Draft Prospectus
Fixed Price Issue
Dated: April 01, 2013
Please read Section 60 B of Companies Act, 1956

KUSHAL TRADELINK LIMITED

Our Company was incorporated as Kushal Tradelink Private Limited on March 03, 2000 under the Companies Act, 1956, bearing Registration No. 037472 having its Registered Office in Ahmedabad, Gujarat. Subsequently, the Company became a Public Limited Company in pursuance to a special resolution passed by the members of our Company at the EGM held on January 15, 2013. A fresh Certificate of Incorporation consequent to change of name as a result of conversion to a public limited company was issued on March 01, 2013 by the Registrar of Companies, Ahmedabad, Gujarat. For further details regarding the changes in our name and registered office, please see the chapter titled "*History and Certain Corporate Matters*" beginning on page 97 of this Draft Prospectus.

Registered Office: Plot No. 43, B/S Navneet Prakashan Press, B/H Govt 'G' Colony, Sukhramnagar, Gomtipur, Ahmedabad – 380023, Gujarat.
Tel.: +91 – 79 – 22772991 / 95; **Fax:** +91 – 79 – 22782670; **Website:** www.kushaltradelink.com
Company Secretary and Compliance Officer: Ms. Khushboo Surana; **Email:** khushboo@kushaltradelink.com;
Our Promoters: Mr. Sandeep Agrawal and Mr. Mahendra Agrawal

THE ISSUE

PUBLIC ISSUE OF 79,30,000 EQUITY SHARES OF ₹ 10 EACH ("EQUITY SHARES") OF KUSHAL TRADELINK LIMITED ("KTL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ 35 PER SHARE (THE "ISSUE PRICE"), AGGREGATING TO ₹ 2775.50 LACS ("THE ISSUE"), OF WHICH, 4,10,000 EQUITY SHARES OF ₹ 10 EACH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKERS TO THE ISSUE (AS DEFINED IN THE CHAPTER "DEFINITIONS AND ABBREVIATIONS") (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION i.e. ISSUE OF 75,20,000 EQUITY SHARES OF ₹ 10 EACH IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 33.42% AND 31.69%, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY.

THIS ISSUE IS BEING IN TERMS OF CHAPTER XB OF THE SEBI (ICDR) REGULATIONS, 2009 AS AMENDED FROM TIME TO TIME.
For further details please see the section titled "*Issue Related Information*" beginning on page 175 of this Draft Prospectus.

All potential investors may participate in the Issue through an Application Supported by Blocked Amount ("ASBA") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs") for the same. For details in this regard, specific attention is invited to "*Issue Procedure*" beginning on page 181 of this Draft Prospectus. In case of delay, if any in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH AND THE ISSUE PRICE IS 3.5 TIMES OF THE FACE VALUE.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of the company, there has been no formal market for the securities of the company. The face value of the shares is ₹ 10 per Equity Share and the issue price is 3.50 times of the face value. The Issue Price (as determined by Company in consultation with the Lead Manager) as stated under the chapter titled "*Basis for Issue Price*" beginning on page 59 of this Draft Prospectus, should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the equity shares of our company or regarding the price at which the equity shares will be traded after listing.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this 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 offering. For taking an investment decision investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India nor does Securities and Exchange Board of India guarantee the accuracy or adequacy of this document. **Specific attention of the Investors is invited to the section titled "Risk Factors" beginning on page 10 of this Draft Prospectus.**

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Draft Prospectus contains all information with regard to the Issuer and the Issue, which is material in the context of the issue, that the information contained in this Draft Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document 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 issued through this Draft Prospectus are proposed to be listed on the SME Platform of BSE. In terms of the Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, we are not required to obtain an in-principal listing approval for the shares being issued in this Issue. However, our company has received an approval letter dated [●] from BSE for using its name in this Offer Document for listing of our shares on the SME Platform of BSE. For the purpose of this Issue, the designated Stock Exchange will be the BSE Limited ("BSE").

LEAD MANAGER	REGISTRAR TO THE ISSUE
ARYAMAN FINANCIAL SERVICES LIMITED 60, Khatau Building, Gr. Floor, Alkesh Dinesh Modi Marg, Fort, Mumbai - 400 001, Maharashtra, India Tel: +91 – 22 – 22618264; Fax: +91 – 22 – 22630434 Email: ipo@afsl.co.in; Investor Grievance Email: feedback@afsl.co.in Website: www.afsl.co.in SEBI Registration No.: MB / INM000011344 Contact Person: Ms. Nehar Sakaria	**BIGSHARE SERVICES PRIVATE LIMITED** E-2/3, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai - 400 072, Maharashtra, India Tel: +91 – 22 – 40430200; Fax: +91 – 22 – 28475207 Email: ipo@bigshareonline.com; Investor Grievance Email: investor@bigshareonline.com; Website: www.bigshareonline.com SEBI Registration No.: MB / INR000001385 Contact Person: Mr. Ashok Shetty

ISSUE PROGRAMME

ISSUE OPENS ON: [●]	ISSUE CLOSES ON: [●]

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SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or requires the following terms in this Draft Prospectus have the meaning given below:

Term	Description
"We", "us", "our", "the Issuer", "the Company", "our Company" or "KTL"	Unless the context otherwise indicates or implies, refers to Kushal Tradelink Limited.

Conventional / General Terms

Term	Description
AoA/Articles/ Articles of Association	Articles of Association of our Company.
Auditors	The statutory auditors of our Company being, M/s. P. Doshi & Associates
Audit Committee	The audit committee constituted by our Board of Directors on January 23, 2013.
Board / Board of Directors	The Board / Board of Directors of our Company
Directors	The Directors of our Company, unless otherwise specified
Group Companies	Companies, firms, ventures promoted by the Promoters, irrespective of whether such entities are covered under Section 370(1B) of the Companies Act, 1956 or not. For details of Group Companies of the Company, please see the Chapter titled "*Our Promoter, Promoter Group and Group Companies*" beginning on page 112 of this Draft Prospectus
Key Managerial Personnel	The personnel listed as Key Managerial Personnel in the chapter titled "*Our Management*" beginning on page 100 of this Draft Prospectus.
Memorandum/ Memorandum of Association	The Memorandum of Association of our Company, as amended
Promoter	Promoters of our Company being Mr. Sandeep Agrawal and Mr. Mahendra Agrawal
Promoter Group	Unless the context otherwise requires, refers to such persons and entities which constitute the Promoter Group of the Company in terms of Regulation 2(1)(zb) of the SEBI Regulations, a list of which is provided in the Chapter titled "*Our Promoter, Promoter Group and Group Companies*" beginning on page 112 of this Draft Prospectus
Registered Office	The Registered Office situated at Plot No. 43, B/S Navneet Prakashan Press, B/H Govt 'G' Colony, Sukhramnagar, Gomtipur, Ahmedabad – 380023
Remuneration Committee	The remuneration committee constituted by our Board of Directors on January 23, 2013.
Shareholders'/Investors' Grievance Committee	The Shareholders' / Investors' Grievance committee constituted by our Board of Directors on January 23, 2013.

Issue Related Terms and Abbreviations

Term	Description
Allot/Allotment/Allotted	Unless the context otherwise requires, means the allotment of Equity Shares pursuant to the Issue to successful Applicants
Allottee	A successful Applicant to whom the Equity Shares are Allotted

Applicant	Any prospective investor who makes an application for Equity Shares in terms of this Draft Prospectus
Application Form	The Form in terms of which the applicant shall apply for the Equity Shares of the Company
Application Supported by Blocked Amount/ ASBA	An application, whether physical or electronic, used by ASBA Applicant to make an Application authorising an SCSB to block the Application Amount in the specified Bank Account maintained with such SCSB. ASBA is mandatory for QIBs (except Anchor Investors) and Non-Institutional Applicants participating in the Issue
ASBA Account	Account maintained by an ASBA Applicant with a SCSB which will be blocked by such SCSB to the extent of the Application Amount of the ASBA Applicant
ASBA Applicant(s)	Prospective investors in this Issue who apply through the ASBA process. Pursuant to SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, Non- Retail Investors i.e. QIBs and Non-Institutional Investors participating in this Issue are required to mandatorily use the ASBA facility to submit their Applications.
ASBA Location(s) / Specified Cities	Location(s) at which ASBA Application can be uploaded by the Brokers, namely Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda and Surat
ASBA Public Issue Account	An Account of the Company under Section 73 of the Act, where the funds shall be transferred by the SCSBs from the bank accounts of the ASBA Investors
Banker(s) to the Issue/ Escrow Collection Bank(s)	The banks which are Clearing Members and registered with SEBI as Banker to an issue with whom the Escrow Account(s) will be opened and in this case being [●]
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Applicant s under the Issue and which is described in the chapter titled "*Issue Procedure*" beginning on page 181 of this Draft Prospectus
Business Day	Monday to Friday (except public holidays)
CAN / Confirmation of Allocation Note	The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which will be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Controlling Branches	Such Branches of the SCSBs which co-ordinate Applications by the ASBA Applicant s 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.
Demographic Details	The demographic details of the Applicants such as their Address, PAN, Occupation and Bank Account details.
Depositories	NSDL and CDSL
Depository Participant or DP	A Depository Participant as defined under the Depositories Act.
Designated Branches	Such Branches of the SCSBs which shall collect the Application Forms used by the Applicants applying through the ASBA process and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf
Designated Date	The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account or the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful Applicants in the Issue.
Designated Market Maker	Aryaman Broking Limited
Designated Stock Exchange	BSE Limited
Eligible NRIs	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Draft Prospectus constitutes

	an invitation to subscribe to the Equity Shares Allotted herein
Eligible QFIs	QFIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Draft Prospectus constitutes an invitation to purchase the Equity Shares offered thereby and who have opened demat accounts with SEBI registered qualified depositary participants.
Equity Shares	Equity shares of our Company of ₹ 10/- each
Escrow Account(s)	An Account opened with the Escrow Collection Bank(s) and in whose favour the Applicants (excluding the ASBA Applicants) will issue cheques or drafts in respect of the Application Amount when submitting an Application.
Escrow Agreement	The agreement to be entered into among our Company, the Registrar to the Issue, the LM, the Escrow Collection Bank(s) and the Refund Bank for collection of the Application Amounts and where applicable, remitting refunds of the amounts collected to the Applicants (excluding the ASBA Applicants) on the terms and conditions thereof
Issue / Issue size	Public Issue of 79,30,000 Equity Shares of face value ₹ 10 each for cash at a price of ₹ 35 per Equity Share (including share premium of ₹ 25 per Equity Share) aggregating to ₹ 2775.50 lacs by Kushal Tradelink Limited.
Issue Opening date	The date on which the Issue opens for subscription
Issue Closing date	The date on which the Issue closes for subscription
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicants may submit their application
Issue Price	The price at which the Equity Shares are being issued by our Company under this Draft Prospectus being ₹ 35
Issue Proceeds	The proceeds of the Issue. For further information about use of the Issue Proceeds please see the chapter titled "*Objects of the Issue*" beginning on page 54 of this Draft Prospectus
Lead Manager / LM	Lead Manager to the Issue being Aryaman Financial Services Ltd.
Listing Agreement	Unless the context specifies otherwise, this means the Equity Listing Agreement to be signed between our Company and the SME Platform of BSE.
Market Maker Reservation Portion	The Reserved portion of 4,10,000 Equity shares of ₹ 10 each at ₹ 35 per Equity Share aggregating to ₹ 143.50 lacs for Designated Market Maker in the Issue of Kushal Tradelink Limited
Mutual Fund	A Mutual Fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended
Mutual Funds Portion	5% of the QIB Portion (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only
Non-Institutional Applicant	All Applicants, including Eligible QFIs, sub accounts of FIIs registered with SEBI which are foreign corporates or foreign individuals, that are not QIBs or Retail Individual Applicants and who have applied for Equity Shares for an amount of more than ₹ 2,00,000 (but not including NRIs other than Eligible NRIs)
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of 75,20,000 Equity Shares of ₹ 10 each at ₹ 35 per Equity Share aggregating to ₹ 2632 lacs by Kushal Tradelink Limited
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, Eligible QFIs, FIIs registered with SEBI and FVCIs registered with SEBI
Prospectus	The Prospectus, to be filed with the RoC containing, inter alia, the Issue opening and closing dates and other information.
Public Issue Account	Account opened with Bankers to the Issue for the purpose of transfer of monies from the Escrow Account on or after the Issue Opening Date
Qualified Foreign Investors / QFIs	Non-resident investors other than SEBI registered FIIs or sub-accounts or SEBI registered FVCIs who meet 'know your client' requirements prescribed by SEBI
Qualified Institutional	As defined under Regulation 2(1)(zd) of the SEBI Regulations, and includes

Buyers / QIBs	Public Financial Institutions as specified in Section 4A of the Companies Act, 1956, Scheduled Commercial Banks, Mutual Funds registered with SEBI, FIIs and Sub-accounts 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 IRDA, Provident Funds with minimum corpus of ₹ 250 million, Pension Funds with minimum corpus of ₹ 250 million, the National Investment Fund set up by the Government of India, Insurance Funds set up and managed by army, navy or air force of the Union of India and Insurance Funds set up and managed by the Department of Posts, India
Refund Account(s)	The account opened with Refund Banker(s), from which refunds (excluding refunds to ASBA Applicants), if any, of the whole or part of the Application Amount shall be made
Refund Bank	[●] to be appointed later
Refunds through electronic transfer of funds	Refunds through NECS, Direct Credit, NEFT, RTGS or the ASBA process, as applicable
Registrar to the Issue	Bigshare Services Private Limited
Retail Individual Applicants	Individual Applicants (including HUFs applying through their Karta and Eligible NRIs) who have not applied for Equity Shares for an amount of more than ₹ 2,00,000 in any of the Application options in the Issue
RoC	ROC Bhavan, Opp. Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad – 380013
SEBI Regulations / SEBI (ICDR) Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
Self Certified Syndicate Bank(s) or SCSB(s)	A Bank registered with SEBI, which offers the facility of ASBA and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf
TRS / Transaction Registration Slip	The slip or document issued by a member of the Syndicate or an SCSB (only on demand), as the case may be, to the Applicant, as proof of registration of the Application.
Underwriters	Aryaman Financial Services Ltd. and Aryaman Broking Ltd.
Underwriting Agreement	The Agreement among the Underwriters and our Company
U.S. Securities Act	U.S. Securities Act of 1933, as amended
Working Day	All days other than a Sunday or a public holiday on which Commercial Banks in Mumbai are open for business

Company Related / Industry Related / Technical Terms and Abbreviations

Term	Description
AE	Advanced Economies
APAC	Asia-Pacific
B. Com.	Bachelor of Commerce
BG	Bank Guarantee
BSE	The BSE Limited
CAD	Current Account Deficit
CDSL	Central Depository Services (India) Limited
CENVAT Rules	CENVAT Credit Rules, 2004
Companies Act	Companies Act, 1956
Competition Act	The Competition Act, 2002
EBITDA	Earnings Before Interest, Tax, Depreciation & Amortization
EGM	Extraordinary General Meeting
EPS	Earnings Per Share

Factories Act	The Factories Act, 1948
FDI Circular	Circular 1 of 2012 which consolidates the policy framework on FDI, with effect from April 10, 2012
FIPB	Foreign Investment Promotion Board of the Government of India
Fiscal / Financial Year / FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated
FVCI	Foreign venture capital investor registered under the FVCI Regulations
GM	General Manager
H1	1st half of a financial year
HSC	Higher Secondary Education
HUF	Hindu Undivided Family
ICA	Industrial Computer Accountant
IRDA	Insurance Regulatory and Development Authority
ICDR / SEBI Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
IPMA	Indian Paper Manufacturer Association
IPPTA	Indian Pulp and Paper Technical Association
IT Act	Income Tax Act, 1961
LR	Lorry Receipt
MBA	Master of Business Administration
MD	Managing Director
MICR	Magnetic Ink Character Recognition
MoU	Memorandum of Understanding
NAV	Net Asset Value
NECS	National Electronic Clearing System
NI Act	Negotiable Instruments Act, 1881
No.	Number
NOC	No Objection Certificate
NRE Account	Non-Resident External Account
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB(s)	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under FEMA.
p.a.	Per Annum
P.G.D.B.A	Post Graduate Diploma in Business Administration
P/E	Price/Earnings Ratio
QE	Quantitative Easing
RBI	Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
RM	Raw Material
RoNW	Return on Net Worth
Rs. / Rupees / ₹ / INR	Indian Rupees
RR	Rail Receipt
RTE	Right to Education Act
RTGS	Real Time Gross Settlement
Rule 144A	Rule 144A under the U.S. Securities Act
SCRA	The Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957

SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992
SICA	The Sick Industrial Companies (Special Provisions) Act, 1985
Sq. ft.	Square Feet
Sq. mt.	Square Meter
Sr.	Senior
Sr. No.	Serial Number
STT	Securities Transaction Tax
Sub-Account	Sub-accounts registered with SEBI under the SEBI (Foreign Institutional Investor) Regulations, 1995, other than sub-accounts which are foreign corporates or foreign individuals.
TAN	Tax Deduction Account Number allotted under the Income Tax Act
U.S. / US / U.S.A / United States	The United States of America, together with its territories and possessions
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
VCFs	Venture Capital Funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 and the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
VP	Vice President
WTD	Whole Time Director

CERTAIN CONVENTIONS; PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Certain Conventions

All references to "India" contained in this Draft Prospectus are to the Republic of India. In this Draft Prospectus, our Company has presented numerical information in "lacs" units. One lac represents 1,00,000.

Financial Data

Unless stated otherwise, the financial data in this Draft Prospectus is derived from our audited financial statements as on and for the Fiscal Years ended March 31, 2012, 2011, 2010, 2009 and 2008 and nine months period ended December 31, 2012, prepared in accordance with Indian GAAP and the Companies Act, 1956 and restated in accordance with the SEBI Regulations and included in this Draft Prospectus. Our Fiscal Year commences on April 1 and ends on March 31 of the following year. In this Draft Prospectus, any discrepancies in any table, graphs or charts between the total and the sums of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP, U.S. GAAP and IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act, 1956 and the SEBI Regulations on the financial disclosures presented in this Draft Prospectus should accordingly be limited. We have not attempted to explain the differences between Indian GAAP, U.S. GAAP and IFRS or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

Any percentage amounts, as set forth in the Section titled "*Risk Factors*", and chapters titled "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 10, 82 and 144 of this Draft Prospectus, respectively, and elsewhere in this Draft Prospectus, unless otherwise indicated, have been calculated on the basis of our audited financial statements prepared in accordance with Indian GAAP and the Companies Act, 1956 and restated in accordance with the SEBI Regulations.

Currency, Units of Presentation and Exchange Rates

All references to "Rupees", "Rs." or "₹" are to Indian Rupees, the official currency of the Republic of India. All references to "US$" or "US Dollars" or "USD" are to United States Dollars, the official currency of the United States of America.

This Draft Prospectus contains conversions of certain US Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of the SEBI Regulations. These conversions should not be construed as a representation that those US Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

Definitions

For definitions, please see the chapter titled "*Definitions and Abbreviations*" beginning on page 01 of this Draft Prospectus. In the Section titled "*Main Provisions of the Articles of Association of our Company*" beginning on page 201 of this Draft Prospectus, defined terms have the meaning given to such terms in the Articles of Association.

Industry and Market Data

Unless stated otherwise, the industry and market data and forecasts used throughout this Draft Prospectus has been obtained from industry sources as well as Government Publications. Industry sources as well as Government Publications generally state that the information contained in those publications has been obtained

from sources believed to be reliable but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Further, the extent to which the industry and market data presented in this Draft Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

FORWARD-LOOKING STATEMENTS

All statements contained in this Draft 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 with respect to our business strategy, our revenue and profitability, our projects and other matters discussed in this Draft Prospectus regarding matters that are not historical facts. Investors can generally identify forward-looking statements by the use of terminology such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "may", "will", "will continue", "will pursue", "contemplate", "future", "goal", "propose", "will likely result", "will seek to" or other words or phrases of similar import. All forward looking statements (whether made by us or any third party) are predictions and 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.

Forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect.

Further the actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the Paper industry in India in which we have our businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and overseas which have an impact on our business activities or investments, the monetary and fiscal policies of India and other jurisdictions in which we operate, inflation, deflation, unanticipated volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes, changes in competition in our industry and incidence of any natural calamities and/or acts of violence. Other important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Our inability to manage our growth effectively, especially as we expand to new cities;
- Our inability to retain the services of our senior management and capable employees;
- Our inability to renew rents for our Properties used for business activities or conduct new rent arrangements on commercially acceptable terms;
- Inability to adequately protect our trademarks;
- Changes in consumer demand and paper product use trends;
- Failure to successfully upgrade our products and service portfolio, from time to time; and
- Failure to obtain any applicable approvals, licenses, registrations and permits in a timely manner.

For further discussions of factors that could cause our actual results to differ, please see the Section titled "*Risk Factors*", and the chapters titled "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 10, 82 and 144 of this Draft Prospectus, respectively.

By their nature, certain 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. Forward-looking statements speak only as of this Draft Prospectus. Our Company, our Directors, the LM, and their respective affiliates or associates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI requirements, our Company and the LM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading approvals by the Stock Exchange.

SECTION II - RISK FACTORS

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

Materiality

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

- ✓ *Some events may not be material individually but may be found material collectively.*
- ✓ *Some events may have material impact qualitatively instead of quantitatively.*
- ✓ *Some events may not be material at present but may be having material impact in future.*

Note:

The risk factors are disclosed as envisaged by the management along with the proposals to address the risk if any. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial implication of any of the risks described in this section. In this Draft Prospectus, any discrepancies in any table between total and the sums of the amount listed are due to rounding off. Any percentage amounts, as set forth in "Risk Factors" and elsewhere in this Draft Prospectus unless otherwise indicated, has been calculated on the basis of the amount disclosed in the Financial Statements prepared in accordance with the Indian Accounting Standards.

INTERNAL RISK FACTORS

1) We have not yet identified the exact property / land proposed to be acquired from the Issue proceeds as part of our plan to set up / purchase a Corporate Office in Ahmedabad.

Currently, we operate from our owned Registered Office situated at Plot No. 43, B/S Navneet Prakashan Press, B/H Govt 'G' Colony, Sukhramnagar, Gomtipur, Ahmedabad – 380023. However, as our business operations are growing we propose to shift to another larger location / facility in and around Ahmedabad. One of our objects of the issue is to buy / set up a Corporate Office which will be funded mainly by the issue proceeds of this issue. For further details regarding such utilization, please see the chapter titled "*Objects of the Issue*" beginning on page 54 of this Draft Prospectus. This deployment forms approximately 36% of the Issue Proceeds. We have not yet entered into any definitive agreements to utilize the funds allocated for this object. There can be no assurance that we will be able to conclude definitive agreements for such expenditures on terms anticipated by us. As on the date of this Draft Prospectus, we have not yet identified specific property / land to be bought. However we have estimated the cost on the basis of our internal management estimates and other publically available data. There can be no assurance that when we implement the buying of the property / land, we will get the same rates. If the actual utilization towards this project is higher than what is stated in the chapter titled "*Objects of the Issue*", such increased fund requirements will be financed by surplus funds, if any, available in respect of the other purposes. In the event of a shortfall, the fund requirements will be met from internal accruals / owned funds. Our management expects that such alternate arrangements would be available to fund any such shortfall. In the event any surplus is left out of the Issue Proceeds after meeting all the objectives as mentioned in the chapter titled "*Objects of the Issue*", such surplus proceedings be used for general corporate purposes including for meeting future growth opportunities.

2) ***The proposed objects of the issue for which funds are being raised have not been appraised by any bank or financial institution. Any inability on our part to effectively utilize the Issue proceeds could adversely affect our financials.***

The objects of the issue for which part of the fund are being raised have not been appraised by any bank or financial institution. In the absence of such independent appraisal, the requirement of funds raised through this issue, as specified in the chapter titled "*Objects of the issue*" are based on the company's estimates and deployment of these funds is at the discretion of the management and the Board of Directors of the company and will not be subject to monitoring by any independent agency. Any inability on our part to effectively utilize the Issue proceeds could adversely affect our financials.

3) ***We do not own two out of three of our Godowns and the same are on rental basis from our Promoters Group and any termination and/or non-renewal of such rent could adversely affect our operations.***

The properties on which two of our Godowns are situated are on a rental basis from our Promoter Group members as explained below:

Location of Godown	Area	Name of Owner	Rent	Term of Rent
Plot No. 21, Sanand Industrial Estate, Ullaria Patia, Sarkhej Sanand Highway, Ahmedabad - 382210	4458.50 sq. mt.	Ms. Sudha Agrawal	₹ 45,000 per month *(exclusive of taxes)*	10 years w.e.f. April 01, 2010
4/A/1, Jay Ambe Estate, B/H Government G. Colony, Sukhramnagar, Gomtipur, Ahmedabad – 380023	615.29 sq. mt.	Mr. Manoj Agrawal	₹ 41,500 per month *(exclusive of taxes)*	10 years w.e.f. April 01, 2010

Any termination of the licenses whether due to any breach or otherwise, or non-renewal thereof, could temporarily disrupt our functioning and adversely affect the business operations.

4) ***We require certain approvals, licenses, registrations and permits for our business, and the failure to obtain or renew them, as and when required, in a timely manner may adversely affect our operations.***

Our Company requires certain statutory and regulatory registrations, licenses, permits and approvals for our business. In future, we shall 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 time frame anticipated by us or at all. Failure to obtain and renew such registrations and approvals with statutory time frame attracts penal provisions. 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, profits and operations and profits. For further details, please see the chapter titled "*Government and Other Statutory Approvals*" beginning on page 161 of this Draft Prospectus.

5) ***We have not entered into any definitive arrangements to monitor the utilization of the Issue Proceeds.***

As per the SEBI (ICDR) Regulation 2009, appointment of monitoring agency is required only for Issue size above ₹ 50,000 lacs. Hence we have not appointed any monitoring agency and the deployment of Issue Proceeds as stated in the chapter titled "*Objects of the Issue"* on page 54 of this Draft Prospectus is not subject to monitoring by any independent agency. Major portion of the funds being raised through this Issue will be utilized for working capital requirements which are based on the management estimates.

6) ***Our major revenues are derived from sales made to the State of Gujarat in India. Our growth strategy to expand into new geographic areas poses risks. We may not be able to successfully manage some or all of such risks, which may have a material adverse effect on our revenues, profits and financial condition.***

Our operations have been geographically concentrated in the State of Gujarat. Our business is therefore significantly dependent on the general economic condition and activity in the State in which we operate along with the Central, State and Local Government policies relating to paper industry. Although investment in the paper industry in the areas in which we operate has been encouraged, there can be no assurance that this will continue. We may expand geographically, and may not gain acceptance or be able to take advantage of any expansion opportunities outside our current markets. This may place us at a competitive disadvantage and limit our growth opportunities. We may face additional risks if we undertake operations in other geographic areas in which we do not possess the same level of familiarity as competitors. If we undertake operations of different product than those currently is; we may be affected by various factors, including but not limited to:

- ✓ Adjusting our products to different geographic areas;
- ✓ Obtaining the necessary materials and labour in sufficient amounts and on acceptable terms;
- ✓ Obtaining necessary Government and other approvals in time or at all;
- ✓ Failure to realize expected synergies and cost savings;
- ✓ Attracting potential customers in a market in which we do not have significant experience; and
- ✓ Cost of hiring new employees and absorbing increased costs.

7) ***We sell our products in highly competitive markets and our inability to compete effectively may lead to lower market share or reduced operating margins, and adversely affect our results of operations.***

India is our primary market and we face competition in our business from domestic as well as international suppliers and wholesalers of industrial Paper Products. Due to the commodity nature of most of our product sales, competition in these markets is based primarily on demand and price. As a result, to remain competitive in our market, we must continuously strive to reduce our procurement, transportation and distribution costs, improve our operating efficiencies and secure our materials requirements. If we fail to do so, other suppliers and wholesalers or manufacturers of similar products may be able to sell their products at prices lower than our prices, which would have an adverse effect on our market share and results of operations. Increased consolidation in the Paper industry means that many of our competitors may benefit from greater economies of scale, including the ability to negotiate preferential prices for products or receive discounted prices for bulk purchases of goods that may not be available to us.

Further, we cannot assure you that our current or potential competitors will not offer products comparable or superior to our products.

8) ***We have high working capital requirements. If we experience insufficient cash flows to enable 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 amount of working capital. In many cases, significant amounts of working capital is required to finance the purchase of materials and the processing of the same before payments are received from customers. Our working capital requirements may increase from time to time, for e.g. for certain higher volume clients, we may be required to extend additional credit considering the same on case to case basis. In addition, our working capital requirements have increased in recent years due to the heavy growth in our volumes and liquidity issues in certain sectors to whom we supply our goods. All of these factors may result, or have resulted, in increases in our working capital requirements. Further, we are still to receive additional sanctions from banks and institutions for certain portion of our required Fund based Working Capital limits, assumed for FY 2013-14, aggregating to ₹ 8000.00 lacs. For further details regarding our Working Capital estimates, please see the chapter titled *"Objects of the Issue"* beginning on page 54 of this Draft Prospectus.

If we are unable to finance our working capital needs, or secure other financing as projected, on acceptable commercial terms, it may adversely affect our business and growth prospects and hence any failure or delay on our part to raise money from this issue or any shortfall in the issue proceeds may delay the implementation schedule and could adversely affect our growth plans. For further details, please see the chapter titled "*Objects of the Issue*" beginning on page 54 of this Draft Prospectus.

9) Failure to manage our inventory could have an adverse effect on our net sales, profitability, cash flow and liquidity.

The results of operations of our Trading business are dependent on our ability to effectively manage our inventory and stocks. To effectively manage our inventory, we must be able to accurately estimate customer demand and supply requirements and purchase new inventory accordingly. If our management has misjudged expected customer demand it could adversely impact the results by causing either a shortage of products or an accumulation of excess inventory. Further, if we fail to sell the inventory we manufacture or purchase, we may be required to write-down our inventory or pay our suppliers without new purchases, or create additional vendor financing, which could have an adverse impact on our income and cash flows.

10) We have applied for registration of our name and logo but do not own the trademark legally as on date. We may be unable to adequately protect our intellectual property. Furthermore, we may be subject to claims alleging breach of third party intellectual property rights.

We have applied for registration of our name and logo under the provisions of the Trademarks Act, 1999 and do not own the trademark as on date. As such, we do not enjoy the statutory protections accorded to a registered trademark as on date. There can be no assurance that we will be able to register the trademark and the logo in future or that, third parties will not infringe our intellectual property, causing damage to our business prospects, reputation and goodwill. Further, we cannot assure you that any application for registration of our trademark in future by our Company will be granted by the relevant authorities in a timely manner or at all. Our efforts to protect our intellectual property may not be adequate and may lead to erosion of our business value and our operations could be adversely affected. We may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our intellectual property. For further details, please see the chapter titled *"Government and Other Statutory Approvals"* beginning on page 161 of this Draft Prospectus.

11) Our Company has not followed Accounting Standard - 15 regarding Employee Benefits prescribed by The Institute of Chartered Accountants of India till date and hence we may face penal or other action in the future.

We have accounted for Gratuity on crystallization of Liabilities which is not in conformity with AS –15 regarding Employee Benefits prescribed by the ICAI, as the Accounting Standard stipulates that these liabilities should be accounted for in the books of accounts on Accrual basis. Hence we can't assure that we will not face penal or any other action in the future which could have a material adverse effect on our business and results of operations.

12) We have experienced negative cash flows in previous years / periods. Any operating losses or negative cash flows in the future could adversely affect our results of operations and financial condition.

We have experienced negative operating as well as financial cash flows, in the past.

Our net cash from / (used in) investment activities amounted to ₹ (289.04) lacs in fiscal 2012, ₹ (285.60) lacs in fiscal 2010 and ₹ (143.66) lacs in fiscal 2009. Our net cash from / (used in) financial activities amounted to ₹ (1086.94) lacs for the nine months period ended December 31, 2012, ₹ (463.06) lacs in fiscal 2011, ₹ (53.21) lacs in fiscal 2009 and ₹ (75.22) lacs in fiscal 2008.

If the negative cash flow trend persists in future, our Company may not be able to generate sufficient amounts of cash flow to finance our Company's working capital, make new capital expenditure, pay dividends, repay loans, make new investments or fund other liquidity needs which could have a material adverse effect on our business and results of operations.

13) We are subject to the restrictive covenants of banks in respect of the overdraft and other banking facilities availed from them.

Our financing arrangements contain restrictive covenants whereby we are required to obtain approval from our lenders, regarding, among other things, availing any loan from any Bank / Financial Institution, sale or purchase of fixed assets, extending finance to associate concerns. There can be no assurance that such consents will be granted or that we will be able to comply with the financial covenants under our financing arrangements. In the event we breach any financial or other covenants contained in certain of our financing arrangements, we may be required under the terms of such financing arrangements to immediately repay our borrowings either in whole or in part, together with any related costs. This may adversely impact our results of operations and cash flows. For further details on the overdraft and other banking facilities, please see the chapters titled *"Financial Statements"* and *"Financial Indebtedness"* beginning on pages 123 and 156 of this Draft Prospectus, respectively.

14) Our Promoters have provided security to our Bankers towards financial arrangement availed by our Company.

Our Company has availed financial arrangement from our Banker for which security in form of immovable properties owned by our Promoters has been provided. In case in future due to any circumstances, if these securities are withdrawn, our Bankers shall ask for new securities which the Company will have to arrange in future. This may have effect our business and financial operations. For further details, please see the chapter titled "*Financial Indebtedness"* beginning on page 156 of this Draft Prospectus.

15) Conflicts of interest may arise out of common business objects shared by our Company and certain of our Group Entities.

Our Promoters have interests in other companies and entities that may compete with us, including other Group Entities that conduct businesses with operations that are similar to ours. There is no requirement or undertaking for our Promoters, Promoters Group or Group Entities or such similar entities to conduct or direct any opportunities in the paper or paper products business only to or through us. As a result, conflict of interests may arise in allocating or addressing business opportunities and strategies amongst our Company and our Group Entities in circumstances where our interests differ from theirs. In cases of conflict, our Promoters may favor other Companies in which our Promoters have an interest.

Further, the Memorandum of Association of certain of our Group Company - Ashapura Paper Mills Pvt. Ltd., entitles itself to undertake and carry out businesses that are similar or related to our business. There can be no assurance that such Group Company will not provide comparable services, expand its presence or acquire interests in competing ventures in the locations in which we operate. Our Company has not adopted any measures for mitigating such conflict situations. As a result, a conflict of interest may occur between our business and the businesses of our Group Company which could have an adverse effect on our business, financial condition, results of operations and prospects.

16) Our Promoters and Directors may have interest in our Company, other than reimbursement of expenses incurred or remuneration.

Our Promoters and Directors may be deemed to be interested to the extent of the Equity Shares held by them, or their relatives or our Group Entities, and benefits deriving from their directorship in our Company. Our Promoters are interested in the transactions entered into between our Company and themselves as well as between our Company and our Group Entities. For further details, please see the chapters titled "*Our Business*"

and "*Our Promoters, Promoter Group and Group Companies*", *"Related Party Transactions"* and *"Financial Statements"* beginning on pages 82, 112, 121 and 123 respectively, of this Draft Prospectus.

17) We are dependent on our Individual Promoters, Mr. Sandeep Agrawal and Mr. Mahendra Agrawal for their expertise and market goodwill. Our separation, if any, from our Promoters may adversely affect our business.

We are dependent on our individual Promoters, Mr. Sandeep Agrawal and Mr. Mahendra Agrawal for their expertise and market goodwill and our separation from our Promoters may adversely affect our business. We believe that our Promoters lend strength to the trust and reliability reposed in us and enables us to attract and retain fresh talent. Our separation, if any, with our Promoters for any reasons whatsoever shall adversely affect our business and results of operations.

18) If we are unable to retain the services of our key managerial personnel, our business and our operating results could be adversely impacted.

We are dependent on our key managerial personnel for setting our strategic direction and managing our business. The loss of our key managerial personnel may materially and adversely impact our business, results of operations and financial condition.

19) ***Our Promoters will continue to exercise significant control over our business.***

Prior to the consummation of this Issue, our Promoters and Promoters Group held 100% of our equity share capital. Post the completion of this Issue, our Promoters and Promoters Group shall continue to hold collectively 66.58% of our equity share capital. As a result, our Promoters will continue to exercise significant control over our business and all matters requiring shareholder approval, including timing and distribution of dividends, election of officers and directors, our business strategy and policies, approval of significant corporate transactions such as mergers and business combinations and sale of assets. This control could impede a merger, consolidation, takeover or other business combination involving us, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control even if such transaction may be beneficial to our other shareholders.

20) We have entered and may continue to enter into a substantial amount of related party transactions with our Promoters and Promoter Group entities.

We have entered and will continue to enter into a substantial amount of related party transactions with our Promoters, Promoter Group entities, Associates, Key Management and Enterprises having common key managerial personnel with us. For a list of related parties, please see "*Financial Statements – Annexure XIII*" on page 135 of this Draft Prospectus. While we believe that all our related party transactions have been conducted on an arm's length basis, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. Furthermore, we may enter into significant levels of 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 business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise.

21) Our insurance coverage may not adequately protect us against certain operational risks and we may be subject to losses that might not be covered in whole or in part by existing insurance coverage.

We maintain insurance which we believe is typical in our industry and in amounts which we believe are commercially appropriate for a variety of risks, which include risks relating to fire, burglary and natural disasters. However, such insurance may not be adequate to cover all losses or liabilities that may arise from our operations, particularly when the loss suffered is not easily quantifiable. Even if we have availed of an adequate insurance cover, we may not be able to successfully assert our claims for any liability or loss under the said insurance policies. Additionally, there may be various other risks and losses for which we are not insured either because such risks are uninsurable or not insurable on commercially acceptable terms.

Furthermore, there can be no assurance that in the future we will be able maintain insurance of the types or at levels which we deem necessary or adequate. The occurrence of an event for which we are not insured, where the loss is in excess of insured limits or where we are unable to successfully assert insurance claims from losses, could result in uninsured liabilities. Any such uninsured losses or liabilities could result in a material adverse effect on our business operations, financial conditions and results of operations.

For details regarding our insurance coverage, please see the chapter titled "*Our Business*" beginning on page 82 of this Draft Prospectus.

22) We generally do not have long-term contracts with our customers.

Purchases by our customers are generally through purchase orders on a short-term basis or on a fixed delivery basis. We generally do not have any long term contracts with our customers and hence there is no assurance that our present customers will continue to procure orders from us. Any loss of our major customers can lead to reduced business and margins and adversely affect our results of operations.

23) We have not made any provisions for the decrease in the value of our investments.

The market value of our investment in quoted equity instruments as at December 31, 2012 was ₹ 3.51 lacs as against the book value of ₹ 15.13 lacs. We have not made any provision for this decrease in the value of investments, which could result into mismatch between realisable value and book value of these investments. Further, if provision is made in future on account of permanent decrease in value of these investments, our profits would reduce to the extent of such provision. This may have an adverse impact on our results of operations and financial conditions.

24) Ours is a High Volume-Low Margin Business. Our inability to regularly grow our turnover and effectively execute our key business processes could lead to lower profitability and hence adversely affect our operating results, debt service capabilities and financial conditions.

The primary competence of a Wholesaler like us is the ability to provide all kinds of customized industrial paper products readily available to end users of industrial paper and hence exploit the benefits of variety, economies of scale and credit shortage in the Paper Supply chain. However, due to the commodity nature of the products we sell, we may not be able to charge higher margins on our products as compared to Integrated Manufacturers of Paper and Paper Products. Hence, our business model is heavily reliant on our ability to effectively grow our turnover and manage our key processes including but not limited to raw material procurement, stocking, timely sales / order execution and continuous cost control of non core activities. The Net Profit (after tax) Margins of our Company for the last five reporting periods (i.e. FY 2009, 2010, 2011, 2012 and nine months ended December 31, 2012) have averaged 0.99%, with the highest being 1.57% and the lowest being 0.75%. The following table below, details our Operating Margins and relevant results in the last five reporting periods:

Particulars	9 months ended Dec 31, 2012	FY 2012	FY 2011	FY 2010	FY 2009
Total Income (₹ in lacs)	16902.48	18572.42	11299.49	9510.33	6385.52
EBITDA Margins (%)	6.07%	4.37%	4.38%	3.87%	4.23%
PBT Margins (%)	2.33%	1.14%	1.23%	1.15%	1.46%
PAT Margins (%)	1.57%	0.75%	0.84%	0.78%	1.00%

For further details regarding the discussions and explanations for our past results, please see the chapter titled "*Management's Discussions and Analysis of Financial Condition and Results of Operations*" on page 144 of this Draft Prospectus.

Our inability to effectively control costs, manage our key business processes and sufficiently grow the business of the company could lead to lower operating profitability and hence we may not be able to service our debt, pay dividends to shareholders and ensure reasonable liquidity position of the Company.

25) Our Group Company – Ashapura Paper Mills Pvt. Ltd. has reported a Net Loss for FY 2012. Sustained losses by our group companies, if any, could adversely affect our promoter's financial condition

Following is the summary of financial information w.r.t our Group Company - Ashapura Paper Mills Pvt. Ltd.:

(₹ in lacs, unless stated otherwise)

Sr. No.	Particulars	As at March 31, 2012
1	Equity Capital	200.00
2	Reserves (excluding revaluation reserve) and Surplus	245.67
3	Income including other income	1367.58
4	Profit/ (Loss) after tax	(54.33)
5	Earnings per share (face value of ₹10 each) (in ₹)	(0.27)
6	Net asset value (in ₹)	22.28

Even though these losses pertain primarily to depreciation and are not a substantial figure, however, sustained losses by Group Companies could adversely affect our Promoters' financial condition.

EXTERNAL RISK FACTORS

26) Being a growing company, we may require further equity issuance, which will lead to dilution of equity and may affect the market price of our Equity Shares or additional funds through incurring debt to satisfy our capital needs, which we may not be able to procure and any future equity offerings by us.

Our growth is dependent on having a strong balance sheet to support our activities. In addition to the Net Proceeds and our internally generated cash flow, we may need other sources of financing to meet our capital needs which may include entering into new debt facilities with lending institutions or raising additional equity in the capital markets. We may need to raise additional capital from time to time, dependent on business conditions. The factors that would require us to raise additional capital could be business growth beyond what the current balance sheet can sustain; additional capital requirements imposed due to changes in regulatory regime or significant depletion in our existing capital base due to unusual operating losses. Any fresh issue of shares or convertible securities would dilute existing holders, and such issuance may not be done at terms and conditions, which are favourable to the then existing shareholders of our Company. If our Company decides to raise additional funds through the incurrence of debt, our interest obligations will increase, and we may be subject to additional covenants, which could further limit our ability to access cash flows from our operations. Such financings could cause our debt to equity ratio to increase or require us to create charges or liens on our assets in favor of lenders. We cannot assure you that we will be able to secure adequate financing in the future on acceptable terms, in time, or at all. Our failure to obtain sufficient financing could result in the delay or abandonment of our expansion plans. Our business and future results of operations may be adversely affected if we are unable to implement our expansion strategy.

Any future issuance of Equity Shares by our Company may dilute shareholding of investors in our Company; and hence adversely affect the trading price of our Company's Equity Shares and its ability to raise capital through an issue of its securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Company's Equity Shares. Additionally the disposal, pledge or encumbrance of Equity Shares by any of our Company's major shareholders, or the perception that such transactions may occur may affect the trading price of the Equity Shares. No assurance may be given that our Company will not issue Equity Shares or that such shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

27) There is no guarantee that the Equity Shares issued pursuant to the Issue will be listed on the SME Platform of BSE in a timely manner, or at all.

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to the Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the SME Platform of BSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

28) The price of our Company's Equity Shares may be volatile, and investors may be unable to resell their Equity Shares at or above the Issue Price, or at all.

The price of the Equity Shares may fluctuate after this Issue as a result of several factors, including, among other things, volatility in the Indian securities markets, the results of our operations and performance, the performance of our competitors, developments in the Indian retail and consumption-led sectors, changing perceptions in the market about participation in these sectors, adverse media reports on us or the Indian consumption-led sectors, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalization and deregulation policies and significant developments in India's fiscal regulations.

Indian financial markets have in the past experienced substantial fluctuations in the prices of listed securities. Further, the Indian financial markets have experienced volatility, with the BSE Sensex from a high of

21,206.77 points on January 10, 2008 to a low of 7,697.39 points on October 27, 2008, a decline of almost 63.70% during the period. Similarly, the BSE Sensex increased from 8,047.17 points on March 6, 2009 to 17,486.05 points on December 29, 2009, a rise of 117.29% during the period. If similar volatility occurs in the future, the market price and liquidity of our Equity Shares could be adversely affected.

Prior to the Issue, there has been no public market for our Company's Equity Shares, and an active trading market on the Indian 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 the Equity Shares after the Issue may be subject to significant fluctuations in response to, among other factors, variations in our Company's operating results, market conditions specific to the packaging sector in India, developments relating to India and volatility in the BSE and the NSE and securities markets elsewhere in the world. The risk of loss associated with this characteristic may be greater for investors expecting to sell Equity Shares purchased in this Issue soon after the Issue.

29) All of our revenue is derived from business in India and a decrease in economic growth in India could cause our business to suffer.

We derive all of our revenue from our operations in India and, consequently, our performance and the quality and growth of our business are dependent on the health of the economy of India. However, the Indian economy may be adversely affected by factors such as adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities or interest rates changes, which may also affect the microfinance industry. Any such factor may contribute to a decrease in economic growth in India which could adversely impact our business and financial performance.

30) 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.

Following the Issue, we will be subject to a daily "circuit breaker" imposed by BSE, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers will be set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The BSE may not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker will limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance can be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

31) Government regulation of foreign ownership of Indian securities may have an adverse effect on the price of the Equity Shares.

Foreign ownership of Indian securities is subject to Government regulation. In accordance with foreign exchange regulations currently in effect in India, under certain circumstances the RBI must approve the sale of the Equity Shares from a non-resident of India to a resident of India or vice-versa if the sale does not meet the requirements of the RBI Circular dated October 4, 2004, as amended by the RBI Circular dated May 4, 2010. The RBI must approve the conversion of the Rupee proceeds from any such sale into foreign currency and repatriation of that foreign currency from India unless the sale is made on a stock exchange in India through a stock broker at the market price.

As provided in the foreign exchange controls currently in effect in India, the RBI has provided the price at which the Equity Shares are transferred based on a specified formula, and a higher (or lower, as applicable) price per share may not be permitted. There are also restrictions on sales between two non-residents if the acquirer is impacted by the prior joint venture or technical collaboration. The approval from the RBI or any other government agency may not be obtained on terms favorable to a non-resident investor in a timely manner

or at all. Because of possible delays in obtaining requisite approvals, investors in the Equity Shares may be prevented from realizing gains during periods of price increase or limiting losses during periods of price decline.

32) Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which may be material to investors' assessments of our financial condition.

Our financial statements, including the financial statements provided in this Prospectus are prepared in accordance with Indian GAAP. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Prospectus, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. Each of U.S. GAAP and IFRS differs in significant respects from Indian GAAP. Accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Prospectus should accordingly be limited.

33) Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business and financial performance.

Our business and financial performance could be adversely affected by unfavorable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations applicable to us and our business, including those relating to consumer protection, Internet and privacy. Please see the chapter titled "*Key Industry Regulations and Policies*" on page 92 of this Draft Prospectus for details of the material laws currently applicable to us.

There can be no assurance that the Government may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on our business, financial condition and results of operations. In addition, we may have to incur capital expenditures to comply with the requirements of any new regulations, which may also materially harm our cash flows and in turn affect our results of operations.

34) Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax (STT) has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the equity shares are sold. Any gain realized on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. In addition, changes in the terms of tax treaties or in their interpretation, as a result of renegotiations or otherwise, may affect the tax treatment of capital gains arising from a sale of Equity Shares.

35) Political, economic, environmental and social developments in India could adversely affect our Company's business.

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our Company's business and the market price and liquidity of our Company's Equity Shares may be affected by changes in the Government's policies, including taxation, social, political, economic or other developments in or affecting India.

Since 1991, successive governments have pursued policies of economic liberalization, including significantly relaxing restrictions on private sector. Nevertheless, the role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant. The leadership of India has changed many times since 1996. The current central government, which came to power in May 2009, is headed by the Indian National Congress and is a coalition of several political parties. Although the current government has announced policies and taken initiatives that support the economic liberalization policies that have been pursued by previous governments, the rate of economic liberalization could change, and specific laws and policies affecting banking, finance, foreign investment and other matters affecting investment in our securities could change as well. In addition, any political instability in India or geo political stability affecting India will adversely affect the Indian economy and the Indian securities markets in general, which would affect the trading price of our Company's Equity Shares.

36) Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect our Company's business.

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely affect our Company's ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could harm our Company's business and financial performance, ability to obtain financing for capital expenditures and the price of our Company's Equity Shares.

PROMINENT NOTES

1) Key Issue Particulars:

Pre Issue Net worth (Based on audited accounts as on December 31, 2012)	₹ 1951.75 lacs*
Post Issue Net worth (assuming full subscription)	₹ 4727.25 lacs
Issue Size	79,30,000 Equity Shares of ₹ 10 each for cash at a price of ₹ 35 per share aggregating ₹ 2775.50 lacs
Cost Per Share to the Promoters	Mr. Sandeep Agrawal: ₹ 2.38 Mr. Mahendra Agrawal: ₹ 0.46
Net Asset Value per share or Book Value (Based on Audited Accounts as on December 31, 2012) (Face Value of ₹ 10 per share)	₹ 12.35*

**Source: Annexure XVI - Restated Unconsolidated Statement of Accounting Ratios*

2) Our Company, its Promoters / Directors, Company's Associates or Group companies have not been prohibited from accessing the Capital Market under any order or direction passed by SEBI. The Promoters, their relatives, Company, Group Companies and Associate Companies are not declared as wilful defaulters by RBI / Government authorities and there are no violations of securities laws committed in the past or pending against them.

3) Investors are advised to refer to the paragraph titled "*Basis for Issue Price*" beginning on page 59 of this Draft Prospectus.

4) The Lead Manager and our Company shall update this Draft Prospectus and keep the investors / public informed of any material changes till listing of the Equity Shares offered in terms of this Draft Prospectus and commencement of trading.

5) Investors are free to contact the Lead Manager for any clarification, complaint or information pertaining to the Issue. The Lead Manager and our Company shall make all information available to the public and investors at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever.

6) In the event of over-subscription, allotment shall be made as set out in paragraph titled "*Basis of Allotment"* beginning on page 194 of this Draft Prospectus and shall be made in consultation with the Designated Stock Exchange i.e. BSE. The Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner as set out therein.

7) Except as disclosed in the chapters titled "*Our Promoter, Promoter Group and Group Companies*" and "*Related Party Transactions*" beginning on pages 112 and 121, of this Draft Prospectus, respectively, none of our Group Companies have business interests or other interests or any other transaction with / in our Company.

8) No loans and advances have been made to any person(s) / companies in which Directors are interested except as stated in the Financial Statements. For details, please see the section titled "*Financial Information"* beginning on page 123 of this Draft Prospectus.

9) The details of transaction by our Company with Group Companies during the last year are disclosed under "*Financial Statements – Annexure XIII*" on page 135 of this Draft Prospectus.

10) Our Company was incorporated as Kushal Tradelink Private Limited on March 03, 2000 under the Companies Act, 1956, bearing Registration No. 037472 having its Registered Office in Ahmedabad,

Gujarat. Subsequently, the Company became a Public Limited Company in pursuance to a special resolution passed by the members of our Company at the EGM held on January 15, 2013. A fresh Certificate of Incorporation consequent to change of name as a result of conversion to a public limited company was issued on March 01, 2013 by the Registrar of Companies, Ahmedabad, Gujarat. The Company's Corporate Identity Number is U51909GJ2000PLC037472 and its Registered Office is situated at Plot No. 43, B/S Navneet Prakashan Press, B/H Govt 'G' Colony, Sukhramnagar, Gomtipur, Ahmedabad – 380023.

SECTION III - INTRODUCTION

SUMMARY OF OUR INDUSTRY

Indian Paper Industry

Structure

The following key market segments cover the Indian paper market:

– Printing and writing
– Newsprint
– Paperboard and industrial packaging
– Specialty

The Indian Printing Industry is growing systematically and is counted among the top seven publishing nations. The size of the Indian publishing and printing industry is estimated to be of ₹ 9,500 crore and ₹ 1,25,000 crore respectively. According to a recent survey by US-based consultancy firm Pira International, the size of the Indian book printing industry is about ₹ 7,000 crore, which is expected to reach ₹ 10,000 crore by 2016. Currently India has a share of 60% of global publishing outsourcing. This robust growth in printing and publishing sector leaves a great opportunity for the Indian paper industry to grow at pace with the GDP.

Paperboard and Industrial Packaging is the largest segment with about 46 percent of demand. The Industrial Packaging Industry is estimated to be worth ₹ 63,000 crore growing at 11% annually and is expected to cross a turnover of ₹ 95,000 crore by 2015. Demand for packaging is driven by high growth in volume sales of the majority of consumer goods categories.

The Specialty Paper market has grown at a compound rate of 7.46 percent in the last four years due to strong domestic demand. The tissue paper industry is emerging as a new sub-segment within the Specialty Paper market. It is at a very nascent stage, but is expected to grow quickly with the population's increasing affluence, education, and higher and more disposable income levels.

Current Market Scenario

The Paper Industry was de-licensed effective from July, 1997 by the Government of India; foreign participation is permissible. Most of the paper mills are in existence for a long time and hence present technologies fall in a wide spectrum ranging from oldest to the most modern. The mills use a variety of raw material viz. wood, bamboo, recycled fibre, bagasse, wheat straw, rice husk, etc.; approximately 35% are based on chemical pulp, 44% on recycled fibre and 21% on agro-residues. The geographical spread of the industry as well as market is mainly responsible for regional balance of production and consumption.

The Indian Paper Industry accounts for about 1.6% of the world's production of paper and paperboard. The estimated turnover of the industry is ₹ 35,000 crore (USD 7 billion) approximately and its contribution to the exchequer is around ₹ 3000 crore (USD 0.6 billion). The industry provides employment to more than 0.37 million people directly and 1.3 million people indirectly.

The operating capacity of the industry currently stands at 12.75 million tons. During this fiscal year, domestic production of paper and paperboard is estimated to be 10.11 million tons. As per industry estimates, over all paper consumption (including newsprint) has now touched 11.15 million tons and per capita consumption is pegged at 9.3 kg. Demand of paper has been hovering around 8% for some time.

So far, the growth in paper industry has mirrored the growth in GDP. India is the fastest growing market for paper globally and it presents an exciting scenario; paper consumption is poised for a big leap forward in sync with the economic growth and is estimated to touch 13.95 million tons by 2015-16. The futuristic view is that

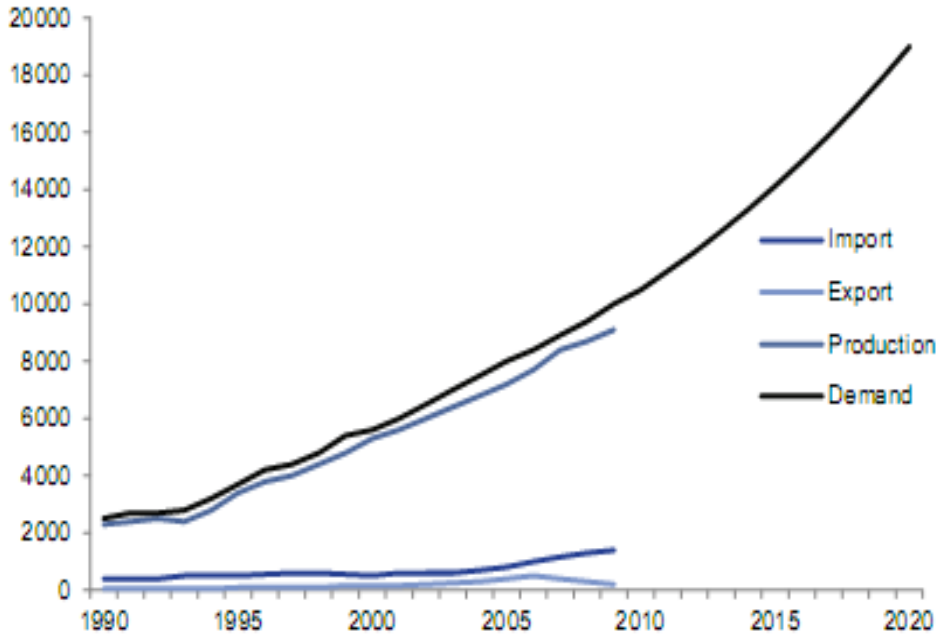
growth in paper consumption would be in multiples of GDP and hence an increase in consumption by one kg per capita would lead to an increase in demand of 1 million tons.
(Source: Indian Paper Manufacturer Association)

Today there are 759 Pulp & Paper mills with an installed capacity of 12.7 million tons producing around 10.11 million tons/annum of paper/paper board and newsprint out of an annual consumption of around 11.15 million tons.

The Industry is operating under various positive and negative forces which have a mixed effect on its competitiveness. Competition among the mills is low due to large number of grades being manufactured. High switching cost among the products also makes the industry rivalry less intense. However the difficulties to exit from the business due to high capital cost increases the chances of the rivalry among the producers of similar grades. The threat from new entrants is low on account of high capital cost, low return on investment and scarcity of raw materials for paper making.

In India, paperboard accounts for nearly 47.3% of the total market size, followed by writing and printing paper (29.6%), newsprint (19.5%) and speciality paper (3.6%) according to CRISIL Research.

The illustration below shows the capacity and demand projections for the Indian Paper Industry –



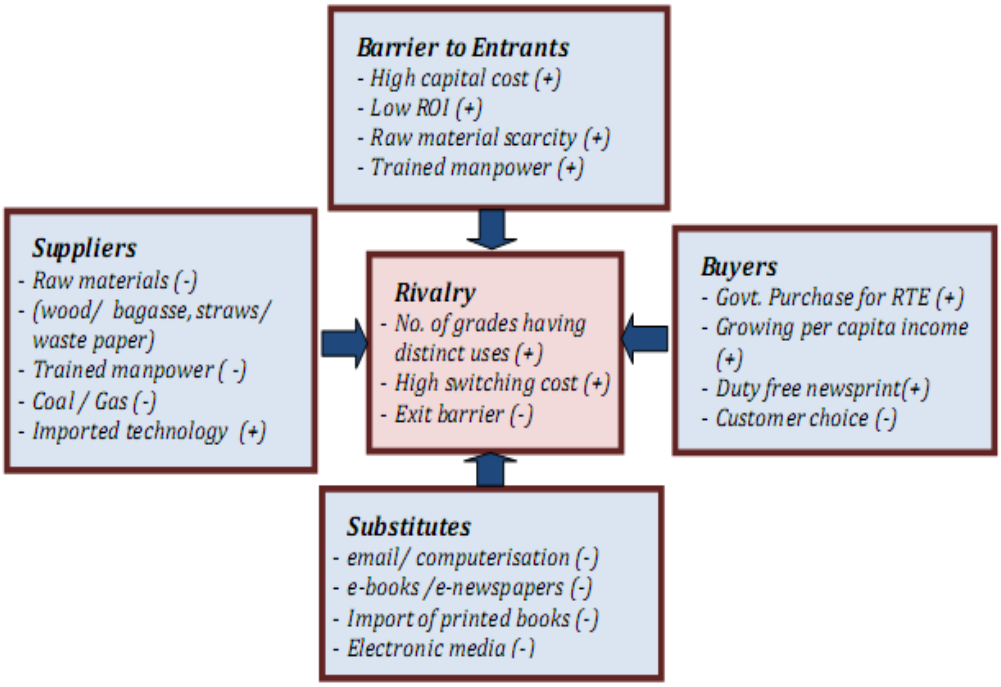
(Source: Deloitte Report – April 2012)

Growth Drivers

Several economic factors and lifestyle changes as listed below are driving the growth of paper consumption in India –

- ✓ *Growth in the education sector*
- ✓ *Increased corporate activity and lifestyle changes*
- ✓ *Growth in press publications*
- ✓ *Increased demand for packaging*
- ✓ *Growing affluence of the population*

Porter's Five Forces Analysis of the Indian Paper Industry –



Initiatives taken to promote the Paper Industry

- ✓ The IPMA member mills have invested over ₹ 3,000 crore (USD 0.71 billion) to assimilate cleaner technologies in adherence to Charter of Corporate Responsibility for Environment Protection (CREP) put in force by the Ministry of Environment & Forests, Govt. of India.
  (Source: Indian Paper Manufacturer Association)
- ✓ The Indian government has provided funds to different handmade paper supplying councils like KVIC (Khadi & Village Industries Commission) which tie up with banks and through banks provide funds to promising entrepreneurs who want to start handmade paper making business.
  (Source: KVIC)

Forecasts and Future Outlook

The Indian paper industry is in the beginning stages of a major transformation, with key players investing in upgrading facilities and capturing market share. The paper industry growth is forecast at 8.4% annually, touching 11.5 million tons in 2011-12 and 15 million tons by 2015, with the packaging industry poised to grow at 22 to 25 percent annually. India's paper consumption is pegged at a CAGR of 9% till 2012-13 on account of a growing demand for tissue paper, tea bags, filter paper, light weight online coated paper and medical grade coated paper. As per CRISIL estimates, the domestic prices of paper are expected to increase in 2011-12. The manufacturers are increasing capacity significantly, adding about1.5 to 2 million tons between 2008 and 2012, most of which are in the writing and printing segment. Paperboard prices are likely to increase in the coming year by 10-12%, owing to lower capacity additions and higher demand growth.
(Source: Deloitte Report – April 2012)

The paper, paperboards and newsprint consumption in the country is also expected to grow to 17 million tonne from the current 12 million tonne in the next five years.
(Source: IPPTA)

Overall paper consumption in the baseline scenario is projected to increase to 16.5 million tons in 2016-17 and reach 25.3 million tons in 2026-27. In the alternative scenario, which appears to be more realistic, the

consumption increases to 18.4 million tons in 2016-17 (the terminal year of the 12th Plan) and to 43.9 million tons in 2026-27. The production of paper is expected to increase to 16.7 million tons in 2016-17 and further to 39.7 million tons in 2026-27.
(Source: Ministry of Commerce & Industry)

The upstream market demand for paper products, such as tissue paper, tea bags, filter paper, lightweight online coated paper, medical-grade coated paper, etc., is growing as well. These developments are expected to give a significant boost to the growth of the industry. Advances in education, a fast-growing middle class, strong growth in sectors like fast-moving consumer goods (FMCG)—pharmaceuticals, liquor, cosmetics, and the like—and organized retailing are the main drivers of demand for paper and packaging products.

For further details regarding our industry and key risks pertaining to our industry, please see the chapter and the section titled "*Industry Overview*" and "*Risk Factors*" on pages 71 and 10 of this Draft Prospectus respectively.

SUMMARY OF OUR BUSINESS

We are one of the leading Wholesalers in Ahmedabad having an existing client base of over 600-700 customers, making us a major player in the Paper and Paper Products (i.e. Kraft Paper, Duplex Board, Copier Paper, Waste Paper, etc.) markets in Gujarat. Our core business comprises of Kraft Paper, Waste Paper and Duplex Board.

We operate as an important intermediary in the Paper Product Supply Chain whereby we purchase materials such as Kraft Paper, Duplex Board, etc. from individual paper mills and supply the same to customers in the Packaging Products Business.

Our Product Portfolio offers a diversified product range which includes variety of grades, thickness, widths and standards, in Kraft Papers, Duplex Boards, Boards, Coated Paper, News print Papers, Waste Papers, Reel Core, etc. according to customer specifications. We have been conscious in addressing environmental and safety concerns and our stocking / processing facilities are ISO 9001:2008 compliant.

We operate from our Registered Office, the details of which are given below under the head "*Our Business - Location*". We also operate three different Godowns located in different regions in Ahmedabad where we have our own stocking facilities, along with certain processing facilities such as sheet-cutting, rewinding, bailing, reel to sheet making, etc. Godown I is located at the backside of our Registered Office, Godown II is located in the Sanand Industrial Estate and Godown III is located in the Jay Ambe Estate, Gomtipur, Ahmedabad.

In order to consolidate our presence across Gujarat and replicate our business model in other states, we intend to increase our foothold in other markets in and around Gujarat (which have huge untapped potential) and other states as well, by having our team of localized marketing personnel, for our marketing and sales operations. We now propose to set up a new office facility at Ambawadi in Gujarat as a part of our expansion plans.

Our Revenues from Operations have grown from ₹ 4824.80 lacs in fiscal 2007-08 to ₹ 18511.90 lacs in fiscal 2011-12, representing a CAGR of 39.96%. Our EBITDA has increased from ₹ 156.21 lacs in fiscal 2007-08 to ₹ 811.26 lacs in fiscal 2011-12, representing a CAGR of 50.96%. Our PAT has increased from ₹ 39.35 lacs in fiscal 2007-08 to ₹ 139.38 lacs in fiscal 2011-12, representing a CAGR of 37.19%. Our Revenues from Operations for the nine months period ending December 31, 2012 amounted to ₹ 16770.07 lacs, EBITDA amounted to ₹ 1026.66 lacs and PAT amounted to ₹ 266.45 lacs.

As on December 31, 2012 our Company has staff strength of 44 permanent employees for its existing operations. For further details, please see "*Our Business - Human Resources*" on page 89 of this Draft Prospectus.

OUR STRENGTHS

Today's dynamic markets and technologies have called into question the sustainability of a competitive advantage. We believe that following principal strengths of our company would ensure our survival and help us attain a prominent position in the market:

- *Diversified Variety of readily available Paper Products and diversified Customer Base*

We provide a one stop shop to our clientele for their customized paper product supply needs. As a trading company, we are in a position to always provide the latest products collected in house for our customers and also conduct market expansion activities for our suppliers. Our continuous effort and belief in maintaining a healthy relationship with our suppliers ensures adequate inventory at any point. We procure, stock / process and supply a diverse and multi-application range of papers and paper products to satisfy the growing requirements of customers. We procure various types of paper from Paper Mills, which are used for varied purposes including Printing, Packaging which inter-alia includes retail mono packaging boxes and shipper carton manufacturing. High end kraft paper is used for making Paper Sacks which are used for handling

exports of various products. Paper Waste is used for recycling and thereby for making new paper products. We further process them according to the customer's specifications. We are a multi-product Paper trading company with a diverse product portfolio including Kraft Paper, Duplex Board, Board, Coated Paper, News print paper, Waste Paper, Reel Core, etc. in various sizes and shapes. For further details, regarding our product portfolio, please see *"Our Business - Products Portfolio"* on page 85 of this Draft Prospectus.

As compared to other independent paper mills who would be able to produce only a particular type of product to a customer, our competitive advantage lies in procurement of raw materials from such various paper mills, which gives us an advantage of servicing our customers with products ranging to all sizes, grades and standards under one roof.

We provide long term credit facility to our customers. Our track record of delivering timely services has helped in forging strong relationships with our customers. We have a well diversified customer base of 600-700 customers all over Gujarat. Our customers come from various types of Printing and Packaging Products Businesses. This reduces our reliance on few customers only.

