



NANDAN EXIM LIMITED

(Originally incorporated as Nandan Exim Private Limited on August 9, 1994 and subsequently changed to Nandan Exim Limited. on January 16, 2004 at Ahmedabad.)

Registered Office: Survey No. 198/1, 203/2, Saijpur-Gopalpur, Pirana Road, Piplej, Ahmedabad - 382405.
Tel.: 91-079-25710231-34, Fax: 91-079-25711755.

(The Registered Office of the Company was earlier located at 283, New Cloth Market, Ahmedabad, 380 002 and was shifted to the above location w.e.f. January 17, 2004)

Corporate Office: "Chiripal House", B/h Arjun Tower, 132, Ft. Ring Road, Shivranjani Cross Roads, Satellite Road, Ahmedabad – 380015. Tel.: 91-079-26734660-2-3, Fax: 91-079-26768656, Email: keyur@chiripalgroup.com

Public Issue of 60,00,000 Equity Shares of Rs. 10 each issued for cash at a premium of Rs. 10 per share (Offer price is Rs. 20 per Equity Share) aggregating Rs. 1200 lakhs.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first Issue of Nandan Exim Limited, there has been no formal market for the shares of the Company. **The face value of the shares is Rs 10/- and the issue price is 2 times of the face value.** The issue price (as has been determined and justified by the Lead Manager and Nandan Exim Limited as stated herein under the paragraph on Basis of Issue price) should not be taken to be indicative of the market price of the equity shares after the shares are listed. No assurance can be given regarding an active or sustained trading in the shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

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 Issue including the risk involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does the SEBI guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to the statement of Risk Factors on Page No. iii of the Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

Nandan Exim Limited, having made all reasonable enquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue; that the information contained in this Prospectus is true and correct in all material respects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held and that there are no other facts the omission of which makes this 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 are proposed to be listed on The Stock Exchange, Mumbai (BSE), the Designated Stock Exchange. The in-principle approval of BSE has been received on February 24, 2005.

LEAD MANAGER TO THE ISSUE

Centrum Capital Limited
SEBI Regn. No: MB/INM000010445
UIN: 100016915
5th Floor Khetan Bhavan,
198, J. Tata Road,
Churchgate, Mumbai - 400020.
Tel: 91-022-22023838 Fax: 91-022-22046096
Website: www.centrum.co.in
Email: nandanexim@centrum.co.in

REGISTRAR TO THE ISSUE



Datamatics Financial Software & Services Limited
SEBI Regn. No: INR000000874
UIN: 100006239
Plot No. A 16 and 17, Part B, Crosslane,
Marol, Andheri (E),
Mumbai – 400093
Tel: 91-022-28375519-24
Fax: 91-022-28350217
Email : nandaneximipo@dfssl.com

ISSUE PROGRAMME

ISSUE OPENS ON: Thursday May 12, 2005

ISSUE CLOSSES ON: Friday May 20, 2005

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DEFINITIONS AND ABBREVIATIONS

Act	The Companies Act, 1956
Applicant	Any prospective investor who makes an application for shares in terms of the prospectus.
Application Form	The form in terms of which the investors shall apply for the Equity Shares of the Company
Articles	The Articles of Association of Nandan Exim Limited
Board	Board of Directors of Nandan Exim Limited
AUDA	Ahmedabad Urban Development Authority
BSE	The Stock Exchange, Mumbai
CDSL	Central Depository Services (India) Ltd.
Consulting Engineers to the Company	SMPS Consultants, Ahmedabad
DAN	Detailed Appraisal Note
Depository	A Depository registered with SEBI under the SEBI (Depositories & Participant) Regulations, 1996 as amended from time to time
DP	Depository Participant
EPS	Earning Per Share
FEMA	Foreign Exchange Management Act, 1999
FI	Financial Institution
FII	Foreign Institutional Investors
FY	Financial Year ending March 31, 200X
GSPCB	Gujarat State Pollution Control Board
HUF	Hindu Undivided Family
Issue	Public Issue of 60,00,000 Equity Shares by Nandan Exim Limited
Issuer/ Company/ Nandan Exim	Nandan Exim Limited
IPO	Initial Public Offer
IT Act	The Income Tax Act, 1961
L/C	Letter of Credit
Memorandum	The Memorandum of Association of Nandan Exim Limited
MoA	Memorandum and Articles of Association of Nandan Exim Limited
MoU	Memorandum of Understanding
NAV	Net Asset Value
NRIs	Non Resident Indians
NSDL	National Securities Depository Ltd.
PAN	Permanent Account Number
PAT	Profit After Tax
PBDIT	Profit before Depreciation, Interest and Tax
RBI	Reserve Bank of India
RoC	Registrar of Companies, Ahmedabad, Gujarat.
SEBI	The Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time
TUFS	Technology Upgradation Fund Scheme



I. FORWARD-LOOKING STATEMENTS; MARKET DATA

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

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with the Company’s expectations with respect to, but not limited to, the Company’s ability to successfully implement its strategy, its growth and expansion, technological changes, its exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence 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 and foreign laws, regulations and taxes and changes in competition in the industry.

For further discussion of factors that could cause the Company’s actual results to differ, see the section entitled “Risk Factors” beginning on page no. iii of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. In accordance with SEBI requirements, the Company will ensure that investors are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

Market data used throughout this Prospectus was obtained from internal company reports and/or Appraisal Report by SBI Capital Market Limited. The information contained in this Prospectus 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. Although, the Company believes that the market data used in this Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed to be reliable, have not been verified by any independent source.



II. RISK ENVISAGED

Investors should consider carefully the following risk factors, together with the other information contained in this Prospectus, before they decide to buy the Company's Equity Shares. If any of the following risks actually occur, the Company's business, financial condition and results of operations could suffer, the trading price of the Company's Equity Shares could decline and you may lose all or part of your investment.

Risks Specific To The Project And Internal To The Company

1. CRIMINAL CASES

Two (2) Criminal Cases are pending against the Promoters and Group Companies. One of them is being for violation of the extant Excise Laws and the other being filed by the Labour Department for reinstatement of workmen with back wages. For Details please refer to the para on Outstanding Litigations and Defaults.

2. PROMOTERS ARE FIRST GENERATION ENTREPRENEURS

The Company is promoted by first generation entrepreneurs in the textile industry

Management Proposal to address the risk: The Promoters belong to the Chiripal Family of Ahmedabad, Gujarat and have been involved in the textile business. The Promoters have over 30 years experience in the field of manufacturing, trading and export of various textile products by virtue of their association with Nova Petrochemicals Ltd, Chiripal Petrochemicals Ltd, Vishal Fabrics Pvt. Ltd, Shanti Exports Pvt. Ltd and Shanti Processors Ltd. Chiripal Group is exporting ready-made garments since 1988 and processed fabrics since 1993 to USA, UK, Spain, Gulf Countries, Turkey, Mauritius, etc.

3. DEPENDENCE ON IPO PROCEEDS

The funding of expansion is to be done from the IPO proceeds. Delay in IPO/ unsuccessful IPO will have an impact on the expansion plans of the company.

Management Proposal to address the risk: The funds proposed by means of an IPO constitute around 19% of the total funds requirements. The rest of the fund requirements are being financed by means of Term Loans from Banks, internal accruals, Promoters Equity and Sale of Investments. In unforeseen circumstances, in case the IPO is delayed or unsuccessful the Promoters/company will make alternate arrangements to implement the Project.

4. DELAY IN IMPLEMENTATION OF PROJECT

There has been a delay of around 8 months in implementation of the Project than that mentioned in the Appraisal report of SBI Capital Markets dated August 2003

Management Proposal to address the risk: SBI Capital Markets Ltd had appraised the project in August 2003. The financial tie up was completed in February 2004. The documentation for securing the credit facilities was completed on May 06, 2004. The Company had also to renegotiate with the suppliers of machineries and this has resulted in delay of around eight months.

5. APPRAISAL REPORT DATED AUGUST 2003

The Appraisal Report of SBI Capital Markets Ltd is dated August 2003.

Management Proposal to address the risk: The Company had approached the Banks for financial tie up based on SBI Capital Markets Appraisal Report. The financial tie up has been completed in February 2004. The project is estimated to be implemented without any cost over run.

6. MARKETING ARRANGEMENTS

The Company has not made firm arrangements for the Marketing of its finished products

Management Proposal to address the risk: The Chiripal Group has experience of about 30 years of manufacturing and trading of various textile products. The group has been exporting its products to various countries like U.K, Italy, Mauritius, UAE and other countries. The group will capitalize this well established export market for marketing its proposed products.

The Company was previously engaged in trading of fabrics by purchasing the grey and converting into processed fabrics for exports. The Company will now manufacture grey and this grey will be processed through outside and then exported. Thus the existing market network of export of processed fabrics will be capitalised for export of Bottom Weight Fabrics.



In case of domestic market for grey, the company will focus on the existing customers who are procuring grey from outside market and then supply to our associate processing units.

At present there are very few high quality grey manufacturers in and around Ahmedabad. Thus customers instead of procuring grey from other places will find it economical to procure high quality grey from us.

The Company is at present also receiving export orders for processing of denim in small proportion directly and also through the marketing agents. Thus the existing customer base will also help the company in boosting the sales of denim fabrics. India exports about 7 million pieces of denim which is just 2% of the total imports into the US and Europe. With the abolishment of quota regime there is a tremendous market for export of quality denim.

7. MAJOR EXPANSION FOR THE FIRST TIME

The Company/Chiripal Group is going for such a large expansion for the first time.

Management Proposal to address the risk: The Company is under the management of entrepreneurs who have adequate experience in the textile industry. The Chiripal Group is one of the promoters of Nova Petrochemicals Limited, which has successfully implemented expansions aggregating to Rs. 27,800 lakhs (approx) till date. Thus the promoters have adequate experience and expertise for implementing the project of this size. So far they have managed the business effectively and efficiently.

8. APPROVALS

As stipulated by the GSPCB in its Site Clearance Certificate number PC/ABD/NOC/NL/-235/32898, dated November 04, 2004:

- Manufacturing capacity certified for Denim Fabrics is to the tune of 8,00,000 mtr./month. The Company proposes to set up manufacturing capacity for Denim Fabrics to the tune of 140 lakh mtr. per annum,
- The Company has not received from GSPCB consent under the Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and authorization under Hazardous Wastes (Management Handling) Rules, 1989 under Environment (Protection) Act, 1986,
- The Company is required to set up the Environment Management Unit at its site, and
- The Company is required to install the necessary pollution control equipments/tools.

Management Proposal to address the risk: The Company has received the approval for manufacture of Grey Cotton Fabrics for a capacity of 12,00,000 mtr/month. This is in excess of the proposed manufacturing capacity of 104 lakh mtr/annum. The Company will apply for additional capacity for Denim manufacture as and when it is required. The Company has applied to the GSPCB for receiving its consent under the Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and authorization under Hazardous Wastes (Management Handling) Rules, 1989 under Environment (Protection) Act, 1986. The Company expects to receive the said consents in due course. The Company has undertaken to set up the Environment Management Unit at its site and to install the necessary pollution control equipments/tools at its site.

9. CONTINGENT LIABILITIES

Contingent liabilities not provided for by the Company as on December 31, 2004 is as under:

Contingent Liability not provided for	Amount (Rs. in Lakhs)
Estimated amount of contracts remaining to be executed on capital amounting to (Advance paid Rs.181.81 Lakhs.)	1341.03
Pending Export Obligation under "Export Promotion of Capital Goods Scheme" to the tune of Rs. 384.68 Lakhs. The liability towards customs duty payable thereon in respect of unfulfilled Export Obligation is	54.35
Total	1395.38

Management Proposal to address the risk: The Company upon completion of the capital projects will discharge the unexecuted portion of capital commitment amounting to Rs. 1,341.03 Lakhs. Also the Company foresees no problems in meeting the export obligations.



10. FLUCTUATION IN RAW MATERIAL PRICES

Majority of Raw Materials required by the Company are subject to price fluctuations.

Management Proposal to address the risk: The Company believes that volatility impacts all the manufacturers in the textile industry and any adverse change in the purchase price would lead to a near corresponding adjustment in the selling price as well. However the Company acknowledges that it is exposed to and will have to absorb any fluctuations in the prices of raw materials partially.

11. CORPORATE OFFICE IS ON LEASE

The Corporate Office of the Company is availed on lease basis.

Management Proposal to address the risk: The Corporate Office has been acquired from Shanti Exports Private Limited, a Chiripal group company, on rental basis. Hence, no formal lease agreement has been entered into by the Company. The Company has paid annual rent for the Financial Year ended March 31, 2004.

12. PRODUCT QUALITY CERTIFICATION

The Issuer Company does not have any Quality Certificate for its Products.

Management Proposal to address the risk: The existing operations of the Company comprises of trading in fabrics wherein no particular Quality certificates are required. Further for the proposed products weaving (bottom weight) there are no qualification certificates, however for denim cloth OKO Tex Certificate, Germany is being obtained for certifying the product as skin friendly.

13. CIVIL CONSTRUCTION - BUILDING PLAN APPROVAL FOR SURVEY NO. 203/2

The issuer Company has not yet obtained "Building Plan Approval" for the civil construction at Survey Number 203/2.

Management Proposal to address the risk: The Company has obtained Building Approval from The Ahmedabad Urban Development Authority (AUDA) for Survey Number 198/1. The Company has already approached AUDA for the approval of Building Plan at Survey Number 203/2. The Company is in process of receiving the same.

14. PROMISE VIS-À-VIS PERFORMANCE OF NOVA PETROCHEMICALS LIMITED

Nova Petrochemicals Limited an associate company had made its Maiden Public Issue of 45.64 Lakh Equity Shares of Rs.10 each for cash at a premium of Rs. 20 per share aggregating to Rs 1369.20 lakhs in February 1995 to Part finance the Company's Project for setting up of a plant to manufacture Partially Oriented Polyester Filament Yarn. The public issue was made to part financing the Project Cost of Rs.5600 Lakhs. However there were differences in the Promises vis-a-vis actual performance.

Management Proposal to address the risk:

The Project envisaged installation of 3 Nos of Imported POY Lines for Manufacture of Partially Oriented Polyester Filament Yarn (POY). The Project was to be financed by the Term Loan of Rs.2800 Lakhs (State Bank of India - Rs.1425 Lakhs & Bank of Baroda Rs 1375 Lakhs) and Equity Share Capital of Rs.2800 Lakhs (Promoters Rs.1431 Lakhs & Public Issue Rs.1369 Lakhs).

The sales projected in the prospectus could not be achieved due to delay in delivery of machines which delayed the implementation. Also the fluctuation in the POY realizations led to the performance being different w.r.t promise.

Sr. No.	Commencement of Commercial Production	1 st POY Line	2 nd POY Line	3 rd POY Line
1	As per Prospectus	April 1995	July 1995	October 1995
2	Actuals(As per Audited Accounts of 1995/96)	October 1995	January 1996	July 1996

Please also refer to Promise vis-a-vis Performance on Page 78 for more details

15. DIMINUTION IN THE VALUE OF QUOTED INVESTMENTS

There has been a diminution in the value of quoted investments to the tune of Rs.94.88 Lakhs.

Management Proposal to address the risk:

Diminution in the value of quoted investments has not been provided, as the same is considered temporary.



16. TRANSACTION WITH PROMOTERS/ DIRECTORS

The site of the proposed project (Survey No. 198/1 and 203/2) is purchased from the promoters at a cost of Rs. 14.11 lakhs and to that extent they may be assumed to be deemed to be interested in the project.

17. LOSSES BY GROUP/ ASSOCIATE COMPANIES

The following group / associate companies made losses for the year ended March 31, 2004:

(Rs. in Lakhs)

Name of the Company	Amount
Bhavna Textiles Private Limited	4.15

Management Proposal to address the risk:

The losses of this Company shall not affect the performance of the Issuer.

18. LITIGATIONS

Following are the litigations against the Company, its promoters, directors and group companies

I) Litigation involving the Company

There are no outstanding litigations against the Company.

II) Litigations against Promoters

There is 1 Case against the Promoters filed by Excise Authorities. The maximum liability on the same count is Rs. 2 lakhs. Also based on the penalty a Criminal Prosecution has been launched and standing against one of the Promoters.

III) Litigations against group companies

i. Nova Petrochemicals Limited

Income Tax Cases: 1 Case against NPL wherein the Income Tax Department has gone in Appeal against the Order of ITAT. The quantum involved is Rs. 239.44 lakhs.

Sales Tax Cases: 2 Cases involving liability of Rs. 349.14 Lacs.

Excise Cases: 6 cases with various authorities involving a claim amount of Rs. 178.98 lakhs

Securities Law Case: 24 Lakh Equity Shares Issued against Preferential Allotment are awaiting listing at NSE. The quantum of Liability is unascertainable.

Labour Cases: 7 Cases. The maximum liability envisaged is Rs. 3.50 Lakhs.

Criminal Case: 1 Case. Criminal prosecution initiated by Labour Department, Government of Gujarat. for reinstatement with back wages. The amount involved cannot be quantified.

Debt Recovery Tribunal: 1 Case. Quantum involved Rs. 2.25 lakhs.

ii. Shanti Processors Limited

Customs, Excise and DGFT cases: 2 Cases. The Total Claim amount cannot be quantified. Also based on the penalty a Criminal Prosecution has been launched

Show Cause Notices Received: 2 Show Cause Notices received. The quantum involved is Rs. 170.04 Lakhs

iii. Vishal Fabrics Pvt. Limited

Customs, Excise and DGFT cases: 1 Case. The Total Claim amount cannot be quantified.

Show Cause notices Received: 2 Show Cause Notices received. Quantum involved is Rs. 109.27 Lakhs

iv. Chiripal Petrochemicals Limited

Customs, Excise and DGFT cases: 1 Case. The Total Claim amount is Rs. 10 Lakhs. Also based on the penalty a Criminal Prosecution has been launched

v. Bhavna Textiles Pvt. Ltd.

Customs, Excise and DGFT cases: 1 Case. Show Cause Notice received for a demand of Rs. 3.17 Lakhs.



External And Beyond The Control Of The Company

1. ASSISTANCE FROM TEXTILE UPGRADATION FUND

Withdrawal of interest subsidy of 5% available from Textile Upgradation Fund, Ministry of Textiles, GOI.

Management Proposal to address the risk: As per the policy of Textile Ministry, the Interest Subsidy may not be withdrawn in the near future. If the said subsidy is withdrawn, the Promoters will be still capable of meeting its debt obligations to the Bank as the average project DSCR of 1.89 will dip to 1.81, which still indicates ability of the Company to meet its obligations. Further as per the Government of India, Ministry of Textile, Office of the Textile Commissioner Mumbai vide their Circular no.28, (19/2003-MS) dated November 21, 2003 has approved with immediate effect extension of TUFS upto March 31, 2007 from the present March 31, 2004.

