations. This report, in so far as it relates to the amounts included for the financial years ended March 31, 2010, 2009, 2008 and 2007 is based on the audited financial statements of the Company which were audited by the Statutory Auditors and whose Auditors’ report has been relied upon by us for the said periods.

- The Restated Financial Statements of the Company as included in this report as at and for the financial years ended March 31 2011, 2010, 2009, 2008 and 2007 are based on the audited financial statements of the Company which were audited by the Statutory Auditors of the Company and whose Auditors’ report has been relied upon by us for the said years and for the financial year ended March 31, 2011 examined by us as set out in Annexure I, and II of this report are after making such adjustments and regrouping as in our opinion were appropriate.
- Based on the above and also as per the reliance placed by us on the audited financial statements of the Company which were audited by Statutory Auditors and the Auditors’ report for the years ended March 31, 2010, 2009, 2008 and 2007, we are of the opinion that the Restated Financial Statements have been made after incorporating:
 1. Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.
 2. Adjustments for the material amounts in the respective financial years to which they relate.

B. We have examined the following regrouped/ rearranged financial information relating to the Company, proposed to be included in this Draft Red Herring Prospectus, as approved by the Board of Directors of the Company and attached to this report:

- i. Notes of Adjustments in Restated Financial Statements (*Annexure IV*)
- ii. Details of changes in Significant Accounting Policies (*Annexure V*)
- iii. Statement of Secured Loans taken by the company (*Annexure VI*)
- iv. Statement of Sundry Debtors including the related party debtors (*Annexure VII*)
- v. Statement of Investments (*Annexure VIII*)
- vi. Statement of Related Party Transactions (*Annexure IX*)
- vii. Summary of Accounting Ratios (*Annexure X*)
- viii. Statement of Capitalization (*Annexure XI*)
- ix. Statement of Unsecured loans taken including loans taken from related parties (*Annexure XII*)
- x. Statement of Tax Shelter (*Annexure XIII*)
- xi. Statement of Loans & Advances (*Annexure XIV*)
- xii. Statement of Cash Flows (*Annexure XV*)
- xiii. Statement of Other Income (*Annexure XVI*)
- xiv. Statement of Contingent Liabilities (*Annexure XVII*)
- xv. Details of qualification appearing in the audit reports (*Annexure XVIII*)

C. The Company has not declared any dividends till date.

D.

- a) In our opinion the financial information of the Company as stated in Para A and B above read with Significant Accounting Policies and Notes to Accounts enclosed in (*Annexure III*) to this report, after making adjustments/ restatement and regroupings as considered appropriate and subject to certain matters as stated in Notes of Adjustments in Restated Financial Statements (*Annexure IV*), 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 Bohra Industries Limited, we hereby confirm that Statements of Assets and Liabilities and Profit and Loss or any other financial information have been incorporated in the offer documents after making the following adjustments, wherever quantification is possible:

1. The profits have been arrived at after charging all expenses including depreciation and after making such adjustments and regroupings as in our opinion are appropriate in the year/ period to which they relate;
 2. Material amounts relating to previous years have been identified and adjusted in the restated financial information in the respective financial years to which they relate;
 3. Where there has been a change in Accounting Policy, the Profits or losses of the earlier year 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. There are no extra ordinary items that need to be disclosed separately in the Restated Summary statement.
 5. There are no revaluation reserves that require deduction from Fixed Assets, reserve and net worth in the Restated Summary Statement.
- b) This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed Initial 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 Dhakar & Associates
Chartered Accountants
Firm Registration No. 007268C
Peer Review Certificate No. 005388 dt. 09-06-2011

(Nirmal Dhakar)
Proprietor
Membership No. 072847
Place: Udaipur
Date : September 10, 2011

Annexure I

STATEMENT OF ASSETS & LIABILITIES, AS RESTATED

(₹ in Lakhs)

Particulars	For the Year ended March 31				
	2011	2010	2009	2008	2007
FIXED ASSETS					
Gross Block	1,369.99	1,369.11	1,366.94	1,232.91	1,232.49
Less: Depreciation	437.58	383.27	327.80	272.83	223.52
NET BLOCK	932.41	985.85	1,039.14	960.08	1,008.97
Capital Work in progress	344.15	62.23	0.00	126.67	8.76
NET FIXED ASSETS (A)	1,276.56	1,048.08	1,039.14	1,086.76	1,017.73
INVESTMENTS (B)	0.66	0.61	0.57	0.53	0.64
Current Assets, Loans & Advances					
Inventories	2,049.83	1,848.51	1,753.10	967.46	954.11
Sundry Debtors	2,171.87	1,446.41	2,042.34	1,056.49	1,060.09
Cash & Bank Balance	132.87	102.74	51.55	36.07	34.91
Loans & Advances	314.64	341.83	399.52	346.50	127.87
TOTAL (C)	4,669.20	3,739.49	4,246.50	2,406.52	2,176.99
Liabilities & Provisions					
Secured Loans	3,542.26	3,304.76	2,782.48	2,390.91	2,123.15
Unsecured Loans	0.00	152.20	69.70	179.03	101.00
Deferred Tax Liability	47.59	41.40	53.25	72.67	77.32
Current Liabilities	562.79	468.04	1,757.54	322.24	241.02
Provisions Others	18.38	15.91	12.87	10.21	8.95
Provisions for taxes	153.04	1.75	0.20	0.47	3.09
TOTAL (D)	4,324.05	3,984.06	4,676.02	2,975.52	2,554.53
NET WORTH (A+B+C-D)	1,622.37	804.13	610.19	518.29	640.83
Represented By:					
Equity Share Capital	899.00	696.79	696.79	487.29	487.29
Share Application Money	0.00	0.00	0.00	65.00	50.00
Reserve & Surplus	723.37	107.34	0.00	0.00	103.54
Debit balance in Profit and loss account	0.00	0.00	86.60	34.00	0.00
NET WORTH	1,622.37	804.13	610.19	518.29	640.83

Annexure II
STATEMENT OF PROFIT & LOSS, AS RESTATED

(₹ in Lakhs)

Particulars	For the Year ended March 31				
	2011	2010	2009	2008	2007
SALES					
Fertilizer Manufactured	4,777.83	3,655.58	3,211.20	2,823.18	2,540.65
Others	0.00	69.00	0.27	0.66	0.87
TOTAL SALES	4,777.83	3,724.58	3,211.47	2,823.84	2,541.52
Less: Excise Duty on sales	0.00	0.00	0.00	0.00	0.00
Net Sales	4,777.83	3,724.58	3,211.47	2,823.84	2,541.52
Other Incomes	6.90	11.13	2.25	0.17	3.03
Increase/ (Decrease) in Inventories	111.59	133.11	889.29	(51.19)	36.08
TOTAL INCOME	4,896.32	3,868.81	4,103.00	2,772.82	2,580.64
EXPENSES					
Raw Material Consumed	2,118.83	1,966.59	2,927.99	1,614.26	1,411.66
Manufacturing Expenses	156.73	133.60	192.15	149.49	110.91
Personnel Cost (excluding contribution to PF)	159.42	125.49	104.58	85.98	97.70
Contribution. to Provident Fund	3.54	3.41	2.68	2.34	2.25
Administrative Expenses	97.71	115.88	35.28	27.20	43.14
Selling Expenses	791.52	753.43	366.57	566.57	496.55
Packing Expenses	207.31	179.04	156.39	148.05	95.52
TOTAL EXPENSES	3535.06	3,277.45	3,785.65	2,593.89	2,257.73
Profit before Interest & Depreciation	1361.26	591.36	317.35	178.93	322.91
Less: Interest Expenses	546.44	380.98	331.16	270.11	246.36
Profit before Depreciation	814.82	210.38	(13.80)	(91.18)	76.54
Less: Depreciation	54.31	55.47	54.97	49.30	48.86
Profit before Tax & Prior Period Adjustment	760.51	154.91	(68.77)	(140.48)	27.68
Prior Period Adjustment (Preliminary Exp. W/ off)	0.00	0.00	0.00	0.00	0.60
Profit before Tax	760.51	154.91	(68.77)	(140.48)	27.08
Net impact of restatement adjustments	15.61	35.00	(2.51)	(1.26)	(8.20)
Profit before taxation as restated	776.12	189.91	(71.29)	(141.75)	18.89
Less: Provisions for Taxation					
Current Tax	165.91	7.82	0.00	0.00	3.04
Fringe Benefit Tax	0.00	0.00	0.73	0.45	0.44
Deferred Tax Liability	6.19	(11.85)	(19.42)	(4.65)	7.65
MAT Credit Entitlement	12.02	0.00	0.00	0.00	0.00
Profit After Tax (after restatement)	616.04	193.94	(52.60)	(137.54)	7.76

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**A. SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Preparation of Financial Statements**

The financial statements have been prepared under historical cost convention, in accordance with the generally accepted accounting principles and accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

2. Revenue recognition

- a) The Company generally follows mercantile system of accounting and recognizes items of income and expenditure on accrual basis.
- b) Sales revenue is recognized when property in the goods with all risk rewards and effective controls of goods usually associated with ownership are transferred to buyer at price and are recorded net of excise duty, Vat, Trade discounts & returns etc, wherever applicable.

3. Fixed assets

- a) Fixed assets are stated at cost less accumulated depreciation. The cost includes taxes, freight and other incidental expenses incurred in relation to acquisition & installation of the same.
- b) Advances paid towards the acquisition of fixed assets, outstanding at each balance sheet date and the cost of fixed assets not ready for its intended use on such date, are disclosed under capital work-in-progress.

4. Depreciation

The Depreciation is provided on fixed assets on Straight Line method at the rates specified in schedule XIV of the Companies Act, 1956 on pro-rata basis for additions/ deductions.

5. Inventories

Inventories have been uniformly valued as under:

Raw material	: At cost
Packing Material, Stores, and Spares & Fuel	: At cost
Finished Goods	: At lower of cost or net realization value.
Work in progress	: At cost of material plus conversion cost

6. Investments

Investments include National Saving Certificates which are stated including accrued interest. National Saving Certificates are deposited with Sales Tax department as security for registration.

7. Borrowing Cost

All borrowing costs are charged to revenue.

8. Employee Benefits

- a) The Company's contribution to provident fund is deposited with the Employees Provident Fund Organization. These are charged to the Profit and Loss account when the contribution to the fund is due.
- b) The gratuity liability is determined based on an actuarial valuation.
- c) No provision for accrued leave encashment has been made in the accounts, as the payments are accounted on cash basis.

9. Accounting for taxes on Income

- a) **Current Tax:** Provision for current tax is made in the accounts on the basis of estimated tax liability as per the applicable provision of the Income Tax Act, 1961.
- b) **Deferred Tax:** Deferred tax effect of timing difference between tax profit and book profit is accounted for using the tax rates and laws that have been enacted or substantially enacted as on the Balance Sheet date. Deferred tax assets are recognized to the extent there is reasonable certainty that these assets can be realized in future.
- c) **Fringe benefit tax:** The Finance Act, 2009 has withdrawn FBT effective April 1, 2009 and accordingly there is no impact of FBT in the financial year 2009 -10 and subsequent years.
- d) **Minimum Alternative Tax (MAT):** MAT paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that company will pay normal tax in future. MAT Credit entitlement can be carried forward and utilized for a specific period as prescribed under law from the year in which the same is availed. Accordingly it is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the company and the assets can be measured reliably.

10. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when there is a present obligation as a result of past event that there is a possibility of an outflow of resources to settle the obligation and in respect of which reliable estimates can be made, Provision is determined based on the best estimate required to settle the obligation at the year end date. These are reviewed at each year end and adjusted to reflect the best current management estimates.

Contingent liabilities are not provided for in the accounts and are separately shown in the Notes on Accounts. Contingent Assets are neither recognized nor provided or disclosed in the financial statements.

11. Earnings Per Share

The earnings considered in ascertaining the Company's earnings per share comprise the net profit after tax. The number of share used in computing basic EPS is the weighted average number of equity shares outstanding during the period. The diluted earnings per equity shares are computed using the diluted earnings and the dilutive potential equity shares outstanding during the period.

12. Cash Flow Statement

The company has prepared the Cash Flow Statement using the Indirect Method in compliance with Accounting Standard issued by the Institute of Chartered Accountants of India (AS-3).

B. NOTES TO ACCOUNTS

1. Contingent Liabilities

In view of the Accounting Standards issued by ICAI on "Provisions, Contingent liabilities and Contingent Assets" (AS-29), following contingent liabilities have been identified which have not been provided for in the books of accounts.

(₹ in Lakhs)

Particulars	Year ended March 31				
	2011	2010	2009	2008	2007
Guarantees by banks	445.00	12.00	12.00	10.00	10.00
Letter of Credit opened with bank	150.00	247.22	0.00	0.00	0.00

2. Segment Reporting

As the Company's business falls within a single business segment, viz "Fertilizer product", the disclosure requirements of Accounting Standard(As-17) on "Segment Reporting", issued by ICAI, are not applicable.

3. Auditor's remuneration

(₹ in Lakhs)

Particulars	Year ended March 31				
	2011	2010	2009	2008	2007
Audit fees	0.25	0.12	0.12	0.12	0.12
Tax Audit fees	0.05	0.04	0.04	0.04	0.04
Certification & other fees	0.25	0.25	0.15	0.43	0.42

4. Micro, Small Scale Business Entities

The company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and, hence, disclosure relating to amounts unpaid as at the year end together with interest paid/ payable under this Act has not been given.

5. Managerial Remuneration

(₹ in Lakhs)

Particulars	Year ended March 31				
	2011	2010	2009	2008	2007
Salary and allowance to Managing Director and whole time director	23.40	21.78	18.18	19.68	22.70

6. Employee's Benefits

(₹ in Lakhs)

Particulars	Year ended March 31				
	2011	2010	2009	2008	2007
Contribution to Provident Fund	3.54	3.41	2.68	2.34	2.24
Gratuity	2.47	3.04	2.91	1.26	8.79

7. **Computation of Earnings per share (Basic & Diluted)**

Particulars	Year ended March 31				
	2011	2010	2009	2008	2007
Profit after tax (₹ in Lakhs)	616.04	193.94	(52.59)	(137.54)	7.76
No. of Equity Shares (Weighted)	79,54,020	69,67,900	56,42,023	48,72,900	48,72,900
No. of diluted Equity Shares (Weighted)	79,54,020	69,67,900	56,42,023	55,22,900	53,72,900
Nominal value per share (₹)	10	10	10	10	10
Basic Earnings per Share (₹)	7.75	2.78	(0.93)	(2.82)	0.16
Diluted Earnings per Share (₹)	7.75	2.78	(0.93)	(2.49)	0.14

8. **Deferred Tax Liabilities for the respective years comprise of the following**

(₹ in Lakhs)

Particulars	Year ended March 31				
	2011	2010	2009	2008	2007
Deferred Tax Liability					
Diff. in book depreciation and depreciation under Income Tax Act	430.51	420.58	403.17	375.12	351.92
Deferred Tax Assets					
Unabsorbed depreciation and business losses	269.19	286.60	230.85	139.51	122.22
Provision for gratuity	18.08	0	0	0	0
Net Timing Difference	143.24	133.98	172.32	235.17	229.71
Total Deferred Tax Liabilities to be recognized	47.58	41.40	53.25	72.67	77.32
Deferred Tax Liability previously recognized	41.40	53.25	72.67	77.32	69.67
Net Deferred Tax Liability created during the year	6.18	(11.85)	(19.42)	(4.65)	7.65

9. Provision for Tax has been computed as per Income Tax Act, 1961. Tax credit available as per section 115JAA of Income Tax Act, 1961 amounting to ₹ 1201571/- has been included under MAT Credit Entitlement under Loans and advances.

10. Previous year figures have been regrouped/ reclassified where necessary to conform with current years classification.

NOTES TO ADJUSTEMENTS IN RESTATED FINANCIAL STATEMENTS

1. Prior period Adjustments

a) Provision for Gratuity

During the Year ended 31st, March 2011, the Company has provided for Gratuity to comply with AS 15 (Revised 2005). The provision relates to accrued gratuity liability March 31 2011 while no provisions have been made in the earlier years.

However, for the purpose of adjusted accounts and in terms of Schedule VIII, clause IX (9) of the SEBI (ICDR) Regulations, 2009 and other, the profits and losses consequent to change in accounting policy has been adjusted for the years ended March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010 and March 31, 2011 to reflect what the profits/ losses of those years would have been if the uniform policy of providing Gratuity was followed in each of the above years.

b) Provision for Bad Debts

During the year ended March 31, 2005 the Company has not provided for Bad debts amounting to ₹ 38,04,484/- which was written off in the year ended March 31, 2010.

However, for the purpose of adjusted accounts and in terms of Schedule VIII, clause IX (9) of the SEBI (ICDR) Regulations, 2009 and other provisions, the profits and loss has been adjusted for the year ended March 31, 2010 and effect has been given in the opening balance of reserve & surplus and debtors for the year ended March 31, 2007 to reflect what the profits/ losses of those years would have been in each of the above years had the above expenses been written off in the respective years.

c) Preliminary expenses

Company has incurred ₹ 3,57,200 relating to pre-operative and preliminary expenses before March 31, 2001 which has been equally amortized in six years from the year ended March 31, 2002, 2003, 2004, 2005, 2006 and 2007.

However, to the purpose of adjusted accounts and in terms of Schedule VIII, clause IX (9) of the SEBI (ICDR) Regulations, 2009 and other provisions, the profits and losses have been adjusted for the year ended March 31 2007 and effect has given in the opening balance of reserves & surplus to reflect what the profits/ losses of those years would have been in each of the above years had the above expenses been written off in the respective years.

2. Summary of Adjustments:

(₹ in Lakhs)

Particulars	Year ended March 31				
	2011	2010	2009	2008	2007
Preliminary Expenses W/off	0.00	0.00	0.00	0.00	0.60
Provision for Bad Debts	0.00	38.04	0.00	0.00	0.00
Provision for Gratuity	15.61	(3.04)	(2.51)	(1.26)	(8.79)
Total	15.61	35.00	(2.51)	(1.26)	(8.20)

DETAILS OF CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Financial year ended March 31, 2011	The Company has recognized the accrued Gratuity Liability for the first time according to AS-15 issued by ICAI.
Financial year ended March 31, 2010	NIL
Financial year ended March 31, 2009	NIL
Financial year ended March 31, 2008	NIL
Financial year ended March 31, 2007	NIL

Annexure VI

STATEMENT OF SECURED LOANS TAKEN BY THE COMPANY

(₹ in Lakhs)

Particulars	Year ended March 31				
	2011	2010	2009	2008	2007
Cash Credit					
State Bank of India , CC on Stock (Comm. Branch, Udaipur)	828.04	0.00	0.00	1,434.46	1,265.44
State Bank of India , CC on Subsidy (Comm. Branch, Udaipur)	1221.65	0.00	0.00	280.63	250.00
State Bank of India, CC on Book Debts (SAMB Branch, Sansad Marg, New Delhi)	0.00	795.93	485.00	0.00	0.00
State Bank of India, CC on Book Debts (Comm. Branch Udaipur)	499.58	0.00	0.00	0.00	0.00
State Bank of India, CC on Stock (SAMB Branch, Sansad Marg, New Delhi)	0.00	977.74	1189.00	0.00	0.00
State Bank of India, CC New (SAMB Branch, Sansad Marg, New Delhi)	0.00	151.52	196.88	0.00	0.00
State Bank of India, CC Subsidy (SAMB Branch, Sansad Marg, New Delhi)	0.00	514.12	0.00	0.00	0.00
Total (A)	2,549.27	2,439.31	1,870.88	1,715.08	1,515.44
Term Loan					
State Bank of India , TL - 1 (Comm. Branch, Udaipur)	0.00	0.00	0.00	199.22	178.63
State Bank of India , TL - 2 (Comm. Branch, Udaipur)	0.00	0.00	0.00	69.38	62.21
State Bank of India , TL - 3 (Comm. Branch, Udaipur)	0.00	0.00	0.00	51.51	46.19
State Bank of India , C.T.L. (Comm. Branch, Udaipur)	0.00	0.00	0.00	156.64	140.45
State Bank of India , W.C.T.L. (Comm. Branch, Udaipur)	0.00	0.00	0.00	130.65	117.15
State Bank of India , F.I.T.L. (Comm. Branch, Udaipur)	0.00	0.00	0.00	66.80	59.90
State Bank of India, TL for Margin Money (Comm.Branch ,Udaipur)	562.34	364.63	193.00	0.00	0.00
State Bank of India, TLFI (Comm.Branch ,Udaipur)	182.04	313.21	420.00	0.00	0.00
State Bank of India, TLGP (Comm.Branch ,Udaipur)	151.72	187.62	216.00	0.00	0.00
State Bank of India, TLGP 2 (SAMB Branch , Sansad Marg, New Delhi)	0.00	0.00	82.60	0.00	0.00
State Bank of India, TL(Comm.Branch ,Udaipur)	96.88	0.00	0.00	0.00	0.00
Other Loan					
HDFC Bank Auto Loan	0.00	0.00	0.00	0.64	1.42
HDFC Bank (Franchisee -Friends 4 Wheels)	0.00	0.00	0.00	0.99	1.77
Total (B)	992.98	865.46	911.60	675.83	607.71
Total Secured Loan (A) + (B)	3,542.26	3,304.76	2,782.48	2,390.91	2,123.15

PRINCIPAL TERMS OF SECURED LOANS AND ASSETS CHARGED AS SECURITY

Facility	Fund Based limit (Comprising of Cash Credit Facility and Term Loan): ₹ 3,948 Lakhs <p>A. Cash Credit limit: ₹ 2,866 Lakhs</p> <p>i. CC (Stocks): 1,164 Lakhs@ ii. CC (BD- against suppliers i.e. MRP): 494 Lakhs@^ iii. CC (BD- Price Concession): 1,208 Lakhs@^</p> <p>B. Term Loan limit: ₹ 1,082 lakhs</p> <p>i. RTL for Additional WC Margin: 563 Lakhs* ii. FITL: 250 Lakhs* iii. WCTL: 169 Lakhs* iv. TL (New) for CAPEX: 100 Lakhs</p> <p>Non-Fund Based limit: ₹ 600 lakhs</p> <p>i. Letter of Credit: 200 Lakhs& ii. Bank Guarantee: 400 Lakhs#</p> <p><i>* Present O/s as on August 01, 2010</i> <i>@ 50% one way inter-changeability between CC (Book Debts) and CC (Price Concession)</i> <i>^ Full inter-changeability between CC (Book Debts) and CC (Price Concession)</i> <i>& 25% inter-changeability from LC limit to BG limit</i> <i># 50% inter-changeability from BG limit to LC limit</i></p>
Interest Rate(% p.a., unless otherwise specified)/ Commission charges	<p>1. Interest for Cash Credit</p> <p>Card Rate: 725 bp above Base Rate Applicable Pricing: At 475 bp above Base Rate, present effective rate at 12.25%</p> <p>2. Interest for Term Loans</p> <p>Card Rate: 775 bp above Base Rate Applicable Pricing: At 475 bp above Base Rate, present effective rate at 12.25%</p>
Security	<p>A. For Cash Credit (Hyp)/BD/Receivables/LC/BG limits</p> <p>Primary:</p> <p>i. Exclusive charge on the company's stock of raw materials, stores and spares, stocks in process, finished goods, etc (present and future) lying in their factory premises, godowns, elsewhere and including stock in transit and cash/credit balance in their loan accounts/ Fixed deposits, etc.</p> <p>ii. Exclusive hypothecation charge over company's all present and future Book Debts/ Receivables as also clean or documentary bills, domestic or export, whether accepted or otherwise and cheques/drafts/instruments, etc drawn in favour of the Company.</p> <p>iii. The stipulated cash margins for LC & BG and the underlying stocks of LC limit</p> <p>Collateral:</p> <p>i. Extension of charge on the entire fixed assets of the Company (both present & future)</p> <p>ii. Cash collateral of ₹ 17.00 lakhs in the form of STDR in the name of company.</p> <p>iii. Cash collateral of ₹ 50.00 lakhs in the form of STDR in the name of Mr. Hemant Bohra</p> <p>iv. Cash Collateral of ₹ 2.44 lakhs in the form of STDR in the name of Mr. Hemant Bohra</p> <p>v. Cash collateral of ₹ 20.00 lakhs in the form of STDR in the name of our Company</p> <p>vi. Pledge of Shares of our Company held in the name of Mr. Hemant Bohra worth ₹ 215.70 lakhs</p> <p>vii. Pledge of Shares of our Company held in the name of Ms. Beena Bohra in favour of</p>

SBI worth ₹ 1.50 lakhs

B. For all existing term loans

Primary:

- i. Exclusive charge on the entire Fixed Assets of the company, both present and future, including equitable mortgage of its factory land and buildings at Plot No's 4887-4894 in Village Umrada, Tehsil Girva, Udaipur measuring 14550 sq. mt.

Collateral:

- i. Extension of charge on the current assets of our Company including stipulated Cash Margin for NFB limits
- ii. Collateral in the form of STDR and Pledged shares as mentioned at ii to vii above

**Tenor/
Repayment
schedule**

Cash Credit: On Demand

Term Loans:

1. **FITL:** Repayable in 15 monthly instalments. For the period from October, 2010 to March, 2011 the amount shall be ₹ 10 lakhs. For the period from April 2011 to December 2011 the amount shall be ₹ 20.00 lakhs.
 2. **RTL (WC Margin):** Repayable in 54 monthly instalments. For the period from October, 2010 to March, 2011 the amount shall be ₹ 10 lakhs, for the period from April 2011 to March 2012 the amount shall be ₹ 3.5 lakhs, for the period from April 2012 to March 2013 the amount shall be ₹ 9.25 lakhs, for the period from April 2013 to February 2014 the amount shall be ₹ 14.5 lakhs, for March, 2014 the amount shall be ₹ 12.50 lakhs and for the period from April 2014 to March 2015 the amount shall be ₹ 19.25 lakhs
 3. **WCTL-1:** Repayable in 36 monthly instalments. For the period from October 2010 to March 2012 the amount shall be ₹ 2.75 lakhs; for the period from April 2012 to September 2013 the amount shall be ₹ 6.50 lakhs
 4. **TL-New for Capex:** Repayable in 54 months; Moratorium till March, 2011; From April 2011 to May 2012 the amount shall be ₹ 10 lakhs; From June 2012 to March 2015 the amount shall be ₹ 20.00 lakhs; From April 2015 to September 2015 the amount shall be ₹ 30.00 lakhs
-

Annexure VII

STATEMENT OF SUNDRY DEBTORS INCLUDING THE RELATED PARTY DEBTORS

(₹ in Lakhs)

Particulars	Year ended March 31				
	2011	2010	2009	2008	2007
Outstanding for the period exceeding Six months	32.12	32.12	72.46	0.00	0.00
Other Debts	2,139.74	1,414.29	1,969.88	1,056.49	1,060.09
Total	2,171.87	1,446.41	2,042.34	1,056.49	1,060.09

Note: The above amount does not include any related party transactions

Annexure VIII

STATEMENT OF INVESTMENTS

(₹ in Lakhs)

Particulars	Year ended March 31				
	2011	2010	2009	2008	2007
NSC (ST, Karnataka)	0.48	0.45	0.42	0.39	0.35
NSC (ST, Maharashtra)	0.10	0.09	0.08	0.08	0.07
NSC (ST, Udaipur)	0.08	0.08	0.07	0.06	0.06
NSC (ST, Gujarat)	0.00	0.00	0.00	0.00	0.16
Total	0.66	0.61	0.57	0.53	0.64

STATEMENT OF RELATED PARTY TRANSACTIONS

Names of the related parties, description of relationship and nature of transactions are identified as per Accounting Standard 18 issued by Institute of Chartered Accountants of India:

Sr. No.	Name of the key managerial personnel	Relationship
1	Mr. Hemant Bohra	Managing Director
2	Mr. Sunil Bhandari	Whole Time Director
3	Mr. Nirmal P. Nagar	Director*
	<i>*Ceased to be a director as on March 31, 2007</i>	
Sr. No.	Relatives of key management personnel	
1	Mrs. Beena Bohra	Wife of Mr. Hemant Bohra
2	Mr. Basant Bohra	Brother of Mr. Hemant Bohra
3	Mr. Sharad Bohra	Brother of Mr. Hemant Bohra
4	Mr. Praful Bohra	Brother of Mr. Hemant Bohra
5	Mr. Ashok Bohra	Brother of Mr. Hemant Bohra
6	Mrs. Jatan Devi Bohra	Mother of Mr. Hemant Bohra
7	Mrs. Anjana Bhandari	Wife of Mr. Sunil Bhandari
Sr. No.	Entities over which key management personnel are able to exercise significant influence	
1	Bohra Pratisthan Private Limited	
2	Bohra Agrifilms Private Limited	
3	Phytochem Remedies (I) Private Limited	

(₹ in Lakhs)

Details of transactions with related parties during the year :							
			Year ended March 31				
No.	Name of the Party	Nature of Transaction	2011	2010	2009	2008	2007
1	Mr. Hemant Bohra	Remuneration	18.00	18.00	14.40	16.00	16.80
		Unsecured Loan taken	20.00	82.50	49.70	0.00	0.00
		Conversion of Unsecured Loan to share application Money	152.20	0.00	0.00	0.00	0.00
2	Mr. Sunil Bhandari	Remuneration	5.40	3.78	3.78	3.68	2.99
		Advances against expenses	0.00	0.81	0.81	0.51	0.40
3	Mr. Nirmal Nagar	Remuneration	0.00	0.00	0.00	0.00	2.92
4	Mrs. Beena Bohra	Unsecured Loan taken	0.00	0.00	20.00	0.00	0.00
		Conversion of Unsecured Loan to share application Money	20.00	0.00	0.00	0.00	0.00
5	Bohra Pratisthan Private Limited	Rent	2.28	2.28	2.28	2.28	1.88
	Total		217.88	107.37	90.97	22.47	24.98

SUMMARY OF ACCOUNTING RATIOS

(₹ in Lakhs)

Particulars	Year ended March 31				
	2011	2010	2009	2008	2007
Earnings Per Share (EPS)					
Net Profit after Tax	616.04	193.94	(52.60)	(137.54)	7.76
No. of Equity Shares (Weighted)	79,54,020	69,67,900	56,42,023	48,72,900	48,72,900
No. of diluted Equity Shares (Weighted)	79,54,020	69,67,900	56,42,023	55,22,900	5,372,900
Basic Earning Per Share (EPS) (₹)	7.75	2.78	(0.93)	(2.82)	0.16
Diluted Earning Per Share (EPS) (₹)	7.75	2.78	(0.93)	(2.49)	0.14
Net Assets Value (NAV)					
Net Assets	1,622.37	804.13	610.19	518.29	640.83
No. of Equity Shares Outstanding at the year ended	8,99,0000	69,67,900	69,67,900	48,72,900	48,72,900
NAV per Share (₹)	18.05	11.54	8.76	10.64	13.15
Return on Net Worth					
Net Profit after Tax	616.04	193.94	(52.60)	(137.54)	7.76
Net Worth	1,622.37	804.13	610.19	518.29	640.83
Return on Net Worth (%)	37.97%	24.12%	(8.62)%	(26.54)%	1.21%

STATEMENT OF CAPITALIZATION

(₹ in Lakhs)

Particulars	Pre Issue on March 31, 2011	Post Issue*
BORROWINGS		
Short term Debt		
Secured	2549.27	[●]
Unsecured	0.00	[●]
Long term Debt		
Secured	992.98	[●]
Unsecured	00.00	[●]
Total Debts	3542.26	[●]
SHAREHOLDER'S FUND		
Equity Share Capital	899.00	[●]
Reserve & Surplus	723.37	[●]
Less: Miscellaneous expenditure not written off	0.00	[●]
Total Shareholder's fund	1622.37	[●]
Long-term debt/equity ratio	0.61	[●]
Total debt to equity ratio	2.18	[●]

Notes:

1. Short term debt represents debts which are due within twelve months from March 31, 2011.
2. Long term debt represents debts other than short term debts, as defined above.
3. The figures disclosed above are based on the Restated Statement of Assets and Liabilities of the company as at March 31, 2011.
4. Long Term Debt to Equity = Long term debts/Shareholder's funds
5. Total Debt to Equity ratio = Total debts/ Shareholder's funds
6. The corresponding post issue figures are not determinable at this stage pending the completion of Book Building process and hence have not been furnished.

STATEMENT OF UNSECURED LOAN TAKEN INCLUDING LOAN TAKEN FROM RELATED PARTIES

(₹ in Lakhs)

Particulars	Year ended March 31				
	2011	2010	2009	2008	2007
From Directors, Share holders & Relatives	0.00	152.20	69.70	0.00	0.00
From Body Corporates	0.00	0.00	0.00	179.03	101.00
Total	0.00	152.20	69.70	179.03	101.00

Above amounts include balances of loans from the following related parties:

(₹ in Lakhs)

Particulars	Year ended March 31				
	2011	2010	2009	2008	2007
Mr. Hemant Bohra	0.00	132.20	49.70	0.00	0.00
Mrs. Beena Bohra	0.00	20.00	20.00	0.00	0.00
Total	0.00	152.20	69.70	0.00	0.00

Note:

1. No interest is payable/paid on the Loans mentioned above. These loans are repayable on demand and consequently there is no repayment schedule.

STATEMENT OF TAX SHELTER

(₹ in Lakhs)

Particulars	Year ended March 31				
	2011	2010	2009	2008	2007
Profit /loss before tax as restated (A)	776.12	189.91	(71.29)	(141.75)	18.89
Tax Rate % (B) - Normal	33.22	30.90	30.90	30.90	33.66
- MAT	19.93	15.45	10.30	10.30	11.22
Tax as per actual rate on profits	257.81	58.68	(22.03)	(43.80)	6.36
Adjustments:					
Permanent differences (C)					
Provision for gratuity	(2.47)	0.00	0.00	0.00	0.00
Disallowance of Depreciation	0.00	0.00	(14.91)	(16.56)	(18.40)
Disallowance of Donation	0.00	0.00	0.00	0.00	(0.25)
Disallowance of interest	0.00	0.00	(27.35)	(22.42)	(22.42)
Total permanent difference	(2.47)	0.00	(42.25)	(38.99)	(41.08)
Timing difference (D)					
Difference between tax depreciation and book depreciation	9.93	17.41	28.05	23.20	33.60
Set off of Brought Forward Losses	269.19	137.50	0.00	0.00	34.56
Disallowance u/s 40(a)(ia) of Income Tax Act, 1961	0.00	0.00	0.00	0.00	0.00
Total Timing difference	279.12	154.91	28.05	23.20	68.16
Net adjustments (C+D)	276.55	154.91	(14.20)	(15.79)	27.08
Tax Saving/burden thereon	91.89	47.87	(4.39)	(4.88)	9.12
Taxable income E=A-(C+D)	499.48	35.00	(57.08)	(125.96)	(8.20)
Net Tax Liability (E*B)	165.91	10.82	0.00	0.00	0.00
Payment under MAT including Interest	165.91	7.82	0.00	0.00	3.33

Note: The above statement has been prepared as per the income tax return filed with Income Tax Department and assessment order for the year ended March 31 2007, 2008, 2009, 2010 and the figures for F.Y. ended 2011 are based on the provisional tax computation of income by the management of the company.