- *High Credibility with our Banker and existing lines of Credit since 2004*

The Paper Industry is a highly competitive and fragmented one. Small sized mills usually face cash crunch situations and are willing to give discounts to buyers who are willing to purchase products on cash basis. Similarly the end-users of this Industry require high amount of credit. Hence we play an important role here as a financial intermediary by assisting such mills by giving them a bailout and providing our products to the end-users on credit. We have maintained an efficient liquidity and net worth position. We obtained a credit facility of ₹ 100 lacs in the year 2004 from Standard Chartered Bank which has grown steadily over the years and we are enjoying a credit facility amounting to ₹ 5800 lacs as on December 31, 2012. Our total net worth has steadily increased from ₹ 915.16 lacs as of March 31, 2008 to ₹ 1699.91 lacs, as of March 31, 2012, representing a CAGR of 16.74%. Thus, acting as a financial intermediary gives us leverage and maintain our negotiation power at both ends, leading to increased margins for our Company.

- *In-house Logistics*

We have our own in-house logistics department which facilitates door-to-door delivery service to our customers, in order to minimise transportation costs by providing effective material handling system. We own seven commercial vehicles for this purpose. Transportation mainly includes carrying the waste to the paper mills and picking up the finished products from the paper mills and delivering them to the customers. At times, when needed, we also outsource our transportation to transportation agencies.

- *Experienced Senior Management Team*

Our senior management team is experienced in the Paper and Paper Products Industry and in the application of marketing and distribution initiatives in this sector. The Promoters and the senior management team of our Company have significant industry experience and have been instrumental in the consistent growth of our Company's performance. For further details on education, experience and other details of our Promoters and our Key Managerial Personnel, please see the chapter titled "*Our Management*" beginning on page 100 of this Draft Prospectus. We believe that the knowledge and experience of our management team enables us to rapidly respond to market opportunities, adapt to changes in the business landscape and competitive environment and bring innovations to our business, marketing and strategy.

OUR STRATEGIES / FUTURE PLANS

Our strategic objective is to be one of India's premier trading companies, driven by our vision and commitment to our core values. Our vision is to create an entrepreneurial environment that stimulates extraordinary performance and to be one of the India's largest by volume and most efficient paper solution providers. We intend to achieve this by implementing the following strategies:

- *Increase in our Scale of Business Operations*

We believe there is growing trend towards buying paper from Paper trading companies in order to enjoy customised as well as readily available diversified products. Therefore, in our opinion, the total paper produced in India would directly or indirectly have the requirement of processing. Hence, we intend to seize this opportunity by increasing our order-taking appetite by expanding our operational capabilities for which we need to have access to a larger amount of liquid funds and sufficient working capital. The same are proposed to be funded from the IPO proceeds and from Banking Facilities. For further details of the proposed working capital requirements of the company, please see the chapter titled "*Objects of the Issue*" beginning on page 54 of this Draft Prospectus.

- *Expanding operations and our distribution network in new markets*

We are actively involved in market expansion beyond the Gujarat market to ultimately have a national footprint for paper and paper products. On infusion of additional funds, we intend to capitalize on our established regional network and further expand the reach of our product portfolio in national markets. Backed by our familiarity and localized experience, we aim to deepen penetration in Gujarat and venture into other States. We expect that systematic geographical expansion, matched with a continued focus on our competitive strengths, would help us in significantly improving our market share and drive growth.

- *Optimizing cost of operations*

We expect to reduce our operating costs as a percentage of top-line via efficient implement and optimal utilization of our resources. This will be enabled by leveraging on our existing fixed costs while simultaneously increasing our business and manpower productivity. We believe that this can be done through domestic presence and economies of scale. Increasing our penetration in existing regions with new range of products, will enable us to penetrate into new catchment areas within these regions and optimize our efficiency. As a result of these measures, our Company will be able to increase its market share and profitability.

For further details regarding our business operations and key risks pertaining to the same, please see the chapter and section titled "*Our Business*" and "*Risk Factors*" on pages 82 and 10 of this Draft Prospectus respectively.

SUMMARY OF OUR FINANCIALS

ANNEXURE I: RESTATED UNCONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(₹ in lacs)

	Particulars	As on Dec 31, 2012	As on March 31				
			2012	2011	2010	2009	2008
A	**Non-Current Assets**						
1	**Fixed Assets**						
	(i) Tangible Assets	347.30	299.32	312.04	320.28	145.22	130.25
	(ii) Intangible Assets	0.00	0.00	0.00	0.00	0.00	0.00
		347.30	*299.32*	*312.04*	*320.28*	*145.22*	*130.25*
	Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Net Block After Adjustment of Revaluation Reserve	**347.30**	**299.32**	**312.04**	**320.28**	**145.22**	**130.25**
	(iii)Capital work in Progress	0.00	0.00	0.00	0.00	0.00	0.00
2	Non-Current Investments	15.13	15.13	15.13	15.13	15.13	15.13
3	Long Term Loans & Advances	176.81	443.93	162.91	211.90	115.62	0.00
4	Other non-current assets	35.90	21.28	21.28	21.28	0.00	0.00
	Total (A)	**575.15**	**779.66**	**511.37**	**568.60**	**275.97**	**145.38**
B	**Current Assets**						
1	Inventories (Traded Goods)	563.75	958.38	793.99	398.04	92.30	198.55
2	Trade Receivables	7440.52	4773.46	3901.50	3037.51	1725.05	1513.78
3	Cash and Cash Equivalents	0.78	29.80	46.43	301.83	92.29	97.17
4	Short Term Loans and Advances	462.95	394.60	397.65	252.76	388.69	112.87
5	Other Current Assets	0.00	0.00	0.00	0.00	0.00	0.00
	Total (B)	**8468.00**	**6156.24**	**5139.57**	**3990.15**	**2298.33**	**1922.37**
C	**Total Assets (A+B)**	**9043.15**	**6935.90**	**5650.94**	**4558.75**	**2574.30**	**2067.76**
D	**Non-Current Liabilities**						
1	Long Term Borrowings	0.00	633.05	22.63	193.84	151.01	79.58
2	Deferred Tax Liabilities (Net)	17.26	16.71	16.18	14.68	11.23	9.77
	Total (D)	**17.26**	**649.76**	**38.81**	**208.53**	**162.24**	**89.35**
E	**Current Liabilities**						
1	Short Term Borrowings	4733.43	3591.93	3192.92	2064.45	1052.17	784.91
2	Trade Payables	2101.14	726.93	730.42	696.19	303.66	212.15
3	Other Current Liabilities	75.32	175.09	64.51	69.01	37.77	48.19
4	Short Term Provisions	128.36	71.00	42.48	33.53	28.93	18.00
	Total (E)	**7038.25**	**4564.95**	**4030.32**	**2863.18**	**1422.53**	**1063.24**
F	**Total Liabilities & Provisions (D+E)**	**7055.51**	**5214.71**	**4069.13**	**3071.71**	**1584.77**	**1152.60**

	Particulars	As on Dec 31, 2012	As on March 31				
			2012	2011	2010	2009	2008
G	**Net Worth (C-F)**	**1987.64**	**1721.20**	**1581.81**	**1487.04**	**989.53**	**915.16**
REPRESENTED BY SHAREHOLDERS' FUND							
Share Capital		**1579.87**	**1579.87**	**877.70**	**877.70**	**70.79**	**60.09**
	Equity Share Capital	1579.87	1579.87	877.70	877.70	70.79	60.09
	Preference Share Capital	0.00	0.00	0.00	0.00	0.00	0.00
	Share Application Money (Pending Allotment)	0.00	0.00	0.00	0.00	0.00	0.00
	Minority Interest	0.00	0.00	0.00	0.00	0.00	0.00
Reserves & Surplus		**407.78**	**141.33**	**704.11**	**609.33**	**918.74**	**855.07**
	Share Premium Account (A)	0.00	0.00	394.94	394.94	764.00	764.00
	Profit & Loss Account (B)	406.70	140.25	0.87	196.10	127.74	70.07
	Capital Reserve(C)	0.00	0.00	0.00	0.00	0.00	0.00
	General Reserve(D)	1.08	1.08	308.30	18.30	27.00	21.00
Net Worth		**1987.64**	**1721.20**	**1581.81**	**1487.04**	**989.53**	**915.16**

Note: The above Statements should be read with Notes to the Restated Unconsolidated Assets and Liabilities, Profit & Loss Statement and Cash Flow Statement as appearing in Annexure XVII.

ANNEXURE II: RESTATED UNCONSOLIDATED STATEMENT OF PROFITS AND LOSSES

(₹ in lacs)

Particulars	For the period ended Dec 31, 2012	For the year ended March 31				
		2012	2011	2010	2009	2008
REVENUE						
Revenue from Operations	16770.07	18511.90	11251.28	9461.83	6327.91	4824.80
Other Income	132.42	60.52	48.22	48.49	57.60	17.18
Total Income	*16902.48*	*18572.41*	*11299.49*	*9510.33*	*6385.52*	*4841.98*
EXPENSES						
Purchases	15407.75	17733.93	11003.95	9307.38	5868.84	4514.70
Changes in Inventories of Traded Goods	394.63	(164.39)	(395.95)	(305.74)	106.25	17.91
Manufacturing Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Employee Benefit Expenses	100.76	107.32	89.85	65.03	61.61	58.19
Financial Cost	486.04	508.07	291.84	208.48	135.34	70.02
Other Administrative and Selling & Dist. Exp.	102.35	155.82	151.05	110.96	108.29	113.75
Depreciation and Amortization Expenses	17.48	20.75	19.99	14.89	11.68	9.28
Total Expenditure	*16509.01*	*18361.51*	*11160.74*	*9400.99*	*6292.00*	*4783.85*
Net Profit/(Loss) Before Tax	**393.48**	**210.91**	**138.75**	**109.34**	**93.51**	**58.14**
Less: Provision for Taxation						
Current Year Income Tax	128.36	71.00	42.48	30.50	28.01	18.00
Deferred Tax (Asset)\Liability	0.55	0.53	1.50	3.46	1.46	0.56
Prior Period Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Excess/ Short Provisions for Earlier Years W/off	(1.88)	0.00	0.00	1.03	0.37	0.22
Total	**127.03**	**71.53**	**43.98**	**34.98**	**29.84**	**18.78**
Net Profit After Tax but Before Extraordinary Items	**266.45**	**139.38**	**94.77**	**74.36**	**63.67**	**39.35**
Extraordinary items	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit After Extraordinary Items Available for Appropriation	**266.45**	**139.38**	**94.77**	**74.36**	**63.67**	**39.35**
Proposed Dividend on Preference Shares	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Distribution Tax	0.00	0.00	0.00	0.00	0.00	0.00
Transfer to Capital Reserves	0.00	0.00	0.00	0.00	0.00	0.00
Transfer to General Reserves	0.00	0.00	93.90	6.00	6.00	6.00
Net Profit Carried to Balance Sheet	**266.45**	**139.38**	**0.87**	**68.36**	**57.67**	**33.35**

Note: The above Statements should be read with Notes to the Restated Unconsolidated Assets and Liabilities, Profit & Loss Statements and Cash Flow Statements as appearing in Annexure XVII.

ANNEXURE III: RESTATED UNCONSOLIDATED STATEMENT OF CASH FLOWS

(₹ in lacs)

Particulars	For the period ended Dec 31, 2012	For the year ended March 31				
		2012	2011	2010	2009	2008
CASH FLOW FROM OPERATING ACTIVITIES						
Net Profit before Taxation	**393.48**	**210.91**	**138.75**	**109.34**	**93.51**	**58.14**
Adjustments for						
Depreciation	17.48	20.75	19.99	14.89	11.68	9.28
Dividend Received	0.00	0.00	0.00	0.00	0.00	0.00
Interest Expenses	439.27	508.07	291.84	208.48	135.34	70.02
Interest Received	0.00	0.00	0.00	0.00	0.00	0.00
(Profit)/Loss on sale of Fixed Assets/Investments	3.90	0.00	(6.11)	(0.63)	1.40	1.83
Extraordinary (Income)/Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Operating Cash Generated Before Working Capital Changes and Taxes	**854.13**	**739.73**	**444.46**	**332.08**	**241.93**	**139.26**
(Increase)/Decrease in Receivables	(2667.06)	(871.96)	(863.99)	(1312.46)	(211.27)	(491.39)
(Increase)/Decrease in Inventories (traded goods)	394.63	(164.39)	(395.95)	(305.74)	106.25	17.91
(Increase)/Decrease in other current assets	(68.35)	3.05	(144.89)	135.93	(275.82)	(55.25)
Increase/(Decrease) in Payables	1374.21	(3.49)	34.22	392.53	91.51	117.13
Increase/(Decrease) in Bank Finance	1141.50	399.01	1128.46	1012.28	267.27	271.98
Increase/(decrease) in other current liability	(42.41)	139.10	4.45	35.84	0.51	32.74
Operating Cash Generated Before Taxes	**986.66**	**241.05**	**206.78**	**290.45**	**220.39**	**32.37**
Less : Income Tax paid (MAT/FBT)	(126.48)	(71.00)	(42.48)	(31.53)	(28.39)	(18.22)
Net Cash Generated from Operating Activities (A)	**860.18**	**170.05**	**164.30**	**258.92**	**192.00**	**14.15**
CASH FLOW FROM INVESTING ACTIVITIES						
Dividend Received	0.00	0.00	0.00	0.00	0.00	0.00
Interest Received	0.00	0.00	0.00	0.00	0.00	0.00
(Purchase)/Sale of Assets	(69.38)	(8.02)	(5.63)	(189.32)	(28.04)	(18.08)
(Purchase)/Sale of Intangible Assets	0.00	0.00	0.00	0.00	0.00	0.00
Change in Non-Current Assets	267.11	(281.01)	48.99	(96.28)	(115.62)	168.88
Net Cash Flow from Investing Activities (B)	**197.74**	**(289.04)**	**43.36**	**(285.60)**	**(143.66)**	**150.80**
CASH FLOW FROM FINANCING ACTIVITIES						
Interest Expenses	(439.27)	(508.07)	(291.84)	(208.48)	(135.34)	(70.02)

Particulars	For the period ended Dec 31, 2012	For the year ended March 31				
		2012	2011	2010	2009	2008
IPO and Preliminary Expenses	(14.62)	0.00	0.00	(21.28)	0.00	0.00
Dividend Paid	0.00	0.00	0.00	0.00	0.00	0.00
Increase/(Decrease) in Share Capital & Share Premium	0.00	0.00	0.00	423.15	10.70	0.00
Change in other Short term/Long term debts	(633.05)	610.42	(171.21)	42.83	71.43	(5.20)
Net Cash Flow from Financing Activities (C)	**(1086.94)**	**102.35**	**(463.06)**	**236.23**	**(53.21)**	**(75.22)**
Net Increase/(decrease) in Cash and Cash Equivalents (A+B+C)	**(29.02)**	**(16.63)**	**(255.40)**	**209.54**	**(4.88)**	**89.74**
Opening Balance of Cash and Cash Equivalents	29.80	46.43	301.83	92.29	97.17	7.43
Closing Balance of Cash and Cash Equivalents	**0.78**	**29.80**	**46.43**	**301.83**	**92.29**	**97.17**

Notes:

1) The above Statements should be read with Notes to the Restated Unconsolidated Assets and Liabilities, Profit & Loss Statements and Cash Flow Statements as appearing in Annexure XVII

2) Restated Unconsolidated Cash Flow Statements has been prepared under the "Indirect Method" as set out in Accounting Standard 3

THE ISSUE

PRESENT ISSUE IN TERMS OF THIS DRAFT PROSPECTUS

Equity Shares Offered: Present Issue of Equity Shares by our Company	79,30,000 Equity Shares of ₹ 10 each for cash at a price of ₹ 35 per share aggregating ₹ 2775.50 lacs
Of which:	
Issue Reserved for the Market Makers	4,10,000 Equity Shares of ₹ 10 each for cash at a price of ₹ 35 per share aggregating ₹ 143.50 lacs
Net Issue to the Public	75,20,000 Equity Shares of ₹10 each for cash at a price of ₹ 35 per share aggregating ₹ 2632.00 lacs

Equity Shares outstanding prior to the Issue	1,57,98,661 Equity Shares
Equity Shares outstanding after the Issue	2,37,28,661 Equity Shares
Objects of the Issue	Please see the chapter titled "*Objects of the Issue*" beginning on page 54 of this Draft Prospectus

This issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. For further details, please see the section titled "*Issue Related Information*" beginning on page 175 of this Draft Prospectus.

GENERAL INFORMATION

Our Company was incorporated as Kushal Tradelink Private Limited on March 03, 2000 under the Companies Act, 1956, bearing Registration No. 037472 having its Registered Office in Ahmedabad, Gujarat. Subsequently, the Company became a Public Limited Company in pursuance to a special resolution passed by the members of our Company at the EGM held on January 15, 2013. A fresh Certificate of Incorporation consequent to change of name as a result of conversion to a public limited company was issued on March 01, 2013 by the Registrar of Companies, Ahmedabad, Gujarat. The Company's Corporate Identity Number is U51909GJ2000PLC037472 and its Registered Office is situated at Plot No. 43, B/S Navneet Prakashan Press, B/H Govt 'G' Colony, Sukhramnagar, Gomtipur, Ahmedabad – 380023.

Brief Company and Issue Information

Registered Office	Plot No. 43, B/S Navneet Prakashan Press, B/H Govt 'G' Colony, Sukhramnagar, Gomtipur, Ahmedabad – 380023. Tel No.: +91 – 79 - 22772991 / 95 Fax No.: +91 – 79 - 22782670
Date of Incorporation	March 03, 2000
Company Registration No.	037472
Company Identification No.	U51909GJ2000PLC037472
Address of Registrar of Companies	ROC Bhavan, Opp. Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad – 380013. Tel No.: +91 – 79-27437597 Fax No.: +91 – 79-27438371
Issue Programme	Issue Opens on : [●] Issue Closes on : [●]
Designated Stock Exchange	SME Platform of BSE Limited
Company Secretary & Compliance Officer	**Ms. Khushboo Surana** Plot No. 43, B/S Navneet Prakashan Press, B/H Govt 'G' Colony, Sukhramnagar, Gomtipur, Ahmedabad – 380023 Tel No.: +91 – 79 - 22772991 Fax No.: +91 – 79 - 22782670 Email: khushboo@kushaltradelink.com

Board of Directors of the Company

The following table sets forth the Board of Directors of our Company:

Name	Designation	DIN No.
Mr. Sandeep Agrawal	Chairman & Managing Director	00239648
Mr. Mahendra Agrawal	Whole-Time Director	00225551
Mr. Arpan Shah	Professional Non-Executive Director	06458101
Mr. Dharmendra Bhuchhada	Non-Executive Independent Director	06468613
Ms. Kavita Jain	Non-Executive Independent Director	05295442
Mr. Sagar Sharma	Non-Executive Independent Director	06473984

For further details pertaining to the educational qualification and experience of our Directors, please see the chapter titled "*Our Management*" beginning on page 100 of this Draft Prospectus.

Note: Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre or post-Issue related problems, such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account and refund orders. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the SCSBs, giving full details such as name, address of applicant, application number, number of Equity Shares applied for, amount paid on application and designated branch or the collection centre of the SCSB where the ASBA Application Form was submitted by the ASBA Applicants.

Details of Key Intermediaries pertaining to this Issue and our Company

Lead Manager of the Issue

Aryaman Financial Services Limited
60, Khatau Building, Gr. Floor,
Alkesh Dinesh Modi Marg, Opp. P.J. Tower (BSE Bldg.),
Fort, Mumbai – 400 001
Tel. No.: +91 – 22 – 2261 8264
Fax No.: +91 – 22 – 2263 0434
Website: www.afsl.co.in
Email: ipo@afsl.co.in
Investor Grievance Email: feedback@afsl.co.in
Contact Person: Ms. Nehar Sakaria
SEBI Registration No.: INM000011344

Registrar to the Issue

Bigshare Services Private Limited
E-2/3 Ansa Industrial Estate,
Saki Vihar Road, Sakinaka,
Andheri (E), Mumbai – 400072
Tel No.: +91 – 22 – 4043 0200
Fax No.: +91 – 22 – 2847 5207
Contact Person: Mr. Ashok Shetty
Email: ipo@bigshareonline.com
Website: www.bigshareonline.com
SEBI Registration No.: INR000001385

Legal Advisor to the Issue

Juris Matrix (Advocates & Solicitors)
302, Apeejay House,
130, Mumbai Samachar Marg,
Fort, Mumbai – 400001
Tel No.: +91 – 22 – 2285 6164
Fax No.: +91 – 22 – 2283 4519
Contact Person: Mr. Anil Shah
Email: anil@jurismatrix.net

Statutory Auditors of our Company

M/s. P. Doshi & Associates
306, Rajkamal Plaza A,
Opp. Old High Court,
Ashram Road,
Ahmedabad - 380009

Telefax No.: +91- 79 – 27542530
Contact Person: Mr. Parthiv Doshi
Email: parthivdoshi@yahoo.com

Bankers to our Company

Standard Chartered Bank
1st Floor, Raindrops Building,
Opp. Cargo Motors, C. G. Road,
Ahmedabad – 380009
Tel No.: +91 – 79 – 66070762 / 64
Fax No.: +91 – 79 – 66070869
Email: om.bahediya@sc.com; jayant.mathur@sc.com

Bankers to the Issue / Escrow Collection Banks

[●] (to be appointed later)

Refund Banker to the Issue

[●] (to be appointed later)

Self Certified Syndicate Banks

The list of Banks that have been notified by SEBI to act as SCSBs for the ASBA process are provided on http://www.sebi.gov.in. For details on designated branches of SCSBs collecting the ASBA Application Forms, please see the above mentioned SEBI link.

Brokers to the Issue

All members of the recognized stock exchanges would be eligible to act as Brokers to the Issue.

Statement of Inter-se Allocation of Responsibilities

Aryaman Financial Services Limited is the Sole Lead Manager to this issue, and hence is responsible for all the issue management related activities.

Monitoring Agency

As per Regulation 16(1) of the SEBI (ICDR) Regulations, 2009 the requirement of Monitoring Agency is not mandatory if the issue size is below ₹ 50000 lacs. Since the Issue size is below ₹ 50000 lacs, our Company has not appointed a monitoring agency for this issue. However, as per the Clause 52 of the SME Listing Agreement to be entered into with BSE upon listing of the equity shares and the corporate governance requirements, the audit committee of our Company, would be monitoring the utilization of the proceeds of the Issue.

IPO Grading

Since the issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, there is no requirement of appointing an IPO Grading agency.

Trustees

This being an Issue of Equity Shares, the appointment of trustees is not required.

Details of the Appraising Authority

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

Credit Rating

This being an Issue of Equity Shares, no credit rating is required.

Expert Opinion

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received consent from the Auditors namely, M/s. P. Doshi & Associates, Chartered Accountants to include their name as an expert under Section 58 of the Companies Act, 1956 in this Draft Prospectus in relation to the report of the Auditors dated January 31, 2013 and in relation to the 'Statement of Tax Benefits' dated January 31, 2013 included in this Draft Prospectus and such consent has not been withdrawn as of the date of this Draft Prospectus. However, the term "expert" shall not be construed to mean an "expert"" as defined under the U.S. Securities Act 1933.

Underwriting

This Issue is 100% Underwritten. The Underwriting agreement is dated March 15, 2013. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein. The Underwriters have indicated their intention to underwrite the following number of specified securities being offered through this Issue:

Details of the Underwriter	No. of Shares Underwritten	Amount Underwritten (₹ in lacs)	% of the Total Issue Size Underwritten
Aryaman Financial Services Ltd. 60, Khatau Building, Gr. Floor, Alkesh Dinesh Modi Marg, Opp. P.J. Tower (BSE Bldg.), Fort, Mumbai – 400 001 Tel. No.: +91 – 22 – 2261 8264 Fax No.: +91 – 22 – 2263 0434 Email: ipo@afsl.co.in	75,20,000	2632.00	94.83%
Aryaman Broking Ltd. 60, Khatau Building, Gr. Floor, Alkesh Dinesh Modi Marg, Opp. P.J. Tower (BSE Bldg.), Fort, Mumbai – 400 001 Tel. No.: +91 – 22 – 2261 8264 Fax No.: +91 – 22 – 2263 0434 Email: aryabroking@gmail.com	4,10,000	143.50	5.17%
Total	**79,30,000**	**2775.50**	**100.00%**

As per Regulation 106 P(2) of SEBI (ICDR) Regulations, 2009, the LM has agreed to underwrite to a minimum extent of 15% of the Issue out of its own account. In the opinion of the Board of Directors (based on certificate 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 above – mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as broker with the Stock Exchange.

Details of the Market Making Arrangement for this Issue

Our Company and the Lead Manager, Aryaman Financial Services Limited have entered into an agreement dated March 15, 2013 with Aryaman Broking Ltd., a Market Maker registered with the SME Platform of BSE in order to fulfil the obligations of Market Making.

The Market Maker shall fulfill the applicable obligations and conditions as specified in the SEBI (ICDR) Regulations, and its amendments from time to time and the circulars issued by the BSE and SEBI regarding this matter from time to time.

Following is a summary of the key details pertaining to the Market Making arrangement:

1. The Market Maker shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the Stock Exchange. Further, the Market Maker shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker.

2. The minimum depth of the quote shall be ₹ 1,00,000. However, the investors with holdings of value less than ₹ 1,00,000 shall be allowed to offer their holding to the Market Maker in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.

3. The Inventory Management and Buying/Selling Quotations and its mechanism shall be as per the relevant circulars issued by SEBI and BSE SME Platform from time to time.

4. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker, for the quotes given by him.

5. There would not be more than five Market Makers for a script at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.

6. On the first day of the listing, there will be pre-opening session (call auction) and there after the trading will happen as per the equity market hours. The circuits will apply from the first day of the listing on the discovered price during the pre-open call auction.

7. The Market Maker may also be present in the opening call auction, but there is no obligation on him to do so.

8. There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily/fully from the market – for instance due to system problems or any other problems. All controllable reasons require prior approval from the Exchange, while force-majeure will be applicable for non controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.

9. The Market Maker shall have the right to terminate said arrangement by giving a three months notice or on mutually acceptable terms to the Lead Manager, who shall then be responsible to appoint a replacement Market Maker.

In case of termination of the above mentioned Market Making Agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Lead Manager to arrange for another Market Maker in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of regulation 106V of the SEBI (ICDR) Regulations, 2009. Further the Company and the Lead Manager reserve the right to appoint other Market Makers either as a replacement of the current Market Maker

or as an additional Market Maker subject to the total number of Designated Market Makers does not exceed five or as specified by the relevant laws and regulations applicable at that particulars point of time.

The Market Making Agreement is available for inspection at our Registered Office from 11.00 a.m. to 5.00 p.m. on working days.

10. **Risk containment measures and monitoring for Market Maker**: BSE SME Exchange will have all margins which are applicable on the BSE Main Board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. BSE can impose any other margins as deemed necessary from time-to-time.

11. **Punitive Action in case of default by Market Maker**: BSE SME Exchange will monitor the obligations on a real time basis and punitive action will be initiated for any exceptions and/or non-compliances. Penalties / fines may be imposed by the Exchange on the Market Maker, in case he is not able to provide the desired liquidity in a particular security as per the specified guidelines. These penalties / fines will be set by the Exchange from time to time. The Exchange will impose a penalty on the Market Maker in case he is not present in the market (offering two way quotes) for at least 75% of the time. The nature of the penalty will be monetary as well as suspension in market making activities / trading membership.

    The Department of Surveillance and Supervision of the Exchange would decide and publish the penalties / fines / suspension for any type of misconduct/ manipulation/ other irregularities by the Market Maker from time to time.

12. **Price Band and Spreads**: SEBI Circular bearing reference no: CIR/MRD/DP/ 02/2012 dated January 20, 2012, has laid down that for issue size up to ₹ 25000 lacs, the applicable price bands for the first day shall be:

    a. In case equilibrium price is discovered in the Call Auction, the price band in the normal trading session shall be 5% of the equilibrium price.
    b. In case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 5% of the issue price.
    c. Additionally, the trading shall take place in TFT segment for first 10 days from commencement of trading.

The following spread will be applicable on the BSE SME Exchange/ Platform:

Sr. No.	Market Price Slab (in ₹)	Proposed spread (in % to sale price)
1	Up to 50	9
2	50 to 75	8
3	75 to 100	6
4	Above 100	5

13. **All the above mentioned conditions and systems regarding the Market Making Arrangement are subject to change based on changes or additional regulations and guidelines from SEBI and Stock Exchange from time to time.**

CAPITAL STRUCTURE

The share capital of the Company as on the date of this Draft Prospectus is set forth below:

(₹ in lacs, except share data)

Sr. No.	Particulars	Aggregate Value at Nominal Value	Aggregate Value at Issue Price
A	**Authorised Share Capital**		
	2,50,00,000 Equity Shares of face value of ₹ 10 each	2500.00	-
B	**Issued, Subscribed and Paid-up Share Capital before the Issue**		
	1,57,98,661 Equity Shares of face value of ₹ 10 each	1579.87	-
C	**Present Issue in terms of this Draft Prospectus***		
	Issue of 79,30,000 Equity Shares of ₹ 10 each at a price of ₹ 35 per Equity Share	793.00	2775.50
	Which comprises:		
	4,10,000 Equity Shares of ₹ 10 each at a price of ₹ 35 per Equity Share reserved as Market Maker Portion	41.00	143.50
	Net Issue to Public of 75,20,000 Equity Shares of ₹ 10 each at a price of ₹ 35 per Equity Share to the Public	752.00	2632.00
	Of which:		
	37,60,000 Equity Shares of ₹ 10 each at a price of ₹ 35 per Equity Share will be available for allocation for Investors of up to ₹ 2.00 lacs	376.00	1316.00
	37,60,000 Equity Shares of ₹ 10 each at a price of ₹ 35 per Equity Share will be available for allocation for Investors of above ₹ 2.00 lacs	376.00	1316.00
D	**Equity Share Capital after the Issue**		
	2,37,28,661 Equity Shares of ₹ 10 each	2372.87	
E	**Securities Premium Account**		
	Before the Issue	Nil	
	After the Issue	1982.50	

**The present Issue has been authorized pursuant to a resolution passed by our Board on December 31, 2012 and by Special Resolution passed under Section 81(1A) of the Companies Act, 1956 at an Extra ordinary General Meeting of our shareholders held on January 21, 2013.*

Our Company has no outstanding convertible instruments as on the date of this Draft Prospectus.

Classes of Shares

As on date, the Company has only one class of share capital i.e. Equity Shares of ₹ 10 each.

Changes in Authorized Share Capital

(i) The initial authorised share capital of ₹ 5,00,000 divided into 50,000 Equity Shares ₹ 10 each was increased to ₹ 15,00,000 divided into 1,50,000 Equity Shares of ₹ 10 each pursuant to a resolution of our shareholders dated March 24, 2003.

(ii) The authorised share capital of ₹ 15,00,000 divided into 1,50,000 Equity Shares of ₹ 10 each was increased to ₹ 90,00,000 divided into 9,00,000 Equity Shares of ₹ 10 each pursuant to a resolution of our shareholders dated July 15, 2004.

(iii) The authorised share capital of ₹ 90,00,000 divided into 9,00,000 Equity Shares of ₹ 10 each was increased to ₹ 20,00,00,000 divided into 2,00,00,000 Equity Shares of ₹ 10 each pursuant to a resolution of our shareholders dated April 24, 2009.

(iv) The authorised share capital of ₹ 20,00,00,000 divided into 2,00,00,000 Equity Shares of ₹ 10 each was increased to ₹ 25,00,00,000 divided into 2,50,00,000 Equity Shares of ₹ 10 each pursuant to a resolution of our shareholders dated January 15, 2013.

Notes to the Capital Structure

1. Share Capital History of our Company:

a) Equity Share Capital

Our Company has made allotments of Equity Shares from time to time. The following is the Equity Share Capital Build-up of our Company:

Date of Allotment of Equity Shares	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature / Reason of Allotment	Nature of Consideration	Cumulative No. of Equity Shares	Cumulative Paid Up Share Capital (₹)	Cumulative Share Premium (₹)
On Incorporation	300	10	10	Subscription to MoA	Cash	300	3,000	Nil
March 28, 2000	10,111	10	10	Preferential Allotment	Cash	10,411	1,04,110	Nil
May 24, 2000	39,500	10	10	Preferential Allotment	Cash	49,911	4,99,110	Nil
September 01, 2003	1,00,000	10	10	Preferential Allotment	Cash	1,49,911	14,99,110	Nil
January 27, 2005	1,40,000	10	145	Preferential Allotment	Cash	2,89,911	28,99,110	1,89,00,000
May 31, 2006	2,04,000	10	145	Preferential Allotment	Cash	4,93,911	49,39,110	4,64,40,000
November 30, 2007	2,14,000	10	150	Preferential Allotment[(1)]	Cash	7,07,911	70,79,110	7,64,00,000
April 30, 2009	77,87,021	10	0	Bonus Allotment[(2)]	Nil	84,94,932	8,49,49,320	Nil
March 25, 2010	2,82,100	10	150	Preferential Allotment	Cash	87,77,032	8,77,70,320	3,94,94,000
August 31, 2011	70,21,629	10	0	Bonus Allotment[(3)]	Nil	1,57,98,661	15,79,86,610	Nil

[(1)] Originally allotted as partly paid up shares i.e. ₹5 per share towards the face value and subsequently made fully paid up on November 17, 2008. The same has been confirmed by M/s. Arpan Shah & Associates, Chartered Accountants vide letter dated November 30, 2012.

[(2)] Bonus Equity Shares have been issued in the ratio of 11:1 to each shareholder, by capitalizing ₹764.00 lacs out of Securities Premium Account and ₹14.70 lacs out of Profit & Loss Account.

[(3)] Bonus Equity Shares have been issued in the ratio of 8:10 to each shareholder, by capitalizing ₹394.94 lacs out of Securities Premium Account and ₹307.22 lacs out of Profit & Loss Account.

b) Shares allotted for consideration other than cash

The following shares were allotted for consideration other than cash:

Date of Allotment of fully Paid-up Shares	Number of Equity Shares Allotted	Face Value (₹)	Issue Price (₹)	Nature of Allotment (Reasons for Issue / Benefits to issuer)	Nature of Consideration	Allotted Person
April 30, 2009	77,87,021	10	0	Bonus Issue in proportion to respective shareholding of each shareholder	Bonus	Allotted to all the existing Shareholders of the Company as on the date of allotment.
August 31, 2011	70,21,629	10	0	Bonus Issue in proportion to respective shareholding of each shareholder	Bonus	Allotted to all the existing Shareholders of the Company as on the date of allotment.

Notes:

1. Bonus Equity Shares have been issued to all our Shareholders on April 30, 2009, by capitalizing ₹ 764.00 lacs out of Securities Premium Account and ₹ 14.70 lacs out of Profit & Loss Account and on August 31, 2011, by capitalizing ₹ 394.94 lacs out of Securities Premium Account and ₹ 307.22 lacs out of Profit & Loss Account. The relevant provisions of the Companies Act, 1956 have been complied with w.r.t the bonus issue.
2. Except for what has been stated above our Company has not issued any Equity Share for consideration other than cash.

c) No shares have been allotted in terms of any scheme approved under sections 391-394 of the Companies Act, 1956.

d) No bonus shares have been issued out of Revaluation Reserves.

e) No shares have been issued at a price lower than the Issue Price within the last one year from the date of this Draft Prospectus.

f) Shareholding of our Promoters

Set forth below are the details of the build-up of shareholding of our Promoters:

Date of Allotment of fully paid up Equity Shares / Transfer	Allotment / Transfer	Consideration	No. of Shares	Face Value (₹)	Issue Price (₹)	Cumulative no. of Equity shares	% of Pre-Issue Paid Up Capital	% of Post-Issue Paid Up Capital
Mr. Sandeep Agrawal								
February 22, 2000	Subscription to MOA	Cash	100	10	10	100	Negligible	Negligible
March 28, 2000	Further Allotment	Cash	4,000	10	10	4,100	0.03%	0.02%
June 30, 2006	Transfer	Cash	35,000	10	10	39,100	0.25%	0.16%
April 30, 2009	Bonus	Nil	4,30,100	10	0	4,69,200	2.97%	1.98%
May 27, 2010	Transfer	Cash	2,82,100	10	10	7,51,300	4.76%	3.17%

Date of Allotment of fully paid up Equity Shares / Transfer	Allotment / Transfer	Consideration	No. of Shares	Face Value (₹)	Issue Price (₹)	Cumulative no. of Equity shares	% of Pre-Issue Paid Up Capital	% of Post-Issue Paid Up Capital
August 31, 2011	Bonus	Nil	6,01,040	10	0	13,52,340	8.56%	5.70%
Mr. Mahendra Agrawal								
February 22, 2000	Subscription to MOA	Cash	100	10	10	100	Negligible	Negligible
June 30, 2006	Transfer	Cash	1,05,000	10	10	1,05,100	0.67%	0.44%
April 30, 2009	Bonus	Nil	11,56,100	10	0	12,61,200	7.98%	5.32%
August 31, 2011	Bonus	Nil	10,08,960	10	0	22,70,160	14.37%	9.57%

Notes:

- *None of the shares belonging to our Promoters have been pledged till date.*
- *The entire Promoters' shares shall be subject to lock-in from the date of listing of the equity shares issued through this Draft Prospectus for periods as per applicable Regulations of the SEBI (ICDR) Regulations. For details please see Note no. 2 of "Capital Structure" on page 46 of this Draft Prospectus.*

g) None of the members of the Promoter Group, Directors and their immediate relatives have entered into any transactions in the Equity shares of our Company within the last six months from the date of this Draft Prospectus, except as disclosed above.

h) None of the members of the Promoter Group, Directors and their immediate relatives have financed the purchase by any other person of Equity shares of our Company other than in the normal course of business of the financing entity within the period of six months immediately preceding the date of this Draft Prospectus.

2. Promoters' Contribution and other Lock-In details:

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

Pursuant to the Regulation 32(1) and 36(a) of the SEBI (ICDR) Regulations, an aggregate of 20% of the Post-Issue Equity Share Capital of our Company shall be locked-in for a period of three years from the date of Allotment of Equity Shares in this Issue. The lock-in of the Equity Shares would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchange before listing of the Equity Shares.

Our Promoters and Promoter Group have granted consent to include such number of Equity Shares held by them as may constitute 20% of the Post-Issue Equity Share Capital of our Company as Promoters' Contribution and have agreed not to sell or transfer or pledge or otherwise dispose of in any manner, the Promoters' Contribution from the date of this Draft Prospectus until the commencement of the lock-in period specified above.

The details of the Equity Shares locked-in for a period of three years are as follows:

Name of Promoter	No. of Shares locked in	As a % of Post Issue Share Capital
Pushpa Agrawal	21,60,022	9.10%
Mahendra Agrawal	22,70,160	9.57%
Sandeep Agrawal	3,15,551	1.33%
Total	**47,45,733**	**20.00%**

The details of the Equity Shares allotted to Ms. Pushpa Agrawal are set forth below -

Date of Allotment of fully paid up Equity Shares / Transfer	Allotment / Transfer	Consideration	No. of Shares	Face Value (₹)	Issue Price (₹)	Cumulative no. of Equity shares	% of Pre-Issue Paid Up Capital	% of Post-Issue Paid Up Capital
Ms. Pushpa Agrawal								
March 28, 2000	Preferential Allotment	Cash	1	10	10	1	Negligible	Negligible
September 01, 2003	Preferential Allotment	Cash	1,00,000	10	10	1,00,001	0.63%	0.42%
April 30, 2009	Bonus	Nil	11,00,011	10	0	12,00,012	7.60%	5.06%
August 31, 2011	Bonus	Nil	9,60,010	10	0	21,60,022	13.67%	9.10%

For details on the date of Allotment of the above Equity Shares, the nature of Allotment, face value and the price at which they were acquired by Mr. Sandeep Agrawal and Mr. Mahendra Agrawal, please see Note 1(f) under "Notes to Capital Structure" on page 44 of this Draft Prospectus.

The minimum Promoters' Contribution has been brought to the extent of not less than the specified minimum lot and from the persons defined as Promoters under the SEBI (ICDR) Regulations, 2009. The Promoters' Contribution constituting 20% of the post-Issue capital shall be locked-in for a period of three years from the date of Allotment of the Equity Shares in the Issue.

All Equity Shares, which are to be locked-in, are eligible for computation of Promoters' Contribution, in accordance with the SEBI (ICDR) Regulations, 2009. Accordingly, we confirm that the Equity Shares proposed to be included as part of the Promoters' Contribution:

a) have not been subject to pledge or any other form of encumbrance; or

b) have not been acquired, during preceding three years, for consideration other than cash and revaluation of assets or capitalization of intangible assets is not involved in such transaction;

c) is not resulting from a bonus issue by utilization of revaluation reserves or unrealized profits of the Issuer or from bonus issue against Equity Shares which are ineligible for minimum Promoters' Contribution;

d) have not been acquired by the Promoters during the period of one year immediately preceding the date of this Draft Prospectus at a price lower than the Issue Price, except the bonus shares issued.

e) have not been issued to our Promoters on conversion of Partnership Firms into Limited Companies.

f) include those for which specific written consent has been obtained from the shareholders for inclusion of their subscription in the minimum Promoters' Contribution subject to lock-in.

g) does not include Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.

The Equity Shares held by our Promoters may be transferred to and among the Promoter Group or to new promoters or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code, as applicable.

We further confirm that our Promoters' Contribution of 20% of the Post Issue Equity does not include any contribution from Alternative Investment Funds.

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

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

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

- Pursuant to Regulation 40 of the SEBI (ICDR) Regulations, Equity Shares held by our Promoters, which are locked in as per Regulation 36 of the SEBI (ICDR) Regulations, may be transferred to and amongst our Promoters/ Promoter Group or to a new promoter or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 as applicable.

- Pursuant to Regulation 40 of the SEBI (ICDR) Regulations, Equity Shares held by shareholders other than our Promoters, which are locked-in as per Regulation 37 of the SEBI (ICDR) Regulations, may be transferred to any other person holding shares, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 as applicable.

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

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

Sr. No.	Name of Shareholder	Pre-Issue		Post-Issue	
		No. of Equity Shares	As a % of Issued Equity	No. of Equity Shares	As a % of Issued Equity
A	**Promoters**				
1	Sandeep Agrawal	13,52,340	8.56%	13,52,340	5.70%
2	Mahendra Agrawal	22,70,160	14.37%	22,70,160	9.57%
	Total (A)	**36,22,500**	**22.93%**	**36,22,500**	**15.27%**
B	**Promoter Group & Relatives**				
1	Tulsiram Agrawal	24,84,000	15.72%	24,84,000	10.47%
2	Manoj Agrawal	20,54,160	13.00%	20,54,160	8.66%
3	Sangita Agrawal	8,55,360	5.41%	8,55,360	3.60%
4	Namrata Agrawal	46,22,465	29.26%	46,22,465	19.48%
5	Sudha Agrawal	154	Negligible	154	Negligible
6	Pushpa Agrawal	21,60,022	13.67%	21,60,022	9.10%
	Total (B)	**1,21,76,161**	**77.07%**	**1,21,76,161**	**51.31%**
C	**Other Associates Acting in Concert**				
1	Nil	-	-	-	-
	Total (C)	**-**	**-**	**-**	**-**
Grand Total (A+B+C)		**1,57,98,661**	**100.00%**	**1,57,98,661**	**66.58%**

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

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

Sr. No.	Particulars	No. of Shares	% of Shares to Pre – Issue Share Capital
1	Namrata Agrawal	46,22,465	29.26%
2	Tulsiram Agrawal	24,84,000	15.72%
3	Mahendra Agrawal	22,70,160	14.37%
4	Pushpa Agrawal	21,60,022	13.67%
5	Manoj Agrawal	20,54,160	13.00%
6	Sandeep Agrawal	13,52,340	8.56%
7	Sangita Agrawal	8,55,360	5.41%
8	Sudha Agrawal	154	Negligible
9	-	-	-
10	-	-	-
	Total	**1,57,98,661**	**100.00%**

b. The top ten Shareholders of our Company ten days prior to date of this Draft Prospectus are:

Sr. No.	Particulars	No. of Shares	% of Shares to Pre – Issue Share Capital
1	Namrata Agrawal	46,22,465	29.26%
2	Tulsiram Agrawal	24,84,000	15.72%
3	Mahendra Agrawal	22,70,160	14.37%
4	Pushpa Agrawal	21,60,022	13.67%
5	Manoj Agrawal	20,54,160	13.00%
6	Sandeep Agrawal	13,52,340	8.56%
7	Sangita Agrawal	8,55,360	5.41%
8	Sudha Agrawal	154	Negligible
9	-	-	-
10	-	-	-
	Total	**1,57,98,661**	**100.00%**

c. The top ten Shareholders of our Company two years prior to date of this Draft Prospectus are:

Sr. No.	Particulars	No. of Shares	% of Shares Pre-Issue Share Capital
1	Namrata Agrawal	25,68,036	29.26%
2	Tulsiram Agrawal	13,80,000	15.72%
3	Mahendra Agrawal	12,61,200	14.37%
4	Pushpa Agrawal	12,00,012	13.67%
5	Manoj Agrawal	11,41,200	13.00%
6	Sandeep Agrawal	7,51,300	8.56%

Sr. No.	Particulars	No. of Shares	% of Shares Pre-Issue Share Capital
7	Sangita Agrawal	4,75,200	5.41%
8	Sudha Agrawal	24	Negligible
9	Manoj Agrawal HUF	12	Negligible
10	Tulsiram Agrawal HUF	12	Negligible
10	Sandeep Agrawal HUF	12	Negligible
10	Mahendra Agrawal HUF	12	Negligible
10	Neelam Bajaj	12	Negligible
	Total	**87,77,032**	**100.00%**

5. Neither the Company, nor its Promoters, Directors and the Lead Manager have entered into any buyback and/or standby arrangements for purchase of Equity Shares of the Company from any person.

6. None of our Directors or Key Managerial Personnel holds Equity Shares in the Company, except as stated in the chapter titled "*Our Management*" beginning on page 100 of this Draft Prospectus.

7. There have been no purchase or sell of Equity Shares by the Promoters, Promoter Group and the Directors during a period of six months preceding the date on which the Draft Prospectus is filed with the Designated Stock Exchange.

8. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in "*Issue Procedure - Basis of Allotment*" on page 194 of this Draft Prospectus.

9. An investor cannot make an application for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

10. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment, which is the minimum application size in this Issue. Consequently, the actual allotment may go up by a maximum of 10% of the Issue, as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoters and subject to lock- in shall be suitably increased; so as to ensure that 20% of the post Issue paid-up capital is locked in.

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

12. No payment, direct, indirect in the nature of discount, commission, and allowance, or otherwise shall be made either by us or by our Promoters to the persons who receive allotments, if any, in this Issue.

13. As on date of this Draft Prospectus, the entire issued share capital of our Company is fully paid-up. The Equity Shares offered through this Public Issue will be fully paid up.

14. As on date of this Draft Prospectus, there are no outstanding financial instruments or any other rights that would entitle the existing Promoters or shareholders or any other person any option to receive Equity Shares after the Issue.

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

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

17. Except as disclosed in the Draft Prospectus, our Company presently does not have any intention or proposal to alter its capital structure for a period of six months commencing from the date of opening of this Issue, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares or securities convertible into Equity Shares, whether on a preferential basis or issue of bonuses or rights or further public issue of specified securities or Qualified Institutional Placement.

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

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

20. Our Company shall ensure that transactions in the Equity Shares by our Promoters and our Promoter Group between the date of this Draft Prospectus and the Issue Closing Date shall be reported to the Stock Exchange within twenty-four hours of such transaction.

21. The Lead Manager and its associates do not directly or indirectly hold any shares of the Company.

22. Our Company has eight (8) shareholders, as on the date of this Draft Prospectus.

23. Our Company has not revalued its assets since incorporation.

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

25. Shareholding Pattern of the Company

The following is the shareholding pattern of the Company as on the date of this Draft Prospectus:

Category Code	Category of shareholder	Pre-Issue					Shares Pledged or otherwise encumbered	
		No. of shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a % of total number of shares			
					As a % of (A+B)	As a % of (A+B+C)	No. of equity shares	As a %
(A)	Promoter and Promoter Group							
-1	Indian							
(a)	Individuals/ Hindu Undivided Family	8	1,57,98,661	1,57,98,661	100.00%	100.00%	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-

Category Code	Category of shareholder	Pre-Issue					Shares Pledged or otherwise encumbered	
		No. of shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a % of total number of shares			
					As a % of (A+B)	As a % of (A+B+C)	No. of equity shares	As a %
(e)	Any Other (specify)	-	-	-	-	-	-	-
	Sub-Total (A)(1)	*8*	*1,57,98,661*	*1,57,98,661*	*100.00%*	*100.00%*	-	-
-2	**Foreign**							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Any Other (specify)	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+ (A)(2)	***8***	***1,57,98,661***	***1,57,98,661***	***100.00%***	***100.00%***	-	-
(B)	**Public shareholding**							
-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)	Nominated investors (as defined in Chapter XB of SEBI (ICDR) Regulations)	-	-	-	-	-	-	-
(i)	Market Makers	-	-	-	-	-	-	-
(j)	Any Other (specify)	-	-	-	-	-	-	-
	Sub-Total (B)(1)	-	-	-	-	-	-	-
-2	**Non-institutions**							
(a)	Bodies Corporate	-	-	-	-	-	-	-
(b)	Individuals –	-	-	-	-	-	-	-
	i. Individual shareholders holding nominal share capital up to ₹ 1 lac						-	-
	ii. Individual shareholders holding nominal share capital in	-	-	-	-	-	-	-

Category Code	Category of shareholder	Pre-Issue					Shares Pledged or otherwise encumbered	
		No. of shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a % of total number of shares			
					As a % of (A+B)	As a % of (A+B+C)	No. of equity shares	As a %
	excess of ₹ 1 lac							
(c)	Any Other (specify)	-	-	-	-	-	-	-
	Sub-Total (B)(2)	-	-	-	-	-	-	-
	Total Public Shareholding (B)= (B)(1)+ (B)(2)	-	-	-	-	-	-	-
	TOTAL (A)+(B)	***8***	***1,57,98,661***	***1,57,98,661***	***100.00%***	***100.00%***	-	-
(C)	***Shares held by Custodians and against which Depository Receipts have been issued***	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	**8**	**1,57,98,661**	**1,57,98,661**	**100.00%**	**100.00%**	-	-

OBJECTS OF THE ISSUE

The Object of the Issue is to raise funds for:

- Purchase and set up a Corporate House;
- Long-term working capital requirement;
- General corporate purposes; and
- Issue related Expenses.

Further, we expect to receive the benefits of listing on the SME Platform of BSE Ltd.

The Main Objects clause as set out in the Memorandum of Association enables our Company to undertake its existing activities and the activities for which funds are being raised by the Company through the Present Issue.

Fund Requirements

The funds raised from the Issue are to be utilized as shown below:

Sr. No.	Particulars	Amount (₹ in lacs)
1	Purchase and set up a Corporate House	1000.75
2	Long-term working capital requirement	1574.75
3	General Corporate Purposes	110.00
4	Issue related Expenses	90.00
	TOTAL	**2775.50**

Means of Finance

The above mentioned fund requirements are to be financed as shown below:

Sr. No.	Particulars	Amount (₹ in lacs)
1	Proceeds from the IPO	2775.50
	TOTAL	**2775.50**

Since the entire fund requirements are to be financed from the IPO Proceeds, there is no requirement to make firm arrangements of finance under Regulation 4(2)(g) of the SEBI Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amounts to be raised through the Issue.

The fund requirement and deployment is based on internal management estimates and quotations received from external product/service providers/vendors and have not been appraised by any bank or financial institution. In view of the competitive environment of the industry in which our Company operates as well as the competitive nature of the industry in which the paper dealers function, our Company may have to revise its business plan from time to time and consequently its capital requirements may also change. Our Company's historical capital expenditure may not be reflective of its future capital expenditure plans. Our Company may have to revise its estimated costs, fund allocation and fund requirements owing to factors such as economic and business conditions, increased competition and other external factors which may not be within the control of its management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of the Company's management. For further details on the risks involved in our expansion plans and executing our business strategies, please see the section titled "*Risk Factors*" beginning on page 10 of this Draft Prospectus

In case of any increase in the actual utilization of funds earmarked for the Objects, such additional funds for a particular activity will be met by way of means available to our Company, including from internal accruals. If

the actual utilization towards any of the Objects is lower than the proposed deployment such balance will be used for future growth opportunities including funding existing objects, if required and general corporate purposes.

In case of delays in raising funds from the Issue, our company may deploy certain amounts towards any of the above mentioned Objects through a combination of Internal Accruals or Unsecured Loans (Bridge Financing) and in such case the Funds raised shall be utilized towards repayment of Unsecured Loans or recouping of Internal Accruals. However, we confirm that no bridge financing has been availed as on date, which is subject to being repaid from the Issue Proceeds.

DETAILS OF THE FUND REQUIREMENTS

1. Purchase and set up a Corporate House

Our Company proposes to construct a new office facility at Ambawadi in Gujarat in order to have a larger storing facility at our current Registered Office, which is in sync with our object to increase our scale of operations. The planned office facility, which admeasures approximately 9,000 sq. ft. (land area) with a superstructure of 20,250 sq. ft. thereon (construction area), will be our headquarters and will house our corporate team, including teams responsible for accounts, marketing, finance and human resources and our current Registered Office will be utilised as a Godown entirely.

Our Company estimates to incur an expenditure of approximately ₹ 1000.75 lacs towards the establishment of this facility. The break-down of the expenditure and estimated periods of completion is as set forth below:

Particulars	Fund Requirement (₹ in lacs)	Estimated period of Completion
Land Cost	603.00	August 2013
Construction Cost	303.75	January 2014
Interior and fit-outs / furniture	94.00	March 2014
Total	**1000.75**	

The above estimates are based on estimated received from a certificate dated January 21, 2013 received from Tarun N. Raval, a Govt. Registered Valuer, and reviewed by our in-house project management team.

The relevant calculations for the estimated expenses mentioned above has been summarised below –

a)	Land Cost	= Land area in sq. Ft. x Rate in sq. Ft. for commercial use of Plot = 9,000 sq. Ft. x ₹ 5,700 per sq. Ft. for commercial use of Plot = **₹ 6,03,00,000**
b)	Construction Cost	= Construction area in sq. Ft. x Rate in sq. Ft. for Corporate House = 20,250 sq. Ft. x ₹ 1,500 per sq, ft. = **₹ 3,03,75,000**
c)	Interiors like fix furniture, fittings, Decorative ceiling with lighting arrangement, Elevation treatment with aluminium sheets at outer side, etc.	= **₹ 94,00,000**
	TOTAL	= **₹ 10,00,75,000**

2. Long-term Working Capital Requirement

Our business is working capital intensive, as we are required to provide sufficient credit period to our customers. We avail majority of our working capital from our Bankers and the balance in funded through internal accruals. As on the date of this Draft Prospectus, we have been sanctioned limits of ₹ 5800 lacs.

We expect a further increase in the working capital requirements in view of current and potential operations that may be awarded. Accordingly, we have proposed to use ₹ 1574.75 lacs out of the issue proceeds to meet the increase in long term working capital requirements.

Basis of estimation of working capital requirement and estimated working capital requirement:

(₹ in lacs)

Sr. No	Particulars	Holding Levels (days)	Fiscal 2010	Holding Levels (days)	Fiscal 2011	Holding Levels (days)	Fiscal 2012	Holding Levels (days)	Fiscal 2013	Holding Levels (days)	Fiscal 2014 onwards
I	**Current Assets:**										
1	Inventories *(Traded goods)*	16.14	398.04	27.32	793.99	19.91	958.38	9.86	570.00	8.20	650.00
2	Sundry Debtors	117.18	3037.51	126.54	3901.50	94.11	4773.46	115.50	7120.00	116.45	10028.00
3	Advances to Suppliers	8.48	216.12	11.58	349.22	6.50	315.95	6.76	384.00	7.18	579.00
4	Other Current Assets	13.21	342.38	3.10	95.70	2.84	143.89	6.10	376.00	7.47	643.00
	Total Current Assets (A)		***3994.05***		***5140.41***		***6191.68***		*8450.00*		***11900.00***
II	**Current Liabilities**										
1	Sundry Creditors	27.30	696.19	24.23	730.42	14.96	726.93	28.19	1600.00	19.85	1600.00
2	Other Current Liabilities	4.01	102.18	3.56	107.28	5.06	246.09	4.15	235.50	3.38	272.40
	Total Current Liabilities (B)		***798.37***		***837.70***		***973.02***		***1835.50***		***1872.40***
III	**Total Working Capital Gap (A – B)**		**3195.68**		**4302.7**		**5218.66**		**6614.50**		**10027.60**
IV	**Funding Pattern:**										
1	Working Capital Facilities from Banks[(1)]		2064.45		3192.92		3591.93		5800.00 [(2)]		8000.00 [(3)]
2	Internal Accruals / Owned Funds		1131.23		1109.79		1626.73		814.50		452.85
3	Part of the Net proceeds to be utilised		-		-		-		-		1574.75

(1)As on December 31, 2012, our company has sanctioned facilities consisting of an aggregate limit of ₹ 5800 lacs. For further details regarding these facilities, please see the chapter titled "Financial Indebtedness" beginning on page 156 of this Draft Prospectus.
(2)Incl. NFB WCL in the form of LC & Buyer's Credit ₹ 1400 lacs
(3)Incl. NFB WCL in the form of LC & Buyer's Credit ₹ 1500 lacs

Hence, our Company proposes to utilise ₹ 1574.75 lacs of the Net Proceeds towards working capital requirements for meeting our future business requirements.

Justification for "Holding Period" levels

Inventories	The company is engaged in trading of various types of papers mainly used for packaging, along with small range of paper used for printing of magazines. The company maintains minimum levels of inventory, since the products dealt with by the company are usually ordered with the manufacturer against confirm orders from customers of the company based on various technical specifications. Further in most of the cases the goods are sold on LR/RR basis which involves direct delivery of goods from the manufacturers to the suppliers on the basis of negotiation of LR/RR. The Company expects to rationalize its inventory portfolio going ahead by better inventory management and keep the stock of various grades in line with the requirement of its customers. The Company plans to hold optimum inventory for regular products and keep minimum inventory for products with specific demand. Hence the inventory holding period for FY 2013 has been estimated to be 10 days and for FY2014 to be 8 days as compared to 19 days in FY2012.
Debtors	We have over 600-700 customers spread across the state of Gujarat. Depending upon the profile and credit worthiness of the customer, we provide credit upto a period of 120 days. Post expansion of our facilities we propose to rapidly expand our customer base and increase our geographical reach to other neighbouring states and also expand our base in the market of imported waste. This will necessitate offering better credit terms to new and existing customers resulting in increased receivables period. In view of the same the receivables period for FY 2014 has been estimated at the level of 116 days which is in line with the past trend.
Creditors	The Company normally avails 0-30 days credit from its suppliers, which usually are paper mills. Against these, the company avails attractive cash discounts from the manufacturers. Also, lesser credit period helps the company in getting priority over other customers in getting its orders scheduled prior to that of others. Further, the company often makes advance payments to paper mills based on the discount structure offered by the manufacturers. Hence the creditors holding level period has been estimated at 20 days in FY 2014.

3. General corporate purposes

The Net Proceeds will be first utilised towards the aforesaid items and the balance i.e. ₹ 110.00 lacs is proposed to be utilized for general corporate purposes including strategic initiatives, brand building exercises and strengthening of our marketing capabilities.

Our Company, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

We confirm that any issue related expenses shall not be considered as a part of General Corporate Purpose merely because no specific amount has been allocated for such expenses in this Draft Prospectus.

4. Issue related Expenses

The total estimated Issue Expenses are ₹ 90.00 lacs, which is 3.24% of the Issue Size. The details of the Issue Expenses are tabulated below:

Sr. No.	Particulars	Amount (₹ in lacs)
1	Issue Management fees including fees and reimbursements of Market Making fees, selling commissions, brokerages, and payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses.	45.00
2	Printing & Stationery, Distribution, Postage, etc.	10.00
3	Advertisement and Marketing Expenses	30.00
4	Regulatory and other Expenses	5.00
	Total	**90.00**

The amount set aside towards Issue related Expenses shall be utilized in FY 2012-13 and FY 2013-14.

Funds Deployed and Sources of Funds Deployed

M/s. P. Doshi & Associates, Chartered Accountants, have vide their certificate dated March 06, 2013, confirmed that as on March 06, 2013, out of the above mentioned Objects of the Issue, we have deployed ₹ 18.09 lacs towards Issue related Expenses and the same have been funded from the company's internal accruals.

Appraisal

The fund requirements and deployment detailed above as not been appraised by any bank or financial institution and is based on our internal management estimates.

Monitoring of Utilisation of Funds

As the net proceeds of the Issue will be less than ₹ 50,000 lacs, under the SEBI Regulations, it is not mandatory for us to appoint a monitoring agency.

The management of our Company will monitor the utilization of funds raised through this public issue. Pursuant to Clause 52 of the SME Listing Agreement, our Company shall on half-yearly basis disclose to the Audit Committee the Applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than stated in this Draft Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement will be certified by the Statutory Auditors of our Company.

Interim Use of Funds

Our management, in accordance with the policies established by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds of the Issue for the purposes described above, we may invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in working capital loan accounts and other investment grade interest bearing securities as may be approved by the Board. Such investments would be in accordance with the investment policies approved by our Board from time to time and at the prevailing commercial rates at the time of investment. No part of the Issue proceeds will be paid to our Promoters, Directors, key managerial personnel or Promoter Group Company/entity.

BASIS FOR ISSUE PRICE

The Issue Price has been determined by our Company in consultation with the Lead Manager on the basis of the key business strengths. The face value of the Equity Shares is ₹ 10 and Issue Price is ₹ 35 per Equity Shares and is 3.5 times of the face value. Investors should read the following basis with the sections titled "Risk Factors" and "Financial Information" and the chapter titled "Our Business" beginning on pages 10, 123 and 82 respectively, of this Draft Prospectus to get a more informed view before making any investment decisions. The trading price of the Equity Shares of our Company could decline due to these risk factors and you may lose all or part of your investments.

Qualitative Factors

Some of the qualitative factors that help differentiate us from our competitors and enable us to compete successfully in our industry are:

- Diversified Variety of readily available Paper Products and diversified Customer Base
- High Credibility with our Banker and existing lines of Credit since 2004
- In-house Logistics
- Experienced Senior Management Team

For further details regarding the above mentioned factors, which form the basis for computing the Issue Price, please see "*Our Business – Our Strengths*" on page 83 of this Draft Prospectus.

Quantitative Factors

Information presented in this chapter is derived from our Restated Financial Statements prepared in accordance with Indian GAAP.

1) Earnings per Share

Year ended March 31	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
2012	0.88	0.88	3
2011	1.08	1.08	2
2010	0.85	0.85	1
Weighted Average	**0.94**	**0.94**	

The Basic and Diluted EPS (not annualized) for the nine months period ended December 31, 2012 was ₹ 1.69.

Notes:

a. Basic EPS has been calculated as per the following formula:
(Net profit/ (loss) as restated, attributable to Equity Shareholders)/ (Weighted average number of Equity Shares outstanding during the year/period)
b. Diluted EPS has been calculated as per the following formula:
(Net profit/ (loss) as restated, attributable to Equity Shareholders)/ (Diluted weighted average number of Equity Shares outstanding during the year/period)
c. Earnings per share calculations are in accordance with Accounting Standard 20 "Earnings per Share" prescribed by the Companies (Accounting Standard) Rules, 2006
d. The face value of each Equity Share is ₹ 10.

2) Price Earnings Ratio (P/E) in relation to the Issue price of ₹35 per share of ₹10 each

Particulars	P/E Ratios
P/E ratio based on Basic EPS as at March 31, 2012	39.77
P/E ratio based on Diluted EPS as at March 31, 2012	39.77
Industry P/E*	NA

**Currently there is no listed entity in India operating in our business segment and hence a strict comparison with us is not possible due to significant differences in business models.*

3) Return on Net worth (RoNW)

Year ended March 31	RoNW (%)	Weight
2012	8.20	3
2011	6.07	2
2010	5.07	1
Weighted Average	**6.97**	

RoNW for the nine months period ended December 31, 2012 was 13.65%.

Note: Return on Net worth has been calculated as per the following formula:
Net profit/loss after tax, as restated / Net worth excluding preference share capital and revaluation reserve

4) Minimum Return on Net Worth after Issue needed to maintain the Pre-Issue Basic EPS for the FY 2011-12 (based on Restated Financials) at the Issue Price of ₹ 35 is 4.38%.

5) Net Asset Value (NAV)

Financial Year	NAV (in ₹)
NAV as at March 31, 2012	10.76
NAV as at December 31, 2012	12.35
NAV after Issue	20.07
Issue Price	35

Note: Net Asset Value has been calculated as per the following formula:
Net worth excluding preference share capital and revaluation reserve/ Weighted average number of Equity shares outstanding during the year/ period.

6) Comparison with Industry peers

We are primarily an intermediary in the Paper Production and Supply chain.

Currently there is no listed entity in India operating in this particular business segment and hence a strict comparison with us is not possible due to significant differences in business models.

7) The Company in consultation with the Lead Manager believes that the issue price of ₹ 35 per share for the Public Issue is justified in view of the above parameters. The investors may also want to peruse the Risk Factors and Financials of the company including important profitability and return ratios, as set out in the Financial Statements included in the Draft Prospectus to have more informed view about the investment proposition. The Face Value of the Equity Shares is ₹ 10 per share and the Issue Price is 3.5 times of the face value i.e. ₹ 35 per share.

STATEMENT OF TAX BENEFITS

The Board of Directors
Kushal Tradelink Ltd.
Plot No. 43, B/s Navneet Press,
B/h Govt G Colony,
Sukhramnagar, Gomtipur,
Ahmedabad 380 023

Dear Sirs,

Statement of Possible Tax Benefits available to **"Kushal Tradelink Ltd**" and its shareholders

We hereby report that the enclosed statement provides the possible tax benefits available to **Kushal Tradelink Ltd.** (*'the Company')* under the Income-tax Act, 1961, presently in force in India and to the shareholders of the Company under the Income Tax Act, 1961 and Wealth Tax Act, 1957 and the Gift Tax Act, 1958, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon their 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. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for Professional advice. In view of the individual nature of the tax consequences and 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.

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

i) the Company or its shareholders will continue to obtain these benefits in future; or

ii) the conditions prescribed for availing the benefits have been/would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

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

For *P. Doshi & Associates*
Chartered Accountants
Firm's Regn..No. 102740W

CA Parthiv Doshi
Proprietor
Mem. No.: 032295

Place: Ahmedabad
Date: January 31, 2013

General Tax Benefits to the Company under Income Tax Act, 1961

1) Dividends earned are exempt from tax in accordance with and subject to the provisions of section 10(34) read with section 115-O of the Act. However, as per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

2) The Company will be entitled to amortise certain preliminary expenditure, specified under section 35D(2) of the I.T. Act, subject to the limit specified in Section 35D(3). The deduction is allowable for an amount equal to one-fifth of such expenditure for each of five successive Assessment Years beginning with the Assessment Year in which the business commences.

3) Income by way of interest, premium on redemption or other payment on notified securities, bonds, certificates issued by the Central Government is exempt from tax under section 10(15) of the Income-tax Act, 1961 (herein after referred to as 'the Act') in accordance with and subject to the conditions and limits as may be specified in notifications.

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

5) The amount of tax paid under Section 115JB by the company for any assessment year beginning on or after 1st April 2006 will be available as credit for ten years succeeding the Assessment Year in which MAT credit becomes allowable in accordance with the provisions of Section 115JAA.