2. CHANGE IN THE DUTY STRUCTURE

Increase of Excise Duty on Raw Cotton / Yarn

Management Proposal to address the risk: In the WTO Regime, there may not be any further increase in Excise Duty on Raw Cotton/ Yarn. In fact, there is no excise duty on Raw Cotton as it is an Agricultural Product. Excise duty on yarn is close to 10% advalorem, which is being availed in the form of CENVEAT/ MODVAT. In the worst case even if it is increased CENVEAT/ MODVAT credit will also be increased. So there shall not be any additional burden on account of increase in excise duty.

3. AVAILABILITY OF DUTY DRAWBACK FOR EXPORT

Availability of duty drawback for export.

Management Proposal to address the risk: Since Nandan Exim shall be availing benefit of CENVAT; the Company will not be entitled to any benefit of duty drawback. As regards DEPB benefits it may be noted that the said benefit of DEPB is available against Custom duties so that raw materials purchased from indigenous sources can be brought at par with International rates. In case DEPB benefit is withdrawn, Nandan Exim shall have an option of Custom Duty as well as Excise Duty free import of Raw Material.

4. PROBABILITY OF SETTING UP TEXTILE UNITS BY MULTINATIONALS

Opening of Textile Production center by multinationals in India /Pakistan.

Management Proposal to address the risk: While it is understood that multinationals have advantages like economies of scale etc. the Company is prepared to face such challenges as it proposes to increase production and maintain quality on a continuous basis so that it can compete with any multinational Company.

5. ANTIDUMPING DUTY BY IMPORTING COUNTRIES

Antidumping duty by USA, UK and other importing countries.

Management Proposal to address the risk: The Company has no plans of direct exports to USA, UK and other developed countries. The Company has well-established market in the Gulf countries, SAARC countries where the possibilities of imposing antidumping duties are lower. Further the Company would also be exporting their products not only to just one country but also to several countries to minimize the risk of levy of antidumping duty by any country.

6. IMPACT OF WTO

Management Proposal to address the risk: The Company is not expecting any major impact of WTO regime as it has been the strategy of the group to modernize / rationalize the production unit. The Company plans to manufacture not only Denim Fabric but a Denim Fabric of the day (latest) which will be acceptable as a fashion fabric so that there is not much likelihood of dumping in any given market. In the WTO regime the market shall be quota free and the Company will have access to many markets.

7. COMPETITION FROM EXISTING ESTABLISHED PLAYERS

Nandan Exim will be competing with established players like Arvind Mills Ltd, Ashima Ltd and Bombay Dyeing & Manufacturing Company Ltd.

Management Proposal to address the risk: The Chiripal Group has experience of about 30 years of manufacturing and trading of various textile products. The group has been exporting its products to various countries like U.K, Italy, Mauritius, UAE and other countries. The group will capitalize this well established export market for marketing its proposed products.



At present, the Company is receiving export orders for processing of denim in small proportion directly and also through the marketing agents. Thus the existing customer base will also help the company in boosting the sales of denim fabrics. India exports about seven million pieces of denim which is just 2% of the total imports into the US and Europe. With the abolishment of quota regime there is a tremendous market for export of quality denim.

8. OVERSEAS MARKET

Overseas market is highly competitive.

Management Proposal to address the risk: Indian manufacturers including Nandan Exim have advantages over overseas players on account of their lower operating cost.

9. NO INHOUSE SPINNING UNIT

The Company has no spinning unit to meet for its raw material requirement.

Management Proposal to address the risk: The Company, at present, sources the raw material (yarn) for the weaving unit from local spinners. Considering the existing and past business relationship, the company does not foresee any major problems in continuing to source its requirements.

10. CHANGE IN FASHION TRENDS

Fashion trend in overseas market changes very fast.

Management Proposal to address the risk: Denim is mainly consumed for the manufacture of jeans. Jeans has been popular for more than three decades and is growing at 3-4 % every year (Source Economic Times dated 11th June 2004). To keep pace with the fast changing global styles, the Company has a strong team of marketing personnel, with constant watch on the market & fashion trends movement. The experience and proximity to the market will help the Company in manufacturing the fabrics of latest trend.

11. MINIMIZING PRODUCTION COSTS IS CRITICAL

The player with lower production costs would be in a position to utilize capacities optimally.

Management Proposal to address the risk: Nandan Exim enjoys cost advantages which will enable it to withstand competition.

12. FOREIGN EXCHANGE FLUCTUATION

Export realisation is subject to exchange rate fluctuation.

Management Proposal to address the risk: The Company has over the years developed its risk management systems in the currency markets.

13. FINANCIAL STATEMENTS IN THE OFFER DOCUMENT

Financial Statements in the Offer Document.

Management Proposal to address the risk: The financial statements and derived ratios there-from contained in the Offer Document are prepared as per the permissible accounting practices. The investors may want to make their own adjustments to the same before arriving at an investment decision in the Offer.

14. CHANGE IN GOVERNMENT POLICIES

Changes in Government policies on import duties, export concessions. Changes in tax laws etc may have an adverse impact on the profitability of the Company.

Management Proposal to address the risk: Policies of Government of India pertaining to exports have been favourable in the past and it is expected that the policies will continue to be beneficial to the export sector. As regards possible changes in the other policies, the Company is confident of countering the changes with suitable changes in the price margins and marketing strategies.

Notes:

1. Pre-issue Net worth of the Company as on December 31, 2004 is Rs.1582.51 Lakhs.
2. Size of the Issue – Public Issue of 60,00,000 Equity Shares of Rs. 10 each for cash at premium of Rs. 10 per Equity Share.
3. Investors are advised to refer to the paragraph on “Basis for Issue Price” on page no. 80 before making an investment in this Issue.



4. In the event of over-subscription, allotment shall be made on a proportionate basis in consultation with The Stock Exchange, Mumbai, i.e., as per details mentioned on page no. 16 in this Prospectus.
5. The investors may contact the Lead Manager or the Compliance Officer for any complaint/ clarification/ information pertaining to the Issue, who will be obliged to attend to the same.
6. The average cost of acquisition of Equity Shares of the Promoters is Rs. 4.62 per equity share.
7. Book value of the Equity Shares of the Company as on December 31, 2004 is Rs. 20.03 per equity share.
8. The Company made a bonus issue of 51,00,000 equity shares of Rs. 10 each on October 15, 2004 in the ratio of 1:2 by capitalising its free reserves pursuant to a Board Resolution passed on October 15, 2004 and approval of its shareholders vide the resolution passed in the Extra Ordinary General Meeting dated October 14, 2004.
9. **Related party transactions:** The details of the transactions as certified by the auditors of the Company are as follows:

A) Directors/promoters

Sr.No.	Name	Designation
1	Shri Vedprakash Chiripal	Chairman
2	Shri Brijmohan Chiripal	Managing Director

B) List of Other Related Parties with whom transactions have taken place during the period:

Sr. No.	Name
1	Bhushan Processors Pvt. Ltd.
2	Sparrow Exports Pvt. Ltd.
3	Prakash Calanders Pvt. Ltd.
4	Chiripal Textiles Mills Pvt. Ltd.
5	Shanti Exports Pvt. Ltd.
6	Deepak Impex Pvt. Ltd.
7	Shanti Processors Ltd.
8	Chiripal Petrochemicals Ltd.
9	Vishal Fabrics Pvt. Ltd.
10	Chiripal Enterprise Ltd.
11	Bhavna Textiles Pvt. Ltd.
12	Quality Exim Pvt. Ltd.



C) Details of Transactions with Key Management Personnel and Related Parties of the Key Management Personnel are as follows:

(Rs. In Lacs)

Sr. No.	Nature of Transaction	Key Management Personnel				Other Related Parties			
		31-12-04	31-03-04	31-03-03	31-03-02	31-12-04	31-03-04	31-03-03	31-03-02
1	<u>Unsecured Loans</u>								
	Taken during the period	Nil	Nil	Nil	Nil	235.75	1092.25	3.50	61.40
	Repaid during the period	Nil	Nil	Nil	Nil	323.75	292.25	3.50	61.40
	Balance as at Balance Sheet Date	Nil	Nil	Nil	Nil	712.00	800.00	Nil	Nil
2	<u>Advances Recoverable in Cash or Kind</u>								
	Given during the period	Nil	Nil	Nil	Nil	2935.64	1690.32	496.99	239.90
	Settled during the period	Nil	Nil	Nil	Nil	3596.76	1025.38	156.53	236.98
	Balance as at Balance Sheet Date	Nil	Nil	Nil	Nil	347.20	1008.32	343.38	2.92
3	<u>Expenditure</u>								
	Purchase of Goods	Nil	Nil	Nil	Nil	1460.92	394.85	549.21	315.04
	Rent	Nil	Nil	Nil	Nil	1.80	2.96	3.66	15.26
	Electricity Charges and Maintenance Charges paid for Common Premise	Nil	Nil	Nil	Nil	1.42	1.78	Nil	Nil
	Car Rent Paid	Nil	Nil	Nil	Nil	Nil	7.62	Nil	Nil
4	<u>Income Received</u>								
	Sales	Nil	Nil	Nil	Nil	820.24	196.23	84.86	13.58
	DEPB Sale	Nil	Nil	Nil	Nil	24.87	Nil	Nil	Nil
5	<u>Amount of Expenses incurred on our behalf</u>	Nil	Nil	Nil	Nil	8.87	13.60	Nil	Nil
6	<u>Amount Expended on behalf of others</u>	Nil	Nil	Nil	Nil	239.83	9.69	Nil	Nil
7	<u>Issue of Share Capital</u>	Nil	Nil	Nil	Nil	110.00	Nil	Nil	Nil
8	<u>Subscription to Shares</u>	Nil	Nil	Nil	Nil	0.90	Nil	Nil	Nil

Sales and purchases between group companies in the promoter group

Sales and purchases between group companies in the promoter group for the period from 1st April 2004 to 31st December 2004 in terms of amount and percentage of total sales/purchase during the period was as under:

For the Period 1-4-2004 To 31-12-2004

(Rs. In Lacs)

Particulars	Sales	Purchases
Total Amt. of sales/purchases	3729.76	3595.98
Sales/purchases between group companies	845.11	1460.92
Percentage to total sales/purchase	22.66%	40.63%

HIGHLIGHTS:

1. Nandan Exim has a pro-active management and promoters have hands on experience in manufacturing and trading of textile products.
2. The Company has been exporting fabrics and other finished goods since last 4 years and is better positioned for developing the market for export of Denim Fabric, Bottom Weight Clothes and Processed Fabric.
3. The Company would be manufacturing Denim Fabric, Bottom Weight Clothes and Processed Fabric, which is in demand across the Globe.



NANDAN EXIM LIMITED

(Originally incorporated as Nandan Exim Private Limited on 9th August 1994 and subsequently name changed to Nandan Exim Ltd. on January 16, 2004 at Ahmedabad, Gujarat.)

Registered Office: Survey No. 198/1, 203/2, Saijpur-Gopalpur, Pirana Road, Piplej, Ahmedabad - 382405.
Tel.: 91-079-25710231-34, Fax: +91-079-25711755.

(The Registered Office of the Company was earlier located at 283, New Cloth Market, Ahmedabad, 380 002 and was shifted to the above location w.e.f. January 17, 2004)

Corporate Office: "Chiripal House", B/h Arjun Tower, 132 Ft.Ring Road, Shivranjani Cross Roads, Satellite Road, Ahmedabad – 380 015.

Tel.: +91 -079- 26734660-2-3, Fax: +91-079- 26768656, E- mail: keyur@chiripalgroup.com

PART I

I. GENERAL INFORMATION

Authority For The Present Issue

Pursuant to Section 81(1A) of the Companies Act, 1956, present Issue of Equity Shares has been authorised vide Special Resolution passed at the Extra Ordinary General Meeting of the Company held on October 30, 2004 and a resolution passed by the Board of Directors on October 01, 2004.

Government / Statutory Approvals

The Company can undertake all the present and proposed activities in view of the present approvals mentioned hereinafter and no further approvals from any government authorities are required by the Company to undertake the present and proposed activities except those approvals that may be required to be taken in the normal course of business from time to time and those mentioned under the heading Risks Envisaged.

The Company has received the following Government approvals/licenses/permissions:

1. Government of India, Ministry of Commerce and Industry, *Secretariat for Industrial Assistance*, Public Relation and Complaints Section has vide certificate number 3826/SIA/IMO/2003 dated December 30, 2003 has given its approval to the Company for manufacture of denim fabric and weaving.
2. Assistant Commissioner of Central Excise Division IV (Narol) Ahmedabad has issued the *Central Excise* Registration Number AAACN5327LXM001 vide its letter dated April 07, 2004.
3. *Central Sales Tax* Number Guj99922881 effective from October 01, 2003, issued by Sales Tax Officer Ahmedabad vide its letter dated March 20, 2004.
4. *Gujarat Sales Tax* Number 0755005635 effective from September 10, 2003, issued by Sales tax Officer Ahmedabad vide its letter dated November 24, 2003.
5. *Non Agriculture Permission* received from Collector, Ahmedabad for plot of land at survey number 198/1 vide its letter number CB/LND-1/LRC-65-B/NA/SR-11/2004 dated September 8, 2004 and for Survey No.203/2 vide letter no. CB/LND-1/LRC-65-B NA SR-45/04/05 dated December 17, 2004 respectively.
6. Building Plan Approval, issued by AUDA, for survey no 198/1 vide letter no. PRM/4/4/03 dated June 12, 2003.
7. Letter dated January 07, 2004 by AUDA, classifying the plot at survey numbers 198/1 and 203/2 as *General Industrial Zones*
8. Certificate issued on November 25, 1994 by Government of India, Ministry of Commerce granting Importer- Exporter Code number 0894009851 to the Company.
9. Letter number BS/HT-888/2152 dated November 4, 2003 by The *Ahmedabad Electricity Company Limited* allotting Service No. HT – 888 to the Company.
10. Certificate Number PC/NOC/ABD/NL/221/37280 dated 30/12/2003 of Gujarat Pollution Control Board Gandhinagar, for No Objection Certificate for manufacture of cotton cloth (Bottom Weight).
11. *Site Clearance Certificate* Number PC/ABD/NOC/NL-235/32898 dated November 04, 2004 granted by *Gujarat Pollution Control Board* permitting the Company to establish an industrial unit at Survey No. 198/1, 203/2 Saijpur Gopalpur, Pirana Road, Ahmedabad for manufacturing of Grey and Denim fabrics.
12. *Capital Subsidy Scheme*

The Company has received the registration under assistance for subsidy for Medium and Large Industries - 2000 vide GR No. APN-10-2000 17(6)-I dated 14-11-2000 issued by Principal Chief Industrial Advisor, Office of Industries Commissioner vide their letter no NO.IC/INFRA/ F.No.321/2529 dated September 15, 2004.



The Company shall have to submit the claim for sanction of subsidy to the Industries Commissioner, Gandhinagar on completion of the project and development of the infrastructure.

13. Interest Subsidy Scheme

As per the resolution passed by Ministry of Textiles No. 28/1/99-CTI dated March 31, 1999, the Project Appraisal report by SBI Capital Market Limited and the loan sanction letters by State Bank of India, UCO Bank and Oriental Bank of Commerce the Project is eligible for 5% interest subsidy under Technology Upgradation Fund Scheme (TUFS).

It must be specifically understood that in giving the above approvals, the Central Government / RBI does not take any responsibility for the financial soundness of any scheme or for correctness of any of the statements made or opinions expressed with regard thereto.

Eligibility For The Issue:

The Company is eligible to access the capital market through public issue of equity shares, as per clause 2.2.1 of SEBI (Disclosure & Investor Protection) Guidelines, as it fulfills the networth, distributable profits and net tangible assets criteria in the following manner:

1. The Company has a net worth of more than Rs.100 lakh in each of the preceding 3 full years. [As per Restated Summary Statement of Assets and Liabilities]

(Rs lakhs)

Particulars	Year ended		
	31/3/2002	31/3/2003	31/3/2004
Net worth	827.73	1074.98	1376.28

2. The Company has a track record of distributable profits in terms of section 205 of the Companies Act, 1956 since inception. The profits for the immediately preceding 3 years are as follows: [As per Restated Summary Statement of Profit and Loss Account]

(Rs. in lakhs)

Particulars	Year ended		
	31/3/2002	31/3/2003	31/3/2004
PAT	506.78	251.93	65.63

3. The Company's net tangible assets during the last 3 years are given below. The monetary assets in each of these years are less than 50% of the net tangible assets amount. [As per Restated Summary Statement of Assets and Liabilities]

(Rs. in lakhs)

Particulars	Year ended		
	31/03/2002	31/03/2003	31/03/2004
Net tangible assets	973.41	1204.18	3423.55

The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. offer through offer document + firm allotment+ promoters' contribution through the offer document) does not exceed five times its pre-issue networth as per the last available audited accounts, either at the time of filing the prospectus with SEBI or at the time of opening of the issue.

Since the Company is meeting the track record specified above, the Equity Shares are offered in accordance with Clause 2.2.1 and 2.2.2A of the SEBI (DIP) Guidelines wherein the prospective allottees are not less than one thousand (1000) in number.

Prohibition by SEBI

The Company, its directors or any of the Company's associates or group companies and companies wherein the directors of Nandan Exim Limited are associated as directors or promoters have not been prohibited from accessing the capital markets under any direction or order passed by SEBI.

Disclaimer Clause

AS REQUIRED, A COPY OF THIS DRAFT PROSPECTUS HAS BEEN SUBMITTED TO 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. LEAD MERCHANT BANKER, CENTRUM CAPITAL LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER 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 CENTRUM CAPITAL LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED DECEMBER 23, 2004 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS 1992 WHICH READS AS FOLLOWS :

I) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE OFFER DOCUMENT PERTAINING TO THE SAID ISSUE;

II) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY. WE CONFIRM THAT:

- A. THE OFFER DOCUMENT FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPER RELEVANT TO THE ISSUE;
- B. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
- C. THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.
- D. WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.

III) WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN WILL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT OFFER DOCUMENT WITH THE BOARD TILL DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT OFFER DOCUMENT.

THE FILING OF OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER(S) ANY IRREGULARITIES OR LAPSES IN OFFER DOCUMENT.

Disclaimer Clause Of The Stock Exchange, Mumbai

As required, a copy of this prospectus has been submitted to the BSE. BSE ("the Exchange") has given vide its letter dated February 24, 2005 permission to this Company to use the Exchange's name in this prospectus as one of the Stock Exchange on which the Companies securities are proposed to be listed. The Exchange has scrutinised this prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. BSE does not in any manner-

- Warrant, certify or endorse the correctness or completeness of any of the contents of this prospectus,
- Warrant that this Company's securities will be listed or will continue to be listed on the Exchange, or
- Take any responsibility for the financial or other soundness of this Company or its promoters, its management or any scheme or project of this Company, and

it should not for any reason be deemed or construed that this Prospectus has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.