Annexure XIV

STATEMENT OF LOAN & ADVANCES

(₹ in Lakhs)

Particulars	Year ended March 31				
	2011	2010	2009	2008	2007
Advances recoverable in Cash or Kind	126.84	133.67	194.23	197.11	35.78
Advance - Others	20.90	55.02	43.35	36.96	19.28
Deposits	166.90	153.14	161.95	112.43	72.82
Total	314.64	341.83	399.52	346.50	127.87

(₹ in Lakhs)

Above amount includes transactions with following related parties					
Particulars	Year ended March 31				
	2011	2010	2009	2008	2007
Mr. Sunil Bhandari (Advance against expenses)	0.00	0.81	0.81	0.51	0.40
Total	0.00	0.81	0.81	0.51	0.40

STATEMENT OF CASH FLOW

(₹ in Lakhs)

Particulars	Year ended March 31				
	2011	2010	2009	2008	2007
Cash Flow from Operating Activities					
Net Profit / (Loss) Before Tax	776.12	189.91	(71.29)	(141.75)	18.89
Adjustment For					
Depreciation	54.31	55.47	54.97	49.30	48.86
Interest and finance charge	546.44	380.98	331.16	270.11	246.36
Interest received form Bank & others	(6.17)	(3.91)	(2.25)	(0.13)	(0.22)
Net Profit / (Loss) on sale / discard of Fixed Assets	0.00	0.00	0.00	0.00	(0.42)
Operating Profit / (Loss) Before Working Capital Changes	1370.71	622.45	312.60	177.54	313.48
Adjustments for					
Trade & Other Receivables	(698.26)	653.61	(1038.87)	(215.02)	(198.43)
Inventories	(201.32)	(95.41)	(785.63)	(13.35)	89.32
Trade Payables	97.22	(1286.46)	1437.96	82.48	(226.23)
Cash Generated from Operations	568.34	(105.80)	(73.95)	31.64	(21.86)
Direct Tax (paid) / received	(2.60)	(6.27)	(1.00)	(3.07)	(1.83)
Net Cash from Operating Activities (A)	565.74	(112.07)	(74.95)	28.57	(23.69)
Cash Flow From Investing Activities					
Purchase / Addition of Fixed Assets	(0.88)	(2.17)	(134.03)	(0.41)	(35.80)
Sale of Fixed Assets	0.00	0.00	0.00	0.00	2.95
Increase / Adjustment in Capital Work in Progress	(281.92)	(62.23)	126.67	(117.91)	(8.76)
Purchase of Investment	(0.04)	(0.04)	(0.04)	0.11	0.05
Interest received form Bank & others	6.17	3.91	2.25	0.13	0.22
Cash from / (used in) Investment Activities (B)	(276.67)	(60.54)	(5.16)	(118.09)	(41.44)
Cash Flow From Financing Activities					
Proceeds from Unsecured Loan	20.00	82.50	(109.33)	78.03	0.00
Proceeds from Bank Borrowings (Net)	226.30	490.79	391.57	21.78	235.64
Money received towards Share Capital & Application Money	30.01	0.00	144.50	15.00	50.00
Interest Paid (Net)	(535.24)	(349.49)	(331.16)	(24.13)	(238.19)
Net Cash Receipt / Used in Financing Activities (C)	(258.94)	223.80	95.59	90.67	47.45
Net increase / (-) decrease in cash & cash equivalents (A) + (B) + (C)	30.14	51.19	15.48	1.16	(17.69)
Cash & cash equivalents as on beginning of the year	102.74	51.55	36.07	34.91	52.60
Cash & cash equivalents as on end of year	132.87	102.74	51.55	36.07	34.91

Annexure XVI**STATEMENT OF OTHER INCOME***(₹ in Lakhs)*

Particulars	Year ended March 31				
	2011	2010	2009	2008	2007
Interest on Deposits	4.38	3.02	0.04	0.00	0.00
Interest on Refund	0.00	0.47	0.00	0.13	0.22
Refund of Excess Sales Tax	0.00	0.00	0.00	0.00	0.00
Interest on Security	0.00	0.42	0.00	0.00	0.00
Interest from Banks	1.40	0.00	1.78	0.00	0.00
Other interest	0.38	0.00	0.42	0.00	0.00
Reversal of Expenses	0.00	0.00	0.00	0.02	0.00
Other Income	0.73	0.00	0.00	0.02	0.05
Claim received from Railway	0.00	0.00	0.00	0.00	0.76
Miscellaneous Income	0.01	0.00	0.00	0.00	0.03
Discount Received	0.00	0.00	0.00	0.00	1.37
Notice Period Salary	0.00	0.00	0.00	0.00	0.10
Profit on sale of Fixed Assets	0.00	0.00	0.00	0.00	0.42
Insurance Policy Claim	0.00	7.22	0.00	0.00	0.08
Total	6.90	11.13	2.25	0.17	3.03

Annexure XVII**STATEMENT OF CONTINGENT LIABILITIES***(₹ in Lakhs)*

Particulars	Year ended March 31				
	2011	2010	2009	2008	2007
Guarantees by banks	445.00	12.00	12.00	10.00	10.00
Letter of Credit opened with bank	150.00	247.22	0.00	0.00	0.00

DETAILS OF QUALIFICATIONS APPEARING IN THE AUDIT REPORTS

- I. Qualifications in the audit report for the financial year ended on 31-03-2007**
There are no qualifications in the Audit Report.
- II. Qualifications in the audit report for the financial year ended on 31-03-2008**
There are no qualifications in the Audit Report.
- III. Qualifications in the audit report for the financial year ended on 31-03-2009**
There are no qualifications in the Audit Report.
- IV. Qualifications in the audit report for the financial year ended on 31-03-2010**
There are no qualifications in the Audit Report.
- V. Qualifications in the audit report for the financial year ended on 31-03-2011**
There are no qualifications in the Audit Report.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements included in this Draft Red Herring Prospectus. You should also read the Section titled “*Risk Factors*” beginning on page 14 of this Draft Red Herring Prospectus, which enumerates number of factors and contingencies that could impact our financial condition and results of operations. The following discussion relates to our Company on a standalone basis, and unless otherwise stated, is based on our restated unconsolidated financial statements, which have been prepared in accordance with Indian GAAP, the accounting standards and other applicable provisions of the Companies Act and the SEBI (ICDR) Regulations. Our Financial year ends on March 31 of each year.

Business Overview

Our Company, incorporated in the year 1996, is engaged in the manufacturing and marketing of phosphatic fertilizers. As a part of our business activities, we manufacture Single Super Phosphate (SSP) in both powder and granular form from rock phosphate. Our Company procures major raw materials like rock phosphate and sulphuric acid from third parties and the same are then used to form SSP and GSSP fertilizers.

We started our manufacturing activities in the year 2000 with an installed capacity of 1,98,000 TPA (tons per annum) of SSP and 1,00,000 TPA of GSSP. The fertilizer industry works in a highly regulated environment and our products, processes and inputs have been consistently verified and certified as quality products by the Agricultural Commissionerate, Rajasthan, Jaipur. Further, we are subject to continuous inspection by Project & Development India Limited (“PDIL”)

The current shift in policy regime of the Government from product based subsidy to nutrient based subsidy will encourage use of right nutrient as per the requirement of the soil and has opened a plethora of opportunities for our Company. As per the recent reports by Department of Fertilizers, SSP is a straight phosphatic multi-nutrient fertilizer which helps in treating the sulphur deficiency in soils (40% of Indian soil is sulphur deficient) as well in further enhancement of yields at a low cost. In various crops, which require more of sulphur and phosphate like oilseeds, pulses, sugarcane, fruits and vegetables, tea etc, SSP is an essential fertilizer. (*Source: <http://fert.nic.in/fertilizersubsidy/sspuacs.asp>*). Further, as a part of our business strategy, our Company is in the process of diversifying our present revenue base by entering into new product which will realize better margins namely, Triple Super Phosphate (TSP). We are setting up a separate unit for manufacturing Triple Super Phosphate with a capacity of 100,000 TPA at a location near our existing operations.

With the commencement of operations of the said unit, our Company’s product portfolio will comprise of variety of phosphorus fertilizers like SSP, GSSP and TSP which shall be marketed in the domestic market under our brand “MAHALAXMI”.

In our company, success is measured in terms of customer satisfaction and quality that is built into our product. Our Company has been permitted by Department of Fertilizer, Ministry of Agriculture, Government of India, New Delhi to sell our products in the states of Madhya Pradesh, Punjab, West Bengal, Maharashtra, Uttar Pradesh, Rajasthan and Haryana through Rashtriya Chemicals and Fertilizers Limited (RCF) for a period of 1 year under our brand “MAHALAXMI” and also through Nagarjuna Fertilizers and Chemicals Limited for a period of 1 year under their brand “Dhanphos” to Andhra Pradesh, Maharashtra, Punjab, Uttar Pradesh, Madhya Pradesh, Haryana, Rajasthan, West Bengal and Gujarat. Apart from this, we also sell our products through other registered dealers in Assam, Tripura, Jharkhand, Chhattisgarh and Uttaranchal. We also have our depots in Derabassi (Punjab), Panchkula (Haryana), Jalgaon (Maharashtra), Bharuch (Gujarat), Kolkata (West Bengal), Indore (Madhya Pradesh), Lucknow (Uttar Pradesh), Hyderabad (Andhra Pradesh) through which we carry on marketing activities of our products manufactured.

Our Company has a fully functional quality control laboratory as required by the Fertilizer Control Order issued under Essential Commodities Act 1955, which regulates and monitors the quality of fertilizer mixtures, packing, marking on the fertilizer bags and setting up of quality control laboratories. Our laboratory is equipped with various instruments like, electronic analytical balance, pH meter, sieve shaker, muffle furnace, water distillation plant,

magnetic stirrer etc. and can carry out 5,000 samples of finished products in a year. The raw materials and the finished products are subjected to various physical and chemical tests to show that they meet the required specifications. Some of the characteristics that are tested include moisture test, P₂O₅ content test for raw materials and free acidity test. Various other tests are also performed, depending on the specific nature of the fertilizer composition.

Significant developments subsequent to the last financial year

After the date of last financial year i.e. March 31, 2011, the Directors of our Company confirm that in their opinion, there have not been any significant material developments.

Key factors affecting the results of operation

Our Company's future results of operations could be affected by the following factors:

- Non – receipt of pending approvals for the proposed projects.
- Adverse change in the prevailing trends in the fertilizer industry, to which all the products of our Company are supplied.
- Increase in the prices of raw materials both in domestic and international markets.
- Foreign exchange rate fluctuations could have an impact on its input costs, especially the cost of rock phosphate that is imported from Vietnam.
- Company's ability to successfully implement their marketing, business and growth strategies.
- Changes in the regulations / regulatory framework / economic policies in India and / or in foreign countries.

OUR SIGNIFICANT ACCOUNTING POLICIES

For details on Significant Accounting Policies, please refer to the Chapter titled “*Financial Statements*” beginning on page 147 of this Draft Red Herring Prospectus.

Discussion on Results of Operation:

The following discussions on results of operations should be read in conjunction with the Audited Financial results of our Company years ended March 31, 2007, 2008, 2009, 2010 and 2011.

(₹ In Lakhs)

Particulars	31.03.07	31.03.08	31.03.09	31.03.10	30.03.11
	12 Months	12 Months	12 Months	12 Months	12 Months
Turnover	2,541.52	2,823.84	3,211.47	3,724.58	4,777.83
Other Income	3.03	0.17	2.25	11.13	6.90
Increase/Decrease in Stocks/WIP	36.08	(51.19)	889.29	133.11	111.59
Total Revenue	2,580.64	2,772.82	4,103.00	3,868.81	4,896.32
Raw Material Consumed	1,411.66	1,614.26	2,927.99	1,966.59	2,118.83
% to Turnover	55.54%	57.17%	91.17%	52.80%	44.35%
Manufacturing Expenses	110.91	149.49	192.15	133.60	156.73
% to Turnover	4.36%	5.29%	5.98%	3.59%	3.28%
Administrative & Selling Expenses	635.21	741.82	558.24	1,048.35	1,096.54
% to Turnover	24.99%	26.27%	17.38%	28.15%	22.95%
Personnel Cost	99.95	88.32	107.27	128.91	162.96
% to Turnover	3.93%	3.13%	3.34%	3.46%	3.41%
Total Expenditure	2,257.73	2,593.89	3,785.65	3,277.45	3,535.06
% to Turnover	88.83%	91.86%	117.88%	88.00%	73.99%

Particulars	31.03.07	31.03.08	31.03.09	31.03.10	30.03.11
	12 Months	12 Months	12 Months	12 Months	12 Months
PBDIT	322.91	178.93	317.35	591.36	1361.26
% to Turnover	12.71%	6.34%	9.88%	15.88%	28.49%
Depreciation	48.86	49.30	54.97	55.47	54.31
% to Turnover	1.92%	1.75%	1.71%	1.49%	1.14%
Profit Before Interest and Tax	274.04	129.63	262.38	535.89	1306.95
% to Turnover	10.78%	4.59%	8.17%	14.39%	27.35%
Interest	246.36	270.11	331.16	380.98	546.44
% to Turnover	9.69%	9.57%	10.31%	10.23%	11.44%
Profit Before Tax & Preliminary Exp. Adj.	27.68	(140.48)	(68.77)	154.91	760.51
% to Turnover	1.09%	(4.97)%	(2.14)%	4.16%	15.92%
Preliminary Exp. W/Off	0.60	0.00	0.00	0.00	-
% to Turnover	0.02%	0.00%	0.00%	0.00%	0.00%
Provision for Current Tax, Deferred Tax & FBT	11.13	(4.20)	(18.69)	(4.02)	160.08
% to Turnover	0.44%	(0.15)%	(0.58)%	(0.11)%	3.35%
Profit After Tax (Before Restatement)	15.95	(136.28)	(50.08)	158.93	600.43
% to Turnover	0.63%	(4.83)%	(1.56)%	4.27%	12.57%
Adjustments for Restatement	(.66)	(1.26)	(2.51)	35.00	15.61
% to Turnover	(0.03)%	(0.04)%	(0.08)%	0.94%	0.33%
Profit After Tax (After Restatement)	15.29	(137.54)	(52.60)	193.94	616.04
% to Turnover	0.60%	(4.87)%	(1.64)%	5.21%	12.89%

Fiscal 2011 v/s 2010

Turnover

Turnover for FY 2011 is ₹ 4,777.83 Lakhs as compared to ₹ 3,724.58 Lakhs during the FY 2010 showing an increase of 28.28% which is due to growth in sales volume.

Total Revenue for FY 2011 is ₹ 4,896.32 Lakhs as compared to ₹ 3,868.81 Lakhs during the FY 2010 showing an increase of 26.56%. The increase in total revenue is mainly due to an increase in amount of Turnover.

Other Income during FY 2011 is ₹ 6.90 Lakhs as compared to ₹ 11.13 Lakhs FY 2010, this was due to insurance claim and interest on refund in the year 2009-10.

Expenditure

Raw Material Consumed

Amount of raw materials consumed during FY 2011 is ₹ 2,118.83 Lakhs as compared to ₹ 1,966.59 Lakhs during FY 2010. Percentage of raw materials consumed to Turnover has decreased from 52.80% to 44.35% in FY 2010 and FY 2011 respectively. This is due to low cost of inventory carried through preceding year.

Manufacturing Expenses

Manufacturing Expenses during FY 2011 is ₹ 156.73 Lakhs as compared to ₹133.60 Lakhs during FY 2010. In proportion to Turnover, it has shown a decrease from 3.59% to 3.28% in the same period.

Administrative & Selling Expenses

Administrative & Selling Expenses during FY 2011 is ₹ 1,096.54 Lakhs as compared to ₹ 1,048.35 Lakhs during FY 2010. In proportion to Turnover, it has decreased from 28.15% to 22.95% in the same period. This was due to bad debts provisions and higher transportation cost for transporting materials to long distances during the year 2009-10.

Personnel Cost

Personnel Cost during FY 2011 is ₹ 162.96 Lakhs as compared to ₹ 128.91 Lakhs during FY 2010. The percentage of Personnel Cost to Turnover has increased from 3.46% to 3.41% in FY 2010 and in FY 2011 respectively. This increase is mainly due to provision for gratuity.

Profit / (Loss) before Depreciation, Interest and Tax (PBDIT)

Profit before Depreciation, Interest and Tax during FY 2011 is ₹ 1361.26 Lakhs as compared to ₹ 591.36 Lakhs during FY 2010 showing an increase of 130.19%. This increase is due to relatively low cost of production and higher realization per metric ton due to increase in subsidy and introduction of freight subsidy. Besides this, sales increased in economic zone due to rise in demand thereby resulting in higher margins.

Depreciation

Depreciation on fixed assets during FY 2011 is ₹ 54.31 Lakhs as compared to ₹ 55.47 Lakhs during FY 2010 showing a decrease of 2.08%.

Interest Cost

Interest cost during FY 2011 is ₹ 546.44 Lakhs as compared to ₹ 380.98 Lakhs during FY 2010, showing an increase of 43.43% due to increase in Secured Loans from ₹ 3,304.76 Lakhs in FY 2010 to ₹ 3,542.26 Lakhs in FY 2011.

Profit / (Loss) After Tax (After Restatement)

Profit/(Loss) After Tax (After Restatement) during FY 2011 is ₹ 616.04 Lakhs as compared to ₹ 193.94 Lakhs during FY 2010, showing an increase of 217.65%. The sharp increase in PAT (After Restatement) is mainly due to the reasons similar for increase in PBDIT.

Fiscal 2010 v/s 2009

Turnover

Turnover for FY 2010 is ₹ 3,724.58 Lakhs as compared to ₹ 3,211.47 Lakhs during the FY 2009 showing an increase of 15.98% which is due to the change in the policy by Government of India by which the companies are allowed to sell fertilizers at open Maximum Retail Price (MRP). The new policy has enabled us to sell the goods across India and get better realization.

Total Revenue for FY 2010 is ₹ 3,868.81 Lakhs as compared to ₹ 4,103.00 Lakhs during the FY 2009 showing a decrease of 5.71%. The decrease in total revenue is mainly due to a decrease in amount of Increase in Stock/WIP from ₹ 889.29 Lakhs in FY 2009 to ₹ 133.11 Lakhs during FY 2010.

Other Income during FY 2010 is ₹ 11.13 Lakhs and ₹ 2.25 Lakhs FY 2009, this was due to receipt of additional interest on deposits. An insurance claim to the tune of ₹ 7.21 Lakhs was also received during the year.

Expenditure

Raw Material Consumed

Amount of raw materials consumed during FY 2010 is ₹ 1,966.59 Lakhs as compared to ₹ 2,927.99 Lakhs during FY 2009. Percentage of raw materials consumed to Turnover has decreased from 91.17% to 52.80% in FY 2009 and FY 2010 respectively. The Opening Stock of Finished Goods was higher in FY 2010 as compared to FY 2009 which has resulted in lower production being carried out during the year and a decrease in consumption of raw material.

Manufacturing Expenses

Manufacturing Expenses during FY 2010 is ₹ 133.60 Lakhs as compared to ₹192.15 Lakhs during FY 2009. In proportion to Turnover, it has shown a decrease from 5.98% to 3.59% in the same period. Decrease in production activity has resulted in a decrease in consumption of power, fuel, stores, labs & repairs, which resulted in the reduction of manufacturing expenses.

Administrative & Selling Expenses

Administrative & Selling Expenses during FY 2010 is ₹ 1,048.35 Lakhs as compared to ₹ 558.24 Lakhs during FY 2009. In proportion to Turnover, it has increased from 17.38% to 28.15% in the same period. This was due to our growth in our selling and marketing activity across India which resulted increase in freight and packaging expenses.

Personnel Cost

Personnel Cost during FY 2010 is ₹ 128.91 Lakhs as compared to ₹ 107.27 Lakhs during FY 2009. The percentage of Personnel Cost to Turnover has increased from 3.34% to 3.46% in FY 2009 and in FY 2010 respectively. This increase is mainly due to upward revision in salaries.

Profit / (Loss) before Depreciation, Interest and Tax (PBDIT)

Profit before Depreciation, Interest and Tax during FY 2010 is ₹ 591.36 Lakhs as compared to ₹ 317.35 Lakhs during FY 2009 showing an increase of 86.34%. This increase is due to open MRP policy adopted by Government of India resulting into better realization for our Company.

Depreciation

Depreciation on fixed assets during FY 2010 is ₹ 55.47 Lakhs as compared to ₹ 54.97 Lakhs during FY 2009 showing an increase of 0.90%. This was due to the additional Plant and Machinery purchased during September 2009.

Interest Cost

Interest cost during FY 2010 is ₹ 380.98 Lakhs as compared to ₹ 331.16 Lakhs during FY 2009, showing an increase of 15.05% due to increase in Secured Loans from ₹ 2,782.48 Lakhs in FY 2009 to ₹ 3,304.76 Lakhs in FY 2010.

Profit / (Loss) After Tax (After Restatement)

Profit/(Loss) After Tax (After Restatement) during FY 2010 is ₹ 193.94 Lakhs as compared to ₹ (52.60) Lakhs during FY 2009, showing an increase of 468.73%. The sharp increase in PAT (After Restatement) is mainly due to increase in revenue, reduction in raw material consumption and manufacturing cost. Further, an adjustment of ₹ 38.00 Lakhs in FY 2010 has been made adding back the bad debts for Restatement of Financial Statements.

Fiscal 2009 v/s 2008

Income

Turnover for FY 2009 is ₹ 3,211.47 Lakhs as compared to 2,823.84 Lakhs in FY 2008. Increase of 13.73 % is due to further increase in MRP in various states which resulted consequent increase in prices concession (subsidy)

Total Revenue for FY 2009 is ₹ 4,103.00 Lakhs as compared to 2,772.82 Lakhs during the FY 2008 showing an increase of 47.97%. This increase is mainly due to increase in turnover, closing stock and other income.

Other Income during FY 2009 is ₹ 2.25 Lakhs as compared to ₹ 0.17 Lakhs during FY 2008. Increase/(Decrease) in stock is ₹ 889.29 Lakhs during FY 2009 and ₹ (51.19) Lakhs during FY 2008.

Expenditure

Raw Material Consumed

Amount of raw materials consumed during FY 2009 is ₹ 2,927.99 Lakhs as compared to ₹ 1,614.26 Lakhs during FY 2008. In proportion to Turnover, it has increased from 57.17% to 91.17% in the same period. This was due to sharp increase in prices of raw material i.e. acid price increased from ₹3,000/ MT to ₹13,000/ MT.

Manufacturing Expenses

Amount of Manufacturing Expenses during FY 2009 is ₹ 192.15 Lakhs as compared to ₹ 149.49 Lakhs during FY 2008. The percentage of Manufacturing Expenses to Turnover has increased from 5.29% to 5.98% in the same period due to increase in cost of spare parts and consumables etc.

Administrative & Selling Expenses

Amount of Administrative & Selling Expenses during FY 2009 is ₹ 558.24 Lakhs as compared to ₹ 741.82 Lakhs during FY 2008. In proportion to Turnover, it has decreased from 26.27% to 17.38% in the same period. This is due to change in mode of transportation which resulted decrease in transportation cost.

Personnel Cost

Personnel Cost during FY 2009 is ₹ 107.27 Lakhs as compared to ₹ 88.32 Lakhs during FY 2008. The percentage of personnel cost to turnover has increased from 3.13% to 3.34% in the same period.

Profit / (Loss) before Depreciation, Interest and Tax (PBDIT)

Profit before Depreciation, Interest and Tax during FY 2009 is ₹ 317.35 Lakhs as compared to ₹ 178.93 Lakhs during FY 2008, showing an increase of 77.36%; the increase is mainly due to an increase in total revenue and decrease in selling cost.

Depreciation

Depreciation on Fixed Assets during FY 2009 is ₹ 54.97 Lakhs as compared to ₹ 49.30 Lakhs during FY 2008, showing an increase of 11.50%. This is due to the addition to Fixed Assets during the year.

Interest Cost

Interest cost during FY 2009 is ₹ 331.16 Lakhs as compared to ₹ 270.11 Lakhs during FY 2008, showing an increase of 22.60%. The increase in interest cost is due to increase in Secured Loans from ₹ 2390.91 Lakhs during FY 2008 to ₹ 2782.48 Lakhs during FY 2009.

Profit / (Loss) After Tax (After Restatement)

Loss After Tax (After Restatement) during FY 2009 ₹ (52.60) Lakhs as compared to ₹ (137.54) Lakhs during FY 2008, showing a decrease of 61.76%.

Analysis of Negative Cash Flows

Our Company had negative cash flows for the following financial years :

(₹ in lakhs)					
Particulars	Year Ended March 31, 2007	Year Ended March 31, 2008	Year Ended March 31, 2009	Year Ended March 31, 2010	Year Ended March 31, 2011
Net cash from /(used in) Operating Activities	(23.69)	-	(74.95)	(112.07)	-
Net cash from /(used in) Investing Activities	(41.44)	(118.09)	(5.16)	(60.54)	(276.67)
Net cash from /(used in) Financing Activities	-	-	-	-	(258.94)

FY ended March 31, 2011

For FY 2011 our Company has negative cash flow from investing activities amounting to ₹ 276.67 Lakhs due to increase in Capital - Work In Progress from ₹ 62.23 Lakhs on FY 2010 to ₹ 344.15 Lakhs in FY 2011. Further we also have negative cash flow from financing activities amounting to ₹ 258.94 Lakhs due to higher interest payments.

FY ended March 31, 2010

For FY 2010 our Company has negative cash flow from Operating activities amounting to ₹112.07 Lakhs. For the FY 2010, the revenue from operations of our Company is ₹ 3,724.58 Lakhs as compared to ₹ 3,211.47 Lakhs for the FY 2009, showing an increase of 15.98%. Debtors for the FY 2010 stood at ₹ 1446.41 Lakhs as compared to ₹ 2,042.34 Lakhs for FY 2009, showing a decrease of 29.18%. The decrease in debtors is due to early realisation of subsidies and correspondingly payment of current liabilities and provision. The cash flow is negative due to decrease in Current Liabilities and Provisions. Current Liabilities and Provisions for FY 2010 stood at ₹ 483.95 Lakhs as compared to ₹ 1,770.40 Lakhs for FY 2009. Further we also have negative cash flow from investing activities amounting to ₹ 60.54 Lakhs due to increase in Capital - Work In Progress.

FY ended March 31, 2009

For FY 2009 our Company has negative cash flow from Operating activities amounting to ₹74.95 Lakhs. For the FY 2009, the revenue from operations of our Company is ₹ 3,211.47 Lakhs as compared to ₹ 2,823.84 Lakhs for the FY 2008, showing an increase of 13.73%. Debtors for the FY 2009 stood at ₹ 2,042.34 Lakhs as compared to ₹ 1,056.49 Lakhs for FY 2008, showing an increase of 93.31%. The significant increase in debtors is a sizeable claim of price concession claim to Government of India that had accumulated. The cash flow is negative due to increase in Sundry Debtors, Loans and Advances and Inventories. Loans and Advances for FY 2009 stood at ₹ 399.52 Lakhs as compared to ₹ 346.50 Lakhs for FY 2008. Inventories for FY 2009 stood at ₹ 1,753.10 Lakhs as compared to ₹ 967.46 Lakhs for FY 2008. Further we also have negative cash flow from Investing activities amounting to ₹ 5.16 Lakhs due to purchase of Fixed Assets.

FY ended March 31, 2008

Our Company has negative cash flow from Investing activities during FY 2008 amounting to ₹ 118.09 Lakhs due to increase in Capital - Work In Progress. Capital - Work In Progress is ₹ 8.76 Lakhs during FY 2007 and ₹ 126.67 Lakhs during 2008. Increase in Capital - Work In Progress is due to investment in Fixed Assets.

FY ended March 31, 2007

For FY 2007 our Company has negative cash flow from Operating activities amounting to ₹ 23.69 Lakhs. For the FY 2007, the revenue from operations of our Company is ₹ 2,541.52 Lakhs as compared to ₹ 2,044.22 Lakhs for the FY 2006, showing an increase of 24.33%. Debtors for the FY 2007 stood at ₹ 1060.09 Lakhs as compared to ₹ 907.37 Lakhs for FY 2006, showing an increase of 16.83%. The increase in debtors is due to increase in revenues. The cash flow is negative due to increase in Sundry Debtors and decrease in Current Liabilities and Provisions. Current Liabilities and Provisions for FY 2007 stood at ₹ 249.97 Lakhs as compared to ₹ 483.73 Lakhs for FY 2006.

Further we also have negative cash flow from Investing activities amounting to ₹ 41.44 Lakhs due to purchase of Fixed Assets and increase in Capital - Work In Progress.

Related Party Transactions

For details of related party transactions, please refer to the section titled “*Related Party Transactions*” beginning on page 162 of this Draft Red Herring Prospectus.

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 year ending March 31, 2011, since the interest rates could fluctuate in the near future. Any rise in interest rates would result in higher interest bearing debts.

Exchange Rate Risk

Changes in currency exchange rates influence our results of operations. We report results in our financial statements in Indian Rupee. The exchange rate between the Indian Rupee and the U.S. dollar has changed substantially in recent years and may continue to fluctuate significantly in the future.

Effect of Inflation

We are affected by inflation as it has an impact on the raw material cost, wages, fuel cost etc. In line with changing inflation rates, we rework our margins so as to absorb the inflationary impact.

FACTORS THAT MAY AFFECT THE RESULTS OF THE OPERATIONS:

1. Unusual or infrequent events or transactions.

There have been no unusual or infrequent transactions that have taken place.

2. Significant economic changes that materially affected or are likely to affect income from continuing operations

Volatility in Foreign exchange rates may have an inflationary effect on cost of imports. We import rock phosphate from Vietnam. Any inflation in the cost of the rock phosphate may have an adverse affect on our results of 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 factors disclosed in this Draft Red Herring Prospectus, there are no other trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

4. Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known.

Our Company’s future costs and revenues will be determined by demand/supply situation, government policies and availability of raw materials and prices thereof.

5. Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices.

Increases in revenues are by and large linked to increases in volume of business.

6. Total turnover of each major industry segment in which the issuer company operated.

Please refer to the chapter titled “*Industry Overview*” beginning on page 84 of this Draft Red herring Prospectus.

7. Status of any publicly announced new products or business segment.

Our Company has not announced any new product and segment, other than through this Draft Red Herring Prospectus.

We are in the process of setting up a manufacturing facility for Triple Super Phosphate.

8. The extent to which business is seasonal

Our business is seasonal in nature and most of our revenues are derived during rabi and kharif season.

9. Any significant dependence on a single or few suppliers or customers

The % of contribution of our Company’s customers and suppliers vis-à-vis the total sales and purchases respectively, for the FY 2011 is as follows:

Particulars	Customers	Suppliers
Top 3%	26.78%	76.32%
Top 10 (%)	48.00%	85.40%

10. Competitive conditions

Competitive conditions are as described under the section titled “*Business Overview*” beginning on page 102 of this Draft Red Herring Prospectus.

FINANCIAL INDEBTEDNESS

Our Company is enjoying various credit facilities as sanctioned by State Bank of India for conducting its business operations.

I. Details of Borrowings of our Company

Set forth below is a brief summary of our Company's secured borrowings from banks and financial institutions together with a brief description of certain significant terms of such financing arrangements

A. Secured Borrowings

Our Company entered into an Agreement of Loan with State Bank of India ('SBI'), Commercial Branch, Madhuban, Udaipur, Rajasthan on December 27, 1999 pursuant to the Sanction Letter dated December 10, 1999 bearing Reference No. BR/99-00/ wherein SBI granted a credit facility of ₹ 905 Lakhs to our Company. The Loan Agreement was subsequently modified on June 12, 2001, February 28, 2002, October 12, 2002, December 26, 2003, March 30, 2006 and November 18, 2008, due to enhancements of the credit facilities extended by SBI. Pursuant to the Sanction letter dated September 29, 2010, bearing Reference No. CM/LOANS/2010-11/268 the credit facilities were further enhanced, the particulars of which are as follows:

The outstanding secured borrowing of our Company is ₹ 3,838.57 Lakhs as at September 15, 2011.

(i) Loan of ₹ 4,548 Lakhs

Facility	Fund Based limit (Comprising of Cash Credit Facility and Term Loan): ₹ 3,948 Lakhs
	A. Cash Credit limit: ₹ 2,866 Lakhs <ul style="list-style-type: none"> i. CC (Stocks): 1,164 Lakhs@ ii. CC (BD- against suppliers i.e. MRP): 494 Lakhs@^ iii. CC (BD- Price Concession): 1,208 Lakhs@^
	B. Term Loan limit: ₹ 1,082 lakhs <ul style="list-style-type: none"> i. RTL for Additional WC Margin: 563 Lakhs* ii. FITL: 250 Lakhs* iii. WCTL: 169 Lakhs* iv. TL (New) for CAPEX: 100 Lakhs
	Non-Fund Based limit: ₹ 600 lakhs <ul style="list-style-type: none"> i. Letter of Credit: 200 Lakhs& ii. Bank Guarantee: 400 Lakhs#
	<p>* Present O/s as on August 1, 2010 @50% one way inter-changeability between CC (Book Debts) and CC (Price Concession) ^ Full inter-changeability between CC (Book Debts) and CC (Price Concession) &25% inter-changeability from LC limit to BG limit # 50% inter-changeability from BG limit to LC limit</p>

Loan Documentation	<ol style="list-style-type: none"> 1. Sanction Letter No. CM/LOANS/2010-11/268 dated September 29, 2010 2. Supplemental Agreement on Loan for Increase in the Overall Limit between SBI and Bohra Industries Limited dated October 5, 2010 3. Supplemental Deed of Guarantee for Increase in Overall Limit between Mr. Hemant Bohra and SBI dated October 5, 2010 4. Supplemental Agreement of Hypothecation of Goods and Assets for Increase in the Overall Limit between Bohra Industries Limited and SBI dated October 5, 2010 5. Supplemental Agreement of Pledge of Goods and Assets for Increase in the Overall Limit between Bohra Industries Limited and SBI dated October 5, 2010 6. Supplemental Agreement of Hypothecation of Goods and Assets for Increase in the Overall Limit between Bohra Industries Limited and SBI dated October 5, 2010 7. Memorandum for Extension of Mortgage by Deposit of Title Deeds for Enhanced Limits and/or creation of Equitable Mortgage on Additional Properties for Existing Limits and Enhanced Limits and Additional Facilities dated October 5, 2010.
Interest Rate(% p.a., unless otherwise specified)/ Commission charges	<p>1. Interest for Cash Credit</p> <p>Card Rate: 725 basis points above Base Rate Applicable Pricing: At 475 basis points above Base Rate, present effective rate at 12.25%</p> <p>2. Interest for Term Loans</p> <p>Card Rate: 725 basis points above Base Rate Applicable Pricing: At 475 basis points above Base Rate, present effective rate at 12.25%</p>
Security	<p>C. For Cash Credit (Hyp)/BD/Receivables/LC/BG limits</p> <p>Primary:</p> <ol style="list-style-type: none"> i. Exclusive charge on the company's stock of raw materials, stores and spares, stocks in process, finished goods, etc (present and future) lying in their factory premises, godowns, elsewhere and including stock in transit and cash/credit balance in their loan accounts/ Fixed deposits, etc. ii. Exclusive hypothecation charge over company's all present and future Book Debts/ Receivables as also clean or documentary bills, domestic or export, whether accepted or otherwise and cheques/drafts/instruments, etc drawn in favour of the Company. iii. The stipulated cash margins for LC & BG and the underlying stocks of LC limit <p>Collateral:</p> <ol style="list-style-type: none"> i. Extension of charge on the entire fixed assets of the Company (both present & future) ii. Cash collateral of ₹ 17 Lakhs in the form of STDR in the name of company. iii. Cash collateral of ₹ 50 Lakhs in the form of STDR in the name of Mr. Hemant Bohra iv. Cash Collateral of ₹ 2.44 Lakhs in the form of STDR in the name of Mr. Hemant Bohra v. Cash collateral of ₹ 20 Lakhs in the form of STDR in the name of our Company vi. Pledge of Shares of our Company held in the name of Mr. Hemant Bohra worth ₹ 215.7 Lakhs vii. Pledge of Shares of our Company held in the name of Ms. Beena Bohra in favour of SBI worth ₹ 1.5 Lakhs <p>D. For all existing term loans</p> <p>Primary:</p> <ol style="list-style-type: none"> i. Exclusive charge on the entire Fixed Assets of the company, both present and future, including equitable mortgage of its factory land and buildings at Plot No's 4887-4894 in Village Umrada, Tehsil Girva, Udaipur measuring 14550 sq. mt.