6) In case of Loss under the head "Profit and Gains from Business or Profession", it can be set-off against other income and the excess loss after set-off can be carried forward for set-off -against business income of the next eight Assessment Years.

7) The unabsorbed depreciation, if any, can be adjusted against any other income and can be carried forward indefinitely for set-off against the income of future years.

8) If the company invests in the equity shares of another company, as per the provisions of Section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to Securities Transaction Tax.

9) Income earned from investment in units of a specified Mutual Fund is exempt from tax under section 10(35) of the Act. However, as per section 94(7) of the Act, losses arising from the sale/redemption of units purchased within three months prior to the record date (for entitlement to receive income) and sold within nine months from the record date, will be disallowed to the extent such loss does not exceed the amount of income claimed exempt.

10) Further, as per section 94(8) of the Act, if an investor purchases units within three months prior to the record date for entitlement of bonus, and is allotted bonus units without any payment on the basis of holding original units on the record date and such person sells/redeems the original units within nine months of the record date, then the loss arising from sale/redemption of the original units will be ignored for the purpose of computing income chargeable to tax and the amount of loss ignored shall be regarded as the cost of acquisition of the bonus units.

11) In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of:

a) 20 per cent (plus applicable surcharge and education cess) of the capital gains as computed after indexation of the cost or

b) 10 per cent (plus applicable surcharge and education cess) of the capital gains as computed without indexation.

12) In accordance with Section 111A, the tax on capital gains arising from the transfer of a short term asset being an equity share in a company or a unit of an equity oriented fund, is chargeable to tax at the rate of 15% (plus applicable surcharge and education cess), where such transaction is chargeable to Securities Transaction Tax. And if the provisions of Section 111A are not applicable to the short term capital gains, in case of non chargeability to Securities Transaction Tax, then the tax will be chargeable at the rate of 30% (plus applicable surcharge and education cess) as applicable.

13) Under section 36(1)(vii), any bad debt or part thereof written off as irrecoverable in the accounts is allowable as a deduction from the total income.

14) Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not tax deductible expenditure.

Section 115-O

Tax rate on distributed profits of domestic companies (Dividend Distribution Tax) is 15%, the surcharge on Income tax is at 5%, and the Education Cess 2% and Higher Education Cess is at 1%.

Tax Rates

The tax rate is 30%. The surcharge on Income tax is 5%, only if the total income exceeds ₹ 100 lacs. Education Cess 2% and Higher Education Cess is at 1%.

General Tax Benefits to the Shareholders of the Company

(I) Under the Income-tax Act, 1961

A) Residents

1) Dividends earned on shares of the Company are exempt from tax in accordance with and subject to the provisions of section 10(34) read with section 115-O of the Act. However, as per section 94(7) of the Act, losses arising from sale/transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

2) Shares of the company held as capital asset for a period of more than twelve months preceding the date of transfer will be treated as a long term capital asset.

3) Long term capital gain arising on sale of shares is fully exempt from tax in accordance with the provisions of section 10(38) of the Act, where the sale is made on or after October 1, 2004 on a recognized stock exchange and the transaction is chargeable to securities transaction tax.

4) Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income (i.e. dividend/exempt long-term capital gains) is not tax deductible expenditure.

5) Under section 36(1)(xv) of the Act, Securities Transaction Tax paid by a Shareholder in respect of taxable securities transactions entered into in the course of its business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and Gains of Business or Profession".

6) As per the provision of Section 71(3), if there is a Loss under the head "Capital Gains", it cannot be set-off against the income under any other head. Section 74 provides that the short term capital loss can be set-off against both Short Term and Long Term Capital Gain. But Long Term Capital Loss cannot be set-off against Short Term Capital Gain. The unabsorbed Short Term Capital Loss can be carried forward for next Eight Assessment Years and can be set off against any Capital Gains in subsequent years. The Unabsorbed Long Term Capital Loss can be carried forward for next eight Assessment Years and can be set off only against Long Term Capital Gains in subsequent years.

7) Taxable Long Term Capital Gains would arise [if not exempt under section 10(38) or any other section of the Act] to a resident shareholder where the equity shares are held for a period of more than 12 months prior to the date of transfer of the shares. In accordance with and subject to the provisions of Section 48 of the Act, in order to arrive at the quantum of capital gains, the following amounts would be deductible from the full value of consideration:

   a) Cost of acquisition/improvement of the shares as adjusted by the cost inflation index notified by the Central Government; and
   b) Expenditure incurred wholly and exclusively in connection with the transfer of shares

8) Under Section 112 of the Act, Taxable Long-Term Capital Gains are subject to tax at a rate of 20% (plus applicable surcharge and education cess) after indexation, as provided in the second proviso to section 48 of the Act. However, in case of listed securities or units, the amount of such tax could be limited to 10% (plus applicable surcharge and education cess), without indexation, at the option of the shareholder.

9) Short Term Capital Gains on the transfer of equity shares, where the shares are held for a period of not more than 12 months would be taxed at 15% (plus applicable surcharge and education cess), where the sale is made on or after October 1, 2004 on a recognized stock exchange and the transaction is chargeable to securities transaction tax. In all other cases, the short term capital gains would be taxed at the normal rates of tax (plus applicable surcharge and education cess) applicable to the resident investor. Cost indexation benefits would not be available in computing tax on Short Term Capital Gain.

10) Under section 54EC of the Act, Long Term Capital Gain arising on the transfer of shares of the Company [other than the sale referred to in section 10(38) of the Act] is exempt from tax to the extent the same is invested in certain notified bonds within a period of six months from the date of such transfer (up to a maximum limit of ₹ 50 lacs) for a minimum period of three years.

11) In accordance with section 54F, Long-Term Capital Gains arising on the transfer of the shares of the Company held by an individual and Hindu Undivided Family on which Securities Transaction Tax is not payable, shall be exempt from Capital Gains Tax, if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years. Such benefit will not be available if the individual-

   - owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
   - purchases another residential house within a period of one year after the date of transfer of the shares; or
   - constructs another residential house within a period of three years after the date of transfer of the shares; and
   - the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

12) If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

13) If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

14) If an individual or HUF receives any property, from any person other than specified relative which includes shares, without consideration, the aggregate fair market value of which exceeds Rs 50,000, the whole of the fair market value of such property will be considered as income in the hands of the recipient. Similarly, if an individual or HUF receives any property, which includes shares, for consideration which is less than the fair market value of the property by an amount exceeding Rs 50,000, the fair market value of such property as exceeds the consideration will be considered as income in the hands of the recipient

Tax Rates

For Individuals, HUFs, BOI and Association of Persons:

Slab of income (₹)	**Rate of tax (%)**
0 – 200,000	Nil
200,001 – 500,000	10%
500,001 – 10,00,000	20%
10,00,001 and above	30%

Notes:

(i) In respect of women residents below the age of 60 years, the basic exemption limit is ₹ 200,000.
(ii) In respect of senior citizens resident in India, the basic exemption limit is ₹ 250,000. (Age more than 60 years)
(iii) In respect of Super citizens resident in India, the basic exemption limit is ₹ 500,000. (Age more than 80 years)
(iv) Education cess @ 2% and Higher Education cess @1% will be levied on income tax.

B) Non-Residents

1) Dividends earned on shares of the Company are exempt in accordance with and subject to the provisions of section 10(34) read with Section115-O of the Act. However, as per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt

2) Long Term Capital Gain arising on sale of Company's shares is fully exempt from tax in accordance with the provisions of section 10(38) of the Act, where the sale is made on or after October, 1 2004 on a recognized Stock Exchange and the transaction is chargeable to Securities Transaction Tax.

3) In accordance with section 48, capital gains arising out of transfer of capital assets being shares in the Company shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and the full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilised in the purchase of the shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/arising from every reinvestment thereafter in, and sale of, shares and debentures of, an Indian company including the Company.

4) As per the provisions of Section 90, the Non Resident shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever in India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant Country for Avoidance of Double Taxation of Income.

5) In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to Securities Transaction Tax, held as long term capital assets will be at the rate of 10% (plus applicable surcharge and education cess). A non-resident will not be eligible for adopting the indexed cost of acquisition and the indexed cost of improvement for the purpose of computation of long-term capital gain on sale of shares.

6) In accordance with Section 111A, the tax on capital gains arising from the transfer of a short term asset being an equity share in a company or a unit of an equity oriented fund, is chargeable to tax at the rate of 15% (plus applicable surcharge and education cess), where such transaction is chargeable to Securities Transaction Tax. If the provisions of Section 111A are not applicable to the short term capital gains, then the tax will be chargeable at the applicable normal rates plus surcharge and education cess as applicable.

7) Under section 54EC of the Act, long term capital gain arising on the transfer of shares of the Company [other than the sale referred to in section 10(38) of the Act] is exempt from tax to the extent the same is invested in certain notified bonds within a period of six months from the date of such transfer (up to a maximum limit of ₹ 50 lacs) for a minimum period of three years.

8) In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the Company held by an individual and Hindu undivided family on which Securities Transaction Tax is not payable, shall be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years subject to regulatory feasibility. Such benefit will not be available if the individual-

   - owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
   - purchases another residential house within a period of one year after the date of transfer of the shares; or
   - constructs another residential house within a period of three years after the date of transfer of the shares; and
   - the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

9) If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

10) If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

C) Non-Resident Indians

Further, a Non-Resident Indian has the option to be governed by the provisions of Chapter XII-A of the Income-tax Act, 1961 which reads as under:

1) In accordance with section 115E, income from investment or income from long-term capital gains on transfer of assets other than specified asset shall be taxable at the rate of 20% (plus education cess).

Income by way of long term capital gains in respect of a specified asset (as defined in Section 115C (f) of the Income-tax Act, 1961), shall be chargeable at 10% (plus education cess).

2) In accordance with section 115F, subject to the conditions and to the extent specified herein, long-term capital gains arising from transfer of shares of the company acquired out of convertible foreign exchange, and on which Securities Transaction Tax is not payable, shall be exempt from capital gains tax, if the net consideration is invested within six months of the date of transfer in any specified new asset.

3) In accordance with section 115G, it is not necessary for a Non-Resident Indian to file a return of income under section 139(1), if his total income consists only of investment income earned on shares of the company acquired out of convertible foreign exchange or income by way of long-term capital gains earned on transfer of shares of the company acquired out of convertible foreign exchange or both, and the tax deductible has been deducted at source from such income under the provisions of Chapter XVII-B of the Income-tax Act, 1961.

4) In accordance with Section 115-I, where a Non-Resident Indian opts not to be governed by the provisions of Chapter XII-A for any Assessment Year, his total income for that assessment year (including income arising from investment in the company) will be computed and tax will be charged according to the other provisions of the Income-tax Act, 1961.

5) As per the provisions of Section 90, the NRI shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant Country for avoidance of double taxation of income.

6) In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to Securities Transaction Tax.

7) In accordance with section 10(34), dividend income declared, distributed or paid by the Company (referred to in section 115-O) will be exempt from tax.

8) In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company or a unit of an equity oriented fund where such transaction has suffered Securities Transaction Tax is chargeable to tax at the rate of 15% (plus applicable surcharge and education cess). If the provisions of Section 111A are not applicable to the short term capital gains, then the tax will be chargeable at the applicable normal rates plus surcharge and education cess.

9) Under section 54EC of the Act, long term capital gain arising on the transfer of shares of the Company [other than the sale referred to in section 10(38) of the Act] is exempt from tax to the extent the same is invested in certain notified bonds within a period of six months from the date of such transfer (upto a maximum limit of ₹ 50 lacs) for a minimum period of three years.

10) In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family on which Securities Transaction Tax is not payable, shall be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years subject to regulatory feasibility. Such benefit will not be available if the individual or Hindu Undivided Family-

- owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
- purchases another residential house within a period of one year after the date of transfer of the shares; or

- constructs another residential house within a period of three years after the date of transfer of the shares; and
- the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

11) If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

12) If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

D) Foreign Institutional Investors (FIIs)

1) In accordance with section 10(34), dividend income declared, distributed or paid by the Company (referred to in section 115-O) will be exempt from tax in the hands of Foreign Institutional Investors (FIIs).

2) In accordance with section 115AD, FIIs will be taxed at 10% (plus applicable surcharge and education cess) on long-term capital gains (computed without indexation of cost and foreign exchange fluctuation), if Securities Transaction Tax is not payable on the transfer of the shares and at 15% (plus applicable surcharge and education cess) in accordance with section 111A on short-term capital gains arising on the sale of the shares of the Company which is subject to Securities Transaction Tax. If the provisions of Section 111A are not applicable to the short term capital gains, then the tax will be charged at the rate of 30% plus applicable surcharge and education cess, as applicable.

   In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to Securities Transaction Tax.

3) As per the provisions of Section 90, the Non Resident shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant Country for avoidance of double taxation of income.

4) Under section 196D (2) of the Income-tax Act, 1961, no deduction of Tax at Source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD.

5) Under section 54EC of the Act, Long Term Capital Gain arising on the transfer of shares of the Company [other than the sale referred to in section 10(38) of the Act] is exempt from tax to the extent the same is invested in certain notified bonds within a period of six months from the date of such transfer (upto a maximum limit of ₹ 50 lacs) for a minimum period of three years.

E) Persons carrying on business or profession in shares and securities.

Under section 36(1)(xv) of the Act, securities transaction tax paid by a shareholder in respect of taxable securities transactions entered into in the course of its business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and Gains of Business or Profession".

A non resident taxpayer has an option to be governed by the provisions of the Income-tax Act, 1961 or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial (section 90(2) of the Income tax Act, 1961).

F) Mutual Funds

Under section 10(23D) of the Act, exemption is available in respect of income (including capital gains arising on transfer of shares of the Company) of a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 or such other Mutual fund set up by a public sector bank or a public financial institution or authorized by the Reserve Bank of India and subject to the conditions as the Central Government may specify by notification.

G) Venture Capital Companies/Funds

In terms of section 10(23FB) of the I.T. Act, income of:-

Venture Capital Company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992; and Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992, from investment in a Venture Capital Undertaking, is exempt from income tax, Exemption available under the Act is subject to investment in domestic Company whose shares are not listed and which is engaged in certain 'specified' business/industry.

(II) Under the Wealth Tax and Gift Tax Acts

1) "Asset" as defined under section 2(ea) of the Wealth-tax Act, 1957 does not include shares held in a Company and hence, these are not liable to wealth tax.

2) Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Any gift of shares of the Company is not liable to gift-tax. However, in the hands of the Donee the same will be treated as income unless the gift is from a relative as defined under Explanation to Section 56(vi) of Income-tax Act, 1961.

Notes:

1) The above Statement 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 shares.

2) The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

3) The above statement of possible tax benefits are as per the current direct tax laws relevant for the assessment year 2013-14. Several of these benefits are dependent on the Company or its shareholder fulfilling the conditions prescribed under the relevant tax laws.

4) This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for Professional advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

5) In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the Country in which the non-resident has fiscal domicile.

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

For *P. Doshi & Associates*
Chartered Accountants
Firm's Regn.No. 102740W

CA Parthiv Doshi
Proprietor
Mem. No.: 032295

Place: Ahmedabad
Date: January 31, 2013

SECTION IV - ABOUT THE ISSUER COMPANY

INDUSTRY OVERVIEW

The following information includes extracts from official and unofficial publicly available information, data and statistics derived from reports prepared by third party consultants, private publications, and industry reports prepared by various trade associations, as well as other sources, which have not been prepared or independently verified by the Company, the Lead Manager, or any of their respective affiliates or advisors. Such information, data and statistics may be approximations or may use rounded numbers. Certain data has been reclassified for the purpose of presentation and much of the available information is based on the Management's best estimates and should therefore be regarded as indicative only and treated with appropriate caution.

Global Macroeconomic Environment

The US economy expanded significantly by 3.1 per cent (q-o-q annualised) in Q3 of 2012. However, growth in Q4 is expected to be lower than in Q3. The pace of contraction in the euro area slowed from 0.7 per cent in Q2 to 0.3 per cent in Q3 of 2012. Spain, Italy and Portugal continued to be in recession, while GDP contracted in the Netherlands. The euro area's composite Purchasing Managers Index (PMI) for December 2012 suggests that recession continues in the region. German economy, the largest in the region, is estimated to have contracted in Q4 of 2012.

While the immediate risk of the fiscal cliff in the US has been averted due to a hurried deal on tax rate hikes, the debt ceiling limit and the sequester issue pertaining to expenditure reduction are still unsettled. Growth in emerging market and developing economies (EMDEs) may have bottomed out, but an enduring recovery hinges on global headwinds.

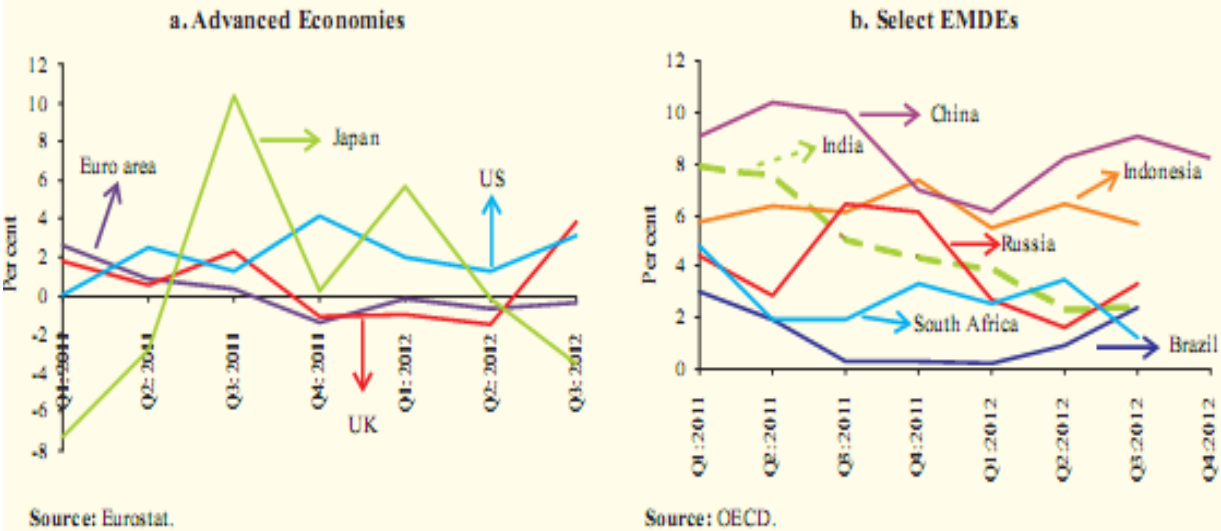
Growth in emerging market and developing economies (EMDEs) turned weaker during Q3 of 2012. However, there are signs of a modest improvement in Q4. China registered its first acceleration in growth in two years in y-o-y terms in Q4 of 2012. Brazil's PMI also showed a marked improvement in November and December 2012. The readings indicate that growth may have bottomed out.

Inflation in AEs is likely to remain moderate as demand remains weak, leaving the global inflation scenario benign in the near term. As a baseline case, improved supply prospects in key commodities such as oil and food are also likely to restrain commodity price pressures. However, upside risks persist, especially on the back of some recovery in EMDEs and large quantitative easing (QE) by AE central banks. In the presence of significant excess global liquidity, triggers for supply disruptions or incremental news flow on reduced slack could exacerbate price volatility and become a source of inflationary pressure

International financial market stress moderated greatly following aggressive monetary easing measures by the central banks of AEs, as also recent policy initiatives on fiscal consolidation in the euro area economies, encouraging capital flows into EMDEs. However, in the absence of credible long-term fiscal consolidation in the US, and generally reduced fiscal space in AEs, the efficacy of monetary policy actions may get subdued. Risks to the global financial sector, although moderating, are likely to persist.

Labour markets in AEs exhibited a mixed I.3 picture in Q4 of 2012. The unemployment rate in the US remained steady at about 7.8 per cent in December 2012 after improvements seen in the preceding quarter. In the UK, the unemployment rate fell by 0.1 percentage points to 7.7 per cent for the period September November 2012. However, in the euro area the unemployment rate reached a new high of 11.8 per cent in November 2012. The unemployment rate in Spain and Greece exceeds 26 per cent, with youth unemployment rates of about 57 per cent. Such levels clearly impart a socioeconomic constraint to fiscal consolidation programmes to support adjustment and stabilisation in the euro area. As such, risks to global growth emanating from euro area remain significant.

There was a mild improvement in macroeconomic conditions in advanced economies (AEs) in Q3 of 2012. However, the sustainability of this improvement through 2013 remains uncertain in view of the fiscal adjustment agenda facing most AEs.



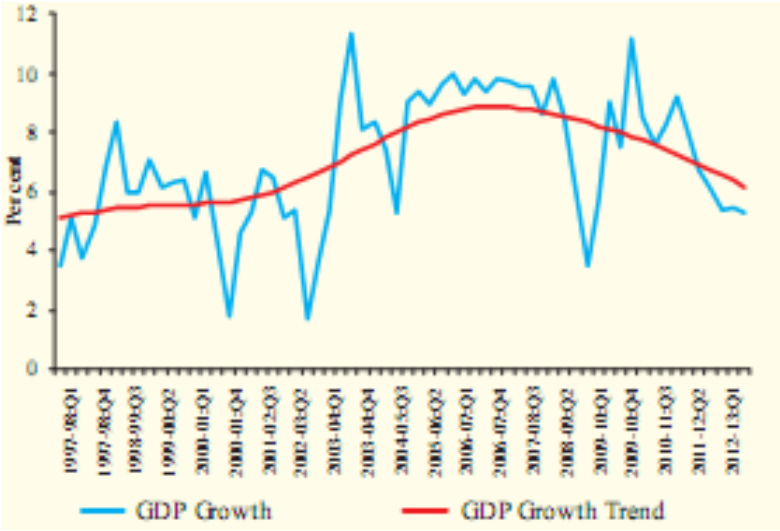
In the EMDEs, the short-term growth recovery hinges upon the extent to which the external risks relating to escalation of uncertainties in the euro area crisis and the possibility of bumpy fiscal adjustment in the US are averted. Against the backdrop of uncertain growth prospects and generally low and stable inflation, central banks in many EMDEs held or reduced policy rates to low levels in 2012. The need and scope for monetary policy action, however, differs across economies, mainly reflecting varying growth and inflation risks, and risks to financial stability from past stimuli.
(Source: Macroeconomic and Monetary Developments Third Quarter Review 2012-13, published on January 28, 2013)

Overview of the Indian Economy

The Indian economy further decelerated in the first half (H1) of 2012-13, with moderation in all three sectors of the economy. The weak monsoon dented agricultural performance. Policy constraints, supply and infrastructure bottlenecks and lack of sufficient demand continued to keep industrial growth below trend. Subdued growth in other sectors and weak external demand pulled down the growth of services as well. However, a modest recovery may set in from Q4 of 2012-13 as reforms get implemented.

Demand weakened in H1 of 2012-13. There was significant moderation in consumption as private consumption decelerated even as government expenditure accelerated. On the fiscal side, near-term risks have diminished due to the government's repeated avowal of commitment to the revised fiscal deficit target of 5.3 per cent of gross domestic product (GDP) for the year. The CAD to GDP ratio reached a historically high level of 5.4 per cent in Q2 of 2012-13. Low growth and uncertainty in AEs as well as EMDEs continued to adversely impact exports in Q3 of 2012-13. This, combined with continuing large imports of oil and gold, resulted in a deterioration of the trade balance. Strong capital flows have enabled financing of CAD without a significant drawdown of foreign exchange reserves.

Growth in India continued to be subdued I.9 at 5.3 per cent in Q2 of 2012-13 and is likely to remain low in Q3 as well. The slowdown reflects the uncertain global macro-economic environment as well as domestic factors such as low growth in real investment (gross fixed capital formation) and a weak south-west monsoon. Consequently, growth in the first half (H1) of 2012-13 was 5.4 per cent and below trend, compared with growth of 7.3 per cent in H1 of 2011-12, as shown in the illustration below –



Monetary policy in India has sought to balance the growth-inflation dynamics that included a frontloaded policy rate cut of 50 basis points in April 2012 and several liquidity enhancing measures. These included lowering of the cash reserve ratio by 50 bps on top of a 125 bps reduction in Q4 of 2011-12 and the statutory liquidity ratio by 100 bps in a bid to improve credit flows. The Reserve Bank also infused liquidity of over ₹1.3 trillion through outright open market operation (OMO) purchases during 2012-13 so far. However, growth in monetary aggregates remains below the indicative trajectory.

Improved global sentiments along with recent policy reforms by the government beginning September 2012, and market expectations of a cut in the policy rate in the face of moderation in inflation, aided FII flows into the domestic market. The equity markets showed significant turnaround, while the rupee remained range-bound. In addition, revival is witnessed in the IPO segment. Although Indian financial market sentiments improved significantly in Q3 of 2012-13, some macroeconomic concerns persist, as witnessed in the inverted yield curve.

Business sentiments remain weak despite reform initiatives and consumer confidence is edging down. The Reserve Bank anticipates a slow recovery in 2013-14 with inflation remaining sticky. Fiscal risks have somewhat moderated in 2012-13, but a sustained commitment to fiscal consolidation is needed to generate monetary space. Widening CAD, which is at historically high level, remains a constraint on monetary easing.
(Source: Macroeconomic and Monetary Developments Third Quarter Review 2012-13, published on January 28, 2013)

INDUSTRY OUTLOOK AND OVERVIEW

Global Paper Industry

Paper and related products - such as paperboard, packaging, tissue and newsprint - permeate the social fabric of modern civilization. More than six hundred billion pounds is used every year around the world, which amounts to an average global consumption level of about 100 pounds per person, of which roughly one-third is printing and writing paper, another third is paperboard packaging, and the remainder represents all other uses combined. The U.S. manufactures and consumes about one-third of the world's total volume, or 200 billion pounds per year.

Brief History

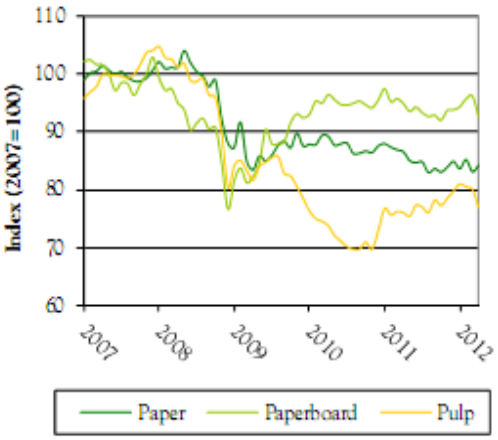
Paper began in China as early as 200 BC, where the oldest known paper was used for a prayer found embedded in an adobe brick that was used to bless a home. The paper was made from recycled fishing nets, bamboo and hemp. As paper evolved, the choice of fibers used to make it changed according to what was available locally. In Japan, mulberry trees were used to make paper, Tibetans used the Daphne plant, and in Europe and the US

recycled clothing was used for fiber. Although the fiber sources for paper have changed greatly over time, the principles of papermaking itself have not fundamentally changed. Paper has changed its form, shape, color, substance, surface characteristics, performance properties, and end-use applications in concert with the evolving needs of mankind. From the use of paper as a construction tool in ancient China, to the oil based papers of early Great Britain and the security papers of currency, to the crude printing papers used for the Gothenburg presses in Europe and the butcher block papers of the early 1900s in the U.S., to the newsprint of the roaring 20's and the packaging materials and high-tech printing and sanitary products of today's world, paper has adapted to the needs of mankind and his constantly advancing technologies. Paper, in one form or another, has been a staple of centuries past, and there is no meaningful evidence that this will change.

Key Facts and Statistics

The Paper Industry plays a very prominent role in the world economies. This Industry's global annual revenue today, from over 300 million tons of products, exceeds 500 billion dollars, about one-third of which is attributable to the US Industry.

The graph below shows the production indices for pulp, paper and paperboard of the US Paper Industry –



Notes: Indices calculated for yearly averages.
Source: US Federal Reserve, 2012.

Paper and paperboard output fell along with overall industrial production in both Europe and the US, as the recovery stalled with mill closures, mainly the result of poor financial performance. A wave of consolidations and takeovers reduced demand for pulp commodities across Europe and North America. A wave of green transformation and biomass projects continued in 2011, with several North American pulp, paper and paperboard mills receiving subsidies. However, volumes to Asia, particularly China were stronger in 2011 and in early 2012. China has become the number one global market for chemical market pulp. Generally, market conditions were mixed from 2011 to early 2012, as prices peaked and then subsequently fell following overcapacity for most pulp, paper and paperboard commodities. Massive capital spending stemming from liberal credit markets in China allowed for European and North American pulp and recovered paper demand to soar in 2011.
(Source: UNECE/FAO Forest Products Annual Market Review, 2011-2012)

The Industry's capital-intensive pulping and papermaking facilities, which cost up to 1.5 billion dollars, are designed as high tech computer-based operating systems with paper machines that run at speeds exceeding 60 miles per hour with production outputs of up to 5,00,000 tons per year. As the world's social and economic fabric has changed dramatically over the past two decades, and new globally oriented operating and competitive paradigms have emerged, the Paper Industry has been faced with real price declines for its primary products that average 0.5 to 1.0 percent per year over this twenty-year period.
(Source: The Centre for Paper Business and Industry Studies)

However, the industry experienced stable growth during the last five years and is expected to continue its growth momentum, reaching approximately US $256 billion in 2017 with a CAGR of 5.9% over the next five years (2012-2017). Paper demand has increased rapidly as China and other Asian markets have depicted significant growth. Global paper and paperboard production now stands at about 370 million tonnes. Growth is most brisk in Asia. Paper and paperboard consumption continues to grow more and more rapidly in Asia, especially in China, and Asia now accounts for almost 40% of global consumption. Europe and North America account for almost one-third of consumption. Consumption growth in the countries of Eastern Europe is also growing faster than in the established market economies. APAC is emerging as the best growth prospect in the coming years with increasing demand for paper from the pulp and paper manufacturing sector. In APAC, population growth and increasing business activity is expected to have a direct influence on the consumption of specialty paper.
(Source: Global Paper Industry 2012-2017: Trends, Profits and Forecast Analysis)

Pulp and paper mills are big business around the world, taking in $575.4 billion in revenue during 2012 and showing annualized growth of 4.2% over the past five years. Around 4,007 mills operate globally, employing approximately 4,28,757 people. Production is expected to increase during 2012, while the world price of pulp is forecast to grow by 4.3%. As a result, industry revenue is forecast to grow by 6.0% in 2012.
(Source: IBIS World - Global Paper & Pulp Mills: Market Research Report)

Future Outlook

After a second consecutive year of only 1% growth in 2012, world paper and board demand is predicted to rise 3% in 2013. The growth engines for the world paper and board industry will continue to be tissue and packaging. World tissue consumption is forecast to increase 4.5% in 2013, or slightly above the annual pace of the previous three years, and will be 6 million tonnes above its 2007 level or 22% higher. Global container board demand is predicted to rise 4% in 2013, following 2.5% annual growth in 2011-2012, with the growth relative to 2007 being 23 million tonnes or an 18% gain. Other paper and board usage, led by boxboard and specialty papers, is also expected to advance 4% in 2013, compared to 2% annual increases in 2011-2012. Other paper and board demand will be 9 million tonnes above 2007 in 2013, translating into an 11% rise.

Both tissue and paper packaging have strong underlying dynamics that will support higher usage over the long term as well as the short term. World tissue consumption is being led by rising consumer incomes in the developing world, especially in China. Per-capita income in China has reached a level where there is usually accelerating per-capita usage of tissue products and this is proving to be the case once again. Paper packaging, particularly containerboard, is driven by continuing growth in consumer products, a lack of viable competitive products, and strong environmental credentials. Further gains in global trade are also highly supportive.
(Source: RISI, December 2012)

Indian Paper Industry

Structure

The following key market segments cover the Indian paper market:

– Printing and writing
– Newsprint
– Paperboard and industrial packaging
– Specialty

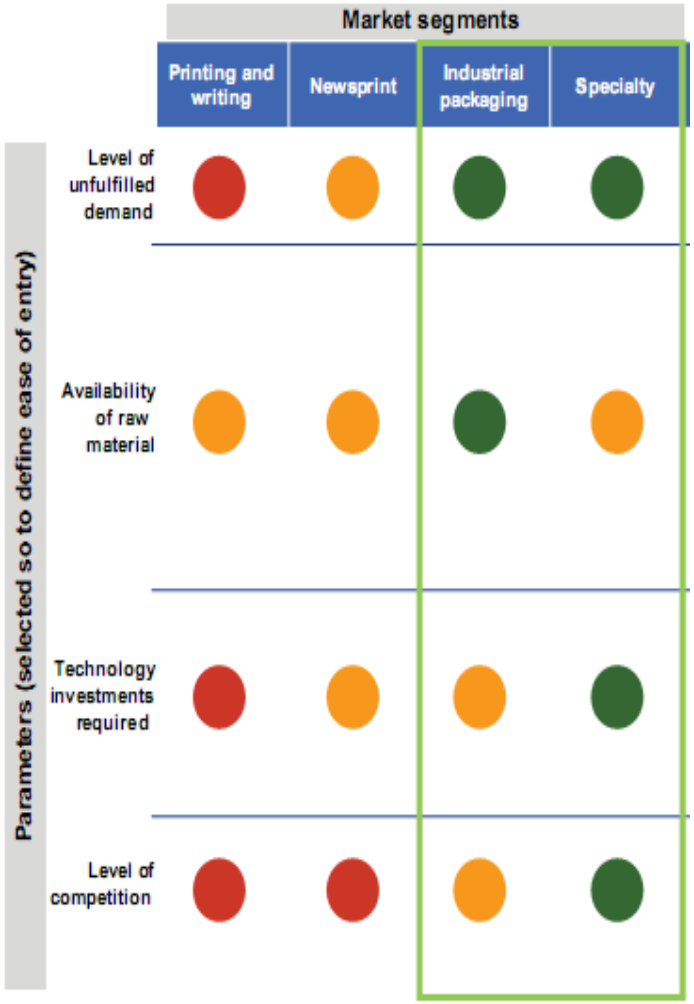
The Indian Printing Industry is growing systematically and is counted among the top seven publishing nations. The size of the Indian publishing and printing industry is estimated to be of ₹ 9,500 crore and ₹ 1,25,000 crore respectively. According to a recent survey by US-based consultancy firm Pira International, the size of the Indian book printing industry is about ₹ 7,000 crore, which is expected to reach ₹ 10,000 crore by 2016.

Currently India has a share of 60% of global publishing outsourcing. This robust growth in printing and publishing sector leaves a great opportunity for the Indian paper industry to grow at pace with the GDP.

Paperboard and Industrial Packaging is the largest segment with about 46 percent of demand. The Industrial Packaging Industry is estimated to be worth ₹ 63,000 crore growing at 11% annually and is expected to cross a turnover of ₹ 95,000 crore by 2015. Demand for packaging is driven by high growth in volume sales of the majority of consumer goods categories.

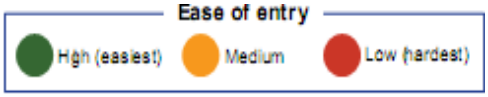
The Specialty Paper market has grown at a compound rate of 7.46 percent in the last four years due to strong domestic demand. The tissue paper industry is emerging as a new sub-segment within the Specialty Paper market. It is at a very nascent stage, but is expected to grow quickly with the population's increasing affluence, education, and higher and more disposable income levels.

The illustration below analyses easy of entry for the above mentioned market segments. The analysis is based on identifying fast growing market segments that are relatively easier to enter.



COMMENTS

- ✓ Specialty and paperboard and industrial packaging papers are expected to experience a strong growth in the emerging markets like India over the next five years due to changing lifestyles and growing affluence
- ✓ Newsprint imports in the country are high due to lower quality of domestic production, underdeveloped waste paper collection system, and low waste paper availability, which is the key raw material for making newsprint
- ✓ The availability of bamboo for paperboard production is getting scarce due to depleting bamboo reserves, However, bagasse has a strong potential for paperboard production, as India is one of the largest producers of sugarcane
- ✓ A sustained supply of virgin pulp will be required for specialty paper
- ✓ Newsprint and printing paper machines are well below world standards (speed and trim width)
- ✓ Process involves high energy consumption; paper quality is below international standards
- ✓ Paperboard machines and processes are significantly poorer than world standards (only ITC and Ballapur Industries (BLIT) have machines that are comparable)
- ✓ Specialty segment is relatively new with lower level of competition In industrial packaging access to better technologies can lower
- ✓ competition for a multinational player In newsprint the biggest players are state owned with access to resources In the other segments there is at least one dominant player and several other smaller players



(Source: Deloitte Report, April 2012)

The following table describes the various paper products, amongst a few, as well as the principal uses for these products and their principal markets:

Paper Products	Applications	Consumer Industries
Art Paper	Brochures, Calendars, Magazine covers, Magazine text (where high quality printing is required) etc.	Industrial Packaging, Media, and Education
Bond Paper	Letterheads, Image Building Stationery etc.	Industrial Printing, Education
Carbon Paper	Application forms, Stationery, Copying Applications without carbon paper, etc.	Education, Printing and Stationary
Chromo Paper	Self-adhesive Stickers, Calendars, Posters, Labels, etc.	Retail Market, Education, Industrial Packaging Industry
Coated Paper	Magazines, Catalogues, Newspaper inserts, Coupons, etc.	Pharmaceuticals, Media, Industrial Marketing
Copier Paper	Offset printing, Writing, Letter Press printing, High speed copying, etc.	Printing Industry, I.T Industry, Education
Duplex Board	Match boxes, Sweet boxes, Garment boxes, Text and Note Book covers, Top liners in corrugation, Agarbathi boxes, Food Product Packaging, Soap boxes	FMCG, Pharmaceuticals, Printing and Publishing, Industrial Packaging, Fisheries Industry
Kraft Paper	Used for making Sand Paper, Laminates, Tubes, Defence applications, Corrugated Boxes, Paper Bags, Grocery shops, Home Crafts, etc.	Corrugated Industry, Bulk material handling like drugs, Dyes, Paper and Textile mills, Textile Industry
Newsprint	News papers and associated issues.	Media and Education
Reel Core	Rewind of paper, Plastics and Textile	Flexible Packaging, Paper Manufacturing, Textile industry
Waste Paper	Gift Boxes, Recyling	Paper Mills

Current Market Scenario

The Paper Industry was de-licensed effective from July 1997 by the Government of India; foreign participation is permissible. Most of the paper mills are in existence for a long time and hence present technologies fall in a wide spectrum ranging from oldest to the most modern. The mills use a variety of raw material viz. wood, bamboo, recycled fibre, bagasse, wheat straw, rice husk, etc.; approximately 35% are based on chemical pulp, 44% on recycled fibre and 21% on agro-residues. The geographical spread of the industry as well as market is mainly responsible for regional balance of production and consumption.

The Indian Paper Industry accounts for about 1.6% of the world's production of paper and paperboard. The estimated turnover of the industry is ₹ 35,000 crore (USD 7 billion) approximately and its contribution to the exchequer is around ₹ 3000 crore (USD 0.6 billion). The industry provides employment to more than 0.37 million people directly and 1.3 million people indirectly.

The operating capacity of the industry currently stands at 12.75 million tons. During this fiscal year, domestic production of paper and paperboard is estimated to be 10.11 million tons. As per industry estimates, over all paper consumption (including newsprint) has now touched 11.15 million tons and per capita consumption is pegged at 9.3 kg. Demand of paper has been hovering around 8% for some time.

So far, the growth in paper industry has mirrored the growth in GDP. India is the fastest growing market for paper globally and it presents an exciting scenario; paper consumption is poised for a big leap forward in sync with the economic growth and is estimated to touch 13.95 million tons by 2015-16. The futuristic view is that growth in paper consumption would be in multiples of GDP and hence an increase in consumption by one kg per capita would lead to an increase in demand of 1 million tons.

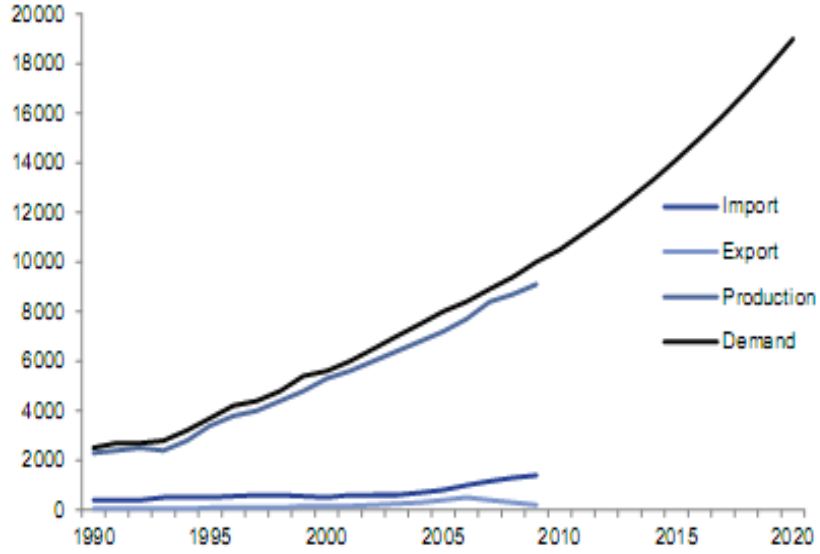
The Paper sector in India is dominated by small and medium size units. Not more than 25 mills have a capacity of 50.000 tons per annum or more. Less than half a dozen mills account for almost 90% production of newsprint in the country. There is a growing need to modernize the Indian mills, improve productivity and build new capacities.
(Source: Indian Paper Manufacturer Association)

Today there are 759 Pulp & Paper mills with an installed capacity of 12.7 million tons producing around 10.11 million tons/annum of paper/paper board and newsprint out of an annual consumption of around 11.15 million tons.

The Industry is operating under various positive and negative forces which have a mixed effect on its competitiveness. Competition among the mills is low due to large number of grades being manufactured. High switching cost among the products also makes the industry rivalry less intense. However the difficulties to exit from the business due to high capital cost increases the chances of the rivalry among the producers of similar grades. The threat from new entrants is low on account of high capital cost, low return on investment and scarcity of raw materials for paper making.

In India, paperboard accounts for nearly 47.3% of the total market size, followed by writing and printing paper (29.6%), newsprint (19.5%) and speciality paper (3.6%) according to CRISIL Research.

The illustration below shows the capacity and demand projections for the Indian Paper Industry –



(Source: Deloitte Report – April 2012)

Initiatives taken to promote the Paper Industry

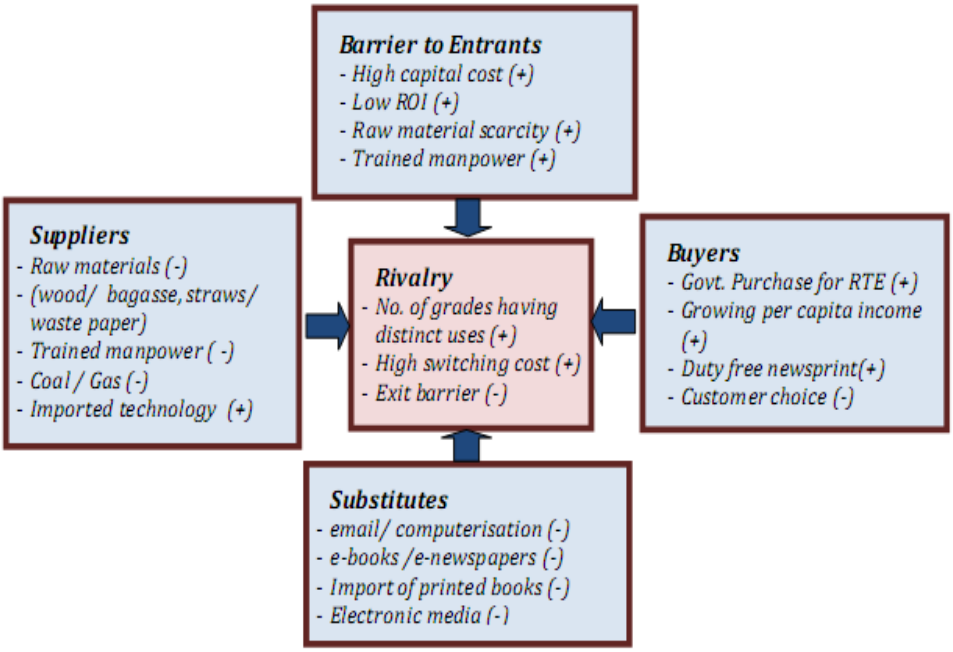
- ✓ The IPMA member mills have invested over ₹ 3,000 crore (USD 0.71 billion) to assimilate cleaner technologies in adherence to Charter of Corporate Responsibility for Environment Protection (CREP) put in force by the Ministry of Environment & Forests, Govt. of India.

(Source: Indian Paper Manufacturer Association)

- ✓ The Indian government has provided funds to different handmade paper supplying councils like KVIC (Khadi & Village Industries Commission) which tie up with banks and through banks provide funds to promising entrepreneurs who want to start handmade paper making business.

(Source: KVIC)

Porter's Five Forces Analysis of the Indian Paper Industry –



Growth Drivers

Several economic factors and lifestyle changes as listed below are driving the growth of paper consumption in India –

✓ *Growth in the education sector*

The government has increased focus on education and initiated several central and state-level programs such as Sarva Siksha Abhiyan (Education for All) and Operation Blackboard. This has had a positive effect on India's literacy rate, which has increased by 9.2 percent in the last decade. The result has been increased expenditure on textbooks and notebooks, providing a good opportunity for paper companies. Additionally, with higher literacy levels, circulation of other print media, such as newspapers, has also increased.

✓ *Increased corporate activity and lifestyle changes*

Economic development and globalization have led to an increase in corporate activity and increased per-capita consumption of paper. At the same time, increased commercial activity has spurred demand for packaged goods. Lifestyle changes have also pushed up the demand for specialty paper, such as tissue papers.

✓ *Growth in press publications*

India is the second largest print market in the world, with a readership base of over 250 million. There are approximately 130,000 printing presses in India. The printing and packaging industry is growing at a compound annual growth rate of over 16.2 percent since 1989. The strong growth in the printing industry is expected to continue to fuel the demand for paper.

✓ *Increased demand for packaging*

The Indian packaging industry is currently valued at INR 650 billion (US$13.5 billion) and is expected to grow to INR 825 billion (US$17 billion) by 2015. Additionally, the Indian FMCG sector is growing at a rapid rate due to strong demand from a large and growing middle class. As a result, the packaging industry, growing by

more than 15 percent annually, will likely increase demand for corrugated boxes, leading to increased demand for kraft papers which is the key raw material.

✓ *Growing affluence of the population*

The GDP has grown at a rate of more than 8 percent in the last decade, increasing affluence. This has led to increased consumption growth in key urban towns and rural markets. The higher consumption per capita leads to a higher newspaper and magazine reader base, which in turn can fuel demand for paper.

Forecasts and Future Outlook

The Indian paper industry is in the beginning stages of a major transformation, with key players investing in upgrading facilities and capturing market share. The paper industry growth is forecast at 8.4% annually, touching 11.5 million tons in 2011-12 and 15 million tons by 2015, with the packaging industry poised to grow at 22 to 25 percent annually. India's paper consumption is pegged at a CAGR of 9% till 2012-13 on account of a growing demand for tissue paper, tea bags, filter paper, light weight online coated paper and medical grade coated paper. As per CRISIL estimates, the domestic prices of paper are expected to increase in 2011-12. The manufacturers are increasing capacity significantly, adding about1.5 to 2 million tons between 2008 and 2012, most of which are in the writing and printing segment. Paperboard prices are likely to increase in the coming year by 10-12%, owing to lower capacity additions and higher demand growth.
(Source: Deloitte Report – April 2012)

The paper, paperboards and newsprint consumption in the country is also expected to grow to 17 million tonne from the current 12 million tonne in the next five years.
(Source: IPPTA)

The expected pattern of paper consumption is as shown in the illustration below –

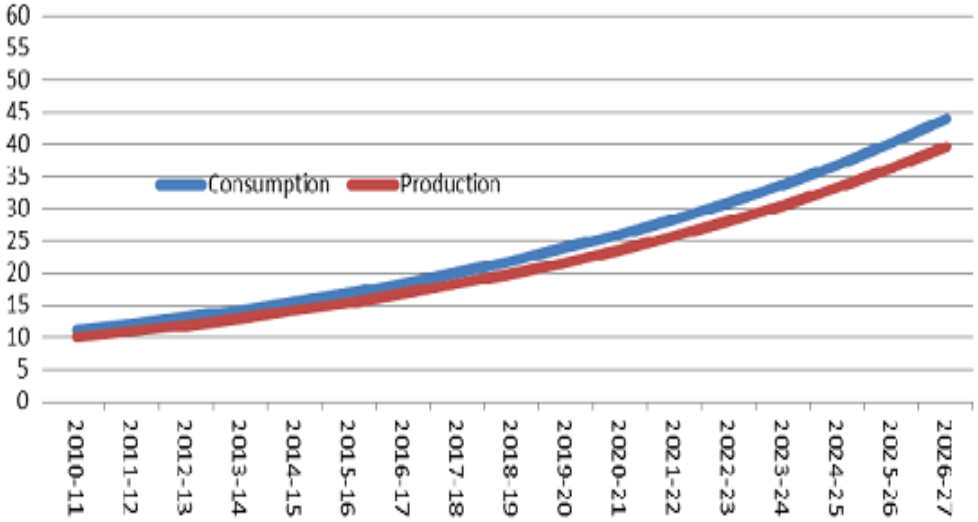
(Million Tons)

	Writing paper	Packaging Paper	News Print	Total consumption	Baseline Scenario
2010-11	4.0	5.4	1.7	11.2	11.2
2011-12	4.3	5.9	1.8	12.0	12.1
2012-13	4.6	6.4	1.9	13.0	13.0
2013-14	5.0	7.1	2.1	14.2	13.8
2014-15	5.4	7.8	2.2	15.4	14.7
2015-16	5.8	8.6	2.4	16.8	15.6
2016-17	6.3	9.4	2.6	18.4	16.5
2021-22	9.3	15.2	3.9	28.4	21.8
2024-25	11.8	20.2	4.9	36.9	23.5
2026-27	13.8	24.5	5.7	43.9	25.3

(Source: Ministry of Commerce & Industry)

Overall paper consumption in the baseline scenario is projected to increase to 16.5 million tons in 2016-17 and reach 25.3 million tons in 2026-27. In the alternative scenario, which appears to be more realistic, the consumption increases to 18.4 million tons in 2016-17 (the terminal year of the 12th Plan) and to 43.9 million tons in 2026-27.

The production of paper is expected to increase to 16.7 million tons in 2016-17 and further to 39.7 million tons in 2026-27 as shown below –



(Source: Ministry of Commerce & Industry)

The upstream market demand for paper products, such as tissue paper, tea bags, filter paper, lightweight online coated paper, medical-grade coated paper, etc., is growing as well. These developments are expected to give a significant boost to the growth of the industry. Advances in education, a fast-growing middle class, strong growth in sectors like fast-moving consumer goods (FMCG)—pharmaceuticals, liquor, cosmetics, and the like—and organized retailing are the main drivers of demand for paper and packaging products.

OUR BUSINESS

This chapter should be read in conjunction with, and is qualified in its entirety by, the more detailed information about our Company and its financial statements, including the notes thereto, in the sections titled 'Risk Factors' and 'Financial Information' and the chapter titled 'Management Discussion and Analysis of Financial Condition and Results of Operations' beginning on pages 10, 123 and 144 respectively, of this Draft Prospectus.

Unless the context otherwise requires, in relation to business operations, in this chapter of this Draft Prospectus, all references to "we", "us", "our" and "our Company" are to Kushal Tradelink Limited and Group Entities as the case may be.

OVERVIEW

We are one of the leading Wholesalers in Ahmedabad having an existing client base of over 600-700 customers, making us a major player in the Paper and Paper Products (i.e. Kraft Paper, Duplex Board, Copier Paper, Waste Paper, etc.) markets in Gujarat. Our core business comprises of Kraft Paper, Waste Paper and Duplex Board.

We operate as an important intermediary in the Paper Product Supply Chain whereby we purchase materials such as Kraft Paper, Duplex Board, etc. from individual paper mills and supply the same to customers in the Packaging Products Business.

Our Product Portfolio offers a diversified product range which includes variety of grades, thickness, widths and standards, in Kraft Papers, Duplex Boards, Boards, Coated Paper, News print Papers, Waste Papers, Reel Core, etc. according to customer specifications. We have been conscious in addressing environmental and safety concerns and our stocking / processing facilities are ISO 9001:2008 compliant.

We operate from our Registered Office, the details of which are given below under the head "*Our Business - Location*". We also operate three different Godowns located in different regions in Ahmedabad where we have our own stocking facilities, along with certain processing facilities such as sheet-cutting, rewinding, bailing, reel to sheet making, etc. Godown I is located at the backside of our Registered Office, Godown II is located in the Sanand Industrial Estate and Godown III is located in the Jay Ambe Estate, Gomtipur, Ahmedabad. In order to consolidate our presence across Gujarat and replicate our business model in other states, we intend to increase our foothold in other markets in and around Gujarat (which have huge untapped potential) and other states as well, by having our team of localized marketing personnel, for our marketing and sales operations. We now propose to set up a new office facility at Ambawadi in Gujarat as a part of our expansion plans.

Our Revenues from Operations have grown from ₹ 4824.80 lacs in fiscal 2007-08 to ₹ 18511.90 lacs in fiscal 2011-12, representing a CAGR of 39.96%. Our EBITDA has increased from ₹ 156.21 lacs in fiscal 2007-08 to ₹ 811.26 lacs in fiscal 2011-12, representing a CAGR of 50.96%. Our PAT has increased from ₹ 39.35 lacs in fiscal 2007-08 to ₹ 139.38 lacs in fiscal 2011-12, representing a CAGR of 37.19%. Our Revenues from Operations for the nine months period ending December 31, 2012 amounted to ₹ 16770.07 lacs, EBITDA amounted to ₹ 1026.66 lacs and PAT amounted to ₹ 266.45 lacs.

As on December 31, 2012 our Company has staff strength of 44 permanent employees for its existing operations. For further details, please see "*Our Business - Human Resources*" on page 89 of this Draft Prospectus.

OUR STRENGTHS

Today's dynamic markets and technologies have called into question the sustainability of a competitive advantage. We believe that following principal strengths of our company would ensure our survival and help us attain a prominent position in the market:

- *Diversified Variety of readily available Paper Products and diversified Customer Base*

We provide a one stop shop to our clientele for their customized paper product supply needs. As a trading company, we are in a position to always provide the latest products collected in house for our customers and also conduct market expansion activities for our suppliers. Our continuous effort and belief in maintaining a healthy relationship with our suppliers ensures adequate inventory at any point. We procure, stock / process and supply a diverse and multi-application range of papers and paper products to satisfy the growing requirements of customers. We procure various types of paper from Paper Mills, which are used for varied purposes including Printing, Packaging which inter-alia includes retail mono packaging boxes and shipper carton manufacturing. High end kraft paper is used for making Paper Sacks which are used for handling exports of various products. Paper Waste is used for recycling and thereby for making new paper products. We further process them according to the customer's specifications. We are a multi-product Paper trading company with a diverse product portfolio including Kraft Paper, Duplex Board, Board, Coated Paper, News print paper, Waste Paper, Reel Core, etc. in various sizes and shapes. For further details, regarding our product portfolio, please see *"Our Business - Products Portfolio"* on page 85 of this Draft Prospectus.

As compared to other independent paper mills who would be able to produce only a particular type of product to a customer, our competitive advantage lies in procurement of raw materials from such various paper mills, which gives us an advantage of servicing our customers with products ranging to all sizes, grades and standards under one roof.

We provide long term credit facility to our customers. Our track record of delivering timely services has helped in forging strong relationships with our customers. We have a well diversified customer base of 600-700 customers all over Gujarat. Our customers come from various types of Printing and Packaging Products Businesses. This reduces our reliance on few customers only.

- *High Credibility with our Banker and existing lines of Credit since 2004*

The Paper Industry is a highly competitive and fragmented one. Small sized mills usually face cash crunch situations and are willing to give discounts to buyers who are willing to purchase products on cash basis. Similarly the end-users of this Industry require high amount of credit. Hence we play an important role here as a financial intermediary by assisting such mills by giving them a bailout and providing our products to the end-users on credit. We have maintained an efficient liquidity and net worth position. We obtained a credit facility of ₹ 100 lacs in the year 2004 from Standard Chartered Bank which has grown steadily over the years and we are enjoying a credit facility amounting to ₹ 5800 lacs as on December 31, 2012. Our total net worth has steadily increased from ₹ 915.16 lacs as of March 31, 2008 to ₹ 1699.91 lacs, as of March 31, 2012, representing a CAGR of 16.74%. Thus, acting as a financial intermediary gives us leverage and maintain our negotiation power at both ends, leading to increased margins for our Company.

- *In-house Logistics*

We have our own in-house logistics department which facilitates door-to-door delivery service to our customers, in order to minimise transportation costs by providing effective material handling system. We own seven commercial vehicles for this purpose. Transportation mainly includes carrying the waste to the paper mills and picking up the finished products from the paper mills and delivering them to the customers. At times, when needed, we also outsource our transportation to transportation agencies.

- *Experienced Senior Management Team*

Our senior management team is experienced in the Paper and Paper Products Industry and in the application of marketing and distribution initiatives in this sector. The Promoters and the senior management team of our Company have significant industry experience and have been instrumental in the consistent growth of our Company's performance. For further details on education, experience and other details of our Promoters and our Key Managerial Personnel, please see the chapter titled "*Our Management*" beginning on page 100 of this Draft Prospectus. We believe that the knowledge and experience of our management team enables us to rapidly respond to market opportunities, adapt to changes in the business landscape and competitive environment and bring innovations to our business, marketing and strategy.

OUR STRATEGIES / FUTURE PLANS

Our strategic objective is to be one of India's premier trading companies, driven by our vision and commitment to our core values. Our vision is to create an entrepreneurial environment that stimulates extraordinary performance and to be one of the India's largest by volume and most efficient paper solution providers. We intend to achieve this by implementing the following strategies:

- *Increase in our Scale of Business Operations*

We believe there is growing trend towards buying paper from Paper trading companies in order to enjoy customised as well as readily available diversified products. Therefore, in our opinion, the total paper produced in India would directly or indirectly have the requirement of processing. Hence, we intend to seize this opportunity by increasing our order-taking appetite by expanding our operational capabilities for which we need to have access to a larger amount of liquid funds and sufficient working capital. The same are proposed to be funded from the IPO proceeds and from Banking Facilities. For further details of the proposed working capital requirements of the company, please see the chapter titled "*Objects of the Issue*" beginning on page 54 of this Draft Prospectus.

- *Expanding operations and our distribution network in new markets*

We are actively involved in market expansion beyond the Gujarat market to ultimately have a national footprint for paper and paper products. On infusion of additional funds, we intend to capitalize on our established regional network and further expand the reach of our product portfolio in national markets. Backed by our familiarity and localized experience, we aim to deepen penetration in Gujarat and venture into other States. We expect that systematic geographical expansion, matched with a continued focus on our competitive strengths, would help us in significantly improving our market share and drive growth.

- *Optimizing cost of operations*

We expect to reduce our operating costs as a percentage of top-line via efficient implement and optimal utilization of our resources. This will be enabled by leveraging on our existing fixed costs while simultaneously increasing our business and manpower productivity. We believe that this can be done through domestic presence and economies of scale. Increasing our penetration in existing regions with new range of products, will enable us to penetrate into new catchment areas within these regions and optimize our efficiency. As a result of these measures, our Company will be able to increase its market share and profitability.

DETAILS OF OUR BUSINESS OPERATIONS

Location

Registered Office

Our Registered Office is situated at Plot No. 43, B/S Navneet Prakashan Press, B/H Govt 'G' Colony, Sukhramnagar, Gomtipur, Ahmedabad – 380023.

Stocking Facilities

Currently, we operate three Godowns located in different regions in Ahmedabad.

Godown I is located at 4/A/1, Jay Ambe Estate, B/H Government G. Colony, Sukhramnagar, Gomtipur, Ahmedabad – 380023.

Godown II is located at Plot No. 21, Sanand Industrial Estate, Ullaria Patia, Sarkhej Sanand Highway, Ahmedabad – 382210.

Godown III is located on the backside of our Registered Office, the address of which is given above under the head "*Registered Office"*.

For details on the aforementioned Units and other Properties owned/leased by us, please see "*Our Business - Property*" on page 90 of this Draft Prospectus.

Product Portfolio

We offer a product range which includes a variety of Paper Products such as Kraft Paper, Duplex Board, Board, Coated Paper, News Print Paper, Waste Paper, Reel Core, etc. Our Company serves various customers in the Packaging Products Business

Our company's products and their relevant specifications are as follows:

1) Kraft Paper

Our company deals primarily in Kraft Paper of 12 BF to 40 BF with various GSM mix and colour mix, made from the recycling process. We procure Kraft paper from various paper mills situated in Gujarat and Northern India, usually on a 0-15 day's credit. This Kraft paper is then sold to the customers in the Packaging Industry. Almost 97% of the Kraft Paper is sold to customers based in Gujarat. The credit period offered to customers ranges from 30-120 days. Thus a handsome portion of our sales occur in the form of LR Sales basis.

The main usage of Kraft Paper is for corrugated packaging material and is mainly used in paper grocery bags, multiwall sacks, envelopes and other packaging materials.

2) Duplex Board

The business model for Duplex Board is similar to that of Kraft Paper, whereby Duplex Board is procured from paper mills situated in Gujarat and Northern India and then sold to customers. Duplex Boards are structurally strong. The main usage of Duplex Board is for packaging and making boxes used for retail mono packaging.

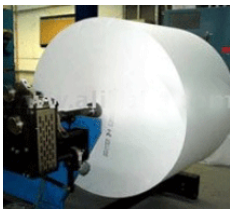
3) Waste Paper

Waste Paper (Domestic): We deal in Waste Paper on a whole sale basis. Our Company procures domestic waste from various whole sellers and in turn supplies it to Paper mills for recycling purposes. Although there is no one to one nexus between the waste paper supplied and finished goods procured, but quite often we supply the waste to the same Paper mill from whom we procure finished Kraft Paper.

Waste Paper (Imported): We have recently started dealing in Imported Waste Paper since January 2012. Paper mills usually prefer an appropriate mix of imported and domestic waste paper to obtain a better quality of the finished product. The imported waste paper has two advantages – (i) they contain higher amount of resin and hence give better quality (ii) they are available in large volumes.

We procure imported waste mainly from USA, Dubai, Switzerland and Sri Lanka on Usance LC/Buyer's Credit of 180 days.

4) News Print Paper

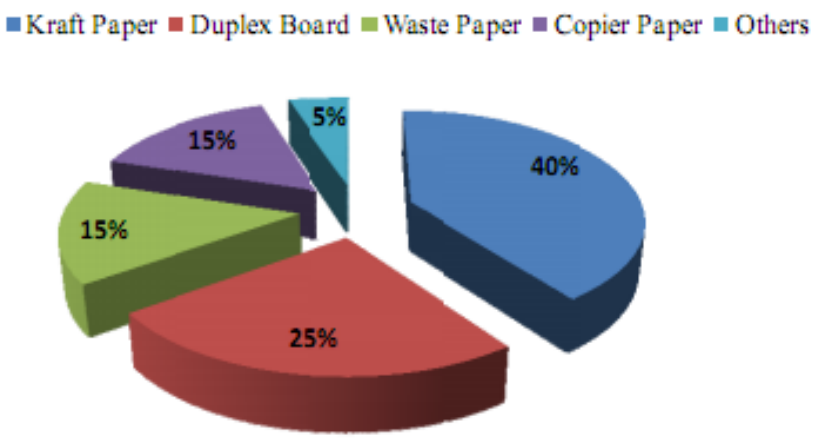


When any News Paper Printing Press is working some layers at the beginning and at the end of the paper, some portion of the reel is left out. We procure this material from various News Paper Houses like Lok Prakashan Ltd. (Gujarat Samachar), Divya Bhaskar and Times of India and store it at our Godowns, where these tear offs are processed as per customer requirements. Cut-to-size process is carried out with the help of manual cutting machines. The main usage of such sheets is for printing weekly/fortnightly magazines.

5) Reel Core & Copier Paper

Reel core is the hard roll made of paper on which finished paper is rolled by paper mills. The main customers of reel core are paper mills along with Flexi-print and the Packaging Industry. We also supply copier paper.

Product-wise Revenue break-up of our Business in FY 2011-12



Note: The percentage is on an approximate basis

Client Base

Our Company has a well-diversified customer base catering to various segments. We have consistent retention of key customer segments which has ensured us with around 600-700 client base all over Gujarat. No single customer accounted for more than 20% of our net sales in fiscal 2012 and our ten largest customers represented less than 53% of our net sales in fiscal 2012.

Some of our marquee clients in FY 2012 include Adron Enterprises Ltd., Kalptaru Papers Ltd., Confisec Printers, Keshav Multi-Pack (India) Pvt. Ltd., K. K. Traders, Parth Printing & Packaging, Dhanlaxmi Board & Papers Pvt. Ltd., Mahashakti Packaging Ltd., K.K Waste Paper Suppliers, Sayaji Paper Pvt. Ltd., Sabarmati Papers Pvt. Ltd., Panama Papers Pvt. Ltd., Kothari Waspap Pvt. Ltd., amongst others.

Exports and Export Obligations

Our Company does not have any export obligation since we do not export any material.

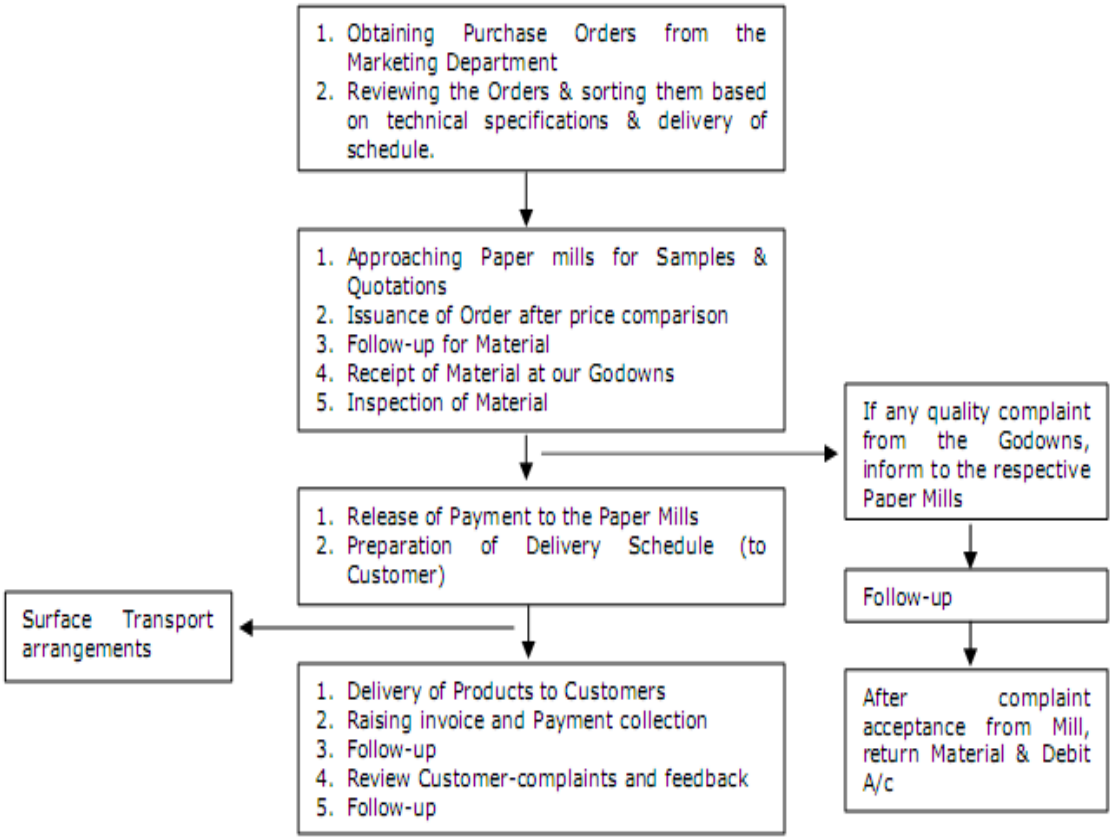
Marketing Set Up

We market our products through a dedicated Marketing and Sales Team, currently numbering 12, in coordination with the Inventory and Logistics Department. It is responsible for the entire sales and marketing activities including planning, strategy, product development, product promotion, brand management and advertising. The Team comprises sales and product managers who operate as brand managers to meet the local market and customer requirements.