Disclaimer Statement From The Issuer

The Company accepts no responsibility for statements made otherwise than in the Prospectus or in the advertisement or any other material issued by or at the instance of the Issuer Company and that anyone placing reliance on any other source of information would be doing so at his own risk.

All information shall be made available by the Lead Manager and the Issuer to the members at large and no selective or additional information would be available for a section of the members in any manner whatsoever.

Jurisdiction

This Offer is made in India to persons resident in India (including Indian nationals resident in India who are majors, Hindu Undivided Families, Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks and regional rural banks, co-operative banks (subject to RBI permission), Trusts (registered under Societies Registration Act, 1860 or any other Trust law and are authorised under their constitution to hold and invest in shares) and to NRIs and FIIs as defined under the Indian Laws. This Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself about and to observe any such restrictions. Any disputes arising out of this Issue will be subject to the jurisdiction of the Ahmedabad High Court.

Filing

A copy of this Prospectus along with the documents required to be filed under Section 60 of the Companies Act, 1956 has been delivered for registration to the Registrar of Companies, Ahmedabad, Gujarat. Copies of the Prospectus have also been filed with the SEBI, Mumbai.

Listing

Initial listing applications have been made to The Stock Exchange, Mumbai (Designated Stock Exchange) for permission to list the Equity Shares and for an official quotation of the equity shares of the Company.

In case the permission for listing of the equity shares is not granted by any of the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to repay it, then the Company and every director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest as prescribed under Section 73 of the Companies Act, 1956.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the Issue, or if the subscription level falls below 90% after the closure of Issue on account of cheques having been returned unpaid or withdrawal of applications, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act 1956.

Undertaking From Promoters and Directors

The Issuer accepts full responsibility for the accuracy of the information given in the prospectus and confirms that to the best of their knowledge and belief, there are no other facts, their omission of which would make any statement in the prospectus misleading and they further confirm that they have made all reasonable enquiries to ascertain such facts.

The Issuer further declares that the Stock Exchange to which an application for official quotation is proposed to be made does not take any responsibility for the financial soundness of this Offer or for the price at which the equity shares are offered or for the correctness of the statement made or opinions expressed in this Prospectus. The promoters/directors declare and confirm that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this prospectus has been suppressed, withheld and/or incorporated in the manner that would amount to mis-statement, misrepresentation and in the event of its transpiring at any point of time till allotment/refund, as the case may be, that any information/material has been suppressed /with held and/or amounts to a mis-statement/ mis-representation, the promoters/directors undertake to refund the entire application monies to all the subscribers within 7 days thereafter without prejudice to the provisions of Section 63 of the Companies Act.

Corporate Governance

The SEBI Guidelines in respect of Corporate Governance shall be applicable to the Company immediately upon listing of its shares on the various Stock Exchanges. The Company undertakes that it shall take the necessary steps to comply with all the requirements of the guidelines on Corporate Governance as would be applicable to it upon listing of its shares. In this regard, the Company has already set up an Audit Committee as per the requirements of the revised guidelines.

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:

1. **Makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or**
2. **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” as applicable under the provisions of law.

Utilisation Of Issue Proceeds

The Board of Directors certifies that:

1. All monies received out of the issue of shares to the public shall be transferred to a separate Bank account other than the Bank account referred to in Sub-section (3) of Section 73 of Companies Act, 1956;
2. Details of all monies utilised out of this issue referred to in item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the purpose for which such monies had been utilised;
3. Details of all unutilised monies out of this issue of shares, if any referred to in item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the form in which such unutilised monies have been invested.

Allotment / Refund Orders

The Company will issue allotment letters or refunds within a period of 10 weeks from the closure of the Issue. The interest will be payable, in case of any delay in refund, at the prescribed rate under section 73(2) / 73(2A) of the Companies Act, 1956.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, the Company further undertakes that:

1. Allotment of Equity Shares shall be made only in dematerialised form within 30 days from the Issue Closing Date;
2. It would despatch refund orders within 30 days from the Issue Closing Date;
3. It shall pay interest at 15% per annum (for any delay beyond the 30 day time period as mentioned above), if allotment is not made, refund orders are not despatched and/or demat credits are not made to investors within the 30 day time prescribed above; and
4. The Company will provide adequate funds required for despatch 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 the Company as a 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.

Issue Schedule

The subscription list will open at the commencement of banking hours and will close at the close of banking hours on the dates as mentioned below:

Issue Opens on : Thursday May 12, 2005
Issue Closes on: Friday May 20, 2005

ISSUE MANAGEMENT TEAM

LEAD MANAGER TO THE ISSUE	REGISTRARS TO THE ISSUE
<p>Centrum Capital Limited SEBI Regn. No.: INM000010445 UIN: 100016915 Khetan Bhavan, 5th floor, 198, J. Tata Road, Churchgate, Mumbai - 400020. Tel: 91-22-22023838, Fax: 91-22-22046096 Email: nandanexim@centrum.co.in</p>	<p>Datamatics Financial Software & Services Ltd SEBI Regn. No: INR000000874 UIN: 100006239 Plot No. A 16 and 17, Part B, Crosslane, Marol, Andheri (E), Mumbai – 400093 Tel: 91-022-28375519-24 Fax: 91-022-28350217 E-mail: nandaneximipo@dfssl.com</p>



AUDITORS		LEGAL ADVISORS TO THE ISSUE	
J.T. Shah & Co. Chartered Accountants 201/202, Lalita Complex, 352/3 Rasala Marg, Near Jain Temple, Navrangpura, Ahmedabad – 380009. Tel: 91-079-26444420/30/40 Fax: 91-079-26560440 Email: jtshahco@icenet.net		Mrs. Swati S. Soparakar 204, Aakanksha, Opp. Vadilal House, Near Mount Carmel Railway Crossing, Navrangpura, Ahmedabad – 380009. Tel. No.: 91-079-26404245-46 Fax: 91-079-26563214	
BANKERS TO THE ISSUE			
ICICI Bank Limited Capital Markets Division 30 Mumbai Samachar Marg, Mumbai 400 001.		Corporation Bank 21, Veena Chambers Dalal Street, Mumbai 400 001.	
BANKERS TO THE COMPANY			
State Bank Of India Corporate Accounts Group, 58, Shrimali Society, Navrangpura, Ahmedabad – 380009. Tel: 91-079-26561044/26561045, Fax: 91-079-26561178, Email: sbicaga@icenet.net	Oriental Bank of Commerce Nilkamal Building, Opposite Sales India, Ashram Road, Ahmedabad – 380009. Tel: 91-079-27541843, Fax: 91-079-27541113.	UCO Bank Ashram Road Branch, UCO Bhavan, Near Sanyas Ashram, Ashram Road, Ahmedabad - 380009 Tel: 91-079-26579312, Fax: 91-079-26578477, Email: ucoashram@jindalonline.net	
COMPANY SECRETARY AND COMPLIANCE OFFICER			
Mr. Keyur J Shah Nandan Exim Limited "Chiripal House", B/h Arjun Tower, 132 Ft. Ring Road, Shivranjani Cross Roads, Satellite Road, Ahmedabad – 380015. Tel: 91-079-26734660-2-3, Fax: 91-079-26768656, Email: keyur@chiripalgroup.com			

The investors are requested to contact the above-mentioned Compliance Officer in case of any pre-issue /post-issue problems such as non-receipt of letters of allotment / share certificates/ refund orders / demat credits not made etc.

TRUSTEES

This being an issue of Equity Shares, appointment of Trustees is not required.

CREDIT RATING

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

UNDERWRITING OF THE ISSUE

This issue has not been underwritten.

INTER-SE ALLOCATION OF RESPONSIBILITIES

Centrum Capital Limited is the Sole Lead Manager to the Issue.

Initial Public Offer of Nandan Exim Ltd

Public Issue of 60,00,000 Equity Shares of Rs. 10 each issued for cash at a premium of Rs. 10 per share aggregating Rs. 1200 lakhs.

Declaration

The Company accepts full responsibility for the accuracy of the information given in this Prospectus and confirm that to the best of their knowledge and belief, there are no other facts and omissions which may make any statement in this Prospectus misleading, and they further confirm that they have made all reasonable enquiries to ascertain such facts.



II. CAPITAL STRUCTURE OF THE COMPANY

No. of Shares	Nominal Value (Rs.)	Aggregate Value (Rs.)
AUTHORISED CAPITAL 1,50,00,000 Equity Shares of Rs. 10/- each	15,00,00,000	
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL 79,00,000 Equity shares of Rs. 10 each	7,90,00,000	8,75,00,000
PRESENT ISSUE 60,00,000 Equity Shares of Rs. 10 each at a premium of Rs.10 per share	6,00,00,000	12,00,00,000
PAID UP CAPITAL AFTER THE PRESENT ISSUE 1,39,00,000 Equity shares of Rs. 10 each	13,90,00,000	20,75,00,000
SHARE PREMIUM ACCOUNT Before the issue	85,00,000	
After the issue	6,85,00,000	

Notes

- The Promoters were allotted 24,01,480 equity shares of Rs. 10 each for cash at par on March 23, 2004 vide a Board Resolution dated March 23, 2004.
- The Company made a bonus issue of 51,00,000 equity shares of Rs. 10 each in the ratio of 1:2 by capitalising its free reserves on October 15, 2004 pursuant to a Board Resolution passed on October 15, 2004 and approval of its shareholders vide the resolution passed in the Extra Ordinary General Meeting dated October 14, 2004.
- The Company made an allotment of 2,50,000 equity shares of Rs. 10 each at Rs. 44 each to M/s. Prakash Calendar Private Limited, a group company, vide a Board Resolution dated November 26, 2004 and a resolution passed by the shareholders in the Annual General Meeting dated October 22, 2004.
- Details of Increase in Authorised Capital

Sr. No.	Particulars of Increase	Date of Meeting
1.	Rs. 1 Lakh	Incorporation
2.	Rs. 1 Lakh to Rs 15 Lakh	January 15, 1999
3.	Rs 15 Lakh to Rs 500 Lakh	September 30, 2003
4.	Rs 500 Lakh to Rs 750 Lakh	February 09, 2004
5.	Rs 750 Lakh to Rs 1500 Lakh	September 30, 2004

Notes to Capital Structure

a. Capital Build up

The existing share capital of the Company has been subscribed and allotted as under:

Date of Allotment/ Fully paid up	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Value (Rs)	Consideration	Details
MOA	20	10	10	200	Cash	Subscribers to the memorandum.
January 16, 1999	1,48,500	10	10	14,85,000	Cash	Further allotment of shares.
March 23, 2004	24,01,480	10	10	2,40,14,800	Cash	Further allotment of shares.
October 15, 2004	51,00,000	10	10	5,10,00,000	Bonus	Bonus Issue of equity shares in the ratio of 1:2
November 26, 2004	2,50,000	10	44	1,10,00,000	Cash	Further allotment of shares
TOTAL	79,00,000					



b. Shares Issued for consideration other than cash

All the shares have been allotted for cash only except the Bonus Shares issued out of Free Reserves as per the table above.

c. Promoters/ promoters group contribution and lock-in period

Name	Date of Allotment/ Transfer	Consideration	No. Of Shares	Face Value	Issue / Transfer Price	Post Issue %	Lock in period (yrs.)
Vedprakash Chiripal	16-Jan-99	CASH	10	10	10		13,90,000 Shares shall be locked in for 3 Years and balance for 1 Year
	23-Mar-04	CASH	104,990	10	10		
	15-Oct-04	BONUS	210,000	10	-		
	30-Mar-05	TRANSFER	1,260,000	10	-	11.33%	
Vedprakash D. HUF	23-Mar-04	CASH	105,000	10	10		1
	15-Oct-04	BONUS	210,000	10	-	2.27%	
Brijmohan Chiripal	16-Jan-99	CASH	1,500	10	10		13,90,000 Shares shall be locked in for 3 Years and balance for 1 Year
	23-Mar-04	CASH	103,500	10	10		
	15-Oct-04	BONUS	210,000	10	-		
	30-Mar-05	TRANSFER	1,260,000	10	-	11.33%	
Brijmohan D. HUF	23-Mar-04	CASH	105,000	10	10		1
	15-Oct-04	BONUS	210,000	10	-	2.27%	
Deepak Agarwal	16-Jan-99	CASH	1,500	10	10		1
	23-Mar-04	CASH	103,500	10	10		
	15-Oct-04	BONUS	210,000	10	-	2.27%	
Urmiladevi Agarwal	16-Jan-99	CASH	1,500	10	10		1
	23-Mar-04	CASH	103,500	10	10		
	15-Oct-04	BONUS	210,000	10	-	2.27%	
Jyotiprasad Agrawal	22-Sep-03	CASH	3,000	10	10		1
	23-Mar-04	CASH	105,000	10	10		
	15-Oct-04	BONUS	216,000	10	-	2.33%	
Jyotiprasad D. HUF	23-Mar-04	CASH	105,000	10	10		1
	15-Oct-04	BONUS	210,000	10	-	2.27%	
Jaiprakash Agarwal	16-Jan-99	CASH	100	10	10		1
	23-Mar-04	CASH	104,900	10	10		
	15-Oct-04	BONUS	210,000	10	-	2.27%	
Manjudevi Agarwal	16-Jan-99	CASH	1,500	10	10		1
	23-Mar-04	CASH	103,500	10	10		
	15-Oct-04	BONUS	210,000	10	-	2.27%	
Vansh Agarwal	12-Mar-01	CASH	1,400	10	10		1
	23-Mar-04	CASH	103,600	10	10		
	15-Oct-04	BONUS	210,000	10	-	2.27%	
Nishi Chiripal	23-Mar-04	CASH	105,000	10	10		1
	15-Oct-04	BONUS	210,000	10	-	2.27%	
Nidhi Chiripal	23-Mar-04	CASH	105,000	10	10		1
	15-Oct-04	BONUS	210,000	10	-	2.27%	
Jaiprakash D. HUF	23-Mar-04	CASH	105,000	10	10		1
	15-Oct-04	BONUS	210,000	10	-	2.27%	
Chiripal Textile Mills Pvt. Ltd.	16-Jan-99	CASH	72,000	10	10		1
	15-Oct-04	BONUS	144,000	10	-	1.55%	
Prakash Calendar P. Ltd.	26-Nov-04	CASH	250,000	10	44	1.80%	1



Name	Date of Allotment/ Transfer	Consideration	No. Of Shares	Face Value	Issue / Transfer Price	Post Issue %	Lock in period (yrs.)
Vedprakash Brijmohan HUF	16-Jan-99	CASH	50,000	10	10		
	15-Oct-04	BONUS	100,000	10	-	1.08%	1
Vedprakash Jyotiprasad HUF	16-Jan-99	CASH	10,000	10	10		
	23-Mar-04	CASH	15,000	10	10		
	15-Oct-04	BONUS	50,000	10	-	0.54%	1
Vedprakash Jaiprakash HUF	23-Mar-04	CASH	25,000	10	10		
	15-Oct-04	BONUS	50,000	10	-	0.54%	1
S. Vedprakash HUF	23-Mar-04	CASH	25,000	10	10		
	15-Oct-04	BONUS	50,000	10	-	0.54%	1
S. Jaiprakash HUF	23-Mar-04	CASH	25,000	10	10		
	15-Oct-04	BONUS	50,000	10	-	0.54%	1
V. Jaiprakash HUF	23-Mar-04	CASH	12,000	10	10		
	15-Oct-04	BONUS	24,000	10	-	0.26%	1
Rajesh Bindal	23-Mar-04	CASH	1,000	10	10		
	15-Oct-04	BONUS	2,000	10	-	0.02%	1
Sanjay Bindal	23-Mar-04	CASH	1,000	10	10		
	15-Oct-04	BONUS	2,000	10	-	0.02%	1
Amit Bindal	23-Mar-04	CASH	1,000	10	10		
	15-Oct-04	BONUS	2,000	10	-	0.02%	1
TOTAL			7,900,000			56.83%	

d. Promoter's/Promoter Group Contribution and lock-in in respect of promoters whose name figure in the Prospectus as promoters in the paragraph on "Promoters and their Background":

Name	Date of Allotment/ Transfer	Consideration	No. Of Shares	Face Value	Issue Price	Post Issue %	Lock in period (yrs.)
Vedprakash Chiripal	16-Jan-99	CASH	10	10	10		13,90,000 Shares shall be locked in for 3 Years and balance for 1 Year
	23-Mar-04	CASH	104,990	10	10		
	15-Oct-04	BONUS	210,000	10	10		
	30-Mar-05	TRANSFER	1,260,000	10	10	11.33%	
Brijmohan Chiripal	16-Jan-99	CASH	1,500	10	10		13,90,000 Shares shall be locked in for 3 Years and balance for 1 Year
	23-Mar-04	CASH	103,500	10	10		
	15-Oct-04	BONUS	210,000	10	10		
	30-Mar-05	TRANSFER	1,260,000	10	10	11.33%	
TOTAL			3,150,000			22.66%	

* The lock in period shall commence from the date of allotment of shares in the public issue since the Company has already commenced commercial operations.



e. Inter-se Transfer of Shares

Transferor	Transferee	Date of Transfer	No. of Shares of Rs 10/- each	Face Value Rs
Vedprakash D. Chiripal	Vishal Chiripal	March 12, 2002	1,490	14,900
Savitridevi Chiripal	Vedprakash Chiripal	March 30, 2005	3,15,000	31,50,000
Vishal Chiripal	Vedprakash Chiripal	March 30, 2005	3,15,000	31,50,000
Vineeta Chiripal	Vedprakash Chiripal	March 30, 2005	3,15,000	31,50,000
Shivani Chiripal	Vedprakash Chiripal	March 30, 2005	3,15,000	31,50,000
Pritidevi Agarwal	BrijMohan Chiripal	March 30, 2005	3,15,000	31,50,000
Ronak Chiripal	BrijMohan Chiripal	March 30, 2005	3,15,000	31,50,000
Ruchi Chiripal	BrijMohan Chiripal	March 30, 2005	3,15,000	31,50,000
Priyanka Chiripal	BrijMohan Chiripal	March 30, 2005	3,15,000	31,50,000

f. The details of sale/ purchase/ financing of shares by Promoters/Directors

The promoters Group/Directors have not purchased and or sold/financed any shares of the Company during the past 6 months except as mentioned above under para e.

g. The promoters' contribution has been brought-in in not less than the specified minimum lot of Rs. 25,000/- per application from each individual and Rs. 1,00,000/- from companies.

h. There is no "buy back" or "stand by" arrangement for purchase of equity shares by the Promoters, Directors or Lead Managers for the equity shares offered through this Prospectus.

i. List of Top ten shareholders is as follows

i. Top ten shareholders as on date of filing with Registrar of Companies is as follows:

Sr. No.	Name	No. of Shares
1	Vedprakash Chiripal	1,575,000
2	Brijmohan Chiripal	1,575,000
3	Jyotiprasad Agrawal	324,000
4	Vedprakash D. HUF	315,000
5	Brijmohan D. HUF	315,000
6	Deepak Agarwal	315,000
7	Urmiladevi Agarwal	315,000
8	Jyotiprasad D. HUF	315,000
9	Jaiprakash Agarwal	315,000
10	Manjudevi Agarwal	315,000

ii. Top ten shareholders as on 10 days prior to the date of filing with Registrar of Companies is as follows:

Sr. No.	Name	No. of Shares
1	Vedprakash Chiripal	1,575,000
2	Brijmohan Chiripal	1,575,000
3	Jyotiprasad Agrawal	324,000
4	Vedprakash D. HUF	315,000
5	Brijmohan D. HUF	315,000
6	Deepak Agarwal	315,000
7	Urmiladevi Agarwal	315,000
8	Jyotiprasad D. HUF	315,000
9	Jaiprakash Agarwal	315,000
10	Manjudevi Agarwal	315,000



iii. Top ten shareholders two years prior to the date of filing with Registrar of Companies is as follows:

Sr. No.	Name	No. of Shares
1	Chiripal Textile Mills Private Limited	75,000
2	Vedprakash Brijmohan HUF	50,000
3	Vedprakash Jyotiprasad HUF	10,000
4	Chiripal Vishal	2,990
5	Agarwal Manjudevi	1,500
6	Chiripal Savitridevi	1,500
7	Agarwal Deepak	1,500
8	Agarwal Urmiladevi	1,500
9	Chiripal Brijmohan	1,500
10	Agarwal Pritidevi	1,500

j. The Pre-Issue & Post-Issue shareholding pattern of Nandan Exim is as under

Category	Pre Issue		Post Issue	
	No. of Shares	% holding	No. of Shares	% holding
Promoters	3,150,000	39.87%	3,150,000	22.66%
Promoter Group	4,750,000	60.13%	4,750,000	34.17%
Public	-	-	6,000,000	43.17%
Total	7,900,000	100.00%	13,900,000	100.00%

- k. The equity shares held by the person other than the promoters under lock-in period may transfer the equity shares to any other person holding shares which are locked in subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance of SEBI (Substantial Acquisition of shares and Takeovers) Regulations, 1997 as applicable.
- l. The equity shares to be held by the promoters under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, the equity shares may be transferred to and amongst promoter/promoter group or to a new promoter or persons in control of the Company, subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance of SEBI (Substantial Acquisition of shares and Takeovers) Regulations, 1997 as applicable. Also, locked-in securities held by promoters may be pledged only with banks or financial institutions as collateral security.
- The Securities which are subject to lockin carry an inscription “Non-Transferable” along with the duration of the specified period mentioned on the face of the certificates.
- m. An over-subscription to the extent of 10% of the net offer to public can be retained for the purpose of rounding off to the nearest integer of shares while finalising the allotment.
- n. The Company will get the full amount of equity shares including premium at the stage of application itself.
- o. Nandan Exim has not issued any shares out of revaluation reserves or for consideration other than cash except as mentioned under the heading “Capital Structure herein before.
- p. The shareholders of the Company do not hold any warrant, options, convertible loan or any debenture, which would entitle them to acquire further shares of the Company.
- q. There are no “bridge loans” from any bank taken by the Company against the proceeds of this issue.
- r. As per SEBI guidelines, a minimum of 50% of the net offer to the public is reserved for allotment to individual investors applying for equity shares of or for a value of not more than Rs. 50,000/-. The remaining 50% of the offer to the public is reserved for individuals applying for equity shares of or for a value more than Rs.50,000/- and corporate bodies/ institutions etc. Unsubscribed portion in either of these categories shall be added to the other category interchangeably.
- s. No single applicant can make an application for number of shares, which exceeds the number of shares offered.



- t. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Prospectus with SEBI until the Equity Shares offered through this Prospectus have been listed.
- u. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the Issue, by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, or if the Company goes in for acquisitions and joint ventures the Company might consider raising additional capital to fund such activity or use shares as currency for acquisition and/or participation in such joint venture.
- v. At any given point of time, there shall be only one denomination for the Equity Shares of the Company.
- w. In the event of oversubscription allotment will be made on proportionate basis (subject to minimum application size) as detailed under basis of allotment.
- x. No payment, direct or indirect in the nature of discount, commission allowance or otherwise shall be made either by the Issuer Company or the Promoters to the persons who receive firm allotments in this Issue.
- y. The Company has 25 (Twenty Five only) shareholders as on date of filing the Prospectus with ROC.



III. TERMS OF THE PRESENT ISSUE

Authority for the present Issue

Pursuant to Section 81(1A) of the Companies Act, 1956, the present issue of equity shares has been authorised vide Special Resolution passed at the Extra Ordinary General Meeting of the Company held on October 30, 2004 and a resolution passed by the Board of Directors at its meeting held on October 1, 2004.

Principal terms and conditions of the Issue

The Equity Shares now being offered are subject to the terms of this Prospectus, the Application Form and Memorandum and Articles of Association of the Company, the guidelines for listing of Securities issued by Government of India and guidelines issued by the Securities and Exchange Board of India (SEBI) from time to time, the Depositories Act, 1996 and the provisions of the Companies Act 1956.

In addition, the Equity Shares shall also be subject to such other terms and conditions as may be incorporated in the Letter of Allotment, Share Certificates, as per Guidelines, Notifications and other Regulations for the issue of the capital and listing of securities laid down from time to time by the Government of India and / or other authorities and other documents that may be executed in respect of equity shares.

Face Value:

Each equity share shall be of face value of Rs.10/-

Terms of payment

The Applications should be for minimum of 250 equity shares and in multiples of 250 equity shares thereafter.

The entire amount of Rs. 20/- per share is payable in full on application.

Where an applicant is allotted lesser number of equity shares than he / she has applied for, the excess amount paid on application remaining thereafter will be refunded to the applicant.

If there is any delay in dispatch of allotment letters/refund orders the Company shall pay interest for the delay period in compliance with clause 6.5.1.1 of SEBI (DIP) Guidelines, 2000.

Interest in case of delay in despatch of allotment letters / refund orders

Nandan Exim agrees that

- i. As far as possible allotment of securities offered to the public shall be made within 30 days of the closure of Public Issue.
- ii. It shall pay interest @ 15% per annum if the allotment letters / refund orders have not been despatched to the applicants within 30 days from the date of the closure of the Issue.

Ranking of equity shares

The Equity Shares to be issued shall, subject to the Memorandum and Articles of Association of the Company, rank pari passu with the existing Equity Shares of the Company save and except that they shall be eligible for dividend, if any, which may be declared for the year of allotment, pro-rata for the period from the date of such allotment.

Rights of the equity shareholders

- 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 personally or by proxy.
- Right to receive offer for rights shares and be allotted bonus shares.
- Right to receive surplus on liquidation.
- Such other rights, as may be available to a shareholder of a public limited company under the Companies Act, 1956.

HOW TO APPLY

GENERAL INSTRUCTIONS

a. Availability of Application Forms and Prospectus

Application forms with Memorandum containing salient features of the Prospectus and copies of the Prospectus under Section 56(3) of the Act may be obtained from the Registered Office of the Company, the Lead Managers to the issue and the Bankers to the Issue named herein or from their branches as stated on the reverse of the application form.



b. **Who can apply?**

Applications may be made by:

- i. Indian nationals resident in India who are not minor, in single or joint names (not more than three);
- ii. Hindu Undivided Families through the Karta of the HUF;
- iii. Companies, Corporate bodies and Societies registered under the applicable law in India and authorised to invest in the shares;
- iv. Scientific and/or Industrial Research Organisations, which are authorised to invest in shares;
- v. Indian Mutual Funds registered with SEBI, Indian Financial Institution, Commercial Banks and Regional Rural Banks, Co-operative Banks may also apply subject to permission from RBI;
- vi. Indian Financial Institutions and Banks;
- vii. Trusts or Societies registered under the Societies Registration Act, 1860 or any other applicable Trust Law and which are authorised under their constitution to hold and invest in equity shares of a Company;
- viii. Non Resident Indians (NRIs) on a non-repatriation basis.
- ix. Foreign Institutional Investors

Application not to be made by:

- i. Minors
- ii. Foreign Nationals
- iii. Partnership firms or their nominees
- iv. Trusts (except as stated above)
- v. HUFs (except as stated above)
- vi. NRIs (except as stated above)
- vii. OCBs

A single application can be made only for the number of equity shares that are being offered to each respective category.

c. **Procedure for application**

Application by Resident Indian Public

Application must be:

- i. Made only in the prescribed application form accompanying the memorandum.
- ii. Completed in full in block letters in English except signatures in accordance with the instructions contained herein and in the application form. Applications not so made are liable to be rejected.
- iii. For a minimum of 250 equity shares and in multiples of 250 thereafter.
- iv. In the name of Resident Indian Individuals, Limited Companies, Statutory Corporations/Institutions Incorporated in India, Indian Mutual Funds registered with SEBI and Banks. Applications in the name of minors, foreign nationals, Trusts not registered under the Societies Registration Act, 1860, or any other Trust laws, partnership firms or their nominees, OCBs, NRIs on repatriation basis will be treated as invalid.
- v. HUF should specify that the application is being made in the name of the HUF in the application form as “**Name of the sole or first applicant: XYZ HUF applying through XYZ, where XYZ is the name of the Karta**”. Application by HUFs would be considered at par with those from individuals.
- vi. Applicants residing at places where no collection centers have been opened may submit / mail their applications at their sole risk along with application money due there on by Demand Draft to the Registrar to the Issue, Datamatics Financial Software & Services Ltd. super-scribing the envelope “**Nandan Exim Limited - Public Issue**” so as to reach the Registrar on or before the closure of the Subscription List. Such demand drafts should be payable at Ahmedabad and Mumbai only. The charges, if any, for purchase of the demand draft will have to be borne by the applicant.
- vii. **Application by Mutual Funds:** A separate application can be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications provided the applications made by the Mutual Funds / Trustees / the Custodians clearly indicate their intention as to each Scheme concerned for which application has been made.



- viii. **Subscription by NRIs/FIIs registered with SEBI:** As per the extant policy of the Government of India, OCBs cannot participate in this Issue. Investments made by NRIs/ FIIs are governed by the regulations contained in FEMA 20/2000-RB dated May 3, 2000 read with AP (DIR Series) Circular No.38 dated December 2, 2003 shall be applicable. It is to be distinctly understood that there is no reservation for NRIs and FIIs registered with SEBI and all NRI and FII registered with SEBI applicants will be treated on the same basis with other categories for the purpose of allotment.
- ix. All cheques / bank drafts accompanying the application should be crossed “ A/c payee only” and made payable to any of the Bankers to the Issue and lodged at any of their nominated branches and should bear the words “**Nandan Exim Limited - Public Issue**”.
- x. Applicants should indicate the application numbers on the reverse of the instrument through which the payment is made. All application forms duly completed together with cash / cheques / demand draft drawn on any of the Bankers to the issue mentioned on the prescribed application form for the amount payable on application at the rate of Rs. 20 per equity share, should be lodged with the bankers to the issue mentioned in the prescribed application form.

d. Instructions for payment

Payments should be made in cash or cheque or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member or a sub-member of the Bankers’ “Clearing House” located at the Centers (indicated in the Application Form) where the Application is accepted. A separate cheque / demand draft should accompany each Application.

Money orders, postal orders, outstation cheques or demand drafts, cheques / draft drawn on banks not participating in the “clearing” will not be accepted and applications accompanied with such instruments may be rejected.

In case payment is effected in contravention of the conditions mentioned herein, the application money will be refunded and no interest will be paid thereon.

Investors will not have facility of applying through stockinvest instrument as RBI has withdrawn the stockinvest scheme vide notification no.DBOD.NO.FSC.BC.42/24.47.001/2003-04 dated 5/11/2003.

APPLICATION(S) WILL NOT BE ACCEPTED BY THE LEAD MANAGERS OR REGISTRAR TO THE ISSUE.

e. Grounds for technical rejections

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following:

- i. Bank account details are not provided.
- ii. Age is not mentioned.
- iii. Application by Minors.
- iv. PAN or GIR number is not given if the value of the application is for Rs.50,000/- or more.
- v. Multiple applications.
- vi. In case of under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted.
- vii. Applications accompanied by Stockinvests.
- viii. Application by OCBs.
- ix. Applications not duly signed by the sole/joint applicants.
- x. Application forms does not have the applicants depository account details.
- xi. Application not in multiples of 250 shares.

Particulars of Bank Account

All the applicants should mention particulars relating to Savings Bank/Current Account number and the name of the bank and branch with whom such account is held in the appropriate place in the application form to enable the Registrar to print the said details in the refund orders after the name of the payee.

Please note that it is mandatory to provide the aforementioned details. Applications without these details would be treated as incomplete and applications are liable to be rejected.

Note: Applicants are requested to write their names and Application Serial Number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for equity shares.

For further instructions, please read the Application Form carefully.

Disposal of Application and Application Money

No receipt will be issued for application money. However, the Bankers to the Issue receiving the application will acknowledge the receipt of the application by stamping and returning the detachable acknowledgment slip appended to each application.



The sum received in respect of the Issue will be kept in a separate bank account and the Company will not have any access to the funds unless approval of The Stock Exchange, Mumbai is obtained for the basis of allotment and listing approval from the stock exchanges where listing is proposed.

The Company reserves the full unqualified and absolute right to accept or reject any application in whole or part and in either case without assigning any reason thereof.

Basis of Allotment

In the event of the public Issue being oversubscribed, the allotment will be on a proportionate basis subject to market lots as explained below:

- a. A minimum 50% of the net Issue to the Indian public will be made available for allotment in favour of those retail individual applicants who have applied for Equity Shares of or for a value not more than Rs.50,000/-. This percentage may be increased in consultation with the Stock Exchange, Mumbai depending on the extent of response to the Issue from investors in this category. In case allotments are made to a lesser extent than 50% because of lower subscription in the above category, the balance Equity Shares would be added to the higher category and allotment made on a proportionate basis as per relevant SEBI Guidelines.

The Executive Director / Managing Director of the Stock Exchange, Mumbai along with the Lead Manager and the Registrars to the issue shall be responsible to ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the guidelines.

- b. The balance of Net Issue to Indian Public shall be made available to investors including corporate bodies/institutions and individual applicants who have applied for Equity Shares for a value more than Rs.50,000/-
- c. The Unsubscribed portion of the net issue to any of the categories specified in (a) or (b) shall be made available for allotment to applicants in the other category, if so required.
- d. Applicants will be categorised according to the number of equity shares applied for.
- e. The total number of equity shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, i.e., the total number of shares applied for in that category (number of applications in the category multiplied by the number of equity shares applied for) multiplied by the inverse of the over subscription ratio.
- f. Number of equity shares to be allotted to the successful allottees will be arrived at on a proportionate basis i.e. total number of equity shares applied for by each applicant in that category multiplied by the inverse of the over subscription ratio.
- g. In all the applications where the proportionate allotment works out to less than 250 Equity Shares per applicant, the allotment shall be made as follows:
 - i. Each successful applicant shall be allotted a minimum of 250 equity shares, and
 - ii. The successful applicants out of the total applicants of that category shall be determined by drawal of lots in such a manner that the total number of equity shares allotted in that category is equal to the number of equity shares worked out as per (b) above.
- h. Allotment shall be on proportionate basis within the specified categories, rounded off to the nearest integer subject to a minimum allotment being equal to the minimum application size which is 250 shares.

If the equity shares allocated on a proportionate basis to any category is more than the equity shares allotted to the applicants in the category, the balance available equity shares for allotment shall be first adjusted against any other category where the allotted equity shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance equity shares if any, remaining after such adjustment will be added to the category comprising of applicants applying for minimum number of equity shares.

In the event of over subscription, in the process of rounding off to ensure allotment in marketable lots, the Company may make such adjustments in the basis of allotment, as may be necessary, in consultation with SEBI/Stock Exchanges. As the basis of allotment is on proportionate basis, in the process of rounding off to the nearest integer, the issue size may increase by a maximum of 10% of the net offer to Indian Public.

Issue of Certificates

In terms of Sec 68B of the Companies Act, 1956, the Company will not issue any share certificates instead, the Company shall give credit to the beneficiary account with Depository participant within 3 working days of finalisation of allotment of shares.

Allotment letters & share certificates & refund orders

In accordance with The Companies Act, 1956 and the requirement of stock exchanges, the Company shall pay interest @ 15% per annum on the entire amount if the allotment of the Equity Shares has not been made within 30 days from the date



of closure of the Issue. This interest will be paid from the 31st day from the closure of the Issue until the actual date of allotment. Alternatively, in case of any delay in the despatch of refund orders beyond 30 days from the closure of the Issue, interest @ 15% per annum, will be paid on the refund amount from the 31st day from the closure of the Issue until the date of despatch of the refund orders.

The Company shall ensure despatch of refund orders of value up to Rs. 1,500/- under certificate of posting / Allotment advice and/ or regret letters together with refund orders over Rs.1,500/- by Registered Post only.

The Company has undertaken to make available necessary funds to the Registrar for the purpose of despatch of Allotment Letters/ Refund Orders as stated above.

Scope of activities of the Registrars to the Issue

The Registrars to the Issue shall also be the Share Transfer Agent and would also be responsible for all the post Issue activities pertaining to this Issue.

Undertaking by the Company

The Company hereby undertakes –

- i. That the complaints received in respect of the Issue shall be attended to expeditiously and satisfactorily;
- ii. That all steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the securities are to be listed are taken within 7 working days of finalisation of Basis of Allotment.
- iii. That the funds required for despatch of refund orders/allotment letters by registered post shall be made available to the Registrar to the Issue by the Issuer Company;
- iv. That share certificates/refund orders to the non-resident Indians shall be despatched within specified time;
- v. That no further issue of securities shall be made till the securities offered through this Prospectus are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.
- vi. The Company, its promoters, any of the Company's associates of group companies, and other Companies with which directors of the Company are associated as directors or promoters have neither suspended by SEBI or been prohibited from accessing the capital market or any disciplinary action taken by any order or direction passed by SEBI.

GENERAL INFORMATION

a. Joint Applications

An application may be made in single or joint names (not more than three). In case of a joint application, refund pay order (if any) and dividend / warrants, etc. will be made out in favour of the first applicant. All communications will be addressed to the applicant whose name appears first and will be despatched to the first applicant's address stated in the application form.

b. Multiple Applications

An applicant should submit only one application (and not more than one) for the total number of equity shares required. Applications may be made in single or joint names (not more than three). Two or more applications, in single and / or in joint names will be deemed to be multiple applications if the sole and / or first applicant is one and the same.

c. Application under Power of Attorney

In case of applications under a Power of Attorney or by limited companies or bodies corporate or societies, the relevant Power of Attorney or the relevant resolution or authority to make the application, as the case may be, together with a certified true copy thereof along with a copy of Memorandum and Articles of Association and /or bye-laws must be attached to the Application Form at the time of making the application or lodged for scrutiny separately indicating the Serial No. of the Application Form with the Registrar to the Issue at their address, within 10 days from the closure of the Issue, failing which, the Issuer reserve the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereof.