	Collateral: i. Extension of charge on the current assets of our Company including stipulated Cash Margin for NFB limits ii. Collateral in the form of STD R and Pledged shares as mentioned at ii to vii above
Tenor/ Repayment schedule	Cash Credit: On Demand Term Loans: 1. FITL: Repayable in 15 monthly instalments. For the period from October, 2010 to March, 2011 the amount shall be ₹ 10 Lakhs. For the period from April 2011 to December 2011 the amount shall be ₹ 20 Lakhs. 2. RTL (WC Margin): Repayable in 54 monthly instalments. For the period from October, 2010 to March, 2011 the amount shall be ₹ 1 Lakh, for the period from April 2011 to March 2012 the amount shall be ₹ 3.5 Lakhs, for the period from April 2012 to March 2013 the amount shall be ₹ 9.25 Lakhs, for the period from April 2013 to February 2014 the amount shall be ₹ 14.5 Lakhs, for March, 2014 the amount shall be ₹ 12.5 Lakhs and for the period from April 2014 to March 2015 the amount shall be ₹ 19.25 Lakhs 3. WCTL-1: Repayable in 36 monthly instalments. For the period from October 2010 to March 2012 the amount shall be ₹ 2.75 Lakhs; for the period from April 2012 to September 2013 the amount shall be ₹ 6.5 Lakhs 4. TL-New for Capex: Repayable in 54 months; Moratorium till March, 2011; From April 2011 to May 2012 the amount shall be ₹ 1 Lakh; From June 2012 to March 2015 the amount shall be ₹ 2 Lakh; From April 2015 to September 2015 the amount shall be ₹ 3 Lakh
Outstanding facility amount as on September 15, 2011	For Fund Based Limit is ₹ 3478.25 Lakhs For Non Based Limit is ₹ 360.32 Lakhs

B. Restrictive Covenants

- 1) Our Company shall not induct into our Board of Directors any person whose name appears in the wilful defaulters list of RBI/CIBIL (other than as Nominee/Professional/Honorary director). In case such person is already on our Board of Directors, our Company would need to take expeditious and effective steps for the removal of that person for our Board.
- 2) Our Company shall keep SBI informed of the happening of any event likely to have a substantial effect on the profit or business of our Company, along with explanations and remedial steps proposed to be taken.
- 3) Our Company shall not effect any change in its capital structure; In cases of term loans, where a condition of prohibiting disinvestments by promoters of their quota in the equity of our Company, without the prior approval of SBI, all the promoters should furnish an undertaking on the lines specified for this purpose. On the basis of the letter of undertaking, promoters should also furnish each year in the first week of April, the latter's confirmation together with the Auditor's certificate as on March 31 every year for record of SBI.
- 4) Formulate any scheme of amalgamation or reconstruction;
- 5) Invest by way of share capital in or lend or advance funds to or place deposits with any other concern (including group companies); normal trade credit or security deposits in the normal course of business, other than advances to employees;
- 6) Enter into borrowing arrangement either secured or unsecured with any other bank, financial institution, company or otherwise accept deposits apart from the arrangement indicated in the funds flow statements submitted to SBI from time to time and approved by SBI;

- 7) Undertake a guarantee obligation on behalf of any other company, including group companies;
- 8) Create any charge, lien or encumbrance over its undertaking or any part thereof in favour any financial institution, bank, company, firm or persons;
- 9) Sell, assign, mortgage or otherwise dispose of any of the fixed assets charged to SBI;
- 10) Undertake any trading activity other than sale of products arising out of its own manufacturing operations;
- 11) Permit any transfer of the controlling interest or make any drastic change in the management set-up;
- 12) All unsecured loans/deposits raised by our Company for financing a project shall always be subordinate to the loans of the banks/financial institutions and should be permitted to be repaid only with the prior approval of all the banks and financial institutions concerned;
- 13) Repay monies brought in by the promoters/directors/principal shareholders and their friends and relatives by way of deposits/loans/advances should be lower than the rate of interest charged by SBI on its term loan and payment of such interest shall be subject to regular repayment of instalments under term loans granted/deferred payment guarantees executed by SBI or other repayment obligations, if any, due from our Company to SBI.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as stated below, there are no outstanding litigations, suits, civil or criminal prosecutions, proceedings before any judicial, quasi-judicial, arbitral or administrative tribunals, including pending proceedings for violation of statutory regulations or alleging criminal or economic offences or tax liabilities or show cause notices or legal notices pending or penalties imposed in the last five years against our Company, our Promoter, our Directors, Entities promoted by our Promoter that would have a material adverse effect on our business and there are no defaults, non-payments or overdue of statutory dues, institutional / bank dues and dues payable to holders of debentures, fixed deposits and arrears on cumulative preference shares that would have a material adverse effect on our business.

Further, except as stated below, our Company, our Directors our Promoter and Entities promoted by our Promoter have not been declared as wilful defaulters by the Reserve Bank of India, have not been debarred from dealing in securities and/or accessing capital markets by SEBI and no disciplinary action has been taken against them by SEBI or any stock exchanges or any other Governmental authority and, except as disclosed in this section in relation to litigation, there are no violations of securities laws committed by them in the past or pending against them. Also none of our Promoter or Directors was or is a promoter, director or person in control of any other company that is debarred from accessing the capital market under any order or directions made by SEBI.

This chapter has been divided into nine parts:

- I. Contingent Liabilities
- II. Outstanding litigations involving our Company
- III. Outstanding litigations involving our Directors
- IV. Outstanding litigations involving our Group Companies
- V. Past penalties levied in the last five years
- VI. Material Developments since the last Balance Sheet Date
- VII. Outstanding dues to small scale undertaking(s) or any other creditors

I. Contingent Liabilities

As on March 31, 2011 contingent liabilities not provided for were as follows:

(₹ in Lakhs)

Particulars	For the Year ended March 31				
	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
Guarantees by banks	445.00	12.00	12.00	10.00	10.00
Letter of Credit opened with bank	150.00	247.22	0.00	0.00	0.00

II. Outstanding litigations involving our Company

A. Outstanding litigations against our Company

Civil Cases

- 1. Indian Potash Limited ('Appellant') filed a Civil Miscellaneous Appeal No. 317 of 2010 before the High Court of Judicature for Rajasthan at Jodhpur ('High Court') against our Company ('Respondent') challenging the order passed by the Additional District Judge No. 2, Udaipur in Civil Miscellaneous Application No. 4/2010 under Section 9 of the Arbitration and Conciliation Act, 1996.***

Our Company has been entering into a series of annual agreements (the latest being the Agreement dated September 10, 2008) with Indian Potash Limited ('IPL') for supply of an agreed quantity of SSP fertilizers to IPL who was

obligated to market the fertilizers across various states in India under IPL's brand name. However, certain disputes arose over the terms of the agreement, which has given rise to litigation in more than one court of law. The same has been summarized below:

It is the case of the Appellant that the Appellant and the Respondent entered into various annual MoU / Agreement between the period 2001 and 2008 (the latest being the Agreement dated September 10, 2008), for marketing the SSP fertilizers manufactured by the Respondent in various states across India under the Appellant's brand name. As per the terms of which, the Respondent was required to sell all its output to the Appellant, who would then market it under its own brand name across India. It is the Appellant's contention that the Additional District Judge No. 2 wrongly held that the Respondent was eligible ad-interim relief under Section 9 of the Arbitration and Conciliation Act, 1996 on the grounds that the Appellant violated the terms of the various Agreements entered into by them from 2001 to 2008.

As per the contention of the Appellant, the Respondent never raised disputes under the previous agreements entered into between them and that subsequent to the execution of the Agreement dated September 10, 2008, he is estopped from raising a dispute regarding earlier MoU/Agreements. Therefore, the Appellant has preferred this Appeal before the High Court on the grounds that the Additional District Judge does not have jurisdiction since the MoU/Agreement was signed in New Delhi and the seat of arbitration as per the MoU/Agreement is New Delhi. Further, the Appellant claimed that the ad-interim order passed by the Additional District Judge compelled the Appellant to specifically perform his obligation under the contract, which is not permissible under law as the same is barred by Section 14(1)(a) of the Specific Relief Act, 1963 and the ad-interim order passed by the Additional District Judge amounted to granting the entire relief, for which the right forum was the arbitration tribunal. Consequently, the Appellant prayed that the High Court may be pleased to allow the Appeal and quash the order passed by the Additional District Judge and pass any order that the High Court may deem fit.

The Appellant also filed a Stay Application along with their Appeal in the High Court to stay the order passed by the Additional District Judge No. 2 dated February 10, 2010 on the grounds that Section 9 of the Arbitration and Conciliation Act, 1996 only applied for the purpose of reservation of goods and property, and the same cannot be applied for execution of contract and the same cannot be granted at this stage. The High Court vide order dated April 16, 2010 stayed the order passed by the Additional District Judge No. 2 dated February 10, 2010 until final disposal of the miscellaneous appeal.

The matter is currently pending before the District Court, Udaipur. Civil Miscellaneous Appeal No. 317 of 2010 is pending before the High Court and the next date of hearing has not been declared as on the date of this Draft Red Herring Prospectus.

Labour Cases

1. Shri Bhagga Ram Dangi ("Applicant") filed a suit bearing number 12/09LCR of 2010 against our Company ('Respondent'), before the Industrial and Labour Court, Udaipur, Rajasthan ('Court')

Being aggrieved by his wrongful dismissal by the Respondent, the Applicant has preferred the present suit. The Applicant was an employee of the Respondent, working as a crane operator since September 20, 2001. He was unable to attend to his duties for a period of three months from November 13, 2006 due to illness. When the Applicant resumed his duties on February 14, 2007 he was told by the general manager at the factory that he would be allowed to resume subject to the permission of the Managing Director of the Respondent. But the permission to resume duties was refused and the Applicant was dismissed.

The Applicant claims that he was not given salary and other benefits like dearness allowance, annual bonus, which he was rightfully entitled to. Further, the Applicant also claims that he is rightfully entitled to all benefits under Section 25B and 25F of the Industrial Disputes Act, 1947.

The Applicant therefore prays:

1. That the court may be pleased to pass an order re-instating the Applicant;

2. That the Applicant's salary and other benefits from February 12, 2007 till re-instatement may be ordered to be given to the Applicant;
3. Award costs of the suit to the Respondent and pass such other orders as the court may deem fit.

The matter is currently pending before the Court.

Criminal Cases

1. ***State of Rajasthan through the Deputy Director of Agriculture ('Petitioner') has filed a Complaint bearing number 71 of 2009 under Section 190 of Cr.P.C against M/s Khandelwal & Bros. ('Respondent No. 1') and our Company represented by Mr. M. S. Kothari, the Nodal Officer ('Respondent No. 2) under the Essential Commodities Act, 1955 before the District & Sessions Judge, Alwar ('Court')***

The Petitioner extracted three samples of our product SSP fertilizer from the premises of our dealer, Respondent No.1 and issued Form J to the Respondent No. 1. Thereafter, the Petitioner sent the samples for testing with the laboratory. It was found from the result of the tests that our product did not match the standards laid down by the Government of India under the Fertilizer Control Order, 1985. Based on the finding of the test results from the laboratory, the Petitioner has filed the present petition before the Court under Sections 3 and 7 of the Essential Commodities Act, 1955. The Court issued summons to the parties concerned and the matter is currently reserved for charge arguments. The matter is currently pending before the Court.

2. ***State of Rajasthan through the Deputy Director of Agriculture ('Petitioner') has filed a Complaint bearing number 435 of 2006 under Section 190 of the Cr.P.C against M/s Kesrilal ('Respondent No. 1') and our Company represented by Mr. M. S. Kothari, the Nodal Officer ('Respondent No. 2) under the Essential Commodities Act, 1955 before the Chief Judicial Magistrate Jhalawad ('Court')***

The Petitioner extracted three samples of our product SSP fertilizer from the premises of our dealer, Respondent No.1 and issued Form J to the Respondent No. 1. Thereafter, the Petitioner sent the samples for testing with the laboratory. It was found from the result of the tests that our product did not match the standards laid down by the Government of India under the Fertilizer Control Order, 1985. Based on the finding of the test results from the laboratory, the Petitioner has filed the present petition before the Court under Sections 3 and 7 of the Essential Commodities Act, 1955. The Court issued summons to the parties concerned and the matter is currently reserved for pre-charge arguments. The matter is currently pending before the court and the matter is pending.

3. ***State of Rajasthan through the Deputy Director of Agriculture ('Petitioner') has filed a Complaint bearing number 628 of 2006 under Section 190 of the Cr.P.C against our Company represented by Mr. M. S. Kothari, the Nodal Officer ('Respondent') under the Essential Commodities Act, 1955 before the Chief Judicial Magistrate, Udaipur ('Court')***

The Petitioner extracted three samples of our product SSP fertilizer from Respondent No.1 and issued Form J to the Respondent No. 1. Thereafter, the Petitioner sent the samples for testing with the laboratory. It was found from the result of the tests that our product did not match the standards laid down by the Government of India under the Fertilizer Control Order, 1985. Based on the finding of the test results from the laboratory, the Petitioner has filed the present petition before the Court under Sections 3 and 7 of the Essential Commodities Act, 1955. The Court issued summons to the parties concerned and the matter is currently reserved for pre-charge arguments. The matter is currently pending before the Court.

4. ***State of Rajasthan through the Deputy Director of Agriculture ('Petitioner') has filed a Complaint bearing number 629 of 2006 under Section 190 of the Cr.P.C against M/s. Rahul Krishi (Respondent No. 1), our Company represented by Mr. M. S. Kothari, the Nodal Officer ('Respondent No. 2) under the Essential Commodities Act, 1955 before the Chief Judicial Magistrate, Udaipur ('Court')***

The Petitioner extracted three samples of our product SSP fertilizer from the premises of our dealer, Respondent No.1 and issued Form J to the Respondent No. 1. Thereafter, the Petitioner sent the samples for testing with the laboratory. It was found from the result of the tests that our product did not match the standards laid down by the Government of India under the Fertilizer Control Order, 1985. Based on the finding of the test results from the

laboratory, the Petitioner has filed the present petition before the Court under Sections 3 and 7 of the Essential Commodities Act, 1955 and the Fertilizer Control Order, 1985. The Court issued summons to the parties concerned and the matter is currently reserved for pre-charge evidence. The matter is currently pending before the Court.

- 5. *State of Rajasthan through the Deputy Director of Agriculture ('Petitioner') has filed a Complaint bearing number 514 of 2007 under Section 190 of the Cr.P.C against M/s. Krishi Sansar Rajiyawas (Respondent No. 1), our Company represented by Mr. M. S. Kothari, the Nodal Officer ('Respondent No. 2) under the Essential Commodities Act, 1955 before the Chief Judicial Magistrate, Rajsamand ('Court')***

The Petitioner extracted three samples of our product SSP fertilizer from the premises of our dealer, Respondent No.1 and issued Form J to the Respondent No. 1. Thereafter, the Petitioner sent the samples for testing with the laboratory. It was found from the result of the tests that our product did not match the standards laid down by the Government of India under the Fertilizer Control Order, 1985. Based on the finding of the test results from the laboratory, the Petitioner has filed the present petition before the Court under Sections 3 and 7 of the Essential Commodities Act, 1955 and the Fertilizer Control Order, 1985. The Court issued summons to the parties concerned and the matter is currently reserved for pre-charge evidence. The matter is currently pending before the Court.

- 6. *State of Rajasthan through the Deputy Director of Agriculture ('Petitioner') has filed a Complaint bearing number 135 of 2005 under Section 190 of Cr.P.C against M/s. Goyal Khad Bhandar (Respondent No. 1) and our Company represented by Mr. M. S. Kothari, the Nodal Officer ('Respondent No. 2) under the Essential Commodities Act, 1955 before the Additional Chief Judicial Magistrate, Gangapur City ('Court')***

The Petitioner extracted three samples of our product SSP fertilizer from the premises of our dealer, Respondent No.1 and issued Form J to the Respondent No. 1. Thereafter, the Petitioner sent the samples for testing with the laboratory. It was found from the result of the tests that our product did not match the standards laid down by the Government of India under the Fertilizer Control Order, 1985. Based on the finding of the test results from the laboratory, the Petitioner has filed the present petition before the Court under Sections 3 and 7 of the Essential Commodities Act, 1955 and the Fertilizer Control Order, 1985. The Court has not issued summons and the matter has not been listed.

- 7. *State of Rajasthan through the Deputy Director of Agriculture ('Petitioner') has filed a Complaint bearing number 249 of 2005 under Section 190 of Cr.P.C against M/s. KVVS Bhadra (Respondent No. 1) and our Company represented by Mr. M. S. Kothari, the Nodal Officer ('Respondent No. 2) under the Essential Commodities Act, 1955 before the Additional Chief Judicial Magistrate, Hanumangarh ('Court')***

The Petitioner extracted three samples of our product SSP fertilizer from the premises of our dealer, Respondent No.1 and issued Form J to the Respondent No. 1. Thereafter, the Petitioner sent the samples for testing with the laboratory. It was found from the result of the tests that our product did not match the standards laid down by the Government of India under the Fertilizer Control Order, 1985. Based on the finding of the test results from the laboratory, the Petitioner has filed the present petition before the Court under Sections 3 and 7 of the Essential Commodities Act, 1955 and the Fertilizer Control Order, 1985. The Court has not issued summons and the matter has not been listed.

- 8. *State of Rajasthan through the Deputy Director of Agriculture ('Petitioner') has filed a Complaint bearing number 168 of 2007 under Section 190 of the Cr.P.C against Shri Day Mohan (Respondent No. 1), our Company represented by Mr. M. S. Kothari, the Nodal Officer ('Respondent No. 2) under the Essential Commodities Act, 1955 before the Additional Chief Judicial Magistrate, Sawaimadhopur ('Court')***

The Petitioner extracted three samples of our product SSP fertilizer from the premises of our dealer, Respondent No.1 and issued Form J to the Respondent No. 1. Thereafter, the Petitioner sent the samples for testing with the laboratory. It was found from the result of the tests that our product did not match the standards laid down by the Government of India under the Fertilizer Control Order, 1985. Based on the finding of the test results from the laboratory, the Petitioner has filed the present petition before the Court under Sections 3 and 7 of the Essential Commodities Act, 1955 and the Fertilizer Control Order, 1985. The Court issued summons to the parties concerned and the matter is currently reserved for pre-charge evidence. The matter is currently pending before the Court.

- 9. *State of Rajasthan through the Deputy Director of Agriculture ('Petitioner') has filed a Complaint bearing number 173 of 2007 under Section 190 of Cr.P.C against M/s. Gupta Traders (Respondent No. 1) and our Company represented by Mr. M. S. Kothari, the Nodal Officer ('Respondent No. 2) under the Essential Commodities Act, 1955 before the Additional Chief Judicial Magistrate, Sawaimadhopur ('Court')***

The Petitioner extracted three samples of our product SSP fertilizer from the premises of our dealer, Respondent No.1 and issued Form J to the Respondent No. 1. Thereafter, the Petitioner sent the samples for testing with the laboratory. It was found from the result of the tests that our product did not match the standards laid down by the Government of India under the Fertilizer Control Order, 1985. Based on the finding of the test results from the laboratory, the Petitioner has filed the present petition before the Court under Sections 3 and 7 of the Essential Commodities Act, 1955 and the Fertilizer Control Order, 1985. The Court issued summons to the parties concerned and the matter is currently reserved for pre-charge evidence. The matter is currently pending before the Court.

- 10. *State of Rajasthan through the Deputy Director of Agriculture ('Petitioner') has filed a Complaint bearing number 284 of 2002 under Section 190 of Cr.P.C against M/s. Bagla Agro (Respondent No. 1) and our Company represented by Mr. M. S. Kothari, the Nodal Officer ('Respondent No. 2) under the Essential Commodities Act, 1955 before the Chief Judicial Magistrate, Ganganagar ('Court')***

The Petitioner extracted three samples of our product SSP fertilizer from the premises of our dealer, Respondent No.1 and issued Form J to the Respondent No. 1. Thereafter, the Petitioner sent the samples for testing with the laboratory. It was found from the result of the tests that our product did not match the standards laid down by the Government of India under the Fertilizer Control Order, 1985. Based on the finding of the test results from the laboratory, the Petitioner has filed the present petition before the Court under Sections 3 and 7 of the Essential Commodities Act, 1955 and the Fertilizer Control Order, 1985. The Respondents have not received summons and the matter has not been listed.

- 11. *State of Rajasthan through the Deputy Director of Agriculture ('Petitioner') has filed a Complaint bearing number 45 of 2006 under Section 190 of Cr.P.C against M/s. Aroda Pesticides (Respondent No. 1) and our Company represented by Mr. M. S. Kothari, the Nodal Officer of our Company ('Respondent No. 2) under the Essential Commodities Act, 1955 before the Chief Judicial Magistrate, Ganganagar ('Court')***

The Petitioner extracted three samples of our product SSP fertilizer from the premises of our dealer, Respondent No.1 and issued Form J to the Respondent No. 1. Thereafter, the Petitioner sent the samples for testing with the laboratory. It was found from the result of the tests that our product did not match the standards laid down by the Government of India under the Fertilizer Control Order, 1985. Based on the finding of the test results from the laboratory, the Petitioner has filed the present petition before the Court under Sections 3 and 7 of the Essential Commodities Act, 1955 and the Fertilizer Control Order, 1985. The Respondents have not received summons and the matter has not been listed.

- 12. *State of Rajasthan through the Deputy Director of Agriculture ('Petitioner') has filed a Complaint bearing number 216 of 2005 against M/s. Abhinav Traders (Respondent No. 1) and our Company represented by Mr. M. S. Kothari, the Nodal Officer ('Respondent No. 2) under the Essential Commodities Act, 1955 before the Additional Chief Judicial Magistrate, Lalshot ('Court')***

The Petitioner extracted three samples of our product SSP fertilizer from the premises of our dealer, Respondent No.1 and issued Form J to the Respondent No. 1. Thereafter, the Petitioner sent the samples for testing with the laboratory. It was found from the result of the tests that our product did not match the standards laid down by the Government of India under the Fertilizer Control Order, 1985. Based on the finding of the test results from the laboratory, the Petitioner has filed the present petition before the Court under Sections 3 and 7 of the Essential Commodities Act, 1955 and the Fertilizer Control Order, 1985. The Court issued summons to the parties concerned and the matter is currently reserved for pre-charge evidence. The matter is currently pending before the Court.

- 13. *State of Rajasthan through the Deputy Director of Agriculture ('Petitioner') has filed a Complaint bearing number 59 of 2006 against M/s. Shamlal KVSS (Respondent No. 1) and our Company represented by Mr. M. S. Kothari, the Nodal Officer ('Respondent No. 2) under the Essential Commodities Act, 1955 before the Additional Chief Judicial Magistrate, Behgu ('Court')***

The Petitioner extracted three samples of our product SSP fertilizer from the premises of our dealer, Respondent No.1 and issued Form J to the Respondent No. 1. Thereafter, the Petitioner sent the samples for testing with the laboratory. It was found from the result of the tests that our product did not match the standards laid down by the Government of India under the Fertilizer Control Order, 1985. Based on the finding of the test results from the laboratory, the Petitioner has filed the present petition before the Court under Sections 3 and 7 of the Essential Commodities Act, 1955 and the Fertilizer Control Order, 1985. The Court issued summons to the parties concerned and the matter is currently reserved for pre-charge evidence. The matter is currently pending before the Court.

14. State of Andhra Pradesh through the Deputy Director of Agriculture ('Petitioner') has filed a Complaint bearing number 291 of 2005 against our Company represented by and Mr. M. S. Kothari, the Nodal Officer ('Respondent No. 1) under the Essential Commodities Act, 1955 before the Judicial First Class Magistrate, Parthipadu ('Court')

The Petitioner extracted three samples of our product SSP fertilizer from the premises of our dealer, Respondent and issued Form J to the Respondent No. 1. Thereafter, the Petitioner sent the samples for testing with the laboratory. It was found from the result of the tests that our product did not match the standards laid down by the Government of India under the Fertilizer Control Order, 1985. Based on the finding of the test results from the laboratory, the Petitioner has filed the present petition before the Court under Sections 3 and 7 of the Essential Commodities Act, 1955 and the Fertilizer Control Order, 1985. The Court issued summons to the parties concerned and the matter is currently reserved for pre-charge evidence. The matter is currently pending before the Court.

15. State of Andhra Pradesh through the Assistant Director of Agriculture ('Petitioner') has filed a Criminal Complaint under Section 190 of Cr.P.C bearing number 403 of 2004 against M/s. Swathi Enterprises (Respondent No. 1), our Company represented by Mr. M. S. Kothari ('Respondent No. 2) and Sri Sai Ram Enterprises ('Respondent No. 3) under the Essential Commodities Act, 1955 before the Judicial First Class Magistrate, Machilipatnam ('Court')

The Complainant extracted three samples of our product SSP fertilizer from the premises of our dealer, Respondent and issued Form J to the Respondent No. 1. Thereafter, the Petitioner sent the samples for testing with the laboratory. It was found from the result of the tests that our product did not match the standards laid down by the Government of India under the Fertilizer Control Order, 1985. Based on the finding of the test results from the laboratory, the Petitioner has filed the present petition before the Court under Sections 3 and 7 of the Essential Commodities Act, 1955 and the Fertilizer Control Order, 1985. The Court issued summons to the parties concerned and the matter was subsequently transferred to the Judicial First Class Magistrate, Vijayawada and the matter has not been listed for hearing.

16. State of Andhra Pradesh through the Deputy Director of Agriculture ('Petitioner') has filed a Complaint under Section 190 of the Cr.P.C bearing number 88 of 2006 against M/s. Karshaka Enterprises (Respondent No. 1) and our Company represented by Mr. M. S. Kothari, the Nodal Officer ('Respondent No. 2) under the Essential Commodities Act, 1955 before the Additional Munsif Magistrate, Guntur ('Court')

The Petitioner extracted three samples of our product SSP fertilizer from the premises of our dealer, Respondent and issued Form J to the Respondent No. 1. Thereafter, the Petitioner sent the samples for testing with the laboratory. It was found from the result of the tests that our product did not match the standards laid down by the Government of India under the Fertilizer Control Order, 1985. Based on the finding of the test results from the laboratory, the Petitioner has filed the present petition before the Court under Sections 3 and 7 of the Essential Commodities Act, 1955 and the Fertilizer Control Order, 1985. The Court has issued summons to the parties and the matter has been listed for hearing.

17. Indian Potash Limited ('Complainant') filed a criminal complaint bearing number 23103 of 2009 against our Company ('Respondent') before the Judicial Magistrate First Class, New Delhi ('Court') under Section 138 of the Negotiable Instruments Act, 1881.

The Respondent received a notice dated September 16, 2009 from the Petitioner under Section 138 of the NI Act, 1881 on the grounds that a cheque numbered 206304 for an amount of ₹ 1,38,21,313 which was issued on August

20, 2009 by the Respondent towards part payment of ₹ 1,83,00,000 owed to the Petitioner on account of the supply of 1500 metric tonnes of Egyptian rock phosphate was dishonoured by the bank on presentation for clearance on the grounds that the payment had been stopped by the Respondent. In light of these facts, the Petitioner issued a notice to the Respondent directing us to make the payment of ₹ 1,38,21,313 within 15 days from the receipt of the notice.

The Respondent in its reply dated October 23, 2009 refuted the statements made by the Petitioner in its notice and stated that the post dated cheque was issued as payment for the supply of 1500 metric tonnes of Egyptian rock phosphate, and since the same was not supplied as promised by the Petitioner, the Respondent was left with no choice but to instruct the bank to stop payment against the cheque. In light of these facts, the Respondent denied that it owed any sum of money to the Petitioner since the Petitioner did not perform its part of the contract.

Thereafter, the Complainant filed a criminal complaint before the Court and the court issued a summons order dated November 9, 2009 calling upon the Respondent to appear before the court February 11, 2010. However, the Respondent has not received any summons or documents in this regard.

B. Outstanding litigations by our Company

Civil Litigation

1. Our Company ('Plaintiff') filed a civil suit bearing number 166 of 2007 against M/s. Maheshwari Packaging ('Defendant'), before the Additional District Judge (FT) No. 2, Udaipur, Rajasthan ('Court')

The Plaintiff placed a purchase order numbered 257 dated February 19, 2005 with the defendant for the supply of H.D.P.E woven bags ('goods') to the Plaintiff before February 28, 2005. Despite several requests, the Defendant did not supply the said goods in time. The Defendant supplied 61,700 bags worth ₹ 5,46,045 on June 3, 2005. The Plaintiff subsequently discovered that the goods supplied by the Defendant were of an inferior quality. The plaintiff rejected the goods supplied and intimated the same to the Defendant and directed them to take back the goods supplied and repay the plaintiff a sum of ₹ 1,00,000 which was paid by the Plaintiff at the time of placing the order. The Plaintiff has further claimed that a sum of ₹ 2,60,000 has been spent towards safe keeping of the rejected goods. Therefore, the Plaintiff has instituted the present suit on the aforementioned grounds, praying as under:

- a) That the court may pass an order against the defendant for recovery of ₹ 3,60,000;
- b) That the court may award a sum of ₹ 10,000 per month to the plaintiff from the date of institution of the suit till its disposal for recovery of the expenses incurred by the plaintiff in storing the rejected goods and pass any other orders which the court deems fit and proper.

Counterclaim by Defendant

The Defendant filed a counterclaim claiming that the Defendant supplied the plaintiff goods worth ₹ 46,81,456 till June 2, 2005 out of which the Plaintiff has paid a sum of ₹ 33,50,000 to the defendant. The Defendant has further claimed a sum of ₹ 5,46,045 for the goods that were supplied to the Plaintiff on June 2, 2005. The Defendant has claimed that despite several requests, the Plaintiff did not pay the Defendant the sum of ₹ 5,46,045 nor did the Plaintiff return the goods to the Defendant. Therefore, the Defendant approached the court claiming a sum of ₹ 18,77,501 as outstanding dues from the Plaintiff and a sum of ₹ 10,72,269 as interest on the outstanding dues, aggregating to ₹ 29,49,770.

Reply to counterclaim

The Plaintiff in its reply to the counterclaim admitted the fact that the Defendant supplied 61,700 bags worth ₹ 5,46,045. However, it is the claim of the Plaintiff that despite several requests to remove the goods from the Plaintiff's custody, the Defendant failed to do the same and costs were incurred by the Plaintiff on keeping the goods on its premises. The Plaintiff denied the claim of the Defendant that a sum of ₹ 13,31,456 and ₹ 10,72,269 is owed by the Plaintiff towards repayment of dues and interest, respectively.

The matter is pending before the Court.

2. *Our Company (“Appellant”) filed a Civil Special Appeal (Writ) bearing number 01079 of 2010 against Rajasthan State Mines and Minerals Limited (“Respondent”) before the Division Bench of the High Court of Judicature for Rajasthan at Jodhpur (“High Court”)*

The Appellant states that it entered into a Memorandum of Understanding (‘MoU’) dated December 21, 2000 with the Respondent for bulk purchase of beneficiated rock phosphate and chips from the Respondent. On August 9, 2001 the Respondent *vide* its price circular offered a quantity based special off-season discount on purchase of the entire stock of rock phosphate chips and concentrate between August 10, 2001 and September 30, 2001. The Appellant purchased 22,493.10 metric tons of beneficiated rock phosphate between August 10, 2001 and September 30, 2001 and the Appellant was entitled to a discount of ₹ 33,70,000 as per the price circular of the Respondent. The Appellant *vide* letter dated December 27, 2001 requested the Respondent to issue a credit note in favour of the Appellant for the sum of ₹ 33,70,000. Despite repeated requests made by the Appellant the Respondent refused to issue the credit note to the Appellant. Aggrieved by this, the Appellant filed a writ petition numbered 5481 of 2009 before the High Court. The Single Judge of the High Court dismissed the petition without entering into the merits of the case on the grounds that the claim of the Appellant in substance was one of specific performance of contract, for which the extraordinary jurisdiction of the High Court under Article 226 of the Constitution of India could not be invoked.

The Appellant has preferred this appeal on the grounds that the Single Judge failed to appreciate the fact that the Appellant seeks to invoke his rights under the price circular dated August 9, 2001 and not to enforce its contractual rights under the MoU.

The Appellant therefore prays that:

1. The judgment dated October 26, 2009 passed by the Single Judge of the High Court for Rajasthan be set aside;
2. Issue any other appropriate writ, order or direction, which the court deems just and proper in the facts and circumstances of the case;
3. Award the costs of the appeal in favour of the Appellant.

The matter is currently pending before the High Court.

3. *Our Company (‘Applicant’) filed an Arbitration Application numbered 12 of 2010 against Indian Potash Limited (‘Respondent’) before the High Court of Judicature for Rajasthan at Jodhpur (‘High Court’) under Section 11 of the Arbitration and Conciliation Act, 1996*

The Applicant states that the Applicant and the Respondent entered into various annual MoU/Agreements between the period 2001 and 2008 (the latest being the Agreement dated September 10, 2008), for marketing the SSP fertilizers manufactured by the Applicant in various States across India under the Respondent’s brand name. As per the terms of the MoU / Agreements entered into between the parties between 2001 and 2005, the Applicant was required to sell all its output to the Respondent, who would then market it under its own brand name across India. The Applicant was restrained from selling its products to any other party or market it under its own brand. As regards MoU / Agreements entered into by the parties from 2005 to 2008, the Applicant was required to buy the raw materials for manufacturing SSP fertilizers from the Respondent and also sell all their output to the Respondent. The Applicant claims that the Respondent has reneged from his obligations under the Agreements by not supplying the Applicant with raw materials and also did not buy the agreed quantities of SSP Fertilizers, resulting in under-utilization of the Applicant’s plant. As per the latest Agreement entered into between the Applicant and Respondent dated September 10, 2008, the Respondent was obligated to buy approximately 1,80,000 metric tonnes of SSP from the Applicant, but the Respondent only had permission to trade in 1,35,000 tonnes from the Department of Fertilizers. However, the Respondent bought only 45,000 metric tonnes from the Applicant, which resulted in gross underutilization of the Applicant’s plant and has consequently caused tremendous losses to the Applicant. The Applicant claims that the actions of the Respondent have resulted in a loss of up to ₹ 2,50,00,00,000.