Machinery and Process

We operate as an important intermediary in the Paper Product Supply Chain whereby we purchase materials such as Kraft Paper, Duplex Board, etc. from individual paper mills and supply the same to customers in the customers in the Packaging Products Business.

The following flowchart describes our overall business process:



In addition to our Stocking facilities, we also carry out certain processes at our Godowns like Slitting, Rewinding, Bailing, Reel to Sheet making, etc. in order to provide customised products. Once we obtain the requisite paper material / newsprint tear offs from the Paper Mills, the material is sent for Slitting and Rewinding for conversion into sheet form from roll form. Further, bailing press is used for pressing various types of paper waste for converting them into bundled form and thereby making the waste worthy of handling and easy for loading and unloading.

For the same purpose, the following equipments are used:

- ✓ Slitter
- ✓ Reel to Sheet Cutting Machine
- ✓ Automatic Paper cutting machine
- ✓ Bailing Machine

Capacity

Capacity and Capacity Utilization is not applicable to our Company since we are purely into the business of trading paper products.

Infrastructure Facilities and Utilities

The details of the currently available infrastructure, utilities and other facilities are as follows:

- *Paper Materials*

We generally procure our paper materials from local paper mills and traders such as Kalptaru Papers Ltd., Carecorupack Ltd.., Shree Shyam Corporation, Shree Shakti Paper Corporation, etc. Our Company has long-standing association with its suppliers for supply of raw materials i.e. paper materials and hence we do not anticipate any problem in procuring such raw materials.

Further, we have been developing our capabilities in the sourcing of paper materials from various international suppliers in UAE, USA, Colombo, etc. such as GP Harmon Recycling LLC, Navam Impex LLC, Neptune Papers Pvt. Ltd., Paper Chase International Inc., etc.

- *Power*

Our Registered Office and the Godown situated below the Registered Office and the Godown situated at Jay Ambe Estate, presently draw power from Torrent Power Limited. Electricity to the Godown situated at Ulariya is supplied by Uttar Gujarat VIJ Company (UGVCL).

- *Water*

Water requirement for the processing facilities is very minimal and the same is procured locally by way of existing water supply network in that area.

- *Human Resources*

Our business model requires a mix of skilled, semi-skilled and un-skilled labour. Our Company currently has a size of 44 employees for the operation of its existing facilities.

Category	No. on Employees
Directors	2
Senior Managerial Team	5
Managers / Officers / Executives	17
Semi-skilled Staff	9
Unskilled Labour	10
Trainees	1
Total	**44**

For details on our Directors and Key Managerial Personnel, please see the chapter titled "*Our Management*" beginning on page 100 of this Draft Prospectus.

We do not have any Trade Unions at our processing units.

Competition

The Paper Industry is highly competitive and fragmented, with no single service provider controlling significant market share.

Our competition depends on the products being offered by various companies in the organized segment besides several other factors like quality, price and capacity to deliver. Competition emerges not only from organized sector but also from the unorganized sector and from both small and big players. We believe that we are able

to compete effectively with them due to our diversified product portfolio, strong marketing network, customized and quality processing services.

Collaborations

We have not entered into any technical or other collaboration till date.

Property

We own and rent certain properties. The brief details of the properties owned and rented by us are set out below:

Owned Properties:

S. No.	Location	Area (Sq. mt.)	Name of Seller	Agreement Details
1	Plot No. 43, B/S Navneet Prakashan Press, B/H Govt 'G' Colony, Sukhramnagar, Gomtipur, Ahmedabad – 380023.	603	Mr. Surendrakumar Shah and Ms. Manjulaben Shah	Date of Conveyance Deed: 03/10/06 Registration Deed No.: 7703
2	Plot No. 43, B/S Navneet Prakashan Press, B/H Govt 'G' Colony, Sukhramnagar, Gomtipur, Ahmedabad – 380023.	617	Mr. Vasantkumar Shah and Ms. Sangita Shah	Date of Conveyance Deed: 04/10/06 Registration Deed No.: 7704
3	Plot No. 43, B/S Navneet Prakashan Press, B/H Govt 'G' Colony, Sukhramnagar, Gomtipur, Ahmedabad – 380023.	610	Mr. Prakash Shah	Date of Conveyance Deed: 04/10/06 Registration Deed No.: 7705
4	Plot No. 92 at Mouje Vinchhiya, Sanand Taluka, Ahmedabad, Gujarat	2280.10	JBR Nirmaan Pvt. Ltd.	Date of Conveyance Deed: 10/12/2009 Registration Deed No.: 5816
5	Plot No. 93 at Mouje Vinchhiya, Sanand Taluka, Ahmedabad, Gujarat	2566.89	JBR Nirmaan Pvt. Ltd.	Date of Conveyance Deed: 10/12/2009 Registration Deed No.: 5817
6	Plot No. 2 at Mouje Vinchhiya, Sanand Taluka, Ahmedabad, Gujarat	2288.46	JBR Nirmaan Pvt. Ltd.	Date of Conveyance Deed: 08/02/2010 Registration Deed No.: 1113
7	Plot No. 1 at Mouje Vinchhiya, Sanand Taluka, Ahmedabad, Gujarat	2285.11	JBR Nirmaan Pvt. Ltd.	Date of Conveyance Deed: 08/02/2010 Registration Deed No.: 1114

Rented Properties:

Location	Area	Name of Owner	Rent	Term of Rent
Plot No. 21, Sanand Industrial Estate, Ullaria Patia, Sarkhej Sanand Highway, Ahmedabad - 382210	4458.50 sq. mt.	Ms. Sudha Agrawal	₹ 45,000 per month *(exclusive of taxes)*	10 years w.e.f. April 01, 2010
4/A/1, Jay Ambe Estate, B/H Government G. Colony, Sukhramnagar, Gomtipur, Ahmedabad – 380023	615.29 sq. mt.	Mr. Manoj Agrawal	₹ 41,500 per month *(exclusive of taxes)*	10 years w.e.f. April 01, 2010

Further we propose to purchase a property in order to set up a Corporate House. For further details, please see the chapter titled *"Objects of the Issue"* beginning on page 54 of this Draft Prospectus.

Intellectual Property

Our Company has filed an application dated February 01, 2013 before the Trade Marks Registry for registration of its logo under Class 16. The application is currently pending for approval. For further information, please see the chapter titled "*Government and Other Statutory Approvals*" beginning on page 161 of this Draft Prospectus.

Quality Certification:

Issuing Body	Date of Certificate	Date of Expiry	Certificate	Description
Nimbus	April 20, 2012	April 19, 2015	ISO 9001:2008	We hold Certificate No. GUJ / Q – 1830 approving that our Quality Management System was found to be in accordance with the requirements of ISO 9001:2008 for the following scope: Trading and Supply of Kraft Paper, Duplex Board, Cromo / Art Paper, Waste Paper, Newsprint Tear Off, Reel Core and Waste Pasti.

Insurance:

Our Company has obtained certain insurance coverage to sufficiently cover all normal risks associated with its operations. Following are the details regarding the insurance coverage obtained by our company:

S. No	Name of the Insurance Company	Type of Policy	Validity Period	Description of Assets covered under the Policy	Policy No.	Sum Insured	Premium
1	United India Insurance Co. Ltd.	Standard Fire and Special Perils Policy	13/05/2012 to 12/05/2013	Building and Furniture, fixtures and fittings	060500/11/12 /11/00000382	₹ 112 lacs	₹ 7,056
2	United India Insurance Co. Ltd.	Standard Fire and Special Perils Policy	19/05/2012 to 18/05/2013	Materials in Godown	060500/11/12 /13/00000377	₹ 800 lacs	₹ 18,733

KEY INDUSTRY REGULATIONS AND POLICIES

We are subject to a number of central and state legislations which regulate substantive and procedural aspects of the business. Additionally, the operations require sanctions from the concerned authorities, under the relevant Central and State legislations and local bye-laws. The following is an overview of some of the important laws, policies and regulations which are pertinent to the business. The regulations set out below are not exhaustive and are only intended to provide general information to Applicants.

Indian Paper industry was deregulated in July 1997 under economic liberalisation policy of the government. Industrial licensing was done away with for most types of paper, except for SSI reserved items. Paper industry is one of the high priority industries where FDI up to 100% is allowed under automatic route for most types of paper except those requiring industrial license.

The Companies Act, 1956

The Act deals with laws relating to companies and certain other associations. It was enacted by the parliament in 1956. The Companies Act primarily regulates the formation, financing, functioning and winding up of companies. The Act prescribes regulatory mechanism regarding all relevant aspects including organizational, financial and managerial aspects of companies. Regulation of the financial and management aspects constitutes the main focus of the Act. In the functioning of the corporate sector, although freedom of companies is important, protection of the investors and shareholders, on whose funds they flourish, is equally important. The Companies Act plays the balancing role between these two competing factors, namely, management autonomy and investor protection.

The Competition Act, 2002

The Competition Act, 2002 (the "Competition Act") prohibits anti competitive agreements, abuse of dominant positions by enterprises and regulates "combinations" in India. The Competition Act also established the Competition Commission of India (the "CCI") as the authority mandated to implement the Competition Act. The provisions of the Competition Act relating to combinations were notified recently on March 04, 2011 and came into effect on June 01, 2011. Combinations which are likely to cause an appreciable adverse effect on competition in a relevant market in India are void under the Competition Act. A combination is defined under Section 5 of the Competition Act as an acquisition, merger or amalgamation of enterprise(s) that meets certain asset or turnover thresholds. There are also different thresholds for those categorized as 'Individuals' and 'Group'. The CCI may enquire into all combinations, even if taking place outside India, or between parties outside India, if such combination is likely to have an appreciable adverse effect on competition in India. Effective June 01, 2011, all combinations have to be notified to the CCI within 30 days of the execution of any agreement or other document for any acquisition of assets, shares, voting rights or control of an enterprise under Section 5(a) and (b) of the Competition Act (including any binding document conveying an agreement or decision to acquire control, shares, voting rights or assets of an enterprise); or the board of directors of a company (or an equivalent authority in case of other entities) approving a proposal for a merger or amalgamation under Section 5(c) of the Competition Act. The obligation to notify a combination to the CCI falls upon the acquirer in case of an acquisition, and on all parties to the combination jointly in case of a merger or amalgamation.

Regulation of Foreign Investment in India

Foreign investment in India is primarily governed by the provisions of the Foreign Exchange Management Act, 1999 ("FEMA") and the rules and regulations promulgated there under. The RBI, in exercise of its powers under FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") which prohibit, restrict and regulate, transfer or issue of securities, to a person resident outside India. Pursuant to the FEMA Regulations, no prior consent or approval is required from the RBI for foreign direct investment under the "automatic route" within the specified sectoral caps prescribed for various industrial sectors. In respect of all industries not specified under the automatic route, and in respect of investments in excess of the specified sectoral limits under the

automatic route, approval for such investment may be required from the FIPB and/or the RBI. Further, FIIs may purchase shares and convertible debentures of an Indian company under the portfolio investment scheme through registered brokers on recognized stock exchanges in India. Regulation 1 (4) of Schedule II of the FEMA Regulations provides that the total holding by each FII or SEBI approved sub-account of an FII shall not exceed 10% of the total paid-up equity capital of an Indian company or 10% of the paid-up value of each series of convertible debentures issued by an Indian company and the total holdings of all FIIs and sub accounts of FIIs added together shall not exceed 24% of the paid-up equity capital or paid-up value of each series of convertible debentures. However, this limit of 24% may be increased up to the statutory ceiling as applicable, by the Indian company concerned passing a resolution by its board of directors followed by the passing of a special resolution to the same effect by its shareholders.

Industrial (Development and Regulation) Act, 1955

The Industrial (Development and Regulation) Act, 1951 has been liberalized under the New Industrial Policy dated July 24, 1991, and all industrial undertakings are exempt from licensing except for certain industries such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes, all types of electronic aerospace and defense equipment, industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches and hazardous chemicals and those reserved for the small scale sector. An industrial undertaking, which is exempt from licensing, is required to file an Industrial Entrepreneurs Memorandum ("IEM") with the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and no further approvals are required.

Factories Act, 1948

The Factories Act, 1948 ("**Factories Act**") seeks to regulate labour employed in factories and makes provisions for the safety, health and welfare of the workers. Section 2(m) of the Act, defines, a 'factory' to cover any premises which employs 10 or more workers and in which manufacturing process is carried on with the aid of power and any premises where there are at least twenty workers even though there is or no electrically aided manufacturing process being carried on. Each State Government has set out rules in respect of the prior submission of plans and their approval for the establishment, registration and licensing of factories. The Act provides that occupier of a factory i.e. the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers' health and safety, cleanliness and safe working conditions. There is a prohibition on employing children below the age of 14 years in a factory.

The Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 was enacted with the objective of providing of payment of bonus to employees on the basis of profit or on the basis of productivity. This Act ensures that a minimum annual bonus *is* payable to every employee regardless of whether the employer has made a profit or a loss in the accounting year in which the bonus is payable. Every employer is bound to pay to every employee, in respect of the accounting year, a minimum bonus which is 8.33% of the salary or wage earned by the employee during the accounting year or ₹ 100, whichever is higher.

The Workmen Compensation Act, 1923

The Workmen Compensation Act, 1923 ("WCA") has been enacted with the objective to provide for the payment of compensation to workmen by employers for injuries by accident arising out of and in the course of employment, and for occupational diseases resulting in death or disablement. The WCA makes every employer liable to pay compensation in accordance with the WCA if a personal injury/disablement/loss of life is caused to a workman (including those employed through a contractor) by accident arising out of and in the course of his employment. In case the employer fails to pay compensation due under the WCA within one month from

the date it falls due, the commissioner appointed under the WCA may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

The Minimum Wages Act, 1948

The Minimum Wages Act, 1948 came into force with an objective to provide for the fixation of a minimum wage payable by the employer to the employee. Every employer is mandated to pay the minimum wages to all employees engaged to do any work skilled, unskilled, and manual or clerical (including out-workers) in any employment listed in the schedule to this Act, in respect of which minimum rates of wages have been fixed or revised under the Act.

Employees' Provident Funds and Miscellaneous Provisions Act, 1952

Employees' Provident Funds and Miscellaneous Provisions Act, 1952 was introduced with the object to institute provident fund for the benefit of employees in factories and other establishments. It empowers the Central Government to frame the "Employee's Provident Fund Scheme", "Employee's Deposit linked Insurance Scheme' and the "Employees' Family Pension Scheme" for the establishment of provident funds under the EPFA for the employees. It also prescribes that contributions to the provident fund are to be made by the employer and the employee.

Tax Related Legislations:

Value Added Tax, 2003

The levy of Sales Tax within the state is governed by the Value Added Tax Act and Rules 2003 ("the VAT Act") of the respective states. The VAT Act has resolved the problem of Cascading effect (double taxation) that were being levied under the hitherto system of sales tax. Under the current regime of VAT the trader of goods has to pay the tax (VAT) only on the Value added on the goods sold. Hence VAT is a multi-point levy on each of the entities in the supply chain with the facility of set-off of input tax- that is the tax paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. Periodical returns are required to be filed with the VAT Department of the respective States by the Company.

Income Tax Act, 1961

Income Tax Act, 1961 is applicable to every Domestic / Foreign Company whose income is taxable under the provisions of this Act or Rules made under it depending upon its "Residential Status" and "Type of Income" involved. U/s 139(1) every Company is required to file its Income tax return for every Previous Year by September 30 of the Assessment Year. Other compliances like those relating to Tax Deduction at Source, Fringe Benefit Tax, Advance Tax, Minimum Alternative Tax and like are also required to be complied by every Company.

Customs Act, 1962 ("the Customs Act")

The provisions of the Customs Act and rules made there under are applicable at the time of import of goods i.e. bringing into India from a place outside India or at the time of export of goods i.e. taken out of India to a place outside India. Any company that wishes to import or export any goods is first required to get itself registered and obtain an IEC (Importer Exporter Code).

Importer Exporter Code

Under the Indian Foreign Trade Policy, 2004, no export or import can be made by a person or company without an Importer Exporter Code number unless such person/company is specifically exempted. An application for an Importer Exporter Code number has to be made to the office of the Joint Director

General of Foreign Trade, Ministry of Commerce. An Importer Exporter Code number allotted to an applicant is valid for all its branches/divisions/units/factories.

Central Sales Tax Act, 1956

In accordance with the Central Sales Tax Act, every dealer registered under the Act shall be required to furnish a return in Form I (Monthly/ Quarterly/ Annually) as required by the State sale Tax laws of the assessee authority together with treasury challan or bank receipt in token of the payment of taxes due.

The Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947 makes provisions for investigation and settlement of industrial disputes and for providing certain safeguards to the workers.

Environmental Laws:

The Environmental Protection Act, 1986

The Environmental Protection Act, 1986 is an "umbrella" legislation designed to provide a framework for coordination of the activities of various central and state authorities established under various laws. The potential scope of the Act is broad, with "environment" defined to include water, air and land and the interrelationships which exist among water, air and land, and human beings and other living creatures, plants, micro-organisms and property.

Environmental Legislation

We are required under applicable law to ensure that the operations are compliant with environmental legislation such as the Water (Prevention and Control of Pollution) Act 1974, as amended ("Water Pollution Act"), the Air (Prevention and Control of Pollution) Act, 1981, as amended ("Air Pollution Act") and the Environment Protection Act, 1986, as amended ("Environment Act").The Water Pollution Act aims to prevent and control water pollution. This legislation provides for the constitution of a Central Pollution Control Board and State Pollution Control Boards. The functions of the Central Board include coordination of activities of the State Boards, collecting data relating to water pollution and the measures for the prevention and control of water pollution and prescription of standards for streams or wells. The State Pollution Control Boards are responsible for the planning for programmes for prevention and control of pollution of streams and wells, collecting and disseminating information relating to water pollution and its prevention and control; inspection of sewage or trade effluents, works and plants for their treatment and to review the specifications and data relating to plants set up for treatment and purification of water; laying down or annulling the effluent standards for trade effluents and for the quality of the receiving waters; and laying down standards for treatment of trade effluents to be discharged. This legislation prohibits any person from establishing any industry, operation or process or any treatment and disposal system, which is likely to discharge trade effluent into a stream, well or sewer without taking prior consent of the State Pollution Control Board. The Central and State Pollution Control Boards constituted under the Water Pollution Act are to perform functions as per the Air Pollution Act for the prevention and control of air pollution. The Air Pollution Act aims for the prevention, control and abatement of air pollution. It is mandated under this Act that no person can, without the previous consent of the State Board, establish or operate any industrial plant in an air pollution control area. The Environment Act has been enacted for the protection and improvement of the environment. The Act empowers the central government to take measures to protect and improve the environment such as by laying down standards for emission or discharge of pollutants, providing for restrictions regarding areas where industries may operate and so on. The central government may make rules for regulating environmental pollution.

Note: The Issuer Company is predominantly into the business of dealing in various types of papers and ordinarily manufacturing activity is not carried out by it. However, the Issuer Company has around 600-700 customers and to meet the customer specification and to cater to their needs, customization of the products is

undertaken by the Issuer Company on a small scale in the Godown itself. Thereby, a License to work as a 'Factory" has been procured from the Directorate Industrial Safety & Health, Gujarat State by the Issuer Company, though manufacturing activities are not carried out on a large scale by the Issuer Company.

HISTORY AND CERTAIN CORPORATE MATTERS

Mr. Tulsiram Agrawal (part of our Promoter Group) entered the paper trading business in 1965 and started the business with the name of M/s Saraswati Trading Co. operating from Khadia, Ahmedabad. With the support and efforts of our Promoters, our Company was incorporated as Kushal Tradelink Private Limited on March 03, 2000 under the Companies Act, 1956, bearing Registration No. 037472 having its Registered Office in Ahmedabad, Gujarat. Subsequently, the Company became a Public Limited Company in pursuance to a special resolution passed by the members of our Company at the EGM held on January 15, 2013. A fresh Certificate of Incorporation consequent to change of name as a result of conversion to a public limited company was issued on March 01, 2013 by the Registrar of Companies, Ahmedabad, Gujarat. The Company's Corporate Identity Number is U51909GJ2000PLC037472 and its Registered Office is situated at Plot No. 43, B/S Navneet Prakashan Press, B/H Govt 'G' Colony, Sukhramnagar, Gomtipur, Ahmedabad – 380023.

We are one of the leading Wholesalers in Ahmedabad having an existing client base of over 700 customers, making us a major player in the Paper and Paper Products (i.e. Kraft Paper, Duplex Board, Copier Paper, Waste Paper, etc.) markets in Gujarat. Our core business comprises of Kraft Paper, Waste Paper and Duplex Board.

We operate as an important intermediary in the Paper Product Supply Chain whereby we purchase materials such as Kraft Paper, Duplex Board, etc. from individual paper mills and supply the same to customers in the Packaging Products Business.

Our Product Portfolio offers a diversified product range which includes variety of grades, thickness, widths and standards, in Kraft Papers, Duplex Boards, Boards, Coated Paper, News print Papers, Waste Papers, Reel Core, etc. according to customer specifications. We have been conscious in addressing environmental and safety concerns and our stocking / processing facilities are ISO 9001:2008 compliant.

For further details regarding our business operations, please see the chapter titled "*Our Business*" beginning on page 82 of this Draft Prospectus.

Our Company has eight (8) shareholders, as on the date of this Draft Prospectus.

Major events in the history of our Company:

YEAR	MAJOR EVENT
2000	Incorporation of our Company and commencement of Business Activities
2003	Crossing of ₹ 1000 lacs turnover by our Company
2004	Sanction of Loan from Standard Chartered Bank amounting to ₹ 100 lacs
2010	Crossing of ₹ 100 lacs PBT by our Company
2011	Achieved the benchmark of catering to 500 customers
2011	Crossing of ₹ 10000 lacs turnover by our Company
2012	Enhancement of the Loan from Standard Chartered Bank amounting to ₹ 5800 lacs
2012	Received ISO Certification from Nimbus Certifications Pvt. Ltd. approving that our Quality Management System was found to be in accordance with the requirements of ISO 9001:2008 for the following scope: Trading and Supply of Kraft Paper, Duplex Board, Cromo / Art Paper, Waste Paper, Newsprint Tear Off, Reel Core & Waste Pasti.
2013	Conversion of our Company into a public limited company

For details on the changes in our Registered Office Address, please see *"Changes in Registered Office of our Company"* on page 98 of this Draft Prospectus.

Main Objects of our Company

The main object of our Company is as follows:

To carry on the business of manufacturers of and dealers in and traders, importer, exporter of all kinds and classes of paper, paper waste, board and pulp including writing paper, printing paper, absorbent paper, news print paper, wrapping paper, tissue paper, cover paper, blotting paper, filter paper, antique paper, ivory-finish paper, coated paper, art paper, bank or bond paper, badami brown or buff paper, bible paper, cartridge paper, cloth-linked paper, azure-laid and wove paper, cream-laid and wove paper, grease-proof paper, gummed-proof paper, carbon paper, sensitized paper, chemically treated paper, hand-made paper parchment paper, drawing paper, craft paper, manila paper, envelope paper, tracing paper, vellum paper, water paper, litmus paper, photographic paper, glass paper, emery paper, card board, straw board, leather board, mill board, corrugated board, post cards, visiting cards, reel core, pulp.

Changes in Registered Office of our Company

Date of Change of Registered Office	Address
December 01, 2007	Change of registered office from 4/A/1 Jay Ambe Estates, Sukhram Nagar, B/H Government G Colony, Gomtipur. Ahmedabad, Gujarat to Plot No. 43, B/S Navneet Prakashan Press, B/H Govt 'G' Colony, Sukhramnagar, Gomtipur, Ahmedabad – 380023

The changes in our registered office were to ensure greater operational efficiency.

Amendments to the Memorandum of Association

Dates on which some of the main clauses of the Memorandum of Association of our Company have been changed citing the details of amendment as under:

DATE	NATURE OF AMMENDMENT
March 24, 2003	The authorised share capital was increased from ₹ 5,00,000 to ₹ 15,00,000
July 15, 2004	The authorised share capital was increased from ₹ 15,00,000 to ₹ 90,00,000
April 24, 2009	The authorised share capital was increased from ₹ 90,00,000 to ₹ 20,00,00,000
January 15, 2013	Conversion of Private Limited Company to Public Limited Company and subsequent change in name
January 15, 2013	The authorised share capital was increased from ₹ 20,00,00,000 to ₹ 25,00,00,000

Time and Cost Overrun

In respect of projects undertaken by our Company since its incorporation, there have been no time and cost overruns.

Subsidiaries

As on the date of this Draft Prospectus, there are no subsidiaries of our Company.

Joint Ventures

As on the date of this Draft Prospectus, there are no joint ventures of our Company.

Shareholders' Agreement

There are no Shareholders' Agreements existing as on the date of this Draft Prospectus.

Other Confirmations

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

Other Agreements

Except the contracts/agreements entered in the ordinary course of the business carried on or intended to be carried on by our Company, we have not entered into any other agreement/contract as on the date of this Draft Prospectus.

Financial Partners

We do not have any financial partners as on the date of this Draft Prospectus.

Strategic Partners

We do not have any strategic partners as on the date of this Draft Prospectus.

OUR MANAGEMENT

Board of Directors

At present, we have 2 Executive Directors, 1 Professional Non-Executive Director and 3 Non-Executive Independent Directors.

The following table sets forth details regarding our Company's Board of Directors as on the date of this Draft Prospectus:

Sr. No.	Name, Designation, Address, Occupation, Term, Date of Birth and DIN	Nationality	Age	Other Directorships
1	**Mr. Sandeep Agrawal** Chairman and Managing Director *Address:* 36, Royal Enclave, Nr. Asopalav Bungalows, Thaltej, Ahmedabad, 380059, Gujarat. *Occupation:* Business *Term:* February 01, 2013 to January 31, 2016 *Date of Birth:* March 13, 1967 *DIN:* 00239648	Indian	46 years	NIL
2	**Mr. Mahendra Agrawal** Whole-Time Director *Address:* 5, Royal Crescent, Nr. Asopalav Bungalows, Thaltej, Ahmedabad, 380059, Gujarat *Occupation:* Business *Term:* February 01, 2013 to January 31, 2018 *Date of Birth: August 10, 1968* *DIN:* 00225551	Indian	44 years	NIL
3	**Mr. Arpan Shah** Professional Non-Executive Director *Address:* 26, Maniratnam Bungalows – I, Opp. Ratnam Flat, Nr. P and T Colony, Vasna, Ahmedabad – 380 007 *Occupation:* Professional *Term:* Liable to retire by rotation *Date of Birth:* August 22, 1981 *DIN:* 06458101	Indian	31 years	NIL

Sr. No.	Name, Designation, Address, Occupation, Term, Date of Birth and DIN	Nationality	Age	Other Directorships
4	**Mr. Dharmendra Bhuchhada** Non-Executive Independent Director *Address:* 9, Rajdeep Park, Part-2, Duplex NH No. 8, Odhav Road, Ahmedabad – 382415, Gujarat *Occupation:* Professional *Term:* Liable to retire by rotation *Date of birth:* June 01, 1973 *DIN:* 06468613	Indian	39 years	NIL
5	**Ms. Kavita Jain** Non-Executive Independent Director *Address:* Kavita Sadan, C/o Kavita Metal Sathe Nagar, Road No. 22, Wagle Estate, Thane (W) – 400604, Maharashtra *Occupation:* Professional *Term:* Liable to retire by rotation *Date of birth:* May 15, 1983 *DIN:* 05295442	Indian	29 years	• Abhijai Reality Private Limited • Mann E-Solution Private Limited
6	**Mr. Sagar Sharma** Non-Executive Independent Director *Address:* A-16, Stadium Villa, Motera Road, Sabarmati, Ahmedabad – 380005, Gujarat *Occupation:* Professional *Term:* Liable to retire by rotation *Date of birth:* December 18, 1985 *DIN:* 06473984	Indian	27 years	NIL

For further details on their qualification, experience etc., please see their respective biographies under the heading "*Brief Biographies*" below.

Other Notes:

- None of the Directors on our Board are related to each other, except for Mr. Mahendra Agrawal, being the brother of Mr. Sandeep Agrawal.

- There are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the Directors were selected as a Director.

- There are no service contracts entered into by the Directors with our Company providing for benefits upon termination of employment.

- None of the Directors is or was a director of any listed company during the last five years preceding the date of this Draft Prospectus, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in such company.

- None of the Directors is or was a director of any listed company which has been or was delisted from any recognised stock exchange in India during the term of their directorship in such company.

Brief Biographies

- **Mr. Sandeep Agrawal**

Mr. Sandeep Agrawal, aged 46 years is the Promoter of our Company and was re-appointed as the Chairman and Managing Director of our company with effect from February 01, 2013. He holds a Bachelors degree in Commerce from the Gujarat University. His professional experience of twenty three years began at his family business of paper trading, under the guardianship of his father, Mr. Tulsiram Agrawal. He has an in depth knowledge and acumen of the Paper Industry. His functional responsibility in our Company involves handling the overall business affairs of the Company including human capital management, looking after the financials and administration of our Company.

- **Mr. Mahendra Agrawal**

Mr. Mahendra Agrawal, aged 44 years, is the Promoter of our Company and was re-appointed as the Whole-Time Director of our Company with effect from February 01, 2013. He holds a Certificate of Higher Secondary Examination from the Gujarat Board. He has a professional experience of twenty three years at his family business of paper trading. He is involved in all aspects of the business including devising business marketing strategies, operations, business development, marketing and merchandising.

- **Mr. Arpan Shah**

Mr. Arpan Shah, aged 31years, was appointed as the Professional Non-Executive Director of our Company with effect from January 15, 2013. He holds a Bachelors degree in Commerce from the Gujarat University, pursuant to which he completed his M.Com from the Gujarat University. He is also a Fellow Member of The Institute of Chartered Accountants of India (ICAI). His professional experience includes conducting various types of Audits like Systems Audits, Revenue Leakage Audits, Statutory Audits of PSU banks, etc., providing consultancy services in the areas of Income Tax, VAT, Company Law matters, Business restructuring, etc. He has also been involved in preparation of Project Appraisal Reports for new as well as existing projects and arranging bank finance through various modes.

- **Mr. Dharmendra Bhuchhada**

Mr. Dharmendra Bhuchhada was appointed as a Non-Executive Independent Director of our Company with effect from January 15, 2013. He completed his B.Sc from the Gujarat University, pursuant to which he completed his LLB from the Gujarat University. He has been serving as an Advocate for the last ten years and has an experience of more than fifteen years as a Legal Consultant in Labour Laws. His core competencies include preparing suits, written statements, objections, filing vakalat on behalf of companies, arguing before various quasi judicial authorities, drafting legal notices, rejoinders, complaints, plaints, compromise petitions and other cases filed against and on behalf of companies.

- **Ms. Kavita Jain**

Ms. Kavita Jain was appointed as a Non-Executive Independent Director of our Company with effect from January 15, 2013. She holds a Bachelors degree in Commerce from Mumbai University. She completed her P.G.D.B.A from Sikkim Manipal University, pursuant to which she completed her MBA in Finance from the same University. She has also completed the IRDA Course and the ICA Course from ICA Institute. She has a professional experience of around ten years in the field of Finance, Accountancy and Administration. She started her professional career as an Assistant to Account Executive at Blue Shipping Limited, pursuant to which she worked with various Companies such as Tricom Pvt. Ltd. as a Data Entry/Key Verify Operator, Suchde Corporation, as an Account Executive, and Miraj Products Pvt. Ltd. as an Account Executive and Commercial Officer. Currently, she is working with Mann Electronic Security System as a General Manager and is also an Executive Director at Mann E-Solution Pvt. Ltd.

- **Mr. Sagar Sharma**

Mr. Sagar Sharma was appointed as a Non-Executive Independent Director of our Company with effect from January 15, 2013. He holds a Bachelors degree in Commerce from Gujarat University. He is also a Qualified Company Secretary of The Institute of Company Secretaries of India and has completed Bachelors of Law from the Gujarat University. He has a professional experience of around three years in the Secretarial and Legal field. His professional experience involves working with companies such as Vimal Oil & Foods Ltd. as a Company Secretary & Compliance Officer, Indian Salt Manufacturers Association where he handled all the Secretarial matter. He is currently working as a Practicing Company Secretary, providing all kinds of Secretarial and Legal services to a varied group of Clientele and has been handling Stock Exchange compliances since the last three years.

Borrowing Powers of our Board of Directors

Pursuant to a Resolution passed by our shareholders at the EGM held on January 21, 2013 and subject to the provisions of the Companies Act, 1956 and other laws in force, our Articles of Association authorize our Board of Directors to borrow any sum or sums of money from time to time at their discretion, for the purpose of the business of the Company on such terms and conditions as it may think appropriate, which together with the monies already borrowed by the Company, (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed at any time, the aggregate of the paid-up capital of the Company and its free reserves (that is to say, reserves, not set apart for any specific purpose) by a sum not exceeding ₹ 15000 lacs. We confirm that the borrowing powers of directors are in compliance with the relevant provision of the Companies Act, 1956.

For further details of the provisions of our Articles of Association regarding borrowing powers, please see the section titled "*Main Provisions of the Articles of Association of our Company*" beginning on page 201 of this Draft Prospectus.

Remuneration of Directors

a) Executive Directors

- **Mr. Sandeep Agrawal, Chairman and Managing Director**

The compensation package payable to him w.e.f. February 01, 2013, as resolved in the EGM held on January 21, 2013 is stated hereunder:

Salary: ₹ 1,00,000 per month

Bonus: Nil

Perquisites: Maximum limit of ₹ 20,000 per month, including Mobile and Telephone Bills, Electricity Bills, Actual Entertainment and Travelling expenses incurred in connection with the Company's business.

Annual Leave: 30 days with pay for every completed service twelve months

The above said remuneration and perquisites shall be subject to the ceiling laid down in the Articles of Association of the Company and sections 198, 269 and 309 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions as may be amended from time to time.

The amount of remuneration paid to Mr. Sandeep Agrawal for FY 2011-12 is ₹ 15.00 lacs.

- **Mr. Mahendra Agrawal, Whole-Time Director**

The compensation package payable to him w.e.f. February 01, 2013, as resolved in the EGM held on January 21, 2013 is stated hereunder:

Salary: ₹ 1,00,000 per month

Bonus: Nil

Perquisites: Maximum limit of ₹ 20,000 per month, including Mobile and Telephone Bills and Electricity Bills.

The above said remuneration and perquisites shall be subject to the ceiling laid down in the Articles of Association of the Company and sections 198, 269 and 309 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions as may be amended from time to time.

The amount of remuneration paid to Mr. Mahendra Agrawal for FY 2011-12 is ₹ 18.00 lacs.

b) Non-Executive Directors

The Board of Directors have accorded their approval for payment of sitting fee, in their meeting held on December 28, 2012, whereby the Non-Executive / Independent Directors of our Company would be entitled to a sitting fee of ₹ 6,000 for attending every meeting of Board or its committee thereof.

No remuneration was paid to the Non-Executive Directors in the FY 2011-12.

Shareholding of Directors

The following table sets forth the shareholding of our Directors as on the date of this Draft Prospectus:

Name of Directors	No. of Equity Shares held	% of Pre-Issue Paid Up Capital
Mr. Sandeep Agrawal	13,52,340	8.56%
Mr. Mahendra Agrawal	22,70,160	14.37%
Mr. Arpan Shah	0	0.00%
Mr. Dharmendra Bhuchhada	0	0.00%
Ms. Kavita Jain	0	0.00%
Mr. Sagar Sharma	0	0.00%
TOTAL	**36,22,500**	**22.93%**

Interest of Directors

Except as stated in the chapter titled "*Related Party Transactions"* beginning on page 121 of this Draft Prospectus, all our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of our Board or committees thereof as well as to the extent of remuneration and/or reimbursement of expenses payable to them in accordance with the provisions of the Companies Act, 1956 and in terms of the Articles.

The Directors may also be regarded as interested in the shares, if any, held by them or that may be subscribed by and allotted/transferred to the companies, firms and trusts and other entities in which they are interested as Directors, members, partners and/or trustees or otherwise as also any benefits, monetary or otherwise derived there from.

Interest as to Property

We have not entered into any contracts, agreements or arrangements during the preceding two years from the date of this Draft Prospectus in which our directors are directly or indirectly interested and no payments have been made to them in respect of any contracts, agreements or arrangements which are proposed to be made to them.

Changes in our Board of Directors in the last three years

NAME	EFFECTIVE DATE OF CHANGE	REASON
Mr. Sandeep Agrawal	February 01, 2013	Re-Appointed as Chairman & Managing Director vide Resolution passed in our EGM dated January 21, 2013
Mr. Mahendra Agrawal	February 01, 2013	Re-Appointed as Whole-Time Director vide Resolution passed in our EGM dated January 21, 2013
Mr. Arpan Shah	January 15, 2013	Appointed as Professional Non-Executive Director
Mr. Dharmendra Bhuchhada	January 15, 2013	Appointed as Non-Executive Independent Director
Ms. Kavita Jain	January 15, 2013	Appointed as Non-Executive Independent Director
Mr. Sagar Sharma	January 15, 2013	Appointed as Non-Executive Independent Director

Corporate Governance

The provisions of the listing agreements, to be entered into by our Company with the Stock Exchanges, will be applicable to our Company immediately upon the listing of our Equity Shares with the Stock Exchanges. We have complied with the corporate governance code in accordance with Clause 52 (as applicable) of the listing agreement, particularly in relation to appointment of Independent Directors to our Board and constitution of the Audit Committee, Shareholders'/ Investors' Grievance Committee and Remuneration Committee.

Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Clause 52 of the listing agreement. In addition, our Company intends to adopt a code of conduct for prevention of insider trading.

We have constituted the following committees of our Board of Directors for compliance with corporate governance requirements:

a) Audit Committee
b) Shareholders'/ Investors' Grievance Committee
c) Remuneration Committee

Audit Committee

Our Company has constituted an Audit Committee, as per the provisions of Section 292A of the Companies Act, 1956. The constitution of the Audit Committee was approved at the Meeting of the Board of Directors held on January 23, 2013. The Committee functions as prescribed under Section 292A of the Companies Act, 1956 and Clause 52 of the listing agreement. The members of the committee at present are:

S. No.	Name	Designation in Committee	Nature of Directorship
1	Kavita Jain	Chairman	Non-Executive Independent Director
2	Sagar Sharma	Member	Non-Executive Independent Director
3	Arpan Shah	Member	Professional Non-Executive Director
4	Sandeep Agrawal	Member	Chairman & Managing Director
5	Khushboo Surana	Secretary	Company Secretary & Compliance Officer
6	Parthiv Doshi	Invitee	Statutory Auditor
7	Vimal Shah	Invitee	Chief Financial Officer

Powers of the Audit Committee

a) To investigate any activity within its terms of reference;
b) To seek information from any employee;
c) To obtain outside legal or other professional advice; and
d) To secure attendance of outsiders with reasonable expertise, if considered necessary

The terms of reference of the audit committee are broadly defined as under:

a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

b) 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.

c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

d) Appointment, removal and terms of remuneration of internal auditors.

e) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

   i. 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;
   ii. Changes, if any, in accounting policies and practices and reasons for the same;
   iii. Major accounting entries involving estimates based on the exercise of judgment by management;
   iv. Significant adjustments made in the financial statements arising out of audit findings;
   v. Compliance with listing and other legal requirements relating to the financial statements;
   vi. Disclosure of any related party transactions;
   vii. Qualifications in the draft audit report.

f) Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.

g) Monitoring the use of the proceeds of the proposed initial public offering of the Company.

h) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.

i) 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.

j) Discussions with internal auditors on any significant findings and follow up thereon.

k) Reviewing internal audit reports and adequacy of the internal control systems.

l) 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.

m) Reviewing management letters/letters of internal control weaknesses issued by the statutory auditors

n) Discussion with internal auditors any significant findings and follow up there on.

o) 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.

p) 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.

q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

r) To review the functioning of the whistle blower mechanism, when the same is adopted by the Company and is existing.

s) Carrying out any other function as may be statutorily required to be carried out by the Audit Committee.

t) The Audit Committee shall have full access to financial and other allied information contained in the records of the Company and external professional advice, if necessary.

Meeting of Audit Committee and relevant Quorum

The audit committee shall meet at least 4 times in a year and not more than 4 months shall elapse between 2 meetings. The quorum shall be either 2 members or one third of the members of the Audit Committee whichever is greater, but there shall be a minimum of 2 Independent Directors, who are members, present.

Shareholders' / Investor' Grievance Committee

Our Company has constituted a Shareholders'/Investors' Grievance Committee. The constitution of the Shareholders'/Investor' Grievance Committee was approved by a Meeting of the Board of Directors held on January 23, 2013. The committee is formed to specifically look into the redressal of shareholder and investor complaints. The members of the committee at present are:

S. No.	Name	Designation in Committee	Nature of Directorship
1	Sagar Sharma	Chairman	Non-Executive Independent Director
2	Dharmendra Bhuchhada	Member	Non-Executive Independent Director
3	Arpan Shah	Member	Professional Non-Executive Director
4	Kavita Jain	Member	Non-Executive Independent Director

5	Khushboo Surana	Secretary	Company Secretary & Compliance Officer

The terms of reference of the Shareholders'/ Investors' Grievance Committee shall be as follows:

a) Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
b) Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc;
c) Issue of duplicate / split / consolidated share certificates;
d) Allotment and listing of shares;
e) Review of cases for refusal of transfer / transmission of shares and debentures;
f) Reference to statutory and regulatory authorities regarding investor grievances; and
g) To otherwise ensure proper and timely attendance and redressal of investor queries and grievances.

Quorum for Shareholders' / Investors' Grievance Committee

The quorum necessary for a meeting of the Shareholders' / Investors' Grievance Committee shall be 2 members or one third of the members, whichever is greater.

Remuneration Committee

Our Company has constituted a Remuneration/ Compensation Committee. The constitution of the Remuneration Compensation committee was approved by a Meeting of the Board of Directors held on January 23, 2013. The said committee is comprised as under:

S. No.	Name	Designation in Committee	Nature of Directorship
1	Sagar Sharma	Chairman	Non-Executive Independent Director
2	Kavita Jain	Member	Non-Executive Independent Director
3	Dharmendra Bhuchhada	Member	Non-Executive Independent Director
4	Arpan Shah	Member	Professional Non-Executive Director

The terms of reference of the compensation committee are:

a) To recommend to the Board, the remuneration packages of the Company's Managing/Joint Managing/ Deputy Managing/Whole time / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);
b) To be authorized at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Company's Managing/Joint Managing/ Deputy Managing/ Whole time/ Executive Directors, including pension rights and any compensation payment.

Quorum for Remuneration Committee

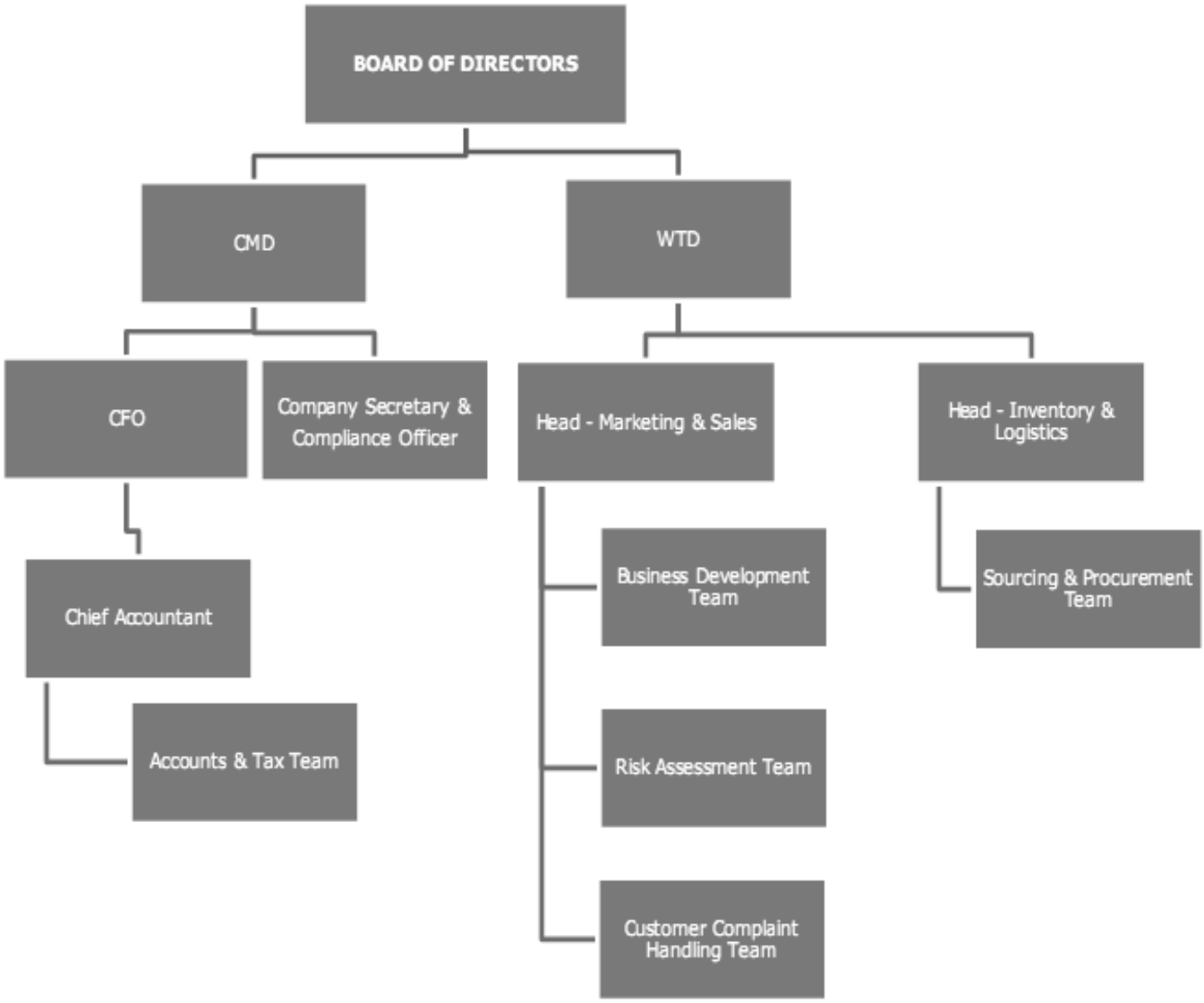
The quorum necessary for a meeting of the Remuneration Committee shall be 2 members or one third of the members, whichever is greater.

Policy on Disclosure 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 Equity Shares on the Stock Exchanges. Ms. Khushboo Surana, Compliance Officer is responsible for setting forth policies, procedures, monitoring and adherence to

the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

Management Organisation Structure



Key Managerial Personnel

The following table sets forth the Key Managerial Personnel and their significant details:

Name of Employee	Designation & Functional Area	Date of Joining	Current C.T.C (₹ in lacs)	Perks & Requisites	Qualification	Name of Previous Employer(s)	Total years of Experience
Mr. Vimal Shah	Chief Finance Officer	01/12/2012	4.20	• Mobile and Conveyance allowance	• B.Com • CA	NIL	NIL
Ms. Khushboo Surana	Company Secretary & Compliance Officer	07/05/2010	3.00	• Mobile and Conveyance allowance	• B.Com • M.Com • Company Secretary	Nil	2.5 years
Ms. Sneha Parghee	Human Resources - Admin	10/06/2011	1.80	• Mobile and Conveyance allowance	• BBA • MBA	Nil	1.5 years
Mr. Jitendra Yadav	Manager – Marketing and Sales Dept.	24/02/2000	3.72	• Mobile and Conveyance allowance	• B.Com	• Singhal Goods Carriers	15 years
Mr. Sanjay Sharma	Manager - Inventory and Logistics Dept.	01/06/2006	2.16	• Mobile and Conveyance allowance	• B.Com • M.Com	• Asarwa Mills • V. K. International • Deco-Mice Ltd. • Millennium Laminates Pvt. Ltd. • Shree Ratan Cotton Mills Pvt. Ltd.	10 years
Mr. Mukesh Shah	Chief Accountant	16/09/2012	3.60	• Mobile and Conveyance allowance	• B.Com	• Shree Monark Education Trust • Kalyan Jewellers Pvt. Ltd. • Sharaf Chemical Industries • The Navdeep Co. Op. Bank Ltd. • Nitimaya Medical Agency	34 years

The aforementioned KMP are on the payrolls of our Company as permanent employees.

Also, they are not related parties as per the Accounting Standard 18.

Relationship amongst the Key Managerial Personnel

None of the aforementioned KMP are related to each other.

Also, none of them have been selected pursuant to any arrangement/understanding with major shareholders/ customers/ suppliers.

Shareholding of Key Managerial Personnel

None of the KMP in our Company hold any shares of our Company as on the date of this Draft Prospectus.

Interest of Key Managerial Personnel

The Key Managerial Personnel of our Company do not have any interest in our Company, other than to the extent of remuneration of benefits to which they are entitled as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business. Further, if any Equity Shares are allotted to our Key Managerial Personnel prior to/ in terms of this Issue, they will be deemed to be interested to the extent of their shareholding and / or dividends paid or payable on the same.

Bonus or Profit Sharing Plan for the Key Managerial Personnel during the last three years

Our Company does not have fixed bonus/profit sharing plan for any of the employees, key managerial personnel.

Loans taken by Key Managerial Personnel

None of our Key Managerial Personnel have taken any loan from our Company.

Employee Share Purchase and Employee Stock Option Scheme

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

Payment or Benefit to our Officers

Except for the payment of salaries, yearly bonus and other perks and requisites as mentioned in this chapter, we do not provide any other benefits to our employees.

Changes in the Key Managerial Personnel in the three years preceding the date of this Draft Prospectus

Name	Designation	Date of Joining	Date of Leaving
Mr. Vimal Shah	Chief Finance Officer	December 01, 2012	N.A.
Mr. Mukesh Shah	Chief Accountant	September 16, 2012	N.A.
Ms. Sneha Parghee	HR (Admin)	June 10, 2011	N.A.
Ms. Khushboo Surana	Company Secretary & Compliance Officer	May 07, 2010	N.A.

OUR PROMOTER, PROMOTER GROUP AND GROUP COMPANIES

OUR PROMOTER

Mr. Sandeep Agrawal and Mr. Mahendra Agrawal are the Promoters of our Company.

The details of our Promoters are provided below:

Mr. Sandeep Agrawal
PAN: ABBPA8827F
Passport No.: J7766193
Driver's License No.: 01/058539/02
Voter's ID No.: LPZ6244024
Bank A/c No.: 909010031947937
Name of Bank & Branch: Axis Bank, Asarwa Branch

Mr. Mahendra Agrawal
PAN: ABLPA0011D
Passport No.: J6169262
Driver's License No.: GJ01-108520-00
Voter's ID No.: GJ/11/068/180526
Bank A/c No.: 909010031947911
Name of Bank & Branch: Axis Bank, Asarwa Branch

For additional details on the age, background, personal address, educational qualifications, experience, positions/posts and Directorship held in the past, please see the chapter titled "Our Management" beginning on page 100 of this Draft Prospectus.

For details of the build-up of our Promoter's shareholding in our Company, please see "Capital Structure – Notes to Capital Structure" on page 44 of this Draft Prospectus.

Other Understandings and Confirmations

We confirm that the PAN, the Bank Account Number and the Passport Number of the Promoter have been submitted to the Stock Exchange where the securities of our Company are proposed to be listed, at the time of filing of this Draft Prospectus with the Stock Exchange.

Our Promoter, the members of our Group Companies and relatives of our Promoters (as per the Companies Act, 1956) have confirmed that they have not been identified as wilful defaulters by the RBI or any other governmental authority.

No violations of securities laws have been committed by our Promoters or members of our Promoter Group or any Group Companies in the past or are currently pending against them. None of (i) our Promoters, Promoter Group or Group Companies or persons in control of or on the boards of bodies corporate forming part of our Group Companies (ii) the Companies with which our Promoters are or were associated as a Promoter, Director or person in control, are debarred or prohibited from accessing the capital markets or restrained from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad.

Common Pursuits of our Promoters

None of our Group Companies is currently engaged in businesses similar to ours. However, certain of our Group Companies have been authorised by their respective Memorandum of Associations to undertake

activities which are similar to ours. Ashapura Paper Mills Pvt. Ltd. is the Group Company, whose main objects are similar to ours and this may result in potential conflicts of interest with our Company in the future.

Our Company has not adopted any measures for mitigating such conflict situations. For further details on the related party transactions, to the extent of which our Company is involved, please see the chapter titled "*Related Party Transactions*" beginning on page 121 of this Draft Prospectus.

Interest of Promoters in the Promotion of our Company

Our Company is promoted by Mr. Sandeep Agrawal and Mr. Mahendra Agrawal in order to carry on its present business. Our Promoters are interested in our Company as mentioned above in this chapter, under the heading "*Common Pursuits of our Promoters*" and to the extent of their shareholding and directorship in our Company and the dividend declared, if any, by our Company.

Interest of Promoters in the Property of our Company

Our Promoters have confirmed that they do not have any interest in any property acquired by our Company within two years preceding the date of this Draft Prospectus or proposed to be acquired by our Company as on the date of this Draft Prospectus.

Further, other than as mentioned in the chapter titled "*Our Business*", our Promoters do not have any interest in any transactions in the acquisition of land, construction of any building or supply of any machinery.

However, our Company has obtained on rent certain properties from relatives of our Promoter. The relevant details of such Rent Agreements are given below –

S. No.	Location	Name of Owner	Rent (in ₹)	Tenure
1	Plot no. 21, Sanand Industrial Estate, Ullaria Patia, Sarkhej Sanand Highway, Ahmedabad - 382210	Sudha Agrawal	45,000 per month (*exclusive of taxes)*	10 years w.e.f. April 01, 2010
2	4/A/1, Jay Ambe Estate, B/H Government G. Colony, Sukhramnagar, Gomtipur, Ahmedabad - 380023	Manoj Agrawal	41,500 per month (*exclusive of taxes)*	10 years w.e.f. April 01, 2010

Payment of Amounts or Benefits to our Promoters or Promoter Group during the last two years

Except as stated in "*Financial Statements – Annexure XIII*" on page 135 of this Draft Prospectus, no amount or benefit has been paid by our Company to our Promoters or the members of our Promoter Group in the last two years preceding the date of this Draft Prospectus.

Interest of Promoters in our Company other than as Promoters

Other than as promoters, our Promoters are interested in our Company to the extent of their shareholding and directorship in our Company and the dividend declared, if any, by our Company.

Except as mentioned in this chapter and the chapters titled "*Our Business*", "*History and Certain Corporate Matters*", " *Financial Indebtedness*" and "*Financial Statements - Annexure XIII*" on pages 82, 97, 156 and 135, respectively, of this Draft Prospectus, our Promoters do not have any interest in our Company other than as promoters.

Other Confirmations

Except as stated elsewhere in this Draft Prospectus, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Prospectus in which our Promoters are directly or indirectly interested and no payments have been made to them in respect of the

contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company other than in the normal course of business.

Further, except as disclosed in the chapter titled "*Our Promoter, Promoter Group and Group Companies*" beginning on page 112 of this Draft Prospectus, our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by us.

Companies with which the Promoter has disassociated in the last three years

Except as disclosed below, our Promoters have not disassociated themselves from any of the companies, firms or entities during the last three years preceding the date of this Draft Prospectus:

Sr. No.	Name of the Company	Particulars of Disassociation
1	Venture Land Developers Pvt. Ltd.	Mr. Sandeep Agrawal was appointed as Director in the company on January 02, 2008 and due to personal reasons he has subsequently resigned from the company w.e.f. October 05, 2012. He has also sold all his holdings in the company on November 10, 2012 and he does not hold any shares in the company as on date. Mr. Mahendra Agrawal was appointed as Director in the company on January 31, 2008 and due to personal reasons he has subsequently resigned from the company w.e.f. September 03, 2012. He has never held any shares in the company till date.

OUR PROMOTER GROUP AND GROUP COMPANIES

Apart from our Promoters, the following individuals and entities constitute our Promoter Group:

1. **Natural Persons who are Part of the Promoter Group**

   The following natural persons (being the immediate relatives of our Promoters), HUFs, partnerships, companies and other entities shall form part of our Promoter Group:

Name of the Promoter	Name of the Relative	Relationship with the Promoter
Mr. Sandeep Agrawal	Tulsiram Agrawal	Father
	Pushpa Agrawal	Mother
	Namrata Agrawal	Wife
	Manoj Agrawal; Mahendra Agrawal	Brother(s)
	Komal Agrawal, Kashish Agrawal	Daughter(s)
Mr. Mahendra Agrawal	Tulsiram Agrawal	Father
	Pushpadevi Agrawal	Mother
	Sudha Agrawal	Wife
	Sandeep Agrawal; Manoj Agrawal	Brother(s)
	Karan Agrawal	Son(s)
	Khushi Agrawal	Daughter(s)

2. **Other Individuals who are part of the Promoter Group:** None

3. Corporate Entities or Firms forming part of the Promoter Group

As per Regulation 2(zb)(iv) of the SEBI (ICDR) Regulations, 2009, the following entities shall form part of our Promoter Group:

Sr. No.	Relationship	Name of Promoter Group Entity
(A)	Any body corporate in which ten per cent or more of the equity share capital is held by the promoters or an immediate relative of the promoters or a firm or Hindu Undivided Family in which the promoter or any one or more of his immediate relative is a member;	• Kushal Infrastructure Pvt. Ltd. • Ashapura Paper Mills Pvt. Ltd.
(B)	Any body corporate in which a body corporate as provided in (A) above holds ten per cent or more, of the equity share capital;	--
(C)	Any Hindu Undivided Family or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than ten per cent. of the total;	• Tulsiram Agrawal HUF • Sandeep Agrawal HUF • Manoj Agrawal HUF • Mahendra Agrawal HUF • M/s. Shaan Developers

OUR GROUP ENTITIES

Entities forming part of the Group Entities

Unless otherwise stated, none of the entities forming part of the Group Entities had remained defunct during the five years preceding the date of this Draft Prospectus or is a sick company under the meaning of SICA and none of them are under winding up. Further, all the Group Companies are unlisted companies and they have not made any Public Issue of securities (including rights) in the preceding three years. The information provided in this chapter is as on the date of this Draft Prospectus.

The Group Entities are as follows:

Companies:

- Kushal Infrastructure Pvt. Ltd.
- Ashapura Paper Mills Pvt. Ltd.

Partnership firms

- M/s. Shaan Developers

HUF's:

- Tulsiram Agrawal HUF
- Sandeep Agrawal HUF
- Manoj Agrawal HUF
- Mahendra Agrawal HUF

DETAILS OF OUR PROMOTER GROUP ENTITIES

Companies:

1. ***Kushal Infrastructure Pvt. Ltd. (herein after known as "KIPL")***

Corporate Information

Kushal Infrastructure Pvt. Ltd. was incorporated under the Companies Act, 1956 on July 20, 2010 in the state of Gujarat. KIPL is engaged in the business of construction and real estate for development in and around Ahmedabad with a vision to design and build such Commercial & Residential Buildings, Industrial, Infrastructure projects at various locations.

Its registered office is situated at 10/11, Saket Industrial Estate, Nr. Nova Petrochemical, Opp. Ramdev Masala, Moriya, Changodar, Ahmedabad - 382213, Gujarat

Board of Directors

- Mr. Manoj Agrawal
- Mr. Tulsiram Agrawal
- Mr. Yogeshbhai Patel
- Ms. Komal Agrawal

Shareholding Pattern

The shareholding Pattern of KIPL as on date of this Draft Prospectus is as follows:

Sr. No.	Name of Shareholder	No. of Equity Shares Held	% of Total Equity Holding
A	Promoter & Promoter Group	4,000	40.00%
B	Others	6,000	60.00%
	Total	**10,000**	**100.00%**

Financial Performance

The summary of audited financials of KIPL is as follows:

(₹ in lacs, unless stated otherwise)

Sr. No.	Particulars	As at March 31		
		2012	2011	2010*
1	Equity Capital	1.00	1.00	N.A.
2	Reserves (excluding revaluation reserve) and Surplus	31.15	0.00	N.A.
3	Income including other income	220.78	148.81	N.A.
4	Profit/ (Loss) after tax	31.15	0.00	N.A.
5	Earnings per share (face value of ₹10 each) (in ₹)	311.48	-	N.A.
6	Net asset value (in ₹)	321.48	10.00	N.A.

**The Company was incorporated in July 2010 and hence the Annual Report for the financial year 2009-10 is not available.*

2. *Ashapura Paper Mills Pvt. Ltd. (herein after known as "APMPL")*

Corporate Information

Ashapura Paper Mills Pvt. Ltd. was incorporated under the Companies Act, 1956 on June 17, 2010 in the state of Gujarat. APMPL is engaged in the business of manufacturing of Paper and Paper Products.

Its registered office is situated at Survey No. 202, Nr. Lion Farms, At Nani Reldi, Bhuj - 370105, Gujarat.

Board of Directors

- Mr. Manoj Agrawal
- Ms. Sangita Agrawal
- Ms. Namrata Agrawal

Shareholding Pattern

The shareholding Pattern of APMPL as on date of this Draft Prospectus is as follows:

Sr. No.	Name of Shareholder	No. of Equity Shares Held	% of Total Equity Holding
A	Promoter & Promoter Group	12,00,000	60.00%
B	Others	8,00,000	40.00%
	Total	**20,00,000**	**100.00%**

Financial Performance

The summary of audited financials of APMPL is as follows:

(₹ in lacs, unless stated otherwise)

Sr. No.	Particulars	As at March 31		
		2012	2011	2010*
1	Equity Capital	200.00	200.00	N.A.
2	Reserves (excluding revaluation reserve) and Surplus	245.67	300.00	N.A.
3	Income including other income	1367.58	Nil	N.A.
4	Profit/ (Loss) after tax	(54.33)	Nil	N.A.
5	Earnings per share (face value of ₹10 each) (in ₹)	(0.27)	-	N.A.
6	Net asset value (in ₹)	22.28	22.72	N.A.

**The Company was incorporated in June 2010 and hence the Annual Report for the financial year 2009-10 is not available.*

Partnership Firms

3. *M/s. Shaan Developers*

Corporate Information

M/s. Shaan Developers is a registered partnership firm formed on May 22, 2010. This partnership was entered into with the objective of investing in lands, buildings and properties in India and also to carry out business as builders, property developers, and dealers in residential and commercial buildings.

Interest of the Promoter

Sr. No.	Name of the Partner	Profit or loss sharing ratio in percentage as of December 31, 2012
1	Babarbhai Rabari	1.00%
2	Jaymal Gohil	1.00%
3	Pinakin Manharlal	1.00%
4	Sagar Virubhai	1.00%
5	Dhaval Patel	1.00%
6	Sandeep Agrawal	48.00%
7	Mit Shah	9.00%
8	Sejal Shah	38.00%

Financial Performance

(₹ in lacs)

Sr. No.	Particulars	As at March 31		
		2012	2011	2010
1	Capital Account	124.99	124.69	N.A.
2	Interest Income	Nil	Nil	N.A.
3	Net Surplus	Nil	Nil	N.A.

**The Firm was incorporated in May 2010 and hence the Annual Report for the financial year 2009-10 is not available.*

HUF:

4. Tulsiram Agrawal HUF

Tulsiram Agrawal HUF is a Hindu Undivided family, formed on December 04, 1965 represented by its Karta Mr. Tulsiram Agrawal.

Financial Performance

(₹ in lacs)

Sr. No.	Particulars	As at March 31		
		2012	2011	2010
1	Capital	46.93	40.39	35.63
2	Total Income	6.95	5.22	3.83

5. Sandeep Agrawal HUF

Sandeep Agrawal HUF is a Hindu Undivided family, formed on March 27, 1995, represented by its Karta Mr. Sandeep Agrawal.

Financial Performance

(₹ in lacs)

Sr. No.	Particulars	As at March 31		
		2012	2011	2010
1	Capital	37.92	36.09	31.33
2	Total Income	2.19	4.98	3.36

6. Manoj Agrawal HUF

Manoj Agrawal HUF is a Hindu Undivided family, formed on August 07, 1991, represented by its Karta Mr. Manoj Agrawal.

Financial Performance

(₹ in lacs)

Sr. No.	Particulars	As at March 31		
		2012	2011	2010
1	Capital	41.16	35.90	31.19
2	Total Income	5.62	4.91	3.26

7. Mahendra Agrawal HUF

Mahendra Agrawal HUF is a Hindu Undivided family, formed on August 10, 1968, represented by its Karta Mr. Mahendra Agrawal.

Financial Performance

(₹ in lacs)

Sr. No.	Particulars	As at March 31		
		2012	2011	2010
1	Capital	41.37	35.24	30.55
2	Total Income	6.12	4.82	3.00

Nature and Extent of Interest of Group Companies

a) In the promotion of the Company

None of the Group Companies have any interest in the promotion of the Company, except to the extent of their shareholding in the Company, if any. For details regarding the shareholding of our Group Companies in our company, please see the chapter titled "*Capital Structure*" beginning on page 43 of this Draft Prospectus.

b) In the properties acquired or proposed to be acquired by the Company in the past two years

Our Company has not acquired nor does it propose to acquire any properties from its Group Companies.

c) In transactions for acquisition of land, construction of building and supply of machinery

None of the Group Companies have any interest in any transactions for acquisition of land, construction of building and supply of machinery by our Company.

Related Business Transactions within the Group Companies and Significance on the Financial Performance of the Company

For details, please see the chapter titled "*Related Party Transactions"* beginning on page 121 of this Draft Prospectus.

Sale / Purchase between Group Companies

For details, please see the chapter titled "*Related Party Transactions"* beginning on page 121 of this Draft Prospectus.

Business Interest of Group Companies in the Company

Except as disclosed above, and in the chapters titled "*Our Business*" and "*Related Party Transactions*" beginning on pages 82 and 121 respectively of this Draft Prospectus, none of the Group Companies have any business interest in our Company.

Common Pursuits of Promoters and Group Companies

None of our Group Companies is currently engaged in businesses similar to ours. However, certain of our Group Companies have been authorised by their respective Memorandum of Associations to undertake activities which are similar to ours. Ashapura Paper Mills Pvt. Ltd. is the Group Company, whose main objects are similar to ours and this may result in potential conflicts of interest with our Company in the future.

Our Company has not adopted any measures for mitigating such conflict situations. For further details on the related party transactions, to the extent of which our Company is involved, please see the chapter titled "*Related Party Transactions*" beginning on page 121 of this Draft Prospectus.