The Company, in their absolute discretion, reserves the right to relax the condition of lodging of the Power of Attorney along with the application form, subject to such terms and conditions that the company / Lead Manager may deem fit.

- d. Thumb impression or signature in language other than English, Hindi or any other language specified in the 8th Schedule of the Constitution of India must be attested by Magistrate or Notary Public or a special Executive Magistrate under his official seal.
- e. All communications should be addressed to the Registrar to the Issue.
- f. The applicant should mention the Application Form number on the reverse of the instrument through which payment is made.



- g. Applicants are advised that it is mandatory for them to indicate in the space provided in the application form, details regarding their Savings Bank / Current Account Numbers and the name of the branch of the bank to which they want the proceeds of refund to be credited. Applications not containing such details are liable to be rejected.
- h. Where an application is for allotment of equity shares for a total value of Rs. 50,000 or more i.e. the total number of securities applied for multiplied by the Issue price is Rs. 50,000/- or more, the applicant or in the case of applicants in joint names, each of the applicants should mention his permanent account number allotted under the Income Tax Act, 1961 or where the same has not been allotted, the GIR number and the Income Tax Circle / Ward / District should be mentioned. In case where neither the Permanent Account Number (PAN) nor the GIR number has been allotted, the fact of non-allotment should be mentioned in the application form. Application forms without this information will be considered incomplete and will be liable to be rejected.
- i. Having regard to provisions of Section 269SS of the Income Tax Act, 1961, the subscription against the equity shares application for an amount of Rs. 20,000 or more should not be effected in cash and must be offered only by an A/c. payee cheque / bank draft. In case payment is effected in contravention of the provisions, the application is liable to be rejected and application money will be refunded without interest.
- j. A separate cheque / bank draft must accompany each application form.
- k. **Depository option to Investors**
In terms of section 68B of the Companies Act, the equity shares in this Issue shall be allotted only 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).

Tripartite agreements have been signed between the Company, the registrar and CDSL and NSDL. The ISIN No. allotted to the Company is INE 875 G 01014.

Application from any investor without the following details of his or her depository account are liable to be rejected:

- i. An applicant applying for equity shares must have at least one beneficiary account either of the depository participants of NSDL or CDSL prior to making the Application.
- ii. The applicant must necessarily fill in the details (including the beneficiary account number and depository participants identification number) appearing in the application form.
- iii. Equity shares allotted to applicant will be credited in electronic form directly to the beneficiary account (with the depository participant) of the applicant.
- iv. Names in the application form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the Depository account of the Bidder(s).
- v. If incomplete or incorrect details are given under the heading applicant Depository account details in the application form it is liable to be rejected.
- vi. 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.
- vii. It may be noted that equity shares in electronic form can be traded only on the Stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where our equity shares are proposed to be listed are connected to NSDL and CDSL.
- viii. The trading of equity shares would be in dematerialised form only for all investors.

Marketable Lot

The Company shall allot the Equity Shares in dematerialised form only. The trading in the Equity Shares of the Company shall only be in dematerialised form for all investors., where the tradeable lot is one equity share. The marketable lot for the purpose of allotment is 250 shares.

Arrangement for disposal of odd lots

The Company has not made any arrangements for disposal of odd lot of shares arising out of this Issue as the tradeable lot is ONE.

Nomination facility to investors

In accordance with Section 109A of the Act, applicants, may nominate any one person in whom, in the event of the death of the applicants as the case may be the equity shares allotted if any, shall vest. A person being a nominee, entitle to the equity shares by reason of death of the original holders (s), shall in accordance with Section 109A of the Act be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity shares. Where the nominee is a minor, the holder may make a nomination to appoint, in the prescribed manner, any person to become entitled



to equity shares in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity shares by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made on a prescribed form available on request at the registered office of the Company or to the Registrar and Transfer Agents of the Company. In accordance with Section 109B of the Act, any person who becomes nominee by virtue of 109A of the Act shall upon production of such evidence as may be required by the Court, elect either:

To register himself or herself as holder of 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 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the equity shares, until the requirement of the notice have been complied with.

In case of allotment in demat form, the nominations registered with the respective depository participants of the applicant would prevail.

FOR FURTHER INSTRUCTIONS REGARDING APPLICATIONS FOR THE EQUITY SHARES, INVESTORS ARE REQUESTED TO READ THE APPLICATION FORM CAREFULLY.

Utilisation of Issue proceeds

The Board of Directors of the Company certifies that:

- a. All monies received out of this Issue of shares to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73;
- b. Details of all monies utilised out of the Issue referred to in sub-item(a) shall be disclosed under an appropriate separate head in the balance-sheet of the Company indicating the purpose for which such monies had been utilised; and
- c. Details of all unutilised monies out of the Issue of shares, if any, referred to in sub-item(a) shall be disclosed under an appropriate separate head in the balance-sheet of the Company indicating the form in which such unutilised monies have been invested.

STATEMENT OF TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

(A) BENEFITS TO THE COMPANY UNDER INCOME TAX ACT, 1961:

1. Subject to Compliance of certain conditions laid down in Section 32 of the Income Tax Act, 1961 the Company will be entitled to a deduction for depreciation: -
 - a. In respect of tangible assets and intangible assets being in the nature of know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998 at the rates prescribed under the Income Tax Rules; 1962;
 - b. In respect of machinery or plant which has been acquired and installed after 31st March, 2002 for the purpose of new industrial undertaking or in respect of the existing manufacturing facilities which benefits in increasing the installed capacity by not less than twenty five percent a further sum of 15% of the actual cost of such machinery or plant will be allowed a deduction.

(B) TO THE MEMBERS OF THE COMPANY – UNDER THE INCOME TAX ACT, 1961

B.1: Resident Members

1. In terms of Section 10(34) of the Income Tax Act, 1961, any income by way of dividends referred to in Section 115-0 (i.e., dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the company is exempted from the tax.
2. In terms of Section 10(38) of the Act, any long term capital gain arising to a share holder from the transfer of a long term capital asset, being an equity shares in a company would not be liable to tax in the hands of the share holder if the following conditions are satisfied:
 - a. The transaction of sale of such equity share on or after 1st October 2004.
 - b. Such transaction is chargeable to securities transaction tax as explained at para 3 below.
3. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No. 2) Act, 2004, transaction for purchase and sale of the securities in the recognised stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognised stock exchange is liable to securities transaction tax @ 0.075 % of the value payable by both buyer and seller. The non-delivery based sale transactions are liable to tax @ 0.015 % of the value payable by the seller.



4. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head " Profit and gain of business or profession " arising from taxable securities transactions. No deduction will be allowed in computing the income chargeable to tax as capital gain, as such amount is paid on account of securities transactions tax.
5. In terms of section 10(23D) of the Income Tax Act, 1961 all Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under or authorised by the Reserve Bank of India, subject to the conditions specified therein are eligible for exemption from income tax on all their income, including income from investment in the shares of the company.
6. Under section 48 of the Income Tax Act, 1961 if the company's shares are sold after being held for not less than twelve months, the gain (in case not covered under Section 10(38) of the Act) if any will be treated as long term capital gain shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.
7. Under Section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain (in case not covered under section 10(38) of the Act) arising on the transfer of shares of the Company will be exempt from capital gain tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by:
 - a. National Bank for Agriculture and Rural Development established under section 3 of the National Bank for Agriculture and Rural Development Act, 1981;
 - b. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
 - c. Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;.
 - d. National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and
 - e. Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989;
8. Under section 54ED of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain (in case not covered under section 10(38) of the Act) on the transfer of shares of the Company, as and when it is listed, will be exempt from capital gain tax if the capital gain are invested in shares of an Indian Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely:
 - a. The issue is made by a public company formed and registered in India;
 - b. The shares forming part of the issue are offered for subscription to the public;
9. Under section 54F of the Income Tax Act, 1961 long term capital gain (in case not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gain tax subject to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
10. Under section 112 of the Income Tax Act, 1961 and other relevant provisions of the Act, Long term capital gain, (i.e., if shares are held for a period exceeding 12 months) (in case not covered under section 10(38) of the Act), arising on transfer of shares in the Company, shall be taxed at a rate of 20% (plus applicable surcharge and education cess @ 2% of the tax) after indexation as provided in the second proviso to section 48. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess @ 2% of the tax) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
11. Under section 111A of the Act and other relevant provisions of the Act, short-term capital gain (i.e. if shares are held for a period not exceeding 12 months), arising on transfer of shares in the Company on a recognised stock exchange, shall be taxed at a rate of 10 % (plus applicable surcharge & education cess @ 2 % of the tax).

B.2: Non-Resident Indians/Non Residents Members [Other than FIIs and Foreign venture capital investors]

1. In terms of Section 10(34) of the Income Tax Act, 1961, any income by way of dividends referred to in Section 115-0 (i.e., dividends declared, distributed or paid on or after 1 April 2003) received by a non-resident Indian shareholder (i.e. an individual being a citizen of India or person of Indian origin who is not a 'resident') on the shares of the company is exempted from the tax.
2. In terms of section 10(38) of the Act, any long term capital gain arising to a shareholder from transfer of long term capital asset being an equity shares in a company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:



- a. The transaction of sale of such equity share on or after 1st October 2004.
 - b. Such transaction is chargeable to securities transaction tax as explained at para 3 below.
3. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No. 2) Act, 2004, transaction for purchase and sale of the securities in the recognised stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognised stock exchange is liable to securities transaction tax @ 0.075 % of the value payable by both buyer and seller. The non-delivery based sale transactions are liable to tax @ 0.015 % of the value payable by the seller.
 4. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head “ Profit and gains of business or profession “ arising from taxable securities transactions. No deduction will be allowed in computing the income chargeable to tax as capital gain, as such amount is paid on account of securities transactions tax.
 5. Under Section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain (in case not covered under section 10(38) of the Act) arising on the transfer of shares of the Company will be exempt from capital gain tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by:
 - a. National Bank for Agriculture and Rural Development established under section 3 of the National Bank for Agriculture and Rural Development Act, 1981;
 - b. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
 - c. Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;.
 - d. National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and
 - e. Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989;
 6. Under section 54ED of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain (in case not covered under section 10(38) of the Act) on the transfer of shares of the Company, as and when it is listed, will be exempt from capital gain tax if the capital gain are invested in shares of an Indian Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely:
 - a. The issue is made by a public company formed and registered in India;
 - b. The shares forming part of the issue are offered for subscription to the public;
 7. Under section 54F of the Income Tax Act, 1961 long term capital gain (in case not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gain tax subject to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
 8. Under section 112 of the Income Tax Act, 1961 and other relevant provisions of the Act, Long term capital gain, (i.e., if shares are held for a period exceeding 12 months) (in case not covered under section 10(38) of the Act), arising on transfer of shares in the Company, shall be taxed at a rate of 20% (plus applicable surcharge and education cess @2% of the tax) after indexation as provided in the second proviso to section 48. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess @2% of the tax) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
 9. Under section 115-I of the Act, a non-resident Indian (i.e. an individual being a citizen of India or person of Indian origin who is not a ‘resident’) has an option to be governed by the provisions of Chapter XII-A of the Income Tax Act, 1961 viz. “Special Provisions Relating To Certain Incomes of Non-Residents” which are as follows: -
 - a. Under section 115E of the Income Tax Act, 1961, where shares in the company are acquired or subscribed for in convertible Foreign Exchange by a Non Resident Indian, capital gain arising to the non-resident on transfer of shares held for a period exceeding 12 months shall (in case not covered under section 10(38) of the Act) be concessionaly taxed at the flat rate of 10% (Plus applicable Surcharge and education cess @ 2 % of the tax) (without indexation benefit but with protection against foreign exchange fluctuation).
 - b. Under provisions of section 115F of the Income Tax Act, 1961 long term capital gain (in case not covered under Section 10(38) of the Act) arising to a non-resident Indian from the transfer of shares of the company subscribed to



in convertible Foreign Exchange shall be exempt from Income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

- c. Under provisions of section 115G of the Income Tax Act, 1961 it shall not be necessary for a Non-Resident Indian to furnish his return of income if his income chargeable under the Act, consists of only investment income or long term capital gain or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.
10. Under the first proviso to section 48 of the Income Tax Act, 1961, in case of a non resident, in computing the capital gain arising from transfer of shares of the company (in case not covered under section 10(38) of the Act), acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gain/loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilised in the purchase of the shares.

B.3: Foreign Institutional Investors (FIIs)

1. In terms of section 10(34) of the Income Tax Act, 1961, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the company is exempted from the tax.
2. In terms of section 10(38) of the Act, any long term capital gain arising to a shareholder from transfer of long term capital asset being an equity shares in a company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:
 - a. The transaction of sale of such equity share on or after 1st October 2004.
 - b. Such transaction is chargeable to securities transaction tax as explained at para 3 below.
3. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No. 2) Act, 2004, transaction for purchase and sale of the securities in the recognised stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognised stock exchange is liable to securities transaction tax @ 0.075 % of the value payable by both buyer and seller. The non-delivery based sale transactions are liable to tax @ 0.015 % of the value payable by the seller.
4. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head “ Profit and gains of business or profession “ arising from taxable securities transactions. No deduction will be allowed in computing the income chargeable to tax as capital gain, as such amount is paid on account of securities transactions tax.
5. The Income by way of short term capital gain or long term capital gain (not covered under section 10(38) of the Act) realised by FIIs on sale of shares in the company would be taxed @10% as per section 115AD of the Income Tax Act, 1961. However, in case of such long term capital gain, the tax is levied on the capital gain computed without considering the cost indexation and protection against foreign exchange fluctuation.
6. Under Section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain (in case not covered under section 10(38) of the Act) arising on the transfer of shares of the Company will be exempt from capital gain tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by:
 - a. National Bank for Agriculture and Rural Development established under section 3 of the National Bank for Agriculture and Rural Development Act, 1981;
 - b. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
 - c. Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;
 - d. National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and
 - e. Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989;
7. Under section 54ED of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain (in case not covered under section 10(38) of the Act) on the transfer of shares of the Company, as and



when it is listed, will be exempt from capital gain tax if the capital gain are invested in shares of an Indian Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely-

- a. The issue is made by a public company formed and registered in India;
- b. The shares forming part of the issue are offered for subscription to the public;

B.4 : Venture Capital Companies / Funds

In terms of section 10(23FB) of the Income Tax Act, 1961 all Venture capital companies/funds registered with Securities and Exchange of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including dividend from and income from sale of shares of the company.

(C) Benefits to Members of the Company under the Wealth Tax Act, 1957

Shares of company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act 1957, hence no Wealth Tax will be payable on the market value of shares of the company held by the shareholder of the Company.

(D) Benefits to Members of the Company under the Gift Tax Act, 1958.

Gift made after 1st October 1998 is not liable for any gift tax and hence gift of shares of the company would not be liable for any gift tax.

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance (No. 2) Act, 2004.
2. The stated benefits will be available only to the sole/first named holder in case joint holders hold the Shares.
3. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
4. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.



IV. PARTICULARS OF THE ISSUE

Objects of the Issue

1. To finance the new plant being set up by the Company for manufacture of Grey fabrics and Denim fabrics.
2. To meet the expenses of the Issue
3. To list the equity shares of the Company on the Stock Exchange(s)

The details are as under:

(Rs. in Lakhs)

Particulars of Amount to be allocated from the Public Issue Funds	Amount
New plant being set up for manufacture of Grey fabrics and Denim fabrics	1,100.00
Expenses of the Issue	98.00
Listing the equity shares of the Company on the Stock Exchange	2.00
Total	1,200.00

The main objects clause of the Memorandum of Association of the Company enables the Company to undertake the existing activities and the activities for which the funds are being raised through the present Issue.

Appraisal

The project appraisal has been carried out by SBI Capital Markets Ltd. in the month of August 2003 for the purpose of proposed Project as mentioned in the Prospectus as well as for availing Term Loans to the extent of Rs. 3883.00 lakhs from Banks and letter dated October 18, 2004, towards revised means of finance taken on records by SBI Capital Markets Limited.

Disclaimer by SBI Capital Markets Limited

This Detailed Appraisal Note (DAN) contains proprietary and confidential information regarding Nandan Exim Ltd, Ahmedabad. ('Nandan Exim' or 'the Company'). SBI Capital Markets Ltd. ('SBICAP') has prepared this DAN, on the basis of information provided by the Company.

There are financial projections presented in this DAN based on information made available by Nandan Exim. A financial projection presents, to the best of management's knowledge and belief, a Company's expected financial position, results of operations and cash flow for the projection period. Financial projections require the exercise of judgment and are subject to uncertainties concerning the effects that change in legislation or economic or other circumstances may have on future events, and different people may have a different view in future. There will usually be differences between projected and actual results because events and circumstances do not occur as expected, and those differences may be material. Under the circumstances, no assurance can be provided that the assumptions or data upon which these projections have been based are accurate or whether these business-plan projections will actually materialize.

Neither SBICAP, nor State Bank of India or any of its associates, nor any of their respective directors, employees or advisors make any expressed or implied representation or warranty and no responsibility or liability is accepted by any of them with respect to the accuracy, completeness or reasonableness of the facts, opinions, estimates, forecasts, projections or other information set forth in this DAN or the underlying assumptions on which they are based or the accuracy of any computer model used and nothing contained herein is or shall be relied upon as a promise or representation regarding the historic or current position or performance of the Company or any future events or performance of the Company.

This DAN is furnished on strictly confidential basis. Neither this DAN, nor the information contained herein, may be reproduced or passed to any person or used for any purpose other than stated above. By accepting a copy of this DAN, the recipient accepts the terms of this Notice, which forms an integral part of this DAN.