Further, as per the arrangements between the parties, the Department of Fertilizers was directed to issue the manufacturing subsidies granted to the Applicant under the applicable law, to the Respondent who was then required to credit the Applicant’s account with the same. The DoF acquiesced to the request of the parties and instructed its

accounts office to issue the subsidy amounts in favour of the Respondent and sum of ₹ 13,44,24,862 was paid by DoF to the Respondent and the same was acknowledged by the Respondent in the letter issued to the Applicant dated March 19, 2009. However, the Respondent failed to credit the aforementioned sum of money into the account of the Applicant and instead misappropriated and embezzled the subsidy amount, whose rightful owner is the Applicant and not the Respondent. It is on these grounds that the Applicant has approached the High Court praying the court to allow the application and appoint an independent sole arbitrator for adjudication of the dispute between the parties.

The Respondent in its reply opposed the Application on the grounds that the High Court lacked territorial jurisdiction to decide the matter. The Respondent has contended that the MoU/ Agreement was executed into by the parties in New Delhi and as such only the Delhi High Court has jurisdiction for the purpose of appointment of the Arbitrator. Further, the Respondent approached the Delhi High Court on January 20, 2010 for appointment of the sole arbitrator and made an Arbitration Application numbered 24 of 2010, and IA 13666/2010 notices were also issued by the Delhi High Court to the parties on January 25, 2010, prior to the institution of the present Arbitration Application before this High Court. In light of these contentions, the Respondent has prayed that the present application under Section 11 is not maintainable. And the last of hearing of this matter is on December 7, 2010 in the hearing the argument was heard and judgement is reserved till date.

The Applicant filed a rejoinder to the reply submitted by the Respondent claiming that the Application made by the Respondent before the Delhi High Court for appointment of arbitrator was untenable in law as it did not comply with the Scheme of Appointment of Arbitrators, 1996 that was applicable for applicants in the Delhi High Court. The Applicant further submitted that merely by filing an application prior in time did not create any right in favour of the Respondent and that the Respondent did not present complete fact and circumstances before the High Court. It is on these grounds, the Applicant claimed that the rejoinder of the Respondent was untenable in law and prayed that the High Court may be pleased to appoint an arbitrator to adjudicate the dispute.

The Respondent in its reply to the rejoinder filed by the Applicant completely denied the statements made by the Applicant and continued to maintain that the High Court did not have jurisdiction to appoint the arbitrator.

The matter is currently pending before the Rajasthan High Court Jodhpur.

4. A Special Leave Petition (Civil) No. 5836 of 2011 has been filed by our Company (the “Petitioner”) against Indian Potash Limited (“Respondent”) challenging the final order dated January 7, 2011 of the High Court of Delhi for allowing Arbitration Petition No. 24 of 2010

The Arbitration Petition No. 24 of 2010 was instituted in the High Court of Delhi by M/s. Indian Potash Limited (the “Respondent”) in reference to the memorandum of understanding dated September 10, 2008 between the Petitioner and the Respondent for the appointment of arbitrator. The Delhi High Court vide order dated January 7, 2011 appointed the sole arbitrator and the arbitrator issued directions to the parties to file pleadings vide order dated March 1, 2011.

The Petitioner claims that the High Court of Delhi overlooked the settled position of law and have failed to appreciate that the statutory period of 30 days as provided under section 11 (5) of the Arbitration and Conciliation Act, 1996 is mandatory. The Petitioner further stated that the Respondents should have filed the Arbitration Petition No. 24 of 2010 after complying with the provisions of law and the Scheme issued by the Hon’ble Chief Justice, High Court of Delhi in terms of section 11 (10) of the Arbitration and Conciliation Act, 1996. The Petitioner further contended that the High Court of Delhi failed to appreciate that there has to be a disagreement of both parties within the statutory period, before proceedings under section 11 (5) of the Arbitration and Conciliation Act, 1996, can be initiated and without any disagreements, such proceedings shall be of no consequence as contemplated under section 11 (11) of the Arbitration and Conciliation Act, 1996 and filed a preliminary objection/ reply bearing I.A. No. 13666 of 2010 dated January 20, 2010.

The Petitioner has further raised questions on the act of the Respondent to approach the High Court of Delhi for the appointment of a Arbitrator under section 11 (5) of the Arbitration and Conciliation Act, 1996, and has also alleged that the High Court of Delhi overlooked the facts that the Respondents had misrepresented and misled the High Court of Delhi in referring non-referable disputes to arbitration. The Petitioner through this Special Leave Petition

have challenged the decision of the High Court of Delhi to grant relief to the Respondents on grounds of concealments and misrepresentation of material documents and have prayed for appointment of a sole arbitrator for adjudication of the dispute as envisaged under section 11 (1) of the Arbitration and Conciliation Act, 1996 read with Scheme of Appointment of Arbitrators. The Hon'ble Supreme Court on hearing the matter on March 7, 2011 ordered for issuance of notices confined to the question as to whether the proceedings before the Arbitrator would be confined only to the memorandum of understanding dated September 10, 2008, or the several other MOUs, which are said to have been executed between the Petitioner and the Respondent. Subsequently, the sole arbitrator vide order dated March 18, 2011 taking notice of the order dated March 7, 2011, stayed the order dated March 1, 2011 awaiting further orders by the Supreme Court. The matter is currently pending before the court.

Tax Proceedings

1. Our Company ('Petitioner') filed a Civil Writ Petition bearing number 8697 of 2010 against State of Rajasthan, through the Secretary, Department of Finance ('Respondent No.1'), Commissioner, Commercial Taxes Department, Jaipur ('Respondent No.2'), Commercial Tax Officer ('Respondent No.3') before the High Court of Judicature for Rajasthan at Jodhpur ('High Court')

The Petitioner states that Respondent No. 3 issued a notice dated August 25, 2010 for the period 2008-2009 asking for records and proposed to levy tax, penalty and interest under the Tax on Entry of Goods into Local Areas Act, 1999 ('Act'). It is the case of the Petitioner that the Division Bench of the High Court in a writ petition filed by Dinesh Pouches Limited vide order dated August 21, 2007 declared the Act *ultra-vires* the Constitution of India and struck it down, directing Respondents No.2 and 3 to refund the tax amount collected under the impugned Act. Respondent No. 2 moved the Supreme Court through a Special Leave Petition challenging the order of the Division Bench and prayed for a stay of the order. The Supreme Court vide order dated October 23, 2007 held that the order of the High Court dated August 21, 2007 shall operate in respect to those tax payers who move the High Court in writ petitions and the writ petitions are disposed of by the High Court. It is in this context on that the Petitioner is challenging the validity of the provisions of the Act on the grounds that it is violative of Articles 14, 19 (1)(g), 301, 302 and 304 of the Constitution of India and the Rajasthan Tax on Entry of Goods into Local Areas Act, 1999; has been declared *ultra vires* and it is no more in the statute books.

The Petitioner has therefore prays as under:

1. Rajasthan Tax on Entry of Goods into Local Areas Act, 1999 may be declared unconstitutional and ultra-vires;
2. The impugned notice dated August 25, 2010 may be quashed;
3. Any other order or direction which the Hon'ble Court deems just and proper may be passed.

The Petitioner also moved the High Court praying for a stay order against the Respondents to restrain them from recovering tax under the impugned Act.

The High Court vide order dated September 29, 2010 admitted the petition for final hearing and barred the Respondents from taking further steps to recover tax under the impugned Act and directed the petitioner to furnish an undertaking in writing before the High Court to the effect that the Petitioner would make payment of all dues payable under the Act in the event that the Act is declared as valid and *intra vires*.

The High Court vide order dated January 21, 2011 ordered the petitioner to deposit 50% of the assessed tax amount excluding any amount of penalty and/or interest and for the remaining amount directed the Petitioner to furnish solvent security for the said amount pending final disposal of the said Civil Writ Petition. The matter is currently pending before the High Court.

2. Our Company ("Petitioner") filed a Civil Writ Petition bearing number 416 of 2008 against State of Rajasthan, through the Secretary, Department of Finance ('Respondent No.1'), Commissioner, Commercial Taxes Department, Jaipur ('Respondent No.2'), Commercial Tax Officer ('Respondent No.3') before the High Court of Judicature for Rajasthan at Jodhpur ('High Court')

It is the case of the Petitioner that the Petitioner has deposited Entry Tax to the tune of ₹ 6,52,660 during the Assessment Year 2004-05 under the Tax on Entry of Goods into Local Areas Act, 1999 ('Act'). The Petitioner filed a letter dated July 31, 2006 to Respondent No.3 *inter alia* seeking a refund of ₹ 6,52,600 in view of the Judgments of the Supreme Court whereby the Act has been declared unconstitutional. Therefore, the Petitioner has filed the petition on the grounds that the Act is violative of Articles 14, 19(1)(g), 301, 302 and 304 of the Constitution of India and has prayed as under:

1. The Rajasthan Tax on Entry of Goods into Local Areas Act, 1999 may be declared unconstitutional;
2. The impugned circular dated October 26, 2007 may be declared illegal and without jurisdiction and quashed and set aside;
3. The Respondents may be directed to refund a sum of ₹ 6,52,600 along with interest;
4. Pass any other order or direction which the Hon'ble Court deems just and proper;

The High Court passed an order dated January 23, 2008 holding that the matter would be listed only after the matter has been referred to a larger Bench. The matter is currently pending before the High Court.

3. ***Our Company ('Petitioner') filed a Civil Writ Petition bearing number 2472 of 2005 against Union of India, through the Secretary, Department of Mines ('Respondent No. 1'), State of Rajasthan, through the Secretary, Department of Mines ('Respondent No. 2'), Director, Mines and Geology Government of Rajasthan ('Respondent No. 3'), Rajasthan State Mines and Minerals Limited ('Petitioner No. 4'), Deputy Commissioner, Commercial Taxes ('Respondent No.5') before the High Court of Judicature for Rajasthan at Jodhpur ('High Court')***

It is the case of the Petitioner that the Respondent No. 4 is a supplier of rock phosphate to the Petitioner's fertilizer industry. The petitioner made regular purchases of rock phosphate from Respondent No. 4 as the Respondent No. 4 controlled all the mines of rock phosphate in Rajasthan. On April 10, 2003, Respondent No. 2 issued a Gazette Notification No. GSR/329 (E) revising the rate of royalty payable over sales of rock phosphate mined by Respondent No. 4. Respondent No. 4 issued a notice to the Petitioner on February 15, 2005 demanding payment of ₹ 2,40,892 on account of upward revision of the rate of royalty for sales of rock phosphate made during F.Y. 2003-04. Aggrieved by the notice dated February 15, 2005, the Petitioner filed the present writ petition.

The High Court *vide* order dated April 27, 2005 ordered the petitioner to deposit 25% of ₹ 2,40,892 with the High Court and furnish bank guarantees for the rest of the amount and the High Court stayed the recovery proceedings by Respondent No. 4 until final disposal of the writ petition. The Petitioner subsequently deposited ₹ 60,223 and furnished bank guarantees for the remaining amount.

The matter is currently pending before the High Court and the matter is pending for listing.

4. ***Our Company ('Petitioner') filed a Civil Writ Petition bearing number 2733 of 2008 against Union of India, through the Secretary, Department of Mines ('Respondent No. 1'), State of Rajasthan, through the Secretary, Department of Mines ('Respondent No. 2'), Director, Mines and Geology Government of Rajasthan ('Respondent No.3'), Rajasthan State Mines and Minerals Limited ('Petitioner No. 4'), Deputy Commissioner, Commercial Taxes ('Respondent No.5') before the High Court of Judicature for Rajasthan at Jodhpur ('High Court')***

It is the case of the Petitioner that the Petitioner has received two notices dated February 25, 2008 and March 12, 2008 calling upon the Petitioner to pay an amount of ₹ 18,38,431/- as the difference in the amount of royalty and sales tax amount payable to Respondent No. 4 for the sale of rock phosphate made to the Petitioner for the periods November 2006 to March 2007 and April 2007 to January 2008. The rate of royalty liable to be paid by the Petitioner was changed pursuant to a Notification issued by Respondent No. 2 Aggrieved by the aforementioned notices, the Petitioner filed this writ petition before the High Court on the grounds that the payment of royalty being claimed by Respondent No. 4 is in respect of past transactions which have already been completed and the impugned notices issued by Respondent No.4 dated February 25, 2008 and March 12, 2008 being in the nature of executive action cannot have retrospective effect and that it is violative of Articles 14 and 19(1)(g) of the Constitution of India.

The High Court passed an order dated April 26, 2008 requiring the Petitioner to deposit 25% of ₹ 18,38,431 claimed by the Respondent and furnish bank guarantees for the remaining 75% of ₹ 18,38,431. Further, the High Court granted a stay against Respondent No. 4 restraining them from recovering past dues until final disposal of the petition.

The matter is currently pending before the High Court.

- 5. *Our Company ('Petitioner') filed a Civil Writ Petition bearing number 4359 of 2009 against Union of India, through the Secretary, Department of Mines ('Respondent No.1'), State of Rajasthan, through the Secretary, Department of Mines ('Respondent No.2'), Director, Mines and Geology Government of Rajasthan ('Respondent No.3'), Rajasthan State Mines and Minerals Limited ('Petitioner No. 4'), Deputy Commissioner, Commercial Taxes ('Respondent No.5') before the High Court of Judicature for Rajasthan at Jodhpur ('High Court')***

It is the case of the Petitioner that Respondent No. 4 issued a notice to the Petitioner on March 31, 2009 requiring the Petitioner to pay Respondent No. 4 to pay an amount of ₹ 1,10,28,998 on account of upward revision in the rates of royalty and sales tax payable to Respondent No. 4 for the sale of rock phosphate made by Respondent No. 4 to the Petitioner between the period April 1, 2008 and February 5, 2009. The said notice was issued to the Petitioner under a Notification dated February 25, 2008 and January 23, 2009 issued by Respondent No. 2 under Section 16 of the Rajasthan Finance Act, 2008. Aggrieved by the said notice issued by the Respondent No. 4, the Petitioner filed the present writ petition on the grounds an executive action cannot have retrospective effect and that the action of Respondent No. 4 to retrospectively demand excess royalty for the sale of rock phosphate that was already completed is violative of Articles 14 and 19(1)(g) of the Constitution of India.

The court *vide* order dated May 1, 2009 granted a stay against any recovery proceedings by Respondents Nos. 2 and 4 under the Rajasthan Finance Act, 2008 until final disposal of the writ petition. The matter is currently pending before the High Court and the matter is pending to be listed.

Criminal Cases

- 1. *Our Company ('Complainant') has filed a criminal complaint against Indian Potash Ltd., Mr. P.S. Gehlot, Mr. M. Lobo, Mr. Sudhir Ralen and Mr. Kuldip Kumar under Sections 120B, 406 and 420 of the Indian Penal Code before the Chief Judicial Magistrate's Court-2, Udaipur ('Court') numbered 95/10 of 2009 dated August 20, 2009***

It is the case of the Complainant that the Complainant had agreed to purchase 3,000 tons of imported rock phosphate from the Accused. The Complainant issued two post-dated cheques dated May 12, 2009 numbered 206304 and 206305 due on August 20, 2009 for an amount of ₹ 1,38,21,313 as security for 3,000 metric tons of imported rock phosphate to be supplied by the Accused. The Accused supplied 1,415.31 metric tons of rock phosphate as against the agreed quantity of 3,000 metric tons. The Complainant subsequently paid a sum of ₹ 70,00,000 through RTGS on June 19, 2009 towards the cost of the raw materials actually supplied which stood at ₹ 99,25,843 and the Accused deducted the remainder sum of ₹ 29,25,843 from previous dues owed by the Complainant to the Accused, which represented full payment towards the raw materials supplied. The Complainant *vide* letter bearing Reference No. BIL/IPL/2009-10/51 dated July 21, 2009 requested the Accused to return the cheque bearing number 206504 for ₹ 1,38,21,313 and not to present the same. The Accused ignored the letter sent by the Complainant and presented the aforementioned cheque for payment at State Bank of Patiala, New Delhi on August 20, 2009. Aggrieved by this action of the Accused, the Complainant has preferred this complaint before the Court. The Court *vide* order dated April 2, 2010 directed the police station at Bhopalpura, Udaipur to lodge a first information report and carry out investigations in this matter. The police has lodged a first information report bearing number 20100198 against Indian Potash Limited and their officials under section 406, 420 and 120 B of the Indian Penal Code, 1860 on April 2, 2010. The police carried out investigations and lodged the final report before the Court on August 30, 2010 and the Court issued notice to the Complainant stating that the date of final hearing of the matter is set for April 7, 2011.

The Complainant filed an application before the Court dated on December 3, 2010 under Section 190 of the Code of Criminal Procedure, 1973 ('Cr.P.C.') stating that the police has not carried out its investigation in a fair and proper

manner and requested the court to direct the police to carry out investigations in a fair and proper manner. Our Company had filed a protest petition before the Civil Judge, Lower Division, Udaipur under section 190 of Cr. P. C. against Indian Potash Limited and others. That protest petition was filed against FIR Number 95/ 2010 and Final Report number 116/2010 praying that objection petition of the complainant may be allowed in final report and Indian Potash Limited and Others may be penalised with highest punishment and penalty. The protest petition was allowed by the Civil Judge, Lower Division, Udaipur and warrants were issued against the accused. Further Mr. P.S. Gehlot, Mr. M. Lobo, Mr. Sudhir Ralen and Mr. Kuldip Kumar has filed S.B. Criminal Misc. Petition Number 895 of 2011 against the order of the Civil Judge, Lower Division, Udaipur before the High Court of Rajasthan, Jodhpur. High Court of Rajasthan, Jodhpur vide its order dated July 14, 2011 dismissed the S.B. Criminal Misc. Petition Number 895 of 2011 and directed the petitioners to approach the revisional court under section 397 of Cr. P. C. Further a Special Leave to Appeal (Criminal) Number 6108/2011 has filed by Mr. P.S. Gehlot and others before the Supreme Court of India restraining the order dated July 14, 2011 of the High Court of Rajasthan, Jodhpur for ex-parte stay. Supreme Court of India vide its order dated August 29, 2011 stayed on the further proceedings before the Chief Judicial Magistrate's Court-2, Udaipur in regard to FIR number 95/10.

2. *Our Company ('Complainant') has filed a criminal complaint against Mr. D. Praveen Kumar ('Accused') under Section 138 of the Negotiable Instruments Act, 1881 before the Honourable Magistrate's Court-2, Udaipur ('Court') bearing number 226 of 2003.*

It is the case of the Complainant that the Accused provided two cheques bearing number 919780 and 052023 for a sum of ₹ 10,00,000 and ₹ 60,000, on November 21, 2002 and January 31, 2003, respectively for repayment of the debt owed by the Accused to the Complainant. When the Complainant presented the cheques for payment on February 24, 2003 the cheques were dishonoured on account of insufficient funds. The Complainant sent two separate notices to the Accused on March 13, 2003 and demanded repayment of the debt owed to the Complainant. Of the notices sent to the Accused, only one of them was served and the other was returned by the Accused. However, the Accused did not reply to the notice served on him. Therefore, on these grounds the Complainant filed the present complaint on April 20, 2009 with the Court to compel the Accused to repay the debt owed to the Complainant.

The Court issued an arrest warrant against the Accused on August 26, 2003 and on March 4, 2004. However, the whereabouts of the Accused have been untraceable and the matter is still pending before the Court.

3. *M.S. Kothari ('Appellant No.1') and our Company ('Appellant No. 2) have filed a Criminal Appeal against State of Haryana through Quality Control Inspector, Office of the Deputy Director of Agriculture ('Respondent') before the District Judge, Narnaul ('Court')*

The Appellants state that the Respondents extracted a sample from the SSP fertilizers manufactured by them for sample testing. As per the sample test report, the quality of some of the samples was found to be at variance from the prescribed standards in the Fertilizer Control Order, 1985 and the Respondents issued a show cause notice and instituted a complaint before the Chief Judicial Magistrate under Section 7 of the Essential Commodities Act, 1955. The Learned Chief Judicial Magistrate vide orders dated October 23, 2010 and October 27, 2010 held that it was proved beyond reasonable doubt that the SSP fertilizers manufactured by the Appellants did not meet the standards prescribed in the Fertilizer (Control) Order, 1985, thereby committing an offense under Section 7 of the Essential Commodities Act, 1955 and sentenced Appellant No.1 rigorous imprisonment for a period three months and a fine of ₹ 5000. Aggrieved by this order of the Chief Judicial Magistrate the Appellants have filed an appeal before this Court on the following grounds:

1. That the Learned Chief Judicial Magistrate failed to appreciate the material available on record and has erred in disbelieving the evidence placed on record by the Appellants;
2. That the Respondents failed to follow the prescribed procedure for drawal of samples under the Essential Commodities Act, 1955 and Fertilizer (Control) Order, 1985;
3. That the Learned Chief Judicial Magistrate failed to consider that the quality of fertilizers deteriorated due to extraneous factors unconnected to the manufacturing processes used by the Appellants;

The matter is currently pending before the Court.

4. *Indian Potash Limited represented by Mr. Ramanamurthy ('Appellant No. 1') and our Company represented by Mr. M.S. Kothari ('Appellant No.2') have filed an appeal against Government of Andhra Pradesh, represented by the Assistant Director of Agriculture ('Respondent') before the District and Sessions Judge, Eluru*

The Appellants state that the Respondent extracted a sample from the SSP fertilizers manufactured by them for sample testing. As per the sample test report, the quality of some of the samples was found to be at variance from the prescribed standards in the Fertilizer Control Order, 1985 and the Respondents issued a show cause notice and instituted a complaint before the Second Additional Judicial First Class Magistrate ('Magistrate') under Section 7 of the Essential Commodities Act, 1955. The Magistrate vide order dated April 6, 2009 held that it was proved beyond reasonable doubt that the SSP fertilizers manufactured by the Appellants did not meet the standards prescribed in the Fertilizer (Control) Order, 1985, thereby committing an offense under Section 7 of the Essential Commodities Act, 1955 and sentenced the Appellants to imprisonment for a period of one month and a fine of ₹ 2,000. Aggrieved by this order of the Magistrate the Appellants have filed an appeal before this Court on the following grounds:

1. That the Magistrate failed to consider the fact that the samples were tested by two different analysts and the findings of the analysts contradict each other and on that ground the Magistrate ought to have acquitted the Appellants;
2. That the Learned Chief Judicial Magistrate failed to consider that the quality of fertilizers deteriorated due to extraneous factors unconnected to the manufacturing processes used by the Appellants;

The matter is currently pending before the Court.

5. *Our Company and others (Petitioners) have filed a Criminal Miscellaneous Petition numbered 2067 of 2006 against State of Rajasthan represented by Assistant Director of Agriculture (Respondent) before the High Court of Judicature for Rajasthan at Jaipur Bench ('High Court')*

The Petitioners state that the Respondent had obtained samples of the Petitioner's product SSP Fertilizer from the premises of the Petitioner's dealer for having it tested in a laboratory on September 24, 2004. As per the laboratory report dated October 26, 2004, the sample was found to be sub-standard, quality not being commensurate with the standards laid down in the Fertilizer (Control) Order, 1985. The Respondent thereafter registered a complaint against the Petitioners before the Chief Judicial Magistrate, Sawaimadhopur ('Magistrate') under Section 190 of the Cr.P.C on June 29, 2006. The Petitioner states that the Magistrate without providing the Petitioners with an opportunity to present their case, took cognizance of the complaint vide order dated July 12, 2005. Aggrieved by the order of the Magistrate, the Petitioner has preferred this petition before the High Court on the following grounds:

1. That the Magistrate erred in not giving an opportunity of presenting their case, thereby violating principles of natural justice;
2. That the Magistrate erred in not considering the fact that the samples were not collected as per the procedure laid down in Fertilizer (Control) Order, 1985 and Essential Commodities Act, 1955.
3. That the Magistrate erred in not considering the fact that the Respondent did not follow the procedure laid down in Rule 32A(2) of the Fertilizer (Control) Order, 1985

In light of the aforementioned grounds, the Petitioners have preferred this Petition before the High Court. The matter is pending before the High Court.

6. *Our Company and others (Petitioners) have filed a Criminal Miscellaneous Petition numbered 495 of 2006 against State of Rajasthan represented by Assistant Director of Agriculture (Respondent) before the High Court of Judicature for Rajasthan at Jaipur Bench ('High Court')*

The Petitioners state that the Respondent had obtained samples of the Petitioner's product SSP Fertilizer from the premises of the Petitioner's dealer for having it tested in a laboratory for compliance of the standards laid down by the Fertilizer (Control) Order, 1985 on November 29, 2004. As per the laboratory report dated November 29, 2004, the sample was found to be sub-standard, quality not being commensurate with the standards laid down in the Fertilizer (Control) Order, 1985. The Respondent thereafter registered a complaint against the Petitioners before the Chief Judicial Magistrate, Dausa ('Magistrate') under Section 190 of the Cr.P.C on September 16, 2005. The

Petitioner states that the Magistrate without providing the Petitioners with an opportunity to present their case, took cognizance of the complaint vide order dated September 24, 2005. Aggrieved by the order of the Magistrate, the Petitioner has preferred this petition before the High Court on the following grounds:

1. That the Magistrate erred in not giving an opportunity of presenting their case, thereby violating principles of natural justice;
2. That the Magistrate erred in not considering the fact that the samples were not collected as per the procedure laid down in Fertilizer (Control) Order, 1985 and Essential Commodities Act, 1955.
3. That the Magistrate erred in not considering the fact that the Respondent did not follow the procedure laid down in Rule 32A(2) of the Fertilizer (Control) Order, 1985

In light of the aforementioned grounds, the Petitioners have preferred this Petition before the High Court. The matter is pending before the High Court.

C. Potential Litigation

Penalty Notice dated August 16, 2011 bearing reference number ITO/W-2(1)/UDR/11-12/ issued by the Income Tax Officer, Ward-2(1), Udaipur under Section 274 read with Section 271 for the Assessment Year 2009-10

Our Company received a penalty Notice dated August 16, 2011 bearing reference number ITO/W-2(1)/UDR/11-12/ issued by the Income Tax Officer, Ward-2(1), Udaipur under Section 274 read with Section 271 for the Assessment Year 2009-10 on the grounds of having concealed the particulars of our income / for having furnished inaccurate particulars of such income, although as per the notice demand issued under Section 156 the demand for the assessment year 2009-10 is NIL. It is the claim of the Income Tax Officer that our Company wrongfully deducted a sum of ₹ 27,34,509 as interest from our income and disallowed such deduction and has issued a notice to our Company requiring us to appear before the Income Tax Officer on September 16, 2011.

III. Outstanding litigations by and against our Directors

Our Directors are not involved in any litigation as on the date of this Draft Red Herring Prospectus.

IV. Outstanding litigations involving our Group Companies

A. Outstanding litigations involving BAPL

1. ***BAPL ('Petitioner') has filed a writ petition bearing number 2333 of 2002 against National Co-operative Consumers Federation of India Limited ('Respondent No.1'), Chattisgarh State Civil Supplies Corporation Limited ('Respondent No. 2') and National Co-operative Consumer Federation Limited ('Respondent No. 3') before the High Court of Chattisgarh at Bilaspur ('High Court')***

It is the case of the Petitioner that the Petitioner entered into a contract with Respondent No. 3, for supply of 1,600 Low Density Polyethylene ('LDPE') black covers to Respondent No. 2 through Respondent No. 3 for a sum of ₹ 98,40,000 on January 15, 2002. The Petitioner supplied the said LDPE covers to the Respondents, but the Respondents failed to make the payment of ₹ 98,40,000 to the Petitioner as per the contract. Despite repeated requests on part of the Petitioner, the Respondents did not pay the due to the Petitioner. Further, the Respondents threatened the Petitioner to blacklist the Petitioner on false and flimsy grounds. Respondent No. 1 issued a show cause notice to the Petitioner as to why the Petitioner should not be black listed for supplying low quality LDPE covers. Aggrieved by the actions of the Respondents, the Petitioner has preferred this writ petition before the High Court on the grounds that the action initiated by the respondents is illegal, arbitrary and is an instance of colourable exercise of power, thus violating Article 14 and 19(1)(g) of the Constitution of India. The Petitioner, therefore, prays as under:

1. That the High Court may be pleased to pass an order restraining the respondents from initiating action black list the Petitioner;

2. That the High Court may be pleased to pass an order directing the respondents to pay ₹ 98,40,000 to the Petitioner for the supply of 1,600 LDPE covers and also pay damages and interest for the delay caused and provide any other relief which the court may be deem fit;

The matter is currently pending before the High Court and the matter is pending to be listed.

2. ***M/s. Bohra Pratisthan* ('Petitioner') has filed a writ petition numbered 2500 of 1999 against State of Rajasthan ('Respondent No. 1'), Indira Gandhi Nahar Pariyojna ('Respondent No. 2'), the Secretary of Indira Gandhi Nahar Pariyojna ('Respondent No. 3'), Chief Engineer, Indira Gandhi Nahar Pariyojna ('Respondent No. 4') and Executive Engineer, Indira Gandhi Nahar Pariyojna ('Respondent No. 5') before the High Court of Judicature for Rajasthan at Jodhpur ('High Court')***

** M/s. Bohra Pratisthan, was a partnership firm, acquired by our Group Entity, BAPL on April 1, 1999*

It is the case of the Petitioner that Respondent No. 5 approached the Petitioner for supply of 226 MT of LDPE films on the terms and conditions mentioned in the order dated December 10, 1987. As per the terms of the contract, the supply of LDPE films was subject to a price variation clause and the supply rates for LDPE films were subject to revision in accordance with the escalation in price. Petitioner supplied the LDPE films as per the terms and conditions of the contract to the Respondents. The price of LDPE films supplied to the Respondents were revised according to the new escalated price and the Petitioner claimed the escalated amount of ₹ 15.00 lakhs from the Respondents, duly supported by relevant documents, as per the terms of the contract. But the Respondents failed to pay the Petitioner despite several requests by the latter. Aggrieved by the action of the Respondents, the Petitioner has filed the writ petition on the grounds that the action of the Respondent amounted to confiscation of property of the Petitioner without the aid of law and, thus, amounted to a violation of Article 300A of the Constitution of India and that the action of the Respondents are violative of Article 14 and 19(1)(g) of the Constitution.

The Petitioner prays as under:

1. That the High Court may be pleased to pass an appropriate writ or *order of certiorari* or *mandamus*, compelling the Respondents to pay the Petitioner its dues along with interest on delayed payments as per the Small Scale and Ancillary Industries Undertaking Act, 1993;
2. Pass any order which the court may deem fit;

The matter is currently pending before the High Court.

3. ***M/s Bohra Pratisthan* ('Applicant') has filed a Civil Application before the Additional District Judge, Chandigarh, ('Court') dated October 3, 2009 against the State of Haryana ('Respondent')***

** M/s. Bohra Pratisthan was acquired by our Group Entity, BAPL on April 1, 1999*

The Applicant states that the Applicant and Respondent entered into a contract on April 23, 1990, as per the terms of which the Applicant was required to supply the Respondent with polythene covers at an agreed rate. It is the case of the Applicant that instead of purchasing the polythene covers from the Applicant, the Respondent purchased it from third parties at a higher rate and claimed the difference in the amount from the Applicant. The dispute was settled by arbitration and the arbitrator directed the Applicant to deposit a sum of ₹ 5,00,000 along with date of interest from the time the Respondent ordered the risk purchase from a third party. The Respondent approached the Court for execution of the said arbitration award. The Applicant states that the arbitrators conducted the arbitration under the Arbitration Act, 1940 and the award was also passed under the terms of the Arbitration Act, 1940, on January 9, 2008. As per the terms of the Arbitration Act, 1940 the arbitrator's award is required to be confirmed by the courts before it can be executed. The Applicant claims that the Respondents have instead of confirming the arbitrator's award in the Court, have directly approached the Court for execution of the award under the Arbitration and Conciliation Act, 1996. Aggrieved by the action of the Respondent, the Applicant has filed the present Application before the Court on the grounds that the action of the Respondent to seek execution under Arbitration and Conciliation Act, 1996 when the award was passed under Arbitration Act, 1940 is illegal.

The matter is currently pending before the Court.

4. *M/s Bohra Pratisthan* ('Applicant') has filed a Civil Application number 6 of 2002 before the Civil Judge, Chandigarh, ('Court') against the State of Haryana represented by Director, Supplies & Disposals ('Respondent')*

The Applicant states that it entered into an agreement with the Respondent for supply of 1,400 polythene covers on March 21, 1991. The Applicant supplied the Respondent with 1400 covers and the Respondent used 851 polythene covers and left 549 of them un-used. On receipt of complaints regarding the quality of the polythene covers supplied, the Respondent sent the material for lab testing, where it was found that all the polythene covers supplied by the Applicant did not meet the requisite standard laid down under the contract. The Respondent initiated arbitration proceedings. The arbitrator vide order dated January 18, 2002 asking the Appellant to replace all the polythene covers supplied to the Respondent or in the alternative, return the amount of money received by the Applicant along with 12% interest p.a. Aggrieved by the order of the Arbitration Tribunal, the Applicant has approached this court on the grounds that the order was passed by the Arbitrator ex parte and the Applicant was not given an opportunity of being heard.

The Respondent on May 24, 2010 deposed before the Court that the Applicant did not appear before the Arbitration Tribunal despite several notices asking the Applicant to appear. The matter is currently pending before the court.

B. *Potential Litigation involving Group Companies*

a) *BAPL*

Notice of Demand bearing number CPC/1011/l6/1008070839 dated February 9, 2011 by the Assistant Commissioner of Income Tax(CPC) served on BAPL for the assessment year 2010-11.

A notice dated February 9, 2011 was issued by the Assistant Commissioner of Income Tax, Circle-(CPC), in exercise of his powers conferred under Section 143 (1) of the Income Tax Act, 1961, requiring BAPL to pay an amount of ₹ 43,300 for the AY 2010-11.

V. *Past penalties levied in the last five years*

There are no penalties imposed on our Company, Promoter, Directors and Group Entities in the last five years.

VI. *Material Developments since the last Balance Sheet Date*

Except as disclosed in the chapter titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on page 171 and in the paragraph titled "*Material Developments since the Balance Sheet Date*" in the chapter titled "*Outstanding Litigations and Material Developments*" beginning on page 184 of this Draft Red Herring Prospectus, in the opinion of our Company's Board, there have not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay material liabilities within the next 12 months.