RELATED PARTY TRANSACTIONS

For details on Related Party Transactions of our Company, please see Annexure XIII on page 135 of this Draft Prospectus under the section titled "*Financial Information*".

DIVIDEND POLICY

Under the Companies Act, 1956, our Company can pay dividends upon a recommendation by our Board of Directors and approval by a majority of the shareholders at the General Meeting. The shareholders of our Company have the right to decrease, not to increase the amount of dividend recommended by the Board of Directors. The dividends may be paid out of profits of our Company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both. The Articles of Association of our Company also gives the discretion to our Board of Directors to declare and pay interim dividends.

There are no dividends declared by our Company since incorporation.

Our Company does not have any formal dividend policy for the Equity Shares. The declaration and payment of dividend will be recommended by our Board of Directors and approved by the shareholders of our Company at their discretion and will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, applicable Indian legal restrictions and other factors considered relevant by our Board of Directors.

SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Auditor's Report

To
The Board of Directors
KUSHAL TRADELINK LIMITED
Plot No. 43, B/s Navneet Press,
Sukhramnagar,
Gomtipur,
Ahmedabad 380 023.

Dear Sirs,

1. We have examined the attached **Restated Unconsolidated Financial Information** of **Kushal Tradelink Limited (KTL),** as at December 31, 2012, March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 & March 31, 2008 and Restated Unconsolidated Profit & Loss and Cash Flow Statements for the Period Ended December 31, 2012, and each of the years ended March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 & March 31, 2008 for **Kushal Tradelink Limited** (Collectively the **"Restated Unconsolidated Financial Statements**"), as approved by the Board of Directors of KTL prepared in terms of the requirements of Paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (the "Act") and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009 as amended to date (the "SEBI Regulations") and the terms of our engagement with you in accordance with our Engagement Letter dated 15/01/2013 in connection with the Company's Proposed Initial Public Offer (IPO) of equity shares of ₹ 10 each at the premium of ₹ 25 (referred to as the "**Issue**").

2. The Restated Unconsolidated Financial Information have been extracted by the management from the financial statements for the Period / Financial Year ended December 31, 2012, March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 & March 31, 2008. The audit for Period/ Financial Year ended December 31, 2012, March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 & March 31, 2008 have been conducted by the Previous Auditors and the reliance has been placed on the financial statements audited by them.

3. Information of the company for the Financial Year ended March 31, 2011, March 31, 2010, March 31, 2009 & March 31, 2008 are based solely on financial statements audited by previous auditor. The financial statements for the year ended on March 31, 2012 have been reaudited by us and also we have conducted the audit for the period ended on December 31, 2012 and books of account underlying those financial statements and other records of the Company. We have also audited the books of accounts underlying the financial statements and other records of the company, to the extent considered necessary by us, for the presentation of the Restated Unconsolidated Summary Statements under the requirements of Revised Schedule VI of the Act, in relation to the years ended March 31, 2011, March 31, 2010, March 31, 2009 & March 31, 2008.

4. In accordance with the requirements of Paragraph B (1) of Part II of Schedule II to the Companies Act 1956, the SEBI Regulations; Revised Guidance Note on Reports in Company's Prospectus (as amended from time to time) issued by the Institute of Chartered Accountants of India (the "ICAI") and the term of our engagement agreed with you, we further report that:

   i. The Restated Unconsolidated Summary Statement of Assets and Liabilities of the Company as at December 31, 2012, March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 & March 31, 2008 as set out in ***"Annexure I"*** to this report read with the Significant Accounting Policies and related Notes in Annexure XVII are after making such adjustments and regroupings as in our opinion

are appropriate in the year to which they relate and more fully described in Schedules to the Restated Unconsolidated Summary Statements.

ii. The Restated Unconsolidated Summary of Profit & Loss Statement of the Company for the Period / Financial Year ended December 31, 2012, March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 & March 31, 2008 as set out in ***"Annexure II"*** to this report read with the significant accounting policies and related Notes in Annexure XVII are after making such adjustments and regroupings as in our opinion are appropriate in the year to which they relates and more fully described in Schedules to the Restated Unconsolidated Summary Statements.

iii. We have also examined the following financial information as set out in Annexures prepared by the Management and approved by the Board of Directors relating to the Company for the Period / Financial Year ended December 31, 2012, March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 & March 31, 2008.

Annexure III	Restated Unconsolidated Statement of Cash Flows
Annexure IV	Restated Unconsolidated Statement of Fixed Assets
Annexure V	Restated Unconsolidated Statement of Investments
Annexure VI	Restated Unconsolidated Statement of Trade Receivables
Annexure VII	Restated Unconsolidated Statement of Loans and Advances
Annexure VIII	Restated Unconsolidated Statement of Long Term Borrowings
Annexure IX	Restated Unconsolidated Statement of Short Term Borrowings
Annexure X	Restated Unconsolidated Statement of Current Liabilities and Provisions
Annexure XI	Restated Unconsolidated Statement of Capitalization Statement
Annexure XII	Restated Unconsolidated Statement of Contingent Liabilities
Annexure XIII	Restated Unconsolidated Statement of Related Party Transactions
Annexure XIV	Restated Unconsolidated Statement of Other Income
Annexure XV	Restated Unconsolidated Statement of Dividend Declared
Annexure XVI	Restated Unconsolidated Statement of Accounting Ratios
Annexure XVII	Restated Unconsolidated Statement of Significant Accounting Policies and Notes to Accounts
Annexure XVIII	Restated Unconsolidated Statement of Tax Shelter

In our Opinion, the above financial information contained in Annexure I to XVIII of this report read along with the Restated Unconsolidated Statement of Significant Accounting Policies, and related Notes (refer Annexure XVII) are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with paragraph B, Part II of Schedule II of the Companies Act, 1956, the SEBI Regulations and the Guidance Notes on the Reports in Company's Prospectus (Revised) issued by the Institute of Chartered Accountants of India ("ICAI") to the extent applicable, as amended from time to time, and in terms of our engagement as agreed with you.

Our report is intended solely for the use of management and for inclusion in the Draft Offer Document / Offer Document in connection with the proposed issue of equity shares of the Company and our Report should not to be used, referred to or distributed for any other purpose without our written consent.

For P. DOSHI & ASSOCIATES
Chartered Accountants
Registration No. 102740W

CA Parthiv Doshi
Proprietor
M. No. 032295
Place: Ahmedabad
Dated: January 31, 2013

ANNEXURE I: RESTATED UNCONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(₹ in lacs)

	Particulars	As on Dec 31, 2012	As on March 31				
			2012	2011	2010	2009	2008
A	**Non-Current Assets**						
1	**Fixed Assets**						
	(i) Tangible Assets	347.30	299.32	312.04	320.28	145.22	130.25
	(ii) Intangible Assets	0.00	0.00	0.00	0.00	0.00	0.00
		347.30	*299.32*	*312.04*	*320.28*	*145.22*	*130.25*
	Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Net Block After Adjustment of Revaluation Reserve	**347.30**	**299.32**	**312.04**	**320.28**	**145.22**	**130.25**
	(iii)Capital work in Progress	0.00	0.00	0.00	0.00	0.00	0.00
2	Non-Current Investments	15.13	15.13	15.13	15.13	15.13	15.13
3	Long Term Loans & Advances	176.81	443.93	162.91	211.90	115.62	0.00
4	Other non-current assets	35.90	21.28	21.28	21.28	0.00	0.00
	Total (A)	**575.15**	**779.66**	**511.37**	**568.60**	**275.97**	**145.38**
B	**Current Assets**						
1	Inventories (Traded Goods)	563.75	958.38	793.99	398.04	92.30	198.55
2	Trade Receivables	7440.52	4773.46	3901.50	3037.51	1725.05	1513.78
3	Cash and Cash Equivalents	0.78	29.80	46.43	301.83	92.29	97.17
4	Short Term Loans and Advances	462.95	394.60	397.65	252.76	388.69	112.87
5	Other Current Assets	0.00	0.00	0.00	0.00	0.00	0.00
	Total (B)	**8468.00**	**6156.24**	**5139.57**	**3990.15**	**2298.33**	**1922.37**
C	**Total Assets (A+B)**	**9043.15**	**6935.90**	**5650.94**	**4558.75**	**2574.30**	**2067.76**
D	**Non-Current Liabilities**						
1	Long Term Borrowings	0.00	633.05	22.63	193.84	151.01	79.58
2	Deferred Tax Liabilities (Net)	17.26	16.71	16.18	14.68	11.23	9.77
	Total (D)	**17.26**	**649.76**	**38.81**	**208.53**	**162.24**	**89.35**
E	**Current Liabilities**						
1	Short Term Borrowings	4733.43	3591.93	3192.92	2064.45	1052.17	784.91
2	Trade Payables	2101.14	726.93	730.42	696.19	303.66	212.15
3	Other Current Liabilities	75.32	175.09	64.51	69.01	37.77	48.19
4	Short Term Provisions	128.36	71.00	42.48	33.53	28.93	18.00
	Total (E)	**7038.25**	**4564.95**	**4030.32**	**2863.18**	**1422.53**	**1063.24**
F	**Total Liabilities & Provisions (D+E)**	**7055.51**	**5214.71**	**4069.13**	**3071.71**	**1584.77**	**1152.60**
G	**Net Worth (C-F)**	**1987.64**	**1721.20**	**1581.81**	**1487.04**	**989.53**	**915.16**

	Particulars	As on Dec 31, 2012	As on March 31				
			2012	2011	2010	2009	2008
REPRESENTED BY SHAREHOLDERS' FUND							
Share Capital		**1579.87**	**1579.87**	**877.70**	**877.70**	**70.79**	**60.09**
	Equity Share Capital	1579.87	1579.87	877.70	877.70	70.79	60.09
	Preference Share Capital	0.00	0.00	0.00	0.00	0.00	0.00
	Share Application Money (Pending Allotment)	0.00	0.00	0.00	0.00	0.00	0.00
	Minority Interest	0.00	0.00	0.00	0.00	0.00	0.00
Reserves & Surplus		**407.78**	**141.33**	**704.11**	**609.33**	**918.74**	**855.07**
	Share Premium Account (A)	0.00	0.00	394.94	394.94	764.00	764.00
	Profit & Loss Account (B)	406.70	140.25	0.87	196.10	127.74	70.07
	Capital Reserve(C)	0.00	0.00	0.00	0.00	0.00	0.00
	General Reserve(D)	1.08	1.08	308.30	18.30	27.00	21.00
Net Worth		**1987.64**	**1721.20**	**1581.81**	**1487.04**	**989.53**	**915.16**

Note: The above Statements should be read with Notes to the Restated Unconsolidated Assets and Liabilities, Profit & Loss Statement and Cash Flow Statement as appearing in Annexure XVII.

ANNEXURE II: RESTATED UNCONSOLIDATED STATEMENT OF PROFITS AND LOSSES

(₹ in lacs)

Particulars	For the period ended Dec 31, 2012	For the year ended March 31				
		2012	2011	2010	2009	2008
REVENUE						
Revenue from Operations	16770.07	18511.90	11251.28	9461.83	6327.91	4824.80
Other Income	132.42	60.52	48.22	48.49	57.60	17.18
Total Income	*16902.48*	*18572.41*	*11299.49*	*9510.33*	*6385.52*	*4841.98*
EXPENSES						
Purchases	15407.75	17733.93	11003.95	9307.38	5868.84	4514.70
Changes in Inventories of Traded Goods	394.63	(164.39)	(395.95)	(305.74)	106.25	17.91
Manufacturing Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Employee Benefit Expenses	100.76	107.32	89.85	65.03	61.61	58.19
Financial Cost	486.04	508.07	291.84	208.48	135.34	70.02
Other Administrative and Selling & Dist. Exp.	102.35	155.82	151.05	110.96	108.29	113.75
Depreciation and Amortization Expenses	17.48	20.75	19.99	14.89	11.68	9.28
Total Expenditure	*16509.01*	*18361.51*	*11160.74*	*9400.99*	*6292.00*	*4783.85*
Net Profit/(Loss) Before Tax	**393.48**	**210.91**	**138.75**	**109.34**	**93.51**	**58.14**
Less: Provision for Taxation						
Current Year Income Tax	128.36	71.00	42.48	30.50	28.01	18.00
Deferred Tax (Asset)\Liability	0.55	0.53	1.50	3.46	1.46	0.56
Prior Period Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Excess/ Short Provisions for Earlier Years W/off	(1.88)	0.00	0.00	1.03	0.37	0.22
Total	**127.03**	**71.53**	**43.98**	**34.98**	**29.84**	**18.78**
Net Profit After Tax but Before Extraordinary Items	**266.45**	**139.38**	**94.77**	**74.36**	**63.67**	**39.35**
Extraordinary items	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit After Extraordinary Items Available for Appropriation	**266.45**	**139.38**	**94.77**	**74.36**	**63.67**	**39.35**
Proposed Dividend on Preference Shares	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Distribution Tax	0.00	0.00	0.00	0.00	0.00	0.00
Transfer to Capital Reserves	0.00	0.00	0.00	0.00	0.00	0.00
Transfer to General Reserves	0.00	0.00	93.90	6.00	6.00	6.00
Net Profit Carried to Balance Sheet	**266.45**	**139.38**	**0.87**	**68.36**	**57.67**	**33.35**

Note: The above Statements should be read with Notes to the Restated Unconsolidated Assets and Liabilities, Profit & Loss Statements and Cash Flow Statements as appearing in Annexure XVII.

ANNEXURE III: RESTATED UNCONSOLIDATED STATEMENT OF CASH FLOWS

(₹ in lacs)

Particulars	For the period ended Dec 31, 2012	For the year ended March 31				
		2012	2011	2010	2009	2008
CASH FLOW FROM OPERATING ACTIVITIES						
Net Profit before Taxation	**393.48**	**210.91**	**138.75**	**109.34**	**93.51**	**58.14**
Adjustments for						
Depreciation	17.48	20.75	19.99	14.89	11.68	9.28
Dividend Received	0.00	0.00	0.00	0.00	0.00	0.00
Interest Expenses	439.27	508.07	291.84	208.48	135.34	70.02
Interest Received	0.00	0.00	0.00	0.00	0.00	0.00
(Profit)/Loss on sale of Fixed Assets/Investments	3.90	0.00	(6.11)	(0.63)	1.40	1.83
Extraordinary (Income)/Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Operating Cash Generated Before Working Capital Changes and Taxes	**854.13**	**739.73**	**444.46**	**332.08**	**241.93**	**139.26**
(Increase)/Decrease in Receivables	(2667.06)	(871.96)	(863.99)	(1312.46)	(211.27)	(491.39)
(Increase)/Decrease in Inventories (traded goods)	394.63	(164.39)	(395.95)	(305.74)	106.25	17.91
(Increase)/Decrease in other current assets	(68.35)	3.05	(144.89)	135.93	(275.82)	(55.25)
Increase/(Decrease) in Payables	1374.21	(3.49)	34.22	392.53	91.51	117.13
Increase/(Decrease) in Bank Finance	1141.50	399.01	1128.46	1012.28	267.27	271.98
Increase/(decrease) in other current liability	(42.41)	139.10	4.45	35.84	0.51	32.74
Operating Cash Generated Before Taxes	**986.66**	**241.05**	**206.78**	**290.45**	**220.39**	**32.37**
Less : Income Tax paid (MAT/FBT)	(126.48)	(71.00)	(42.48)	(31.53)	(28.39)	(18.22)
Net Cash Generated from Operating Activities (A)	**860.18**	**170.05**	**164.30**	**258.92**	**192.00**	**14.15**
CASH FLOW FROM INVESTING ACTIVITIES						
Dividend Received	0.00	0.00	0.00	0.00	0.00	0.00
Interest Received	0.00	0.00	0.00	0.00	0.00	0.00
(Purchase)/Sale of Assets	(69.38)	(8.02)	(5.63)	(189.32)	(28.04)	(18.08)
(Purchase)/Sale of Intangible Assets	0.00	0.00	0.00	0.00	0.00	0.00
Change in Non-Current Assets	267.11	(281.01)	48.99	(96.28)	(115.62)	168.88
Net Cash Flow from Investing Activities (B)	**197.74**	**(289.04)**	**43.36**	**(285.60)**	**(143.66)**	**150.80**
CASH FLOW FROM FINANCING ACTIVITIES						
Interest Expenses	(439.27)	(508.07)	(291.84)	(208.48)	(135.34)	(70.02)

Particulars	For the period ended Dec 31, 2012	For the year ended March 31				
		2012	2011	2010	2009	2008
IPO and Preliminary Expenses	(14.62)	0.00	0.00	(21.28)	0.00	0.00
Dividend Paid	0.00	0.00	0.00	0.00	0.00	0.00
Increase/(Decrease) in Share Capital & Share Premium	0.00	0.00	0.00	423.15	10.70	0.00
Change in other Short term/Long term debts	(633.05)	610.42	(171.21)	42.83	71.43	(5.20)
Net Cash Flow from Financing Activities (C)	**(1086.94)**	**102.35**	**(463.06)**	**236.23**	**(53.21)**	**(75.22)**
Net Increase/(decrease) in Cash and Cash Equivalents (A+B+C)	**(29.02)**	**(16.63)**	**(255.40)**	**209.54**	**(4.88)**	**89.74**
Opening Balance of Cash and Cash Equivalents	29.80	46.43	301.83	92.29	97.17	7.43
Closing Balance of Cash and Cash Equivalents	**0.78**	**29.80**	**46.43**	**301.83**	**92.29**	**97.17**

Notes:

1) The above Statements should be read with Notes to the Restated Unconsolidated Assets and Liabilities, Profit & Loss Statements and Cash Flow Statements as appearing in Annexure XVII

2) Restated Unconsolidated Cash Flow Statements has been prepared under the "Indirect Method" as set out in Accounting Standard 3

ANNEXURE IV: RESTATED UNCONSOLIDATED STATEMENT OF FIXED ASSETS

(₹ in lacs)

Particulars	As on Dec 31, 2012	As on March 31				
		2012	2011	2010	2009	2008
Freehold Land	135.23	135.23	135.23	135.23	28.50	28.50
Less: Accumulated Depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Net Block	*135.23*	*135.23*	*135.23*	*135.23*	*28.50*	*28.50*
Leasehold Land	0.00	0.00	0.00	0.00	0.00	0.00
Less: Accumulated Depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Net Block	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*
Factory Building (1.63% p.a.)	23.20	23.20	23.20	23.20	20.70	20.70
Less: Accumulated Depreciation	2.31	2.02	1.64	1.26	0.90	0.57
Net Block	*20.90*	*21.18*	*21.56*	*21.94*	*19.80*	*20.13*
Plant & Machinery (4.75% p.a.)	31.19	18.53	14.59	12.63	11.80	10.62
Less: Accumulated Depreciation	4.92	4.05	3.30	2.63	2.05	1.50
Net Block	*26.27*	*14.48*	*11.29*	*10.00*	*9.75*	*9.12*
Electrical Instruments	0.00	0.00	0.00	0.00	0.00	0.00
Less: Accumulated Depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Net Block	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*
Furniture & Fixtures (6.33% p.a.)	11.68	11.39	11.39	11.39	11.39	11.39
Less: Accumulated Depreciation	4.86	4.32	3.60	2.88	2.15	1.43
Net Block	*6.82*	*7.07*	*7.79*	*8.51*	*9.24*	*9.96*
Vehicles (9.50% p.a.)	175.49	128.61	126.79	126.88	71.77	49.42
Less: Accumulated Depreciation	40.54	34.93	22.71	18.84	12.29	9.66
Net Block	*134.95*	*93.68*	*104.08*	*108.04*	*59.48*	*39.76*
Vehicles (11.31% p.a.)	43.83	43.83	43.83	44.04	30.20	30.20
Less: Accumulated Depreciation	23.34	19.60	14.63	9.89	13.46	10.04
Net Block	20.49	24.23	29.20	34.15	16.74	20.16
Office Equipments (4.75%) p.a.	0.68	0.68	0.68	0.68	0.68	0.68
Less: Accumulated Depreciation	0.21	0.19	0.16	0.12	0.09	0.06
Net Block	0.47	0.49	0.52	0.56	0.59	0.62
Computer (16.21% p.a.)	11.82	11.20	8.93	7.12	5.46	5.46
Less: Accumulated Depreciation	9.64	8.24	6.56	5.27	4.34	3.46
Net Block	*2.18*	*2.96*	*2.37*	*1.85*	*1.12*	*2.00*
Total	**347.30**	**299.32**	**312.04**	**320.28**	**145.22**	**130.25**

Note: The Figures disclosed above are based on the Restated Summary Statement of Assets and Liabilities of the Company

ANNEXURE V: RESTATED UNCONSOLIDATED STATEMENT OF INVESTMENTS

(₹ in lacs)

Particulars	As on Dec 31, 2012	As on March 31				
		2012	2011	2010	2009	2008
NON CURRENT INVESTMENTS						
A) Long Term Investments						
Equity Instruments						
-Quoted	15.13	15.13	15.13	15.13	15.13	15.13
-Unquoted	0.00	0.00	0.00	0.00	0.00	0.00

Particulars	As on Dec 31, 2012	As on March 31				
		2012	2011	2010	2009	2008
Share Application Money	0.00	0.00	0.00	0.00	0.00	0.00
Total (A)	*15.13*	*15.13*	*15.13*	*15.13*	*15.13*	*15.13*
B) Short Term Investments	0.00	0.00	0.00	0.00	0.00	0.00
C) Provision for diminution in value of Investments	0.00	0.00	0.00	0.00	0.00	0.00
Total (A+B+C)	***15.13***	***15.13***	***15.13***	***15.13***	***15.13***	***15.13***
Quoted Investments						
-Book Value	15.13	15.13	15.13	15.13	15.13	15.13
-Market Value	3.51	2.93	5.68	4.57	3.01	5.07
Unquoted Investments						
-Book Value	0.00	0.00	0.00	0.00	0.00	0.00
Total	**15.13**	**15.13**	**15.13**	**15.13**	**15.13**	**15.13**

Notes:

1. The Figures disclosed above are based on the Restated Unconsolidated Summary statement of Assets and Liabilities of the Company
2. The above stated Investments are in the name of the Company.

ANNEXURE VI: RESTATED UNCONSOLIDATED STATEMENT OF TRADE RECEIVABLES

(₹ in lacs)

Particular	As on Dec 31, 2012	As on March 31				
		2012	2011	2010	2009	2008
(A) Unsecured, Considered good outstanding for a period less than six months*						
Amount due from Promoter/Group Co./ Directors	209.85	47.87	0.00	0.00	0.00	0.00
Others	6514.50	4370.85	3407.32	2624.44	1643.81	1435.57
(B) Unsecured, Considered good outstanding for a period more than six months**						
Amount due from Promoter/Group Co./Directors	0.00	0.00	0.00	0.00	0.00	0.00
Others	716.16	354.74	494.18	413.07	81.25	78.21
Total	**7440.52**	**4773.46**	**3901.50**	**3037.51**	**1725.05**	**1513.78**

Notes: The Figures disclosed above are based on the Restated Unconsolidated Summary statement of Assets and Liabilities of the Company

*From the date they fell due for payment

**From the due date

ANNEXURE VII: RESTATED UNCONSOLIDATED STATEMENT OF LOANS AND ADVANCES

(₹ in lacs)

Particular	As on Dec 31, 2012	As on March 31				
		2012	2011	2010	2009	2008
LONG TERM LOANS AND ADVANCES						
Capital Advance	142.85	182.88	162.47	208.13	115.25	0.00
Loans & Advances to Related Parties	0.00	225.60	0.00	0.00	0.00	0.00
Security deposits	33.97	35.45	0.44	3.77	0.37	0.00
Total	**176.81**	**443.93**	**162.91**	**211.90**	**115.62**	**0.00**
SHORT TERM LOANS AND ADVANCES						
Security Deposits	0.00	0.00	0.00	0.00	0.00	0.00
Advance tax	135.00	64.00	36.00	25.88	20.60	16.00
Loans to Employee	0.00	0.00	0.00	0.00	0.00	0.00
Advances to Suppliers	314.75	315.95	349.22	216.12	355.80	86.73
Others	1.64	3.69	2.58	2.87	2.47	3.30
Vat & Excise and others	11.56	10.96	9.85	7.89	9.82	6.84
Total	**462.95**	**394.60**	**397.65**	**252.76**	**388.69**	**112.87**
OTHER CURRENT ASSETS						
Other Current Assets	0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Exp	0.00	0.00	0.00	0.00	0.00	0.00
Total	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

Note: The Figures disclosed above are based on the Restated Unconsolidated Summary Statement of Assets and Liabilities of the Company

ANNEXURE VIII: RESTATED UNCONSOLIDATED STATEMENT OF LONG TERM BORROWINGS

(₹ in lacs)

Particular	As on Dec 31, 2012		As on March 31									
			2012		2011		2010		2009		2008	
	NCP	CM	NCP	CM	NCP	CM	NCP	CM	NCP	CM	NCP	CM
Loans & adv. from related parties	0.00	0.00	108.05	0.00	22.63	0.00	193.84	0.00	151.01	0.00	79.58	4.17
Inter Corporate Deposits	0.00	0.00	525.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	**0.00**	**0.00**	**633.05**	**0.00**	**22.63**	**0.00**	**193.84**	**0.00**	**151.01**	**0.00**	**79.58**	**4.17**

Notes:

1. The Figures disclosed above are based on the Restated Unconsolidated Summary Statement of Assets and Liabilities of the Company.
2. NCP stands for Non-Current Portion & CM stands for Current Maturity.

ANNEXURE IX: RESTATED UNCONSOLIDATED STATEMENT OF SHORT TERM BORROWINGS

(₹ in lacs)

Name of the Bank	Type of Facility	As on Dec 31, 2012	As on March 31				
			2012	2011	2010	2009	2008
Working Capital Facilities (FB & NFB)							
Standard Chartered bank	O.D.	3963.51	3552.56	3192.92	2064.45	1052.17	784.91
Overseas bank	Buyers credit	769.92	39.37	0.00	0.00	0.00	0.00
	Total	**4733.43**	**3591.93**	**3192.92**	**2064.45**	**1052.17**	**784.91**

Note: The Figures disclosed above are based on the Restated Unconsolidated Summary Statement of Assets and Liabilities of the Company

Terms and Conditions of Short Term Borrowings

Working Capital Facilities	
Working Capital Loan from & Terms of Repayment	As above stated Working Capital Facilities are obtained from Standard Chartered Bank, Ahmedabad and repayable on demand
Nature of Security	PRIMARY SECURITY
	First charge on entire stocks & books debts
	COLLATERAL SECURITY :
	Equitable mortgage of the properties as follows:
	(a) Residential Property located at 15, Manichandra CHS, Part -2, Near Sun n Step Bungalows, Thaltej Ahmedabad of Mr. Manoj T Agrawal and Ms. Sangita M. Agrawal.
	(b) Residential Property at 36, Royal Enclave, Near Asopalav Bunglows, Thaltej, Ahmedabad owned by Mr. Sandeep Agrawal.
	(c) Quasi-Commercial Property located at Plot No. 21, Block No. 100 to104, 106+107+108, Moje – Sanathal, Ta-Sanandh, Dist-Ahmedabad owned by Ms. Sudha M. Agrawal.
	(d) Quasi-commercial property located at Plot No 43, B/S Navneet Prakashan, Sukhramnagar, Gomtipur, Ahmedabad owned by Kushal Tradelink Pvt. Ltd.
	(e) Quasi Commercial property located at Plot No: 46, Jay Ambe Estate, B/s Mukti Foundary, Sukhramnagar, Rakhial, Ahmedabad owned by Mr. Manoj T. Agrawal
	(f) Residential Property Located At 5, Royal Crescent, Near Asopalav Bungalows, Thaltej, Ahmedabad owned by Ms. Namrata Agrawal & Ms. Sudha Agrawal.
	(g) Land Property Plot No. 1&2, 100 Acres, Scheme Sanand to Nal Sarovar Road, Vichhinan, Ta-Sanand, Ahmedabad owned by M/s Kushal Tradelink Pvt. Ltd.
	(h) Fixed Deposit to be lien marked for the facility
	(i) Backed by Letter of Credit acceptable to Standard Chartered Bank
	(j) LIC Policies duly assigned in favour of Standard Chartered Bank
Guarantee	(Existing) All monies guarantee executed under seal by Ms. Pushpadevi T. Agrawal, Ms. Sangita M Agrawal, Mr. Tulsiram C. Agrawal, Mr. Manoj T. Agrawal, Mr. Mahendra T. Agrawal, Mr. Sandeep T. Agrawal, Ms. Sudha M. Agrawal & Ms. Namrata Agrawal and all LIC holders

ANNEXURE X: RESTATED UNCONSOLIDATED STATEMENT OF CURRENT LIABILITIES & PROVISIONS

(₹ in lacs)

Particulars	As on Dec 31, 2012	As on March 31				
		2012	2011	2010	2009	2008
Current Liabilities						
Trade Payables	2101.14	726.93	730.42	696.19	303.66	212.15
Other Current Liabilities	75.32	175.09	64.51	69.01	37.77	48.19
Total (A)	**2176.46**	**902.02**	**794.93**	**765.20**	**341.43**	**260.34**
Short Term Provisions						
For Taxation	128.36	71.00	42.48	30.50	28.01	18.00
For Other Expense	0.00	0.00	0.00	3.03	0.92	0.00
For Pref. Div & DDT	0.00	0.00	0.00	0.00	0.00	0.00
Total (B)	**128.36**	**71.00**	**42.48**	**33.53**	**28.93**	**18.00**

Notes:

1. The Figures disclosed above are based on the Restated Unconsolidated Summary Statement of Assets and Liabilities of the Company
2. The Term Loan repayable within 1year has been included in Other Liabilities.

ANNEXURE XI: RESTATED UNCONSOLIDATED STATEMENT OF CAPITALIZATION

(₹ in lacs)

Particular	Pre Issue as on Dec 31, 2012	Post Issue
Debt		
Long Term Debt	0.00	0.00
Short Term Debt	4733.43	7800.00
Total Debts (A)	**4733.43**	**7800.00**
Equity (Shareholder's funds)		
Equity share capital	1579.87	2372.87
Reserve and Surplus	407.78	2390.28
Total Equity(B)	**1987.64**	**4763.15**
Long Term Debt / Equity Shareholder's funds	**0.00**	**0.00**
Total Debts / Equity Shareholder's funds	**2.38**	**1.64**

Notes:

1. The above has been computed on the basis of Restated Unconsolidated Summary Statements of the Company.
2. We are planning to avail additional credit facilities worth ₹ 20.00 Crores making total to ₹ 78.00 Crores.

ANNEXURE XII: RESTATED UNCOSOLIDATED STATEMENT OF CONTINGENT LIABILITIES

(₹ in lacs)

Particulars	As on Dec 31, 2012	As on March 31				
		2012	2011	2010	2009	2008
Contingent Liabilities at the end of year/period						
Guarantee given to bank in respect of credit facilities sanctioned to group concern in which relative of directors are interested as directors/partners.	1775.00	1775.00	1775.00	0.00	0.00	0.00
FDR Pledged as a collateral security in respect of credit facilities sanctioned to group concern in which relative of directors are interested as directors/partners.	0.00	0.00	0.00	0.00	0.00	0.00
Fixed deposit with Central Excise & Customs Department	0.00	0.00	0.00	0.00	0.00	0.00
Letter of Credit (Inland/Foreign)	71.07	0.00	0.00	0.00	0.00	0.00
Total	**1846.07**	**1775.00**	**1775.00**	**0.00**	**0.00**	**0.00**

ANNEXURE XIII: RESTATED UNCONSOLIDATED STATEMENT OF RELATED PARTIES TRANSACTIONS

(₹ in lacs)

Nature of Transaction / Name of Related party	Nature of Relationship	For period ended Dec 31, 2012	For the year ended March 31				
			2012	2011	2010	2009	2008
Remuneration and Allowance							
Sandeep Agrawal	Director	14.40	15.00	9.00	6.60	6.68	4.87
Mahendra Agrawal	Director	18.00	18.00	12.00	6.60	6.60	4.68
Tulsiram Agrawal	Father of director	6.75	7.80	7.80	4.20	4.20	3.12
Manoj Agrawal	Brother of director	0.00	0.00	0.00	5.40	5.40	0.00
	Total	**39.15**	**40.80**	**28.80**	**22.80**	**22.88**	**12.67**
Interest on long term borrowings from relative (paid)							
Manoj T Agrawal HUF	HUF of Brother of Director	5.61	6.39	2.86	2.86	2.11	1.10
Neelam Bajaj	Relative	1.16	2.24	1.92	1.49	1.42	0.86
Sandeep T Agrawal-HUF	HUF of Director	1.14	3.05	2.91	3.13	2.53	1.41
Tulsiram C. Agrawal HUF	HUF of Father of director	6.40	7.71	3.21	3.32	2.66	2.26
Pushpadevi Agrawal	Mother of director	0.00	0.00	3.88	5.58	1.61	3.42
Mahendra Agrawal HUF	HUF of director	0.00	0.00	2.73	2.22	0.00	0.00
Namrata Agrawal	Wife of director	0.00	0.00	0.00	0.12	0.47	2.40
Sangita M. Agrawal	Sister in law of director	0.00	0.00	0.00	0.00	2.46	1.79
	Total	**14.31**	**19.39**	**17.52**	**18.72**	**13.27**	**13.23**

Nature of Transaction / Name of Related party	Nature of Relationship	For period ended Dec 31, 2012	For the year ended March 31				
			2012	2011	2010	2009	2008
Interest on long term Borrowing from relative (received)							
Mahendra Agrawal HUF	HUF of Director	0.00	0.00	0.00	0.00	0.00	0.59
	Total	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.59**
Guarantee Given							
Ashapura Paper Mills Pvt. Ltd.	Associates	1775.00	1775.00	1775.00	0.00	0.00	0.00
	Total	**1775.00**	**1775.00**	**1775.00**	**0.00**	**0.00**	**0.00**
Loan given							
Ashapura Paper Mills Pvt. Ltd.	Associates	0.00	225.60	0.00	0.00	0.00	0.00
	Total	**0.00**	**225.60**	**0.00**	**0.00**	**0.00**	**0.00**
Rent Paid							
Sudha Agrawal	Wife of Director	4.05	5.40	5.40	4.20	2.40	2.40
Manoj Agrawal	Brother of director	3.74	2.50	1.74	0.98	0.98	0.98
Sandeep Agrawal	Director	0.00	0.00	0.00	0.00	0.00	0.49
Tulsiram Agrawal	Father of Director	0.00	0.00	0.00	0.00	0.00	0.49
	Total	**7.79**	**7.90**	**7.14**	**5.18**	**3.38**	**4.36**
Purchase of goods							
Ashapura Paper Mills Pvt. Ltd.	Associates	3431.77	1304.00	0.00	0.00	0.00	0.00
	Total	**3431.77**	**1304.00**	**0.00**	**0.00**	**0.00**	**0.00**
Sales of Goods							
Ashapura Paper Mills Pvt. Ltd.	Associates	2632.43	367.95	0.00	0.00	0.00	0.00
	Total	**2632.43**	**367.95**	**0.00**	**0.00**	**0.00**	**0.00**
Repayment of loan given							
Ashapura Paper Mills Pvt. Ltd.	Associates	225.60	0.00	0.00	0.00	0.00	0.00
	Total	**225.60**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Commission paid							
Manoj Agrawal	Brother of director	0.00	0.00	0.00	0.00	0.00	3.51
Tulsiram Agrawal	Father of director	0.00	0.00	0.00	0.00	0.00	3.26
	Total	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**6.77**

ANNEXURE XIV: RESTATED UNCONSOLIDATED STATEMENT OF OTHER INCOME

(₹ in lacs)

Particular	For period ended Dec 31, 2012	For the year ended March 31				
		2012	2011	2010	2009	2008
Interest on fixed deposits with banks	0.00	0.00	0.00	0.00	0.00	0.00
Interest on loans and Others	0.00	0.00	0.00	0.00	0.00	0.00
Foreign Exchange Rate Difference	0.00	0.00	0.00	0.00	0.00	0.00
Net gain /(loss) on sale of assets	(3.90)	0.00	6.11	0.63	(1.40)	(1.83)
Other non operating income	136.32	60.52	42.10	47.87	59.01	19.01
Total	**132.42**	**60.52**	**48.22**	**48.49**	**57.60**	**17.18**

Note: The Figures disclosed above are based on the Restated Unconsolidated Profit & Loss Statement of the Company

ANNEXURE XV: RESTATED UNCONSOLIDATED STATEMENT OF DIVIDEND DECLARED

(₹ in lacs)

Particular	For period ended Dec 31, 2012	For the year ended March 31				
		2012	2011	2010	2009	2008
Dividend on Equity Shares	0.00	0.00	0.00	0.00	0.00	0.00

Note: The Figures disclosed above are based on the Restated Unconsolidated Profit & Loss Statement of the Company.

ANNEXURE XVI: RESTATED UNCONSOLIDATED STATEMENT OF ACCOUNTING RATIOS

(₹ in lacs, unless stated otherwise)

Particulars		As on Dec 31, 2012	For the year ended March 31				
			2012	2011	2010	2009	2008
Basic Earnings Per Share (₹)	A / B	1.69	0.88	1.08	0.85	8.99	5.56
Diluted Earnings Per Share (₹)	A / C	1.69	0.88	1.08	0.85	8.99	5.56
Net Profit After Tax (After Preference dividend and related tax) as restated attributable to equity shareholders.	A	266.45	139.38	94.77	74.36	63.67	39.35
Weighted average No. of Equity shares outstanding during the year (Refer Note No. 2, 3 and 4 below)	B	157.99	157.99	87.77	85.00	7.08	7.08
Weighted average No. of Equity shares outstanding during the year which should be considered for calculation Diluted EPS (Refer Note No.2, 3 and 4 below)	C	157.99	157.99	87.77	85.00	7.08	7.08
Net Worth at the end the year (excluding Preference Shares)	D	1951.75	1699.91	1560.53	1465.76	989.53	915.16
Total No. of proportionate Equity Shares outstanding at the end of the year	E	157.99	157.99	87.77	85.00	7.08	7.08
Return on Net worth (%)	A / D	13.65	8.20	6.07	5.07	6.43	4.30
Net Asset Value per Equity Shares (₹)	D / E	12.35	10.76	17.78	17.24	139.78	129.28

Notes to Accounting Ratios:

1) The Ratios have been computed as follows:

a) Basic Earnings Per Share (Rs)	Net Profit After Tax (after preference dividend and related tax) as restated --- Weighted Average Number of Diluted Equity Shares outstanding during the year/period
b) Diluted Earnings Per Share (Rs)	Net Profit After Tax (after preference dividend and related tax) as restated --- Weighted Average Number of Diluted Equity Shares outstanding during the year/period
c) Return on Net worth (%)	Net Profit After Tax (as restated) attributable to Equity Shareholders --- Net Worth at the end of the year excluding preference share capital
d) Net Asset Value Per Share (Rs)	Net Worth at the end of the year excluding preference share capital --- Total number of proportionate Equity Shares outstanding at the end of the year/period

2) Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.

3) Earnings per Share are calculations are in accordance with Accounting Standard (AS) 20 - Earning per share, notified under the Companies (Accounting Standard) Rules 2006, as amended.

4) Net worth for ratios mentioned in note 1(c) and 1(d) = Equity Share Capital + Reserves and Surplus (including Capital Redemption Reserve, Securities Premium, General Reserve and Surplus in statement of Profit & Loss) - Share Issue Expenses (to the extent not written off or adjusted).

5) The above Ratios have been computed on the basis of the Restated Financial Information for the respective year/period. The above statements should be read with the Notes to Restated Financial Statements of Assets and Liability, Profit & Loss Statement and Cash Flow Statements.

6) Earning per Shares (EPS) and Return on Net Worth (RoNW) for the period ended December 31, 2012 is not annualized.

ANNEXURE XVII: RESTATED UNCONSOLIDATED STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation of Financial Statements

The Financial Statements are prepared under the Historical Cost Convention and comply in all material aspects with the applicable Accounting Principles in India and Accounting Standards notified under sub-section 3(C) of Section 211 of The Companies Act, 1956 and the relevant provisions of The Companies Act, 1956.

B. Use of Estimates

The preparation of Financial Statements required estimates and assumptions to be made that affect the reported amount of Assets and Liabilities on the date of Financial Statement and the reported amount of Revenues and Expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the results are known / materialized.

C. Own Fixed Assets

Fixed Assets are valued at cost less accumulated depreciation and net of CENVAT, unless revalued, for which proper disclosure is made.

All expenditure, including advances given and interest cost during the project construction period, are accumulated and shown as Capital Work-in-Progress until the project/assets commences commercial production. Assets under construction are not depreciated. Expenditure arising out of trial run is part of pre operative expenses included in Capital Work-in-Progress.

D. Depreciation

Depreciation on Fixed Assets has been provided only on the assets which are put to use by Straight Line Method of Depreciation at the rates and manner prescribed under Schedule XIV of the Companies Act, 1956 as amended. The depreciation has been provided on pro rata basis for the assets purchased during the period.

E. Revenue Recognition

Revenue from sale of goods is recognized (net of sales return & trade discounts) on transfer of significant risks and rewards of ownership to the buyer. Other Income if any accounted on accrual basis.

F. Inventories

The general practice adopted by the Company for valuation of inventory is as under:-

Traded Goods: At lower of cost or at net realizable value

G. Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

Monetary items denominated in foreign currencies at the yearend are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the yearend rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts are recognized over the life of the contract.

H. Vat

VAT is not routed through Profit & Loss A/c.

I. Investment

Current investments are carried at lower of cost and quoted/fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

J. Impairment of Assets

The carrying amount of assets is reviewed at each Balance Sheet date to determine if there is any indication of impairment thereof based on external/ internal factors. An impairment loss in accordance with Accounting Standard-28 "Impairment of Assets " is recognized wherever the carrying amount of an assets exceeds its recoverable amount, which represent the greater of the net selling price of assets and their value in use. An impairment loss recognized in prior accounting period is reversed if there has been a change in estimate of recoverable amount.

K. Employees Benefit

Leave Encashment, P.F., ESIC etc. are accounted for on Payment basis.
Gratuity is accounted for on crystallization of Liabilities which is against prescribed treatment under AS-15. (The quantification of effect on profit is not possible for want of exact retirement date etc.)

L. Borrowing cost

Borrowing Cost directly attributable to the acquisition or construction of qualifying assets is capitalized. Other borrowing cost is recognized as expenses in the period in which they are incurred.

M. Taxation

Provision for current tax is made after taking into consideration benefits admissible under the provisions of The Income-tax Act, 1961.

Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date.. Deferred Tax assets are recognized only to the extend there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be adjusted.

N. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements..

NOTES TO ACCOUNTS:

1. The balance of sundry debtors, Creditors, Loans & advances are subject to their confirmation and reconciliation if any.

2. The Company does not have reportable Segment as per requirement of accounting standards -17 – "Segment reporting". All the Revenue shown as part of revenue from operations comes from the Paper Trading Activities of the company. All other revenues/incomes are show as Other Income.

3. The Company has not received any intimation from suppliers regarding their status under micro, Small and Medium Enterprises Development Act,2006 and hence disclosure if any in relation to amount unpaid as at the yearend as required under the said Act have not been furnished.

4. Except as mentioned under "Employees Benefit" in this report, there are no audit qualifications mentioned by the statutory auditors in the audited report of the reported years and period.

5. There are no changes in the Significant Accounting Policies of the company in the last five years.

6. ADJUSTMENTS MADE OF RESTATED UNCONSOLIDATED FINANCIAL STATEMENTS DUE TO REPRESENTATION UNDER NEW FORMAT OF SCHEDULE VI OF THE COMPANIES ACT, 1956:

Reconciliation of Loans

(₹ in lacs)

As per Audited Balance Sheet	31/03/12	31/03/2011	31/03/2010	31/03/2009	31/03/2008
Secured Loan	N.A.	3192.92	2064.45	1052.17	789.08
Unsecured Loan	N.A.	22.63	193.84	151.01	79.58
Total	N.A.	**3215.55**	**2258.29**	**1203.18**	**868.66**
Restated as follows:					
Short Term Borrowings	N.A.	3192.92	2064.45	1052.17	784.91
Long Term Borrowings	N.A.	22.63	193.84	151.01	83.75
Other Current Liabilities	N.A.	0.00	0.00	0.00	0.00
Total	N.A.	**3215.55**	**2258.29**	**1203.18**	**868.66**

Reconciliation of Current Assets & Loans Advances

(₹ in lacs)

As per Audited Balance Sheet	31/03/12	31/03/2011	31/03/2010	31/03/2009	31/03/2008
Inventories(Traded Goods)	N.A.	793.99	398.04	92.30	198.55
Sundry Debtors	N.A.	3901.50	3037.51	1725.05	1513.78
Cash & Bank Balances	N.A.	46.43	301.83	92.29	97.17
Loans & Advances	N.A.	560.56	464.66	504.31	112.87
Other Current Assets	N.A.	0.00	0.00	0.00	0.00
Miscellaneous Expenditure	N.A.	0.00	0.00	0.00	0.00
Total	N.A.	**5302.48**	**4202.04**	**2413.95**	**1922.37**
Restated as follows:					
Inventories (Traded Goods)	N.A.	793.99	398.04	92.30	198.55
Trade Receivables	N.A.	3901.50	3037.51	1725.05	1513.78
Cash and Cash Equivalents	N.A.	46.43	301.83	92.29	97.17
Short Term Loans and Advances	N.A.	397.65	252.76	388.69	112.87
Long Term Loans and Advances	N.A.	162.91	211.90	115.62	0.00
Other Current Assets	N.A.	0.00	0.00	0.00	0.00
Total		**5302.48**	**4202.04**	**2413.95**	**1922.37**

Note: Accrued Interest in Audited Balance sheet was in Loans & Advances (assets) in Restated it has shown in Cash & Cash Equivalents

Reconciliation of Current Liabilities & Provisions

(₹ in lacs)

As per Balance Sheet	31/03/12	31/03/2011	31/03/2010	31/03/2009	31/03/2008
Sundry Creditors	N.A.	784.22	760.88	334.81	247.09
Provision for Income Tax	N.A.	53.18	37.85	35.55	27.08

Proposed Dividend & DDT	N.A.	0.00	0.00	0.00	0.00
Sundry Creditors for Expenses	N.A.	0.00	0.00	0.00	0.00
Total	N.A.	**837.41**	**798.73**	**370.36**	**274.17**
Restated as follows:					
Trade Payables	N.A.	730.42	696.19	303.66	212.15
Short Term Provisions	N.A.	42.48	33.53	28.93	18.00
Other Current Liabilities	N.A.	64.51	69.01	37.77	44.02
Total	**N.A.**	**837.41**	**798.73**	**370.36**	**274.17**

7. OTHER ADJUSTMENTS MADE IN RESTATED UNCONSOLIDATED FINANCIAL STATEMENTS

As per Balance Sheet	FY 2011-12	FY 2010-11	FY 2009-10	2008-09	2007-08
Purchases	N.A.	11003.95	9307.38	5868.84	4514.70
Other Direct Expenses	N.A.	50.81	43.76	42.84	49.98
Managerial Remuneration	N.A.	21.00	13.20	22.88	9.55
Administrative Expenses	N.A.	155.51	106.94	77.54	84.49
Selling & Distribution Expenses	N.A.	13.60	11.01	26.28	27.55
Financial Expenses	N.A.	291.84	208.48	135.34	70.02
Donation	N.A.	0.00	1.08	0.36	0.37
Total	**N.A.**	**11536.70**	**9691.84**	**6174.08**	**4756.66**
Restated as Follows:					
Purchases of Traded Goods	N.A.	11003.95	9307.38	5868.84	4514.70
Employee benefits Expenses	N.A.	89.85	65.03	61.61	58.19
Finance Costs	N.A.	291.84	208.48	135.34	70.02
Other Administrative, Selling & Distribution Expenses	N.A.	151.05	110.96	108.29	113.75
Total	**N.A.**	**11536.70**	**9691.84**	**6174.08**	**4756.66**

Note: The above adjustments do not have any effect on profit/loss of any financial year or period.

8. The Financial for the year ended March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 have been prepared under Revised Schedule VI. Accordingly, the previous year figures have also been re-classified to confirm to this year's classification.

ANNEXURE XVIII: RESTATED UNCONSOLIDATED STATEMENT OF TAX SHELTER

(₹ in lacs)

Particulars	For the 9 months period ended Dec 31, 2012	For the year ended March 31				
		2012	2011	2010	2009	2008
Normal Corporate tax rates (%)	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Minimum alternative tax rates	18.50%	18.50%	18.00%	15.00%	10.00%	10.00%
Profit before tax as per Restated P/L	393.48	210.91	138.75	109.34	93.51	58.14
Applicable Corporate tax Rate	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Notional tax as per tax rate on profits (A)	118.04	63.27	41.63	32.80	28.05	17.44
Tax Adjustment						
Permanent Difference						
(Profit)/Loss on sale of Fixed Assets	3.90	0.00	(6.11)	(0.63)	1.40	1.83

Particulars	For the 9 months period ended Dec 31, 2012	For the year ended March 31				
		2012	2011	2010	2009	2008
Donation & Other Expenses	0.55	3.84	0.00	0.54	0.18	0.18
Cash expenses disallowable u/s 40A(3)	0.00	0.00	0.00	0.00	0.00	0.00
Total Permanent Difference (B)	**4.46**	**3.84**	**(6.11)**	**(0.09)**	**1.58**	**2.01**
Timing Difference						
Depreciation - including unabsorbed depn.	(1.78)	(1.71)	(4.85)	(11.18)	(4.70)	(3.64)
Preliminary / Pre Operative Expenses W/o	0.00	0.00	0.00	0.00	0.00	0.00
Disallowance u/s. 40A(ia)	0.00	0.00	0.00	0.00	0.00	0.00
Allowance - bonus	0.00	0.00	0.00	0.00	0.00	0.00
Total Timing Difference (C)	**(1.78)**	**(1.71)**	**(4.85)**	**(11.18)**	**(4.70)**	**(3.64)**
Business Losses not set off in past years (D)	0.00	0.00	0.00	0.00	0.00	0.00
Total Adjustment (E) = (B+C+D)	2.68	2.13	(10.96)	(11.27)	(3.12)	(1.63)
Tax Expenses / (Saving) thereon (F) = (E)* Tax rate	0.80	0.64	(3.29)	(3.38)	(0.93)	(0.49)
Tax payable as per normal provisions (other than 115JB) of the Act (G)	117.68	63.91	38.36	29.61	27.59	16.97
MAT tax rate (H)	18.50%	18.50%	18.00%	15.00%	10.00%	10.00%
Tax under MAT (I)	72.79	39.02	24.98	16.40	9.35	5.81
Tax payable for the year maximum of (G) or (I)	117.68	63.91	38.36	29.61	27.59	16.97
Interest under section 234B & 234C (As per income tax return)	0.00	0.00	0.00	0.00	0.00	0.00
Total Tax Payable(*)	117.68	63.91	38.36	29.61	27.59	16.97

Notes:

1. The aforesaid Statement of tax Shelters has been prepared as per the 'Restated Unconsolidated Profit and Loss Account'

* The above tax payable does not include Surcharge, Education Cess and Higher Education Cess, if any

As Per Our Report of Even Date Attached

For P. DOSHI & ASSOCIATES
Chartered Accountants
Registration No. 102740W

CA Parthiv Doshi
Proprietor
M. No. 032295
Place: Ahmedabad
Dated: January 31, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our restated financial statements including the notes thereto and the examination reports thereon, which appear elsewhere in this Draft Prospectus. This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section "Risk Factors", which discusses a number of factors and contingencies that could impact our financial condition and results of operations.

Unless otherwise indicated, references in this discussion and analysis to our results of operations or financial condition for a specified year are to our financial year ended March 31 of such year. In this chapter, any reference to "we", "us", "our", unless the context otherwise implies, refers to our Company.

Business Overview

We are one of the leading Wholesalers in Ahmedabad having an existing client base of over 600-700 customers, making us a major player in the Paper and Paper Products (i.e. Kraft Paper, Duplex Board, Copier Paper, Waste Paper, etc.) markets in Gujarat. Our core business comprises of Kraft Paper, Waste Paper and Duplex Board.

We operate as an important intermediary in the Paper Product Supply Chain whereby we purchase materials such as Kraft Paper, Duplex Board, etc. from individual paper mills and supply the same to customers in the Packaging Products Business.

Our Product Portfolio offers a diversified product range which includes variety of grades, thickness, widths and standards, in Kraft Papers, Duplex Boards, Boards, Coated Paper, News print Papers, Waste Papers, Reel Core, etc. according to customer specifications. We have been conscious in addressing environmental and safety concerns and our stocking / processing facilities are ISO 9001:2008 compliant.

Significant Developments

Except as disclosed elsewhere in this Draft Prospectus, there have been no significant developments after the date of the last audited financials i.e. the nine months period ended December 31, 2012.

Basis of Presentation

We have included in this Draft Prospectus audited financial statements, as restated, for the Fiscal Years ended March 31, 2012, 2011, 2010, 2009 and 2008 and the nine months period ended December 31, 2012. All figures in relation to our income from operations, expenditures, employee remuneration, operation, selling and distribution expenses and finance costs are derived from our restated financial statements, which give effect to the restatement adjustments.

Our financial statements are prepared under the historical cost convention in accordance with fundamental accounting assumptions and Indian GAAP and the relevant provisions of the Companies Act, 1956, including accounting standards notified thereunder.

Our business consists of a single business segment which comprises the processing and trading of paper products and we have no geographical segments which are subject to different risks and returns.

Our financial statements are presented in Indian rupees.

Significant Factors Affecting Results of Operations

Our financial condition and results of operations could be mainly affected by the following factors:

- ✓ General economic and business conditions;
- ✓ Company's ability to successfully implement their expansion, business and growth strategies;
- ✓ Prevailing trends in the Paper Industry, Paper prices, Raw Material, etc.;
- ✓ Trends in the Packaging and Printing Industries, which are sectors to which most of the products of our Company are supplied;
- ✓ Increasing competition in the Paper industry;
- ✓ Cyclical fluctuations in the operating results;
- ✓ Changes in laws and regulations that apply to the industry;
- ✓ Changes in fiscal, economic or political conditions in India;
- ✓ Availability of raw materials.

For further details regarding key risks pertaining to our operations, please see the section titled "*Risk Factors*" on page 10 of this Draft Prospectus.

Significant Accounting Policies

A. *Basis of Preparation of Financial Statements:*

The Financial Statements are prepared under the Historical Cost Convention and comply in all material aspects with the applicable Accounting Principles in India and Accounting Standards notified under sub-section 3(C) of Section 211 of The Companies Act, 1956 and the relevant provisions of The Companies Act, 1956.

B. *Use of Estimates:*

The preparation of Financial Statements required estimates and assumptions to be made that affect the reported amount of Assets and Liabilities on the date of Financial Statement and the reported amount of Revenues and Expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the results are known / materialized.

C. *Own Fixed Assets:*

Fixed Assets are valued at cost less accumulated depreciation and net of CENVAT, unless revalued, for which proper disclosure is made.

All expenditure, including advances given and interest cost during the project construction period, are accumulated and shown as Capital Work-in-Progress until the project/assets commences commercial production. Assets under construction are not depreciated. Expenditure arising out of trial run is part of pre operative expenses included in Capital Work-in-Progress.

D. *Depreciation:*

Depreciation on Fixed Assets has been provided only on the assets which are put to use by Straight Line Method of Depreciation at the rates and manner prescribed under Schedule XIV of the Companies Act, 1956 as amended. The depreciation has been provided on pro rata basis for the assets purchased during the period.

E. *Revenue Recognition:*

Revenue from sale of goods is recognized (net of sales return & trade discounts) on transfer of significant risks and rewards of ownership to the buyer. Other Income if any accounted on accrual basis.

F. *Inventories:*

The general practice adopted by the Company for valuation of inventory is as under:-

Traded Goods: At lower of cost or at net realizable value

G. *Foreign Currency Transactions:*

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

Monetary items denominated in foreign currencies at the yearend are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the yearend rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts are recognized over the life of the contract.

H. *Vat:*

VAT is not routed through Profit & Loss A/c.

I. *Investment:*

Current investments are carried at lower of cost and quoted/fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

J. *Impairment of Assets:*

The carrying amount of assets is reviewed at each Balance Sheet date to determine if there is any indication of impairment thereof based on external/ internal factors. An impairment loss in accordance with Accounting Standard-28 "Impairment of Assets " is recognized wherever the carrying amount of an assets exceeds its recoverable amount, which represent the greater of the net selling price of assets and their value in use. An impairment loss recognized in prior accounting period is reversed if there has been a change in estimate of recoverable amount.

K. *Employees Benefit:*

Leave Encashment, P.F., ESIC etc. are accounted for on Payment basis.
Gratuity is accounted for on crystallization of Liabilities which is against prescribed treatment under AS-15. (The quantification of effect on profit is not possible for want of exact retirement date etc.)

L. *Borrowing cost:*

Borrowing Cost directly attributable to the acquisition or construction of qualifying assets is capitalized. Other borrowing cost is recognized as expenses in the period in which they are incurred.

M. *Taxation:*

Provision for current tax is made after taking into consideration benefits admissible under the provisions of The Income-tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred Tax assets are recognized only to the extend there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be adjusted.

N. *Provisions, Contingent Liabilities and Contingent Assets:*

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

Results of Operations

The following table sets forth select financial data from the profit and loss account of our financial statements, for the fiscals 2012, 2011, 2010 and 2009 and nine months period ended December 31, 2012, the components of which are also expressed as percentages of the total income for such periods –

(₹ in lacs)

Particulars	As at		As at March 31							
	Dec 31, 2012	*In %*	2012	*In %*	2011	*In %*	2010	*In %*	2009	*In %*
INCOME										
Revenue from Operations	16770.07	*99.22*	18511.90	*99.67*	11251.28	*99.57*	9461.83	*99.49*	6327.91	*99.10*
Other Income	132.42	*0.78*	60.52	*0.33*	48.22	*0.43*	48.49	*0.51*	57.60	*0.90*
Total Income	*16902.48*		*18572.41*		*11299.49*		*9510.33*		*6385.52*	
EXPENDITURE										
Purchases	15407.75	*91.16*	17733.93	*95.49*	11003.95	*97.38*	9307.28	*97.87*	5868.84	*91.91*
Changes in Inventories of traded goods	394.63	*2.33*	(164.39)	*(0.89)*	(395.95)	*(3.50)*	(305.74)	*(3.21)*	106.25	*1.66*
Employee Benefit Expenses	100.76	*0.60*	107.32	*0.58*	89.85	*0.80*	65.03	*0.68*	61.61	*0.96*
Financial Cost	486.04	*2.88*	508.07	*2.74*	291.84	*2.58*	208.48	*2.19*	135.34	*2.12*
Other Administrative, Selling & Distribution Expenses	102.35	*0.61*	155.82	*0.84*	151.05	*1.34*	110.96	*1.17*	108.29	*1.70*
Depreciation & Amortization Expenses	17.48	*0.11*	20.75	*0.11*	19.99	*0.18*	14.89	*0.16*	11.68	*0.18*
Total Expenditure	*16509.01*	*97.67*	*18361.51*	*98.96*	*11160.74*	*98.77*	*9400.99*	*98.85*	*6292.00*	*98.54*
Net Profit/(Loss) Before Tax	**393.48**	*2.33*	**210.91**	*1.14*	**138.75**	*1.23*	**109.34**	*1.15*	**93.51**	*1.46*
Less Taxation:										
Current Years Income Tax	128.36	*0.76*	71.00	*0.39*	42.48	*0.38*	30.50	*0.32*	28.01	*0.44*
Prior Period expenses	0.00	*0.00*	0.00	*0.00*	0.00	*0.00*	0.00	*0.00*	0.00	*0.00*
Deferred tax (Asset)/ Liability	0.55	*0.00*	0.53	*0.00*	1.50	*0.01*	3.46	*0.04*	1.46	*0.02*
Excess/ Short Provisions for Earlier Years W/off	(1.88)	*(0.01)*	0.00	*0.00*	0.00	*0.00*	1.03	*0.01*	0.37	*0.01*
Total tax	*127.03*	*0.75*	*71.53*	*0.39*	*43.98*	*0.39*	*34.98*	*0.37*	*29.84*	*0.47*
Net Profit/(Loss) After Tax	**266.45**	*1.57*	**139.38**	*0.75*	**94.77**	*0.84*	**74.36**	*0.78*	**63.67**	*1.00*

Main Components of our Profit and Loss Account

Income

Our total income comprises of revenues earned from sale of traded products and other income.

Sales from products traded

Our sales from traded products as a percentage of total income was were 99.67%, 99.57%, 99.49% and 99.10% in fiscals 2012, 2011, 2010 and 2009 respectively and 99.22% for the nine months period ending December 31, 2012.

Other Income

Our other income primarily includes interest income, net gain/(loss) on sale of fixed assets, Net gain on foreign currency transactions and translation (other than considered as finance cost) and other non-operating income (net of expenses directly attributable to such income). Other income, as a percentage of total income was 0.33%, 0.43%, 0.51% and 0.90% in fiscals 2012, 2011, 2010 and 2009 respectively and 0.78% for the nine months period ending December 31, 2012.

Expenditure

Our total expenditure primarily consists of Purchase of stock in trade, Changes in Inventories of Traded Goods, Employee Benefit Expenses, Financial Cost, Other Administrative, Selling and Distribution Expenses and Depreciation and Amortization Expenses.

Employee Benefit Expenses

Expenses in relation to employees' remuneration and benefits include salaries and wages, managerial remuneration, contribution to Provident Fund, ESIC Expenses and other staff welfare expenses.

Financial Cost

Financial Cost primarily consists of interest expenses on borrowings, trade payables, borrowing costs and Net (gain) / loss on foreign currency transactions and translation (considered as finance cost).

Administrative and Selling and Distribution Expenses

General administrative and selling & distribution expenses primarily include Audit Fees, Conveyance expenses, Claim from suppliers, Commission expenses, Donation expenses, Electricity Expenses, Freight Expenses, Foreign exchange loss, Godown expenses, Insurance Premium, Labour expenses, Rent expenses, Office expenses, Vehicle repair and Fuel expenses and various other such expenses incurred for the daily affairs of the business.

Depreciation and Amortization Expenses

Depreciation and Amortization Expenses primarily consist of depreciation/amortisation on the fixed assets of our Company which primarily includes land and building, plant and machinery, computers, furniture and fixtures, vehicles and office equipments.

Provision for Tax

Income taxes are accounted for in accordance with Accounting Standard – 22 on "Accounting for Taxes on Income" ("AS-22"), prescribed under the Companies (Accounting Standards) Rules, 2006. Our Company provides for current tax as well as deferred tax, as applicable.

Provision for current taxes is made at the current tax rates after taking into consideration the benefits available to our Company under the provisions of the I. T. Act.

Deferred tax arises from the timing differences between book profits and taxable profits that originate in one period and are capable of reversal in one or more subsequent periods and is measured using the tax rates and laws applicable as of the date of the financial statements. Our Company provides for deferred tax liability on such timing differences subject to prudent considerations in respect of deferred tax assets.

Review for the nine months period ended December 31, 2012

Income

Our total income for the nine months period ended December 31, 2012 was ₹ 16902.48 lacs. In the current period, the revenue earned from sale of traded products is 99.22% of the total income. Other income for said period was recorded at ₹ 132.42 lacs or 0.78% of total income.

Employee Benefit Expenses

Our Employee Benefit Expenses accounted to ₹ 100.76 lacs for the nine months period ended December 31, 2012. As a proportion of total income, it was 0.60%. Our staff costs were driven by a general increase in the salaries and allowances paid to our employees.

Financial Cost

Our Financial Expenses accounted to ₹ 486.04 lacs for the nine months period ended December 31, 2012. As a proportion of total income, it was 2.88%. This was significantly driven by interest paid on other borrowings, comprising of costs such as bank charges, bank loan process fees, loan franking expenses, bank charges for LC or Buyer's Credit etc.

Administrative and Selling and Distribution Expenses

Our Administrative and Selling and Distribution Expenses accounted to ₹ 102.35 lacs for the nine months period ended December 31, 2012. As a proportion of total income, it was 0.61%.

Depreciation and Amortization Expenses

Our Depreciation and Amortization Expenses accounted to ₹ 17.48 lacs for the nine months period ended December 31, 2012. As a proportion of total income, it was 0.10%.

Profit before Tax

Primarily due to the reasons described above, our profit before tax was ₹ 393.48 lacs for the nine months period ended December 31, 2012.

Profit after Tax

Our profit after tax was ₹ 266.45 lacs for the nine months period ended December 31, 2012.

Debtors

Our debtors accounted to ₹ 7440.52 lacs for nine months period ended December 31, 2012. However, only ₹ 716.16 lacs is outstanding for more than six months out of the total Debtors of ₹ 7440.52 lacs, and hence the increase can be attributed to the increased sales activity of the company.

Secured Loans

Our secured Loans accounted to ₹ 4733.43 lacs for nine months period ended December 31, 2012. This is due to the disbursements of term loans used for the proposed expansion project and additional working capital facilities utilized due to the increased working capital fund requirements of the company.

Fiscal 2012 compared with fiscal 2011

Income

In fiscal 2012, we recorded a total income of ₹ 18572.41 lacs, which was 64.37% higher than income of ₹ 11299.49 lacs in fiscal 2011. An increase of 64.53% in revenue earned from sale of traded products, to ₹ 18511.90 lacs in fiscal 2012 from ₹ 11251.28 lacs in fiscal 2011, was the primary driver of overall income growth. Other income increased from ₹ 48.22 lacs in fiscal 2011 to ₹ 60.52 lacs in fiscal 2012 or by 25.51%

Employee Benefit Expenses

Our staff costs increased by ₹ 17.47 lacs, or 19.44%, from ₹ 89.85 lacs in fiscal 2011 to ₹ 107.32 lacs in fiscal 2012. This increase in our staff costs were driven by a general increase in the salaries, allowances and bonus paid to our employees as well as an increase in the number of our employees.

Financial Cost

Financial expenses increased from ₹ 291.84 lacs in fiscal 2011 to ₹ 508.07 lacs in fiscal 2012, showing an increase of 74.09%. During 2012, our Company recorded interest on borrowing charges of ₹ 448.82 lacs, as against ₹ 244.07 lacs during 2011. This rise in interest costs as compared to total income is stemming due the funds disbursed from various financial institutions for the proposed project.

Administrative and Selling and Distribution Expenses

Administrative and Selling and Distribution Expenses increased to ₹ 155.82 lacs in fiscal 2012 from ₹ 151.05 lacs in fiscal 2011, showing an increase of 3.16%. The increase in the said expenses is due to a proportionate increase in sales volumes.

Depreciation and Amortization Expenses

Depreciation and Amortization expenses increased by ₹ 0.76 lacs, or 3.80%, from ₹ 19.99 lacs in fiscal 2011 to ₹ 20.75 lacs in fiscal 2012. This increase was due to increase in gross fixed assets.

Profit before Tax

Primarily due to the reasons described above, our profit before tax increased by ₹ 72.16 lacs from ₹ 138.75 lacs in fiscal 2011 to ₹ 210.91 lacs in fiscal 2012.

Profit after Tax

Our profit after tax increased by ₹ 44.61 lacs from ₹ 94.77 lacs in fiscal 2011 to ₹ 139.38 lacs in fiscal 2012.