Cost of Project

The estimated cost of the project is Rs. 6310.14 lakhs as per the Techno Economic Feasibility Report prepared by the Company with the help of its technical consultant. The break up of the estimated project cost as mentioned in the appraisal report of SBI Capital Markets Limited is given in the following table:

(Rs. In Lakhs)

Particulars	Amount
Land and Site development	239.33
Civil Construction & Factory Building	600.01
Plant & Machinery	
Imported	3071.00
Indigenous	979.54
Miscellaneous Equipments	173.17
Pre-operative Expenditure	326.91
Contingencies	253.15
Margin Money for Working Capital	667.03
Total Project Cost	6310.14

Means of Finance

The Project is proposed to be funded from the promoters' contribution of Rs. 2427.14 lakh and a term loan of Rs. 3883 lakh at a debt equity ratio of 1.60:1. The details of the proposed means of finance for the project as per the appraisal report of SBI Capital Markets Limited are as follows:

(Rs. in lakhs)

Particulars	Amount
Promoter's contribution:	
Fresh Equity Capital	350.00
Internal Accruals	211.14
Investment with group companies to be brought back	792.00
Funds committed by group companies/ friends & relatives (Non Interest Bearing and non-withdrawable Unsecured Loans)	1074.00
Sub total (a)	2427.14
Rupee Term Loan (Proposed) (b)	3883.00
Total Means of Finance (a+b)	6310.14

The **Revised Means of Finance** as arrived at by the Company in consultation with the Lead Manager to the Issue and as taken on record by SBI Capital markets Limited vide the Company's letter dated October 18, 2004 is as under:

(Rs. in lakhs)

Sr. No.	Particulars	Amount
a.	Promoter's contribution	
	Equity Capital from Promoters at par of Rs.10/-	240.15
	Fresh equity at premium of Rs.34/- and face value of Rs.10/-	110.00
	Sub total (a)	350.15
b.	Internal Cash Accruals	211.14
c.	Loans & Advances to be brought back	420.00
d.	Funds committed by group companies/friends & relatives (non-interest bearing and non-withdrawable unsecured loans)	245.85
e.	Fresh equity from Public at Rs.10 per equity share	600.00
f.	Fresh Premium from Public at Rs.10 per equity share	600.00
g.	Total Promoters Contributions	2427.14
h.	Rupee Term Loan	3883.00
	Total Means of Finance (a+b+c+d+e+f+g+h)	6310.14



Firm arrangements of finance through verifiable means towards 75% of the above stated means of finance, excluding the amount to be raised through proposed Public Issue have been made.

Deployment of funds in the Projects as on February 28, 2005

The Company has already incurred an expenditure of Rs. 3169.73 lakhs towards the Project as on February 28, 2005. The fund deployment in the Project and its means of finance have been certified by M/s J.T.Shah & Co., Auditors of the Company vide their letter dated April 7, 2005 as given below:

Capital Expenditure

Sr. No.	Particulars	Amount Rs. (in Lacs)
1	Land & Land Development	70.12
2	Building (Including Advance for Capital Assets)	734.07
3	Plant & Machinery (Including Capital Work in Progress & Advance for Capital Assets)	2262.33
4	Misc. Fixed Assets (Including Advance for Capital Assets)	103.21
	Total	3169.73

Means of Finance

Sr. No.	Particulars	Amount Rs. (in Lacs)
1	Promoters Contribution and Internal Accruals	1300.98
2	Term Loan	1560.96
3	Creditors for Capital Goods (Net of LC Margin for Capital Assets)	307.79
	Total	3169.73

The year wise break up of proposed deployment of fund is mentioned hereunder:

(Rs. in lakhs)

Sr. No	Capital Expenditure	Already incurred till February 28, 2005	For March, 2005 & 1st Quarter up to June 2005	Total
1	Land & Site Development	70.12	0.00	70.12
2	Building (Including Advances for Capital Assets)	734.07	31.09	765.16
3	Plant & Machinery (Including Capital Work in Progress & Advances for Capital Assets)	2262.33	2171.71	4434.04
4	Misc. Fixed Assets (Including Advances for Capital Assets)	103.21	270.58	373.79
5	Preoperative Expense	0.00	0.00	0.00
6	Contingencies	0.00	0.00	0.00
7	Margin Money for Working Capital	0.00	667.03	667.03
	Total	3169.73	3140.41	6310.14

There are no "bridge loans" from any bank taken by the Company against the proceeds of the Issue.

Pending utilization the proceeds of the Issue will be invested in Bank Deposits and/or Gilt Edged Government Securities, either directly or through Government Security based funds.



V. HISTORY, MAIN OBJECTS AND BUSINESS

History

The Company is promoted by Shri. Vedprakash D. Chiripal and Shri. Brijmohan Chiripal on August 9, 1994 as a Private Limited Company for manufacturing, trading and export of textile products. Though it was incorporated in the financial year (FY) 1994, the actual operations commenced only during FY 1999. Since then the Company is making profit and growing steadily. The Name of the Company was changed to Nandan Exim Limited w.e.f January 16, 2004.

The Registered Office of the Company is Located at Survey No. 198/1, 203/2, Saijpur-Gopalpur, Pirana Road, Piplej, Ahmedabad - 382405. The Registered Office of the Company was earlier located at 283, New Cloth Market, Ahmedabad, 380 002 and was shifted to the current location w.e.f. January 17, 2004. The Corporate Office of the Company is located at "Chiripal House", B/h Arjun Tower, 132 Ft. Ring Road, Shivranjani Cross Roads, Satellite Road, Ahmedabad – 380015.

The Company is managed and controlled by Chiripals headed by Shri. Vedprakash D. Chiripal, who has wide experience in the field of manufacturing, trading, export of textile products. The Board of Directors and professionals having experience in their respective fields duly support him. The Company as a whole has well laid down organizational structure and delegation of authority at each level.

The group is doing reasonably well on account of the quality of its products, marketing network as well as the broad customer base created over the years. With its infrastructure/production facilities at their group companies (Nova Petrochemicals Ltd, Chiripal Petrochemicals Ltd, Vishal Fabrics Pvt. Ltd and Shanti Processors Ltd) backed by technical competence, the Company is setting up a plant for manufacturing finished Denim Fabrics and weaving of Grey Fabric (of which 40% would be sold in the domestic market and balance 60% will be converted to Bottom Weight Cloth and other processed fabrics at Group Company's/ outside process houses). The Company proposes to export the entire quantum of Finished Bottom Weight Cloth and other processed fabrics.

Financial highlights of selected data from audited accounts of the Company:

(Rs. in lakhs)

PARTICULARS	YEAR/PERIOD ENDED					
	31/12/04	31/03/04	31/03/03	31/03/02	31/03/01	31/03/00
INCOME						
Sales of products manufactured by the Company (net of excise duty)	1346.85	89.65	Nil	Nil	Nil	Nil
Sales of products traded by the Company	2010.82	532.45	497.52	404.26	687.74	398.69
IT Services	Nil	62.54	157.88	444.06	11.24	Nil
Job Work Income	317.78	Nil	Nil	Nil	Nil	Nil
Variation in Stock	636.27	92.72	Nil	Nil	Nil	Nil
Other Income	199.66	139.52	49.45	77.92	44.77	73.29
TOTAL	4511.38	916.88	704.85	926.24	743.75	471.98
EXPENDITURE						
Consumption / Purchase of Material	3595.98	545.64	260.90	221.87	546.26	298.77
Personnel Expenses	87.39	15.96	3.76	2.46	2.90	0.05
Manufacturing, Software Preparation, Administrative, Selling & Other Expenses	327.01	128.41	151.54	137.65	38.36	20.95
Financial Exp.	221.64	37.10	11.91	12.82	14.64	14.49
Depreciation	141.43	30.44	1.77	1.68	0.02	Nil
Misc. Expenditure written Off.	0.84	1.13	0.01	0.01	0.01	0.01
TOTAL	4374.30	758.68	429.89	376.49	602.19	334.27
Profit before Tax	137.09	158.20	274.96	549.75	141.56	137.71
Less: Provision for Taxes:						
Current Tax	11.00	15.00	32.00	16.50	14.50	3.05
Deferred Tax	31.93	53.24	0.05	Nil	Nil	Nil



(Rs. in lakhs)

PARTICULARS	YEAR/PERIOD ENDED					
	31/12/04	31/03/04	31/03/03	31/03/02	31/03/01	31/03/00
Less: Prior Period Taxes including Deferred Tax	(1.23)	0.77	0.51	0.40	Nil	Nil
Profit after Tax	95.39	89.19	242.40	532.85	127.06	134.66
Add: Depreciation of earlier years W/back	Nil	1.81	Nil	Nil	Nil	Nil
Profit For the Year	95.39	91.00	242.40	532.85	127.06	134.66
Adjustments Due to change in Accounting Policies (refer Annexure III)	Nil	(25.37)	9.03	(26.07)	42.41	Nil
Adjusted Profit	95.39	65.63	251.43	506.78	169.47	134.66
Retained Earnings of Earlier Years	1097.77	1032.14	812.90	306.12	136.65	1.99
Transfer to General Reserve	510.00	Nil	28.00	Nil	Nil	Nil
Dividend (including tax)	Nil	Nil	4.19	Nil	Nil	Nil
Retained Earnings carried forward to subsequent year	683.16	1097.77	1032.14	812.90	306.12	136.65

(Rs. in lakhs)

PARTICULARS	AS AT				
	31/12/04	31/03/04	31/03/03	31/03/02	31/03/01
ASSETS					
GROSS FIXED ASSETS	2230.65	1644.96	17.15	6.51	0.93
Less: Depreciation	173.53	32.10	1.66	0.69	0.01
Net Fixed Assets	2057.12	1612.85	15.49	5.82	0.92
Capital Work in Progress	869.96	253.09	Nil	Nil	Nil
INVESTMENTS:	624.49	623.60	619.20	459.60	Nil
CURRENT ASSETS, LOANS & ADVANCES	2943.09	1648.50	619.68	666.55	577.80
CURRENT LIABILITES & PROVISIONS	1097.63	714.49	50.19	158.56	118.00
Net Current Assets	1845.46	934.01	569.49	507.99	459.80
Misc. Expenditure	3.65	4.49	0.01	0.02	0.02
TOTAL	5400.69	3428.04	1204.19	973.43	460.74
LIABILITIES					
Secured Loans	2823.04	1093.48	128.65	145.68	139.77
Unsecured Loans	902.00	900.00	Nil	Nil	Nil
Total	3725.04	1993.48	128.65	145.68	139.77
DEFERRED TAX LIABILITY	89.49	53.79	0.55	Nil	Nil
Paid-up Equity Share Capital	790.00	255.00	14.85	14.85	14.85
Share Application Money	Nil	Nil	Nil	Nil	Nil
RESERVE & SURPLUS					
General Reserve	28.00	28.00	28.00	Nil	Nil
Share Premium	85.00	Nil	Nil	Nil	Nil
Profit & Loss Account	683.16	1097.77	1032.14	812.90	306.12
TOTAL	5400.69	3428.04	1204.19	973.43	460.74



Notes to Accounts

Forming part of Profit & Loss Account for the Period ended December 31, 2004 and Balance Sheet as at that date:

1. Significant Accounting Policies:

i) **Basis of Preparation of financial Statements**

The financial statements are prepared on accrual basis in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the company.

ii) **Fixed Assets**

Fixed Assets are stated at cost of acquisition less accumulated depreciation. All costs including financial costs till commencement of commercial production and net charges arising from exchange rate variation relating to liability incurred for the purpose of acquiring fixed assets are capitalized. Cenvat credit on capital goods is accounted for by reducing the cost of capital goods.

iii) **Depreciation**

Depreciation on fixed assets (excluding intangible assets) of the company is provided on straight-line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, except depreciation on incremental cost arising on account of translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets, which is amortized over the residual life of the assets.

iv) **Investments**

Long Term Investments are stated at cost. Provision is only made to recognize a decline other than temporary, in the value of investments.

v) **Inventories**

(a) Raw Materials are valued at cost; however appropriate provisions are made for anticipated losses, if any. Other inventories are valued at the Lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and estimated cost necessary to make sale. Cost in respect of Raw Materials and Trading Goods is computed on FIFO basis. Cost in respect of process and finished goods are computed on weighted average basis method. Finished goods and process stock includes cost of conversion and other costs incurred in acquiring the inventory and bringing them to their present location and condition.

(b) Waste is valued at estimated net realizable value.

vi) **Excise Duty / Cenvat**

(a) Excise duty is accounted for on the basis of payments made in respect of goods cleared and provision is made for goods lying in bonded Warehouse.

(b) Cenvat credit on excise duty paid goods is accounted for by reducing the purchase cost of related goods.

vii) **Revenue Recognition**

(a) Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of the products are transferred to the customers.

(b) Dividend on Investment is recognised when the right to receive the payment is established.

(c) Exports entitlement under the Duty Entitlement Pass Book (DEPB) scheme are recognised in the Profit and Loss Account when the right to receive credit as per the terms of scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

viii) **Borrowing cost**

Borrowing costs, which are attributable to acquisition or construction of qualifying assets, are capitalized as part of cost of such assets till such assets are ready for its intended use. A qualifying asset is one, which necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

ix) **Retirement benefits:**

(a) Liability of gratuity to employees is determined and accounted for on the basis of actuarial valuation.

x) **Foreign Currency Transactions / Exchange Fluctuation**

(a) Monetary Transactions related to foreign currency are accounted for at the equivalent rupee converted at the rates prevailing at the time of respective transactions and outstanding in respect thereof are translated at year end rates.

(b) Non-monetary foreign currency items are carried at cost.



xi) Amortization of Expenses

Preliminary and capital issue expenses are amortized over a period of five years.

Main Objects

The main objects of the Company are reproduced below:

- a. To carry on the business of manufacturer's representatives, agents, traders, dealers, exporters, importers, factors, consignors and consignees of all kinds, types and sizes of cloth articles goods, merchandise and commodities whether for domestic, commercial, industrial, agriculture and defence purpose/use in India or elsewhere.
- b. To carry on the business of spinners, weavers, manufacturers, ginners, processors, packers, and bales of cotton, jute, hemp, silk, rayon, nylon, stretchlon, man-made synthetics, fibres, staple fibers, wool and any other fibrous materials and the cultivation thereof and the business of manufacturing, weaving, bleaching, printing and selling yarn/cloth of all types, linen and other goods and fabrics of all types, whether knitted or looped and of importing, exporting, buying, selling and/or otherwise dealing in cotton silk, an silk, rayon, nylon, stretchlon, man-made synthetics, fibres, staple fibres, wool, hemp and other fibrous materials, yarn, cloth, linen, rayon made there from and other goods and/or merchandise made there from and generally to carryon business of spinners, weavers, processors, dyers, sizers, manufacturers and/or dealers in cotton, linen, flax, hemp, jute, silk, artificial silk, rayon, man-made synthetic fibres, staple fibres, wool, yarn and cloth merchants, cleaners, combers, spinners, weavers, bleachers, dyers, printers, sizers, importers, exporters, manufacturers, purchasers, sellers, of/or otherwise dealers in all above items.
- c. To carry on the business of manufacturing, weaving, bleaching, dyeing, processing, mercerising, printing, sizing, importing, exporting, purchasing, selling, and/or otherwise dealing in yarn of all types, and other fabrics made from cotton, jute, wool, silk, an silk, rayon, nylon, man-made synthetics, fibres, staple fibres, cloth of all types and other suitable materials and generally to carryon the business of spinning, weaving and processing mill proprietors in all their branches.
- d. To gin kapas and to spin, weave, manufacture, dye, print, clean, press and pack cotton, linen, silk waste, dropping, fly wool, jute, hemp, flex and other fabrics, materials and thing capable of being used for dyeing, printing, combing, processing, sizing, bleaching and pressing purposes and to sell, buy or otherwise deal in all such goods, yarn, cloth and/or fibres whether made or treated or processed by the Company or not engage in any business relating to the use or dispose of any of the bye-products of the Company and also to carryon the business of manufacturing, buying, selling, exchanging, converting, altering, importing, exporting, processing, twisting, or otherwise handling or dealing in rayon yarn (also known as continuous filament rayon or artificial silk yarn and which expression shall include all synthetic fibre or fibres whatsoever for textile use), staple fibre yarn (Also known as Spun Rayon) and such other fibre or fibres or fibrous materials or all allied products, bye-products or substances or substitutes for all/or any of them or yarn or yarns for textile or other use, as may be practicable or deemed expedient.
- e. To carry on the business of generation, accumulation, distribution and supply of and generally deal in electricity and explore, develop, generate, accumulate, supply and distribute or to deal in other forms of energy from any source whatsoever and to establish, operate and maintain generating stations, accumulation, tie lines, substations, workshops, transmission line and to lay down cables, wires and to manufacture, deal in, let on hire install, repair and to maintain plant, machinery, equipment appliances components and apparatus of any nature whatsoever used in connection with generation, storage, supply distributors, application of electrical energy.
- f. To carry on the business of or relating to information technology, telecommunication, satellite, internet, networking, e-commerce, computer, development of software and hardware, data systems, including research and development, designing, patenting, or otherwise developing new processes and systems and providing solutions

Present operations of the Company

The Company is engaged in business of export of fabrics. It buys the raw material from open market and then gets it converted into processed fabrics for exports through its associate concerns who have their own process house. The fabrics are mainly used for sarees, dress materials etc. The Company has been in this business for the past 4-5 years.

The Company is now setting up the project for manufacture of grey (weaving) and denim at an installed capacity of 104 and 140 lakh mtrs. per annum. The Company has already procured and installed 80 nos of imported Tsudakoma Looms. The orders for balance 16 looms have been placed and the L/C has been opened. Its delivery is expected in April 2005 and thereby the commercial production shall commence by June 2005

Location

The Company has its registered office at Survey No. 198/1, 203/2, Saijpur-Gopalpur, Pirana Road, Piplej, Ahmedabad - 382405, Gujarat, India. The Corporate Office of the Company is located at "Chiripal House", Behind Arjun Tower, 132 Ft. Ring Road, Shivranjani Cross Roads, Satellite Road, Ahmedabad - 380 015.

Business

Nandan Exim Ltd started its business activity during 1994-95 with an objective to carry on the business of Manufacturing, Exporting and Trading in Textiles and related Goods. The Company purchases basic raw material (Grey Fabrics) from the



open markets of Ahmedabad, Surat etc. and converts the same to finished (processed) fabrics through various stages of processing like checking, washing, dyeing/ bleaching, printing and finishing etc. at outside processing houses. The finished goods are sold after carrying out additional processes like stitching and packaging. The Company is setting up a new plant for the manufacture of Grey Fabrics and Denim Fabrics having installed capacities of 104 and 140 lakhs meters per annum respectively.

SWOT ANALYSIS

Strengths

1. Nandan Exim has a pro-active management and promoters have hands on experience in manufacturing and trading of textile products.
2. The Group has agents for domestic sales as well as export of processed fabrics.
3. The Company has been exporting fabrics and other finished goods since last 4 years and is better positioned for developing the market for export of Denim Fabric, Bottom Weight Clothes and Processed Fabric.
4. The Project is eligible for interest subsidy of 5 % under TUFS and would also earn approximately 8 % duty drawback for export.
5. The Company would be manufacturing Denim Fabric, Bottom Weight Clothes and Processed Fabric, which is in demand across the Globe.
6. The Plant will be set up in Ahmedabad, which is said to be a major textile center of the country and thus has easy access to raw material and skilled labour.

Weaknesses

1. Nandan Exim will be competing with established players like Arvind Mills Ltd, Ashima Ltd and Bombay Dyeing & Manufacturing Company Ltd. However these Companies have higher fixed cost vis-a-vis Nandan Exim and so cost wise, Nandan Exim may be cheaper.
2. Overseas market is highly competitive. Indian manufacturers including Nandan Exim have advantages over others on account of their lower operating cost.
3. The success and viability of the project depends to a good extent upon the interest subsidy of 5% available from Textile Upgradation Fund of Govt. of India and duty draw back on account export sales.
4. The Company has no spinning unit to meet for its raw material requirement.
5. Fashion trend in overseas market changes very fast.