VII. *Outstanding dues to small scale undertaking(s) or any other creditors*

There are no outstanding dues above ₹ 1.00 Lakhs to small scale undertaking(s) or any other creditors by our Company, for more than 30 days.

GOVERNMENT AND OTHER APPROVALS

Except for pending approvals mentioned under this heading, our Company has received the necessary consents, licenses, permissions and approvals from the Government of India and various government agencies/private certification bodies as required for our present business activities and to undertake the Issue. No further material approvals are required for carrying on our present business activities and to undertake the Issue except as disclosed in this Draft Red Herring Prospectus. Unless otherwise stated, these approvals are all valid as of the date of this Draft Red Herring Prospectus.

It must be distinctly understood that, in granting these approvals, the Government of India and various government agencies / private certification bodies does not take any responsibility for our Company's financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. For further details in connection with the regulatory and legal framework within which our Company operates, please see the section titled "Key Industrial Regulations and Policies" beginning on page number 114 of this Draft Red Herring Prospectus.

I. Approvals related to the Issue

1. In- principle approval from the National Stock Exchange Limited dated [●];
2. In- principle approval from the Bombay Stock Exchange Limited dated [●];
3. The Issue has been authorized by the resolution of the Board of Directors passed at their meeting held on December 16, 2010, subject to the approval of shareholders through a special resolution to be passed under to Section 81 (1A) of the Companies Act and such other regulatory authority as may be necessary.;
4. The Issue of Equity Shares has been authorized by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, 1956 at the Extra Ordinary General Meeting of shareholders held on January 7, 2011.
5. Our Board has, pursuant to its resolution dated September 27, 2011 approved this Draft Red Herring Prospectus.

II. Corporate approvals

1. Certificate of Incorporation bearing the number 17-012912 dated November 28, 1996 issued in the name of our Company by the Registrar of Companies, Jaipur, Rajasthan.
2. Fresh Certificate of Incorporation consequent upon change of name from Aminag Minchem Private Limited, to Bohra Industries Private Limited dated March 17, 1999 by the Registrar of Companies, Jaipur, Rajasthan.
3. Fresh Certificate of Incorporation bearing CIN U24117RJ1996PLC012912 dated March 22, 1999 issued in the name of our Company by the Registrar of Companies, Jaipur, Rajasthan, pursuant to the conversion of our Company from a private limited company to a public limited company resulting in change of the name of our Company from 'Bohra Industries Private Limited' to 'Bohra Industries Limited'.

III. Business related Approvals

We have a manufacturing facility at Village Umra, Udaipur, Rajasthan. We have depots in Derabassi (Punjab), Panchkula (Haryana), Jalgaon (Maharashtra), Bharuch (Gujarat), Kolkata (West Bengal), Indore (Madhya Pradesh), Lucknow (Uttar Pradesh), Hyderabad (Andhra Pradesh) through which we carry on trading activities of the products manufactured at our unit in Village Umra. We are required to obtain various approvals/licenses/registrations with several central and state authorities and other regulatory authorities with respect to each of our units and depots. Set forth below is a summary of approvals/licenses/registrations obtained or applied for to conduct our business in the aforementioned locations:

A. Taxation related licenses

1. Our Company's PAN issued by the Income Tax Department as per the provisions of the Income Tax Act, 1961 is AACCB3135C. The same is valid until cancelled.
2. Our Company's TAN issued by the Income Tax Department as per the provisions of the Income Tax Act, 1961 is JDHB01760D. The same is valid until cancelled.
3. Certificate of Registration issued on April 5, 2011 by the Deputy Commissioner of Central Excise or Assistant Commissioner of Central Excise, Udaipur under Rule 9 of the Central Excise Rules, 2002 to our Company allotting Registration No. AACCB3135CEM001 for operating as manufacturer of excisable goods. The same is valid until cancelled.
4. Certificate of Registration issued on February 15, 2005 by the Superintendent of Central Excise, Udaipur under Section 69 of the Finance Act, 1994 to our Company allotting Registration No. AACCB3135CST001. The same is valid until cancelled.
5. Certificate of Registration issued by the Commercial Taxes, Udaipur under Rule 14(1)(a) & 15 (2) of the Rajasthan VAT Act, 2003 to our Company allotting TIN 08564001543 with effect from April 1, 2006. The same is valid until cancelled.
6. Certificate of Registration issued by the Commercial Taxes Officer, Udaipur under Sections 7 (1) and 7 (2) of the Central Sales Tax Act, 1956 for registering our Company as a dealer under the aforementioned legislation for its factory situated at village Umrada, Girwa, Udaipur, Rajasthan allotting TIN 08564001543 (Central) with effect from July 26, 1999. The Amendment certificate for the same was issued on March 12, 2010. The same is valid until cancelled.
7. Certificate of Registration issued by the Commercial Taxes Officer, Charminar Division under Section 18 (1) (a) and Rule 10 (a) and Rule 12 of the Andhra Pradesh Value Added Tax Act, 2005 allotting TIN 28600265049 with effect from April 01, 2005. The same is valid until cancelled.
8. Certificate of Registration issued by the Commercial Taxes Officer, Lucknow Division under Rule 32 (8) and 32 (10) of the UPVAT Rules, 2007 allotting TIN 09850002039 with effect from April 01, 2007. The same is valid until cancelled.
9. Certificate of Registration issued by the Assistant Commissioner, Commercial Taxes, Kolkata under the West Bengal Value Added Tax Act allotting TIN 19550670004 with effect from September 27, 2002. The same is valid until cancelled.
10. Certificate of Registration issued by the Commercial Tax Officer, Mohali under the Punjab Value Added Tax Act, 2003 allotting TIN 03301118880 with effect from March 19, 2001. The same is valid until cancelled.
11. Certificate of Registration issued by the Commercial Tax Officer, Panchkula under the Haryana Value Added Tax Act, 2003 allotting TIN 06052502867 with effect from March 20, 2001. The same is valid until cancelled.
12. Certificate of Registration issued by the Commercial Tax Officer, Jalgon under the Maharashtra Value Added Tax Act, 2003 allotting TIN 27730273426 with effect from April 1, 2006. The same is valid until cancelled.
13. Certificate of Registration issued by the Commercial Tax Officer, under the Gujarat Value Added Tax Act, 2006 allotting TIN 24210300379 with effect from May 22, 2001. The same is valid until cancelled.

14. Certificate of Registration issued by the Commercial Tax Officer, Indore under the Madhya Pradesh Value Added Tax Act, 2002 allotting TIN 23531202086 with effect from March 09, 2001. The same is valid until cancelled.
15. Certificate of Registration issued by the Commercial Tax Officer, Jalgaon under the Bombay Sales Tax Act, 1959 allotting TIN 425001-C-3042 with effect from April 18, 2009. The same is valid until cancelled.
16. Certificate of exemption from payment of sales tax granted by the Member Secretary of the SLSC/DLS under the Sales Tax Exemption Scheme, 1998 issued by the Commercial Tax Officer, Udaipur with reference number F-5/ACCTT/7/(2)/382/STE/98, Book 1, Serial No.4 dated April 19, 2004 with effect from April 10, 2003 and the same is valid till April 9, 2014.
17. Certificate of Registration under Section 11 of the Rajasthan Tax on Entry of Goods into Local Areas Act, 1999 bearing Registration No. RET/2754/N/0064 dated July 16, 2002. The same is valid until cancelled.
18. Certificate of Acknowledgement issued by the Secretariat for Industrial Assistance bearing number 1025/SIA/IMO/2000 dated April 25, 2000 for the manufacture of Single Super Phosphate and NPK Fertilizer.
19. Certificate of Registration under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 issued by the Regional Provident Fund Commissioner, Jaipur allotting the Employee Provident Code RJ/12168 with effect from January 1, 2001.
20. Certificate of Registration under the Rajasthan Shops and Commercial Establishments Act, 1958 issued by the Inspector, Shops and Commercial Establishments, Udaipur bearing Registration number 19/C.E./28 dated January 14, 2004. The same is valid until cancellation.

B. Other Licenses

1. Our Company's Importer – Exporter Code issued by the Foreign Trade Development Officer, Ministry of Commerce, and Government of India is 0501026479. The same is valid until cancelled.
2. Certificate of Acknowledgement issued by the Secretariat for Industrial Assistance bearing number 1025/SIA/IMO/2000 dated April 25, 2000 for the manufacture of Granulated Single Super Phosphate and NPK Fertilizer.

C. Licenses related to the environment

1. Consent to Operate issued by the Rajasthan State Pollution Control Board bearing File No. F (Tech)/Udaipur(Girwa)/139(1)2009-2010/6103 issued under Section 25/26 of the Water (Prevention & Control of Pollution) Act, 1974 and Section 21 (4) of Air (Prevention & Control) Act, 1981 dated November 1, 2009 for the manufacture of Granulated Single Super Phosphate (GSSP) & NPK Mixture and Single Super Phosphate (SSP). The same is valid till October 31, 2012.

D. Licenses related to manufacture and trade in fertilizers

1. Factory License granted by the Chief Inspector of Factories, Jaipur, Rajasthan vide License No. P-11900/1-4 dated February 16, 2000 under Rule 5 of the Factories Act, 1948. The same was renewed on December 31, 2010 and is valid till March 31, 2012.
2. Certificate of Manufacture in respect of physical/granulated/mixture/organic fertilizer/bio-fertilizer granted to our Company for manufacture of granulated mixture of N.P/NPK fertilizer by the Joint Director, Krishi (Fertilizer), Jaipur, Rajasthan under Clause 15 (2) the Fertilizer (Control) Order, 1985 vide Certificate No. 654 dated February 3, 2007. The same is valid till February 2, 2013.

3. No objection certificate issued by Gram Panchayat, Kanpur, Udaipur, Rajasthan in respect of land use for manufacture of SSP to our Company dated January 28, 1997.
4. License to import and store petroleum in installation granted to our Company vide License No. P/HQ/RJ/15/670/ (P5486) dated February 14, 2008 issued by the Chief Controller of Explosives under the Petroleum Act, 1934. The same was renewed on April 19, 2011 and is valid till December 31, 2013.
5. Permission granted by the Officer of the Assistant Electrical Inspector, Udaipur, Government of Rajasthan under Rule 63 of the Indian Electricity Rules, 1956 for supply of 750 KVA of Electricity to our Company's unit at Village Umra, Udaipur vide letter No. G3 (AEI)/965 dated December 15, 2004.
6. Letter of Authorization issued to our Company for carrying on the business of trading in fertilizers vide letter No. 462/10/W dated October 4, 2010 issued by the Commissioner of Agriculture, Pune, Maharashtra. The same is valid till October 3, 2013.
7. Letter of Authorization issued to our Company for carrying on the business of trading in fertilizers vide letter No. 889 dated March 1, 2010 issued by the Joint Director, Chandigarh, Punjab. The same is valid till February 28, 2013.
8. Letter of Authorization issued to our Company for carrying on the business of trading in fertilizers vide letter No. 121 dated April 1, 2009 issued by the Directorate of Farmer Welfare and Agriculture Development, Bhopal, Madhya Pradesh. The same is valid till March 31, 2012.
9. Letter of Authorization issued to our Company for carrying on the business of trading in fertilizers vide license No. N/KOL/2010-2013/2/MNF/C dated March 8, 2010 issued by the Deputy Director of Agriculture (Manure & Fertilizers), Kolkata, West Bengal. The same is valid till March 7, 2013.
10. Letter of Authorization issued to our Company for carrying on the business of trading in fertilizers vide letter No. 679/F/W/Y dated October 15, 2009 issued by the Deputy Director of Agriculture, Yamuna Nagar, Haryana. The same is valid till October 14, 2012.
11. Letter of Authorization issued to our Company for carrying on the business of trading in fertilizers vide letter No. 5/2509 dated May 12, 2009 issued by the Director of Agriculture, Guwahati, Assam. The same is valid till May 11, 2012.
12. Letter of Authorization issued to our Company for carrying on the business of trading in fertilizers vide letter No. 4(W)/2003-04 dated September 7, 2009 issued by the Department of Agriculture, Government of Tripura. The same is valid till September 6, 2012.
13. Letter of Authorization issued to our Company for carrying on the business of trading in fertilizers vide Certificate No. 401 dated October 20, 2009 issued by the Joint Director, Krishi (Fertilizer), Jaipur, Rajasthan. The same is valid till October 19, 2012.
14. Letter of Authorization issued to our Company for carrying on the business of trading in fertilizers vide Certificate No. 11438/115 dated February 26, 2002 issued by the Joint Director, Krishi (Fertilizer), Lucknow, Uttar Pradesh. The same was renewed on March 17, 2011 and is valid till February 25, 2014.
15. Letter of Authorization issued to our Company for marketing SSP Fertilizer manufactured by our Company through M/s. Rashtriya Chemicals and Fertilizers Limited, under the brand named "MAHALAXMI," by the Ministry of Chemicals & Fertilizers, Department of Fertilizers vide letter dated June 30, 2011, bearing number M-17011/1/2011-MPR with effect from April 1, 2011, under the Nutrient Based Subsidy Policy. The same is valid till March 31, 2012.
16. Letter of Authorization issued to our Company for marketing SSP Fertilizer manufactured by our Company through M/s. Nagarjuna Fertilizers and Chemicals Limited, under the brand named "Dhanphos," by the Ministry of Chemicals & Fertilizers, Department of Fertilizers vide letter dated June 30, 2011, bearing

number M-17011/1/2011-MPR with effect from April 1, 2011, under the Nutrient Based Subsidy Policy. The same is valid till March 31, 2012.

IV. Approvals for which application has been made

1. Application dated July 30, 2011 for renewal of Registration-cum-Membership Certificate to Chemicals and Allied Products Export Promotion Council for the year 2011 – 2012.

V. Approvals for which we are yet to apply

1. Approval of MOEF (Ministry of Environment & Forest) through its state level designated authority based in Jaipur, i.e. State Level Environment Impact Assessment Authority.
2. Provisional registration from District Industries Centre, Government of Rajasthan / the SIA for the production of TSP.
3. Factory License to be obtained from the Chief Inspector of Factories, Jaipur, Rajasthan under Rule 5 of the Factories Act, 1948 for setting up of the proposed new facility.
4. Consent to operate to be obtained from the Rajasthan Pollution Control Board under the Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention & Control) Act, 1981.
5. Approval to manufacture TSP to be obtained from the Director of Fertilizers, Rajasthan under Clause 15 (2) the Fertilizer (Control) Order, 1985;
6. Authorization to be obtained for carrying on the business of trading in Triple Super Phosphate from the Commissioner of Agriculture of various State Governments where our Company may trade in TSP under the Fertilizer (Control) Order, 1985.
7. Application for registration with the Department of Fertilizers, Ministry of Chemicals & Fertilizers, Government of India for eligibility of applicable subsidies for the manufacture of TSP.
8. Taxation related approvals, to be obtained from the Excise Department and Commercial Tax Departments of various States where the TSP shall be sold / marketed.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue of Equity Shares has been authorized by a resolution of our Board of Directors at their meeting held on December 16, 2010. The shareholders have, at the Extra Ordinary General Meeting of our Company held on January 7, 2011, approved the Issue.

Prohibition by SEBI, RBI or Governmental authority

Our Company, our Directors, our Promoter, the Promoter Group, Group Companies or the person(s) in control of our Company, 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 or RBI or any other regulatory or governmental authority. The listing of any securities of our Company has never been refused at any time by any of the stock exchanges in India.

The companies, with which our Promoter, any of our Directors or persons in control of our Company are or were associated as promoters, directors or persons in control, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority.

Further, none of our Directors were directors of any company when the shares of the said company were suspended from trading by Stock Exchange(s) for more than 3 months during last 5 years or delisted.

Except that our Promoter Director, Mr. Hemant Bohra is the promoter and shareholder of BPPL, which is presently registered with SEBI as a subbroker, none of our Directors are associated in any manner with any entities, which are engaged in securities market related business and are registered with the SEBI for the same. For further details, please refer to the section titled “*Our Promoter, Promoter Group and Group Companies*” beginning on page 139 of this Draft Red Herring Prospectus.

Our Company, our Directors, our Promoter, relatives of our Promoter (as defined under the Companies Act) and our Group Companies have not been identified as wilful defaulters by RBI or any other government authorities and there are no violations of securities laws committed by them in the past or are pending against them.

Eligibility for this Issue

Our Company is an “unlisted Issuer” and this Issue is an “Initial Public Offer” in terms of the SEBI ICDR Regulations.

Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations as explained hereunder, with the eligibility criteria calculated in accordance with restated financial statements:

Our Company has net tangible assets of at least ₹ three crores in each of the preceding three full years, of which not more than 50% is held in monetary assets and is compliant with Regulation 26(1)(a) of the SEBI ICDR Regulations; (Table 1)

Our Company has a track record of distributable profits in accordance with Section 205 of Companies Act, for at least three of the immediately preceeding five years and is compliant with Regulation 26(1)(b) of the SEBI ICDR Regulations; (Table 2)

Our Company has a net worth of at least ₹ One crore in each of the three preceding full years and is compliant with Regulation 26(1)(c) of the SEBI ICDR Regulations; (Table 3)

The aggregate of the proposed Issue size and all previous issues made in the same Fiscal in terms of size (i.e. offer through the offer document + firm allotment + promoter's contribution through the offer document) is not expected to exceed five times the pre-Issue net worth of our Company as per the audited balance sheet of the last Fiscal and is compliant with Regulation 26 (1)(d) of the SEBI ICDR Regulations;

Our Company has not changed its name in the last fiscal year.

Our Company's net tangible assets, monetary assets, net profit and net worth derived from our Standalone Restated Financial Statements for the last five years are set forth below:

Table 1

(₹ in Lakhs)

Particulars	Year ended March 31,				
	2007	2008	2009	2010	2011
Fixed Assets (Net)	1,017.73	1,086.76	1,039.14	1,048.08	1,276.56
Current Assets, Loans & Advances	2,176.99	2,406.52	4,246.50	3,739.49	4,669.20
Investments	0.64	0.53	0.57	0.61	0.66
Less: Current Liabilities & provisions	253.06	332.91	1,770.60	485.69	734.21
Net Tangible Assets ⁽¹⁾	2,942.30	3,160.89	3,515.62	4,302.49	5,212.22
Monetary Assets ⁽²⁾	34.91	36.07	51.55	102.74	132.87

Table 2

(₹ in lakhs)

Particulars	Year ended March 31,				
	2007	2008	2009	2010	2011
Net Profit after tax, as restated or distributable Profits ⁽³⁾	7.76	(137.54)	(52.60)	193.94	616.04

Table 3

(₹ in lakhs)

Particulars	Year ended March 31,				
	2007	2008	2009	2010	2011
Equity Share Capital	487.29	487.29	696.79	696.79	899.00
Reserves and surplus (incl. Share Appl. Money)	153.54	65.00	0.00	107.34	723.37
Less: Revaluation Reserve	0	0	0	0	0
Total	640.83	552.29	696.79	804.13	1622.37
Less: Miscellaneous Expenditure	0	0	0	0	0
Less: Profit and Los A/c Debit Bal.	0.00	34.00	86.60	0.00	0.00
Net Worth ⁽⁴⁾	640.83	518.29	610.19	804.13	1622.37

Notes

1. Net tangible assets is defined as the sum of all fixed assets (including capital work in progress and excluding revaluation reserves) investments, current assets (excluding deferred assets) less current liabilities (including cash credit and excluding deferred tax liabilities, secured as well as unsecured long term liabilities and intangible assets as defined in AS- 26 issued by the Institute of Chartered Accountants of India.
2. Monetary Assets include cash on hand and bank balances and Liquid or non trade Investments
3. The Distributable profits of the Company is as per Section 205 of the Companies Act, 1956 and has been calculated from the audited financial statements of the respective year before making adjustments for

restatement of financial statements. Depreciation rates adopted by the Company are higher than those prescribed in Schedule XIV of the Companies Act, 1956 and no adjustment for the excess depreciation charged has been made while calculating the distributable profits.

4. *Net Worth has been computed as the aggregate of paid up equity share capital, share premium account and reserves and surplus (excluding revaluation reserves) and after deducting miscellaneous expenditure (to the extent not written off) and debit balance of P&L a/c, if any.*

Further, in accordance with sub-regulation (4) of Regulation 26 of the SEBI ICDR Regulations, we undertake that the number of Allottees in the Issue shall be least 1,000. Otherwise the entire application money shall be refunded forthwith. In case of delay, if any, in refund our Company shall pay interest on the application money at the rate of 15% p.a. for the period of delay beyond fifteen days from the date of closure of the Issue.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, SAFFRON CAPITAL ADVISORS PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH 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 PROSPECTUS, THE BRLM 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 MANAGER SAFFRON CAPITAL ADVISORS PRIVATE LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 27, 2011 WHICH READS AS FOLLOWS:

“WE, THE BOOK RUNNING LEAD MANAGER, TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.**
2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, IT'S 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 ISSUER, WE CONFIRM THAT:**
 - a. **THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - b. **ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC., FRAMED/ ISSUED BY SEBI, THE**

CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

- c. THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN PROPOSED THE ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) 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. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – NOTED FOR COMPLIANCE**
- 5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF HIS EQUITY SHARES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**
- 6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.**
- 7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION WOULD BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. 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 ISSUE. – NOT APPLICABLE**
- 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION 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 SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER**

PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. 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 GIVEN AN OPTION TO GET THE EQUITY SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE, AS THE ISSUE SIZE IS MORE THAN 1,000.00 LAKHS. THE ALLOTMENT OF EQUITY SHARES IS TO BE MADE COMPULSORILY IN DEMATERIALIZED FORM ONLY, PURSUANT TO SECTION 68B OF THE COMPANIES ACT, 1956.
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, AS AMENDED HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:
 - a. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER, AND
 - b. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI 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 OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY."

The filing of this 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 BRLM any irregularities or lapses in this 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 Registrar of Companies, Jaipur, Rajasthan in terms of Section 56, 60 and 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 Sections 56, 60 and 60B of the Companies Act.

DISCLAIMER STATEMENT OF OUR COMPANY, OUR DIRECTORS AND THE BRLM

Our Company, our Directors and the BRLM accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisement or any other material issued by or at the instance of our Company and anyone placing reliance on any other source of information, including our Company's website www.bohraindustries.com would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLM with our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by our Company, the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Neither our Company, nor its Directors and officers, nor any member of the Syndicate are liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

The BRLM and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in future engage, in investment banking transactions with our Company, affiliates or associates or third parties, for which they have received, and may in future receive, compensation.

Caution

Investors who bid in this Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares 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 and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares in the Issue.

Disclaimer in respect of jurisdiction

This Issue is 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 equity shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks and regional rural banks, co-operative banks (subject to RBI permission), trusts (registered under Societies Registration Act, 1860, or any other trust law and are authorized under their constitution to hold and invest in equity shares) public financial institutions as specified in Section 4A of the Companies Act, VCFs, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of ₹ 2,500 Lakhs, pension funds with minimum corpus of ₹ 2,500 Lakhs and the National Investment Fund, permitted non-residents including eligible NRIs and FIIs as defined under the Indian Laws and other eligible foreign investors (i.e., FVCIs, multilateral and bilateral development financial institutions) and insurance funds set up and managed by the Department of Posts, India. provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to equity shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about and to observe any such restrictions

Any disputes arising out of this Issue will be subject to the jurisdiction of courts in Jodhpur, Rajasthan, India only. No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been submitted to the SEBI for its observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act). Accordingly, the Equity Shares will be offered and sold only outside the United States in compliance with Regulation S of 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 jurisdiction.

Disclaimer Clause of the Bombay Stock Exchange Limited (BSE)

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer Clause of the National Stock Exchange of India Limited (NSE)

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer clause of the IPO Grading Agency

[•]

Filing

A copy of the Draft Red Herring Prospectus has been filed with SEBI at Western Regional Office, Unit No. 002, Ground Floor, SAKAR I, Near Gandhigram Railway Station, Opposite Nehru Bridge, Ashram Road, Ahmedabad – 380009, Gujarat, India.

A copy of the Red Herring Prospectus, along with documents to be filed under Section 60B of the Act, and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration to the Registrar of Companies (Rajasthan), Corporate Bhawan, G/6-7, Second Floor, Residency Area, Civil Lines, Jaipur – 302 001, Rajasthan, India.

Listing

The Equity Shares issued through this Draft Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Initial listing applications have been made to the BSE and the NSE for permission to list the Equity Shares and for an official quotation of the Equity Shares of our Company. [•] shall be the Designated Stock Exchange. In case the permission for listing of the Equity Shares is not granted by any of the above mentioned Stock Exchanges, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to repay it then our Company and every director of our Company who is an officer in default shall, on and from expiry

of 8 days, be jointly and severally liable to repay that money with interest, at 15% per annum on the application monies as prescribed under Section 73 of the Companies Act and the rules formulated thereunder.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within 12 Working Days of Bid/ Issue Closing Date.

Impersonation

Attention of the Bidders 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.”

Consents

Consents in writing of our Directors, our Company Secretary, Compliance Officer, the Auditors, the Legal Advisors to the Issue, the Bankers to our Company, BRLM, the Registrar to the Issue, the Syndicate Members*, the Escrow Collection Banks*, Refunds Bank(s)* and the IPO Grading Agency* to act in their respective capacities, have been obtained and will be filed along with a copy of the Red Herring Prospectus with the RoC and have agreed that such consents have not been withdrawn upto the time of delivery of the Prospectus for registration, is as required under Section 60 and 60B of the Companies Act.

**The aforesaid will be appointed prior to filing of the Red Herring Prospectus with the RoC and their consents as above would be obtained prior to the filing of the Red Herring Prospectus with the RoC.*

M/s. Agrawal, Gupta & Maheshwari, Chartered Accountants, our Statutory Auditors, have given their written consent to the statement of tax benefits accruing to our Company and its members in the form and context in which it appears in this Draft Red Herring Prospectus and will not withdraw such consent upto the time of delivery of the Prospectus for registration with the RoC.

M/s. Dhakar & Associates, Chartered Accountants, our peer reviewed auditor, has given its written consent to the inclusion of the restated audited report in the form and context in which it appears in this Draft Red Herring Prospectus and will not withdraw such consent upto the time of delivery of the Prospectus for registration with the RoC.

[●], the IPO Grading Agency engaged by us for the purpose of IPO Grading have given their consent as experts, pursuant to their letter dated [●] for inclusion of their report in the form and content in which it will appear in the Red Herring Prospectus, and such consent will not be withdrawn upto the time of delivery of the Prospectus for registration with the Registrar of Companies.

Expert Opinion

Except for the report of [●] in respect of the IPO Grading of this Issue (a copy of which will be annexed to the Red Herring Prospectus as Annexure I), our Company has not obtained any expert opinions.

Expenses of the Issue

The Issue related expenses includes, amongst others, lead management fees, underwriting fees, selling commission, printing and distribution expenses, legal fees, advertisement expenses, registrar and depositories expenses, SCSB's commission/ fees, fees and expenses of the SEBI registered rating agency for IPO grading and listing fees. The total expenses of the Issue shall be made out of the proceeds of the Issue and is estimated to be approximately ₹ [●] Lakhs. The break-up of the estimated expenses of this Issue is as follows:

(Amount in ₹ Lakhs)

Activity	Total Expenses*	As a % of Total Issue Expenses*	As a % of Total Issue Size*
Issue Management Fees (Lead Management, Underwriting and Selling Commission)	[●]	[●]	[●]
IPO Grading Fees	[●]	[●]	[●]
Advertisement and Marketing Expenses	[●]	[●]	[●]
Printing, Stationery and Distribution Expenses	[●]	[●]	[●]
Others (including Legal Advisors Fee, Auditors Fee, Registrars Fee, SCSB commission [#] , SCSB Fees**, Regulatory Fees including filing fees paid to SEBI and Stock Exchanges)	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

* will be incorporated at the time of filing of the Prospectus.

** SCSBs shall be entitled to fees for processing ASBA forms procured by Syndicate Members in the range of [●] and [●].

[#] For ASBA forms procured directly by SCSBs, they would be entitled for selling commission only and no processing fee shall be paid to them.

₹All expenses related to the Issue, including listing fees and issue management fees, will be borne entirely by our Company.

Details of fees payable

Fees payable to the Book Running Lead Manager

The total fees payable to Saffron Capital Advisors Private Limited will be as stated in the Memorandum of Understanding dated January 10, 2011, signed and executed between our Company and Saffron Capital Advisors Private Limited, a copy of which is available for inspection at our Registered Office from 10:00 am to 4:00 pm during the Bid/ Issue Period.

Underwriting Commission, Brokerage and Selling Commission

The underwriting commission and selling commission for this Issue is as set out in the Syndicate Agreement to be entered into between our Company and the BRLM. The underwriting commission shall be paid as set out in the Underwriting Agreement to be entered into between our Company and the BRLM, based on the Issue Price and amount underwritten in the manner mentioned in the Prospectus. Payment of underwriting commission, brokerage and selling commission would be in accordance with applicable laws.

Fees payable to the Registrar to the Issue

The total fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/ refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum Of Understanding dated January 04, 2011 signed and executed between our Company and the Registrar to the Issue, a copy of which is available for inspection at our Registered Office from 10:00 am to 4:00 pm during the Bid/ Issue Period.

The Registrar to the Issue will also be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to make refund orders to unsuccessful applicants.

Previous public or rights issues

Our Company has not made any public or rights issue since its inception.

Previous issue of Equity Shares otherwise than for cash

Our Company has not issued any Equity Shares for consideration otherwise than for cash, except as disclosed in the chapter titled "*Capital Structure*" beginning on page 50 of this Draft Red Herring Prospectus.

Commission or brokerage on previous issues during the last five years

Since this is the initial public offer of the Equity Shares by our Company, no sum has been paid or has been payable as commission or brokerage for subscribing for or procuring or agreeing to procure subscription for any of the Equity Shares since our inception.

Listed companies under the same management

There are no listed companies under the same management as our Company within the meaning of Section 370(1)(B) of the Companies Act, which have made any capital issues in the last three years.

Promise vs Performance – Previous Issues of our Company and our Group / Associate Companies

Our Company has not made any public issue of Equity Shares since its incorporation. None of our Group/ Associate Companies has made any public issues in the past.

Outstanding debentures or bond issues

As on the date of filing this Draft Red Herring Prospectus, our Company does not have any outstanding debentures and has not made any bond issue.

Outstanding Preference Shares

As on the date of filing this Draft Red Herring Prospectus, our Company does not have any outstanding preference shares.

Stock Market Data

This being the initial public offering by our Company, no stock market data is available.

Mechanism for Investor Grievances and Redressal System

The MOU between the Registrar to the Issue and our Company entered on January 4, 2011 provides for retention of records with the Registrar to this Issue for a period of at least three years from the last date of dispatch of the letters of allotment, demat credit and making refunds as per the modes disclosed to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant and the bank branch or collection center where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application and

the Designated Branch or the collection centre of the SCSB where the ASBA Bid cum Application Form was submitted by the ASBA Bidders.

Disposal of Investor Grievances by our Company

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be ten days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible. We have also constituted Share Transfers and Investors' Grievance Committee of the Board of Directors *vide* resolution passed at the Board Meeting held on October 1, 2010, to review and redress the shareholders and investors grievances such as transfer of Equity Shares, non-recovery of balance payments, declared dividends, approve subdivision, consolidation, transfer and issue of duplicate shares. For further details, please refer chapter titled '*Our Management*' beginning on page 122 of this Draft Red Herring Prospectus.

Our Company has appointed Mr. Lekhraj Jain, as the Compliance Officer for this Issue and he may be contacted for redressal of any complaints at:

Compliance Officer

Mr. Lekhraj Jain
301, Anand Plaza,
University Road,
Udaipur – 313 001,
Rajasthan
India.
Tel: +91 294 5101301 / 5101302
Fax: +91 294 2429515
Email: grievance@bohraindustries.com

Investors can also contact the Registrar to the Issue for redressal of any complaints at the following address:

Bigshare Services Private Limited

E-2/3, Ansa Industrial Estate,
Saki Vihar Road, Saki Naka,
Andheri (East),
Mumbai – 400 072
Maharashtra, India
Tel No: + 91 22 40430200
Fax No: +91 22 28475207
Email: ipo@bigshareonline.com
Investor Grievance: investor@bigshareonline.com
Website: www.bigshareonline.com
Contact Person: Mr. Ashok Shetty

Changes in the Auditors during last three years and reasons thereof

There have been no changes in our auditors in the last three years.

Capitalisation of reserves or profits during the last five years

Save and except as stated in chapter titled "*Capital Structure*", beginning on page 50 of this Draft Red Herring Prospectus our Company has not capitalized its reserves or profits at any time during the last five (5) financial years.

Revaluation of assets during the last five years

Our Company has not revalued its assets for a period of five (5) years prior to the date of this Draft Red Herring Prospectus.

SECTION VII - ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

Principal terms and conditions of the Issue

The Equity Shares being issued are subject to the provisions of the Companies Act, the SCRR, the SCRA, our Memorandum and Articles of Association, conditions of RBI approval, if any, the terms of the Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the ASBA Form, the Revision Form, the Allotment Advice, Listing Agreements with the Stock Exchanges and other terms and conditions as may be incorporated in the Allotment Advice, and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to applicable laws, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, FIPB, RoC and / or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act and our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares of our Company including in respect of the right to receive dividends. The Allottees of the Equity Shares in this Issue shall be entitled to dividends and/or any other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see the section titled ‘*Main Provisions of the Articles of Association*’ beginning on page 259 of this Draft Red Herring Prospectus.

Mode of payment of dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act as recommended by the Board of Directors and approved by the shareholders at their discretion, and will depend on a number of factors, including but not limited to earnings, capital requirements, restrictive covenants in our loan agreements and the overall financial health of our Company. For further details on the restrictive covenants in our loan agreements, please refer to the chapter titled “*Financial Indebtedness*” beginning on page 180 of this Draft Red Herring Prospectus.

Face Value and Price Band

The face value of each Equity Share is ₹ 10. The Issue Price is [●] times the face value of Equity Shares. The Floor Price of Equity Shares is ₹ [●] per Equity Share and the Cap Price is ₹ [●] per Equity Share. At any given point of time there shall be only one denomination of Equity Shares, subject to applicable law.

The Price Band and the minimum Bid lot size for the Issue will be decided by our Company in consultation with the Book Running Lead Manager and advertised in all editions of one English, one Hindi daily national newspaper and one regional daily newspaper (place at which the registered office of the Company is situated), each with wide circulation, at least two Working Days prior to the Bid/Issue Opening Date. The Issue Price will be determined by our Company in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares offered by way of Book Building.

Compliance with SEBI Rules and Regulations

Our Company shall comply with all requirements of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, notified on August 26, 2009 as amended from time to time. Our Company shall comply with all applicable 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 subject to any statutory and other preferential claims being satisfied;
- Right of free transferability subject to applicable foreign direct investment policy, foreign exchange regulations and other applicable laws; 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 agreements executed with the Stock Exchanges, and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of our Articles of Association such as those dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and / or consolidation / splitting, please refer to the section titled ‘*Main Provisions of the Articles of Association*’ beginning on page 259 of this Draft Red Herring Prospectus.