Debtors

Our debtors increased from ₹ 3901.50 lacs in fiscal 2011 to ₹ 4773.46 lacs in fiscal 2012, showing an increase of 22.35%. However, only ₹ 354.74 lacs is outstanding for more than six months out of the total ₹ 4773.46 lacs shown in debtors and hence this can be attributed to the increased turnover of the company.

Secured Loans

Our Secured Loans have increased from ₹ 3192.92 lacs in fiscal 2011 to ₹ 3591.93 lacs in fiscal 2012, showing an increase of 12.50%. This is due to the disbursements of term loans used for the proposed expansion project and additional working capital facilities utilized due to the increased working capital fund requirements of the company.

Fiscal 2011 compared with fiscal 2010

Income

In fiscal 2011, we recorded a total income of ₹ 11299.49 lacs, which was 18.81% higher than income of ₹ 9510.33 lacs in fiscal 2010. An increase of 18.91% in revenue earned from sale of traded products, to ₹ 11251.28 lacs in fiscal 2011 from ₹ 9461.83 lacs in the fiscal 2010, was the primary driver of overall income growth. Other income decreased by ₹ 0.27 lacs or 0.56% from ₹ 48.49 lacs in fiscal 2010 to ₹ 48.22 lacs in fiscal 2011.

Employee Benefit Expenses

Our staff costs increased by ₹ 24.82 lacs, or 38.17%, from ₹ 65.03 lacs in fiscal 2010 to ₹ 89.85 lacs in fiscal 2011. This increase in our staff costs were driven by a general increase in the salaries and allowances paid to our employees as well as an increase in the number of our employees.

Financial Cost

Financial expenses increased from ₹ 208.48 lacs in fiscal 2010 to ₹ 291.84 lacs in fiscal 2011, showing an increase of 39.98%. During 2011, our Company recorded Interest and Financial charges of 2.58% of the total income as against 2.19% during 2010.

Administrative and Selling and Distribution Expenses

Administrative and Selling and Distribution Expenses increased to ₹ 151.05 lacs in fiscal 2011 from ₹ 110.96 lacs in fiscal 2010, showing an increase of 36.13%. During 2011, the administrative expenses and Selling and Distribution Expenses were 1.34% of total income as against 1.17% during 2010. The increase in the said expenses is due to a proportionate increase in turnover.

Depreciation and Amortization Expenses

Depreciation and Amortization expenses increased by ₹ 5.10 lacs, or 34.25%, from ₹ 14.89 lacs in fiscal 2010 to ₹ 19.99 lacs in fiscal 2011. This increase was due to increase in gross fixed assets.

Profit before Tax

Primarily due to the reasons described above, our profit before tax increased by ₹ 29.41 lacs, from ₹ 109.34 lacs in fiscal 2010 to ₹ 138.75 lacs in fiscal 2011.

Profit after Tax

Our profit after tax increased by ₹ 20.41 lacs, from ₹ 74.36 lacs in fiscal 2010 to ₹ 94.77 lacs in fiscal 2011.

Debtors

Our debtors increased from ₹ 3037.51 lacs in fiscal 2010 to ₹ 3901.50 lacs in fiscal 2011, showing an increase of 28.44%. However, only ₹ 494.18 lacs is outstanding for more than six months out of the total ₹ 3037.51 lacs shown in debtors in fiscal 2011.

Secured Loans
Our secured Loans have increased from ₹ 2064.45 lacs in fiscal 2010 to ₹ 3192.92 lacs in fiscal 2011, showing an increase of 54.66%. This is due to the disbursements of term loans used for the proposed expansion project and additional working capital facilities utilized due to the increased working capital fund requirements of the company.

Fiscal 2010 compared with fiscal 2009

Income

In fiscal 2010, we recorded a total income of ₹ 9510.33 lacs, which was 48.94% higher than income of ₹ 6385.52 lacs in fiscal 2009. An increase of 49.53% in revenue earned from sale of traded products, to ₹ 9461.83 lacs in fiscal 2010 from ₹ 6327.91 lacs in fiscal 2009, was the primary driver of overall income growth. Other income decreased by ₹ 9.11 lacs or 15.82% from ₹ 57.60 lacs in fiscal 2009 to ₹ 48.49 lacs in fiscal 2010.

Employee Benefit Expenses

Our staff costs increased by ₹ 3.42 lacs, or 5.55%, from ₹ 61.61 lacs in fiscal 2009 to ₹ 65.03 lacs in fiscal 2010. This increase in our staff costs were driven by a general increase in the salaries and allowances paid to our employees as well as an increase in the number of our employees.

Financial Cost

Financial expenses increased from ₹ 135.34 lacs in fiscal 2009 to ₹ 208.48 lacs in fiscal 2010, showing an increase of 73.14%. During 2010, our Company recorded Interest and Financial charges of 2.19% of the total income as against 2.12% during 2009. The rise in interest costs as compared to total income is stemming due the funds disbursed from financial institutions for the proposed project.

Administrative and Selling and Distribution Expenses

Administrative and Selling and Distribution Expenses increased to ₹110.96 lacs in fiscal 2010 from ₹ 108.29 lacs in fiscal 2009, showing an increase of 2.47%. During 2010, the administrative expenses and Selling and Distribution Expenses were 1.17% of total income as against 1.70% during 2009.

Depreciation and Amortization Expenses

Depreciation and Amortization expenses increased by ₹ 3.21 lacs, or 27.48%, from ₹ 11.68 lacs in fiscal 2009 to ₹ 14.89 lacs in fiscal 2010. This increase was due to increase in gross fixed assets.

Profit before Tax

Primarily due to the reasons described above, our profit before tax increased by ₹ 15.83 lacs, from ₹ 93.51 lacs in fiscal 2009 to ₹ 109.34 lacs fiscal 2010.

Profit after Tax

Our profit after tax increased by ₹ 10.69 lacs, from ₹ 63.67 lacs in fiscal 2009 to ₹ 74.36 lacs in fiscal 2010.

Debtors

Our debtors increased from ₹ 1725.05 lacs in fiscal 2009 to ₹ 3037.51 lacs in fiscal 2010, showing an increase of 76.08%. However, only ₹ 413.07 lacs is outstanding for more than nine months out of the total ₹ 3037.51 lacs shown in debtors and hence this can be attributed to the increased turnover of the company.

Secured Loans

Our secured Loans have increased from ₹ 1052.17 lacs in fiscal 2009 to ₹ 2064.45 lacs in fiscal 2010, showing an increase of 96.21%. This is due to the disbursements of term loans used for the proposed expansion project and additional working capital facilities utilized due to the increased working capital fund requirements of the company.

Financial Condition, Liquidity and Capital Resources

Liquidity

We broadly define liquidity as our ability to generate sufficient funds from both internal and external sources to meet our obligations and commitments. Our primary liquidity requirements have been to finance our working capital requirements for our operations, capital expenditures and investments. We have financed our capital requirements primarily through funds generated from operations, an increase of share capital and borrowings.

Cash Flows

The table below summarizes our cash flow for the periods indicated:

(₹ in lacs*)*

Particulars	As on Dec 31, 2012	Year ended March 31		
		2012	2011	2010
Net cash from operating activities	860.18	170.05	164.30	258.92
Net cash from investing activities	197.74	(289.04)	43.36	(285.60)
Net cash used in financing activities	(1086.94)	102.35	(463.06)	236.23
Net Increase / (decrease) in cash & cash equivalents	(29.02)	(16.63)	(255.40)	209.50

Cash Flows from Operating Activities

Net cash from operating activities for the nine months period ended December 31, 2012 was ₹ 860.18 lacs as compared to the PBT of ₹ 393.48 lacs for the same period. This difference is primarily on account of a higher decrease in Inventories, Creditors and Bank finance and an increase in Debtors, Other Current Assets, and Other Current Liabilities.

Net cash from operating activities in fiscal 2012 was ₹ 170.05 lacs as compared to the PBT of ₹ 210.91 lacs for the same period. This difference is primarily on account of a significant change in Inventories, Other Current Assets, Other Current Liabilities and Bank finance.

Net cash from operating activities in fiscal 2011 was ₹ 164.30 lacs as compared to the PBT of ₹ 138.75 lacs for the same period. This difference is primarily on account of a significant change in Debtors, Other Current Assets, Creditors and Other Current Liabilities.

Net cash from operating activities in fiscal 2010 was ₹ 258.92 lacs as compared to the PBT of ₹ 109.34 lacs for the same period. This difference is primarily on account of decrease in Other Current Assets, Creditors, Bank finance, Other Current Liabilities and an increase in Debtors and the level of Inventories.

Cash Flows from Investment Activities

For the nine months period ended December 31, 2012, the net cash invested in Investing Activities was ₹ 197.74 lacs. This expenditure was mainly on account of purchase of Fixed Assets and other Non Current Assets.

In fiscal 2012, the net cash invested in Investing Activities was negative ₹ 289.04 lacs. This expenditure was mainly on account of purchase of Fixed Assets and change in Non Current Assets.

In fiscal 2011, the net cash invested in Investing Activities was ₹ 43.36 lacs. This expenditure was mainly on account of purchase of Fixed Assets and change in Non Current Assets.

In fiscal 2010, the net cash invested in Investing Activities was negative ₹ 285.60 lacs. This expenditure was mainly on account of purchase of Fixed Assets and change in Non Current Assets.

Cash Flows from Financing Activities

Net cash from financing activities for the nine months period ended December 31, 2012 was negative at ₹ 1086.94 lacs primarily comprising of increase in Interest expenses and decrease in proceeds from Borrowings.

Net cash from financing activities in fiscal 2012 was ₹ 102.35 lacs comprising primarily of increase in proceeds from Borrowings, and decrease in Interest expenses.

Net cash from financing activities in fiscal 2011 was negative at ₹ 463.06 lacs on account of decrease in Interest expenses, Share Capital & Share Premium and proceeds from Borrowings.

Net cash from financing activities in fiscal 2010 was at ₹ 236.23 lacs on account of decrease in Interest expenses, Share Capital and decrease in proceeds from Borrowings.

Information as per Schedule VIII Part A Section IX (E) (5) Of The ICDR Regulations

1) *Unusual or Infrequent Events or Transactions*

   Except as described in this Draft Prospectus, there have been no other events or transactions that, to our knowledge, may be described as "unusual" or "infrequent".

2) *Significant Economic Changes that Materially Affected or are likely to affect Income From Continuing Operations*

   Other than as mentioned under the paragraph "*Significant Factors Affecting Results of Operations*" in this chapter on page 145 of this Draft Prospectus, to our knowledge, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

3) *Known Trends or Uncertainties*

   Except as described in the Section and Chapter titled "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and elsewhere in this Draft Prospectus, to our knowledge, there are no known trends or uncertainties that are expected to have a material adverse impact on our revenues 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*

   Other than as described elsewhere in this Draft Prospectus, particularly in this Chapter, to our knowledge, there are no known factors that might affect the future relationship between costs and revenues.

5) *The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices*

   Changes in revenues during the last three Fiscals are as explained in this Chapter.

6) *Total turnover of each major industry segment in which the issuer company operated*

We operate in a single segment being a wholesaler of paper and products. However, we do not have any authentic industry data available with us which gives the total turnover of the industry.

7) *Status of any publicly announced new products or business segment*

Other than as described in this Draft Prospectus, we do not have any new products or business segment.

8) *The Extent to which Business is seasonal*

Our results of operation are not ordinarily affected by seasonality.

9) *Any Significant Dependence on a Single or few Suppliers or Customers*

Customer and supplier concentrations for our businesses have been disclosed under the chapter titled "*Our Business*" beginning on page 82 of this Draft Prospectus.

10) *Competitive conditions*

Competitive conditions are as described under the chapters titled "*Industry Overview*" and "*Our Business*" beginning on pages 71 and 82 respectively of this Draft Prospectus.

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of our Company's significant outstanding secured borrowings of approximately ₹ 5219.62 lacs, as of December 31, 2012, together with a brief description of certain significant terms of such financing arrangements.

Lender	Date of Financing Documents	Amount Sanctioned (₹ in lacs)	Amount Drawndown as on Dec 31, 2012 (₹ in lacs)	Interest/ Commission (p.a.)	Repayment / Tenor	Security
Standard Chartered Bank	Sanction letter dated July 25, 2012	Overdraft: 4300.00	3963.51	BR+4.5% Margin	One day or payable on demand	**a) Primary Security:** Hypothecation of stock and book debts **b) Collateral Security:** Equitable mortgage of the properties as follows: • Residential Property located at 15, Manichandra CHS, Part-2, Near Sun n Step Bungalows, Thaltej, Ahmedabad of Mr. Manoj Agrawal and Ms. Sangita Agrawal. • Residential Property located at 36, Royal Enclave, Near Asopalav Bungalows, Thaltej, Ahmedabad, owned by Mr. Sandeep Agrawal • Quasi-Commercial Property located at Plot No. 21, Block No. 100 to 104, 106+107+108, Moje – Sanathal, TA-Sanandh, Ahmedabad, owned by Ms. Sudha Agrawal • Quasi-Commercial Property located at Plot No. 43, B/S Navneet Prakashan, Sukhramnagar, Gomtipur, Ahmedabad, owned by Kushal Tradelink Pvt. Ltd. • Quasi-Commercial Property located at Plot No. 46, Jay Amba Estate, B/s Mukti Foundary, Sukhramnagar, Rakhial, Ahmedabad, owned by Mr. Manoj Agrawal • Residential Property located at 5, Royal Crescent, Near Asopalav Bungalows, Thaltej, Ahmedabad, owned by Ms. Namrata Agrawal & Ms. Sudha Agrawal • Land Property Plot No. 1 & 2, 100 acres, Scheme Sanand to Nal Sarovar Road, Vichhinan,
		LC (Import & Inland) and Payment undertaking for Buyer's Credit: 1400.00	LC: 486.19 Buyer's Credit: 769.92	2.25%	May be issued at sight and/or usance tenor of upto 120 days	
		Credit Bill Negotiation: 100.00	Nil	11.75% (Variable)	Not to exceed 90 days	

Lender	Date of Financing Documents	Amount Sanctioned (₹ in lacs)	Amount Drawndown as on Dec 31, 2012 (₹ in lacs)	Interest/ Commission (p.a.)	Repayment / Tenor	Security
						Ta-Sanand, Ahmedabad, owned by Kushal Tradelink Pvt. Ltd. • Fixed Deposit to be lien marked for the facility • Backed by Letter of Credit acceptable to Standard Chartered Bank **c) Guarantees** (Existing) All monies guarantee executed under seal by Ms. Pushpadevi Agrawal, Ms. Sangita Agrawal, Mr. Tulsiram Agrawal, Mr. Manoj Agrawal, Mr. Mahendra Agrawal, Mr. Sandeep Agrawal, Ms. Sudha Agrawal and Ms. Namrata Agrawal and all LIC holders **Additional Mortgage Security Documents:** (Existing) All monies equitable mortgage over MOE in the name of Ms. Pushpadevi Agrawal, Ms. Sangita Agrawal, Mr. Tulsiram Agrawal, Mr. Manoj Agrawal, Mr. Mahendra Agrawal, Mr. Sandeep Agrawal, Ms. Sudha Agrawal and Ms. Namrata Agrawal

Corporate Actions

During the currency of the facilities, without prior approval of the Lender which shall not be unreasonably withheld, the Borrower (Kushal Tradelink Ltd.) shall:

- ✓ Confirm that there are no overdue statutory liabilities such as PF, Taxes, etc.
- ✓ Undertake that it will take prior permission of Standard Chartered Bank before availing any loan from any Bank / Financial Institution.
- ✓ Undertake that there would be no diversion of Working Capital funds for acquiring Fixed Assets / for investment in Associate Concern or Capital Market or Commodities Market / for repayment of other debt obligations of the Borrowing Company
- ✓ Undertake to ensure that properties mortgaged to Standard Chartered Bank will not be leased / rented out without the prior permission of Standard Chartered Bank. Further, in case of rented out properties, the lessor / owner shall not change the tenant / alter the terms of tenancy agreement without the consent of Standard Chartered Bank.
- ✓ That transaction with sister / associated concerns would be on commercial terms

- ✓ Not to undertake any guarantee obligation on behalf of any other concern without the written approval of the Bank.

- ✓ Undertake to notify the Bank of impacts on its financial position / performance periodically. The borrower will keep the Bank informed of any circumstances adversely affecting its financial position. The borrower shall not undertake any major capex without information of Standard Chartered Bank.

- ✓ Undertake that the properties offered as collateral shall continue to be used as Residential / Commercial / Quasi commercial / Industrial as the case may be during the tenure of the facility from Standard Chartered Bank.

- ✓ Undertake that the entity / owners shall not materially alter the condition of property (expansion / demolition) without the concurrence of Standard Chartered Bank during the tenure of the facility from Standard Chartered Bank.

- ✓ There shall not be any change in the constitution / shareholding pattern without the consent of Standard Chartered Bank.

SECTION VI - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as stated herein, there are no outstanding or pending litigation, suits, civil prosecution, criminal proceedings or tax liabilities against our Company, our Directors, our Promoters and Promoter Group and there are no defaults, non-payment of statutory dues, over dues to banks and financial institutions, defaults against bank and financial institutions and there are no outstanding debentures, bonds, fixed deposits or preference shares issued by our Company; no default in creation of full security as per the terms of the issue, no proceedings initiated for economic or other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part I of Schedule XIII of the Companies Act, 1956), and no disciplinary action has been taken by SEBI or any stock exchanges against our Promoters, our Directors or Promoter Group or Group Companies.

PART A: CONTINGENT LIABILITIES OF OUR COMPANY

Our Company has extended Corporate Guarantee to the one of our associate company *viz* Ashapura Paper Mills Pvt. Ltd. to the tune of ₹ 17.75 crores. The sanction letter from Bank of India, Ahmedabad Mid Corporate Branch shows that the Corporate Guarantee given by our company will be released upon remortgage of the security with Bank of India by Mr. Manoj Agrawal. The release of security of our Company and remortgage of the security with Bank of India by Mr. Manoj Agrawal shall be done simultaneously. Thereafter, Corporate Guarantee of the Company will be released. Apart from this there are no contingent liabilities as on March 31, 2012.

PART B: LITIGATION RELATING TO OUR COMPANY

I. CASES FILED BY OUR COMPANY

- Civil Cases: NIL
- Criminal Cases: NIL

II. CASES FILED AGAINST OUR COMPANY

- Civil Proceedings: NIL
- Criminal Proceedings: NIL

III. TAX PROCEEDINGS INVOLVING OUR COMPANY

There are no tax proceedings neither pending against our Company nor filed by our Company.

IV. LITIGATIONS INVOLVING OUR PROMOTERS

(i) Proceedings of Civil nature

- By the Promoters: NIL
- Against the Promoters: NIL

(ii) Proceedings of a Criminal nature

- By the Promoters: NIL
- Against the Promoters: NIL

V. LITIGATIONS INVOLVING DIRECTORS OF OUR COMPANY

(i) Proceedings of Civil nature

- By the Directors of our Company: NIL
- Against the Directors of our Company: NIL

(ii) Proceedings of a Criminal nature

- By the Directors of our Company: NIL
- Against the Directors of our Company: NIL

VI. LITIGATIONS INVOLVING OUR GROUP COMPANIES

There are no litigations involving our Group Companies.

MATERIAL DEVELOPMENTS

In the opinion of the Board of Directors of our Company, since the date of the last audited financial statements disclosed in this Draft Prospectus, there have not arisen, any circumstances that materially or adversely affect or are likely to affect our profitability or value of assets or our ability to pay material liabilities within the next twelve (12) months.

GOVERNMENT AND OTHER STATUTORY APPROVALS

Our Company has received the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for its business and no other material approvals are required by us for carrying on its present business activities. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the Company can undertake its current business activities and no further material approvals from any statutory authority are required to continue those activities.

The following statement sets out the details of licenses, permissions and approvals taken by the Company under various Central and State Laws for carrying out its business.

1. Approvals Pertaining to this Issue

The Board of Directors has, vide resolution passed at its meeting held on December 31, 2012 authorised the Issue subject to the approval of the shareholders of the Company under Section 81(1A) of the Companies Act, 1956 and approvals by such other authorities as may be necessary.

The shareholders of the Company have, pursuant to a resolution dated January 21, 2013 under Section 81(1A) of the Companies Act, 1956 authorised the Issue.

2. Incorporation and Other Details

The Company was incorporated on March 03, 2000 in Ahmedabad, Gujarat as Kushal Tradelink Private Limited and was allotted Company Identification Number (CIN) U51909GJ2000PTC037472. The Company became a Public Limited Company pursuant to a special resolution passed by the members of the Issuer Company at the Extra Ordinary General Meeting held on January 15, 2013. A fresh Certificate of Incorporation, bearing number U51909GJ2000PLC037472, consequent to change of name as a result of conversion to a public limited company was issued on March 01, 2013 by the Registrar of Companies, Ahmedabad, Gujarat.

3. Approvals for Business / General Approvals

Sr. No.	Particulars	Granting Authorities	Registration/Approval/Code No. / Artistic Work No.	Date of Issue	Period of Validity if specified
1	Permanent Account No.	Income Tax Department, Govt. of India	AABCK7885P	03.03.2000	Valid until cancelled
2	Tax Deduction Account No. (TAN)	Income Tax Department, Govt. of India	AHMK00749A	11.01.2012	Valid until cancelled
3	Service Tax Registration Number	Deputy Commissioner of Service Tax, Ahmedabad	AABCK7885PST001	15.03.2005	Valid until cancelled
4	Tax Payer's Identification No. (TIN) -VAT	Registration Officer, Sales Tax Department, Ahmedabad	24072100201	01.07.2002	Valid until cancelled
5	Tax Payers Identification No. (TIN) – Sales Tax	Registration Officer, Sales Tax Department, Ahmedabad	24572100201	01.04.2000	Valid until cancelled

Sr. No.	Particulars	Granting Authorities	Registration/Approval/Code No. / Artistic Work No.	Date of Issue	Period of Validity if specified
6	Registration under Employees Provident Fund & Miscellaneous Provisions Act, 1952	Provident Fund Commissioner	GJ/AHD/28505	15.03.2001	Valid until cancelled
7	Registration under Employees State Insurance Act, 1948	Employees State Insurance Corporation	37-22217-82	03.04.2000	Valid until cancelled
8	Importer Exporter Code(IEC)	Govt. Of India, Ministry of Commerce	0811018962	08.11.2011	Valid until cancelled
9	Registration Certificate under Factories Act, 1948*	Directorate Industrial Safety & Health Gujarat State	Registration No: 3038/21012/2007 License No. 16343	19.01.2013	Valid upto 31.12.2015

**The Issuer Company is predominantly into the business of dealing in various types of papers and ordinarily manufacturing activity is not carried out by it. However, the Issuer Company has around 600-700 customers and to meet the customer specification and to cater to their needs, customization of the products is undertaken by the Issuer Company on a small scale in the Godown itself. Thereby, a License to work as a 'Factory" has been procured from the Directorate Industrial Safety & Health, Gujarat State by the Issuer Company, though manufacturing activities are not carried out on a large scale by the Issuer Company.*

4. Pending Approvals Relation to Intellectual Property

Sr. No.	Particulars of Mark	Applicant	Application No.	Date of Filing	Class
1	Registration of Trade Mark "KUSHAL TRADELINK LTD"	Registrar of Trade Marks	2470433	February 01, 2013	16

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Our Board of Directors have vide resolution dated December 31, 2012, authorised the Issue, subject to the approval by the shareholders of our Company under Section 81 (1A) of the Companies Act, 1956.

The shareholders have authorised the Issue, by passing a Special Resolution at the Extraordinary General Meeting held on January 21, 2013 in accordance with the provisions of Section 81(1A) of the Companies Act, 1956.

The Company has obtained approval from BSE vide letter dated [●] to use the name of BSE in this offer Document for listing of equity shares on the SME platform of the BSE. BSE is the designated stock exchange.

Prohibition by SEBI, the RBI or Governmental Authorities

We confirm that there is no prohibition on our Company, its Directors, Promoters and entities forming part of our Promoter Group from accessing the capital market or operating in the capital markets under any order or direction passed by SEBI.

We further confirm that none of our Company, its Promoters, its Group Companies or the relatives of our Promoters and Group Companies was ever identified as wilful defaulters by RBI or other authorities.

Association with Securities Market

We confirm that none of our Directors are associated with the Securities Market in any manner and no action has been initiated against these entities by SEBI at any time.

Eligibility for the Issue

Our Company is an "Unlisted issuer" in terms of the SEBI (ICDR) Regulation; and this Issue is an "Initial Public Offer" in terms of the SEBI (ICDR) Regulations.

This Issue is being made in terms of Regulation 106(M)(2) of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post issue face value capital is more than ten crore rupees and upto twenty five crore rupees, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the SME Platform of BSE).

We confirm that:

a) In accordance with Regulation 106 (P) of the SEBI (ICDR) Regulations, this issue has been hundred percent underwritten and that the Lead Manager to the Issue has underwritten more than 15% of the total Issue Size. For further details pertaining to the said underwriting please see "*General Information-Underwriting*" on page 40 of this Draft Prospectus.

b) In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the issue is greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date our Company becomes liable to repay it then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under Section 73 of the Companies Act, 1956.

c) In accordance with Regulation 106(O) the SEBI (ICDR) Regulation, we have not filed any Draft Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our Lead Manger submits the copy of Prospectus along with a Due Diligence Certificate

including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.

d) In accordance with Regulation 106(V) of the SEBI (ICDR) Regulations, we have entered into an agreement with the Lead manager and Market Maker to ensure compulsory Market Making for a minimum period of three years from the date of listing of equity shares offered in this issue. For further details of the arrangement of Market Making, please see "*General Information- Details of the Market Making Arrangements for this Issue*" on page 41 of this Draft Prospectus.

We further confirm that we shall be complying with all other requirements as laid down for such issue under Chapter XB of SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

e) Our Company has Net Tangible assets of at least ₹ 1 crore as per the latest audited financial results

f) The Net worth (excluding revaluation reserves) of our Company is at least ₹ 1 crore as per the latest audited financial results

g) Our Company has track record of distributable profits in terms of sec. 205 of Companies Act, 1956 for at least two years out of immediately preceding three financial years and each financial year has to be a period of at least 12 months.

h) The distributable Profit, Net tangible Assets and Net worth of our Company as per the restated financial statements for the year ended and as at March 31, 2012, 2011 and 2010 is as set forth below:

Particulars	Fiscal 2012	Fiscal 2011	Fiscal 2010
Distributable Profit[(1)]	139.38	94.77	74.36
Net tangible Assets[(2)]	1272.69	1413.79	1268.54
Net Worth[(3)]	1699.91	1560.53	1465.76

[(1)]Distributable profits have been computed in terms section 205 of the Companies Act, 1956.
[(2)]Net Tangible Assets are defined as the sum of fixed assets (including capital work in-progress and excluding revaluation reserve) investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities) and secured as well as unsecured long term liabilities excluding intangible assets as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India.
[(3)]Net Worth has been computed as the aggregate of equity shares capital and reserves (excluding revaluation reserves) and after deducting miscellaneous expenditure not written off, if any.

i) As on the date of Draft Prospectus, our Company has a paid up capital of ₹ 1579.87 lacs, which is in excess of ₹ 1 crore, and the Post Issue Capital shall also be in excess of ₹ 1 crore.

j) Our Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).

k) There is no winding up petition against our company that has been accepted by a court.

l) Our company shall mandatorily facilitate trading in demat securities and enter into an agreement with both the depositories.

m) We have a website: www.kushaltradelink.com.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE

ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, ARYAMAN FINANCIAL SERVICES LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH 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 AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER, ARYAMAN FINANCIAL SERVICES LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED [●] WHICH READS AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID ISSUE;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND 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 PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

B. **ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

C. **THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE 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 PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED**

TO FORM PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD /TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE 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 SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE 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 PROMOTERS CONTRIBUTION SHALL 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 THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE.**

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE "MAIN OBJECTS" LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE 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 PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE**

11. **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE PROSPECTUS:**

A. **AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER, AND**

B. **AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.**

14. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.**

15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**

16. **WE ENCLOSE STATEMENT ON PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKER AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR.**

17. **WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS.**

THE FILING OF THIS OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.

ADDITIONAL CONFIRMATIONS/ CERTIFICATION TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING SME EXCHANGE

1. **WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**

2. **WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.**

3. **WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009.**

4. **WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE ISSUER.**

5. **WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISO TO SUB-REGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009; CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE DRAFT PROSPECTUS.**

6. **WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 106P AND 106V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE.**

Disclaimer Clause of the SME Platform of BSE

As required, a copy of the Draft Prospectus shall be submitted to the SME Platform of BSE. The Disclaimer Clause as intimated by the SME Platform of BSE to us, post scrutiny of the Draft Prospectus, shall be included in the Prospectus prior to filing with ROC.

Disclaimer from our Company and the Lead Manager

Our Company, its Directors and the Lead Manager accept no responsibility for statements made otherwise than those contained in this Prospectus or, in case of the Company, in any advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information would be doing so at his or her own risk.

CAUTION

The Lead Manager accept no responsibility, save to the limited extent as provided in the MOU for Issue Management entered into among the Lead Manager and our Company dated March 15, 2013, the Underwriting Agreement dated March 15, 2013 entered into among the Underwriters and our Company and the Market Making Agreement dated March 15, 2013 entered into among the Market Maker, Lead Manager and our Company.

All information shall be made available by us and the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at collection centres or elsewhere.

Note:
Investors who apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters 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 of our Company.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India including Indian nationals resident in India (who are not minors), Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to non-residents including NRIs and FIIs. The Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Ahmedabad 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. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been any change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause under Rule 144a of the U.S. Securities Act

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 will be offered and sold (i) in the United States only to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and in compliance with 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 Applicants may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Filing

The Draft Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the offer document in term of Reg. 106(M)(3). However, a copy of the Prospectus shall be filed with SEBI at Western Regional Office, Unit No: 002, Ground Floor, SAKAR I, Near Gandhigram Railway Station, Opp. Nehru Bridge, Ashram Road, Ahmedabad - 380 009.

A copy of the Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, 1956, will be delivered to the RoC situated at ROC Bhavan, Opp. Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad – 380013.

Listing

In terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, there is no requirement of obtaining In-Principle approval of the SME Platform of BSE. However, application shall been made to SME Platform of BSE for obtaining permission for listing of the Equity Shares being offered and sold in the Issue on its SME Platform after the allotment in the Issue. BSE is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue.

If the permission to deal in and for an official quotation of the Equity Shares on the SME Platform is not granted by BSE, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Prospectus. If such money is not repaid within eight days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act, 1956.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the SME Platform of BSE mentioned above are taken within 12 Working Days of the Issue Closing Date.

The Company has obtained approval from BSE vide letter dated [●] to use the name of BSE in this Offer document for listing of equity shares on SME Platform of BSE.

Price Information of past issues handled by the Lead Manager

S. No.	*Issue Name*	*Issue size (₹ in lacs)*	*Issue Price (₹)*	*Listing date*	*Opening price on listing date (₹)*	*Closing price on listing date (₹)*	*% Change in Price on listing date (Closing) vs. Issue Price*	*Benchmark index on listing date (Closing)*	*Closing price as on 10th calendar day from listing day*	*Benchmark index as on 10th calendar day from listing day (Closing)*	*Closing price as on 20th calendar day from listing day*	*Benchmark index as on 20th calendar day from listing day (Closing)*	*Closing price as on 30th calendar day from listing day*	*Benchmark index as on 30th calendar day from listing day (Closing)*
1	SRG Housing Finance Ltd.	700.80	20.00	11/09/2012	20.30	20.30	1.50%	17,852.95	21.00	18,349.25	20.15	18,823.91	20.00	18631.10
2	Jupiter Infomedia Ltd.	408.00	20.00	16/08/2012	22.00	22.05	10.25%	17657.00	21.95	17,783.21	22.40	17,313.34	23.55	18542.31
3	Sangam Advisors Ltd.	506.88	22.00	09/08/2012	22.10	22.00	0.00%	17,560.87	22.10	17,728.20	22.20	17,783.21	22.00	17313.34
4	VKS Projects Ltd.	5500.00	55.00	18/07/2012	55.80	55.05	0.09%	17185.01	55.50	16,839.19	53.10	17,601.78	52.00	17691.08
5	BCB Finance Ltd.	885.00	25.00	13/03/2012	27.00	25.70	2.80	17813.62	25.27	17361.74	25.35	17478.15	25.00	17332.62
6	Midvalley Entertainment Ltd.	6000.00	70.00	27/01/2011	73.00	58.05	(17.07)	18684.43	58.00	18008.15	60.55	18273.80	86.05	17700.91

Summary Statement of Disclosure

Financial Year	*Total no. of IPOs*	*Total Funds Raised (₹ in lacs)*	*Nos. of IPOs trading at discount on listing date*			*Nos. of IPOs trading at premium on listing date*			*Nos. of IPOs trading at discount as on 30th calendar day from listing day*			*Nos. of IPOs trading at premium as on 30th calendar day from listing day*		
			Over 50%	*Between 25-50%*	*Less than 25%*	*Over 50%*	*Between 25-50%*	*Less than 25%*	*Over 50%*	*Between 25-50%*	*Less than 25%*	*Over 50%*	*Between 25-50%*	*Less than 25%*
2012-13	4*	7115.68	-	-	-	-	-	3	-	-	1	-	-	1
2011-12	1^	885.00	-	-	-	-	-	1	-	-	-	-	-	-
2010-11	1	6000.00	-	-	1	-	-	-	-	-	-	-	-	1

**As on the listing day, the price of Sangam Advisors Ltd. is exactly equal to its Issue Price and hence it is neither trading at Premium or Discount; As on the 30th Calendar day from the listing day, the price of SRG Housing Finance Ltd. and Sangam Advisors Ltd. is exactly equal to its Issue Price and hence it is neither trading at Premium or Discount.*

^As on the 30th Calendar day from the listing day, the price of BCB Finance Limited is exactly equal to its Issue Price and hence it is neither trading at Premium or Discount.

Notes:
(a) In case the 10th, 20th and 30th calendar day from the date of listing is a holiday, or if the stock was not traded on the said calendar days from the date of listing, the share price and benchmark index is taken of the immediately preceding working day.
(b) BSE SENSEX has been considered as the benchmark index.

Track record of past issues handled by the Lead Manager

For details regarding the track record of the Lead Manager to the Issue as specified in Circular reference CIR/MIRSD/1/ 2012 dated January 10, 2012 issued by the SEBI, please see the website of the Lead Manager – *www.afsl.co.in.*

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Statutory Auditors, Bankers to the Company; and (b) the Lead Manager, Escrow Collection Bankers, Registrar to the Issue, the Legal Advisors to the Issue, to act in their respective capacities, have been obtained and shall be filed along with a copy of the Prospectus with the RoC, as required under Sections 60 and 60B of the Companies Act, 1956 and such consents shall not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

In accordance with the Companies Act, 1956 and the SEBI (ICDR) Regulations, M/s. P. Doshi & Associates, Chartered Accountants, the Auditors of the Company have agreed to provide their written consent to the inclusion of their report dated January 31, 2013, on Restated Financial Statements, Statement of Funds Deployed dated March 06, 2013 and Statement of Tax benefits dated January 31, 2013 which may be available to the Company and its shareholders, included in this Draft Prospectus in the form and context in which they appear therein and such consent and reports have not been withdrawn up to the time of delivery of this Draft Prospectus.

Expert Opinion

Except for the below stated reports and certificate included in the Draft Prospectus, our Company has not obtained any expert opinions:

1. Statutory Auditor – Statement of Tax Benefits
2. Statutory Auditor – Restated Financial Statements

Issue Related Expenses

The expenses of this Issue include, among others, underwriting and management fees, Market Making Fees, selling commissions, SCSB's commission/ fees, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees and listing fees is given below:

Sr. No.	Particulars	Amount (₹ in lacs)
1	Issue Management fees including fees and reimbursements of Market Making fees, selling commissions, brokerages, and payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses.	45.00
2	Printing & Stationery, Distribution, Postage, etc.	10.00
3	Advertisement and Marketing Expenses	30.00
4	Regulatory and other Expenses	5.00
	Total	**90.00**

Fees, Brokerage and Selling Commission Payable to the Lead Manager

The total fees payable to the Lead Manager (including underwriting commission and selling commission) is as stated in the MoU dated March 15, 2013, the Underwriting Agreement dated March 15, 2013 and the Market Making Agreement dated March 15, 2013 among the Company and the Lead Manager and other parties, a copy of which will be made available for inspection at our Registered Office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue, for processing of application, data entry, printing of refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the MoU between the Company and the Registrar to the Issue dated January 23, 2013.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or Allotment advice by registered post/speed post.

Capital Issue during the last three years

Kushal Tradelink Limited and its Group Companies have not made any capital issue viz. initial public offering, rights issue or composite issue during the last three years.

Previous Public and Rights Issues

We have not made any previous rights and public issues, and we are an "Unlisted Company" in terms of the SEBI (ICDR) Regulations and this Issue is an "Initial Public Offering" in terms of the SEBI (ICDR) Regulations.

Previous Issues of Equity Shares otherwise than for Cash

Except as stated in the chapter titled "*Capital Structure*" beginning on page 43 of this Draft Prospectus, we have not issued any Equity Shares for consideration other than for cash.

Commission and Brokerage Paid on Previous Issues of our Equity Shares

Since this is the Initial Public Offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

Companies under the same Management

There are no companies under the same management within the meaning of section 370 (1B) of the Companies Act, 1956, that has made any public issue (including any rights issues or composite issues to the public) during the last three years.

Promise v. Performance – Associates

Our Company and Promoter Group have not made any previous rights and public issues.

Outstanding Debentures, Bonds, Redeemable Preference Shares and Other Instruments Issued by the Company

The Company has no outstanding debentures or bonds. The Company has not issued any redeemable preference shares or other instruments in the past.

Stock Market Data for our Equity Shares

This being an initial public issue of the Company, the Equity Shares of the Company are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The Company has appointed Bigshare Services Private Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with the Compliance Officer of the Company. All grievances relating to the present Issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and name of bank and branch. The Company would monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the Issue, namely Bigshare Services Private Limited, will handle investor's grievances pertaining to the Issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be co-coordinating with the Registrar to the Issue in attending to the grievances to the investor.

All grievances relating to the ASBA process may be addressed to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant.

We estimate that the average time required by us or the Registrar to the Issue or the SCSBs for the redressal of routine investor grievances will be seven business 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.

Our Board by a resolution on January 23, 2013 constituted a Shareholders/Investors Grievance Committee. The composition of the Shareholders/Investors Grievance Committee is as follows:

S. No.	Name	Designation in Committee	Nature of Directorship
1	Sagar Sharma	Chairman	Non-Executive Independent Director
2	Dharmendra Bhuchhada	Member	Non-Executive Independent Director
3	Arpan Shah	Member	Professional Non-Executive Director
4	Kavita Jain	Member	Non-Executive Independent Director
5	Khushboo Surana	Secretary	Company Secretary & Compliance Officer

For further details, please see the chapter titled "*Our Management*" beginning on page 100 of this Draft Prospectus.

We have also appointed Ms. Khushboo Surana as the Company Secretary and Compliance Officer for this Issue and she may be contacted at the registered office of our Company. The contact details are as follows:

Name: Ms. Khushboo Surana
Address: Plot No. 43, B/S Navneet Prakashan Press, B/H Govt 'G' Colony, Sukhramnagar, Gomtipur, Ahmedabad – 380023
Tel. No.: +91 – 79 - 22772991
Fax No.: +91 – 79 - 22782670
Email: khushboo@kushaltradelink.com

Investors can contact the Compliance Officer or the Registrar to the Issue or the Lead Manager in case of any pre-Issue or post-Issue related problems, such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary accounts and refund orders.

Status of Investor Complaints

We confirm that we have not received any investor compliant during the three years preceding the date of this Draft Prospectus and hence there are no pending investor complaints as on the date of this Draft Prospectus.

Disposal of Investor Grievances by Listed Companies under the same Management as the Company

No company under the same management as the Company within the meaning of Section 370(1B) of the Companies Act, 1956 has made any public issue (including any rights issues to the public) during the last three years and hence there are no pending investor grievances.

Change in Auditors

Our current statutory auditor M/s. P. Doshi & Associates was appointed vide a special resolution on January 15, 2013 in place of M/s. Arpan Shah & Associates, Chartered Accountants who could not continue their services. Except as mentioned herein, there has been no other change in the auditors during the last three years.

Capitalisation of Reserves or Profits

Except as stated in the chapter titled "*Capital Structure*" beginning on page 43 of this Draft Prospectus, our Company has not capitalised our reserves or profits during the last five years.

Revaluation of Assets

We have not revalued our assets in the last five (5) years.

SECTION VII – ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, 1956, SEBI (ICDR) Regulations, 2009, our Memorandum and Articles of Association, the terms of this Draft Prospectus, the Prospectus, the Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

This Issue of Equity Shares has been authorized by the Board of Directors of our Company at their meeting held on December 31, 2012 and was approved by the Shareholders of the Company by passing a Special Resolution at the Extraordinary General Meeting held on January 21, 2013 in accordance with the provisions of Section 81(1A) of the Companies Act, 1956.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act, 1956, our Memorandum and Articles of Association and shall rank pari-passu in all respects with the existing Equity Shares including in respect of the rights to receive dividends and other corporate benefits, if any, declared by us after the date of Allotment.

For further details, please see the chapter titled *"Main Provisions of the Articles of Association of our Company"* beginning on page 201 of this Draft Prospectus.

Mode of Payment of Dividend

The declaration and payment of dividend will be as per the provisions of Companies Act, 1956 and recommended by the Board of Directors and the Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividends in cash and as per provisions of the Companies Act, 1956. For further details, please see the chapter titled *"Dividend Policy"* beginning on page 122 of this Draft Prospectus.

Face Value and Issue Price

The Equity Shares having a face value of ₹ 10 each are being issued in terms of this Draft Prospectus at the price of ₹ 35 per Equity Share. The Issue Price is determined by our Company in consultation with the Lead Manager and is justified under the chapter titled *"Basis for Issue Price"* beginning on page 59 of this Draft Prospectus. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- ✓ Right to receive dividend, if declared;
- ✓ Right to attend general meetings and exercise voting rights, unless prohibited by law;
- ✓ Right to vote on a poll either in person or by proxy;
- ✓ Right to receive offer for rights shares and be allotted bonus shares, if announced;

- ✓ Right to receive surplus on liquidation;
- ✓ Right of free transferability; and
- ✓ Such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, 1956, terms of the listing agreements with the Stock Exchange and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provision of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and / or consolidation / splitting, etc., please see the section titled *"Main Provisions of the Articles of Association of our company"* beginning on page 201 of this Draft Prospectus.

Minimum Application Value; Market Lot and Trading Lot

As per the provisions of the Depositories Act, 1996, the shares of a Body Corporate can be in Dematerialised form i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode.

The investors have an option either to receive the security certificate or to hold the securities with depository. However, as per SEBI's circular RMB (compendium) series circular no. 2 (1999-2000) dated February 16, 2000, it has been decided by the SEBI that trading in securities of companies making an initial public offer shall be in Dematerialised form only.

Trading of the Equity Shares will happen in the minimum contract size of 4,000 Equity Shares in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012 and the same may be modified by BSE from time to time by giving prior notice to investors at large.

Allocation and allotment of Equity Shares through this Issue will be done in multiples of 4,000 Equity Share subject to a minimum allotment of 4,000 Equity Shares to the successful applicants.

Minimum Number of Allottees

The minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies collected shall be refunded within 12 Working days of closure of issue.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-holders with benefits of survivorship.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, 1956, the sole or first applicant, along with other joint applicant, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicant, death of all the applicants, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, 1956, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- ✓ to register himself or herself as the holder of the Equity Shares; or
- ✓ to make such transfer of the Equity Shares, as the deceased holder could have made

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with. In case the allotment of Equity Shares is in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten. If the issuer does not receive the subscription of 100% of the Issue through this Offer Document including devolvement of Underwriters within sixty days from the date of closure of the issue, the issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the issuer becomes liable to pay the amount, the issuer shall pay interest prescribed under section 73 of the Companies Act, 1956.

Arrangements for Disposal of Odd Lots

The trading of the Equity Shares will happen in the minimum contract size of 4,000 shares. However, the Market Maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the SME platform of BSE.

Restrictions, if any, on transfer and transmission of shares or debentures and on their consolidation or splitting

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation / splitting, please see the section titled "*Main Provisions of the Articles of Association of our Company*" beginning on page 201 of this Draft Prospectus.

Option to receive Equity Shares in Dematerialized Form

Allotment of Equity Shares in the Issue will be made only in dematerialized form.

Migration to Main Board

In accordance with the BSE Circular dated November 26, 2012, our Company will have to be mandatorily listed and traded on the SME Platform of the BSE for a minimum period of two years from the date of listing and only after that it can migrate to the Main Board of the BSE as per the guidelines specified by SEBI and as per the procedures laid down under Chapter XB of the SEBI (ICDR) Regulations.

As per the provisions of the Chapter XB of the SEBI (ICDR) Regulation, 2009, our Company may migrate to the main board of BSE from the SME Exchange on a later date subject to the following:

- If the Paid up Capital of the company is likely to increase above ₹ 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval

from the main board), we shall have to apply to BSE for listing our shares on its Main Board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board.

- If the Paid up Capital of the company is more than ₹ 10 crores but below ₹ 25 crores, we may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

Market Making

The shares issued through this Issue are proposed to be listed on the SME Platform of BSE (SME Exchange), wherein the Lead Manager to this Issue shall ensure compulsory Market Making through the registered Market Maker of the SME Exchange for a minimum period of three years from the date of listing on the SME Platform of BSE.

For further details of the agreement entered into between our Company, the Lead Manager and the Market Maker, please see *"General Information - Details of the Market Making Arrangement for this Issue"* on page 41 of this Draft Prospectus.

New Financial Instruments

The Issuer Company is not issuing any new financial instruments through this Issue.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in Ahmedabad, Gujarat. The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and may not be offered or sold within the United States, except pursuant to an exemption from or in a transaction not subject to, registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered or sold outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions 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 applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

ISSUE STRUCTURE

This Issue is being made in terms of Regulation 106(M)(2) of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post issue face value capital is more than ten crore rupees and upto twenty five crore rupees, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the SME Platform of BSE). For further details regarding the salient features and terms of such this Issue, please see the chapters titled "*Terms of the Issue*" and "*Issue Procedure*" beginning on pages 175 and 181 respectively, of this Draft Prospectus.

Following is the issue structure:

Public issue of 79,30,000 Equity Shares of ₹ 10 each (the "Equity Shares") for cash at a price of ₹ 35 per Equity Share (including a Share premium of ₹ 25 per Equity Share) aggregating to ₹ 2775.50 lacs ("the Issue") by Kushal Tradelink Limited ("KTL" or the "Company" or the "Issuer").

The issue comprises a Net Issue to Public of 75,20,000 Equity Shares of ₹ 10 each ("the Net issue") and a reservation of 4,10,000 Equity Shares for subscription by the designated Market Maker ("the Market Maker Reservation Portion").

Particulars of the Issue	Net Issue to Public*	Market Maker Reservation Portion
Number of Equity Shares available for allocation	75,20,000 Equity Shares	4,10,000 Equity Shares
Percentage of Issue Size available for allocation	94.83% of the Issue Size	5.17% of the Issue Size
Basis of Allotment	Proportionate subject to minimum allotment of 4,000 Equity Shares and further allotment in multiples of 4,000 Equity Shares each.	Firm Allotment
Mode of Application	For QIB and NII Applicants the application must be made compulsorily through the ASBA Process. The Retail Individual Applicant may apply through the ASBA or the Physical Form.	Through ASBA Process Only
Minimum Application Size	*For QIB and NII:* Such number of Equity Shares in multiples of 4,000 Equity Shares such that the Application Value exceeds ₹ 2,00,000. *For Retail Individuals:* 4,000 Equity Shares	4,10,000 Equity Shares
Maximum Application Size	*For QIB and NII:* Such number of Equity Shares in multiples of 4,000 Equity Shares such that the Application Size does not exceed 75,20,000 Equity Shares.	4,10,000 Equity Shares

Particulars of the Issue	Net Issue to Public*	Market Maker Reservation Portion
	For Retail Individuals: Such number of Equity Shares in multiples of 4,000 Equity Shares such that the Application Value does not exceed ₹ 2,00,000.	
Mode of Allotment	Dematerialized Form	Dematerialized Form
Trading Lot	4,000 Equity Shares	4,000 Equity Shares, However the Market Maker may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2009.
Terms of Payment	The entire Application Amount will be payable at the time of submission of the Application Form.	

** 50 % of the shares offered are reserved for allocation to applications below or equal to ₹ 2 lacs and the balance for higher amount applications.*

Withdrawal of the Issue

The Company, in consultation with the LM, reserves the right not to proceed with the Issue at any time before the Issue Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining the following:

i. The final listing and trading approvals of BSE for listing of Equity Shares offered through this Issue on its SME Platform, which the Company shall apply for after Allotment; and

ii. The final RoC approval of the Draft Prospectus after it is filed with the RoC.

In case, the Company wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (one each in English and Hindi) and one in regional newspaper.

The LM, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchange will also be informed promptly. If our Company withdraws the Issue after the Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh offer document with the stock exchange where the Equity Shares may be proposed to be listed.

Issue Programme

ISSUE OPENING DATE	[●]
ISSUE CLOSING DATE	[●]

Applications and any revisions to the same will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application Centers mentioned in the Application Form, or in the case of ASBA Applicants, at the Designated Bank Branches except that on the Issue Closing Date applications will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time). Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).

ISSUE PROCEDURE

Fixed Price Issue Procedure

This Issue is being made under Regulation 106(M)(2) of Chapter XB of SEBI (ICDR) Regulations, 2009 via Fixed Price Process. Applicants are required to submit their Applications to the Selected Branches / Offices of the Escrow Bankers to the Issue who shall duly submit them to the Registrar of the Issue. In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing. In case of Non-Institutional Applicants and Retail Individual Applicants, our Company would have a right to reject the Applications based on technical grounds only.

Allotment in this Issue will be only in dematerialization form as the Issue Size exceeds Rupees Ten Crores as per Section 68B of the Companies Act, 1956.

Application Form

Applicants shall only use the specified Application Form for the purpose of making an Application in terms of this Draft Prospectus. Upon completing and submitting the Application Form to the Bankers, the Applicant is deemed to have authorized our Company to make the necessary changes in the Prospectus and the Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Applicant.

ASBA Applicants shall submit an Application Form either in physical or electronic form to the SCSBs authorizing blocking funds that are available in the bank account specified in the Application Form used by ASBA applicants. Upon completing and submitting the Application Form for ASBA Applicants to the SCSB, the ASBA Applicant is deemed to have authorized our Company to make the necessary changes in the Prospectus and the ASBA as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Applicant.

The prescribed color of the Application Form for various categories is as follows:

Category	Colour of Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents and Eligible NRIs applying on a repatriation basis	Blue

In accordance with the SEBI (ICDR) Regulations, 2009 in public issues w.e.f. May 1, 2010 all the investors can apply through ASBA process and w.e.f. May 02, 2011, the Non-Institutional Applicants and the QIB Applicants have to compulsorily apply through the ASBA Process.

Who Can Apply?

- ✓ Indian nationals resident in India, who are not minors, in single or joint names (not more than three);
- ✓ Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the Application is being made in the name of the HUF in the Application Form as follows: ―Name of Sole or First Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta. Applications by HUFs would be considered at par with those from individuals;
- ✓ Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorised to invest in equity shares;
- ✓ Mutual Funds registered with SEBI;

- ✓ Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this issue;
- ✓ Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations and other laws, as applicable);
- ✓ FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual under the QIB portion;
- ✓ Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Applicants portion;
- ✓ VCFs registered with SEBI;
- ✓ FVCIs registered with SEBI;
- ✓ Eligible QFIs;
- ✓ Multilateral and bilateral development financial institutions;
- ✓ State Industrial Development Corporations;
- ✓ Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- ✓ Scientific and/or industrial research organisations authorised in India to invest in equity shares;
- ✓ Insurance companies registered with Insurance Regulatory and Development Authority;
- ✓ Provident Funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;
- ✓ Pension Funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;
- ✓ Limited liability partnerships;
- ✓ National Investment Fund set up by resolution no. F.NO.2/3/2005-DDII dated November 23, 2005 of the GoI, published in the Gazette of India;
- ✓ Nominated Investor and Market Maker
- ✓ Insurance funds set up and managed by the army, navy or air force of the Union of India; and
- ✓ Multilateral and Bilateral Development Financial Institutions
- ✓ Insurance funds set up and managed by the Department of Posts, India
- ✓ Any other person eligible to apply in this Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.

Applications not to be made by:

- ✓ Minors

- ✓ Partnership firms or their nominations
- ✓ Foreign Nationals (except NRIs)
- ✓ Overseas Corporate Bodies

Availability of Prospectus and Application Forms

The Memorandum Form 2A containing the salient features of the Prospectus together with the Application Forms and copies of the Prospectus may be obtained from the Registered Office of our Company, from the Corporate Office of the Lead Manager to the Issue, Registrar to the Issue and the Collection Centres of the Bankers to the Issue, as mentioned in the Application Form. The Application Forms may also be downloaded from the website of BSE Limited i.e. www.bseindia.com.

Option to Subscribe in the Issue

a) Allotment in this Issue will be only in dematerialization form.
b) The equity shares, on allotment, shall be traded on stock exchange in demat segment only.
c) A single application from any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines.

Maximum and Minimum Application Size

a) For Retail Individual Applicants

The Application must be for a minimum of 4,000 Equity Shares and in multiples of 4,000 Equity Shares thereafter, so as to ensure that the Application Price payable by the Applicant does not exceed ₹ 2,00,000. In case of revision of Applications, the Retail Individual Applicants have to ensure that the Application Price does not exceed ₹ 2,00,000.

b) For Other Applicants (Non-Institutional Applicants and QIBs):

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds ₹ 2,00,000 and in multiples of 4,000 Equity Shares thereafter. An Application cannot be submitted for more than the Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **A QIB and a Non-Institutional Applicant cannot withdraw or lower the size of their Applications (both in terms of number of Equity Shares applied for and Application Amount) at any stage and are required to pay the entire Application Amount upon submission of the Application.**

The identity of QIBs applying in the Net Issue under the QIB Portion shall not be made public during the subscription Period. In case of revision in Applications, the Non-Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than ₹ 2,00,000 for being considered for allocation in the Non-Institutional Portion.

Applicants are advised to ensure that any single Application 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 Prospectus.

Information for the Applicants

a) Our Company will file the Prospectus with the RoC at least 3 (three) days before the Issue Opening Date.

b) The LM will circulate copies of the Prospectus along with the Application Form to potential investors.

c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Prospectus and/ or the Application Form can obtain the same from our Registered Office or from the Corporate Office of the LM.

d) Applicants who are interested in subscribing for the Equity Shares should approach the LM or their authorized agent(s) to register their Applications.

e) Applications made in the name of Minors and/or their nominees shall not be accepted.

f) Applicants are requested to mention the application form number on the reverse of the instrument to avoid misuse of instrument submitted along with the application for shares. Applicants are advised in their own interest, to indicate the name of the bank and the savings or current a/c no in the application form. In case of refund, the refund order will indicate these details after the name of the payee. The refund order will be sent directly to the payee's address.

Participation by associates / affiliates of LM

The LM shall not be entitled to subscribe to this Issue in any manner except towards fulfilling its underwriting obligations. However, except for 4,10,000 equity shares, which shall be subscribing under the Market Maker Reservation Portion, associates and affiliates of the LM may subscribe for Equity Shares in the Issue, either in the QIB Portion and Non-Institutional Portion where the allotment is on a proportionate basis.

Application by Indian Public including eligible NRIs applying on Non-Repatriation

Application must be made only in the names of individuals, Limited Companies or Statutory Corporations/ Institutions and not in the names of Minors, Foreign Nationals, Non Residents (except for those applying on non-repatriation), Trusts (unless the Trust is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorized under its constitution to hold shares and debentures in a Company), Hindu Undivided Families, Partnership firms or their nominees. In case of HUFs application shall be made by the Karta of the HUF. An applicant in the Net Public Category cannot make an application for that number of securities exceeding the number of securities offered to the public.

Application by Mutual Funds

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in 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.

Multiple Applications: In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

Applications by Eligible NRIs/FIIs on Repatriation Basis

Application Forms have been made available for Eligible NRIs at our registered Office. Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians. Under the Foreign Exchange Management Act, 1999 (FEMA) general permission is granted to the companies vide notification no. FEMA/20/2000 RB dated 03/05/2000 to issue securities to NRIs subject to the terms and conditions stipulated therein. The Companies are required to file the declaration in the prescribed form to the concerned

Regional Office of RBI within 30 days from the date of issue of shares for allotment to NRIs on repatriation basis. Allotment of Equity Shares to Non-Resident Indians shall be subject to the prevailing Reserve Bank of India Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to permission of the RBI and subject to the Indian Tax Laws and regulations and any other applicable laws. The Company does not require approvals from FIPB or RBI for the Transfer of Equity Shares in the issue to eligible NRIs, FIIs, Foreign Venture Capital Investors registered with SEBI and multilateral and bilateral development financial institutions.

As per the current Regulations, the following Restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue paid- up capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital of the Company or 5% of the total issued capital, in case such sub-account is a foreign corporate or an individual. 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 Prospectus, no such resolution has been recommended to the shareholders of our Company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the SEBI (Foreign Institutional Investors) Regulations 1995, as amended, by the SEBI (Foreign Institutional Investors)(Amendment) Regulations, 2008 ("SEBI FII Regulations"), an FII, as defined in the SEBI FII Regulations, or its sub account may issue, deal or hold, off shore derivative instruments (defined under the SEBI FII Regulations, as any instrument, by whatever name called, which is issued overseas by a foreign institutional investor against securities held by it that are listed or proposed to be listed on any recognized 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 foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII or sub-account 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 LM that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue.

Applications by Eligible QFIs

The RBI in its circular dated January 13, 2012 has permitted Eligible QFIs to purchase equity shares of Indian companies on a repatriation basis subject to certain terms and conditions. Eligible QFIs have been permitted to invest through SEBI registered qualified depositary participants ("DP") in equity shares of Indian companies which are offered to the public in India in accordance with SEBI regulations. The individual and aggregate investment limits for Eligible QFIs in an Indian company are 5% and 10% of the paid up capital respectively. These limits are in addition to the investment limits prescribed under the portfolio investment scheme for FIIs and NRIs. However, in cases of those sectors which have composite foreign investment caps, Eligible QFI investment limits are required to be considered within such composite foreign investment cap.

SEBI in its circular dated January 13, 2012 has specified among other things eligible transactions for Eligible QFIs (which includes purchase of equity shares in public issues to be listed on recognised stock exchanges and sale of equity shares held by Eligible QFIs in their demat account through SEBI registered brokers), manner of operation of demat accounts by Eligible QFIs, transaction processes and investment restrictions. SEBI has specified that transactions by Eligible QFIs shall be treated at par with those made by Indian non-institutional investors with respect to margins, voting rights, public issues etc.

Eligible QFIs are required to instruct their DPs to make the application on their behalf for the Issue. DPs are advised to use the Application Form meant for Non-Residents (blue in colour). DPs are required to utilise the ASBA process to participate in the Issue.

Eligible QFIs are not permitted to issue off-shore derivative instruments or participatory notes.

Applications by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for SEBI Registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, whilst the holding by any individual venture capital fund registered with SEBI in one Company should not exceed 25% of the corpus of the venture capital fund, a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one Company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

Applications by Limited Liability Partnerships

In case of Applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, as amended ("LLP Act") a certified copy of certificate of registration issued under the LLP Act must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application without assigning any reason thereof.

Applications by Insurance Companies

In case of applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, 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.

Application by Provident Funds/ Pension Funds

In case of applications made by provident funds/ pension funds, subject to applicable laws, with minimum corpus of ₹ 2500 lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof.

Application under Power of Attorney

In case of applications made pursuant to a power of attorney by Limited Companies, Corporate Bodies, Registered Societies, Mutual Funds, Eligible QFIs, Insurance Companies and Provident Funds with minimum corpus of ₹ 25 Crores (subject to applicable law) and pension funds with a minimum corpus of ₹ 25 Crores 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 Application Form. Failing this, our Company reserves the right to accept or reject any application in whole or in part, in either case, without assigning any reason therefore.

In addition to the above, certain additional documents are required to be submitted by the following entities:

a) With respect to applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.

b) With respect to applications 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 Application Form as applicable. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.

c) With respect to applications made by provident funds with minimum corpus of ₹ 25 Crores (subject to applicable law) and pension funds with a minimum corpus of ₹ 25 Crores, 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 Application Form. Failing this, our Company reserves the right to accept or reject such application, 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 Application Form, subject to such terms and conditions that our Company, the lead manager 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 on the refund order and mailing of the Allotment Advice / CANs / refund orders / letters notifying the unblocking of the bank accounts of ASBA applicants, the Demographic Details given on the Application Form should be used (and not those obtained from the Depository of the application). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Application Form instead of those obtained from the Depositories.

The above information is given for the benefit of the Applicants. The Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

ISSUE PROCEDURE FOR ASBA (APPLICATION SUPPORTED BY BLOCKED ACCOUNT) APPLICANTS

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the LM are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. ASBA Applicants are advised to make their independent investigations and to ensure that the ASBA Application Form is correctly filled up, as described in this section.

The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on http://www.sebi.gov.in. For details on designated branches of SCSB collecting the Application Form, please refer the above mentioned SEBI link.

ASBA Process

A Resident Retail Individual Investor shall submit his Application through an Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Applicant or bank account utilized by the ASBA Applicant ("ASBA Account") is maintained. The Application Form shall bear the stamp of the SCSBs and if not, the same shall be rejected.

The SCSB shall block an amount equal to the Application Amount in the bank account specified in the ASBA Application Form, physical or electronic, on the basis of an authorization to this effect given by the account holder at the time of submitting the Application. The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Application, as the case may be. The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchange. 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 bank accounts and for transferring the amount allocable to the successful ASBA Applicants to the ASBA Public Issue Account.

In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the LM. ASBA Applicants are required to submit their Applications, either in physical or electronic mode. In case of application in physical mode, the ASBA Applicant shall submit the ASBA Application Form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Applicant shall submit the Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for applying and blocking funds in the ASBA account held with SCSB, and accordingly registering such Applications.

Who can apply?

In accordance with the SEBI (ICDR) Regulations, 2009 in public issues w.e.f. May 1, 2010 all the investors can apply through ASBA process and w.e.f May 02, 2011, the Non-Institutional applicants and the QIB Applicants have to compulsorily apply through the ASBA Process.

Mode of Payment

Upon submission of an Application Form with the SCSB, whether in physical or electronic mode, each ASBA Applicant shall be deemed to have agreed to block the entire Application Amount and authorize the Designated Branch of the SCSB to block the Application Amount, in the bank account maintained with the SCSB. Application Amount paid in cash, by money order or by postal order or by stockinvest, or ASBA Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted. After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application Form till the Designated Date. On the Designated Date, the SCSBs shall

transfer the amounts allocable to the ASBA Applicants from the respective ASBA Account, in terms of the SEBI Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said Application in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Application Amount, as per the Application Form submitted by the respective ASBA Applicants, would be required to be blocked in the respective ASBA Accounts until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Application, as the case may be.

Unblocking of ASBA Account

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Applicant to the ASBA Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Application Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalization of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Application, as the case may be.

ESCROW MECHANISM

Terms of Payment / Payment Instructions

The entire Issue Price of ₹ 35 per share is payable on application. In case of allotment of lesser number of Equity shares than the number applied, the Company shall refund the excess amount paid on Application to the Applicants.

Payments should be made by cheque, or 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 Application Form is submitted. Outstation cheques/ bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

Cash/ Stockinvest/ Money Orders/ Postal orders will not be accepted.

A separate Cheque or Bank Draft should accompany each Application Form. Applicants should write the Share Application Number on the back of the Cheque /Draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders / Postal Notes will not be accepted.

Each Applicant shall draw a cheque or demand draft for the amount payable on the Application and/ or on allocation/ Allotment as per the following terms:

1) The payment instruments for payment into the Escrow Account should be drawn in favour of:

   - Indian Public including eligible NRIs applying on non-repatriation basis: "Escrow Account – Kushal Tradelink Limited - R".

   - In case of Non-Resident Retail Applicants applying on repatriation basis: "Escrow Account – Kushal Tradelink Limited - NR"

2) In case of Application by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted

through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Applicant applying on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.

3) Where an Applicant has been allocated a lesser number of Equity Shares than the Applicant has applied for, the excess amount, if any, paid on Application, after adjustment towards the balance amount payable by the Pay-In Date on the Equity Shares allocated will be refunded to the Applicant from the Refund Account.

4) On the Designated Date and no later than 12 Working days from the Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Applicants and also the excess amount paid on Application, if any, after adjusting for allocation / Allotment to the Applicants.

Payment by Stock Invest

In terms of the RBI 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 Application money has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Other Instructions

Joint Applications in the case of Individuals

Applications may be made in single or joint names (not more than three). In the case of joint Applications, all payments will be made out in favour of the Applicant whose name appears first in the Application Form or Revision Form. All communications will be addressed to the First Applicant and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Applications

An Applicant should submit only one Application (and not more than one) for the total number of Equity Shares required. Two or more Applications will be deemed to be multiple Applications if the sole or First Applicant is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

a. All applications are electronically strung on first name, address (1st line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/ husband's name to determine if they are multiple applications

b. Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.

c. Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are multiple applications.

In case of a mutual fund, a separate Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be

treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

In cases where there are more than 20 valid applications having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of "know your client" norms by the depositories. The Company reserves the right to reject, in our absolute discretion, all or any multiple Applications in any or all categories.

Permanent Account Number or PAN

Pursuant to the circular MRD/DoP/Circ 05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number ("PAN") to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction w.e.f. July 2, 2007. Each of the Applicants should mention his/her PAN allotted under the IT Act. Applications without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that Applicants should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground.

Right to Reject Applications

In case of QIB Applicants, the Company in consultation with the LM may reject Applications provided that the reasons for rejecting the same shall be provided to such Applicant in writing. In case of Non Institutional Applicants and Retail Individual Applicants who applied, the Company has a right to reject Applications based on technical grounds.

Grounds for Rejections

Applicants are advised to note that Applications are liable to be rejected inter alia on the following technical grounds:

- ✓ Amount paid does not tally with the amount payable for the highest value of Equity Shares applied for;
- ✓ In case of Partnership Firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- ✓ Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- ✓ PAN not mentioned in the Application Form;
- ✓ GIR number furnished instead of PAN;
- ✓ Applications for lower number of Equity Shares than specified for that category of investors;
- ✓ Applications at a price other than the Fixed Price of the Issue;
- ✓ Applications for number of Equity Shares which are not in multiples of 4,000;
- ✓ Category not ticked;
- ✓ Multiple Applications as defined in this Draft Prospectus;
- ✓ In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- ✓ Applications accompanied by Stock invest/ money order/ postal order/ cash;
- ✓ Signature of sole Applicant is missing;
- ✓ Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms, Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- ✓ In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- ✓ Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- ✓ Applications where clear funds are not available in the Escrow Account as per the final certificate from the Escrow Collection Bank(s);
- ✓ Applications by OCBs;

- ✓ Applications by US persons other than in reliance on Regulation S or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
- ✓ Applications not duly signed;
- ✓ Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
- ✓ Applications that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- ✓ Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- ✓ Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- ✓ Applications or revisions thereof by QIB Applicants, Non Institutional Applicants where the Application Amount is in excess of ₹ 2,00,000 received after 5.00 pm on the Issue Closing Date;

Signing of Underwriting Agreement

Vide an Underwriting agreement dated March 15, 2013 this issue is 100% Underwritten.