Opportunities

1. With closure of many production centres in Europe and USA on account of stringent pollution control norm, high cost labour and raw material. This opens up tremendous opportunity for Indian manufacturers for supplying Denim and Bottom Weight Clothes and Processed Fabrics to those countries.
2. Quota system shall go away by the end of 2004, which will make global sourcing easier. Many foreign customers will take a relook at their supply chain to get quality products from India.
3. Interest rates are gradually falling, making new investments more affordable.
4. Government's policy for interest subsidy will facilitate Nandan Exim's cost reduction.

Threats

1. The domestic demand-supply scenario is expected to be balanced even through a number of capacity expansions are expected to be implemented by various companies over the years.
2. The player with lower production costs would be in a position to utilize capacities optimally. Nandan Exim enjoys cost advantages, which will enable it to withstand competition.

Major Products

Nandan Exim commenced its commercial operation during the FY1998-99. The Company is at present engaged in exports of fabrics and other textile products after getting them processed from grey fabrics. It procures basic raw material of Grey Fabrics from the open market at Ahmedabad, Surat etc for conversion to finished fabric.

Since Nandan Exim has no processing unit, it outsources the process operations like checking, detecting the defects, washing, dyeing, bleaching, printing, singeing and finishing to its sister concerns like Shanti Processors Ltd and Vishal Fabrics Pvt. Ltd as also other process houses. The Company thereafter exports the finished fabric after carrying out additional steps of stitching and packaging of Processed Finished Fabrics.



The major products in which the Company trades are:

- Fabric for suiting and shirting
- Clothes for dress materials
- Sarees

Major Customers

It is an accepted practice in the textile business to sell through agents and bill directly to the ultimate buyers. The company sells in the domestic as well as in the export markets. The major overseas buyers are as under:

Sr. No.	Name	Address
1	Vashi's Co. (L.L.C)	P.O Box 13579, Dubai – United Arab Emirates
2	Isher Textiles L.L.C.	Abra, Wholesale Textile Market, Al Fardan Building, Shop no. G-5, P.O Box 43152, Dubai, UAE
3	History Trading Co. L.L.C.	P.O Box No. 14207, Dubai, UAE
4	Rajneesh Traders (LLC.)	P.O. Box 7831, Dubai, UAE
5	P. T. Jasama Mitra	Bandung, Indonesia

Competitors

Total production capacity in India for Denim is 220 million meters per annum whereas it consumes approximately 50-55 million meters per annum. The Arvind Mills Ltd. owns about half of total production capacity and is the World's third largest manufacturer of Denims. The installed capacities of some of the major manufacturer are as per the following table:

Sr. No.	Name of Company	Installed Capacity p.a. (million mtrs)
1.	Arvind Mills Ltd.	120.00
2.	Mafatlal Burlington Ltd.	10.00
3.	Century Textiles Ltd.	10.00
4.	Raymond Ltd.	10.00
5.	K.G. Denim Ltd	12.20
6.	Ashima Ltd.	10.80
7.	Others	47.00
	TOTAL	220.00

Business Strategy

The Promoters intend to capitalize their experience and contacts in International Textile Markets by venturing into setting up a plant for manufacturing of Denim Fabric and Grey Cloth with a capacity of 140 and 104 lakh meters per annum respectively at Piplej, Ahmedabad.

The Company plans to sell 40% of the Grey Fabric production in the domestic market and the balance 60% to be converted to Bottom Weight Fabrics and other processed fabrics, which will be entirely exported. As per the proposed marketing plan 75% of the Denim Fabric produced will be exported and the entire quantum of finished Bottom Weight Cloth and other processed fabrics will be exported.

The order book position for the Top five clients of the Company as on March 31, 2005 is as under:

S.No.	Name of the Customer	Amt. (in USD)
1.	Rawat Al Sharq Trading (LLC), Dubai	256000
2.	Al Measam Textiles, UAE	240000
3.	Al Measam Textiles, UAE	225000
4.	Al Measam Textiles, UAE	195500
5.	Rajnish Traders, (LLC), Dubai	196300

Export Obligations: The Company has imported certain capital equipments at concessional rate of customs duty under "Export Promotion of Capital Goods Scheme". The Company has pending export obligation to the extent of Rs. 384.68 Lacs to be fulfilled during the specified period. The liability towards customs duty payable thereon in respect of unfulfilled export obligation as on 31st December 2004 is Rs. 54.35 Lakhs.



VI. SUBSIDIARIES OF THE COMPANY

Nandan Exim does not have any Subsidiary Company.

VII. OTHER GROUP COMPANIES/VENTURES OF PROMOTERS

None of the Group/ Associate Companies mentioned herein after have become sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1955 or is under winding up.

For Outstanding Litigations and Defaults of Other Group Companies / Ventures of the Promoters, please refer Para on Outstanding Litigations and Defaults on Page 82

1. CHIRIPAL PETROCHEMICALS LTD. (CPL)

Date of Incorporation: The Company was incorporated as Chiripal Twisting and Sizing Pvt. Ltd on April 27, 1988. The company was converted into a public limited company on October 23, 2003. It was subsequently renamed as Chiripal Petrochemicals Limited (CPL) on January 7, 2004 and a fresh certificate of incorporation was obtained on that date.

Registered Office: The registered office of CPL is located at Survey No. 199, 200/1, 200/2, Saijpur-Gopalpur, Pirana Road, Piplej, Ahmedabad –382405

Nature of Activities: Promoted by the Chiripal Group of Ahmedabad, the company is engaged in the export of fabrics after getting them processed from process houses.

The company is now setting up the project for manufacture of Partially Oriented Yarn and Fully Drawn Yarn at an aggregate installed capacity of 30 TPD and 40 TPD respectively. The project is currently under implementation.

Board of Directors:

Name	Designation
Shri. Vedprakash D. Chiripal	Chairman
Shri. Rajendra Basantilal Agarwal	Director
Shri. Amit Bindal	Director

Shareholding Pattern as on March 31, 2004:

Name of shareholder	% Holding
Promoters & their relatives	100.00
Foreign	-
Non Promoter Corporate Holding	-
Public & Others	-
Totals	100.00

Financial Performance (Audited):

(Rs in Lakhs)

For the year ended March 31,	2002	2003	2004
Total Income	440.95	539.40	624.22
PAT	138.91	116.09	32.77
Share Capital (including share application money)	19.40	19.40	240.30
No. of outstanding shares (nos.)	1,94,010	1,94,010	24,03,000
Reserves (Excluding Revaluation Reserves)	1162.78	1238.00	1270.98
EPS (Rs.)	71.04	59.84	13.27
Book Value per share (Rs.)	609.37	648.14	62.89



2. NOVA PETROCHEMICALS LTD (NPL)

Date of Incorporation: NPL was incorporated on December 23, 1993 in the State of Gujarat.

Registered Office: The registered office and plant is at Survey no. 396/403, Moraiya Village. Sarkhej-Bavla Highway, Sanand, Ahmedabad - 382405.

Nature of Activities: Promoted by Gupta Group of Surat and Chiripal Group of Ahmedabad, the Company has facilities for manufacturing of:

- Polyester Filament Yarn (PFY),
- Fully Drawn Yarn (FDY),
- Polyester Drawn Twisted Yarn (PDTY),
- Polyester Texturised Yarn (PTY), and
- Polyester Chips.

NPL is a widely held Company, listed on the National Stock Exchange of India Ltd., The Stock Exchange, Mumbai, and the Ahmedabad Stock Exchange. The equity shares of the company were earlier listed with The Delhi Stock Exchange Association Limited (DSE) and Madras Stock Exchange Limited (MSE). The company has been delisted from DSE w.e.f. December 11, 2004 and MSE w.e.f. December 2, 2004.

Board of Directors:

Name	Designation
Shri. Vedprakash D. Chiripal	Chairman
Shri. Shyam Gupta	Managing Director
Shri. Jyotiprasad Chiripal	Director
Shri. Mohan Gupta	Director
Shri. Sunilkumar Gupta	Director
Shri. Brijmohan Chiripal	Director
Shri. K.M Pradhan	Nominee Director (IDBI)
Shri. R.S.Rathore	Director
Shri. B.C.Rastogi	Director
Shri. R.C.Jain	Director
Shri. V.D.Gupta	Director
Shri. S.N.L Agarwala	Director

Stock Market Data: The highs and lows in share prices in the last 6 months ended March 2005 are as under:

6 Monthly High	*Rs. 59.00
6 Monthly Low	*Rs. 37.25

The Market Value as on March 31, 2005 is *Rs.42.50/-.

*Source: www.bseindia.com

Share Holding Pattern as on March 31, 2004:

Name of shareholder	% Holding
Promoters & their relatives	73.20%
Institutional Investors	NIL
Non Promoter Corporate Holding	14.57%
Public & Others	12.23%
Total	100.00%

**Financial performance (Audited):**

(Rs. in lakhs)

For the year ended March 31,	2002	2003	2004
Total Income	26520.29	44467.87	49657.18
PAT	1484.51	237.78	657.62
Share Capital	1230.00	1350.00	1350.00
No. of shares (nos.)	1,23,00,000	1,35,00,000	1,35,00,000
Reserves (Excluding Revaluation Reserves)	5740.59	6360.10	6713.14
EPS (Rs.)	12.07	1.76	4.87
Book Value per share (Rs.)	56.67	57.11	59.73

Status of Investors Complaints for the quarter ended December 31, 2004

Complaints pending at the beginning of the quarter	NIL
Complaints received during the quarter	NIL
Complaints disposed off during the quarter	NIL
Complaints unresolved at the end of the quarter	NIL

Compliance with Listing Agreement:

Nova Petrochemicals Limited vide their letter dated April 5, 2005 has certified that:

Nova Petrochemicals Limited, listed on NSE, BSE and ASE has complied with all the requirements under the respective Listing Agreement of the above-mentioned stock exchanges. As on date, there is no pending / unsolved complaint of shareholders of the company.

3. PRAKASH CALENDER PVT. LTD. (PCPL)

Date of Incorporation: Prakash Calender Pvt. Ltd. was incorporated on June 18, 1990.

Registered Office: The registered office of PCPL is at 283, New Cloth Market, Ahmedabad - 380002.

Nature of Activities: The main objective of the company is to carry on the business of manufacturing and trading of textile goods. The main income of the company, however, flows from lease rent and no trading or manufacturing activity was carried out by the company during the financial year 2003-04.

Board of Directors:

Name	Designation
Shri. Amit Bindal	Director
Shri. Pawan Agrawal	Director

Share Holding Pattern as on March 31, 2004:

Name of shareholder	% Holding
Promoters & their relatives	100.00
Foreign	-
Non Promoter Corporate Holding	-
Public & Others	-
Totals	100.00

Financial performance (Audited):

(Rs. in lakhs)

For the year ended March 31,	2002	2003	2004
Total Income	2779.22	174.77	26.61
PAT	137.18	6.58	2.43
Share Capital	114.51	114.51	114.51
No. of shares (nos.)	11,45,140	11,45,140	11,45,140
Reserves (Excluding Revaluation Reserves)	241.49	242.51	244.94
EPS (Rs.)	11.98	0.58	0.21
Book Value per share (Rs.)	31.09	31.18	31.39



4. SHANTI EXPORTS PVT LTD. (SEPL)

Date of Incorporation: Shanti Exports Pvt. Ltd. was incorporated on September 22, 1998.

Registered Office: The registered office of SEPL is at Chiripal House, Opposite Asopalav Party Plot, Satellite Road, Ahmedabad - 380015.

Nature of Activities: The Company took over "Chiripal International", a Partnership Firm engaged in business of trading & export of textiles. The Promoters have been operating in the Textile Industry and have gained experience in the manufacturing and selling of various types of fabrics. The Company is at present engaged in exports of Fabrics, by purchasing the grey from outside market and then getting it processed to finished fabrics through outside process house.

Board of Directors:

Name	Designation
Shri Brijmohan Chiripal	Director
Shri Pawan Agrawal	Director

Share Holding Pattern as on March 31, 2004:

Name of shareholder	% Holding
Promoters & their relatives	100.00
Foreign	-
Non Promoter Corporate Holding	-
Public & Others	-
Totals	100.00

Financial performance (Audited):

(Rs. in lakhs)

For the year ended March 31,	2002	2003	2004
Total Income	231.24	358.02	285.91
PAT	101.52	57.94	52.64
Share Capital (including share application money)	560.48	560.48	560.48
No. of shares (nos.)	56,048	56,048	56,048
Reserves (Excluding Revaluation Reserves)	257.09	315.87	368.52
EPS (Rs.)	181.13	103.38	93.92
Book Value per share (Rs.)	1458.69	1563.57	1657.51

5. SHANTI PROCESSORS LTD. (SPL)

Date of Incorporation: Shanti Processors Ltd. was incorporated on the September 25, 1985.

Registered Office: The registered office of SPL is located at "Chiripal House", behind Arjun Tower, Satellite Road, Ahmedabad - 380 015 and its plant is located at Saijpur, Gopalpur, Pirana Road, Ahmedabad - 380015.

Nature of Activities: SPL's primary focus has been on the manufacturing of high quality fabrics. It had availed Term Loans from Banks & FI under Technology Upgradation Fund Scheme (TUFS) with 5% interest subsidy. The Company's manufacturing activities comprises of:

- Processing of Fabrics
- Knitted Fabrics
- Texturised Yarn
- Polar Fleece
- Flock

Board of Directors:

Name	Designation
Shri. Vedprakash D Chiripal	Director
Shri. Rajesh P. Bindal	Director
Shri. K N Upadhyay	Director

**Share Holding Pattern as on March 31, 2004:**

Name of shareholder	% Holding
Promoters & their relatives	80.94
Group Companies	19.06
Foreign	-
Non Promoter Corporate Holding	-
Public & Others	-
Totals	100.00

Financial performance (Audited):

(Rs. in lakhs)

For the year ended March 31,	2002	2003	2004
Total Income	4062.55	5754.14	7941.75
PAT	127.82	136.17	180.38
Share Capital (including share application money)	173.59	173.59	285.74
No. of shares (nos.)	17,35,880	17,35,880	28,57,400
Reserves (Excluding Revaluation Reserves)	693.68	752.02	932.40
EPS (Rs.)	73.63	78.44	10.33
Book Value per share (Rs.)	49.96	53.32	42.62

6. VISHAL FABRICS PVT. LTD. (VFPL)**Date of Incorporation:** Vishal Fabrics Pvt. Ltd. was incorporated on October 22, 1985.**Registered Office:** Ranipur, Narol Road, Ahmedabad – 382405**Nature of Activities:** VFPL is engaged in manufacture of processed fabrics at its plant located at Narol Ahmedabad, Gujarat.**Board of Directors:**

Name	Designation
Shri. Jyotiprasad Agarwal	Director
Shri. Mahavirsingh Yadav	Director
Shri. Vinodbhai Shah	Director

Share Holding Pattern: as on March 31, 2004:

Name of shareholder	% Holding
Promoters & their relatives	22.19
Group Companies	77.81
Foreign	-
Non Promoter Corporate Holding	-
Public & Others	-
Totals	100.00



Financial performance (Audited):

(Rs. in lakhs)

For the year ended March 31,	2002	2003	2004
Total Income	2621.63	2222.79	4507.85
PAT	98.45	78.55	178.09
Share Capital (including share application money)	15.00	15.00	55.00
No. of shares (nos.)	15,000	15,000	55,000
Reserves (Excluding Revaluation Reserves)	236.00	237.29	654.23
EPS (Rs.)	656.33	523.67	321.70
Book Value per share (Rs.)	1673.33	1681.93	1289.51

7. BHUSHAN PROCESSORS PVT. LTD.

Date of Incorporation: The Company was incorporated on November 10, 1994 under Registration No. 55-62653 at New Delhi.

Registered Office: The registered office of Bhushan Processors Pvt. Ltd. is located at B-86, Okhla Industrial Estate Phase II, New Delhi.

Nature of Activities: Processing of Fabric and Job Work.

Board of Directors:

Name	Designation
Shri. Jayantibhai Modasiya	Director
Smt. Priti B. Chiripal	Director

Shareholding Pattern as on March 31, 2004:

Name of shareholder	% Holding
Promoters & their relatives	42.18
Foreign	-
Non Promoter Corporate Holding	57.82
Public & Others	-
Totals	100.00

Financial Performance (Audited)

(Rs. in lakhs)

For the year ended March 31,	2002	2003	2004
Total Income	217.81	1744.12	523.66
PAT	(7.71)	5.84	0.95
Share Capital (including share application money)	10.50	17.70	24.90
No. of Fully Paid up shares	1,05,030	1,05,030	2,49,030
No of Partly Paid up shares	-	1,44,000	-
Reserves (Excluding Revaluation Reserves)	35.10	69.43	99.20
EPS per fully paid up share (Rs.)	(7.34)	3.30	0.38
Book Value per fully paid up share (Rs.)	43.42	49.22	49.83



8. BHAVANA TEXTILES PVT. LTD.

Date of Incorporation: The Company was incorporated on January 5, 1995 under Registration No. 55-64088 at New Delhi.

Registered Office: The registered office of Bhavana Textiles Pvt. Ltd. is located at B-86, Okhla Industrial Estate Phase II, New Delhi.

Nature of Activities: Trading of Textile Goods

Board of Directors:

Name	Designation
Shri. Bijaykumar Agarwal	Director
Shri. Bimal I. Balasariya	Director

Shareholding Pattern as on March 31, 2004:

Name of shareholder	% Holding
Promoters & their relatives	22.76
Foreign	-
Non Promoter Corporate Holding	77.24
Public & Others	-
Totals	100.00

Financial Performance (Audited)

(Rs. in lakhs)

For the year ended March 31,	2002	2003	2004
Total Income	23.99	474.69	366.93
PAT	(0.58)	0.80	(4.15)
Share Capital (including share application money)	1.50	4.05	6.60
No. of fully paid up Shares (nos.)	15030	15030	66030
No. of Partly Paid Up Shares	-	51000	-
Reserves (Excluding Revaluation Reserves)	18.87	53.06	82.09
EPS (Rs.)	(3.86)	1.97	(6.29)
Book Value per share (Rs.)	135.53	140.91	134.32

9. SPAROW EXPORTS PVT. LTD.

Date of Incorporation: The Company was incorporated on November 17, 1994 under Registration No. 55-62794 at New Delhi.

Registered Office: The registered office of Sparrow Exports Pvt. Ltd. is located at B-86, Okhla Industrial Estate Phase II, New Delhi.