Market Lot and Trading Lot

Under section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. In terms of existing SEBI ICDR Regulations, the trading in the Equity Shares shall only be in dematerialised form for all investors. Since trading of the Equity Shares is in dematerialised mode, the tradable lot is one Equity Share. Allotment of Equity Shares through this Issue will be done only in electronic form, in multiple of one Equity Share, subject to a minimum allotment of [●] Equity Shares. For details of allocation and allotment, please refer to the section titled “*Issue Procedure*” beginning on page 224 of this Draft Red Herring Prospectus.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Mumbai, India.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint – tenants with benefits of survivorship.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares may be offered and sold only outside the United States in compliance with Regulation S 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 jurisdiction.

Nomination Facility to the 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 that are 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 such person would be entitled if such person were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a

nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Company's Registered Office or with the Registrar of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

1. to register himself or herself as the holder of the Equity Shares; or
2. 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 (90) days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant will prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue including devolvement of the Underwriters, if any, 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 8 days after our Company becomes liable to pay the amount, our Company shall pay interest as prescribed under Section 73 of the Companies Act.

Further, in terms of sub-regulation (4) of Regulation 26 of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will not be less than 1,000. If the number of allottees in the proposed Issue is less than 1,000 allottees, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after our Company becomes liable to pay the amount, our Company shall pay interest at the rate 15% per annum for the delayed period.

Bid/Issue Program

Categories of Investors	Bid Opens On	Bid Closes on	Bid Acceptance timing on all days except last day	Bid Acceptance time on the last day
For QIBs*	[●]	[●]	10. a.m. – 5 p.m.	10 a.m. – 3 p.m.
For Non Institutional Bidders	[●]	[●]	10. a.m. – 5 p.m.	10 a.m. – 3 p.m.
For Retail Individual Bidders	[●]	[●]	10. a.m. – 5 p.m.	10 a.m. – 4 p.m.

**Our Company may consider closing the Bidding by QIB Bidders one Working Day prior to the Bid/Issue Closing Date subject to the Bid/Issue period being for a minimum of three Working Days.*

Bids and any revision in Bids shall be accepted only during the Bid/Issue Period at the Bidding Centers mentioned on the Bid cum Application Form or, in case of Bids submitted through ASBA, by the member of the syndicate or the Designated Branches of the SCSBs except that on the Bid/Issue Closing Date:

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 Working Day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m. IST on the Bid/Issue Closing Date for QIB and Non-Institutional Bidders. Bidders are requested to note 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. Bids not uploaded in the book would be rejected. If such Bids are not uploaded, our Company, the BRLM, Syndicate Members, Sub-syndicate members and the SCSBs will not be responsible. Bids will be accepted only on Working Days. Bids by ASBA Bidders shall be uploaded by the SCSB / Syndicate Members / Sub-syndicate Members in the electronic system to be provided by the BSE and the NSE.

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, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB.

Investors please note that as per letter no. List/smd/sm/2006 dated July 03, 2006 and letter no. NSE/IPO/25101-6 dated July 06, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and Holidays as declared by the stock exchanges.

Arrangement for Disposal of Odd Lots

The Equity Shares of our Company will be traded in dematerialised form only and therefore the marketable lot is one (1) Equity Share. Hence, there is no possibility of any odd lots.

Option to receive Equity Shares in Dematerialised Form

Investors should note that Allotment of Equity Shares to all successful Bidders will only be in the dematerialised form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the BRLM are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

ISSUE STRUCTURE

Public Issue of [●] Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Equity Share (including share premium of ₹ [●] per Equity Share) aggregating to ₹ 8,000 Lakhs, (hereinafter referred to as the “Issue”).

The Issue will constitute [●] % of the fully diluted total post issue paid-up equity share capital of our Company. The Issue is being made through the Book Building Process:

Particulars	Qualified Institutional Bidders	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Not more than [●] Equity Shares	Not less than [●] Equity Shares or Equity Shares available for allocation to Public less allocation to QIB Bidders and Retail Individual Bidders	Not less than [●] Equity Shares or Equity Shares available for allocation to Public less allocation to QIB Bidders and Non-Individual Bidders
Percentage of the Issue Size available for allocation	<p>Not more than 50% of the Issue shall be available for allocation to QIBs.</p> <p>However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.</p> <p>Mutual Funds participating in the QIB Portion will also be eligible for allocation in the remaining QIB Portion</p> <p>The unsubscribed portion in the Mutual Fund reservation will be available to QIBs[#]</p>	Not less than 15% of the Issue shall be available for allocation or Issue size less allocation to QIB Bidders and Retail Individual Bidders*	Not less than 35% of the Issue shall be available for allocation or Issue size less allocation to QIB Bidders and Non Institutional Bidders*
Basis of Allotment, if respective category is oversubscribed	<p>(a) [●] Equity Shares, constituting 5% of the QIB portion, shall be available for allocation on a proportionate basis to Mutual Funds;</p> <p>(b) [●] Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above</p>	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds ₹2,00,000 in value	Such number of Equity Shares that the Bid Amount exceeds ₹2,00,000 in value	[●] Equity Shares and in multiples of [●] Equity Shares thereafter such that the Bid Amount does not exceed ₹2,00,000 in value
Maximum Bid	Such number of Equity Shares in multiples of [●]	Such number of Equity Shares in multiples of [●]	Such number of Equity Shares so as to ensure that

Particulars	Qualified Institutional Bidders	Non-Institutional Bidders	Retail Individual Bidders
	not exceeding the size of the Issue subject to regulations as applicable to the Bidder	not exceeding the size of the Issue, subject to applicable investment limits	the Bid Amount does not exceed ₹ 2,00,000
Mode of Allotment	Compulsorily in dematerialised form	Compulsorily in dematerialised form	Compulsorily in dematerialised form
Bid Lot	[•] Equity Shares and in multiples of [•] Equity Shares	[•] Equity Shares and in multiples of [•] Equity Shares	[•] Equity Shares and in multiples of [•] Equity Shares
Allotment Lot	[•] Equity Shares and in multiples of one Equity Share	[•] Equity Shares and in multiples of one Equity Share	[•] Equity Shares and in multiples of one Equity Share
Trading / Market Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FII and sub-account registered with SEBI, (other than a sub-account which is a foreign corporate or foreign individual), multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with IRDA, provident fund with minimum corpus of ₹250 million, pension fund with minimum corpus of ₹250 million and National Investment Fund set up by Government of India, insurance funds set up and managed by the army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.	Resident Indian individuals, Eligible NRIs, HUF (applying through the Karta), companies, corporate bodies, scientific institutions, societies trusts, sub accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals	Resident Indian individuals, Eligible NRIs, HUF (applying through the Karta), applying for Equity Shares such that the Bid Amount does not exceed ₹2,00,000 in value
Terms of Payment***	Full Bid Amount shall be payable at the time of submission of the ASBA	Full Bid Amount shall be payable at the time of submission of the ASBA	Amount shall be payable at the time of submission of (1) Bid-cum-

Particulars	Qualified Bidders	Institutional	Non-Institutional Bidders	Retail Individual Bidders
	Bid cum Form [@]	Application	Bid cum Form [@]	Application Form to the Member of Syndicate or (2) submission of ASBA form to SCSB.

**Subject to valid Bids being received at or above the Issue Price. The Issue is being made under sub-regulation (1) of Regulation 26 of the SEBI ICDR Regulations and through a Book Building Process wherein not more than 50% of the Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers (“QIBs” and such portion the “QIB Portion”). Such number of Equity Shares representing 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the 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. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price. Under-subscription, if any, in any category would be allowed to be met with spill over from any of the category or combination of categories at the discretion of our Company, the BRLM and the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid Bids being received at or above the Issue Price.*

If the aggregate demand by Mutual Funds is less than [●] Equity Shares aggregating to ₹ [●] Lakhs, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

***In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear*

**** In case of ASBA Bidders, submission of ASBA Bid cum Application Form may be done to the Syndicate / Sub – Syndicate members. The ASBA facility through Syndicate / Sub – Syndicate members is currently available for Bidders at the ASBA Bidding Centres. The Syndicate / Sub – Syndicate members procuring the ASBA forms shall be responsible for uploading the Bid and other details of such ASBA Forms in the bidding platform and thereafter forward the ASBA forms to the SCSBs. The SCSBs shall be authorised to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid cum Application Form.*

@ Pursuant to SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 QIBs and Non Institutional Investors are mandatorily required to utilise the ASBA process to participate in the Issue.

ISSUE PROCEDURE

This section applies to all Bidders. All Bidders can participate in the Issue through the ASBA process. Furthermore, pursuant to SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 Non-Institutional and QIBs Bidders Investors are mandatorily required to utilise the ASBA facility to participate in the Issue. 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 Bidders (except ASBA Bidders) are required to make payment of the full Bid Amount with the Bid cum Application Form. In case of ASBA Bidders, an amount equivalent to the full Bid Amount will be blocked by the SCSB at the time of Bidding. ASBA Bidders should note that ASBA facility through the Members of the Syndicate is available only at the ASBA Bidding Centres. Therefore, all statements concerning submission of ASBA Bid Cum Application Form to the Members of the Syndicate shall be applicable to the Bidders who can and do bid at the ASBA Bidding Centres.

The information presented below is given for the benefit of the Bidders. Our Company, the BRLM and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section, and are not liable for any amendment, modification or change in applicable law, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus, Red Herring Prospectus and the Prospectus.

Book Building Procedure

In terms of Rule 19(2)(b)(i) of the SCRR, this is an Issue for at least 25% of the post-Issue capital of our Company. Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations. Further, this Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be available for allocation to QIBs on a proportionate basis out of which 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% and 35% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, subject to valid Bids being received at or above the Issue Price.

In the event of under-subscription, if any, in any category, the unsubscribed portion 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.

Any Bidder may participate in this Issue through the ASBA process by providing the details of their respective bank accounts / bank account held by a third party (subject to conditions as set forth hereinbelow) in which the corresponding Bid amounts will be blocked by SCSBs. QIBs and Non Institutional Investors are mandatorily required to make use of the ASBA facility. All Bidders including ASBA Bidders can submit their Bids through the Syndicate (at ASBA bidding locations). Pursuant to SEBI circular number CIR/CFD/DIL/1/2011 dated April 29, 2011, the investors may submit the ASBA Bid cum Application Form with the Members of the Syndicate only at the ASBA Bidding Centres, who shall forward the same to the SCSB. Syndicate/ sub-syndicate members are required to upload the bid and other relevant details of the ASBA Bid cum Application Form in the electronic bidding system provided by the Stock Exchanges and forward the same to the SCSBs.

Bidders may note that in case the Depository Participant identification number, client identification number of the demat account of the Bidder, and PAN mentioned in the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be and entered into the electronic bidding system of the Stock Exchanges by the Members of Syndicate do not match with the Depository Participant identification number, client identification number of the demat account of the Bidder, and PAN available in the Depository database, the application Bid-cum-Application Form or the ASBA Form, as the case may be is liable to be rejected. With effect from August 16, 2010, the demat accounts for Bidders for which PAN details have not been verified, excluding Bid submitted on behalf of the Central Government or the State Government or

officials appointed by a court and Bidders resident in the state of Sikkim, who, may be exempted from specifying their PAN for transacting in the securities market shall be “suspended credit” and no credit of Equity Shares pursuant to the Issue shall be made into accounts of such Bidders. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under applicable laws, regulations or approvals. Bidders are advised to make their own enquiries about the limits applicable to them.

Bid cum Application Form and ASBA Bid cum Application Form

Retail Individual Bidders shall use only 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. ASBA Bidders shall use the specified ASBA Bid cum Application Form, indicating the mode of payment option as being “ASBA” obtained from any member of the Syndicate, for the purpose of making a Bid in terms of the Red Herring Prospectus. Before being issued to Bidders, the Bid cum Application Form (except in relation to ASBA Bidders) shall be serially numbered. Bidders (other than ASBA Bidders) are required to submit their Bids through the Syndicate or their affiliates (at ASBA bidding locations). 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.

ASBA Bidders including QIBs and Non Institutional Bidders, shall submit the ASBA Bid cum Application Form either in physical or electronic form to the SCSB or to a member of the Syndicate (at ASBA Bidding Centres). (Syndicate / Sub – syndicate members at the ASBA Bidding Centres may procure the ASBA Bid cum Application Form from investors, upload the Bid and details of ASBA Bid cum Application Form in the bidding platform and thereafter forward the ASBA Bid cum Application Form to SCSBs) authorizing blocking funds that are available in the bank account specified in the ASBA Bid cum Application Form used by ASBA Bidders (through the internet banking facility available with the SCSBs or such other electronically enabled mechanism for Bidding). SCSBs shall carry out further action for the ASBA Bid cum Application Forms such as signature verification, blocking of funds that available in the banks specified in the ASBA Bid cum Application Form and forward the ASBA Bid cum Application Forms to the Registrar to the Issue. The ASBA Bid cum Application Form will also be available on the websites of the BSE and the NSE at least 1 day prior to the Bid/Issue Opening Date and shall bear a unique application number. The BRLM, and the SCSBs will provide the hyperlink to BSE or NSE on their websites.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder, the acknowledgment slip. This acknowledgment slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder and the Bidder shall preserve this and should provide the same for any queries relating to non-Allotment of Equity Shares in the Issue.

The Bid cum Application Form shall contain information about the Bidder and the price and number of Equity Shares that the Bidder wishes to Bid for. Bidders shall have the option to make a maximum of 3 Bids in the Bid cum Application Form and such options shall not be considered multiple Bids.

On filing of the Prospectus with the RoC, the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be, shall be treated as a valid application form. On completion and submission of the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be, to a member of the Syndicate or the SCSB, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form/ ASBA Bid cum Application Form as would be required under the SEBI ICDR Regulations and other applicable laws, for filing the Prospectus with the RoC and as would be required by SEBI and/or the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form	Colour of ASBA Bid cum Application Form
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Category	Colour of Bid cum Application Form	Colour of ASBA Bid cum Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis where the Bid Amount does not exceed ₹ 2 Lakhs	[●]	[●]
Resident Indians and Eligible NRIs applying on a non-repatriation basis where the Bid Amount exceeds ₹ 2 Lakhs	Not applicable	[●]
Non-Residents and Eligible NRIs applying on a repatriation basis where the Bid Amount does not exceed ₹ 2 Lakhs	[●]	[●]
Non-Residents, Eligible NRIs, FVCIs Multilateral and bilateral development financial institutions and FIIs applying on a repatriation basis where the Bid Amount exceeds ₹ 2 Lakhs	Not applicable	[●]

Who can Bid?

1. Indian nationals resident in India who are majors, in single or joint names (not more than three);
2. HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: Name of Sole or First Bidder: "XYZ Hindu Undivided Family applying through the Karta XYZ", where XYZ is the name of the Karta. Bids by HUFs would be considered at par with those from individuals;
3. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares;
4. Mutual Funds registered with SEBI;
5. Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and SEBI regulations, as applicable);
6. Multilateral and bilateral development financial institution;
7. Venture capital funds registered with SEBI;
8. Foreign venture capital investors registered with SEBI subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
9. FIIs and sub-accounts registered with SEBI other than a sub-account which is a foreign corporate or foreign individual subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
10. Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category;
11. State Industrial Development Corporations;
12. Insurance companies registered with the Insurance Regulatory and Development Authority;
13. Provident funds with a minimum corpus of ₹ 2,500 lakhs and who are authorized under their constitution to hold and invest in equity shares;
14. Pension funds with a minimum corpus of ₹ 2,500 lakhs and who are authorized under their constitution to hold and invest in equity shares;
15. National Investment Fund set up by resolution F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
16. Insurance funds set up and managed by army, navy or air force of the Union of India;
17. Insurance funds set up and managed by the Department of Posts, India;
18. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorized under their respective constitutions to hold and invest in equity shares;
19. Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable local laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;
20. Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares;
21. Limited Liability Partnerships (LLPs) registered in India and authorised to invest in equity shares; and
22. Any other QIBs permitted to invest, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue.

As per the existing regulations, OCBs are not eligible to participate in this Issue.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or

maximum number of Equity Shares that can be held by them under applicable laws.

Participation by Associates and Affiliates of BRLM and Syndicate Members

The BRLM and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and the Syndicate Members are entitled to Bid for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis. Such Bidding and subscription may be on their own account or on behalf of their clients.

Participation by eligible/permitted Sub-Accounts which are foreign corporates or foreign individuals

Eligible / permitted Sub-Accounts which are foreign corporates or foreign individuals may Bid in the Non-Institutional Portion, subject to receipt of appropriate approvals from applicable regulatory authorities.

Bids by Mutual Funds

As per the SEBI ICDR Regulations, 5% of the QIB Portion, has been specifically reserved for Allocation to Mutual Funds on a proportionate basis. An eligible Bid by a Mutual Fund in the Mutual Fund Portion shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event demand in the Mutual Fund 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 Mutual Funds shall be available for allocation proportionately, after excluding the allocation in the Mutual Fund Portion, in the QIB Portion. In the event of under-subscription or non-allocation in the Mutual Fund Portion, the balance Equity Shares shall be added to the remaining QIB Portion.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in this Issue. In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

The Bids made by asset management companies or custodians of Mutual Funds shall clearly indicate the name of the concerned scheme for which Bids is being made.

Bids by Non Residents including Eligible NRIs or FIIs or FVCIs on a repatriation basis

There is no reservation in the Issue for Eligible NRIs or FIIs or FVCIs registered with SEBI. Such Eligible NRIs, FIIs and FVCIs registered with SEBI will be treated on the same basis as other categories for the purpose of allocation. In accordance with FEMA and the regulations framed thereunder.

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.

Bids by Eligible NRIs

Bid cum Application Forms for Eligible NRIs applying on a repatriation basis will be made available at our Registered Office and with the Syndicate (at ASBA bidding locations). ASBA Bid cum Application Forms will also be available with SCSBs and Members of the Syndicate in ASBA Bidding Centers.

Eligible NRIs may please note that only such applications as are accompanied by payment in free foreign exchange or by debit to their Non Resident External (NRE)/ Foreign Currency Non Resident (FCNR) accounts shall be considered for Allotment under the Eligible NRI category on repatriable basis. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) i.e. on non-repatriation basis accounts shall use the Bid cum Application Form meant for Resident Indians ([●] in colour) and shall not use the forms meant for Eligible NRIs ([●] in colour). All instruments accompanying Bids shall be payable in Mumbai only. Post Allotment, if any, on repatriable basis, our Company is required to file FC-GPR with the Reserve Bank of India through an authorised dealer along with a KYC (Know Your Client) report issued by their banker. Eligible NRIs who may be Allotted Equity Shares of our Company in the Issue are required to facilitate the issue of the above said report to be furnished to RBI.

Non Resident Indian applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the reserved category. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts should use the form meant for Resident Indians and not use the forms meant for reserved category. Eligible NRIs Bidding under the Non- Institutional Portion are required to utilise the ASBA facility to submit their Bids.

Bids by FIIs

As per current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue Paid-up capital (i.e. 10% of [●] Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or a foreign individual. In accordance with the foreign investment limits applicable to our Company, such investment must be made out of funds raised or collected or brought from outside India through normal banking channels and the investment must not exceed the overall ceiling specified for FIIs. Under the portfolio investment scheme, the aggregate issue of equity shares to FIIs and their sub-accounts should not exceed 24% of post-issue Paid-up equity capital of a company. However, this limit can be increased to the permitted sectoral cap/statutory limit, as applicable to our Company after obtaining approval of its Board of Directors followed by a special resolution to that effect by its shareholders in their general meeting.

As of the date of the Draft Red Herring Prospectus, our Company has not passed such resolution and the total foreign investment including FII investment cannot exceed 24% of our total issued capital unless approved by the shareholders of our Company.

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 offshore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by an 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. The FII is also required to ensure that no further issue or transfer of any offshore derivative instrument issued by it is made 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 of, claim on or an interest in, our Company.

Bids by SEBI-registered Venture Capital Funds and Foreign Venture Capital Investors

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, each, as amended, prescribe investment restrictions on Venture Capital Funds and FVCIs respectively registered with the SEBI. Accordingly, the holding in any company by any individual venture capital fund or FVICI registered with the SEBI should not exceed 25% of the corpus of such venture capital fund or FVICI respectively.

However, Venture Capital Funds or FVCIs may invest only upto 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers.

Pursuant to the SEBI (ICDR) Regulations, the shareholding of SEBI registered VCF and FVCI held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing the Draft Red Herring Prospectus with SEBI.

Bidders may please note that 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.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the ASBA Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended (the “**IRDA Investment Regulations**”), are broadly set forth below:

- (a) equity shares of a company: the least of 10% of the investee company’s subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- (b) the entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of ULIPS); and
- (c) The industry sector in which the investee company operates: 10% of the insurer’s total investment exposure to the industry sector (25% in case of ULIPS).

In addition, the IRDA partially amended the exposure limits applicable to investments in public limited companies in the infrastructure and housing sectors, *i.e.* December 26, 2008, providing, among other things, that the exposure of an insurer to an infrastructure company may be increased to not more than 20%, provided that in case of equity investment, a dividend of not less than 4% including bonus should have been declared for at least five preceding years. This limit of 20% would be combined for debt and equity taken together, without sub-ceilings. Further, investments in equity including preference shares and the convertible part of debentures shall not exceed 50% of the exposure norms specified under the IRDA Investment Regulations.

Bids by provident funds/ pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ` 2,500 lac, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the Union of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with minimum corpus of ₹ 2,500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of ₹2,500 Lakhs (in each case, subject to applicable law and in accordance with their respective constitutional documents), 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 lodged with the Bid cum Application Form / ASBA 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.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a). With respect to Bids by VCFs, FVCIs, FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the ASBA Bid cum Application Form, as applicable. Failing this, our Company reserves the right to accept or reject any Bid, in whole or in part, in either case, without assigning any reasons thereof.
- (b). With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged with the Bid cum Application Form / ASBA 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 reasons thereof.
- (c). With respect to Bids made by provident funds with minimum corpus of ₹ 2,500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of ₹ 2,500 Lakhs, 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 / ASBA Bid cum Application Form. Failing this, our Company reserves the right to accept or reject such bid, in whole or in part, in either case, without assigning any reasons thereof.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form / ASBA Bid cum Application Form, subject to such terms and conditions that our Company and the BRLM may deem fit.

Our Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars of the refund order and mailing of the Allotment Advice / refund orders / letters notifying the unblocking of the bank accounts of ASBA Bidders, the Demographic Details given on the Bid cum Application Form / ASBA Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Bid cum Application Form / ASBA Bid cum Application Form instead of those obtained from the Depositories.

Bids and revision of Bids by Non-Residents, 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:

1. On the prescribed 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.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant details).
3. 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. Bids by Eligible NRIs for a Bid Amount of up to ₹ 2,00,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 2,00,000 would be considered under Non- Institutional Portion for the purposes of allocation

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 Draft Red Herring Prospectus. Bidders are advised to make their own independent investigations and are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

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 Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed ₹ 2,00,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ₹ 2,00,000. If the Bid Amount is over ₹ 2,00,000 due to revision of the Bid or revision of the Price Band or on exercise of the option to be Bid at the Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion only if the Bidding was done through ASBA. The option to Bid at the Cut-Off Price is given only to the Retail Individual Bidders, indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares in multiples of [●] such that the Bid Amount exceeds ₹ 2,00,000. 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 entire Bid amount upon submission of the Bid. The identity of QIB Bidding in the Issue under the QIB Portion shall not be made public during the Issue Period.**

In case of revision in Bids, Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than ₹ 2,00,000 for being considered for allocation in the Non-Institutional Portion. If the Bid Amount reduces to ₹ 2,00,000 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 the Cut-Off Price.

Payments made upon any revision of Bids shall be adjusted against the payment made at the time of the original Bid or the previously revised Bid. The maximum and minimum Bid size applicable to a QIB, Retail Individual Bidder or a Non-Institutional Bidder shall be applicable to an ASBA Bidder in accordance with the category that such ASBA Bidder falls under.

Information for the Bidders:

- (a) The Red Herring Prospectus will be filed by our Company with the RoC at least 3 days before the Bid / Issue Opening Date.
- (b) Copies of the Bid cum Application Form and the ASBA Bid cum Application Form, as also the Red Herring Prospectus will be available with the members of the Syndicate and at our Registered Office. For ASBA Bidders, Bid cum Application Forms in physical form will be available with the Designated Branches and with the members of the Syndicate; and electronic ASBA Bid cum Application Forms will be available on the websites of the Stock Exchanges and the Designated Branches of the SCSBs.

Pursuant to SEBI circular number CIR/CFD/DIL/7/2010 dated July 13, 2010, ASBA Bid cum Application Forms shall be made available for download from the respective websites of the Stock Exchanges.

- (c) Any Investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form or the ASBA Bid cum Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate. In addition, electronic ASBA Bid cum Application Forms shall be available on the websites of SCSBs. Furthermore, the SCSBs shall ensure that the abridged prospectus is made available on their websites.

- (d) Our Company in consultation with the BRLM shall declare the Bid / Issue Opening Date and the Bid / Issue Closing Date (and the date on which our Company may decide to close the Bids for the QIBs) in the Red Herring Prospectus to be registered with the RoC and also publish the same in two national daily newspapers (one each in English and Hindi) and in one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated. This advertisement shall be in the prescribed format.
- (e) Eligible Bidders who are interested in Bidding for the Equity Shares should approach any of the BRLM or the Syndicate Members or their authorised agent(s) to register their Bids. Eligible Bidders can approach the members of the Syndicate or their authorised agent(s) to submit their Bids under the ASBA process. It may be noted that QIBs and Non Institutional Investors are mandatorily required to submit their Bids through the ASBA facility, in order to participate in the Issue.
- (f) Bidders other than ASBA Bidders can obtain Bid cum Application Forms and Revision Forms from the members of the Syndicate. ASBA Bidders can obtain ASBA Bid cum Application Forms and/or ASBA Revision Forms from the Designated Branches of the SCSBs and the members of the Syndicate (at ASBA Bidding Centres). ASBA Bidders can also obtain a copy of the ASBA Bid cum Application Forms and/or ASBA Revision Form in electronic form from the websites of the SCSBs and the Stock Exchanges.
- (g) The Bids should be submitted on the prescribed Bid cum Application Form or the prescribed ASBA Bid cum Application Form only, as the case may be. Bids by ASBA Bidders shall be accepted by the members of the Syndicate (and, in the ASBA Bidding Centres, by members of the Sub-syndicate) and Designated Branches of SCSBs in accordance with the SEBI ICDR Regulations and any other circulars issued by SEBI in this regard. Bid cum Application Forms or ASBA Bid cum Application Forms should bear the stamp of the members of the Syndicate or Designated Branch. Bid cum Application Forms or ASBA Bid cum Application Forms (except electronic ASBA Bid cum Application Forms), which do not bear the stamp of a member of the Syndicate or the Designated Branch, are liable to be rejected.

Bidders are advised not to submit the Bid cum Application Form to Escrow Collection Banks and the same will be rejected in such cases and the Bidders will not be entitled to any compensation whatsoever.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bids and revisions of Bids must be:

- i) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.
- ii) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained here, in the Bid cum Application Form or in the Revision Form. Bidders must provide details of valid and active DP-ID, client ID and PAN clearly and without error. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment. Incomplete Bid cum Application Forms, Revision Forms or ASBA Bid cum Application Form, or Revision Forms or in the ASBA Revision Form are liable to be rejected. Bidders should note that the members of 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.
- iii) Information provided by the Bidders will be uploaded in the online IPO system by the members of the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/Allotment. Bidders are advised to ensure that the details are correct and legible.
- iv) For Retail Individual Bidders (including Eligible NRIs), the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of ₹ 2,00,000. In case the Bid Amount is over ₹ 2,00,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The option to Bid at cut-off price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

- v) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares in multiples of [●] thereafter such that the Bid Amount exceeds ₹ 2,00,000. Bids cannot be made for over 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.
- vi) In a single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- vii) 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.
- viii) Bids through ASBA must be made only in the prescribed ASBA Bid cum Application Form (if submitted in physical mode) or electronic mode. ASBA Bidders should correctly mention the ASBA Account number in the ASBA Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the ASBA Account before submitting the ASBA Form to the respective Designated Branch.
- ix) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form.

GENERAL INSTRUCTIONS

Dos:

- (a) Check if you are eligible to apply as per the terms of the Red Herring Prospectus under applicable laws, rules and regulations, guidelines and approvals;
- (b) Ensure that you have Bid within the Price Band;
- (c) Read all the instructions carefully and complete the Resident Bid cum Application Form ([●] in colour), the Non-Resident Bid cum Application Form ([●] in colour), Resident ASBA Bid cum Application Form ([●] in colour), the Non-Resident ASBA Bid cum Application Form ([●] in colour), as applicable;
- (d) Ensure that the details about PAN, Depository Participant and Beneficiary Account are correct, and the Beneficiary Account is activated, as Allotment of Equity Shares will be in the dematerialised form only;
- (e) Ensure that the Bids are submitted at the Bidding centres only on forms bearing the stamp of a member of the Syndicate or the SCSB in case of ASBA Bidders (except in case of electronic ASBA Bid cum Application Forms); In case you are a Bidder other than an ASBA Bidder, ensure that your Bid is submitted at the bidding center only on a form bearing the stamp of a member of the Syndicate. In case you are an ASBA Bidder, the Bid should be submitted to a Designated Branch of an SCSB / Syndicate member, with which the ASBA Bidder or a person whose bank account will be utilised by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue or collecting banks (assuming that such collecting banks are not SCSBs), our Company or the Registrar. With respect to ASBA Bids, ensure that you use the ASBA Bid-cum-Application Form specified for this purpose, and that such 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;
- (f) Ensure that the full Bid Amount is paid for Bids submitted to the members of the Syndicate and funds equivalent to the Bid Amount are blocked by the SCSBs in case of Bids submitted through the ASBA process;
- (g) Ensure that you have funds equal to the Bid Amount in your ASBA bank account of the respective Designated Branch of the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of SCSB / Syndicate member;

- (h) Ensure that the DP ID, the Client ID and PAN mentioned in the Bid cum Application Form match with the DP ID, the Client ID and PAN available in the depository database;
- (i) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
- (j) Ensure that you request for and have received a TRS for all your Bid options;
- (k) Submit revised Bids to the same member of the Syndicate or Designated Branch of the SCSB through whom the original Bid was placed and obtain a revised TRS/acknowledgement;
- (l) Except for Bids (i) on behalf of the Central or State Government and the officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Bidders should mention their PAN allotted under the I.T. Act. Applications in which the PAN is not matching with one entered by the Syndicate or the SCSB in the Bidding terminal and PAN as available with depositories for a given DP ID and client ID is liable to be rejected;
- (m) Ensure that the Demographic Details (as defined below) are updated, true and correct in all respects;
- (n) 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. If 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.
- (o) Ensure that the Depository Participant identification number (DP ID), the client identification number (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 Members or Designated Branches of the SCSBs, as the case may be, matches with the DP ID, Client ID and PAN available in the Depository database. The Bidders should note that in case the DP ID, Client ID and the PAN mentioned in their Bid-cum-Application Form/ASBA Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members or the Designated Branches of the SCSBs, as the case may be, do not match with the DP ID, Client ID and PAN available in the database of the depository, then such Bids are liable to be rejected.
- (p) Where the Bid cum Application Form / ASBA Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form / ASBA Bid cum Application Form. If 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;
- (q) In addition, ASBA Bidders should ensure that:
 - a. the ASBA Bid-cum-Application Form is signed by the account holder in case the applicant is not the account holder;
 - b. the correct bank account numbers have been mentioned in the ASBA Bid-cum-Application Form;
 - c. the authorisation box in the ASBA Bid cum Application Form has been correctly checked, or an authorisation to the SCSB through the electronic mode has been otherwise provided, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form in the ASBA Account maintained with a branch of the concerned SCSB; and
 - d. an acknowledgement from the Designated Branch of the concerned SCSB or the Syndicate/ sub-syndicate member in designated cities for the submission of the ASBA Bid cum Application Form has been obtained.

Don't's:

- (a) Do not Bid for lower than the minimum Bid size.
- (b) For Bidders other than ASBA Bidders, do not submit a Bid without payment of the entire Bid Amount. In case you are an ASBA Bidder, do not Bid on another ASBA Bid cum Application Form or Bid cum Application Form after you have submitted a Bid to a Designated Branch of an SCSB or a Syndicate Member;
- (c) Do not Bid/revise the Bid to less than the Floor Price or higher than the Cap Price;
- (d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate or the Designated Branch. In case you are an ASBA Bidder, do not Bid on another ASBA Bid cum Application Form or Bid cum Application Form after you have submitted a Bid to a Designated Branch of an SCSB or a Syndicate Member;
- (e) Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest and in relation to ABSA Bidders in any other mode other than blocked amounts in the bank accounts maintained by SCSBs;
- (f) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate or Designated Branch, as applicable;
- (g) Do not Bid *via* any mode other than ASBA (for QIBs and Non-Institutional Bidders);
- (h) Do not Bid at the Cut-off Price (for QIB Bidders, Non-Institutional Bidders, for a bid amount exceeding ₹ 2,00,000);
- (i) Do not fill up the Bid cum Application Form or ASBA Bid cum Application Form such that the Equity Shares Bid for exceed the Issue size and/or investment limit or maximum number of Equity Shares that can be held under applicable laws or regulations or the maximum amount permissible under applicable regulations or under the terms of the Red Herring Prospectus;
- (j) Do not submit more than five ASBA Bid cum Application Forms per bank account;
- (k) Do not Bid for amount exceeding ₹ 2,00,000 in case of a Bid by Retail Individual Bidders;
- (l) Do not submit the GIR number instead of the PAN as the Bid will be rejected on this ground;
- (m) Do not submit incorrect details of DP ID, Client ID and PAN or give details for which demat account is suspended or for which such details cannot be verified by the Registrar; and
- (n) Do not Bid for allotment of Equity Shares in physical form.
- (o) Do not submit the Bid cum Application Forms to Escrow Collection Bank(s);
- (p) Do not submit a Bid if not competent to enter into a contract under the Indian Contract Act, 1872, as amended;
- (q) Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or their relevant constitutional documents or otherwise;
- (r) Do not submit a Bid that does not comply with the securities laws of your respective jurisdictions;
- (s) Do not submit the Bids without the full Bid Amount.