Filing of the Prospectus with the RoC

The Company will file a copy of the Prospectus with the RoC in terms of Section 56 and Section 60 of the Companies Act, 1956.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, 1956, the Company shall, after registering the Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one widely circulated English language national daily newspaper; one widely circulated Hindi language national daily newspaper and one Gujarati newspaper with wide circulation.

Designated Date and Allotment of Equity Shares

The Company will issue and dispatch Letters of Allotment/ Securities Certificates and/ or letters of regret along with Refund Order or credit the allotted securities to the respective beneficiary accounts, if any within a period of 12 days of the Issue Closing Date.

In case the Company issues Letters of Allotment, the corresponding Security Certificates will be kept ready within three months from the date of allotment thereof or such extended time as may be approved by the Company Law Board under Section 113 of the Companies Act, 1956 or other applicable provisions, if any. Allottees are requested to preserve such Letters of Allotment, which would be exchanged later for the Security Certificates.

After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company would ensure the credit to the successful Applicants depository account. Allotment of the Equity Shares to the allottees shall be within two working days of the date of Allotment.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.

Applicants to whom refunds are made through electronic transfer of funds will be sent a letter intimating them about the mode of credit of refund within 12 Working days of closure of Issue.

The 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 us, as Refund Banker and payable at par at places where applications are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

GENERAL INSTRUCTIONS

Do's:

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the applicable Application Form;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- Each of the Applicants should mention their Permanent Account Number (PAN) allotted under the Income Tax Act, 1961;
- Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
- Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant.

Don'ts:

- Do not apply for lower than the minimum Application size;
- Do not apply at a Price different from the Price Mentioned herein or in the Application Form
- Do not apply on another Application Form after you have submitted an Application to the Bankers of the Issue
- Do not pay the Application Price in cash, by money order or by postal order or by stock invest;
- Do not send Application Forms by post; instead submit the same to the Selected Branches / Offices of the Banker to the Issue.
- Do not fill up the Application Form such that the Equity Shares applied for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

Instructions for Completing the Application Form

The Applications should be submitted on the prescribed Application Form and in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected. ASBA Application Forms should bear the stamp of the SCSBs. ASBA Application Forms, which do not bear the stamp of the SCSB, will be rejected. Applicants residing at places where the designated branches of the Bankers to the Issue are not located may submit/mail their applications at their sole risk along with Demand Draft payable at Mumbai.

Applicant's Depository Account and Bank Details

Please note that, providing bank account details in the space provided in the application form is mandatory and applications that do not contain such details are liable to be rejected.

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicant's Bank Account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds to the Applicants. Hence, Applicants are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in dispatch/ credit of refunds to Applicants at the Applicants sole risk and neither the LM or the Registrar or the Escrow Collection Banks or the SCSB nor

the Company shall have any responsibility and undertake any liability for the same. Hence, Applicants should carefully fill in their Depository Account details in the Application Form.

These Demographic Details would be used for all correspondence with the Applicants including mailing of the CANs / Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue. By signing the Application Form, the Applicant would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

BASIS OF ALLOTMENT

The Basis of Allotment will be drawn in consultation with the SME Platform of BSE. In the event of full subscription or oversubscription, the Allotment will be made as set forth here:

1) The Allotment of Equity Shares to each Retail Individual Investor shall not be less than the minimum lot, subject to availability of Equity Shares in Retail Individual Investor category, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis.

2) The Allotment of Equity Shares to applicants other than Retail Individual Investors shall be on proportionate basis and the number of Equity Shares allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum Application size as disclosed.

Subject to the above, where a proportionate allotment is made, the following process will be adopted:

1) The above proportionate allotment of shares in this Issue that is oversubscribed shall be subject to the reservation for small individual Applicants as described below:

    a) A minimum of 50% of the Net Issue of Equity Shares to the public shall initially be made available for allotment to Retail Individual Investors.

    b) The balance Net Issue of Equity Shares to the public shall be made available for Allotment to i) individual Applicants other than Retails Individual Investors and ii) other investors, including corporate bodies/ QIB, institutions irrespective of number of Equity Shares applied for.

    c) The unsubscribed portion of the Net Issue to any one of the categories specified in (a) or (b) shall / may be made available for allocation to applicants in the other category, if so required.

Investors may note that in case of over subscription, Allotment shall be on proportionate basis and will be finalized in consultation with SME Platform of BSE.

Basis of Allotment in the event of Under-subscription

In the event of under subscription in the Issue, the obligations of the Underwriters shall get triggered in terms of the Underwriting Agreement. The Minimum subscription of 100% of the Issue Size shall be achieved before our Company proceeds to get the Basis of Allotment approved by the Designated Stock Exchange.

The executive director or managing director of the SME Platform of BSE, in addition to the LM and Registrar to the Issue shall be responsible along with our Company to ensure that the Basis of Allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations.

Allotment and Issuance of Allotment Advice

a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Board of Directors of our Company shall pass a Board Resolution within 9 (nine) working days, allotting the equity shares to the

successful applicants. The Registrar to the Issue shall upload the allotment details on its website and our Company and Registrar will proceed effect the corporate action for crediting the Equity Shares to the demat account of the allottees. Our Company and Registrar shall endeavor to give instructions to Depositories for credit of shares to successful allotees within 9 (nine) working days of Issue Closing Date and receive confirmation of Demat credit from Depositories within 11 (eleven) working days of Issue Closing Date

b) In the event of underscription in the Issue and the underwriting being called upon to fulfill the obligations under the Underwriting Agreement, our Company shall make the allotments after achieving the Minimum Subscription within the time specified in clause Minimum Subscription on "*Issue Procedure*" on page 181 of this Draft Prospectus.

c) Pursuant to confirmation of corporate actions with respect to Allotment of Equity Shares, the Registrar to the Issue will dispatch Allotment Advice to the Applicants who have been Allotted Equity Shares in the Issue. In their own interest, Allottees should verify the Allotment Advice received with their demat credits and bring discrepancy if any to the notice to the Registrar and / or to our Compliance Officer.

d) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Applicant.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.

REFUNDS

In case of Applicants receiving refunds through electronic transfer of funds, delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Applicant in the Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Applicants sole risk and neither the Company, the Registrar, Escrow Collection Bank(s) nor the LM shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the Beneficiary's Identity, then such Applications are liable to be rejected.

The Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/ CANs/ allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Application Form should be used (and not those obtained from the Depository of the Applicant). In such cases, the Registrar shall use Demographic Details as given in the Application Form instead of those obtained from the depositories.

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 Applicants 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 Applicants so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Application Form. The Company will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.

As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Payment of Refund

Applicants must note that on the basis of name of the Applicants, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Application Form, the Registrar will obtain, from the Depositories, the Applicants' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Applicants are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Applicants' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the LM shall be liable to compensate the Applicants for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes as given hereunder:

1) ***ECS*** *(Electronic Clearing System)* - Payment of refund would be done through ECS for applicants having an account at any of the centres where such facility has been made available 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*** - Applicants having bank accounts with the Refund Banker(s), as mentioned in the Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

3) ***RTGS*** *(Real Time Gross Settlement)* - Applicants having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds ₹ 2.00 lacs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the 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 the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4) ***NEFT*** *(National Electronic Fund Transfer)* - Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.

5) For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

Disposal of Applications and Application Moneys and Interest in case of Delay in Despatch of Allotment Letters or Refund Orders

The Company shall ensure the dispatch of Allotment advice, refund orders (except for Applicants 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 Exchange within two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, Direct Credit or RTGS, the refund instructions will be given to the clearing system within 12 working days from the Issue Closing Date. A suitable communication shall be sent to the Applicants receiving refunds through this mode within 12 working days of Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at SME Platform of BSE where the Equity Shares are proposed to be listed are taken within 12 working days of closure of the issue.

In accordance with the Companies Act, 1956, the requirements of the Stock Exchange and the SEBI Regulations, the Company further undertakes that:

1) Allotment of Equity Shares shall be made within 12 (twelve) working days of the Issue Closing Date;

2) 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 (twelve) working days of the Issue Closing Date would be ensured; and

3) The Company shall pay interest at 15% p.a. for any delay beyond the 12 (twelve) working days time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within the 12 (twelve) working days time.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub section (1) of Section 68A of the Companies Act, 1956, 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."

Undertakings by our Company

The Company undertakes the following:

1) That the complaints received in respect of this Issue shall be attended to by us expeditiously;

2) That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed within 12 (twelve) working days of closure of the Issue;

3) That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by us;

4) That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 (twelve) working days of the Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

5) That the letter of allotment/ refund orders to the non resident Indians shall be dispatched within specified time; and

6) That no further issue of Equity Shares shall be made till the Equity Shares offered through this Draft Prospectus are listed or until the Application monies are refunded on account of non listing, under subscription etc.

7) That adequate arrangements shall be made till the securities offered through this Offer Document are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.;

8) That we shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

Withdrawal of the Issue

The Company, in consultation with the LM, reserves the right not to proceed with the Issue at any time before the Issue Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining the following:

i. The final listing and trading approvals of BSE for listing of Equity Shares offered through this issue on its SME Platform, which the Company shall apply for after Allotment and

ii. The final RoC approval of the Draft Prospectus after it is filed with the RoC.

In case, the Company wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (one each in English and Hindi) and one in regional newspaper. The Stock Exchanges where the Equity Shares are proposed to be listed shall also be informed promptly.

If the Company withdraws the Issue after the Application Closing Date, the Company will be required to file a fresh Draft Offer Document with the Board.

Utilization of Issue Proceeds

Our Board certifies that:

1) All monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in sub section (3) of Section 73 of the Companies Act, 1956;

2) Details of all monies utilized out of the Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized;

3) Details of all unutilized monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilized monies have been invested and

4) Our Company shall comply with the requirements of Clause 52 of the SME Listing Agreement in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.

Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

Equity Shares in Dematerialised Form with NSDL or CDSL

To enable all shareholders of the Company to have their shareholding in electronic form, the Company had signed the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

a) Agreement dated July 06, 2012, between NSDL, the Company and the Registrar to the Issue;

b) Agreement dated January 23, 2012 between CDSL, the Company and the Registrar to the Issue;

The Company's shares bear an ISIN No. INE647N01013.

- ✓ An Applicant applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Application.
- ✓ The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Application Form or Revision Form.
- ✓ Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
- ✓ Names in the Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- ✓ If incomplete or incorrect details are given under the heading 'Applicants Depository Account Details' in the Application Form or Revision Form, it is liable to be rejected.
- ✓ The Applicant is responsible for the correctness of his or her Demographic Details given in the Application Form vis à vis those with his or her Depository Participant.
- ✓ Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchange where our Equity Shares are proposed to be listed has electronic connectivity with CDSL and NSDL.
- ✓ The trading of the Equity Shares of the Company would be in dematerialized form only for all investors.

Communications

All future communications in connection with the Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of the Banker to the Issue where the Application was submitted and cheque or draft number and issuing bank thereof and a copy of the acknowledgement slip.

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.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Foreign investment is allowed up to100% under automatic route in our Company.

India's current Foreign Direct Investment ("FDI") Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI ("DIPP") by circular 1 of 2012, with effect from April 10, 2012 ("Circular 1 of 2012"), consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP. The Government proposes to update the consolidated circular on FDI Policy once every Year and therefore, Circular 1 of 2012 will be valid until the DIPP issues an updated circular. (It is expected on April 10, 2013 and effective from April 10, 2013).

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 by an Indian resident to a Non-Resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the Consolidated FDI Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (ii) the non-resident shareholding is within the sectoral limits under the Consolidated FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI/RBI. Further, in terms of the Consolidated FDI Policy, prior approval of the RBI shall not be required for transfer of shares between an Indian resident and person not resident in India if conditions specified in the Consolidated FDI Policy have been met. The transfer of shares of an Indian company by a person resident outside India to an Indian resident, where pricing guidelines specified by RBI under the foreign exchange regulations in India are not met, will not require approval of the RBI, provided that (i) the original and resultant investment is in line with Consolidated FDI policy and applicable foreign exchange regulations pertaining to inter alia sectoral caps and reporting requirements; (ii) the pricing is in compliance with applicable regulations or guidelines issued by SEBI; and (iii) a compliance certificate in this regard is obtained from chartered accountant and attached to the filings made before the authorised dealer bank.

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 Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Applicants. Our Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the Applications are not in violation of laws or regulations applicable to them.

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Schedule II of the Companies Act, 1956 and the SEBI Regulations, the main provisions of the Articles of Association of our Company are detailed below:

SHARE CAPITAL AND VARIATION OF RIGHTS

5. (a) The Authorised Share Capital of the Company shall be as per paragraph V of the Memorandum of Association of the Company with rights to alter the same in whatever way as deemed fit 'by the Company. The Company may increase the Authorised Capital which may consist of Equity and/or Preference Shares as the Company in General Meeting may determine in accordance with the law for the time being in force relating to Companies with power to increase or reduce such capital from time to time in accordance with the Regulations of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the Capital for the time being into Equity Share Capital or Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions and to vary, modify and abrogate the same in such manner as may be determined by or in accordance with these presents.

(b) Subject to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the equity shares in the event of winding up of the Company, the holders of the equity shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such equity shares and all surplus assets thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid up on such equity shares respectively at the commencement of the winding up.

(c) **Shares with non-voting rights**
The Directors may issue shares with non-voting rights attached to them upon such terms and conditions and with such rights and privileges annexed thereto, as thought fit and as may be permitted by law.

(d) **Sweat Equity Shares**
The Company shall have the power, subject to and in accordance with the provisions of Section 79 A of the Act and other relevant regulations including regulations laid down by SEBI in this regard from time to time, to issue Sweat Equity Shares to employees and/or directors on such terms and conditions and in such manner as may be prescribed by law from time to time.

INCREASE REDUCTION AND ALTERATION OF CAPITAL

6. The Company may from time to time in general meeting increase its share capital by the issue of new shares of such amounts as it thinks expedient.

On what conditions the new shares may be issued

(a) Subject to the provisions of sections 80, 81 and 85 to 90 of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto by the general meeting creating the same as shall be directed and if no direction be given as the Directors shall determine and in particular such shares may be issued subject to the provisions of the said sections with a preferential or qualified right to dividends and in distribution of assets of the Company and subject to the provisions of the said sections with special or without any right of voting and subject to the provisions of Section 80 of the Act any preference shares may be issued on the terms that they are or at the option of the Company are liable to be redeemed.

Further Issue of Shares

(b) Where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time

after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares whether out of the unissued capital or out of the increased share capital then:

(i) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.

(ii) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.

(iii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right.

PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person is whose favour any member may renounce the shares offered to him.

(iv) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.

(c) Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.

(i) If a special resolution to that effect is passed by the Company in General Meeting, or

(ii) Where no such special resolutions is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

(d) Nothing is sub-clause (c) of (1) hereof shall be deemed:

(i) To extend the time within which the offer should be accepted; or

(ii) To authorise any person to exercise the right of renunciation for a second time on the aground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

(e) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:

(i) To convert such debentures or loans into shares in the Company; or

(ii) To subscribe for shares in the Company (whether such option is conferred in “these Articles or otherwise).

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:

(i) 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

(ii) in the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans.

Directors may allot shares as fully paid up

(f) Subject to the provisions of the Act and these Articles, the Directors may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid up or partially paid up otherwise than in cash, and if so issued, shall be deemed to be fully paid up or partly paid up shares as the case may be.

Same as original capital

(g) Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls, installments, transfers, transmission, forfeiture, lien, surrender, voting and otherwise.

Power to Issue Redeemable Preference Shares

7. (a) Subject to the provisions of Section 80 of the Act and subject to the provisions on which any shares may have been issued, the Company may issue preference shares which are or at the option of the Company are liable to be redeemed;

Provided that:

(i) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of Shares made for the purpose of redemption;

(ii) no such shares shall be redeemed unless they are fully paid;

(iii) 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 share premium account before the shares are redeemed;

(iv) where any such shares are redeemed otherwise than 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.

(b) Subject to the provisions of Section 80 of the Act and subject to the provisions on which any shares may have been issued, the redemption of preference shares may be effected on such terms and in such manner as may be provided in these Articles or by the terms and conditions of their issue and subject thereto in such manner as the Directors may think fit.

(c) The redemption of preference shares under these provisions by the Company shall not be taken as reducing the amount of its authorised Share Capital.

(d) Where in pursuance of this Article, the Company has redeemed or is about to redeem any preference shares, it shall have power to issue shares upto the nominal amount of the shares redeemed or to be redeemed as if those shares had never been issued; and accordingly the Share Capital of the Company shall not, for the purpose of calculating the fees payable under Section 611 of the Act, be deemed to be increased by the issue of shares in pursuance of this clause.

Provided that where new shares are issued before the redemption of the old shares, the new shares shall not so far as relates to stamp duty be deemed to have been issued in pursuance of this clause unless the old shares are redeemed within one month after the issue of the new shares.

(e) The Capital Redemption Reserve Account may, notwithstanding anything in this Article, be applied by the Company, in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

Provision in case of Redemption of preference Shares

8. The Company shall be at liberty at any time, either at one time or from time to time as the Company shall think fit, by giving not less than six months' previous notice in writing to the holders of the preference shares to redeem at par the whole or part of the preference shares for the time being outstanding, by payment of the nominal amount thereof with dividend calculated up to the date or dates notified for payment (and for this purpose the dividend shall be deemed to accrue and due from day to day) and in the case of redemption of part of the preference shares the following provisions shall take effect:

(a) The shares to be redeemed shall be determined by drawing of lots which the Company shall cause to be made at its registered office in the presence of one Director at least; and

(b) Forthwith after every such drawing, the Company shall notify the shareholders whose shares have been drawn for redemption its intention to redeem such shares by payment at the registered office of the Company at the time and on the date to be named against surrender of the Certificates in respect of the shares to be so redeemed and at the time and date so notified each such shareholder shall be bound to surrender to the Company the Share Certificates in respect of the Shares to be redeemed and thereupon the Company shall pay the amount payable to such shareholders in respect of such redemption. The shares to be redeemed shall cease to carry dividend from the date named for payment as aforesaid. Where any such certificate comprises any shares which have not been drawn for redemption the Company shall issue to the holder thereof a fresh certificate therefor.

Reduction of capital

9. The Company may from time to time by special resolution, subject to confirmation by the court and subject to the provisions of Sections 78, 80 and 100 to 104 of the Act, reduce its share capital and any Capital Redemption Reserve Account or premium account in any manner for the time -being authorised by law and in particular without prejudice to the generality of the foregoing power may be:

(a) extinguishing or reducing the liability on any of its shares in respect of Share Capital not paid up;

(b) either with or without extinguishing or reducing liability on any of its shares, cancel paid up share capital which is lost or is unrepresented by available assets; or

(c) either with or without extinguishing or reducing liability on any of its shares, payoff any paid up share capital which is in excess of the wants of the Company;

and may, if and so far as is necessary, alter its Memorandum, by reducing the amount of its share capital and of its shares accordingly.

10. Division, Sub-Division, Consolidation, Conversion and Cancellation of Shares subject to the provisions of Section 94 of the Act, the Company in general meeting may by an ordinary resolution alter the conditions of its Memorandum as follows, that is to say, it may:

a) consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares;

b) sub-divide its shares or any of them into shares of smaller amount than originally fixed by the Memorandum subject nevertheless to the provisions of the Act in that behalf and so however that in the sub-division the proportion between the amount paid and the amount if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that as between the holders of the shares resulting from such sub-division one or more of such shares may, subject to the provisions of the Act, be given any preference or advantage over the others or any other such shares.

c) convert, all or any of its fully paid up shares into stock, and re-convert that stock into fully paid up shares of any denomination.

d) cancel, shares which at the date of such general meeting 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.

Notice to Registrar of Consolidation of Share Capital, Conversion of shares into stocks etc.

11. (a) If the Company has:
(i) consolidated and divided its Share Capital into shares of larger amount than its existing shares;
(ii) converted any shares into stock;
(iii) reconverted any stock into shares;
(iv) sub-divided its share or any of them;
(v) redeemed any redeemable preference shares; or
(vi) cancelled any shares otherwise than in connection with a reduction of Share Capital under Sections 100 to 104 of the Act,

the Company shall within one month after doing so, give notice thereof to the Registrar specifying as the case may be, the shares consolidated, divided, converted, sub-divided, redeemed or cancelled or the stocks reconverted.

(b) The Company shall thereupon request the Registrar to record the notice and make any alterations which may be necessary in the Company's Memorandum or Articles or both.

Modifications of rights

12. If at any time the share 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 any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act and whether or not the Company is being wound up, be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. This Article shall not derogate from any power, which the Company would have if this Article were omitted. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate meeting but so that if at any adjourned meeting of such holders a quorum as defined in Article 102 is not present, those persons who are present shall be quorum.

SHARE AND CERTIFICATES

Issue of further shares not to affect right of existing 'share holders

13. The rights or privileges conferred upon the holders of the shares of any class issued with preference or other rights, shall not unless otherwise be deemed to be varied or modified or affected by the creation or issue of further shares ranking pari passu therewith.

Provisions of Sections 85 to 88 of the Act to apply

14. The provisions of Sections 85 to 88 of the Act in so far as the same may be applicable shall be observed by the Company.

Register of Members and Debenture holders

15. (a) **"The Register and Index of Members"#**

"The Company shall cause to be kept at its Registered Office or at such other place as may be decided by the Board of Directors, the Register and Index of Members in accordance with Section 150 and 151 and other applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with the details of shares held in physical and dematerialised form in any media as may be permitted by law including in any form of electronic media.

The Register and Index of Beneficial Owners maintained by a Depository under section 11 of the Depositories Act. 1996 shall also be deemed to be the Register and Index of Members for the purpose of the Companies Act, 1956 and any amendment or reenactment thereof. The Company shall have power to keep in any State or Country outside India, a Register of Members for the residents in that State or Country".

(b) The Company shall also comply with the provisions of Sections 159 and 161 of the Act as to filling of Annual Returns.

(c) The Company shall duly comply with the provisions of Section 163 of the Act in regard to keeping of the Registers, Indexes, copies of Annual Returns and giving inspection thereof and furnishing copies thereof.

Commencement of business

16. The Company shall comply with the provisions of Section 149 of the Act.

Restriction on allotment

17. The Board shall observe the restriction as to allotment of shares to the public contained in Sections 69 and 70 of the Act and shall cause to be made the return as to allotment provided for in Section 75 of the Act.

Shares to be numbered progressively and no shares to be subdivided

18. The shares in the Capital shall be numbered progressively according to the several denominations and except in the manner hereinbefore mentioned no share shall be subdivided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

"Provided that the provision relating to progressive numbering shall not apply to the shares, debentures or other securities of the Company which are dematerialised in future or issued in future in dematerialised form".#

Shares at the disposal of the Directors

19. 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 persons, in such proportion and on such terms and conditions and either at a premium or' at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any

shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold any 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 of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting**.

Every share transferable etc

20. (i) The shares or other interest of any member in the Company shall be a movable property, transferable in the manner provided by the Articles.
(ii) Each share in the Company shall be distinguished by its appropriate number.
(iii) A Certificate under the Common Seal of the Company, specifying any shares held by any member shall be prima facie, evidence of the title of the member of such shares"

Application of premium received on issue of shares

21. (a) Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account to be called "the share premium account" and the provisions of the Act relating to the reduction of the Share Capital of the Company shall except as provided in this Article apply as if the share premium account were paid-up share capital of the Company.

(b) The share premium account may, notwithstanding, anything in clause (a) above, be applied by the Company.

(i) in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;
(ii) in writing off the preliminary expenses of the Company;
(iii) in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; or
(iv) in providing for the premium payable on the redemption of any redeemable preference shares or of any debenture of the Company.

Sale of fractional shares

22. If and whenever, as the result of issue of new or further shares or any consolidation or sub-division of shares, any shares are held by members in fractions, the Directors shall, subject to the provisions of the Act and these Articles and to the directions of the Company in general meeting, if any, sell those shares, which members hold in fractions, for the best price reasonably obtainable and shall pay and distribute to and amongst the members entitled to such shares in due proportion, the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Directors may authorise any person to transfer the shares sold to the purchaser thereof, comprised in any such transfer and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Acceptance of Shares

23. An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall for the purpose of these Articles be a member. The Director shall comply with the provisions of Sections 69, 70, 71, 72 and 73 of the Act in so far as they are applicable.

Deposits and calls etc. to be a debt payable immediately

24. The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, immediately, on the insertion of the name of the allottee in the Register of Members as the name of the

holder of such shares, become a debt, due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Trusts not recognized

25. Save as herein provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share as the absolute owner thereof, and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami, trust of equity or equitable, contingent, future, or partial or other claim or claims or right to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof and the provisions of Section 153 of the Act shall apply.

Issue of Certificates of Shares to be governed by Section 84 of the Act etc.

26. (a) The issue of certificates of shares or of duplicate or renewal of certificates of Shares shall be governed by the provisions of Section 84 and other provisions of the Act, as may be applicable and by the Rules or notifications or orders, if any, which may be prescribed or made by competent authority under the Act or Rules or any other law. The Directors may also comply with the provisions of such rules or regulations of any stock exchange where the shares of the Company may be listed for the time being.

"Provided that no share certificate(s) shall be issued for shares held with a Depository"

Certificate of Shares

(b) The certificate of title to shares shall be issued under the Seal of the Company and shall be signed by such Directors or Officers or other authorised persons as may be prescribed by the Rules made under the Act from time to time and subject thereto shall be signed in such manner and by such persons as the Directors may determine from time to time.

(c) The Company shall comply with all rules and regulations and other directions, which may be made by any competent authority under Section 84 of the Act.

Limitation of time for issue of certificate

27. (a) Every member shall be entitled, without payment, to one or more Certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case maybe. Every Certificate of shares shall be under the seal of the company and shall specify the numbers and distinctive numbers of shares in respect of which it is issued and amount paid up thereon and shall be in such from as the Directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder.

(b) The Company shall not entertain any application for split of share/debenture certificate for less than 10 (Ten) Equity shares / 10 (Ten) debentures (all-relating to the same series) in market lots as the case may be.

Provided however this restriction shall not apply to an application made by the existing member or debenture holder for split of share/debenture certificates with a view to make an odd lot holding into a marketable lot subject to verification by the Company.

(c) Notwithstanding anything contained in Clause (a) above the Directors shall, however, comply with such requirements of the Stock Exchange where Shares of the Company may be listed or such

requirements of any rules made under the Act or such requirements of the Securities Contracts (Regulation) Act, 1956 as may be applicable.

Issue of new certificate in place, lost or destroyed

28. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, an a new Certificate in Lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding ₹ 2 for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, decrepit or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the company.

Buyback of shares:

28A The Company shall have power, subject to and in accordance with the provisions of Section 77 A, 77 AA and 77B of the Act and other relevant regulations laid down by SEBI in this regard from time to time, to purchase any of its own shares or such other specified securities as may be notified by the Central Government or from time to time, on such terms and conditions and in such manner as may be prescribed by law from time to time".

INTEREST OUT OF CAPITAL

Interest out of Capital

29. Where any shares are issued for the purposes of raising money to defray the expenses of the construction of any works 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 cost of construction of the work or building or the provision of the plant.

UNDERWRITING COMMISSION AND BROKERAGE

Power to pay certain commission and prohibition of payment of all other commissions discounts etc.

30. (A) The Company may pay a commission to any person in consideration of :

(i) his subscribing or agreeing to subscribe whether absolutely or conditionally, for any shares in or debentures of the Company, subject to the restrictions specified in sub-section (4A) of Section 76 of the Act, or

(ii) his procuring or agreeing to procure subscriptions, whether absolute or conditional for any shares in or debentures of the Company, if the following conditions are fulfilled, namely :

(a) the commission paid or agreed to be paid does not exceed in the case of 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 debentures are issued;

(b) the amount or rate percent of the commission paid or agreed to be paid on shares or debentures offered to the public for subscription, is disclosed in the Prospectus, and in the case of shares or debentures not offered to the public for subscription, is disclosed in the Statement in lieu of Prospectus and filed before the payment of the commission with the Registrar, and where a circular or notice, not being a Prospectus inviting subscription for the shares or debentures is issued is also disclosed in that circular or notice;
(c) the number of shares or debentures which such persons have agreed for a commission to subscribe, absolutely or conditionally is disclosed in the manner aforesaid and
(d) a copy of the contract for the payment of commission is delivered to the Registrar at the time of delivery of the prospectus or the statement in lieu of prospectus for registration.

(B) Save as aforesaid and save as provided in Section 75 of the Act, the Company shall not allot any of its shares or debentures or apply any of its moneys, either directly or indirectly, in payment of any commission, discount or allowance, to any person in consideration of :

(i) his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in, or debentures of the Company or;
(ii) his procuring or agreeing to procure subscriptions, whether absolutely or conditionally, for any shares in, or debentures of the Company whether the shares, debentures or money be so allotted or applied by, being added to the purchase money of any property acquired by the Company or to the contract price of any work to be executed for the Company or the money be paid out of the nominal purchase money or contract price, or otherwise.

(C) Nothing in this Article shall affect the power of the Company to pay such brokerage, as it has hereto before been lawful for the Company to pay,

(D) A vendor to, promoter of, or other person who receives payment in shares, debentures or money from the Company shall have and shall be deemed always to have had power to apply any part of the shares, debentures or money so received for payment of any commission, the payment of which, if made directly by the Company would have been legal under Section 76 of the Act. .

(E) The commission may be paid or satisfied (subject to the provisions of the Act and' these Articles) in cash, or in shares, debentures or debenture-stocks of the Company.

CALLS

Directors may make calls

31. The Directors may from time to time and subject to Section 91 of the Act and subject to the terms on which any shares/debentures may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such calls as they think fit upon the members/debenture holders in respect of all moneys unpaid on the shares/debentures held by them respectively and such member/debenture holders shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine.

Calls to date from resolution

32. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed and may be made payable by members /debenture holders on a subsequent date to be specified by the Directors.

Notice of call

33. Thirty days notice in writing shall be given by the Company of every calls made payable otherwise than on allotment specifying the time and place of payment provided that before the time of payment of such call, the Directors may by notice in writing to the members/debenture holders revoke the same.

Directors may extend time

34. The Directors may, from time to time, at their discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members/debenture holders who from residence at a distance or other cause, the Directors may deem fairly entitled to such extension, but no member/debenture holder shall be entitled to such extension, save as a matter of grace and favour.

Sums deemed to be calls

35. Any sum, which by the terms of issue of a share/debenture becomes payable on allotment or at any fixed date whether on account of the nominal value of the share/debenture or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of nonpayment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a call duly made and notified.

Installments on shares to be duly paid

36. If by the condition of allotment of any shares the whole or part of the amount of issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who, for the time being and from time to time, shall be the registered holder of the share or his legal representative.

Calls on shares of the same class to be made on uniform 'basis

37. Where any calls for further Share Capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class.

Explanation: For the purpose of this provision, shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class. .

Liability of joint holders of shares

38. The joint holders of a share shall be severally as well as jointly be liable for the payment of all Installment and calls due in respect of such shares.

When Interest on call or Installment payable

39. If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof or any such extension thereof, the holder for the time being or allottee of the share in respect of which a call shall have been made or the installment shall be due, shall pay interest as shall be fixed by the Board from the day appointed for the payment thereof or any such extension thereof to time of actual payment but the Directors may waive payment of such interest wholly or in part.

Partial payment not to preclude forfeiture

40. Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided.

Proof on trial of suits for money due on shares

41 On the trial or hearing of any action or suit brought by the Company against any member or his legal representative for the recovery of any money claimed to be due to the Company in respect of any shares it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered appears in the Register of Members as the holder or one of the holders, at or subsequent to the date at which the money sought to be recovered is alleged to have become due, of the shares in respect of which such money is sought to be recovered, and that the resolution making the call is duly recorded in the Minutes Book; and that the notice of such call was duly given to the member or his representatives, sued in pursuance of these presents; and it shall not be necessary to prove the appointment of the Directors who made such calls nor that a quorum of Directors was present at the

Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Payment in anticipation of calls may carry interest

42. (a) The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, to the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividends. The Directors may at any time repay the amount so advanced.

(b) The member shall not however be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

Term of Issue of Debenture

43. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption surrender, drawing, allotment of shares, attending (but not voting) at the General meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

LIEN

Company's lien on Shares/Debentures

44. The Company shall have first and paramount lien upon all the shares/debenture (other than fully paid up shares/debentures) registered in the name of each member/debenture holder (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently, payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any shares/debenture shall be created except upon the footing and condition that Article 25 hereof will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any on such shares/debentures. The Directors may at any time declare any shares/debentures I wholly or in part to be exempt from the provisions of this Clause.

As to enforcing lien by sale

45. For the purpose of enforcing such lien, the Board may sell the shares/debentures subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and/or debentures and may authorise one of their member: or appoint any officer or agent to execute a transfer thereof on behalf of and in the name of such member/debenture holder. No sale shall be made until such period, as may be stipulated by the Board from time to time, and until notice in writing of the intention to sell shall have been served on such member and/or debenture holder or his legal representatives and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

Application of proceeds of sale

46. (a) The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares and/or debentures at the date of the sale.

Outsider's lien not to affect Company's lien

(b) The Company shall be entitled to treat the registered holder of any share or debenture as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or by statute required) be bound to recognize equitable or other claim to, or interest in, such shares or debentures on the part of any other person. The Company's lien shall prevail notwithstanding that it has received notice of any such claims.

FORFEITURE

If call or installment not paid notice must be given

47. (a) If any member or debenture holder fails to pay the whole or any part of any call or installment or any money due in respect of any share or debentures either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Directors may at any time thereafter, during such time as the call or any installment or any part thereof or other moneys remain unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or debenture holder or on the person (if any) entitled to the share by transmission requiring him to pay such call or installment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non payment.

Form of Notice

(b) The notice shall name a day not being less than One Month from the date of the notice and a place or places, on and at which such call, or installment or such part or other moneys as aforesaid and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non payment of call amount with interest at or before the time and at the place appointed, the shares or debentures in respect of which the call was made or installment or such part or other moneys is or are payable will be liable to be forfeited.

In default of payment shares or debentures to be forfeited

48. If the requirements of any such notice as aforesaid are not complied with any share/debenture in respect of which such notice has been given, may at any time thereafter before payment of all calls or installments, interest and expenses or other moneys due in respect thereof, be forfeited by a resolution of the Directors to that effect. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the company, in respect of the payment of any such money, shall preclude the company from thereafter proceeding to enforce a forfeiture of such shares as herein provided. Such forfeiture shall include all dividends declared or interest paid or any other moneys payable in respect of the forfeited shares or debentures and not actually paid before the forfeiture.

Entry of forfeiture in Register of members/debenture holders

49. When any shares/debenture shall have been so forfeited, notice of the forfeiture shall be given to the member or debenture holder in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of members or debenture holders but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.

Forfeited share/debenture to be property of Company and may be sold

50. Any share or debenture so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed of either to the original holder or to any other person upon such terms and in such manner as the Directors shall think fit.

Power to annul forfeiture

51. The Directors may, at any time, before any share or debenture so forfeited shall have been sold, re-allotted or otherwise disposed of, annul forfeiture thereof upon such conditions as they think fit.

Shareholders or Debenture holders still liable to pay money owing at time of forfeiture and interest

52. Any member or debenture holder whose shares or debentures have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, all calls, installments, interest expenses and other money owing upon or in respect of such shares or debentures at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate as the Directors may determine, and the Directors may enforce the payment of the whole or a portion thereof, if they think fit, but shall not be under any obligation to do so.

Effect of forfeiture

53. The forfeiture of a share or debenture shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share or debenture and all other rights incidental to the share or debenture, except only such of those rights as by these Articles are expressly' saved.

Certificate of forfeiture

54. A Certificate in writing under the hand of one Director and counter signed by the Secretary or any other officer authorised by the Directors for the purpose, that ,the call in respect of a Share or debenture was made and notice thereof given and that default in payment of the call was made and that the forfeiture of the share or debenture was made by the resolution of Directors to that by effect shall be conclusive evidence of the facts stated therein as against all persons entitled to such share or debenture.

Validity of sales under Articles 45 and 50

55. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinabove given, the Directors may, if necessary, appoint some person to execute an instrument of transfer of the shares or debentures sold and cause the purchaser's name to be entered in the Register of members or Register of debenture holders in respect of the shares or debentures sold, and the purchaser 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 or debenture holders' in respect of such shares or debenture the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be for damages only and against the Company exclusively.

Cancellation of share/debenture Certificate in respect of forfeited shares debentures

56. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate/s originally issued in respect of the relative shares or debentures shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member or debenture holder) stand cancelled and become null and void and be of no effect, and the directors shall be entitled to issue a duplicate certificate/s in respect of the said share or debentures to the person/s entitled thereto.

Title of purchaser and allottee of forfeited shares/debentures

57. The Company may receive the consideration, if any, given for the share or debenture on any sale, re-allotment or other disposition thereof, and the person to whom such share or debenture is sold, re-allotted or disposed of may be registered as the holder of the share or debenture and shall not be bound to see to the application of the consideration, if any, nor shall his title to the share or debenture be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share or debenture.

Surrender of Shares or Debentures

58. The Directors may, subject to the provisions of the Act, accept a surrender of any share or debenture from or by any member or debenture holder desirous of surrendering them on such terms as they think fit.

TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES

Register of transfers

59. The Company shall keep a book to be called the "Register of transfers" and therein shall fairly and distinctly entered the particulars of every transfer or transmission of any share.

Instrument of transfer

60. **The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly compiled with in respect of all transfer of shares and registration thereof.**

Instrument of transfer to be executed by the transferor and transferee

61. Every such instrument of transfer shall be signed both by the transferor and transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the register of members in respect thereof.

Director may refuse to register transfer

62. (a) Subject to the provisions of section 111 of the act and section 22A of the securities contract (Regulation) Act 1956, the directors may, at their own absolute and uncontrolled discretion and by giving reasons , decline to register or acknowledge any transfer of shares whether fully paid or not and the right to refusal , shall not be effected by the circumstances that the proposed transferee is already a member of the company but in such cases , the directors shall within one month form the date on which the instrument of transfer was lodged with the company send to the transferee and transferor a notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either singly or jointly with any other person or persons indebted to the company on any account whatsoever except when the company has a lien on the share. Transfer of shares/debentures in whatever lot shall not be refused.

(b) Nothing in Sections 108, 109 and 110 of the Act shall prejudice this power to refuse to register the transfer of or the transmission on legal documents by operation of law of the rights to, any shares or interest of a member in, any shares or debentures of the Company.

Transfer of shares

63. (a) An application of registration of the transfer of shares may be made either by the transferor or the transferee provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee and subject to the provisions of Clause (d) of this Article, the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register of members the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.

(b) For the purpose of clause (a) above notice to the transferee shall be deemed to have been duly given if sent 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 to him in the ordinary course of post.

(c) It shall not be lawful for the Company to register a transfer of any shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee has been delivered to the Company along with the Certificate relating to the shares and if no such Certificate is in existence, along with the letter of allotment of shares. The Directors may also call for such other evidence as may reasonably be required to show the right of the transferor to make the transfer provided that where it is proved to the satisfaction of the Directors of the Company that an instrument of transfer register the transfer on such terms as to indemnity as the Directors may think fit.

(d) Nothing in clause (c) above shall prejudice any power of the company to register as shareholder any person to whom the right to any share has been transmitted by operation of law.

(e) The company shall accept all applications for transfer of shares/debentures, however, this condition shall not apply to requests received by the company;

(A) for splitting of a share or debenture certificate into several scripts of very small denominations;

(B) proposals for transfer of shares/debentures comprised in a share/debenture certificate to several parties involving, splitting of a share/debenture certificate into small denominations and that such split/transfer appears to be unreasonable or without any genuine need.

(i) transfer of Equity shares/debentures made in pursuance of any statutory provision or an order of a competent court of law;
(ii) the transfer of the entire Equity shares/debentures by an existing shareholder/debenture holder of the Company holding under one folio less than 10 (ten) Equity Shares or 10 (ten) debentures (all relating to the same series) less than in market lots by a single transfer to a single or joint transferee.
(iii) the transfer of not less than 10 (ten) Equity shares or 10 (ten) debentures (all relating to the same series) in favour of the same transferee(s) under two or more transfer deeds, out of which one or more relate(s) to the transfer of less than 10 (ten) Equity Shares/10 (ten) debentures.
(iv) the transfer of less than 10 (ten) Equity shares or 10 (ten) debentures (all relating to the same series) to the existing share holder/debenture holder subject to verification by the Company.

Provided that the Board may in its absolute discretion waive the aforesaid conditions in a fit and proper case(s) and the decision of the Board shall be final in such case(s).

(f) Nothing in this Article shall prejudice any power of the Company to refuse to register the transfer of any share.

Custody of instrument of transfer

64. The instrument of transfer shall after registration be retained by the Company and shall remain in their custody. All instruments of transfer which the Directors may decline to register, shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such period as they may determine.

Transfer books and Register of members when closed

65. The Board shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situate, to close the Transfer books, the Register of members or Register of debenture 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 in each year.

Transfer to Minors etc.

66. Only fully paid shares or debentures shall be transferred to a minor acting through his/her legal or natural guardian. Under no circumstances, shares or debentures be transferred to any insolvent or a person of unsound mind.

Title to shares of deceased holder

67. The executors or administrators of a deceased member (not being one or two or more joint holders) or the holder of a deceased member (not being one or two or more joint holders) shall be the only persons whom the Company will be bound to recognize as having any title to the shares registered in the name

of such member, and the Company shall not be bound to recognize such executors or administrators or the legal representatives unless they shall have first obtained probate or Letters of Administration or a Succession Certificate, as the case may be, from a duly constituted competent court in India, provided that in any case where the Directors in their absolute discretion think fit, the Directors may dispense with the production of probate or Letters of Administration or a Succession Certificate upon such terms as to indemnity or otherwise as the Directors in their absolute discretion may think necessary and under Article 70 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.

Registration of persons entitled to share otherwise than by transfer

68. (a) Subject to the provisions of Articles 67 and 77(d), any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Directors (which they 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 titles as the Directors shall think sufficient, either be registered himself as a member in respect of such shares or. elect to have some person nominated by him and approved by the Directors registered as a member in respect of such shares. Provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be free from any liability in respect of such shares.

(b) A transfer of the shares or other interest 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.

Claimant to be entitled to same advantage

69. The person becoming entitled to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled as if he were registered holder of the shares except that he shall not before being registered as a member in respect of the share, be entitled in respect of it, to exercise any right conferred by membership in relation to the meeting of the Company provided that the Board may at any time give notice requiring any such persons to elect either to be registered himself or to transfer shares and if the notice is not complied within sixty days, the Board may thereafter withhold payment of all dividends, interests, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

Persons entitled may receive dividend without being registered as member

70. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends, bonuses or moneys as hereinafter provided be entitled to receive, and may give a discharge for any dividends, bonuses or other moneys payable in respect of the share/debenture.

71. Article 70 shall not prejudice the provisions of Articles 44 and 55.

Refusal to register nominee

72. The Directors shall have the same right to refuse on legal ground to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.

Directors may require evidence of transmission

73. Every transmission of a share shall be verified in such manner as the Directors may require, and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

No fee on transfer or transmission

74. No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

The Company not liable for disregard of a notice prohibiting registration of transfer

75. 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 referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some 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 Directors shall so think fit.

Transfer or Transmission of securities held by beneficial owners with a Depository #

75A i. "Nothing contained in Article 60,61,65,70,71,72,73,74 and 75 shall apply to the transfer of security effected by the transferor and the transferee both of whom arc entered as Beneficial Owners in the records of a Depository.

ii. In case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates in respect thereof and where such shares or securities arc being held in an electronic and fungible form with a Depository, the provisions of the Depositories Act shall apply".

76. The provisions of these Articles shall mutatis mutandis apply to the transfer or transmission by operation of law, of debentures of the Company.

76A i. Every shareholder or debenture holder of the Company, may at any time, nominate, in the prescribed manner, a person to whom his shares in or debentures of the Company shall vest in the event of his death.

ii. Where the shares in or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company as the case may be, shall vest in the event of death of all the joint holders.

iii. Notwithstanding anything contained in any other law for the time being in force or any disposition, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall on the death of the shareholder or debenture holder or as the case may be, on the death of the joint holders become entitled to all the rights in such shares or debentures or as the case may be all the joint holders, in relation to such shares or debentures to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

iv. Where the nominee is a minor it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint in the prescribed manner, any person to become entitled to shares in or debentures of the Company, in the event of his death, during the minority".

Transmission of Securities by Nominee:

76B A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided elect either

i. to be registered himself as holder of the share or debenture. as the case may be, or
ii. to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder, could have made.

iii If the nominee elects to be registered as holder of the share or debenture himself, as the case may be he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased share holder or debenture holder as the case may be:

iv. A nominee shall be entitled to the same dividends and other advantage to which he would he entitled to, if he was the registered holder of the share or debenture except that he shall not before being registered as a member in respect of his share or debenture be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with".

Nomination for Fixed Deposits:

76C "A depositor may, at any time, make a nomination and the provisions of section 109A and 109B shall, as far as may be, apply to the nominations made pursuant to the provisions of section 58A (II) of the Act".

"DEMATERIALISATION OF SECURITIES"

Dematerialisation of Securities:

76D **A.** "Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act. 1996 and the Rules framed thereunder, if any:

B. Option for Investors:

Every person subscribing to securities offered by the Company shall have the option to receive the security certificate in physical form or to hold the securities with a Depository in the electronic form. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities in the physical form. Where a person opts to hold his security with a Depository, the Issuer/Registrar shall intimate such security and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the Security:

C. Securities in Depositories to he fungible form:

All securities held by a Depository shall be dematerialised and shall be in a fungible form. Nothing contained in Section 153, 153A, 153B, 187A, 187B, 187C, 372 and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners:

D. Rights of Depositories and Beneficial Owners:

i. Notwithstanding any thing to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner:

ii. Save as otherwise provided in (i) above, the Depository as a registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it:

iii. Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a depository.

E. **Depository to furnish information:**

Notwithstanding anything to the contrary contained in the Act or these Articles, where the securities are held with a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies and discs.

F. Option to opt out in respect of any security:

If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly. The Depository shall, on receipt of the intimation as above, make appropriate entries in the record and shall inform the Company accordingly.

The Company shall within thirty (30) days of the receipt of the intimation of the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificates of securities to the beneficial owner or the transferee as the case may be.

G. Section 83 and 108 of the Act not to apply:

Notwithstanding anything to the contrary contained in the Articles

i. Section 83 of the Act shall not apply to the shares with a Depository;

ii. Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository.

H. Intimation to Depository:

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with in a Depository, the Company shall intimate the details of allotment of securities thereof to the Depository immediately on allotment of such securities.

I. Stamp Duty on securities held in dematerialised form:

No stamp duty would be payable on shares and securities held in dematerialised form in any medium as may be permitted by law including any form of electronic medium.

J. Applicability of the Depositories Act:

In case of transfer of shares, debentures and other marketable securities where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form with a depository, the provisions of the Depositories Act, 1990 shall apply.

K. Company to recognise the rights of Registered Holders as also the Beneficial Owners in the records of the Depository:

L. In case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates in respect thereof and where such shares or securities are being held in an electronic and fungible form with a Depository, the provisions of the Depositories Act shall apply".

JOINT HOLDERS

Joint-holders

77. Where two or more persons are registered as the holders of any share/debentures, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to' the following and other provisions contained in these Articles.

No transfer to more than four persons as joint holders

(a) The joint holders of any share/debenture shall be liable severally four persons as the holders of any share/debenture.

Transfer by joint holders

(b) In the case of a transfer of shares/debentures held by joint holders, the transfer will be effective only if it is made by all the joint holders.

Liability of Joint holders

(c) The joint holders of any share/debenture shall be liable severally as well as jointly for and in respect of all calls or installments and other payments, which ought to be made in respect of such share/debenture.

Death of one or more joint holders

(d) On the death of anyone or more of such joint holders the survivor/survivors shall be the only person or persons recognized by the Company as having any title to the share/debenture, but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares/debentures held by him jointly with any other person.

Receipt of one sufficient

(e) Anyone of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share/debenture.

Delivery of certificate and giving of notices to first named holder

(f) Only the person whose name stands first in the Register of Members/debenture holders as one of the joint holder of any shares/debentures shall be entitled to the delivery of the certificate relating to such share/debenture or to receive notice (which expression shall be deemed to Include all documents as defined in Article (2)(a) hereof and any document served on or sent to such person shall be deemed service on all the joint holders.

Vote of joint holders

(g) (i) Anyone of two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such share shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting provided always that a joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder present by Attorney or by proxy although the name of such joint holder present by an Attorney or proxy stands first or higher (as the case may be) in the Register in respect of such shares.

(ii) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands shall for the purpose of this clause be deemed joint holders.

BORROWING POWERS

Restriction on powers of the Board

78. The Board of Directors shall not, except with the consent of the Company in general meeting and subject to Article 172 of the Articles of Association of the Company:

(a) sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole of any such undertaking.

(b) remit, or give time for the repayment of any debt due by a Director.

(c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition alter the commencement of this Act, of any such undertaking as is referred to in clause (a) or of any premises or properties .used for any such undertaking and without which it can not be carried on or can be carried on only with difficulty or only after a considerable time.

(d) borrow monies where the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose.

(e) contribute, to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five percent, of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater.

Explanation : Every resolution passed by the Company in general meeting in relation to the exercise of the power referred to in clause (d) or in clause (e) shall specify the total amount upto which money may be borrowed by the Board of Directors under clause (d) or as the case may be, the total amount which may be contributed to charitable and other funds in any financial year under clause (e).

Conditions on which money may be borrowed

79. The Directors may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of bonds, perpetual or redeemable debenture or debenture stocks or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the company (both present and future) including its uncalled capital for the time being.

Bonds, debentures etc. to be subject to the control of directors

80. Any bonds, debentures debenture stocks 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 conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

Provided that bonds debentures, debenture stock or other securities so issued or to be issued by the Company with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in general meeting by a special resolution.

Securities may be assignable free from equities

81. Debentures debenture stocks bonds or other securities may be made assignable free from any equities between the company and the person to whom the same may be issued.

Issue at discount etc. or with special privileges

82. Any bonds, debenture stocks, or other securities may be issued subject to the provisions of the Act, at a discount premium or otherwise and with any special privileges as to redemption, surrender drawings appointment of Directors and otherwise and subject to the following:

Debentures with voting rights not to be issued

(a) The Company shall not issue any debentures carrying voting rights at any meeting of the Company whether generally or in respect of particular classes of business.

(b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.

(c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.

(d) Certain charges mentioned in Section 125 of the Act shall be void against the liquidators or creditors unless registered as provided in section 125 of the Act.

(e) The term 'charge' shall include mortgage in these Articles.

(f) A contract with the Company to take up and pay for any debentures of the Company may be enforced by a decree for specific performance.

Limitation of time for issue of certificate

(g) The Company shall, within three months after the allotment of any of its debentures or debenture stock and within one month after the application for the registration of the transfer of any such debentures or debenture stocks have complete and have ready for delivery the Certificate of all the debentures and the Certificates of all debenture stocks allotted or transferred unless the conditions of issue of the debentures or debenture stocks otherwise provide.

The expression 'transfer' for the purpose of this clause means a transfer duly stamped and otherwise valid and does not include any transfer which the Company is for any reason entitled to refuse to register and does not register.

Right to obtain copies of and inspect Trust Deed

(h) (i) A copy of any Trust Deed for securing any issue of debentures shall be forwarded to the holder of any such debentures or any member of the Company at his request and within seven days of the making thereof on payment. .

(1) In the case of a printed Trust Deed of the sum of Rupee One and
(2) in the case of a Trust Deed which has not been printed of thirty seven paise for every one hundred words or fractional part thereof required to be copied.

(ii) The Trust Deed referred to in item (i) above shall also be open to inspection by any member or debenture holder of the Company in the same manner, to the same extent, and on payment of the same fees, as if it were the Register of members of the Company.

Mortgage of uncalled capital

83. If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall, 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 is executed.

Indemnity may be given

84. If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

Registration of charges

85. (a) The provisions of the Act relating to registration of charges shall be complied with.

(b) In the case of a charge created out of India and comprising solely property situated outside India, the provisions of Section 125 of the Act shall also be complied with.

(c) Where a charge is created in India but comprises property outside India, the instrument creating or purporting to create the charge under Section 125 of the Act or a copy thereof verified in the prescribed manner, may be filed for registration, notwithstanding that further proceedings may be necessary to make the charge valid or effectual according to the law of the country in which the property is situate, as provided by Section 125 of the Act.

(d) Where any charge on any property of the Company required to be registered under Section 125 of the Act has been so registered any person acquiring such property or any part thereof or any share or interest therein shall be deemed to have notice of the charge as from the date of such registration.

(e) In respect of registration of charges on properties acquired subject to charge, the provisions of Section 127 of the Act shall be complied with.

(f) The Company shall comply with the provisions of Section 128 of the Act relating to particulars in case of series of debentures entitling holders pari passu.

(g) The Company shall comply with the provisions of Section 129 of the Act in regard to registration of particulars of commission, allowance or discount paid or made, directly or indirectly, in connection with the debentures.

(h) The provisions of Section 133 of the Act as to endorsement of Certificate of registration on debenture or Certificate of debenture stock shall be complied with by the Company.

(i) The Company shall comply with the provisions of Section 134 of the Act as regards registration of particulars of every charge and of every series of debentures.

(j) As to modification of charges, the Company shall comply with the provisions of Section 135 of the Act.

(k) The Company shall comply with the provisions of Section 136 of the Act regarding keeping a copy of instrument creating charge at the registered officer of the Company and comply with the provisions of Section 137 of the Act in regard to entering in the register of charges any appointment of Receiver or Manager as therein provided.

(I) The Company shall also comply with the provisions of Section 138 of the Act as to reporting satisfaction of any charge and procedure thereafter.

(m) The Company shall keep at its registered office a Register of charges and enter therein all charges specifically affecting any property of the Company and all floating charges on the undertaking or on any property of the company giving in each case:

(i) a short description of the property charged;

(ii) the amount of the charge; and
(iii) except in the case of securities to bearer, the names of persons entitled to the charge.

(n) Any creditor or member of the Company and any other person shall have the right to inspect copies of instruments creating charges and the Company's Register of charges in accordance with and subject to the provisions of Section 144 of the Act.

Trust not recognised

86. No notice of any trust, express or implied or constructive, shall be entered on the Register of Debenture holders.

SHARE WARRANTS

Powers to issue share warrants

87. The Company may issue share warrants subject to and in accordance with the 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 person signing the application, and on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.

Deposit of share warrants

88. (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 calling 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 deposited warrant.

(b) Not more than one person shall be recognised as depositor of the Share Warrant.

(c) The Company shall on two days' written notice return the deposited share warrant to the depositor.

Privileges and disabilities of the holders of share warrant.

89. (a) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any of the 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 shares included in the warrant and he shall be a member of the Company.

Issue of new share warrant or coupon

90. The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Shares may be converted into stock

91. The Company in general meeting may convert any paid up shares into stock and when any shares shall have been converted into stock, the several holders of such stock may thenceforth transfer their respective interest therein or any part of such interests, in the same manner and subject to the same regulations as, and subject to which shares from which the stock arise might have been transferred, if no

such conversion had taken place, or as near thereto as circumstances will admit. The Company may at any time reconvert any stock into paid up shares of any denomination.

Rights of Stock holders

92. The holders of stock shall, according to the amount of stock, held by them have the same right, privileges and advantages as regards dividends, voting at meeting of the Company and other matters, as if they held the share from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and the assets on winding up) shall be conferred by an amount of stock which would not if existing in shares, have conferred that privilege or advantage.

GENERAL MEETINGS

Annual General Meeting

93. Subject to the provisions contained in Sections 166 and 210 of the Act, as far as applicable, the Company shall in each year hold, in addition to any other meetings, a general meeting as its annual general meeting, and shall specify, the meeting as such in the Notice calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next.

Provided that if the Registrar for any special reason, extends the time within which any annual general meeting shall be held, then such annual general meeting may be held within such extended period.

Summary of Annual General Meeting

The Company may in anyone general meeting fix the place for its any annual general meetings. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any general meeting which he attends on any part of the business which concerns him as Auditor. At every annual general meeting of the Company, there shall be laid on the table, the Director's report, the audited statements of accounts and auditor's report (if any, not already incorporated in the audited statements of accounts). The proxy registered with the Company and Register of Director's Share. holdings of which latter register shall remain open and accessible during the continuance of the meeting. The Board shall cause to prepare the Annual list of members, summary of Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.

Time and place of Annual General Meeting

94. Every annual general meeting shall be called at any time during business hours, on a day that is not a public holiday, and shall be held either at the registered office of the Company or at some other place within the city, town or village in which the registered office of the Company is situate, and the notice calling the meeting shall specify it as the annual general meeting.

Section 171 to 186 of the Act shall apply to meetings

95. Sections 171 to 186 of the Act with such adaptations and modifications, if any, as may be prescribed shall apply with respect to meetings of any class of members or debenture holders of the Company in like manner as they apply with respect to general meetings of the Company.

Powers of Director's to call Extraordinary General Meeting

96. The Directors may call an extraordinary general meeting of the Company whenever they think fit.

Calling of Extra Ordinary General Meeting on requisition

97. (a) The Board of Directors of the Company shall on the requisition of such number of members of the Company as is specified in clause (d) of this Article, forthwith proceed duly to call an Extraordinary general meeting of the Company.

(b) The requisition shall set out the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists, and shall be deposited at the registered office of the Company.

(c) The requisition may consist of several documents in like form, each signed by one or more requisitionists.

(d) The number of members entitled to requisition a meeting in regard to any matter shall be such number of them as hold at the date of the deposit of the requisition not less than one tenth of such of the paid up. share capital of the Company as at that date carried the right of voting In regard to that matter.

(e) Where two or more distinct matters are specified in the requisition the provisions of clause (d) above, shall apply separately in regard to each such matter; and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that clause is fulfilled.

(f) If the Board does not, within twenty one days from the date of the deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters then on a day not later than forty five days from the date of the deposit of the requisition, the meeting may be called:

(i) by the requisitionists themselves;
(ii) by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth of such of the paid-up share capital of the Company as is referred to in clause (d) above, whichever is less.

Explanation: For the purpose of this clause, the Board shall in the case of a meeting at which resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the meeting if they do not give such notice thereof as is required by sub-section 189 of the Act.

(g) A meeting, called under clause (f) above, by the requisitionists or any of them:

(i) Shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board; but
(ii) shall not be held after the expiration of three months from the date of the deposit of; the requisition.

Explanation: Nothing in clause (g) (ii) above, shall be deemed to prevent a meeting duly commenced before the expiry of the' period of three months aforesaid, from adjourning to some day after the expiry of that period.

(h) Where two or more persons hold any shares or interest in the Company; jointly, a requisition, or a notice calling a meeting, signed by one or, some of them shall, for the purposes of this Article, have the same force and effect as if it had been signed by all of them.

(i) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

Length of notice for calling meeting

98. (a) A general meeting of the Company may be called by giving not ,less than twenty one days' notice in writing.

(b) A general meeting of the Company may be called after giving shorter notice than that specified in clause (a) above, if consent is accorded thereto;

(i) in the case of an annual general meeting by all the members entitled to vote thereat: and
(ii) in the case of any other meeting, by members of the Company holding not less than 95 (ninety five) per cent of such part of the paid up capital of the ,Company as gives a right to vote at the meeting;

Provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at the meeting and not on the others, those members shall be taken into account for the purposes of this clause in respect of the former resolution or resolutions and not in respect of the latter.

Contents and manner of service of notice and persons on whom it is to be served

99. (a) Every notice of a meeting of the Company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat.

(b) Notice of every meeting of the Company shall be given:

(i) to every member of the Company, in any manner authorised by sub-sections (1) to (4) of Section 53 of the Act;
(ii) to the persons entitled to a share in consequence of the death or insolvency of a member, by sending it through the post in a prepaid letter addressed to them by name, or by the title or representatives of the deceased or assignees of the insolvent, or by any like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred;
(iii) to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 of the Act in the case of any member of members of 'the Company and
(iv) to all the Directors of the Company

Provided that where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighborhood of the registered office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

(c) The accidental omission to give notice to, or the non-receipt of notice by any, member or, other person to whom it should be given shall not invalidate the proceedings at the meeting.

Explanatory statement to be annexed to notice

100. (A) For the purpose of this Article:

(i) in the case of an annual general meeting, all business to be transacted at the meeting shall be deemed special with the exception of business relating to

(a) the consideration of the accounts, balance sheet and the reports of the Board of Directors and auditors.
(b) the declaration of dividend
(c) the appointment of directors in the place of those retiring.
(d) The appoint of and the fixing of remuneration of the auditors and

(ii) in the case of any other meetings, all business shall be deemed special.

(B) Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each item of business including in particular the nature of the concern or interest, if any, therein of every Director, and the manager, if any.

Provided that where any item of special business as aforesaid to be transacted at a meeting of the Company relates, to or affects, any other company, the extent of shareholding interest in that other Company of any, such person shall be set out in the circumstances specified in the proviso to sub-section (2) of Section 173 of the Act.

(C) Where any item of business consists of the according of approval to any document by the meeting, the time and place where the documents can be inspected shall be specified in the statement aforesaid.

Quorum for meeting

101. (a) Five members personally present shall be the quorum for a general meeting of the company. further noted that Subject to applicable Law permitting, any Director and shareholders shall be entitled to attend and participate in a meeting of Member in which he or she is not physically present, by telephone or video conference, and the chairman of such meeting shall record such Director's observations in the minutes of such meeting.

If quorum not present meeting to be dissolved or adjourned

(b) (i) 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 upon by requisition of members, shall stand dissolved.

(ii) In any other case, the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place, as the Board may determine.

Adjourned meeting to transact business

(c) If at the adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be the quorum.

Presence of quorum

102. (a) No business shall be transacted at any general meeting unless the requisite quorum be present at the commencement of the business.

Business confined to election of chairman whilest chair vacant

(b) No business shall be discussed or transacted at any general meeting except the election' of a' Chairman whilst the Chair is vacant.

Chairman of general meeting

(c) (i) The Chairman of the Board of Directors shall be entitled to take the chair at every, general meeting. If there be no Chairman' or If at any meeting he shall not be present within 15 (fifteen) minutes after the time appointed for holding such meeting or is unwilling to act, the Directors present may choose one of themselves to be the Chairman and in default of their doing so, the members present shall choose one of the Directors to be Chairman and if no Directors present be willing to take the chair, the members present shall choose one of themselves to be the Chairman.

(ii) If at any meeting a quorum of members shall be present, and the Chair shall not be taken by the Chairman or Vice Chairman of the Board or by a Director at the expiration of 15 (fifteen) minutes from the time appointed for holding the meeting or if before the expiration of that time all the Directors shall decline to take the Chair, the' members present shall choose one of their members to be the Chairman of the meeting.

Chairman with consent may adjourn the meeting

(d) The Chairman with the consent of the meeting may adjourn any meeting from time to time and from place to place in the city, town or village where the registered office of the Company is situate.

Business at adjourned meeting

(e) No business shall be transacted at any adjourned meeting other than the business, which might have been transacted at the meeting from which the adjournment took place.

Notice of adjourned meeting

(f) When a meeting is adjourned only for thirty days or more, notice of the adjourned meeting shall be given as in the case of original meeting.

In what cases poll taken with or without adjournment

(g) Any poll duly demanded on the election of a Chairman of a meeting or any question of adjournment shall be taken at the meeting forthwith, save as aforesaid, any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

Proxies

103. (a) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint any other person (whether a member or not) as his proxy to attend and vote instead of himself. A member (and in the case of joint holders all holders) shall not appoint more than one person as proxy. A proxy so appointed shall not have any right to speak at the meeting.

Provided that unless where the proxy is appointed by a body corporate a proxy shall not be entitled to vote except on a poll.

(b) In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote Is entitled to appoint a proxy to attend and vote' instead of himself, and that a proxy need not be a member.

(c) The instrument appointing a proxy or any other document necessary to show the validity or otherwise relating to the appointment of a proxy shall be lodged with .the Company not less than 48 (forty eight) hours before the meeting in order that the appointment may be effective thereat.

(d) The instrument appointing a proxy shall:

(i) be in writing, and
(ii) be signed by the appointer or his attorney duly authorised in writing or, if the appointer is a body corporate, be under its seal or be signed by an Officer or an attorney duly authorised by it.

Form of proxy

(e) Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in usual common form.

(f) An instrument appointing a proxy, if in any of the forms set out in Schedule IX to the Act shall not be questioned on the ground that it fails to comply with any special requirements specified for such instrument by these Articles.

(g) Every member entitled to vote at a meeting of the Company, or on any resolution to be moved thereat, shall be entitled during the period beginning 24 (twenty four) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged at any time during the business hours of the Company, provided not less than 3 (three) days' notice in writing of the intention so to inspect is given to the Company.

VOTES OF MEMBERS

Restrictions on exercise of voting rights of members who have not paid calls

104. (a) No member shall exercise any voting right 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 and has exercised any right of lien.

(b) Where the shares of the Company are held in trust, the voting power in respect of such shares shall be regulated by the provisions of Section 187 B of the Act.

Restriction on exercise of voting right in other cases to be void

105. A member is not prohibited from exercising his voting right on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in Article 104.

Equal rights of share holders

106. Any shareholder whose name is entered in the Register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other shareholders of the same class.

Voting to be by show of hands in first instance

107. At any general meeting a resolution put to vote at the meeting shall unless a poll is demanded under Section 179 of the Act be decided on a show of hands.

108. (a) Subject to the provisions of the Act, upon show of hands every member entitled to vote and present in person shall have one vote, and upon a poll every member entitled to vote and present in person or by proxy shall have one vote, for every share held by him.

No voting by proxy on show of hands

(b) No member not personally present shall be entitled to vote on a show of hands unless such member is a body corporate present by proxy or by a representative duly authorised under Sections 187 or 187 A of the Act, in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.

How members non compos minutes and minor may vote

(c) A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian and any such committee or guardian may on poll vote by proxy; if any member be a minor the vote in respect of his share or shares shall be by his guardians or any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the meeting.

Votes in respect of shares of deceased or Insolvent members etc.

(d) Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the transmission clause to any shares may vote at any general meeting in respect hereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting as the' case may be at which he proposes to vote, he shall satisfy the Directors of his right to such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

Custody of Instrument

(e) If any such instrument of appointment be confined to the object of appointing proxy or substitute 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 embracing other objects a copy thereof examined with the original, shall be delivered to the Company to remain in the custody of the Company.

Validity of votes given by proxy notwithstanding death of members etc.

(f) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the registered office of the Company before the meeting.

Time for objections for vote

(g) No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote whether given personally or by an agent or proxy or representative not disallowed at such meeting or poll shall be deemed valid for all purpose of such meeting or poll whatsoever.

Chairman of any meeting to be the judge of any vote

(h) The Chairman of any meeting shall be the sale judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sale judge of the validity of every vote tendered at such poll.

Chairman's declaration of result of voting by show of hands to be conclusive

109. A declaration by the Chairman in pursuance of Section 177 of the Act that on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.

Demand for poll

110. (a) Before or on the declaration of the result of the voting on any resolution of a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding' shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid up.

(b) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

Time of taking poll

111. (a) A poll demanded on a question of adjournment shall be taken forthwith.