Method and Process of Bidding

- a. Our Company in consultation with the BRLM, shall decide the Price Band and the minimum Bid lot size for the Issue and the same shall be advertised in one English national daily newspaper, one Hindi national daily newspaper and one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated, at least two Working Days prior to the Bid/ Issue Opening Date. The advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Schedule XIII of the SEBI ICDR Regulations. The Price Band and the minimum Bid Lot for the Issue will be decided by our Company in consultation with the BRLM, including the relevant financial ratios computed for both the Cap Price and Floor Price. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid / Issue Period. ASBA Bids can be submitted to SCSBs and Member of the Syndicate in ASBA Bidding Centres during the Bid / Issue Period.
- b. The Bid/ Issue Period shall be a minimum of three Working Days and not exceeding ten Working Days (including the days for which the Issue is open in case of revision in Price Band). In case the Price Band is revised, the revised Price Band and Bidding Period will be published in one English national daily, one Hindi national daily and one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated and the Bid/ Issue Period may be extended, if required, by an additional three Working Days, subject to the total Bid/ Issue Period not exceeding ten 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 regional daily newspaper with wide circulation, where the Registered Office of our Company is situated, and also by indicating the change on the website of the BRLM, and at the terminals of the members of the Syndicate.
- c. Each Bid cum Application Form / ASBA Bid cum Application Form will give the Bidder the choice to bid for upto three optional prices (for details refer to the paragraph entitled “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 Price, will become automatically invalid.
- d. A Bidder cannot Bid on another Bid cum Application Form / ASBA Bid cum Application Form after his or her Bids on one Bid cum Application Form / ASBA Bid cum Application Form have been submitted to any member of the Syndicate or the SCSBs. Submission of a second Bid cum Application Form / ASBA Bid cum Application Form to either the same or to another member of the Syndicate or SCSBs will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled “*Built up of Book, Bids at Different Price Levels and Revision of Bids*”.
- e. The members of the Syndicate/ 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 upto three TRSs for each Bid cum Application Form.
- f. During the Bid/ Issue Period, non-ASBA Bidders, who are interested in subscribing for the Equity Shares may approach any of the members of the Syndicate to submit their Bid. ASBA Bidders who are interested in subscribing to the Equity Shares may approach the SCSBs or Members of the Syndicate in ASBA Bidding Centres. All QIB and Non-Institutional Bidders are compulsorily required to make use of the ASBA facility to submit their Bids. The member of the Syndicate shall accept Bids from all the Bidders and shall have the right to whet the Bids in accordance with the terms of the Syndicate Agreement and the Red Herring Prospectus. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs or the Member of the Syndicate in ASBA Bidding Centre to whom the ASBA Bid has been submitted to register their Bids.
- g. Along with the Bid cum Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described under the paragraph titled ‘*Payment Instructions*’ of the Draft Red Herring Prospectus.

- h. 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. In cases where the ASBA Bidder submits a Bid to a Member of the Syndicate, the Member of the Syndicate shall upload the Bid on the terminals of the Stock Exchanges and then forward it to the Syndicate ASBA Branches for blocking the Bid Amount.
- i. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and such Bids shall not be uploaded with the Stock Exchanges.
- j. 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.
- k. 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 Controlling Branch of 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.

Built up of Book, Bids at Different Price Levels and Revision of Bids

The Bidders can Bid at any price within the Price Band, in multiples of Re.1. Bidders should ensure that the Bid is made only in the prescribed Bid cum Application Form or Revision Form, as applicable. The Price Band and the minimum Bid Lot Size for the Issue shall be decided by our Company, in consultation with the BRLM, and advertised in three daily newspapers (one in English, one in Hindi, and in one regional daily newspaper, with wide circulation, where the Registered Office of our Company is situated,) at least two Working Days prior to the Bid/ Issue Opening Date.

1. Bids must be 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 members of 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;
2. Bid must contain thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
3. In accordance with SEBI ICDR Regulations, 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 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 Working Days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.
4. Our Company in consultation with the BRLM shall finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
5. Bidders can bid at any price within the Price Band. Bidders have to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may bid at Cut-off Price. However, bidding at Cut-off Price is

prohibited for QIBs and Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.

6. Retail Individual Bidders who Bid at the Cut-off Price agree that they shall acquire the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), they shall be liable to receive the refund of the excess amounts from the Refund Account(s). In case of ASBA Bidder bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block amount based on the Cap Price.
7. Bids registered by various Bidders through the members of the Syndicate and SCSBs shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.
8. 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.
9. During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid cum Application Form.
10. 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 he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate and the Designated Branches of the SCSBs.
11. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate or the SCSB through whom the 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.
12. 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 ₹ 2,00,000 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate or the SCSBs to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds ₹ 2,00,000, the Bid will be considered for allocation under the Non Institutional Bidders category in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
13. In case of a downward revision in the Price Band, Retail Individual Bidders who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account(s) or unblocked by the SCSBs, as applicable.
14. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Draft Red Herring Prospectus. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB or the Member of the Syndicate in ASBA Bidding Centre to whom the ASBA Bid has been submitted shall block the additional Bid amount. In case of Bids, other

than ASBA Bids, the members of the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of upward revision of the Bid at the time of one or more revisions. In such cases, the members of the Syndicate will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar to the Issue will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.

15. When a Bidder has revised his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the Members of Syndicate. It is the Bidder's responsibility to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
16. 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 ₹ 5,000 to ₹ 7,000.
17. The Syndicate Members may modify selected fields (viz. DP ID and Client ID) in the Bid details already uploaded upto one Working Day post the Bid/ Issue Closing Date.

Bidder's Depository Account and Bank Account Details, PAN

Bidders should note that on the basis of the Sole / First Bidder's Permanent Account Number, Depository Participant's name, DP ID number and beneficiary account number provided by them in the Bid cum Application Form / ASBA Bid cum Application Form and as entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate and the SCSBs, as the case may be, the Registrar to the Issue will obtain from the Depository the demographic details including the Bidder's address, occupation, category, age and bank account details including the nine-digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf ("Demographic Details"). These Demographic Details would be used for giving refunds and allotment advice (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) to the Bidders. It is mandatory to provide the bank account details in the space provided in the Bid cum Application Form / ASBA Bid cum Application Form and Bid cum Application Forms / ASBA Bid cum Application Forms that do not contain such details are liable to be rejected. Hence, Bidders are advised to immediately update their bank account details, PAN and Demographic Details as appearing on the records of the Depository Participant and ensure that they are true and correct. Failure to do so could result in delays in dispatch/credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Registrar to the Issue 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. Please note that in case the DP ID, 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 members of the Syndicate, do not match with the DP ID, Client ID and PAN available in the depositories' database, such Bid cum Application Form / ASBA Bid cum Application Form is liable to be rejected.

IN ACCORDANCE WITH THE SEBI ICDR REGULATIONS, EQUITY SHARES WILL BE ISSUED AND ALLOTTED ONLY IN THE DEMATERIALIZED FORM TO THE ALLOTTEES. ALLOTTEES WILL HAVE THE OPTION TO RE-MATERIALISE THE EQUITY SHARES, IF THEY SO DESIRE. ALL BIDDERS SHOULD MENTION THEIR PAN, DP NAME, DP ID NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM / ASBA BID CUM APPLICATION FORM AS THE CASE MAY BE. INVESTORS MUST ENSURE THAT THE PAN, DP ID NUMBER AND BENEFICIARY ACCOUNT NUMBER GIVEN IN THE BID CUM APPLICATION FORM / ASBA BID CUM APPLICATION FORM AS THE CASE MAY BE IS EXACTLY THE SAME AS PROVIDED IN THE DEPOSITORY ACCOUNT. IF THE BID CUM APPLICATION FORM / ASBA BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM / ASBA BID CUM APPLICATION FORM.

Since these Demographic Details will be used for all correspondence with the Bidders, they are advised to update the Demographic Details as provided to their Depository Participants. The Demographic Details given by Bidders in the Bid cum Application Form / ASBA Bid cum Application Form will not be used for any other purposes by the

Registrar to the Issue.

By signing the Bid cum Application Form / ASBA Bid cum Application Form, the Bidder would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund Orders (where refunds are not being made electronically) / Allotment Advice 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/ Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form / ASBA Bid cum Application Form would be used only to ensure dispatch of refund orders. Any such delay shall be at the Bidders' sole risk. Neither our Company, the Escrow Collection Banks, the Designated Branch of the SCSBs, the Syndicate Members, the BRLM nor the Registrar to the Issue 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 of refunds through electronic modes as detailed in the Red Herring Prospectus, Bidders may note that refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, Bidder's PAN (in case of joint Bids, PAN of first applicant), the DP ID and the beneficiary's identity, such Bids are liable to be rejected.

PAYMENT INSTRUCTIONS

Escrow Mechanism for Retail Individual Bidders other than ASBA Bidders

Our Company, the Syndicate Members, the BRLM shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of their Bid and/ or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Bank(s) will act in terms of the Red Herring Prospectus and an Escrow Agreement to be entered into amongst our Company, the BRLM, Escrow Collection Bank(s) and Registrar to the Issue. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the monies 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 as per the terms of the Escrow Agreement. The balance amount after transfer to the Public Issue account shall be transferred to the Refund Account. Payments of refunds to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), our Company, the Syndicate Members, the Registrar to the Issue along with the BRLM to facilitate collection from the Bidders.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the relevant SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The relevant SCSB shall keep the Bid Amount in the relevant bank account blocked until receipt of instructions from the Registrar to the Issue to unblock the Bid Amount. 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 Bid, as the case may be.

Payment into Escrow Account for Bidders other than ASBA Bidders:

Please note that non – Retail Bidders i.e. Non – Institutional Bidders and QIB Bidders, must compulsorily utilise the ASBA facility to submit their Bids.

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the Bid and/ or on allocation/ Allotment as per the following terms:

All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.

1. Retail Individual Bidders who do not utilise the ASBA facility 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 members of the Syndicate, as applicable. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be liable to be rejected.
2. The payment instructions for payment into the Escrow Account should be made in favor of:
 - (a) In case of Resident Retail Bidders: **“Escrow Account – BIL Public Issue - R”**;
 - (b) In case of Non Resident Retail Bidders: **“Escrow Account – BIL Public Issue - NR”**;
3. In case of bids by NRIs applying on a 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 the Non-Resident External (NRE) Accounts or the Foreign Currency Non-Resident Accounts (FCNR), 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 the NRE Account or the Foreign Currency Non- Resident Account.
4. 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.
5. In case of Bids by FIIs, the payment should be made out of funds held in Special Non Resident Rupee Account ‘SPNR’ along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Non Resident Rupee Account ‘SPNR’.
6. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Accounts.
7. The monies deposited in the Escrow Account will be held for the benefit of the Bidders (other than ASBA Bidders) till the Designated Date.
8. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker to the Issue.
9. No later than 12 Working Days from the Bid/ Issue Closing Date, the Refund Bank shall refund all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on Bidding, if any, after adjusting for allocation to the successful Bidders 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/ stock invest/ money orders/ postal orders will not be accepted.

10. Bidders are advised to mention the number of application form on the reverse of the cheque/ demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.
11. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Bank(s), such Bids are liable to be rejected.

Payment by Stock invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn. Hence, payment through Stock invest would not be accepted in this Issue.

Payment by cash / money order

Payment through cash/ money order shall not be accepted in this Issue.

Other Instructions

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

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 or submitted to a Member of the Syndicate, 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 "*Built up of Book, Bids at Different Price Levels and Revision of Bids*".

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.

Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories. It is clarified, however, that Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- All Bids will be checked for common PAN and Bids with common PAN will be accumulated and taken to a separate process file which would serve as a multiple master. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
- The Bids will be scrutinized for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.

ASBA Bids made by duplicate copies of the same ASBA Bid cum Application Form (i.e. two ASBA Bid cum Application Forms bearing the same unique identification number) shall be treated as multiple Bids and shall be rejected.

Withdrawal of ASBA Bids

QIBs cannot withdraw their Bids after the applicable Issue Closing Date.

Non-QIB ASBA Bidders can withdraw their Bids during the Bidding Period by submitting a request for the same to the concerned SCSBs / the concerned Syndicate members who shall do the requisite, including deletion of details of the withdrawn ASBA Form from the electronic bidding system of the Stock Exchanges. Further the SCSBs shall unblock the funds in the ASBA Account either directly or at the instruction of the member of the Syndicate which had forwarded to it the ASBA Bid Cum Application Form.

In case an ASBA Bidder (other than a QIB bidding through an ASBA Form) wishes to withdraw the Bid after the Bid Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file and give instruction to the SCSB for unblocking the ASBA Account after finalisation of the Basis of Allocation.

Right to Reject Bids

Our Company has a right to reject Bids based on technical grounds. In case of QIB Bidders Bidding in the QIB Portion, the Syndicate may reject Bids provided that such rejection shall be made at the time of acceptance of the Bid and the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company has the right to reject Bids based only on technical grounds and/or as specified in the Red Herring Prospectus. Consequent refunds shall be made through any of the modes described in the Red Herring Prospectus and will be sent to the Bidder's address at the Bidder's risk.

With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the 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. Once the ASBA Bid is accepted by the SCSB, our Company would have a right to reject ASBA Bids only on technical grounds and/or as specified in the Red Herring Prospectus. Bids submitted by QIBs or Non Institutional Bidders who do not utilise the ASBA facility shall be rejected.

Bids by persons prohibited from buying, selling or dealing in securities directly or indirectly by SEBI or any other regulatory authority shall be rejected by the BRLM.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds including:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to ASBA Bids, 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;
2. Application on plain paper;
3. Applications by QIBs and Non Institutional Bidders which are not made through the ASBA facility;
4. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply. However a limited liability partnerships can apply in its name;
5. Bid by persons not competent to contract under the Indian Contract Act, 1872, as amended, including minors;
6. Age of first bidder not mentioned;

7. PAN not stated in the Bid cum Application Form (except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts);
8. GIR number furnished instead of PAN
9. Bids for lower number of Equity Shares than specified for that category of investors;
10. Bids at a price less than the Floor Price;
11. Bids at a price over the Cap Price;
12. Bids at Cut off Price by Non-Institutional Bidders and QIB Bidders;
13. Submission of more than five ASBA Bid cum Application Forms per ASBA Account;
14. Bids for number of Equity Shares which are not in multiples of [●];
15. Category not ticked;
16. Multiple Bids as described in the Red Herring Prospectus;
17. In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents not being submitted;
18. Bids accompanied by cash, stockinvest, money order or postal order;
19. Signature of sole and/or joint Bidders missing. In addition, with respect to ASBA Bids, the ASBA Bid cum Application form not being signed by the account holders, if the account holder is different from the Bidder;
20. Bid cum Application Form does not have the stamp of the BRLM, the Syndicate Members or Designated Branches of the SCSBs (except for electronic ASBA Bids);
21. Bid cum Application Form does not have Bidder's depository account details or the details given are incomplete or incorrect;
22. Bid cum Application Forms / ASBA Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form / ASBA Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms / ASBA Bid cum Application Forms;
23. In case no corresponding record is available with the Depositories that matches three parameters namely, PAN (in case of joint Bids, PAN of the first applicant), the DP ID and the beneficiary's account number;
24. Authorisation for blocking funds in ASBA not ticked or provided;
25. With respect to ASBA Bids, 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;
26. Bids not uploaded in the electronic bidding system;
27. Bids for amounts greater than the maximum permissible amounts prescribed by applicable law;
28. Bids by OCBs;
29. Bids from within the United States or by U.S. persons (as defined in Regulation S);

30. Bids where clear funds are not available in the Escrow Accounts as per the final certificate from the Escrow Collection Banks;
31. Bids by QIBs uploaded after 4.00 p.m. on the Issue Closing Date applicable to QIBs, Bids by Non- Institutional Bidders uploaded after 4.00 p.m. on the Issue Closing Date, and Bids by Retail Individual Bidders uploaded after 5.00 p.m. on the Issue Closing Date.
32. Bank account details for the refund not given;
33. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
34. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;
35. Bids that do not comply with the securities laws of their respective jurisdictions; and
36. In case of ASBA Bid cum Application Forms submitted to the members of the Syndicate, if the SCSB whose name has been included in the ASBA Bid cum Application Form does not have a branch at the relevant ASBA Bidding Locations, as displayed on the websites of SEBI, to accept the ASBA Bid cum Application Forms;

Electronic Registration of Bids

- (a) The members of the Syndicate and the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity to each city where a stock exchange is located in India and where the Bids are being accepted. The BRLM, our Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the members of the Syndicate and the SCSBs, (ii) the Bids uploaded by the members of the Syndicate and the SCSBs, (iii) the Bids accepted but not uploaded by the members of the Syndicate and the SCSBs or (iv) with respect to ASBA Bidders, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the respective member of the Syndicate and / or the SCSBs shall be responsible for any errors in the Bid details uploaded by them. It shall be presumed that for the Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.
- (b) The Stock Exchanges will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate, their authorized agents and the SCSBs during the Bid/ Issue Period. The Syndicate Member and the Designated Branches can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/ Issue Closing Date, the members of the Syndicate and the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLM at the end of the Bid/Issue Period. Bidders are cautioned that a high inflow of bids typically experienced on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that could not be uploaded will not be considered for allocation. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).
- (c) The aggregate demand and price for Bids registered on the electronic facilities of NSE and BSE will be downloaded on a regular basis, consolidated and displayed on-line at all bidding centers. A graphical representation of the consolidated demand and price would be made available at the bidding centers and the websites of the Stock Exchanges during the Bid/Issue Period along with category wise details.
- (d) At the time of registering each Bid (other than ASBA Bidder), the member of the Syndicate shall enter the following details of the Bidder in the on-line system:

- Name of the Bidder(s): Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
- Investor Category such as Individual, Corporate, NRI, FII or Mutual Fund, etc.;
- Numbers of Equity Shares Bid for;
- Bid Amount;
- Price option;
- Cheque Amount;
- Cheque Number;
- Bid cum Application Form number;
- Depository Participant Identification Number and Client Identification Number of the Demat Account of the Bidder; and
- PAN, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts

With respect to ASBA Bidders, at the time of registering each Bid, the Designated Branches of the SCSBs or the Member of the Syndicate in ASBA Bidding Centre to whom the ASBA Bid has been submitted shall enter the following information pertaining to the Bidder into the electronic bidding system:

- Name of the Bidder(s).
- ASBA Bid cum Application Form Number.
- PAN (of First Bidder if more than one Bidder)
- Investor Category and Sub-Category:

Retail	Non-institutional	QIBs
(No sub category)	-Individual - Corporate - Other	- Mutual Funds - Financial Institutions - Insurance companies - Foreign Institutional Investors other than corporate and individual - Sub- accounts - Others

- DP ID and client identification number
- Quantity
- Price
- Bank Account Number
- Cheque Number
- Cheque Amount

- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to request and obtain the TRS from the member of 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 either by the BRLM or the Syndicate Member or our Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) It is to be distinctly understood that the permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and 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, our Promoters, our 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 the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

- (h) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. The members of the Syndicate will be given upto 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 data will be sent to the Registrar to the Issue for reconciliation and Allotment of Equity Shares. In case of discrepancy of data between BSE or NSE and the members of the Syndicate or the Designated Branches of the SCSBs, the decision of our Company, in consultation with the BRLM and the Registrar to the Issue, shall be final and binding on all concerned.

Price Discovery and Allocation

- (a) After the Bid / Issue Closing Date, the Registrar to the Issue shall aggregate the demand generated under the ASBA process with the Bids received under the non-ASBA process to determine the demand generated at different price levels. Thereafter, the BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with our Company. Based on the demand generated at various price levels, our Company in consultation with the BRLM shall finalise the Issue Price.
- (b) In case of over-subscription in all categories, not more than 50% of the Issue shall be available for allocation on a proportionate basis to QIBs. 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. However, if the aggregate demand by Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIBs in proportion to their Bids. In the event that the aggregate demand in the QIB Portion has been met, under-subscription, if any, will 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
- (c) Under-subscription, if any, in any category may be met with spill over from any other category or combination of categories at the sole discretion of our Company in consultation with the BRLM. However, if the aggregate demand by Mutual Funds in the Mutual Fund Portion is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. In the event the aggregate demand in the QIB Portion has been met, under subscription, if any, 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.
- (d) Allocation to Non-Residents, including Eligible NRIs, FIIs and foreign venture capital funds registered with SEBI, applying on repatriation basis will be subject to applicable law.
- (e) Our Company reserves the right to cancel or withdraw the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment. If our Company withdraws from the Issue, it shall issue a public notice that shall include reasons for such withdrawal within two days of the closure of the Issue. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall also promptly inform the Stock Exchanges. 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 Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.
- (f) If an ASBA Bidder wants to withdraw the ASBA Bid cum Application Form during the Bidding Period, the ASBA Bidder shall submit the withdrawal request to a Syndicate member the SCSB, through whom the applicant had placed the original bid, which shall perform the necessary actions, including deletion of details of the withdrawn ASBA Bid cum Application Form from the electronic bidding system of the Stock Exchanges and unblocking of funds in the relevant bank account.

- (g) If a non-QIB ASBA Bidder, wants to withdraw the ASBA Bid cum Application Form after the Bid / Issue Closing Date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalisation of Basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for blocking and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB once the Basis of Allotment has been approved by the Designated Stock Exchange.
- (h) Allotment status details shall be available on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

- (a) Our Company, the BRLM and the Syndicate Members intend to enter into an Underwriting Agreement on or immediately after the finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, our Company will update and file the updated Red Herring Prospectus with the RoC in terms of Section 56, 60 and 60B of the Companies Act, and other provisions of applicable laws which then would be termed the 'Prospectus'. The Prospectus will contain details of the Issue Price, Issue size, underwriting arrangements and will be complete in all material respects.

Filing of the Red Herring Prospectus and the Prospectus with the RoC

Our Company will file a copy of the Red Herring Prospectus and the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

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 two national daily newspapers (one each in English and in Hindi) of wide circulation, and one regional daily newspaper of wide circulation, where the Registered Office of our Company is situated. In the pre-Issue advertisement, we shall state the Issue Opening Date, the Issue Closing Date and the Issue Closing Date applicable to QIBs.

Advertisement regarding Issue Price and Prospectus

Our Company will issue a statutory advertisement in two national daily newspapers (one each in English and in Hindi) of wide circulation, and one regional daily newspaper of wide circulation, where the Registered Office of our Company is situated, 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. 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 Allotment Advice

- (a) On approval of the basis of Allotment by the Designated Stock Exchange and on Allotment by the Board of Directors or any committee constituted thereof, the Registrar to the Issue shall send to the members of the Syndicate and SCSBs a list of their Bidders who have been Allotted Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or before the approval of the basis of Allotment for the Retail Individual Bidders and Non-Institutional Bidders. However, investors should note that our Company shall ensure that the instructions by our Company for demat credit of the Equity Shares to all investors in the Issue shall be given on the same date as the date of Allotment.
- (b) The Registrar to the Issue will then dispatch an Allotment Advice to the Bidders who have been Allotted Equity Shares in this Issue. The dispatch of Allotment Advice shall be a valid, binding and irrevocable contract for the Bidders.

Unblocking of ASBA Account

Once the basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue shall provide the following details to the Controlling Branches of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the Public Issue Account designated for this purpose within the timelines specified in the ASBA facility: (i) the number of Equity Shares to be Allotted against each valid ASBA Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each valid ASBA Bid, (iii) the date by which funds referred to in (ii) above shall be transferred to the Public Issue Account, and (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn and/or unsuccessful ASBA Bids, if any, to enable SCSBs to unblock the respective bank accounts. On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and shall unblock the excess amount, if any, in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of notification from the Registrar to the Issue by the Controlling Branch of the SCSB in relation to the approval of the basis of Allotment in the Issue by the Designated Stock Exchange in the event of withdrawal or failure of the Issue or rejection of the ASBA Bid, as the case may be.

Designated Date and Allotment of Equity Shares

- Our Company will ensure that (i) Allotment of Equity Shares; (ii) credit to successful Bidder's depository account will be completed within 12 Working Days of the Bid/Issue Closing Date.
- In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the successful bidders. 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 Allotted to them pursuant to this Issue.

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. Allotment to all 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, see below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less Allotment to QIBs and Retail Bidders shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate basis of Allotment see below.

C. For QIBs in the QIB Portion

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. Allotment to all 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 shall be determined as follows:
 - (i) In the event Mutual Fund Bids exceed 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
 - (ii) In the event the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.
 - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available 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 of oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
 - (ii) Mutual Funds, which have received allocation as per (a) above for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

The BRLM, the Registrar to the Issue and the Designated Stock Exchange shall ensure that the basis of Allotment is finalised in a fair and proper manner in accordance with the SEBI ICDR Regulations. The drawing of lots (where required) to finalise the basis of Allotment shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. The basis of allocation to such valid ASBA Bidders will be that applicable to non-ASBA Retail Individual Bidders, Non-Institutional Bidders and QIB Bidders, as applicable. ASBA Bidders who are Retail Individual Bidders (including HUFs) and who have Bid for Equity Shares for an amount less than or equal to ₹ 2,00,000 in any of the Bidding options in the Issue, will be categorised as Retail Individual Bidders. ASBA Bidders that are not Retail Individual Bidders and who have Bid for Equity Shares for an amount over ₹ 2,00,000 will be categorised as Non-Institutional Bidders or QIBs, as the case may be. No preference shall be given to ASBA Bidders vis-à-vis non-ASBA Bidders and vice versa.

Method of Proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, our Company shall finalise the basis of Allotment in consultation

with the Designated Stock Exchange. The executive director (or any other senior official) nominated by 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 finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- a) Bidders will be categorised according to the number of Equity Shares applied for.
- b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:
 - i) The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is, as far as possible, equal to the number of Equity Shares calculated in accordance with (b) above; and
 - ii) 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 marketable 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 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.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be 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 agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated [●], between NSDL, our Company and the Registrar to the Issue;
- Agreement dated [●], between CDSL, our Company and the Registrar to the Issue.

Bidders will be Allotted Equity Shares in dematerialised mode only. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- (a) A Bidder applying for Equity Shares must have at least one valid beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

- (b) The Bidder must necessarily fill in the details (including the PAN, Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form / ASBA Bid cum Application Forms or Revision Form.
- (c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- (d) Names in the Bid cum Application Form / ASBA Bid cum Application Forms or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- (e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form / ASBA Bid cum Application Forms or Revision Form, it is liable to be rejected.
- (f) With effect from August 16, 2010, the demat accounts of Bidders for whom PAN details have not been verified shall be "suspended for credit" and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Bidders.
- (g) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form / ASBA Bid cum Application Forms vis-à-vis those with his or her Depository Participant.
- (h) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- (i) Trading in the Equity Shares would be in dematerialised form only, on the demat segment of the respective Stock Exchanges.
- (j) Non-transferable Allotment Advice or refund orders will be directly sent to the Bidders by the Registrar to the Issue.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form / ASBA Bid cum Application Form number, PAN, Bidders depository account details, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or the Designated Branch or the Collection Centre of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, the bank account number in which an amount equivalent to the Bid Amount was blocked.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted with the members of the Syndicate / Designated Branches, Bidders can contact the relevant Designated Branch of the SCSBs. The SCSB or the Syndicate/ Sub-syndicate Member, as applicable, shall be responsible for any damage or liability resulting from any errors, fraud or willful negligence on the part of any employee of the concerned SCSB or the Syndicate/ sub-syndicate member, as applicable, including its Designated Branches and the branches where the ASBA Accounts are held. Our Company, the BRLM, the Syndicate Members and the Registrar accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, 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.”

Payment of Refund

Within twelve Working Days of the Issue Closing Date, the Registrar to the Issue will dispatch the refund orders for all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also any excess amount paid on Bidding, after adjusting for allocation/ Allotment to Bidders. Bidders other than ASBA Bidders must note that on the basis of the Bidders PAN, DP ID, Client ID and beneficiary account number provided by them in the Bid cum Application Form / ASBA Bid cum Application Forms, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the MICR code. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In the case of Bids from Eligible NRIs and FIIs, refunds, dividends and other distributions, if any, will normally be payable in Indian Rupees only and net of bank charges and/or commission. Where so desired, 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. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Mode of Refunds

For Bidders other than ASBA Bidders

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through any of the following modes:

1. **NECS** – Payment of refund would be done through NECS for Bidders having an account at any of the centres where such facility has been made available, as specified by the RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code from the Depositories.
2. **Direct Credit** – Bidders having bank accounts with the Refund Bank, as per the Demographic Details received from the Depositories shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank for the same would be borne by our Company.
3. **RTGS** – Applicants having a bank account at any of the centres where such facility is available and whose refund amount exceeds ₹ 2,00,000 has the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid cum Application Form. In the event the same is not provided, refund shall be made through 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.

4. **NEFT** (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the Bidders' bank branch is NEFT enabled and has been assigned the IFSC, which can be linked to an MICR code of that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with an MICR code. Wherever the Bidders have registered their MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Bidders through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency and the past experience of the Registrars to the Issue. In the event NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in this section.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Bank(s) 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.

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 Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within twelve Working Days of the Bid/Issue Closing Date.

Disposal of Applications and Application Monies

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 and submit the documents pertaining to the Allotment to the Stock Exchanges within 12 Working Days of the Bid/ Issue Closing Date.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be dispatched 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 use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within twelve Working Days of the Bid/ Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, within 12 Working Days of the Bid/ Issue Closing Date;
- 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 amounts in the ASBA Bidder's Bank Account shall be made within 12 Working Days from the Bid/ Issue Closing Date.

Our Company shall pay interest at 15% p.a. for any delay beyond the 12 Working Days from the Bid/ Issue Closing Date as mentioned above or beyond 8 days from the day on which our Company becomes liable to repay, whichever is earlier. 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 eight days from the day our Company becomes liable to repay (i.e. 12 Working Days after the Bid / Issue Closing Date or the date of refusal by the Stock Exchange(s), whichever is earlier), our Company and every officer in default shall, on and from expiry of eight days, be liable to repay the money with interest at the rate of 15% as prescribed under Section 73 of the Companies Act.

Letters of Allotment or Refund Orders or instructions to the SCSBs

We shall give credit to the beneficiary account with Depository Participants within 12 Working Days from the Bid/ Issue Closing Date. Applicants residing in the location 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 / or RTGS. Our Company shall ensure dispatch of refund orders, if any, by registered post or speed post at the sole or First Bidder's sole risk within 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 ten days of the Bid/ Issue Closing Date. In case of ASBA Bidders, the Registrar to the Issue 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 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.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 12 Working Days from the Bid / Issue Closing Date.

Interest in case of delay in dispatch of Allotment Letters or Refund Orders/ instruction to SCSBs by the Registrar to the Issue

Our Company agrees that the Allotment of Equity Shares in the Issue shall be made not later than 12 Working Days of the Bid / Issue Closing Date. Our Company further agrees that it shall pay interest at the rate of 15% p.a. if the Allotment letters or refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner or instructions to SCSBs to unblock funds in the ASBA Accounts have not been given within 12 Working Days from the Bid/ Issue Closing Date or within eight Working Days of the date on which our Company becomes liable to repay, as the case may be.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by 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 our Company

We undertake as follows:

1. that the complaints received in respect of this Issue shall be attended to expeditiously and satisfactorily;
2. that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within 12 Working days of the Bid/ Issue Closing Date;
3. that the funds required for making refunds as per the modes disclosed or dispatch of Allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;

4. 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, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
5. Instructions to SCSBs to unblock funds in the ASBA Accounts shall be given within 12 working days of the Bid/ Issue Closing Date.
6. That the instruction for electronic credit of Equity Shares/ refund orders/ intimation about the refund to non-resident Indians shall be completed within the specified time;
7. That no further issue of Equity Shares shall be made till the Equity Shares offered through the Draft Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and
8. That adequate arrangements shall be made to collect all ASBA Forms and to consider them similar to non-ASBA applications while finalizing the Basis of Allotment.

Our Company shall not have recourse to the Issue Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought, has been received.

Withdrawal of the Issue

In accordance with SEBI Regulations, our Company and the BRLM, reserve the right not to proceed with the Issue at anytime including after the Bid/Issue Opening Date but before allotment, without assigning reasons thereof. In the event of withdrawal of this Issue after the Bid/Issue Closing Date, the reasons thereof shall be disclosed in a public notice which shall be published within two Working Days of the Bid/Issue Closing Date in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchanges shall be informed promptly. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification.

Further, in the event that our Company in consultation with the BRLM withdraws the Issue after the Bid/Issue Closing Date and subsequently we decided to proceed with the initial public offering of Equity Shares, a fresh draft red herring prospectus will be filed with SEBI.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

Utilization of the Issue proceeds

The Board of Directors of our Company certifies that:

- (a) all monies received out of the Issue shall be transferred to a separate Bank Account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- (b) details of all monies utilized out of this Issue referred above shall be disclosed and continue to be disclosed till the time any part of the Issue proceeds remains unutilized under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized; and
- (c) Details of all unutilized monies out of this Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.
- (d) Our Company shall comply with the requirements of Clause 49 of the Listing Agreements in relation to the disclosure and monitoring of the utilization of the Net Proceeds.

Our Company shall not have recourse to the Issue Proceeds until the approval for listing and Trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 (the “Industrial Policy”) of the GoI and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy upto any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. 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 equity shares to be issued is not less than the price at which the equity 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 RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (“FDI”) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (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 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. 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 the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII – MAIN PROVISIONS OF OUR ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association of the Company relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity shares / Debentures and /or on their consolidation / splitting are detailed below:

No regulations contained in Table A, in the First Schedule to the Companies Act, shall apply to this Company, but the regulations for the management of the Company and for the observance of the Members thereof and their representatives shall, subject to the exercise of any statutory powers of the Company with reference to the repeal or alteration of, or addition to, its regulations by Special Resolution, as prescribed by the said Companies Act, be such as are contained in these Articles.

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

Increase of Capital by the Company how carried into effect

Article 4 provides that “The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 97 of the Act.

Non Voting Shares

Article 6 provides that “The Board shall have the power to issue a part of authorised capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force”.

Redeemable Preference Shares

Article 7 provides that “Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.”

Voting rights of preference shares

Article 8 provides that “The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares.”

Provisions to apply on issue of Redeemable Preference Shares

Article 9 states that “On the issue of redeemable preference shares under the provisions of Article 7 hereof, the following provisions shall take effect:

- a. No such Shares shall be redeemed except out of profits of which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption.
- b. No such Shares shall be redeemed unless they are fully paid.
- c. The premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's security premium account, before the Shares are redeemed.
- d. Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall,

except as provided in Section 80 of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.

- e. Subject to the provisions of Section 80 of the Act. The redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.”

Reduction of Capital

Article 10 provides that, “The Company may (subject to the provisions of section 78, 80 and 100 to 105, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce

- (a) the share capital;
- (b) any capital redemption reserve account;
- (c) any security premium account,

in any manner for the time being, authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.”

Purchase of own Shares

Article 11 provides that “The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own fully paid Shares whether or not they are redeemable and may make a payment out of capital in respect of such purchase.”

Sub-division consolidation and cancellation of shares

Article 12 provides that, “Subject to the provisions of Section 94 and other applicable provisions of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate its Shares, or any of them and the resolution whereby any Share is sub-divided may determine that, as between the holders of the Shares resulting from such sub-divisions, one or more of such Shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other(s). Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.”

MODIFICATION OF RIGHTS

Modification of rights

Article 13 provides that “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.

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 paripassu therewith.”

SHARES, CERTIFICATES AND DEMATERIALISATION

Further issue of shares

Article 15 states that, “(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 then:

- a. Such further Shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid-up on those Shares at that date;
- b. The offer aforesaid shall be made by a notice specifying the number of Shares offered and limiting a time not being less than fifteen days from the date of the offer and the offer, if not accepted, will be deemed to have been declined;
- c. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right;
- d. After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company.

(2) Notwithstanding anything contained in sub-clause (1), 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.