(b) A poll demanded on any other question (not being a question relating to the election of a Chairman which is provided for in Section 175 of the Act), shall be taken at, such time not being later than 48 (forty eight) hours from the time when the demand was made, as the Chairman may direct.

Right of a member to use his votes differently

112. On a poll taken at a meeting of the Company a member or other person entitled to vote for him as the case may be, need not, if he votes, use, all his votes or cast in the same way all the votes he uses.

Scrutineers at poll

113. (a) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutinizers to scrutinize the votes given on the poll and to report thereon to him.

(b) The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and to fill vacancies in the office of scrutineer arising from such removal or from any other cause.

(c) Of the two scrutineers appointed under this article, one shall always be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed.

Manner of taking poll and result thereof

114. (a) Subject to the provisions of the Act, the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.

(b) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

Casting Vote

115. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the polls is demanded shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a member.

Representation of Body Corporate

116. A body corporate (whether a Company within the meaning of the Act or not) if it is a member or creditor (including a holder of debentures) of the Company may in accordance with the provisions of Section 187 of the Act authorise such person by a resolution of its Board of Directors as it thinks fit, to act as its representative at any meeting of the Company or of any class of members of the Company or at any meeting of creditors of the Company.

Representation of the President of India or Governors

117. (a) The President of India or the Governor of a State if he is a member of the Company may appoint such person as he thinks fit to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company in accordance with provisions of Section 187 A of the Act or any other statutory provision governing the same.

(b) A person appointed to act as aforesaid shall for the purposes of the Act be deemed to be a member of such a Company and shall be entitled to exercise the same rights and powers (including the right to vote by proxy) as the President or as the case may be the Governor could exercise, as a member of the Company.

Public Trustee

(c) the Company shall observe the provisions of Section 187B of the Act, in regard to the Public Trustee.

Circulation of member's resolution

118. The Company shall comply with provisions of Section 188 of the Act, relating to circulation of member's resolutions.

Resolution requiring special notice

119. The Company shall comply with provisions of Section 190 of the Act relating to resolution requiring special notice.

Resolutions passed at adjourned meeting

120. The provisions of Section 191 of the Act shall apply to resolutions passed at an adjourned meeting of the Company, or of the holders of any class of shares in the Company and of the Board of Directors of the Company and the resolutions shall be deemed for all purposes as having been passed on the date on which in fact they were passed and shall not be deemed to have been passed on any earlier date.

Registration of resolutions and agreements

121. The Company shall comply with the provisions of Section 192 of the Act relating to registration of certain resolutions and agreements.

Minutes of proceedings of general meeting and of Board and other meetings

122. (a) The Company shall cause minutes of all proceedings of general meetings, and of all proceedings of every meeting of its Board of Directors or of every Committee of the Board to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.

(b) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed:

(i) in the case of minutes of proceedings of the Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.
(ii) in the case of minutes of proceedings of the general meeting by Chairman of the said meeting within the aforesaid period, of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.

(c) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

(d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

(e) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.

(f) In the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall also contain:

(i) the names of the Directors present at the meetings, and
(ii) in the case of each resolution passed at the meeting, the names of the Directors, if any dissenting from or not concurring in the resolution.

(g) Nothing contained in Clauses (a) to (d) hereof shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting:

(i) is or could reasonably be regarded, as defamatory of any person
(ii) is irrelevant or immaterial to the proceedings; or
(iii) is detrimental to the interests of the Company.
The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this clause.

Minutes to be considered to be evidence

(h) The minutes of meetings kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.

Presumptions to be drawn where minutes duly drawn and signed

123. Where minutes of the proceedings of any general meeting of the Company or of any meeting of its Board of Directors or of a Committee of the Board have been kept in accordance with the provisions of Section 193 of the Act then, until the contrary is proved, the meeting shall be deemed to have been duly called and held, and all proceedings thereat to have duly taken place and in particular all appointments of Directors or Liquidators made at the meeting shall be deemed to be valid and the minute(s) shall be evidence of the proceedings recorded therein.

Inspection of Minutes Books of General Meetings

124 (a) The books containing the minutes of the proceedings of any general meeting of the Company shall;

(i) be kept at the registered office of the company and
(ii) be open, during the business hours to the inspection of any member without charge subject such reasonable restrictions as the Company may, in general meeting impose so however that not less than two hours in each day are allowed for inspection.

(b) Any member shall be entitled to be furnished, within seven days after he has made a request in that behalf of the company, with a copy of any minutes referred to in Clause (a) above, on payment of thirty-seven paise for very one hundred words or fractional part thereof required to be copied.

Publication of reports of proceedings of general meetings

125. No document purporting to be a report of the proceedings of any general meeting of the company shall be circulated or advertised at the expense s of the company unless it includes the matters required by section 193 of the act tri be contains in the minutes of the proceedings of such meeting.

MANAGERIAL PERSONNEL

Managerial Personnel

126. The Company shall duly observe the provisions of Section 197A of the Act regarding prohibition of simultaneous appointment of different categories of managerial personnel therein referred to.

BOARD OF DIRECTORS

Board of Directors

127. Unless otherwise determined by the company in general meeting the number of Directors shall not be less than three and not more than twelve.

The First Directors of the Company are :

1. Mr. Sandeep T. Agrawal
2. Mr. Manoj T. Agrawal
3. Mr. Mahendra T. Agrawal

Appointment of Senior Executives as Wholetime Directors

128. (a) Subject to the provisions of the Act and within the overall limit prescribed under these Articles for the number of Directors on the Board, the Board may appoint any Senior Executive of the Company as a Wholetime Director of the Company for such period and upon such terms and conditions as the Board may decide. The Senior Executive so appointed shall be governed by the following provisions:

(i) He shall be liable to retire by rotation as provided in the Act but shall be eligible for reappointment. His reappointment as a director shall not constitute a break in his appointment as whole time director.

(ii) He shall be reckoned as Director for the purpose of determining and fixing the number of Directors to retire by rotation.

(iii) He shall cease to be a Director of the Company on the happening of any event specified in Sections 283 and 314(2C) of the Act. He shall cease to be a Director of the Company, if for any reason whatsoever, he ceases to hold the position of Senior Executive in the Company or ceases to be in the employment of the Company.

(iv) Subject to what is stated hereinabove he shall carry out and perform all such duties and responsibilities as may, from time to time, be conferred upon or entrusted to him by the Managing Director/s and/or the Board, shall exercise such powers and authorities subject to such restrictions and conditions and/or stipulations as the Managing Director/ s and/or the Board may, from time to time determine.

(b) Nothing contained in this Article shall be deemed to restrict or prevent the right of the Board to revoke, withdraw, alter, vary or modify all or any of such powers, authorities, duties and responsibilities conferred upon or vested in or entrusted to such wholetime directors.

Debenture Director

129. Any Trust Deed for securing debentures or debenture stocks, may, if so arranged, provide for the appointment, from time' to time by the Trustees thereof or by the holders of debentures or debenture stocks, of some person *or* persons to be a Director or Directors of the Company and may empower such Trustees or holders of debentures or debenture stocks from time to time, to remove and reappoint any Director/s so appointed. The Director/s so appointed under this Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director(s) shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

Nominee Director

130. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), The Industrial Credit and Investment Corporation of India Ltd. (ICICI), Industrial Finance Corporation of India (IFCI) and Life Insurance Corporation of India (LlC) or to any other Finance Corporation or Credit Corporation or to any other Finance Company or Body out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, LlC and Unit Trust of India (UTI) or any other Financing Corporation or Credit Corporation or any other Financing Company or Body (each of which IDBI, IFCI, ICICI, LlC and UTI or any other Finance Corporation or Credit Corporation or any other Financing Company or Body is hereinafter in this Article referred to as "the Corporation") continue to hold debentures in the Company as a result of underwriting or 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 or Directors wholetime or non-wholetill)e (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 person or persons so appointed and to appoint any person or persons in his or their *places.*

The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any money remain owing by the Company to the Corporation or so long as the Corporation holds debentures in the Company as a result of 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 the liability of the Company arising out of any guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation is paid off or on the Corporation ceasing to hold debentures/ shares in the Company or on the satisfaction of the liability of the Company arising out of any guarantee furnished by the Corporation.

The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of 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. The Company shall pay to the Nominee Director/s sitting fees

and expenses which the other Directors of the Company are entitled but if any other fees, commission, monies or remuneration in any form is payable to the Directors of the Company, the fees, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or by 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 an officer of the Corporation the sitting fee 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.

Provided further that if such Nominee Director/s is an officer of the Reserve Bank of India the sitting fees in relation to such Nominee Director/s shall also accrue to IDBI and the same shall accordingly be paid by the Company directly to IDBI.

Provided also that in the event of the Nominee Director/s being appointed as Wholetime Director/s such Nominee Director/s shall exercise such powers and duties as may be approved by the Lenders and have such rights as are usually exercised or available to a wholetime Director in the management of the affairs of the Borrower. Such Nominee Director/s shall be entitled to receive such remuneration, fees, commission and monies as may be approved by the Lenders.

Special Director

131. (a) In connection with any collaboration arrangement with any company or corporation or firm or person for supply of technical know-how and/or machinery or technical advice, the Directors may authorise such Company, Corporation, firm or person (hereinafter in this clause referred to as "Collaborator") to appoint from time to time any person or persons as Director or Directors 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 the 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.

(b) The collaborator 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 a 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.

(c) It is clarified that every collaborator entitled to appoint a Director under this Article may appoint one or more such person or persons as a Director(s) and so that if more than one Collaborator is so entitled there may at any time be as many Special Directors as the Collaborators eligible to make the appointment.

132. Subject to the provisions of Section 255 of the Act, the number of Directors appointed under Articles 130 and 131 shall not exceed in the aggregate one-third of the total number of Directors for the. time being in office.

Appointment of Alternate Director

133. (a) The Board of Directors of the Company may appoint an alternate Director to act for a Director (hereinafter in this Article called "the Original Director") during his absence for a period of not less than three months from the State "in which meetings of the Board are ordinarily held.

(b) An alternate Director appointed under this Article shall not hold office as such for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate

office if and when the Original Director returns to the State in which meeting of the Board are ordinarily held.

(c) If the term of office of the Original Director is determined before he returns to the State aforesaid any provision for the automatic reappointment of retiring directors in default of another appointment shall apply to the original and not to the alternate director.

Appointment of Additional Directors

134. Subject to the provisions of Section 260 of the Act, the Board of Directors shall have power at any time to appoint any person as an additional Director to the Board, but so that the total number of Directors shall not exceed the maximum number fixed by these Articles. Any Director so appointed shall hold the office only upto the next annual general meeting of the Company and shall then be eligible for re-appointment.

Appointment of Director to fill the casual vacancy

135. (a) Subject to the provisions of Section 262 of the Act, if the office of any Director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated as aforesaid but he shall then be eligible for re-election.

Individual Resolution for Directors appointment

(b) At a general meeting of the Company a motion shall not be made for the appointment of two or more persons as Director of the Company by a single resolution unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it. Resolution moved in contravention of this Article shall be void whether or not objection was taken at the time of its being so moved. Provided that where a resolution so moved is passed no provision for the automatic reappointment of retiring director by virtue of these Articles and the Act in default of another appointment shall apply.

Appointment of chairman

136. The directors may from time to time elect among themselves a chairman of the Board and determine the period for which he is to hold office if at any meeting of the Board, the chairman is not present within fifteen minutes after the time appointed for holding the same, the directors present may choose one of their members to be chairman of the meeting.

Qualification of Director

137. A Director need not hold any shares in the Company to qualify him for the office of a Director of the Company.

Remuneration of Directors

138. (a) Subject to the provisions of the Act, a Managing Director or a Director who is in the wholetime employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.

(b) Subject to the provisions of the Act, a Director, who is neither in the wholetime employment nor a Managing Director may be paid remuneration either :

(i) by way of monthly, quarterly or annual payment with the approval of the Central Government, or

(ii) by way of commission if the Company by a special resolution has authorised such payment.

(c) The fee payable to Directors (other than Managing or Wholetime Director, if any) for attending each meeting of the Board or Committee thereof shall be such sum as may be prescribed by the Act or the Central Government from time to time.

Traveling and other expenses

139. The Board may allow and pay to any Director for the purpose of attending a meeting such sum either as fixed allowance and/or actual as the Board may consider fair compensation for travelling, board and lodging and incidental and/or such actual out of pocket expenses incurred by such Director in addition to his fees, for attending such meeting to and from the place at which the meetings of the Board or Committees thereof or general meetings of the Company are held from time to time or any other place at which the Director executes his duties.

Remuneration for extra services

140, If any Director, being willing shall be called upon to perform extra services or to take any special exertions for any of the purposes of the Company and in that event the Company may, subject to the provisions of the Act, remunerate such Director either by a fixed sum or by a percentage of profit or otherwise, as may be determined by the Directors but not exceeding that permitted under Section 309 of the Act and such remuneration may be either in addition to or in substitution for his share in the remuneration above provided.

Increase in remuneration of Directors to require Government sanction

141. (a) Any provision relating to the remuneration of any Director including a Managing or Joint Managing or Whole time Director or any amendment thereof, which purports to increase or has the effect of increasing, whether directly or indirectly, the amount thereof, whether that provision is contained in the Company's Memorandum or there Articles, or in an agreement entered into by it, or any resolution, passed by the Company in general meeting or by the Board of Directors, shall not have any effect unless approved by the Central Government and the amendment shall become void if, and in so far as, it is disapproved by the Government.

Increase in remuneration of Managing Director on re-appointment or appointment

(b) If the terms of any re-appointment of a Managing or Joint Managing or Wholetime Director, purport to increase or have the effect of increasing, whether directly or indirectly, the remuneration which the Managing or Joint Managing or Wholetime Director, as the case may be was receiving immediately before such reappointment or appointment shall not have any effect unless approved by the Central Government, and shall become void if, and in so far as, it is disapproved by the Government.

Directors not to act when number falls below minimum

142. When the number of Directors in Office falls below the minimum above fixed, the Directors, shall not act except in emergencies or for the purpose of filling up vacancies or for summoning a general meeting of the Company and so long as the number is below the minimum they may so act notwithstanding the absence of the necessary quorum.

Eligibility

143. A person shall not be capable of being appointed' a Director if he has the disqualifications referred to in Section 274 of the Act.

Directors vacating office

144. (a) The Office of a Director shall become vacant if:

(i) he is found to be of unsound mind by a Court of competent jurisdiction;
(ii) he applies to be adjudicated an insolvent;
(iii) he is adjudged an insolvent;

(iv) he is convicted by a Court, of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months;
(v) he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed- for the payment of the call unless the Central Government by Notification in the Official Gazette removes the disqualification incurred by such failure;
(vi) he absents himself from three consecutive meetings of the 'Board of Directors, or from all meetings of the Board of Directors for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board;
(vii) he, whether by himself or by any person for his benefit or on his account or any firm in which he is a partner or any private company of which he is a director, accepts a loan or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act;
(viii) he acts in contravention of Section 299 of the Act;
(ix) he becomes disqualified by an order of court under Section 203 of the Act;
(x) he is removed in pursuance of Section 284 of the Act;
(xi) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company;
(xii) he resigns his office by notice in writing given to the Company.

(b) Notwithstanding anything in sub-clauses (iii), (iv) and (v) of clause (a) above, the disqualifications referred to in these sub-clauses shall not take effect;

(i) for thirty days from the date of the adjudication, sentence or order;
(ii) where any appeal or petition is preferred within the thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed off, or
(iii) where within the seven days aforesaid, any further appeal, or petition is preferred in respect of the adjudication, sentence, conviction or order and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed off.

Removal of Directors

145. (a) The Company may (subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles) remove any director other than ex-officio directors or special directors or debenture directors or a nominee director or 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 Section 190 of the Act shall be required of any resolution to remove a Director under this 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 the 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 a 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 do so,

(i) in the notice of the resolution given to members of the Company state the fact of the representations having been made, and
(ii) send a copy of the representation to every member of the Company .to whom notice of the meeting is sent (whether before or after receipt of 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 representations be read out at the meeting, provided that copies of the representations need not be sent or read out at the meeting if so directed by the Court.

(e) A vacancy created by the removal of a Director under this Article may, if he had been appointed in pursuance of Section 262 of the Act be filled by the appointment of another Director in his stead by the meeting at which he is removed, provided special notice of the intended appointment has been given under clause (b) 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 clause (e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they may be applicable, of Section 262 of the Act, and all the provisions of that, Section shall apply accordingly;

Provided that the Director who was removed from office under this Article shall not be reappointed as a Director by the Board of Directors.

(g) Nothing contained in this Article shall be taken:

(i) as depriving a person removed thereunder of any compensation or damages payable to him in respect of the termination of his appointment as Director or of any appointment terminating with that as director; or
(ii) as derogating from any power to remove a Director which may exist apart from this Article.

Directors may contract with Company

146. (a) Subject to the restrictions imposed by these Articles and by Sections 292, 293, 294, 295, 297, 300, 311, 370 and 373 and any other provisions of the Act, no Director, Managing Director, or other Officer or employee of the Company shall be disqualified from holding his office by contracting with the Company either as vendor, purchaser, agent, broker or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director, Managing Director, Joint Managing Director, Executive Director other officer or employee shall be in any way interested, be avoided, nor shall the Director, Managing Director or any officer or employee so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director, Managing Director, Officer or employee holding that office or of the fiduciary relation thereby established, but the nature of his or their interest must be disclosed by him or them in accordance with the provisions of Section 299 of the Act where that section be applicable.

(b) In accordance with Section 300 of the Act, no Director shall, as a Director vote or take part in any discussion in respect of any contract or arrangement in which he is interested and if he does so. vote, his vote shall be void nor shall his presence count for the purpose of forming the quorum at the time of any such discussion or vote.

Provided that the above prohibition or restriction shall not apply to the extent or under the circumstances mentioned in sub-section (2) of Section 300 of the Act.

(c) A General notice such as is referred to in sub-section (3) of Section 299 of the Act shall be sufficient disclosure under this Article as provided in that Section.

Directors may be directors of companies promoted by the company

147. A Director, Managing Director, Officer or employee of the Company may be, or become a director, of any Company promoted by the Company or in which it may be interested as a vendor, member or otherwise, and no such director shall be accountable for any benefits received as director or member of such company except to the extent and under the circumstances as may be provided in the Act.

Duty of Directors etc. to make disclosure

148. (a) Every Director (including a person deemed to be a Director by virtue of the explanation to sub-section (1) of Section 303 of the Act), Managing Director, Manager or Secretary of the Company, who is appointed to or relinquishes the office of Director, Managing Director, Manager or Secretary of any other body corporate shall, within twenty days of his appointment or relinquishment of such office, as the case may be, disclose to the Company aforesaid the particulars relating to the office in the other body corporate which are required to be specified under sub-section (1) of Section 303 of the Act.

(b) Every Director of the Company and every person deemed to be a Director of the Company by virtue of sub-section (10) of Section 307 of the Act and every other person referred to in sub-section (11) of Section 307 of the Act, shall give notice to the Company of such matters as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section and Section 308 of the Act.

Directors etc. not to hold office or place of profit

149. The provisions of Section 314 of the Act shall be complied with when applicable in regard to holding f office or place of profit under the Company or under any subsidiary of the Company by any person mentioned in the said section. The words office or place of profit shall have the meaning assigned to them by Section 314 of the Act.

Loans to Directors

150. The Company shall observe the restrictions imposed on the Company in regard to granting of loans to Directors and other persons as provided in Section 295 and other applicable provisions, if any of the Act.

Appointment of Sole Selling Agents

151. (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 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 Notification, if any as may be applicable.

(b) The payment of any compensation to a Sole Selling Agent shall be subject to the provisions under Section 294A of the Act.

Board resolution at a meeting necessary for certain contract

152. (a) Except with the consent of the Board of Directors of the Company and with the previous approval of the Central Government a Director of the Company or his relative, a firm in which such a Director or relative is a 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;

(i) for the sale, purchase or supply of any goods materials or services, or
(ii) for underwriting the subscription of any shares in, or debentures of the Company.

(b) Nothing contained in the foregoing sub-clause (a) 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 side 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 ca3e 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 service cost of which, exceeds five thousand rupees in the aggregate in any year comprised in the period of the contract or contracts.

(c) Notwithstanding anything contained in the foregoing sub-clause (a) and (b) a Director, relative, firm, partner of 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, materials or services exceeds five thousand rupees 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.

(d) Every consent of the Board required under this clause shall be accorded by a resolution passed at a meeting of the Board and not otherwise; and the consent of the Board required under sub-clause (a) above shall not be deemed to have been given within the meaning of that sub-clause unless the consent is accorded before the contract is entered into or within three months of the date on which it was entered into.

(e) If consent is not accorded to any contract under this clause, anything done in pursuance of the contract shall be voidable at the option of the Board.

(f) 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.

(g) The Company shall also comply with such other provision of Section 297 of the Act, as may be applicable.

ROTATION OF DIRECTORS

Rotation of Directors

153. Not less than two thirds of the total number of Directors shall

(a) be persons whose period of office is liable to determination by retirement of Directors by rotation, and
(b) save as otherwise expressly provided in the Act, be appointed by the Company in general meeting.

The remaining Directors shall, in default of and subject to any regulations in the Articles of the Company, also be appointed by the Company, in general meeting.

Ascertainment of Directors retiring by rotation and filling up vacancies

154. (a) At every annual general meeting one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearer to one-third, shall retire from office.

(b) The Directors to retire by rotation at every annual general meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire shall, in default of and subject to any agreement amongst themselves, be determined by lot.

(c) At the annual general meeting at which a Director retires as aforesaid, the Company may fill up the vacancy by appointing the retiring Director or some other person thereto.

(d) (i) If the place of the retiring Director is not so filled up and that 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 succeeding day which is not a public holiday, at the same time and place.

(ii) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless

(1) at that meeting or at the previous meeting a resolution for the re-appointment of such Director has been put to the meeting and lost;
(2) the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his willingness to be so re-appointed;
(3) he is not qualified or is disqualified for appointment;
(4) a resolution, whether special or ordinary, is required for his appointment or re appointment in virtue of any provisions of the Act; or

(e) The proviso to sub-section (2) of Section 263 of the Act is applicable to the case.

Explanation: In this Article and Article 156 the expression 'Retiring Director' means Director retiring by rotation.

Right of persons other than retiring Directors to stand for Directorship

155. (a) A person who is not a retiring Director shall, in accordance with Section 257 of the Act and subject to the provisions of the Act, be eligible for appointment to the office of Director at any general meeting if he or some member or members intending to propose him has, not less than fourteen days before the meeting, left at the registered office of the Company a notice in writing under his hand signifying his candidature for the office of director or the intention of such member or members to propose him as a candidate for that office, as the case may be along with a deposit of such sum as may be prescribed by the Act, or the central government from time to time 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 a person for the office of director or the intention of a member(s) to propose a person as a candidate for that office by serving individual notices on the members not less than seven days before the meeting in the manner provided under Section 257 of the Act.

Consent of candidate for Directorship to be filed with the Registrar

156. Every person who is proposed as a candidate for the office of Director of the Company shall sign and file with the Company and with the Registrar, his consent in writing to act as a Director, if appointed, in accordance with the. provisions of Section 264 of the Act in so far as they may be applicable.

PROCEEDINGS OF DIRECTORS

Meeting of Directors

157. The Directors may meet together as a Board for the dispatch of business from time to time and shall so meet at least once in every three months and at least four such meetings shall be held in every year and they may adjourn and otherwise regulate their meetings and proceedings as they deem fit. The provisions of this Article shall not be deemed to be contravened merely by reason of the fact that meetings of the Board, which had been called in compliance with the terms herein mentioned could not be held for want of quorum.

When meeting to be convened

158. Any Director of the Company may and the Manager or Secretary on the requisition of a Director shall, at any time, summon a meeting of the Board.

Directors entitled to notice

159. Notice of every meeting of the Board of the Company shall be given in writing to every Director for the time being in India and at his usual address in India.

Questions at Board meeting how decided

160. Question arising at any time at a meeting of the Board shall be decided by majority of votes and in case of equality of votes, the Chairman, in his absence the Vice Chairman or the Director presiding shall have a second or casting vote.

Who to preside at meetings of the Board

161. (a) The Directors may elect a Chairman of their meetings and determine the period for which he is to hold office. The Directors may also appoint a Vice Chairman of the Board of Directors to preside at the meetings of the Board of Directors at which the Chairman shall not be present and determine the period for which he is to hold office.

(b) All the meetings of the Directors shall be presided over by the Chairman, if present, but if at any meeting of Directors the Chairman be not present at the time appointed for holding the same, the Vice Chairman, if present, shall preside and if he be not present at such time then and in that case the Directors shall choose one of the Directors then present to preside at the meeting.

Quorum at Board Meeting

162. (a) The quorum at a meeting of the Directors shall be as prescribed by Section 287 of the Act. Further Subject to applicable Law permitting, any Director shall be entitled to attend and participate in a meeting of the Board in which he or she is not physically present, by telephone or video conference, and the chairman of such meeting shall record such Director's observations in the minutes of such meeting.

Quorum competent to exercise power

(b) A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the regulations or the Articles of the Company for the time being vested in or exercisable by the Directors generally.

Procedure in case of want of quorum

(c) If a meeting of the Board could not be held for want of quorum, then the meeting shall automatically 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.

Directors may appoint committee

163. Subject to the provisions of Section 292 and other provisions of the Act and Article 165 the Directors may delegate all or any of their powers to committees consisting of such member or members of their body as they think fit, and they may, from time to time revoke and discharge any such Committee either wholly or in part, and either as to persons or purposes, but every Committee so formed shall in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed 9n it by the Directors. All acts done by any such Committee in conformity with such regulations and in fulfillment of the purposes of their appointments but not otherwise, shall have the like force and effect as if done by the Board. Subject to the provisions of the Act the Board may from time to time fix the remuneration to be paid to any member or members of that body constituting a Committee appointed by the Board in terms of these Articles, and may pay the same.

Resolution by circulation

164. Subject to the provisions of Section 289 of the Act, a resolution passed without any meeting of Directors, or of a Committee of Directors appointed under these Articles and evidenced by writing under the hands of all the directors or members of such committee as aforesaid, for the time being in India, be as valid and effectual as a resolution duly passed at a meeting of the directors or of such committee called and held in accordance with the provisions of these articles.

Provided that the resolution has been circulated in draft, together with the necessary papers, if any, to such directors or members of the committee then in India (not being less in number than the quorum fixed for a meeting of the Board or the Committee as the case may be) and all other Directors or members at their usual address in India and has been approved by such Directors as are then in India or by majority of such of them, as are entitled to vote on the resolution.

Limit of Directors' numbers

165. Subject to the provisions of Sections 252, 255 and 259 of the Act, the Company in general meeting may, by ordinary resolution, increase or reduce the number of Directors within the limits fixed in that behalf by these Articles.

Acts of Board or Committee valid notwithstanding defect of appointment

166. All acts done by any meeting of the Directors or by a Committee of Directors, 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 such Directors or persons acting as aforesaid, or they or any of them were or was disqualified or that their or his appointment had terminated by virtue of any provisions contained in these Articles or the Act, be as valid as if every such person has been duly appointed and was qualified to be a Director.

Minutes of proceedings of the Board and the Committees to be valid

167. The Directors shall cause minutes to be duly entered in a book or books provided for the purpose in accordance with these Articles and Section 193 of the Act.

Board Minutes to be evidence

168. Minutes of any meeting of the Board of Directors or of any Committees of the Board if purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting shall be for all purposes whatsoever prima facie evidence of the actual passing of the resolution recorded and the actual and regular transaction or occurrence of the proceedings so recorded and the regularity of the meeting at which the same shall appear to have taken place.

Register of Directors and Managing Directors etc.

169. The Directors shall cause to be kept at the registered office of the Company:

(a) (i) A Register of the Directors, Managing Directors, Manager and Secretary of the Company containing the particulars required by Section 303 of the Act.
(ii) A Register of Contracts with companies and firms in which the Directors are interested, containing the particulars required by Section 301 of the Act, and
(iii) A Register of Directors shareholding containing the particulars required by Section 307of the Act. They shall also cause to be kept other registers and indexes as required by the Act.

(b) The Company shall comply with the provisions of Sections 301, 303 and 307 and other Section of the Act with regard to the inspection of registers and furnishing copies or extracts so far as the same be applicable to the Company.

POWERS OF DIRECTORS

Certain powers to be exercised by the Board only at meeting

170. (a) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at meetings of the Board.

(i) The power to make calls on shareholders in respect of money unpaid on their shares;
(ii) The power to issue debenture;
(iii) The power to borrow moneys otherwise than on debentures;
(iv) The power to invest the funds of the Company, and
(v) The power to make loans.

Provided that the Board may be resolution passed at the meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company or in the case of a branch office of the Company, a principal officer of the branch Office, the powers specified in sub-clauses (iii), (iv) and (v) to the extent specified in clauses (b), (c) and (d) respectively on such condition as the Board may prescribe.

(b) Every resolution delegating the power referred to in sub-clause (iii) of clause (a) shall specify the total amount outstanding at anyone time up to which moneys may be borrowed by the delegate.

(c) Every resolution delegating the power referred to in sub-clause (iv) of clause (a) shall specify the total amount upto which the funds of the Company may be invested and the nature of the investments which may be made by the delegate.

(d) Every resolution delegating the power referred to in sub-clause (v) of clause (a) shall specify the total amount upto which loans may be made by the delegates, the purpose for which the loans may be made and the maximum amount upto which loans may be made for each such purpose in individual cases.

(e) Nothing in this Article shall be deemed to affect the right of the Company in general meeting to impose restrictions and conditions on the exercise by the Board of any of the powers referred to in sub-clauses (i), (ii), (iii), (iv) and (v) of clause (a) above.

Restriction on powers of Board

171. (a) The Board of Directors of the Company shall not except with the consent of the Company in general meeting:

(i) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole or substantially the whole of any such undertaking;

(ii) remit, or give time for the repayment of any debt, due by a Director;

(iii) invest, otherwise than in trust securities, the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in sub-clause (i) above, or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;

(iv) borrow moneys, where the money to be borrowed, together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose; or

(v) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees any amounts the aggregate of which will in any financial year, exceed fifty thousand rupees or five percent of its average net profits . as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years, immediately proceeding, whichever is greater.

(b) Nothing contained in sub-clause (a) above shall affect:

(i) the title of a buyer or other person who buys or takes a lease of any such undertaking as is referred to in that sub-clause in good faith and after exercising due care and caution, or
(ii) the selling or leasing of any property of the Company where the ordinary business of the Company consists of, or comprises such selling or leasing.

(c) Any resolution passed by the Company permitting any transaction such as is referred (0 in sub-clause (a) (i) above, may attach such conditions to the permission as may be specified in the resolution, including conditions regarding the use, disposal or investment of the sale proceeds which may result from the transaction. Provided that this clause shall not be deemed to authorise the Company to effect any reduction in its capital except in accordance with the provisions contained in that behalf in the Act.

(d) No debt incurred by the Company in excess of the limit imposed by sub-clause (iv) of clause (a) above, 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 that clause had been exceeded.

Prohibition regarding making of political contributions

(e) Due regard and compliance shall be observed in regard to matters dealt with by or in the Explanation contained in sub-section (1) of Section 293 of the Act and in regard to the limitations on the power of the Company contained in Section' 293A of the Act.

General powers of the Company vested in Directors

172. Subject to the provisions of the Act, the management of the business of the Company shall be vested in the Directors and the Directors may exercise all such powers and do all such acts and things as the Company is by the Memorandum of Association or otherwise authorised to exercise and do and not hereby or by the statute or otherwise directed or required to be exercised or done by the Company in General Meeting, but subject nevertheless to the provisions of the Act and other Act and of the Memorandum of Association and these Articles and to any regulations, not being inconsistent with the Memorandum of Association and these Articles or the Act, from time to time made by the company in general meeting provided that no such regulation shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

Specific powers given to Directors

173. Without prejudice to the general powers conferred by Article 172 and the other powers conferred by these presents and so as not in any way to limit any or all of those powers, it is hereby expressly declared that the Directors shall have the following powers:

To pay registration expense

(i) to pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company;

(ii) to pay and charge to the capital account of the Company any interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act;

To acquire property

(iii) Subject to the provisions of the Act and these Articles to purchase or otherwise acquire any lands, buildings, machinery, premises, hereditaments, property effects, assets, rights, credits.

royalties, bounties and goodwill of any person, firm or Company carrying on the business which this Company is authorised to carry on, 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 acquisition to accept such title as the Board may believe or may be advised to be reasonably satisfactory;

To purchase lands, buildings etc.

(iv) Subject to the provisions of the Act to purchase, or take on lease for any term or terms of years, or otherwise acquire any mills or factories or any land or lands, with or without buildings and outhouses thereon, situate 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;

To construct buildings

(v) To erect, construct, enlarge, improve, alter, maintain, pull down rebuild or reconstruct any buildings, factories, offices, workshops or other structures, necessary or convenient for 1he purposes of the Company and to acquire lands for the purposes of the Company;

To mortgage, charge property

(vi) To let, mortgage, charge, sell or otherwise dispose of subject to the provisions of Section 293 of the Act any property of the Company either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as they think fit and to accept payment or satisfaction for the same in cash or otherwise, as they may think fit;

To pay for property etc.

(vii) At their discretion to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures, debenture stock or other 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, debenture stock 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;

To insure

(viii) To insure and keep insured against loss or damage by fire or otherwise, for such period and to such extent as they may think proper, all or any part of the building, machinery, goods, stores, produce and other moveable 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;

To open accounts

(ix) Subject to Section 292 of the Act, to open accounts with any bank or bankers or with any Company, firm, or individual and to pay money into and draw money from any account from time to time as the Directors may think fit;

To secure contracts

(x) To secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the properties of the Company and its unpaid capital for the time being or in such other manner as they may think fit;

To attach to Shares such conditions.

(xi) To attach to any shares to be issued as the consideration for any contract with or property acquired by the Company, or in payment for services rendered to the Company, such conditions, subject to the provisions of the Act, as to the transfer thereof as they may think fit;

To accept surrender, of shares

(xii) To accept from any member on such terms and conditions as shall be agreed, a surrender of his shares or stock or any part thereof subject to the provisions of the Act;

To appoint trustees

(xiii) To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purposes and to execute and do all such deeds and things as may be requisite in relation to any such trusts and to provide for the remuneration of such trustee or trustees;

To bring and defend actions

(xiv) 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 subject to the provisions of Section 293 of the Act to compound and allow time for payment or satisfaction of any debts due, or of any claims or demands by or against the Company;

To refer to arbitration

(xv) To refer, subject to the provisions of Section 293 of the Act; any claims or demands by or against the Company to arbitration and observe and perform the awards;

To act on insolvency matters

(xvi) To act on behalf of the Company in all matters relating to bankrupts and insolvents;

To give receipts

(xvii) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company subject to the provisions of Section 293 of the Act.

To authorise acceptances

(xviii) To determine from time to time as to who shall be entitled to sign bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents on the Company's behalf;

To invest moneys

(xix) Subject to the provisions of Sections 292, 293, 370, 372 of the Act, invest and deal with any of the moneys of the Company, not immediately required for the purpose thereof, upon such shares, securities, or investments (not being shares in this Company) and in such manner as they may think fit, and from time to time to vary or realise such investments;

To provide for personal liabilities

(xx) 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 for the benefit of the Company, such mortgages of the Company's property (present and future) as they may think fit and any such mortgage may contain a power of sale and such other powers, convenants and provisions as shall be agreed upon;

To give to Directors etc. an interest in business

(xxi) Subject to such sanction as may be necessary under the Act or these Articles, to give to any Director, Officer, or other person employed by the Company, an interest in any particular business or transaction either by way of commission on the gross expenditure thereon or otherwise or a share in the general profits of the Company, and such interest, commission or share of profits shall be treated as part of the working expenses of the Company.

To provide for welfare of employees

(xxii) To provide for the welfare of employees or ex-employees of the Company and their wives, widows, families, dependants or connections of such persons by building or contributing to the building of houses, dwelling, or chawls or by grants of money, pensions, allowances, gratuities, bonus or payments by creating and from time to time subscribing or contributing to provident and other funds, institutions, or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendances and other assistance as the Directors shall think fit;

To subscribe to charitable and other funds

(xxiii) To subscribe, or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national public or any other useful institutions, object or purposes for any exhibition;

To maintain pension funds

(xxiv) To establish and maintain or procure the establishment and maintenance of any contributory or non contributory pension or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances or emoluments, to any persons who are or were at any time in the employment or services of the Company, or of any Company which is a subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary Company, or who are or were at any time Directors or Officers of the Company or of any such other Company as aforesaid, and the wives, widows, families and dependants of any such persons and, also to establish and subsidise and subscribe to any institutions, associations, clubs or funds collected to be for the benefit of or to advance the interests and well being of the Company or of any such other Company as aforesaid, and make payments to or towards the insurance of any such person as aforesaid and do .any of the matters aforesaid, either alone or in conjunction with any such other Company as aforesaid;

(xxv) To decide and allocate the expenditure on capital and revenue account either for the year or period or spread over the years.

To create Reserve Fund

(xxvi) Before recommending any dividend, to set a side out of profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund or Reserve Fund or Sinking Fund or any other special fund to meet contingencies or to repay redeemable preference shares, debentures, or debenture stock or for special dividends or for equalising dividend or for repairing, improving, extending and maintaining any part of the property of the Company, and for such other purposes as the Directors may, in their absolute discretion, think conducive to the interests of the Company and to invest the several sums so set aside or so much thereof as required to be invested upon such investments (subject to the restrictions imposed by Sections 292 and 293 and other provisions of the Act) as the directors 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 part thereof for the benefit of the Company in such manner and for.such purposes as the Directors (subject to such restrictions as aforesaid) in their absolute discretion think conducive to the interests of the Company notwithstanding that the matters to which the Directors apply or upon which they may expend the same or any part thereof may be matters to or upon which the Capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Directors think fit, and to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in repayment or redemption or redeemable preference shares, debentures or debenture stock and that without being bound to keep the same separate from other assets or to pay interest on the same, with power, however to the Directors at their discretion. to payor allow to the credit of such fund interest at such rate as the Directors may think proper.

To appoint Managers etc.

(xxvii) To appoint and at their discretion to remove or suspend such Managers, Secretaries, officers, Clerks, Agents and servants for permanent, temporary or special service as they may from time to time think fit, and to determine their powers and duties, and fix their salaries or emoluments and require security in such instances and to such amounts as they may think fit, and from time to time to provide for the management and transactions of the affairs of the Company in any special locality in India in such manner as they may think fit. The provisions contained in the clause following shall be without prejudice to the general powers conferred by this clause.

To authorise by power of attorney

(xxviii) At any time and from time to time by power of attorney to appoint any person or persons 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 Directors under these presents) and for such period and subject to such conditions as the Directors may from time to time think fit and any such appointment (if the Directors may think fit) be made in favour of any Company or the members, directors nominees or managers of any Company or firm or otherwise in favour of any fluctuating body or person whether nominated, directly or indirectly by the Directors and any such power of attorney may contain any such powers for the protection or convenience of persons dealing with such Attorneys as the Directors 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.

To authorise, delegate

(xxix) Subject to the provisions of the Act, generally and from time to time and at any time to authorise, empower or delegate to (with or without powers of sub-delegation) any Director, Officer or Officers or Employee for the time being of the Company and/or any other person, firm or Company all or any of the powers, authorities and discretions for the time being vested in the Directors by these presents, subject to such restrictions and conditions, if any as the Directors may think proper.

To Negotiate

(xxx) To enter into all such negotiations, contracts and rescind and/or vary all such contracts and to execute and do all such acts, deeds, and things in the name of on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company.

MANAGING DIRECTORS

Power to appoint Managing or Wholetime Directors

174. (a) Subject to the provisions of the Act and of these Articles the Members of the company in their meeting by passing of ordinary resolution shall have power to appoint from time to time any of its members as Managing Director or Managing Directors and/or Wholetime Directors and/or Special Director like Technical Director, Financial Director, etc. of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the members thinks fit, and the Board may by resolution vest in such Managing Director or Managing Directors/Wholetime Director(s), Technical Director(s) Financial Director(s) and Special Director(s) such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such conditions and subject to such restrictions as it may determine. The remuneration of such Directors may be by way of monthly remuneration and/or fee for each meeting and/ or participation in profits, or by any or all of those modes, or of any other mode not expressly prohibited by the Act.

(b) The Directors may whenever they appoint more than one Managing Director, designate one or more of them as "Joint Managing Director" or "Joint Managing Directors" or "Deputy Managing Directors" as the case may be.

Appointment and payment of remuneration to Managing or Wholetime Director

(c) Subject to the provisions of Sections 198, 269, 309, 310 and 311 of the Act, the appointment and payment of remuneration to the above Director shall be subject to approval of the members in general meeting and of the Central Government.

THE SECRETARY

Secretary

175. Subject to the provisions of Section 383A of the Act, the Directors may, from time to time, appoint and, at their disoretion remove any individual (hereinafter called 'the Secretary') who shall have such qualifications as the authority under the Act may prescribe to perform any functions, which by the Act or these Articles are to be performed, by the Secretary, and to execute any other purely ministerial or administrative duties which may from time to time be assigned to the Secretary by the Director. The Directors may also at any time appoint some persons (who need not be the Secretary) to keep the registers required to be kept by the Company.

SEAL

The seal its custody and use

176. (a) The Directors 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, and the Directors shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by or under the authority of the Directors or a Committee of the Directors previously given, and in the presence of one Director at the least, who shall sign every instrument to which the Seal is so affixed in his presence.

Seal abroad

(b) The Company shall also be at liberty to have an official seal in accordance with Section 50 of the Act for use in any territory, district or place outside India and such powers shall accordingly be vested in the Directors.

INTEREST OUT OF CAPITAL

Interest may be paid out of Capital

177. Where any shares in the Company 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 a 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 and at the rate and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to capital is part of the cost of construction of the work or building, or the provisions of plant.

DIVIDENDS

Division of Profits

178. The profits of the Company subject to any special rights relating thereto created or authorised to be created by these presents shall be divisible among the members in proportion to the amount of Capital paid up or credited as paid up on the shares held by them respectively.

Dividend payable to registered holder

179. No dividend shall be paid by the Company in respect of any share except to the registered holder of such share or to his order or to his banker.

Time for payment of dividend

180. Where a dividend has been declared by the Company it shall be paid within the period provided in Section 207 of the Act.

Capital paid up in advance and interest not to earn dividend

181. Where the Capital is paid up in advance of calls upon the footing that the same shall carry interest, such Capital shall not, whilst carrying interest confer a right to d ividend or to participate in profits.

Dividends in proportion to amount paid up

182. (a) The Company shall pay dividends in proportion to the amounts paid up or credited as paid up on each share, when a larger amount is paid up or credited as paid up on some shares than on others. Nothing in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.

(b) Provided always that any Capital paid up on a share during the period in respect of which a dividend is declared, shall unless the terms of issue otherwise provide, only entitle the holder of such share to an apportioned amount of such dividend proportionate to the capital from time to time paid during such period on such share.

Company in General Meeting may declare dividends

183. The Company in general meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits and may fix the time for payment.

Power of Directors to limit dividends

184. No larger dividend shall be declared than is recommended by the Directors but the Company in general meeting may declare a smaller dividend.

Dividends only to be paid out of profits

185. No dividend shall be declared or paid by the Company otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both or out of moneys provided by the Central Government or a State Government for the payment of dividend in pursuance of the guarantee given by that Government provided that:

(a) If the Company has not provided for depreciation for any previous financial year or years, it shall before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of that financial year or out of the profits of any other previous financial year or years;

(b) If the Company has incurred any loss in any previous financial year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or against both.

Provided further that, no dividend shall be declared or paid for any financial year out of the profits of the Company for that year arrived at after providing for depreciation as above, except after the transfer to the reserves of the Company of such percentage of its profits for that year as may be prescribed in accordance with Section 205 of the Act or such higher percentage of its profits as may be allowed in accordance with that Section

Nothing contained in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.

Directors' declaration as to net profits conclusive

186. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

Interim Dividends

187. The Directors may, from time to time, pay to the members such interim dividends as in their judgment the position of the Company justifies.

Retention of Dividend until completion of transfer under Article

188. The Directors may retain the Dividends payable upon shares in respect of which any person is under the Transmission clause of these Articles entitled to become a member or which any person under that clause is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.

No member to receive Dividend whilst indebted to the Company and Company's right to reimbursement there from

189. Subject to the provisions of the Act, no member shall be entitled to receive payment of any interest or dividend in respect of his share(s) whilst any money may be due or owing from him to the Company in respect of such share(s) or debenture(s) or otherwise however either alone or jointly with any other person or persons and the Directors may deduct from the interest or dividend payable to any member, all sums of moneys so due from him to the Company.

Transferred shares must be registered.

190. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Dividend how remitted

191. Unless otherwise directed any dividend may be paid by cheque or warrant or a pay-slip or receipt having the force of a cheque or warrant sent through ordinary post to the registered address of the member or person entitled or in the case of joint holders to that one of them first named in the Register of Members in respect of the joint holding. Every such cheque or warrant so sent shall be made payable to the registered holder of shares or to his order or to his bankers. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost, to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means.

Unpaid Dividend or Dividend Warrant posted

192. (a) Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 42 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 42 days, open a special account in that behalf in any scheduled bank. as per Section 205 A of the Act, and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

(b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due.

(c) No unpaid or unclaimed dividend shall be forfeited by the Board.

Dividend and call together

193. Any general meeting declaring a dividend may on the recommendation of the Directors make a call on the members for such amount as the meeting fixes but so that the call on each member shall not exceed the dividend payable to him 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.

Dividend to be payable in cash

194. No dividend shall be payable except in cash. Provided that nothing in. this Article shall be deemed to prohibit the capitalisation of profit 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 the members of the Company.

CAPITALISATION

Capitalisation

195. (a) Any general meeting may resolve that any amount standing to the credit of the Share Premium Account or the Capital Redemption Reserve Account or any moneys' investments or other assets forming part of the undivided profits (including profits or surplus moneys arising from the realisation and where permitted by law, from the appreciation in value of any capital assets of the Company) standing to the credit of the General Reserve. Reserve or any Reserve Fund or any other fund of the Company or in the hands of the Company and available for dividend may be capitalised. Any such amount (excepting the amount standing to the credit of the Share Premium Account and/or the Capital Redemption Reserve Account) may be capitalised:

(i) by the issue and distribution as fully paid shares, debentures, debenture stock, bonds or obligations of the Company or

(ii) by crediting the shares of the Company which may have been issued and are not fully paid up, with the whole or any part of the sum remaining unpaid thereon.

Provided that any amounts standing to the credit of the Share Premium Account may be applied in;

(1) paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;
(2) in writing off the preliminary expenses of the Company;
(3) in writing off the expenses of, or the commission paid or discount allowed on any issue of shares or debentures of the Company; or
(4) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company. Provided further that any amount standing to the credit of the Capital Redemption Reserve Account shall be applied only in paying up unissued shares of the Company to be issued to the members of the Company as fully paid bonus shares.

(b) Such issue, and distribution under sub-clause (a)(i) above and such payment to. the credit of unpaid share capital under sub-clause (a)(ii) above shall be made to, among and in favour of the members of any class of them or any of them entitled thereto and in accordance with their respective rights and interests and in proportion to the amount of capital paid up on the shares held by them respectively in respect of which such distribution under subclause (a)(i) or payment under sub-clause (a)(ii) above shall be made on the footing that such members become entitled thereto as Capital.

(c) The Directors shall give effect to any such resolution and apply portion of the profits, General Reserve Fund or any other fund or account as aforesaid as may be required for the purpose of making payment in full for the shares, debentures or debenture stock, bonds or other obligations of the Company so distributed under sub-clause (a)(i) above or (as the case may be) for the purpose of paying, in whole or in part, the amount remaining unpaid on the shares which 'may have been issued and are not fully paid-up under sub-clause (a)(ii) above provided that no such distribution or payment shall be made unless recommended by Directors and if so recommended such distribution

and payment shall be accepted by such members as aforesaid in full satisfaction' of their interest in the said capitalised sum.

(d) For the purpose of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates or coupons and fix the value for distribution of any specific assets and may determine that such payments be made to any members on the footing of the value so fixed and may vest any such cash, shares, fractional certificates or coupons, debentures, debenture stock, bonds, or other obligations in trustees upon such trusts for the persons entitled thereto as may seem expedient to the Directors and generally may make such arrangement for the acceptance, allotment and sale of such shares, debentures, debenture stock, bonds or other obligations and fractional certificates or coupons or otherwise as they may think fit.

(e) Subject to the provisions of the Act and these Articles in cases where some of the shares of the Company are fully paid and others are partly paid only, such capitalisation may be effected by the distribution of further shares in respect of the fully paid shares, and by crediting the partly paid shares with the whole or part of the unpaid liability thereon but so that as between the holders of fully paid shares, and the partly paid shares the sums so applied in the payment of such further shares and in the extinguishment or diminution of the liability on the partly paid shares shall be so applied pro rata in proportion to the amount then already paid or credited as paid on the existing fully paid and partly paid shares respectively.

196. When deemed requisite a proper contract shall be filed with the Registrar of Companies in accordance with the Act and the Board may appoint any person to sign such contract on behalf of the members entitled as aforesaid and such appointment shall be effective.

ACCOUNTS

Accounts

197. The provisions of Sections 209 to 222 of the Act shall be complied with in so far as the same be applicable to the Company.

Books of Accounts to be kept

198. (a) The Company shall keep at its Registered Office proper books of accounts as required by Section 209 of the Act 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 take place;
(ii) all sales and purchases of goods by the Company; and
(iii) the assets and liabilities of the Company;
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 decide, 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) If the Company shall have a branch office, whether in or outside India, proper books of account relating to the transactions I effected at that office shall be kept at that office and proper summarised returns made upto date at intervals of not more than three months, shall be sent by the branch office to the Company at its Registered Office or other place in India, as the Board thinks fit, where the said books of the Company are kept.

Books to give fair and true view of the Company's affairs

199. (a) All the aforesaid books shall give a fair and true view of the affairs of the Company or of its branch office, as the case may be with respect to the matters aforesaid, and explain the transactions.

(b) The books of account shall be open to inspection by any Director during business hours as provided by Section 209 of the Act.

(c) The books of account of the Company relating to a period of not less than eight years immediately preceding the current year together with the vouchers relevant to any entry in such books of accounts shall be preserved in good order.

Inspection by members

200. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts, books and documents of the Company or any of them, shall be open to the inspection of the members, and no member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by statute or authorised by the Directors or by a resolution of the Company in general meeting.

Statements of Accounts to be furnished to General Meeting

201. The Board of Directors shall lay 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 of Companies under the provisions of the Act.

Balance Sheet and Profit and Loss Account

202. (a) Subject to the provisions of Section 211 of the Act, every Balance Sheet and Profit and Loss Account of the Company shall be in the forms set out in parts I and II respectively of Schedule VI of the Act, or as near thereto as circumstances admit. There shall be annexed to every Balance Sheet a statement showing the bodies corporate (indicating separately the bodies corporate in the same group) in the shares of which investments have been made by it (including all investments, whether existing or not, made subsequent to the date as at which the previous Balance Sheet was made out) and the nature and extent of the investments so made in each body corporate.

(b) So long as the Company is a holding Company having a subsidiary the Company shall conform to Section 212 and other applicable provisions of the Act.

(c) If in the opinion of the Board, any of the current assets of the Company have not a value on realisation in the ordinary course of business at least equal to the amount at which they are stated, the fact that the Board is of that opinion shall be stated.

Authentication of Balance Sheet and Profit & Loss Account

203. (a) (i) Save as provided by item (ii) of this sub-clause every Balance Sheet and every Profit and Loss Account of the Company shall be signed on behalf of the Board of Directors by the Manager or Secretary, if any, and by not less than two Directors of the Company, one of whom shall be a Managing Director, if any.

(ii) When only one of the Directors of the Company is for the time being in India, the Balance Sheet and the Profit and Loss Account shall be signed by such Director, but in such a case, there shall be attached to the Balance Sheet and the Profit and Loss Account a statement signed by him explaining the reason for non compliance with the provisions of the above item (i).

(b) The Balance Sheet, and the Profit and Loss Account, shall be approved by the Board of Directors before they are signed on behalf of the Board in accordance with the provisions of this Article and before they are submitted to the auditors for their report thereon.

Profit and Loss Account to be annexed and Auditors' Report to be attached to the Balance Sheet

204. The Profit and Loss Account shall be annexed to the Balance Sheet and the Auditors' Report including the Auditors' separate, special or supplementary report, if any, shall be attached thereto.

Board's Report to be attached to Balance Sheet

205. (a) Every Balance Sheet laid before the Company in general meeting shall have attached to it a Report by the Board of Directors with respect to the state of the Company's affairs; the amounts, if any which it proposes to carry to any reserve in such Balance Sheet, the amount, if any, which it recommends to be paid by way of dividends and material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the Balance Sheet relates and the date of the Report.

(b) The Report shall, so far as it is material for the appreciation of the state of the Company's affairs by its members and will not in the Board's opinion b harmful to the business of the Company or of any of its subsidiaries, deal with any changes which have occurred during the financial year in the nature of the Company's business, in the Company's subsidiaries or in the nature of the business in which the Company has an interest.

(c) The Board shall also give the fullest information and explanations in its Report or in cases falling under the proviso to Section 222 of the Act in an addendum to that Report, on every reservation, qualification or adverse remark contained in the auditor's Report.

(d) The Board's Report and addendum (if any) thereto shall be signed by its Chairman if he is authorised in that behalf by the Board; and where he is not 0 authorised shall be signed by such number of Directors as are required to sign the Balance Sheet and the Profit and Loss Account of the Company by virtue of sub-clause (a) and (b) of Article 203.

(e) The Board shall have the right to charge any person not being a Director with the duty of seeing that the provisions of sub-clauses (a) and (c) of this Article are complied with.

(f) Every Balance Sheet and Profit and Loss Account of the Company when audited and approved and adopted by the members in the annual general meeting shall be conclusive except as regards any matters in respect of which modifications are made thereto as may from time to time be considered necessary by the Board of Directors and or considered proper by reason of any provisions of relevant applicable statutes and approved by shareholders at a subsequent general meeting.

Right of Members to copies of Balance Sheet and Auditor's report

206. A copy of every Balance Sheet (including the Profit and Loss Account, the Auditor's Report and every other document required by Law to be annexed or attached as the case may be, to the Balance Sheet) which is 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 twenty one days before of the meeting.

Copies of Balance Sheet to be tiled with Registrar

207. After the Balance Sheet and Profit and Loss Account have been laid before the Company at the annual general meeting, copies of the Balance Sheet and Profit and Loss Account duly signed as provided under Section 220 of the Act together with copies of all documents, which are required to be annexed thereto shall be filed with the Registrar, so far as the same be applicable to the Company.

AUDIT

Accounts to be audited

208. Every Balance Sheet and Profit and Loss Account shall be audited by one or more Auditors to be appointed as hereinafter mentioned.

Appointment and qualifications of auditors

209. (a) The Company at the annual general meeting each year shall appoint an Auditor or Auditors to hold office from the 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 every auditor so appointed

(b) At any annual general meeting, a retiring Auditor, by whatever authority appointed, shall be reappointed unless:

(i) he is not qualified for appointment;
(ii) he has given the Company notice in writing of his unwillingness to be reappointed;
(iii) a resolution has been passed at that meeting appointing somebody instead of him or providing expressly that he shall not be reappointed, 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.

(c) Where at an annual general meeting no auditors are appointed or re-appointed, the Central Government may appoint a person to fill the vacancy.

(d) The Company shall, within seven days of the Central Government's power under sub-clause(c) becoming exercisable give notice of that fact to the Government.

(e) The Directors may fill any casual vacancy in the office of Auditor, but while any such vacancy continues the surviving or continuing Auditor or Auditors (if any) may act, but where such vacancy be caused by the resignation of an auditor, the vacancy shall only be filled by the Company in general meeting.

(f) A person, other than a retiring auditor, shall not be capable of being appointed at an annual general meeting unless special notice of the 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 the retiring Auditor and shall give notice thereof to the members in accordance with Section 190 of the Act, and the provisions of Section 225 of the Act shall apply in the matter. The provision of this sub-clause shall also apply to a Resolution that a retiring Audit or shall not be re-appointed.

(g) The persons qualified for appointment as Auditors shall be only those referred to in Section 226 of the Act.

(h) None of the persons mentioned in Section 226 of the Act as being not qualified for appointment as Auditors shall be appointed as Auditors of the Company.

Audit of Branch Office

210. The Company shall comply with the provisions of Section 228 of the Act in relation to the audit of the accounts of branch offices of the Company except to the extent to which any exemption may be granted by the Central Government, in that behalf.

Remuneration of Auditors

211. The remuneration of the Auditors shall be fixed by the Company in Board Meeting and/or in general meeting in such manner as the Company may in general meeting determine except that the remuneration of any Auditors appointed to fill any casual vacancy may be fixed by the Directors.

Auditor to have access to the books of the Company

212. (a) The Auditor/s of the Company shall have a right of access at all times to the books and vouchers of the Company and shall be entitled to require from the Directors and Officers of the Company such information and explanation as may be necessary for the performance of the duties of the Auditor/s.

(b) All notice of and other communications relating to, any general meeting of the Company which any member of the Company is entitled to have sent to him shall also be forwarded to the Auditors of the Company; and the Auditor/s shall be entitled to attend any general meeting and to be heard at any general meeting which he attends to any part of the business which concerns him as Auditor.

(c) The Auditors shall make a Report to the members of the Company on the accounts examined by him and on every Balance Sheet and Profit and Loss Account, and on every other document declared by the Act to be part of or annexed to the Balance Sheet or Profit and Loss Account, which are laid before the Company in annual general meeting, during his tenure of office, and the Report shall state whether, in his opinion and to the best of his information and according to the explanation given to him, the accounts give the information required by the Act in the manner so required and give a true and fair view:

(i) in the case of the Balance Sheet, of the state of the Company's affairs as at the end of its financial year: and
(ii) in the case of the Profit and Loss Account, of the Profit and Loss for that financial year.

(d) The Auditor's Report shall also state:

(i) Whether he has obtained all the information and explanations, which to the best of his knowledge and belief were necessary for the purpose of his audit;
(ii) whether, in his opinion, proper books of accounts as required by law have been kept by the Company so far as appears from his examination of those and proper returns adequate for the purpose of his audit have been received from branches not visited' by him;
(iii) whether the report on the accounts of any branch office audited under Section 228 by a person other than the Company auditor has been forwarded to him as required by clause (c) sub-section (3) of the Section and how he has dealt with the same in preparing the Auditor's Report;
(iv) whether the Company's Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account and returns.

(e) Where any of the matters referred to in this Article is answered in the negative or with a qualification the Auditor's Report shall state the reasons for the answer.

Accounts when audited and approved to be conclusive except as to errors discovered within three months

213. Every account when audited and approved by a general meeting shall be conclusive except as regards any error therein discovered within three months next after the approval thereof. Whenever any such error is discovered within the said period, the accounts shall forthwith be corrected and thenceforth shall be conclusive.

DOCUMENTS AND NOTICES

Service of Notice by member

214. A notice 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.

The term 'Notice' in this and the following clauses shall include summons, notice, requisition, order, judgment or other legal papers and any document.

Service of Notice on Registrar

215. A notice may be served on the Registrar by sending it to him at his office by post under a certificate of posting or by registered post, or by delivering it to, or leaving it for him at his office.

Service of Notice on member by the Company

216. (a) A Notice may be served by the Company on any member either personally or by sending it by post to him to his registered address or if he has no registered address in India to the address, if any, within India supplied by him to the Company for giving Notice to him. Further Notice Served in any media form as like in email or fax is also to be considered as part of compliance of such clause.

(b) Where a Notice is sent by post :

(i) Service thereof shall be deemed to be effected by properly addressing prepaying and posting a letter containing the document, provided that, where a member has intimated to the Company in advance that documents should be sent to him under a certificate of posting or by registered post with or without acknowledgement due, and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document shall not be deemed to be effected unless it is sent in the manner intimated by the member; and

(ii) Such service shall be deemed to have been effected:

(1) in the case of a Notice of a meeting at the expiration of forty eight hours after the letter containing the same is posted, and

(2) in any other case, at the time at which the letter would be delivered in the ordinary course of post.

By Advertisement

(c) A Notice advertised in a newspaper circulating in neighborhood of the registered office 'of the Company shall be deemed to be duly served on the day on which the advertisement appears on every member of the Company who has no registered address in India and has not supplied to the Company an address within India for the giving of Notices to him.

On Joint holder

(d) Any Notice may be served by the Company on the Joint-holders of a Share/debenture by serving it on the joint holder named first in the Register of member/debenture holders in respect of the share/debenture.

On personal Representative

(e) A Notice may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title representatives of the deceased or assignees of the insolvent or by any like description, at the address, if any in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied, by serving the document in any manner in which it might have been served if the death or insolvency had not occurred.

Notice by Company and signatures thereto

217 Any Notice given by the Company shall be signed by a Director or by such Officer as the Directors may appoint and the signatures thereto may be written printed or lithographed.

Authentication of documents and proceedings

218 Save as otherwise expressly provided in the Act, a document or proceedings requiring authentication by the Company may be signed by the Director, the Managing Director, the Manager, the Secretary or other authorised Officer of the Company and need not be under its Common Seal.

WINDING UP

Distribution of Assets

219 (a) Subject to the provisions of the Act if the company shall be wound up and the assets available for distribution among the members as such shall be less than sufficient to repay the whole of the paid up capital such assets shall be distributed so that, as nearly, as may be, the losses shall be borne by the members in proportion to the Capital paid up, or which ought to have been paid up, at the commencement of winding up, on the shares held by them respectively. And if in winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the Capital paid up at the commencement of the winding up the excess shall be distributed amongst the members in proportion to the Capital paid-up at the commencement of the winding up or which ought to have been paid up on the shares held by them respectively.

(b) But this clause will not prejudice the rights of the holders of shares issued upon special terms and conditions.

220. **Subject to the provisions of the Act**

Distribution in specie or kind

(a) If the Company shall be wound up whether voluntarily or otherwise, the liquidators may with the sanction of a special resolution and any other sanction required by the Act, divide amongst the contributories, in specie or kind the whole or any part of the assets of the Company and may, with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them as the liquidators with 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 contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given (subject to the provisions of the Act) 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 or any contributory who would be prejudiced thereby shall have the right, if any 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 involved 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's to sell his proportion and pay him the net proceeds and the Liquidators shall, if practicable act accordingly.

Rights of shareholders in case of sale

221. Subject to the provisions of the Act, a special resolution sanctioning a sale to any other Company duly passed may, in like manner as aforesaid, determine that any shares or other consideration receivable by the Liquidators be distributed amongst 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, if any, if such right be given by the Act.

SECRECY CLAUSE

222. (a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters thereto. and shall by such declaration pledge himself

not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

(b) No member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading, or any matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

INDEMNITY AND RESPONSIBILITY

Directors and others rights to indemnity

223. (a) 'Subject to the provisions of Section 201 of the Act, every Director, Managing Director, Whole time Director, Manager, Secretary and other Officer or employee of the Company 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, losses and expenses (including traveling expense) which such Director, Manager, Secretary and Officer or employee may incur or become liable to by reason of any contract altered into or act or deed done by him as such Director, Manager, Secretary, Officer or Servant or in any way in the discharge of his duties including expenses and the amount for which such indemnity is provided, shall immediately attach as a lien on the property of the Company and have priority between the members over all other claims.

(b) Subject as aforesaid, every Director, Managing Director, Manager, Secretary or other officer and employee of the Company shall be Indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgment is given in his favour or in which he is acquitted of discharged or in connection with any application under Section 633 of the Act in which relief is given to him by the Court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company.

Directors and other officers not responsible for the acts of others

224. Subject to the provisions of Section 201 of the Act, no Director, Managing Director, Wholetime Director or other Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the monies of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or torthos act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment or oversight on his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of the office or in relation thereto, unless the same happens through his own dishonesty.

SOCIAL OBJECTIVE

225. The Company shall have among its objectives the promotion and growth of the national economy through increased productivity, effective utilization of material and manpower resources and continued application of modern scientific and managerial techniques in keeping with the national aspirations, and the Company shall be mindful of its social and moral responsibilities to' the consumers, employees, shareholders, society and the local community.

GENERAL POWER

226. Wherever in the Companies Act, it has been provided that the Company shall have any right privilege or authority or that the Company could carry out any transaction only if the Company if so authorised by its Articles, then and in that case these regulations hereby authorise and empower the Company to have such rights, privilege or authority and to carry such transactions as have been permitted by the Act.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by the Company (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of this Draft Prospectus) which are or may be deemed material have been attached to the copy of the Draft Prospectus delivered to the RoC for registration. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from Application/Issue Opening Date until the Application/Issue Closing Date.

A. Material Contracts for the Issue

1. Memorandum of Understanding dated March 15, 2013 between our Company and the LM.

2. Memorandum of Understanding dated January 23, 2013 between our Company and the Registrar to the Issue.

3. Escrow Agreement dated [●] between our Company, the LM, Escrow Collection Bank(s), Refund Bank and the Registrar to the Issue.

4. Market Making Agreement dated March 15, 2013 between our Company, the LM and the Market Maker.

5. Underwriting Agreement dated March 15, 2013 between our Company, the LM and the Market Maker.

6. Tripartite Agreement between the NSDL, our Company and the Registrar dated July 06, 2012.

7. Tripartite Agreement between the CDSL, our Company and the Registrar dated January 23, 2012.

B. Material Documents

1. Certified copies of the Memorandum and Articles of Association of our Company as amended from time to time.

2. Certificate of Incorporation of our Company.

3. Resolution of the Board of Directors meeting dated December 31, 2012, authorising the Issue.

4. Shareholders' resolution passed at the Extra Ordinary General Meeting dated January 21, 2013, authorising the Issue.

5. Consent from the Auditors for inclusion of their reports on the restated accounts in this Draft Prospectus.

6. Auditor's report for Restated Financials dated January 31, 2013 included in this Draft Prospectus.

7. The Statement of Tax Benefits dated January 31, 2013 from our Statutory Auditors.

8. Consent of our Directors, Company Secretary and Compliance Officer, LM, Legal Advisor to the Issue, Registrar to the Issue, Bankers to our Company, Market Maker, Underwriters, Escrow Collection Bank(s) and Refund Bank as referred to in their specific capacities.

9. Due Diligence Certificate dated [●] of the Lead Manager to be submitted to SEBI along with the filing of the Prospectus.

10. Approval from BSE vide letter dated [●] to use the name of BSE in this Offer Document for listing of Equity Shares on the SME Platform of the BSE.

Any of the contracts or documents mentioned in this Draft 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, 1956 and other relevant statutes.

DECLARATION

We, the undersigned, certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the GoI or the regulations issued by Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made or regulations issued there under, as the case may be. We hereby certify that all the statements in this Draft Prospectus are true and correct.

SIGNED BY DIRECTORS OF OUR COMPANY

Sandeep Agrawal
(Chairman and Managing Director)

Mahendra Agrawal
(*Whole-Time Director)*

Arpan Shah
(Professional Non-Executive Director)

Dharmendra Bhuchhada
(Non-Executive Independent Director)

Kavita Jain
(Non-Executive Independent Director)

Sagar Sharma
(Non-Executive Independent Director)

Khushboo Surana
(Company Secretary and Compliance Officer)

Vimal Shah
(Chief Financial Officer)

Date: April 01, 2013
Place: Ahmedabad