- a. If a Special Resolution to that effect is passed by the Company in General Meeting; or
- b. Where no such Special Resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting (including the casting vote, if any, of the Chairman) by Members who, being entitled 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.

(3) Nothing in sub-clause (c) of (1) hereof shall be deemed;

- a. To extend the time within which the offer should be accepted; or
- b. To authorise any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.

(4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued by the Company:

- a. To convert such debentures or loans into Shares in the Company; or
- b. To subscribe for Shares in the Company

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- a. Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by that government in this behalf; and
- b. In the case of debentures or loans or other than debentures issued to, or loans obtained from government or any institution specified by the Central Government in this behalf, has also been approved by a Special Resolution passed by the Company in the General Meeting before the issue of the loans.”

Shares at the disposal of the Directors

Article 16 provides that “Subject to the provisions of Section 81 of the Act and these Articles, the Shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such person, 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 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

Article 16A provides that

- a. “Without prejudice to the generality of the powers of the Board under Article 16 or in any other Article of these Articles, the Board or any Committee thereof duly constituted may, subject to the applicable provisions of the Act, rules notified thereunder 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 consideration other than cash, or any combination thereof as may be permitted by law for the time being in force.
- b. In addition to the powers of the Board under Article 16A(i), the Board may also allot the Shares referred to in Article 16A(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 16A(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.

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 16A(i) and (ii) above.”

Power of General Meeting to authorize Board to offer Shares/Options to employees

- (i) Article 18A provides that “Without prejudice to the generality of the powers of the General Meeting under Article 18 or in any other Article of these Articles, the General Meeting may, subject to the applicable provisions of the Act, rules notified thereunder 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 Scheme/Plan/ other writing, as may be set out before it, for the aforesaid purpose
- (ii) In addition to the powers contained in Article 18A(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.

Liability of Members

Article 24 provides that “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

Article 25 (B) provides that “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

Article 25 (C) provides that “Every person subscribing to securities offered by the Company shall have the option to receive the Security certificates or hold securities with a depository.

Where a person opts to hold a Security with a depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of such information the depository shall enter in its record the name of the allotted as the Beneficial Owner of that Security.”

Share Certificates

Article 26 provides that

- a. “Every Member or allottee of Shares is entitled, without payment, to receive one certificate for all the Shares of the same class registered in his name.
- 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.”

Issue of Shares without Voting Rights

Article 30 provides that “In the event it is permitted by law to issue shares without voting rights attached to them, the Directors may issue such share upon such terms and conditions and with such rights and privileges annexed thereto as thought fit and as may be permitted by law.”

Buy Back of Shares and Securities

Article 31 provides that “Notwithstanding anything contained in these articles, in the event it is permitted by law for a company to purchase its own shares or securities, the Board of Directors may, when and if thought fit, buy back, such of the Company’s own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, provision of section 77 and SEBI (Buy back of Shares) Regulations as may be permitted by law.”

Employees Stock Options Scheme/Plan

Article 32 provides that “The Directors shall have the power to offer , issue and allot Equity Shares in or Debentures (Whether fully/ partly convertible or not into Equity Shares) of the Company with or without Equity Warrants to such of the Officers, Employees, Workers of the Company or of its Subsidiary and / or Associate Companies or Managing and Whole Time Directors of the Company (hereinafter in this Article collectively referred to as “the Employees”) as may be selected by them or by the trustees of such trust as may be set up for the benefit of the Employees in accordance with the terms and conditions of the Scheme, trust, plan or proposal that may be formulated , created, instituted or set up by the Board of Directors or the Committee thereof in that behalf on such terms and conditions as the Board may in its discretion deem fit.”

Sweat Equity

Article 33 provides that “Subject to the provisions of the Act (including any statutory modification or re-enactment thereof, for the time being in force), shares of the Company may be issued at a discount or for consideration other than cash to Directors or employees who provide know-how to the Company or create an intellectual property right or other value addition.”

Postal Ballot

Article 34 provides that “The Company may pass such resolution by postal ballot in the manner prescribed by Section 192A of the Act and such other applicable provisions of the Act and any future amendments or re-enactment thereof. Notwithstanding anything contained in the provisions of the Act, the Company shall in the case of a resolution relating to such business, as the Central Government may, by notification, declare to be conducted only by postal ballot, get such resolution passed by means of postal ballot instead of transacting such business in a general meeting of the Company.”

Company not bound to recognize any interest in Shares other than of registered holder

Article 35 provides that “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 recognized

Article 36 provides that “(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.

(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.”

Funds of Company not to be applied in purchase of Shares of the Company

Article 38 provides that “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.”

UNDERWRITING AND BROKERAGE

Commission may be paid

Article 39 provides that “Subject to the provisions of Section 76 of the Act, the Company may at anytime pay commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any Shares in or debentures of the Company but so that the commission shall not exceed in the case of the Shares five percent of the price at which the Shares are issued and in the case of debentures two and half percent of the price at which the debenture are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid Shares or debentures as the case may be or partly in one way and partly in the other.”

Brokerage

Article 40 provides that “The Company may on any issue of Shares or Debentures or on deposits pay such brokerage as may be reasonable and lawful.”

Commission to be included in the annual return

Article 41 provides that “Where the Company has paid any sum by way of commission in respect of any Shares or Debentures or allowed any sums by way of discount in respect to any Shares or Debentures, such statement thereof shall be made in the annual return as required by Part I of Schedule V to the Act.”

INTEREST OUT OF CAPITAL

Interest out of capital

Article 42 provides that “Where any Shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provisions of any plant which cannot be made profitable for lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid-up, for the period at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provisions of the plant.”

CALLS

Notice of call when to be given

Article 45 provides that “Not less than fourteen days 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

Article 46 provides that “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

Article 47 provides that “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

Article 48 provides that “If by the terms of issue of any Share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the Share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.”

When interest on call or installment payable

Article 49 provides that “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.”

Enforcing lien by sale

Article 54 provides that “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:-

- a. Unless a sum in respect of which the lien exists is presently payable; or
- 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. 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.
- 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

Article 55 provides that

- 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
- 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

If money payable on Shares not paid notice to be given

Article 56 provides that “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

Article 57 provides that “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.”

In Default of payment shares to be forfeited

Article 59 provides that “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.”

Member still liable for money owing at the time of forfeiture and interest

Article 62 provides that “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.”

Provisions of these articles as to forfeiture to apply in case of nonpayment of any sum

Article 66 provides that “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.”

Validity of sale

Article 69 provides that “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.”

TRANSFER AND TRANSMISSION OF SHARES

Application for transfer

Article 73 provides that “(a) An application for registration of a transfer of the Shares in the Company may be either by the transferor or the transferee.

(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

(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

Article 74 provides that “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

Article 75 provides that “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

Article 76 provides that “The Board of Directors shall have power on giving not less than seven days previous 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

Article 77 provides that, “Subject to the provisions of Section 111A, these Articles 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 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 person or persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares.”

Titles of Shares of deceased Member

Article 79 provides that “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.”

Registration of persons entitled to Shares otherwise than by transfer (Transmission Clause)

Article 81 provides that “Subject to the provisions of the Act and Article 78 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

Article 82 provides that “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

Article 83 provides that “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.”

No fee on transfer or transmissions

Article 84 provides that “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 document.”

Transfer to be presented with evidence of title

Article 85 provides that “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

Article 86 provides that “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

Powers to issue share warrants

Article 87 provides that “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 warrant

Article 88 provides that,

- 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.
- b. Not more than one person shall be recognized as depositor of the Share warrant.
- 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

Article 89 provides that,

- 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.
- 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 holder of the Share included in the warrant, and he shall be a Member of the Company.”

BORROWING POWERS

Power to borrow

Article 95 provides that “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

Article 96 provides that “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.”

Bonds, Debentures, etc. to be subject to control of Directors

Article 97 provides that “Any bonds, debentures, debenture-stock or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and condition and in such manner and for such consideration as they shall consider to be for the benefit of the Company.”

Terms of issue of Debentures

Article 98 provides that “Any Debentures, Debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into Shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of Shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise; However, Debentures with the right to conversion into or allotment of Shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.”

Mortgage of uncalled capital

Article 99 provides that “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.

MEETINGS OF MEMBERS

Requisitionists' meeting

Article 104 provides that

- (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:-
 - (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.

- (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.
- (2) The number of Members necessary for a requisition under clause (1) hereof shall be
 - (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
 - (b) not less than one hundred Members having the rights aforesaid and holding Shares in the Company on which there has been paid up an aggregate sum of not less than Rupees one lakh in all.
- (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.
- (4) The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless:
 - (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.
 - (i) In the case of a requisition, requiring notice of resolution, not less than six weeks before the Meeting.
 - (ii) the case of any other requisition, not less than two weeks before the Meeting, and
 - (b) There is deposited or tendered with the requisition sum reasonably sufficient to meet the Company expenses in giving effect thereto.

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.

- (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.
- (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.

MEETING OF MEMBERS

Quorum

Article 112 provides that “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 is 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

Article 113 provides that “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

Article 114 provides that “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.”

VOTES OF MEMBERS

Restriction on exercise of voting rights of Members who have not paid calls

Article 127 provides that “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

Article 128 provides that “Subject to the provisions of Article 126, 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 proceeding the date on which the vote is taken.”

Custody of Instrument

Article 143 provides that “If any such instrument of appointment is confined to the object of appointing an 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

Number of Directors

Article 144 provides that “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.”

Nominee Director or Corporation Director

Article 147 provides that

- a. “Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to any Finance Corporation or Credit Corporation or to any Financing company or body, (which corporation or body is hereinafter in this Article referred to as “the corporation”) out of any loans granted or to be granted by them to the Company or so long 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.

- 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.
- 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.
- 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.
- 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..

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.

Special Director

Article 148 provides that In connection with any collaboration arrangement with any company or corporation or any firm or person for supply of technical know-how and/or machinery or technical advice the directors may authorize such company, corporation ,firm or person herein-after in this clause referred to as “collaboration” to appoint from time to time any person as director of the company (hereinafter referred to as “special director”) and may agree that such special director shall not be liable to retire by rotation and need not possess any qualification shares to qualify him for office of such director, so however that such special director shall hold office so long as such collaboration arrangement remains in force unless otherwise agreed upon between the Company and such collaborator under the collaboration arrangements or at any time thereafter.

The collaborators may at any time and from time to time remove any such special director appointed by it and may at the time of such removal and also in the case of death or resignation of the person so appointed, at any time appoint any other person as special director in his place and such appointment or removal shall be made in writing signed by such company or corporation or any partner or such person and shall be delivered to the Company at its registered office.

It is clarified that every collaborator entitled to appoint a director under this article may appoint one such person as a director and so that if more then one collaborator is so entitled there may be at any time as may special directors as the collaborators eligible to make the appointment.

Limit on number of retaining Directors

Article 149 provides that “The provisions of Articles 146, 147, 148 and 149 are subject to the provisions of Section 256 of the Act and number of such Directors appointed under Article 147 shall not exceed in the aggregate one third of the total number of Directors for the time being in office.”

Alternate Director

Article 150 provides that “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.”

Qualification shares

Article 153 provides that “A Director need not hold any qualification shares.”

Directors' sitting fees

Article 154 provides that “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

Article 155 provides that “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.

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:

- a. by way of monthly, quarterly or annual payment with the approval of the Central Government; or
- b. by way of commission if the Company by a Special Resolution authorized such payment.”

Director may act notwithstanding vacancy

Article 157 provides that “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

Article 158 provides that

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.
 - a. For the sale, purchase or supply of goods, materials or services; or
 - b. for underwriting the subscription of any Share in or debentures of the Company;
 - c. nothing contained in clause (a) of sub-clause (1) shall affect:-
 - 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
 - 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;
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.
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.
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.
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 contract appointing Managers, Managing Director or Wholetime Director

Article 159 provides that "When the Company:-

- a. enters into a contract for the appointment of a Managing Director or Wholetime Director in which contract any Director of the Company is whether directly or indirectly, concerned or interested; or
- 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

Article 160 (a) provides that " 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.”

Article 160(b) provides that “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

Article 161 provides that “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.”

Removal of Directors

Article 165 provides that

- 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.
- 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.
- 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.
- 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:
 - i. in the notice of the resolution given to the Members of the Company state the fact of the representations having been made, and
 - 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.
- 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 153 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 Article 163 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.

- 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 153 or Section 162 of the Act, and all the provisions of that Article and Section shall apply accordingly.
- g. A Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.
- h. Nothing contained in this Article shall be taken:-
 - a. as depriving a person removed hereunder of any compensation or damages payable to him in respect of the termination of his appointment as Director, or
 - b. as derogating from any power to remove a Director which may exist apart from this Article.”

Interested Directors not to participate or vote in Board’s proceedings

Article 166 provides that “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:-

- 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;
- 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;
 - i. in his being:
 - a) a director of such company; and
 - 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
 - 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

Article 167 provides that “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.”

Appointment of Sole Selling Agents

Article 168 provides that

- a) “The appointment, re-appointment and extension of the term of a sole selling agent, shall be regulated in accordance with the provisions of Section 294 of the Act and any Rules or Notifications issued by the competent authority in accordance with that Section and the Directors and/or the Company in General Meeting may make the appointment, re-appointment or extension of the term of office in accordance with and subject to the provisions of the said Section and such rules or notifications, if any, as may be applicable.

- b) The payment of any compensation to a sole selling agent shall be subject to the provisions of Section 294A of the Act.”

Rotation of Directors

Article 169 provides that “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

Article 170 provides that “Subject to the provisions of Articles 148 and 150, 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

Article 171 provides that “Subject to the provisions of Section 256 of the Act and Articles 146 to 153, 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 184, 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.”

Provision in default of appointment

Article 176 provides that

- 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.
- 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:
- 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;
 - 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;
 - iii. he is not qualified or is disqualified for appointment;
 - iv. a resolution, whether Special or Ordinary is required for his appointment or re-appointment by virtue of any provisions of the Act, or
 - 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

Article 177 provides that “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.”

Notice of candidature for office of Directors except in certain cases

Article 179 provides that

- a. “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 at least 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.
- b. 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.
- c. Every person (other than Director retiring by rotation 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.
- d. A person other than 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

Article 180 provides that “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.”

Votes of Body Corporate

Article 181 provides that “A body corporate, whether a company within the meaning of the Act or not, which is a member of the Company, may by resolution of its Board of Directors or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the company or at any meeting of any class of members of the company and the persons so authorized shall be entitled to exercise the same rights and power (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise as if it were an individual member of the company and the production of a copy of the Minutes of such resolution certified by a director or the copy of the Minutes of such resolution certified by a Director or the or the Secretary of such body corporate as being a true copy of the Minutes of such resolution shall be accepted as sufficient evidence of the validity of the said representative’s appointment and of his right to vote.”

MANAGING DIRECTOR

Powers to appoint Managing Director

Article 182 provides that “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.

- 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.
- 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

Article 183 provides that “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

Article 184 provides that “Subject to any contract between him and the Company, a Managing or Wholtime Director shall not, while he continues to hold that office, be subject to retirement by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire but (subject to the 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

Article 185 provides that “The Director may from time to time entrust to and confer upon a Managing Director or Wholtime 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 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.”

Article 186 provides that “The Company’s General Meeting may also from time to time appoint any Managing Director or Managing Directors or Wholtime Director or Wholtime Directors of the Company and may exercise all the powers referred to in these Articles.”

Article 187 provides that “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.”

Article 188 provides that “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.”

Article 189 provides that “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

Article 189A provides that “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.”

WHOLE TIME DIRECTOR

Power to appoint Whole Time Director and/or Whole-time Directors

Article 190 provides that “Subject to the provisions of the Act and of these Articles, the Board may from time to time with such sanction of the Central Government as may be required by law appoint one or more of its Director/s or other person/s as Whole-Time Director or Whole-Time Directors of the Company out of the Directors/ persons nominated under Article only either for a fixed term that the Board may determine or permanently for life time upon such terms and conditions as the Board may determine or permanently for life time upon such terms and conditions as the Board thinks fit. The Board may by ordinary resolution and / or an agreement/s vest in such Whole-Time Director or Whole Time Directors such of the powers authorities and functions hereby vested in the Board generally as it thinks fit and such powers may be made exercisable and for such period of periods and upon such conditions and subject to such restrictions as it may be determined or specified by the Board and the Board has the powers to revoke, withdraw, alter or vary all or any of such powers and / or remove or dismiss him or them and appoint another or others in his or their place or places again out of the Directors / persons nominated under Article 192 only. The Whole Time Director or Whole Time Directors will be entitled for remuneration as may be fixed and determined by the Board from time to time either by way of ordinary resolution or a Court act/s or an agreement/s under such terms not expressly prohibited by the Act.”

To what provisions Whole time Directors shall subject

Article 191 provides that “Subject to the provisions of Section 255 of the Act and these Articles, a Whole Time Director or Whole Time Director shall not, while he/they continue to hold that office, be liable to retirement by rotation but (subject to the provisions of any contract between him/they and the Company) he/ they shall be subject to the same provision as to resignation and removal as the other Directors, and he/they shall ipso facto and immediately ceases or otherwise under the sees to hold the office of Director/s for any reason whatsoever save that if he/they shall vacate office whether by retirement, by rotation or otherwise under the provisions of the Act any Annual General Meeting and shall be re-appointed as a Director of Directors at the same meeting he/they shall not by reason only of such vacation, cease to be a Whole Time Director or Whole Time Directors.”

Seniority of Whole Time Director and Managing Director

Article 192 provides that “If at any time the total number of Managing Directors and Whole Time Directors is more than one-third who shall retire shall be determined by and in accordance with their respective seniorities. For the purpose of this Article the seniorities of the Whole Time Directors and Managing Directors shall be determined by the date of their respective appointments as Whole Time Directors and Managing Directors of the Company”

PROCEEDINGS OF THE BOARD OF DIRECTORS

Question at Board meeting how decided

Article 197 provides that “Subject to the provisions of Section 316, 372(5) and 386 of the Act, questions arising at any meeting of the Board shall be decided by a majority of votes, and in case of any equality of votes, the Chairman shall have a second or casting vote.”

Powers of Board meeting

Article 198 provides that “A meeting of the Board of Directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act, or the Articles for the time being of the Company which are vested in or exercisable by the Board of Directors generally.”

Directors may appoint Committee

Article 199 provides that “The Board of Directors may subject to the provisions of Section 292 and other relevant provisions of the Act, and of these Articles delegate any of the powers other than the powers to make calls and to issue debentures to such Committee or Committees and may from time to time revoke and discharge any such Committee of the Board, either wholly or in part and either as to the persons or purposes, but every Committee of the Board so formed shall in exercise of the powers so delegated conform to any regulation(s) that may from time to time be imposed on it by the Board of Directors. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purpose of their appointments, but not otherwise, shall have the like force and effect, as if done by the Board.”

Meeting of the Committee how to be governed

Article 200 provides that “The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding article. Quorum for the Committee meetings shall be two.”

Circular resolution

Article 201 provides that;

- a. “A resolution passed by circulation without a meeting of the Board or a Committee of the Board appointed under Article 201 shall subject to the provisions of sub-clause (b) hereof and the Act, be as valid and effectual as the resolution duly passed at a meeting of Directors or of a Committee duly called and held;
- b. A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation if the resolution has been circulated in draft together with necessary papers if any to all the Directors, or to all the members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee as the case may be) and to all other Directors or members of the Committee at their usual addresses in India or to such other addresses outside India specified by any such Directors or members of the Committee and has been approved by such of the Directors or members of the Committee, as are then in India, or by a majority of such of them as are entitled to vote on the resolution.”

Acts of Board or Committee valid notwithstanding defect in appointment

Article 202 provides that “All acts done by any meeting of the Board or by a Committee of the Board or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered; that there was some defect in the appointment of one or more of such Directors or any person acting as aforesaid; or that they or any of them were disqualified or had vacated office or that the appointment of any of them is deemed to be terminated by virtue of any provision contained in the Act or in these Articles, be as valid as if every such person had been duly appointed and was qualified to be a Director; provided nothing in the Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.”

POWERS OF THE BOARD

Certain powers of the Board

Article 205 provides that “Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power:

1. To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.
2. To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act.
3. Subject to Section 292 and 297 and other provisions applicable of the Act to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.
4. At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in share, bonds, debentures, mortgages, or otherwise securities of the Company, and any such Shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
5. To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.
6. To accept from any Member, as far as may be permissible by law to a surrender of his Shares or any part thereof, on such terms and conditions as shall be agreed.
7. To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purpose and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees.
8. To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon either according to Indian law or according to foreign law and either in India or abroad and to observe and perform or challenge any award made thereon.
9. To act on behalf of the Company in all matters relating to bankruptcy and insolvency, winding up and liquidation of companies.
10. To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.
11. Subject to the provisions of Sections 291, 292, 295, 370, 372 and all other applicable provisions of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being Shares of this Company), or without security and in such manner as they may think fit and from time to time vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.
12. To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.
13. To open bank account and to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.
14. To distribute by way of bonus amongst the staff of the Company a Share or Shares in the profits of the Company and to give to any, Director, officer or other person employed by the Company a commission on the profits of any particular business or transaction, and to charge such bonus or commission as a part of the working expenses of the Company.
15. To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing

towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 293(1)(e) of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise.

16. Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to depreciation fund, or to an insurance fund, or as reserve fund or any special fund to meet contingencies or to repay redeemable preference shares or debentures or debenture stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in the preceding clause), as the Board may in their absolute discretion, think conducive to the interest of the Company and subject to Section 292 of the Act, to invest several sums so set aside or so much thereof as required to be invested, upon such investments (other than Shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any such part thereof for the benefit of the Company, in such a manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the general reserve or reserve fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of reserve fund or division of a reserve fund and with full power to employ the assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of redeemable preference shares or debentures or debenture stock, and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.
17. To appoint, and at their discretion, remove or suspend, such general managers, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisors, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think and the provisions contained in the four next following sub-clauses shall be without prejudice to the general conferred by this sub-clause.
18. To appoint or authorize appointment of officers, clerks and servants for permanent or temporary or special services as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require securities in such instances and of such amounts as the Board may think fit and to remove or suspend any such officers, clerks and servants. Provided further that the Board may delegate matters relating to allocation of duties, functions, reporting etc. of such persons to the Managing Director or Manager.
19. From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Boards, and to fix their remuneration or salaries or emoluments.
20. Subject to Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow money, and to authorise the members for the time being of any such local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such terms and subject to such conditions as the Board may think fit, and Board may at any time remove any person so appointed, and may annul or vary any such delegation.
21. At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or person to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and subject to the provisions of Section 292 of the Act) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of any company, or the shareholders, directors, nominees, or managers of any company or

firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers authorities and discretions for the time being vested in them.

22. Subject to Sections 294 and 297 and other applicable provisions of the Act, for or in relation to any of the matters aforesaid or, otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.
23. From time to time to make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants.
24. To purchase or otherwise acquire any land, buildings, machinery, premises, hereditaments, property, effects, assets, rights, credits, royalties, business and goodwill of any joint stock company carrying on the business which the Company is authorized to carry on in any part of India.
25. To purchase, take on lease, for any term or terms of years, or otherwise acquire any factories or any land or lands, with or without buildings and out-houses thereon, situated in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit. And in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.
26. To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as it may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company, either separately or co jointly, also to insure all or any portion of the goods, produce, machinery and other articles imported or exported-by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.
27. To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.
28. To sell from time to time any articles, materials, machinery, plants, stores and other articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.
29. From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient.
30. To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate.
31. To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.
32. To let, sell or otherwise dispose of subject to the provisions of Section 293 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit.
33. Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.
34. To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with

MANAGEMENT

Prohibition of simultaneous appointment of different categories of managerial personnel

Article 206 provides that “The Company shall not appoint or employ at the same time more than one of the following categories of managerial personnel namely:-

1. Managing Director and
2. Manager.”

MINUTES

The Seal, its custody and use

Article 211 provides that

a. “Seal

The Board shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof.

b. Common Seal for use outside India

The Board may for the purpose of use of the Common Seal outside India, cause a facsimile of the Common Seal to be made and authorize the use of it in the manner provided under Section 50 of the Companies Act, 1956

c. Safe Custody of Seal

The Common Seal shall be in the safe custody of the Director or the Secretary for the time being of the Company.

d. Affixing of Seal on deeds and instruments’

On every deed or instrument on which the Common Seal of the Company is required to be affixed, the Seal be affixed in the presence of a Director or a Secretary or any other person or persons Authorised in this behalf by the Board, who shall sign every such deed or instrument to which the Seal shall be affixed.

e. Affixing of Seal on Share Certificates

Notwithstanding anything contained in Clause (d) above, the Seal on Share Certificates shall be affixed in the presence of such persons as are Authorised from time to time to sign the Share Certificates in accordance with the provisions of the Companies (Issue of Share Certificates) Rules in force for the time being.

f. Removal of Common Seal outside the office premises

The Board may authorize any person or persons to carry the Common Seal to any place outside the Registered Office inside or outside for affixture and for return to safe custody to the Registered Office.

DIVIDENDS AND CAPITALISATION OF RESERVES

Division of profits

Article 212 provides that

- a. “Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any of Share in the Company, dividends may be declared and paid according to the amounts of the Shares;
- b. No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of this Article as paid on the Shares.

The Company at General Meeting may declare dividend

Article 213 provides that “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, 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

Article 214 provides that “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

Article 215 provides that “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

Article 216 provides that

- (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.
- (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 to carry interest, not the right to earn dividend

Article 217 provides that “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

Article 218 provides that “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

Article 219 provides that “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 or 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

Article 220 provides that “A transfer of Shares shall not pass the right to any dividend declared therein before the registration of the transfer.”

Dividend to joint holders

Article 221 provides that “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

Article 222 provides that “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

Article 223 provides that “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

Article 224 provides that “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 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

Article 225 provides that “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:-

- a. where the dividend could not be paid by reason of the operation on any law; or
- b. where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with; or
- c. where there is dispute regarding the right to receive the dividend; or
- d. where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder; or
- 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.”

Unpaid or unclaimed dividend

Article 226 provides that “Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, to any shareholder entitled to the payment of dividend, the Company shall within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called “Bohra Industries Limited ____ (year)Unpaid Dividend Account”.

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.

No unclaimed or unpaid dividend shall be forfeited by the Board.

Set-off of calls against dividends

Article 227 provides that “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

Article 228 provides that “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

Article 229 provides that

- a. “The Company in General Meeting may, upon the recommendation of the Board, resolve:
 - i. 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
 - ii. 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.
- b. The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in clause (3) either in or towards;
 - i. paying up any amount for the time being unpaid on any Shares held by such Members respectively, or
 - ii. 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
 - iii. partly in the way specified in sub clause (a) and partly in that specified in sub-clause(b)
- c. A security 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

Article 230 provides that “The Board shall give effect to the resolution passed by the Company in pursuance of above Article.”

Fractional certificates

Article 231 provides that

1. “Whenever such a resolution as aforesaid shall have been passed, the Board shall;
 - 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
 - b. Generally do all acts and things required to give effect thereto.
2. The Board shall have full power:
 - 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
 - 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.

3. Any agreement made under such authority shall be effective and binding on all such Members.
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

Books to be kept

Article 232 provides that

- a. "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:
 - i. all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place
 - ii. all sales and purchases of goods by the Company
 - iii. the assets and liabilities of the Company and
 - iv. 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

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.

- b. Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with the provisions of 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

Article 233 provides that "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

Article 234 provides that "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

Article 235 provides that

- (1) The Company shall comply with the requirements of Section 219 of the Act.
- (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.

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

Article 236 provides that “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

Article 237 provides that

- a. “Auditors shall be appointed and their qualifications, rights and duties regulated in accordance with Section 224 to 229 and 231 of the Act.
- b. 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.
- c. At any Annual General Meeting a retiring Auditor by whatsoever authority appointed shall be reappointed unless:
 - i. he is not qualified for re-appointment;
 - ii. he has given to the Company notice in writing of his unwillingness to be re-appointed;
 - iii. a resolution has been passed at that Meeting appointing somebody instead of him or providing expressly that he shall not be re-appointed; or
 - iv. 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 may be, the resolution cannot be proceeded with.
- d. Where at any Annual General Meeting no Auditors are appointed or re-appointed, the Central Government may appoint a person to fill the vacancy.
- e. 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.
- f. 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.
- g. 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

Article 238 provides that “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

To whom documents must be served or given

Article 239 provides that “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 neighbourhood of the office of the Company under Article 109, 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

Article 240 provides that “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

Article 241 provides that “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

Article 242 provides that “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.”

REGISTERS AND DOCUMENTS

Registers and documents to be maintained by the Company

Article 243 provides that “The Company shall keep and maintain registers, books and documents required by the Act or these Articles, including the following:

- a. Register of investments made by the Company but not held in its own name, as required by Section 49(7) of the Act.
- b. Register of mortgages and charges as required by Section 143 of the Act and copies of instruments creating any charge requiring registration according to Section 136 of the Act.
- c. Register and index of Members and debenture holders as required by Sections 150, 151 and 152 of the Act.
- d. Foreign register, if so thought fit, as required by Section 157 of the Act.
- e. Register of contracts, with companies and firms in which Directors are interested as required by Section 301 of the Act.
- f. Register of Directors and Secretaries etc. as required by Section 303 of the Act.

- g. Register as to holdings by Directors of Shares and/or Debentures in the Company as required by Section 307 of the Act.
- h. Register of investments made by the Company in Shares and Debentures of the bodies corporate in the same group as required by Section 372(2) of the Act.
- i. Copies of annual returns prepared under Section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act.
- j. Register of loans, guarantees, or securities given to the other companies under the same management as required by Section 370 of the Act.

Inspection of Registers

Article 244 provides that “The registers mentioned in clauses (f) and (i) of the foregoing Article and the minutes of all proceedings of General Meetings shall be open to inspection and extracts may be taken therefrom and copies thereof may be required by any Member of the Company in the same manner to the same extent and on payment of the same fees as in the case of the Register of Members of the Company provided for in clause (c) thereof. Copies of entries in the registers mentioned in the foregoing article shall be furnished to the persons entitled to the same on such days and during such business hours as may be consistent with the provisions of the Act in that behalf as determined by the Company in General Meeting.”

WINDING UP

Distribution of assets

Article 245 provides that “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

Article 246 provides that

- (a) If the Company shall be wound up, whether voluntarily or otherwise, the Liquidator may, with the sanction of a Special Resolution, divide amongst the contributories in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidator, with the like sanction, shall think fit.
- (b) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributions (except where unalterably fixed by the Memorandum of Association and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories, shall be determined on any contributory who would be prejudicial thereby shall have a right to dissent and ancillary rights as if such determination were a Special Resolution passed pursuant to Section 494 of the Act.
- (c) In case any Shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said Shares may within ten days after the passing of the Special Resolution by notice in writing direct the Liquidator to sell his proportion and pay him the net proceeds and the Liquidator shall, if practicable act accordingly.

Right of shareholders in case of sale

Article 247 provides that “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

Article 248 provides that “Subject to the provisions of Section 201 of the Act, every Director or officer, or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, charges, losses and damages which any such person may incur or become liable to pay by reason of any contract entered into or any act, deed, matter or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act, neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, officer or Auditor or other office of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favour, or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.”

Director, officer not responsible for acts of others

Article 249 provides that “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 or 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.”

SECTION IX – 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 contracts entered into more than two years before the date of filing of the Draft Red Herring Prospectus) 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 the Draft Red Herring Prospectus have been delivered to the Registrar of Companies, Jaipur for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 10.00 a.m. to 4.00 p.m. on working days from the date of filing of the Draft Red Herring Prospectus until the Bid / Issue Closing Date of this Issue.

Material Contracts

1. Memorandum of Understanding dated January 10, 2011, by and between our Company and the BRLM.
2. Memorandum of Understanding dated January 04, 2011, by and between our Company and the Registrar to the Issue.
3. Escrow Agreement dated [●] between our Company, BRLM, Escrow Collection Banks, and the Registrar to the Issue.
4. Syndicate Agreement dated [●] between our Company, the BRLM and the Syndicate Members.
5. Underwriting Agreement dated [●] between our Company, the BRLM and the Syndicate Members.
6. Tripartite agreement between the NSDL, our Company and the Registrar dated [●].
7. Tripartite agreement between the CDSL, our Company and the Registrar dated [●].

Material Documents for Inspection

1. Certificate of Incorporation.
2. Certified true copies of the Memorandum and Articles of Association of our Company, as amended from time to time.
3. Resolution of the Board of Directors dated December 16, 2010, authorising the Issue.
4. Resolution of the shareholders passed at the Extra Ordinary General Meeting dated January 7, 2011, authorising the Issue.
5. Service Agreements dated November 17, 2010 by and between our Company and Mr. Hemant Bohra.
6. Services Agreements dated December 16, 2010 by and between our Company and Mr. Sunil Bhandari.
7. Statement of tax benefits accruing to the Company and its shareholders from M/s. Agrawal Gupta and Maheshwari, Chartered Accountants dated September 10, 2011.
8. Copy of the certificate from the Statutory Auditor, M/s. Agrawal Gupta & Maheshwari, Chartered Accountants, dated September 10, 2011 regarding sources and deployment of funds as on August 31, 2011
9. Copies of the annual reports of our Company for the years ended March 31 2007, 2008, 2009, 2010 and 2011.

10. Report of the Independent Auditor, Dhakar & Associates, Chartered Accountants dated September 10, 2011 on our Company's restated standalone financials as of and for the Financial Years ended on March 31 2007, 2008, 2009, 2010 and 2011
11. Consents of the Auditors, Bankers to the Company, BRLM, Legal Advisor to this Issue, Directors, Compliance Officer, Company Secretary, Escrow Collection Bank(s)*, Refund Bank(s)*, Syndicate Members*, IPO Grading Agency* and Registrars to this Issue as referred to, in their respective capacities.
**The aforesaid shall be appointed and their consents as above would be obtained prior to filing the Red herring Prospectus with RoC.*
12. Listing applications dated [●] and [●] and filed with the BSE and NSE.
13. In-principle listing approvals dated [●] and [●] from BSE and NSE.
14. Due Diligence Certificate dated September 27, 2011, to SEBI from the BRLM.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, the undersigned, hereby certify, confirm and declare that all relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government of India and / or the regulations / guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, have been complied with and no statement made in the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 each as amended or rules made there under or regulations issued, as the case may be. We further certify that all the disclosures and statements made in the Draft Red Herring Prospectus are true, fair and correct.

Signed by all the Directors of Bohra Industries Limited.

Name and designation	Signature
Mr. Hemant Bohra <i>Managing Director</i>	
Mr. Sunil Bhandari <i>Whole-time Director</i>	
Mr. Satyanarayan Maheshwari <i>Independent Director</i>	
Mr. Deepak Babel <i>Independent Director</i>	
Mr. Chandra Prakash Agrawal <i>Independent Director</i>	

Signed by the Chief Financial Officer, the Compliance Officer and the Company Secretary

Mr. Dinesh Jain
Chief Financial Officer

Mr. Lekhraj Jain
Compliance Officer

Ms. Priyanka Jain
Company Secretary

Place: Udaipur

Date: September 27, 2011