Nature of Activities: Trading of Textile goods

Board of Directors:

Name	Designation
Shri. Sanjay Bindal	Director
Shri. Ashok Agarwal	Director

Shareholding Pattern as on March 31, 2004:

Name of shareholder	% Holding
Promoters & their relatives	100.00
Foreign	-
Non Promoter Corporate Holding	-
Public & Others	-
Totals	100.00

**Financial Performance (Audited):**

(Rs in Lakhs)

For the year ended March 31,	2002	2003	2004
Total Income	6.35	2224.12	1077.22
PAT	6.12	37.76	3.63
Share Capital (including share application money)	23.50	23.50	23.50
No. of outstanding shares (nos.)	2,35,030	2,35,030	2,35,030
Reserves (Excluding Revaluation Reserves)	90.22	124.02	127.67
EPS (Rs.)	2.60	16.07	1.54
Book Value per share (Rs.)	48.39	62.77	64.32

10. DEEPAK IMPEX PVT. LTD.

Date of Incorporation: The Company was incorporated on March 1, 2000 under Registration No. 04-37454 at Gujarat.

Registered Office: The registered office of Deepak Impex Pvt. Ltd. is located at 233 New Cloth Market, Ahmedabad.

Nature of Activities: Trading of Textile Goods

Board of Directors:

Name	Designation
Shri. Bhupesh Tiwari	Director
Shri. Yogesh Bhavsar	Director

Shareholding Pattern as on March 31, 2004:

Name of shareholder	% Holding
Promoters & their relatives	5.38
Foreign	-
Non Promoter Corporate Holding	94.62
Public & Others	-
Totals	100.00

Financial Performance (Audited):

(Rs in Lakhs)

For the year ended March 31,	2002	2003	2004
Total Income	0.47	426.07	11.44
PAT	0.11	0.11	0.78
Share Capital (including share application money)	0.12	1.01	18.76
No. of outstanding shares (nos.)	1,200	1,01,00	1,87,600
Reserves (Excluding Revaluation Reserves)	0.76	0.87	8.75
EPS (Rs.)	9.17	1.09	0.42
Book Value per share (Rs.)	73.33	18.61	14.66

11. CHIRIPAL ENTERPRISES LTD.

Date of Incorporation: The Company was incorporated as a limited company on May 12, 1988 under Registration No. 04-10691 at Gujarat. It received the certificate for commencement of business on July 12, 1988.

Registered Office: The registered office of Chiripal Enterprises Ltd. is located at 283, New Cloth Market, Ahmedabad.

Nature of Activities: Trading of Goods

**Board of Directors:**

Name	Designation
Shri. Jaiprakash D. Chiripal	Director
Shri. Deepak Chiripal	Director
Shri. Anand Agarwal	Director

Shareholding Pattern as on March 31, 2004:

Name of shareholder	% Holding
Promoters & their relatives	100.00
Foreign	-
Non Promoter Corporate Holding	-
Public & Others	-
Totals	100.00

Financial Performance (Audited):

(Rs in Lakhs)

For the year ended March 31,	2002	2003	2004
Total Income	16.16	15.31	10.77
PAT	15.06	11.88	9.73
Share Capital (including share application money)	40.84	40.84	40.84
No. of outstanding shares (nos.)	4,08,400	4,08,400	4,08,400
Reserves (Excluding Revaluation Reserves)	121.19	123.79	133.52
EPS (Rs.)	3.69	2.91	2.38
Book Value per share (Rs.)	39.67	40.31	42.69

12. QUALITY EXIM PVT. LTD.

Date of Incorporation: The Company was incorporated on August 9, 1994 under Registration No. 04-22718 at Gujarat.

Registered Office: The registered office of Quality Exim Pvt. Ltd. is located at 233, New Cloth Market, Ahmedabad with effect from 29th July 2004.

Nature of Activities: Dormant Company

Board of Directors:

Name	Designation
Shri. Dilip N. Shah	Director
Smt. Vineeta Chiripal	Director

Shareholding Pattern as on March 31, 2004:

Name of shareholder	% Holding
Promoters & their relatives	100.00
Foreign	-
Non Promoter Corporate Holding	-
Public & Others	-
Totals	100.00

**Financial Performance (Audited):**

(Rs in Lakhs)

For the year ended March 31,	2002	2003	2004
Total Income	0.09	0.11	0.25
PAT	0.06	0.03	0.20
Share Capital (including share application money)	0.002	1.00	1.00
No. of outstanding shares (nos.)	20	10,000	10,000
Reserves (Excluding Revaluation Reserves)	0.81	0.83	1.05
EPS (Rs.)	300	0.30	2.00
Book Value per share (Rs.)	4060	18.33	20.50

13. CHIRIPAL TEXTILE MILLS PVT. LTD.**Date of Incorporation:** The Company was incorporated on June 19, 1981 under Registration No. 04-4442 at Gujarat.**Registered Office:** The registered office of Chiripal Textile Mills Pvt. Ltd. is located at 283, New Cloth Market, Ahmedabad.**Nature of Activities:** Trading of Fabric**Board of Directors:**

Name	Designation
Shri. Vishal Chiripal	Director
Shri. Rishi Agarwal	Director

Shareholding Pattern as on March 31, 2004:

Name of shareholder	% Holding
Promoters & their relatives	100.00
Foreign	-
Non Promoter Corporate Holding	-
Public & Others	-
Totals	100.00

Financial Performance (Audited):

((Rs in Lakhs)

For the year ended March 31,	2002	2003	2004
Total Income	25.67	12.13	11.43
PAT	7.84	(0.41)	2.48
Share Capital (including share application money)	24.50	24.50	24.50
No. of outstanding shares (nos.) (Rs. 1,000 each)	2,450	2,450	2,450
Reserves (Excluding Revaluation Reserves)	61.49	61.08	63.56
EPS (Rs.)	320.00	(16.73)	101.22
Book Value per share (Rs.)	3509.80	3493.06	3594.29

14. DEEPAK FINANCE CORPORATION**Date of Formation:** January 27, 1997**Constitution:** Partnership firm**Nature of Activities:** Trading and Financial Activities

**Members and Partnership pattern:**

Name of Partner	% of Control
Shri BrijMohan Chiripal	20%
Shri Deepak Chiripal	25%
Shri JyotiPrasad Chiripal	20%
Shri JyotiPrasad D. HUF	5%
Smt. Pritidevi Chiripal	5%
Smt. Priyanka Chiripal	5%
Shri Ronak Chiripal	5%
Shri Ruchi Chiripal	5%
Smt. Shaloo Chiripal	5%
Smt. Urmiladevi Chiripal	5%

Financial Performance (Audited):

(Rs in Lakhs)

For the year ended March 31,	2002	2003	2004
Total Income	60.05	46.97	65.41
PAT	1.76	2.23	2.48
Partner's Capital	151.08	207.85	109.35
Reserves (Excluding Revaluation Reserves)	Nil	Nil	Nil

15. VISHAL FINANCE CORPORATION**Date of Formation:** January 27, 1997**Constitution:** Partnership firm**Nature of Activities:** Trading and Financial Activities**Members and Partnership pattern:**

Name of Partner	% of Control
Shri JayPrakash Chiripal	20%
Shri JayPrakash D. HUF	5%
Smt. Manju Devi Agarwal	5%
Ms. Nidhi J. Chiriapal	5%
Ms. Nishi J. Chiripal	5%
Smt. Savitridevi V. Chiripal	5%
Ms. Shivani Chiripal	5%
Shri Vedprakash D. Chiripal	20%
Shri Vishal Chiripal	30%

Financial Performance (Audited):

(Rs in Lakhs)

For the year ended March 31,	2002	2003	2004
Total Income	99.01	84.29	89.38
PAT	0.24	1.30	3.14
Partner's Capital	158.78	217.29	(30.72)
Reserves (Excluding Revaluation Reserves)	Nil	Nil	Nil



16. RUCHI ENTERPRISE

Constitution: Proprietorship Firm of Shri Brijmohan Chiripal

Nature of Activities: Trading of Textile Goods.

Financial Performance (Audited):

(Rs in Lakhs)

For the year ended March 31,	2002	2003	2004
Total Income	-	393.83	511.02
PAT	-	2.55	1.95
Proprietor's Capital Balance	-	2.55	4.50
Reserves (Excluding Revaluation Reserves)	-	Nil	Nil

COMMON PURSUITS

The Promoter group is involved in textile businesses and has a presence in segments across the value chain through its group companies. There is no conflict of interest vis-à-vis any other venture of the promoters as none of the group companies manufacture the same products (i.e Grey Fabric and Denim). The other ventures of the promoters are not in any direct/ indirect competition in the segment in which the company operates.

Sales and purchases between group companies in the promoter group

Sales and purchases between group companies in the promoter group for the period from 1st April 2004 to 31st December 2004 in terms of amount and percentage of total sales/purchase during the period was as under:

For the Period 1-4-2004-To 31-12-2004

(Rs. In Lacs)

Particulars	Sales	Purchases
Total Amt. of sales/purchases	3729.76	3595.98
Sales/purchases between group companies	845.11	1460.92
Percentage to total sales/purchase	22.66%	40.63%




VIII. PROMOTERS & THEIR BACKGROUND


The Promoters belong to the Chiripal Family of Ahmedabad, Gujarat and are involved in the textile business. The Promoters have over 20 years experience in the field of manufacturing, trading and export of various textile products by virtue of their association with Nova Petrochemicals Ltd, Chiripal Petrochemicals Ltd, Vishal Fabrics Pvt. Ltd, Shanti Exports Pvt. Ltd and Shanti Processors Ltd. Chiripal Group is exporting ready-made garments since 1988 and processed fabrics since 1993 to USA, UK, Spain, Gulf Countries, Turkey, Mauritius, etc.

Shri. Vedprakash D. Chiripal is the Chairman of the Company. He is aged 53 years and is a commerce graduate. He has almost three decades of business experience in the field of manufacturing, trading and export of various textiles. He is the main architect of Chiripal Group of Industries who are in manufacturing and trading of textiles in Ahmedabad.

He started his textile business with a small power loom with only 12 looms in a rented premise and today runs various processing and manufacturing units of textile products. He is the Chairman of Nova Petrochemicals Ltd and Chairman of Chiripal Petrochemicals Ltd, which are also in textile business.

Shri. Vedprakash D. Chiripal	
Permanent Account Number : AAHPC2102Q	
Passport Number : T317330	
Driving License Number : NA	
Bank Account Number : The Kalupur Commercial Co-op Bank Ltd. S/B account no: 07805	

Shri. Brijmohan D. Chiripal is the Managing Director of the Company. He is aged 43 years and is a B.E (Chemical). He has almost 20 years of business experience in Textile Processing as well as export and domestic trading. He is the younger brother of Shri. Vedprakash Chiripal. He is also involved with Nova Petrochemicals Ltd, Shanti Exports Pvt. Ltd and their activities of Manufacturing of Textiles and Export Business.

Shri. Brijmohan D. Chiripal	
Permanent Account Number : AACPA7904K	
Passport Number : T566397	
Driving License Number : NA	
Bank Account Number : The Kalupur Commercial Co-op Bank Ltd S/B account no: 07864	

The Permanent Account Number (PAN), Bank Account Number and the Passport Number of the Promoters have been submitted to The Stock Exchange, Mumbai at the time of filing the Prospectus.



IX. BOARD OF DIRECTORS

Name	Address	Age (Yrs.)	Occupation	Other Directorships
Shri. Vedprakash D. Chiripal	10, Nandi Hill, Opp. ISRO, Satellite Road, Ahmedabad – 380015.	53	Business	<ul style="list-style-type: none"> ● Nova Petrochemicals Ltd. ● Chiripal Petrochemicals Ltd. ● Shanti Processors Ltd.
Shri. Brijmohan D. Chiripal	11, Nandi Hill, Opp. ISRO, Satellite Road, Ahmedabad – 380015.	43	Business	<ul style="list-style-type: none"> ● Nova Petrochemicals Ltd. ● Shanti Exports Pvt. Ltd.
Dr. D.K. Jain	108, Goyal Park, Judges Bungalow Road, Satellite, Ahmedabad.	48	Consultant	—
Shri. Gautam C. Gandhi	Adjoining To 2, Prabhat Society, Paldi, Ahmedabad – 380007	69	Advocate	M.G. Exim Pvt. Ltd.

The Brief profile of the Board Members other than the Promoters is as under:

Dr. D.K. Jain is aged 49 years. He is a B.Tech and Phd in Textile Chemistry. He has wide experience in various areas connected with textiles exports, imports and marketing. He is an independent director on the board of Nandan Exim Limited.

Shri Gautam C. Gandhi aged 69 years is a partner of Legal firm CC Gandhi and Co. at Ahmedabad. He is an independent director on the board of Nandan Exim Limited and is also on the board of M.G. Exim Private Limited.

Note: Except for Mr. Brijmohan D. Chiripal – Managing Director, no other Directors receive any compensation. Please refer page no. 50 for details regarding the terms of compensation.

Name	Address	Date of Appointment	Date of Expiration	No. of Shares held
Shri. Vedprakash D. Chiripal	10, Nandi Hill, Opp. ISRO, Satellite Road, Ahmedabad – 380015.	August 11, 2003	AGM for FY 2004-05	15,75,000
Shri. Brijmohan D. Chiripal	11, Nandi Hill, Opp. ISRO, Satellite Road, Ahmedabad – 380015.	December 14, 1998	Contract expiry on 30.9.09	15,75,000
Dr. D.K. Jain	108, Goyal Park, Judges Bungalow Road, Satellite, Ahmedabad.	August 04, 2004	AGM for FY 2005-06	Nil
Shri. Gautam C. Gandhi	Adjoining To 2, Prabhat Society, Paldi, Ahmedabad – 380007	August 26, 2004	AGM for FY 2006-07	Nil

Change in the Board of Directors

Name	Address	Date of Change	Reason for change
Shri. Rajendra B. Agrawal	B-99, Harinandan Apartment, Odhav, Ahmedabad	October 13, 2004	Retired
Shri. Gautam C. Gandhi	Adjoining To 2, Prabhat Society, Paldi, Ahmedabad – 380007	August 26, 2004	Appointed
Dr. D.K. Jain	108, Goyal Park, Judges Bungalow Road, Satellite, Ahmedabad.	August 04, 2004	Appointed
Shri. Vedprakash D. Chiripal	10, Nandi Hill, Opp. ISRO, Satellite Road, Ahmedabad – 380015.	August 11, 2003	Appointed
Shri. Rajendra B. Agrawal	B-99, Harinandan Apartment, Odhav, Ahmedabad	November 15, 2001	Appointed
Shri. Vedprakash D. Chiripal	10, Nandi Hill, Opp. ISRO, Satellite Road, Ahmedabad – 380015.	November 15, 2001	Retired
Shri. Brijmohan D. Chiripal	11, Nandi Hill, Opp. ISRO, Satellite Road, Ahmedabad – 380015.	December 14, 1998	Appointed
Shri. Vedprakash D. Chiripal	10, Nandi Hill, Opp. ISRO, Satellite Road, Ahmedabad – 380015.	September 07, 1996	Appointed



KEY MANAGEMENT PERSONNEL

The Board of Directors of Nandan Exim Limited are supported in their endeavor by the following key personnel:

Sr. No.	Name	Designation	Qualification	Experience (Years)	Functional Responsibility
1	Mr. R V Shah	Vice President – Production	B. Textiles Technology	9	Head of Bottom Weight
2.	Mr. Manish Raja	Manager (Finance & Costing)	ICWA	8	Costing
3.	Mr. Keyur Shah	Company Secretary	M.B.A, A.C.S & L.L.B	3	Company Secretary
4	Mr. Haresh Rawal	Head of Bottom Weight (Division)	B. Text	20	In charge of Weaving, Sizing, Folding Department
5	Mr. Mukesh Gandhi	Manager - Civil	DCE	27	Looking after Projects
6	Mr. Surendra Kaushik	Manager (Marketing)	M.A., MBA (Marketing)	10	In charge of Marketing
7	Mr. Dharmendra Parmar	Asst. Manager (Weaving)	D.T.M.	10	Supervision of Weaving Department
8	Mr. Ashwin H Suthar	Sr. Executive (Wvg. Prep.)	Diploma in Textile Engg	15	Supervisor of Sizing Department
9	Mr. Sanjay Dutta	Sr. Executive HRD	B.Com / LLB / DIRP	10	Looking into HRD & Personal Function.

Mr. R. V. Shah, Vice President, Production

Mr. R. V. Shah joined Nandan Exim in June 2004 as Vice President (Production). Before joining this organization, he was with Pt. Badjatex – Indonesia as Assistant Vice President – Technical Denim Division. He has also been employed with Arvind Mills and Blue Blend (Denim Unit). He has around 28 years of rich experience in Denim.

Mr. Manish Raja, Manager Costing

Mr. Manish Raja is a Cost Accountant having membership of the ICWAI. He has worked with N.D. Birla & Company and Rainbow Papers Limited and has 8 years experience in costing and other finance matters.

Mr. Keyur Shah- Company Secretary

Mr Keyur Shah has joined as Company Secretary. He is well qualified and had been in practice before joining the Company. He was also associated with Government Organisations like Gujarat Council of Science City and Gujarat State Disaster Management Authority for 2 years.

Mr. Haresh Rawal, Head of Bottom Weight Division

Mr. Haresh Rawal has joined the organisation in September 2003 as Head of Bottom Weight Division. He holds an engineering degree in textiles and has over 20 years experience in production of various textile products. Before joining Nandan Exim he worked for Ashima Ltd. and Blue Blend.

Mr. Mukesh Gandhi, Manager Civil

Mr. Mukesh Gandhi is an experienced civil engineer and joined the Organization in March 2003. He has over 27 years experience in area of civil construction. He is in-charge of entire civil works for the proposed project. Before joining Nandan Exim he worked for Tata Chemicals Limited, Mithapur.

Mr. Surendra Kaushik, Manager, Marketing

Mr. Surendra Kaushik is a professionally qualified MBA (Marketing) and has worked with Indian Air Force for 8 years. He has around 12 years of working experience along with the Indian Air Force exposure. He has joined the organization in April 2004 and has been designated as the in charge of Marketing.

Mr. Dharmendra Parmar, Assistant Manager, Weaving

Mr. Dharmendra Parmar joined the Organisation in January 2004 in the capacity of Asst. Manager – Weaving. He has worked with Ashima Spinfab and has 10 years of experience. He looks after the Weaving Department of the Company.

Mr. Ashwin H Suthar, Supervisor of Sizing Division

Mr. Ashwin H Suthar is an experienced engineer and is the supervisor of sizing department. He joined the Company in February 2004. He has over 15 years experience in area of production of various types of cloths. Before joining Nandan Exim he worked for Suryalakshmi Cotton Mills, Nagpur.



Mr. Sanjay Dutta, Sr. Executive HRD

Mr. Sanjay Dutta joined the Company in November 2003. He has experience of 10 years in the areas of HRD and Personnel and has worked with the Ashima Group and Gujarat High Tech Cements Industries Limited. He holds degrees such as B.Com, LLB and Diploma in Industrial Relation and Personnel Management.

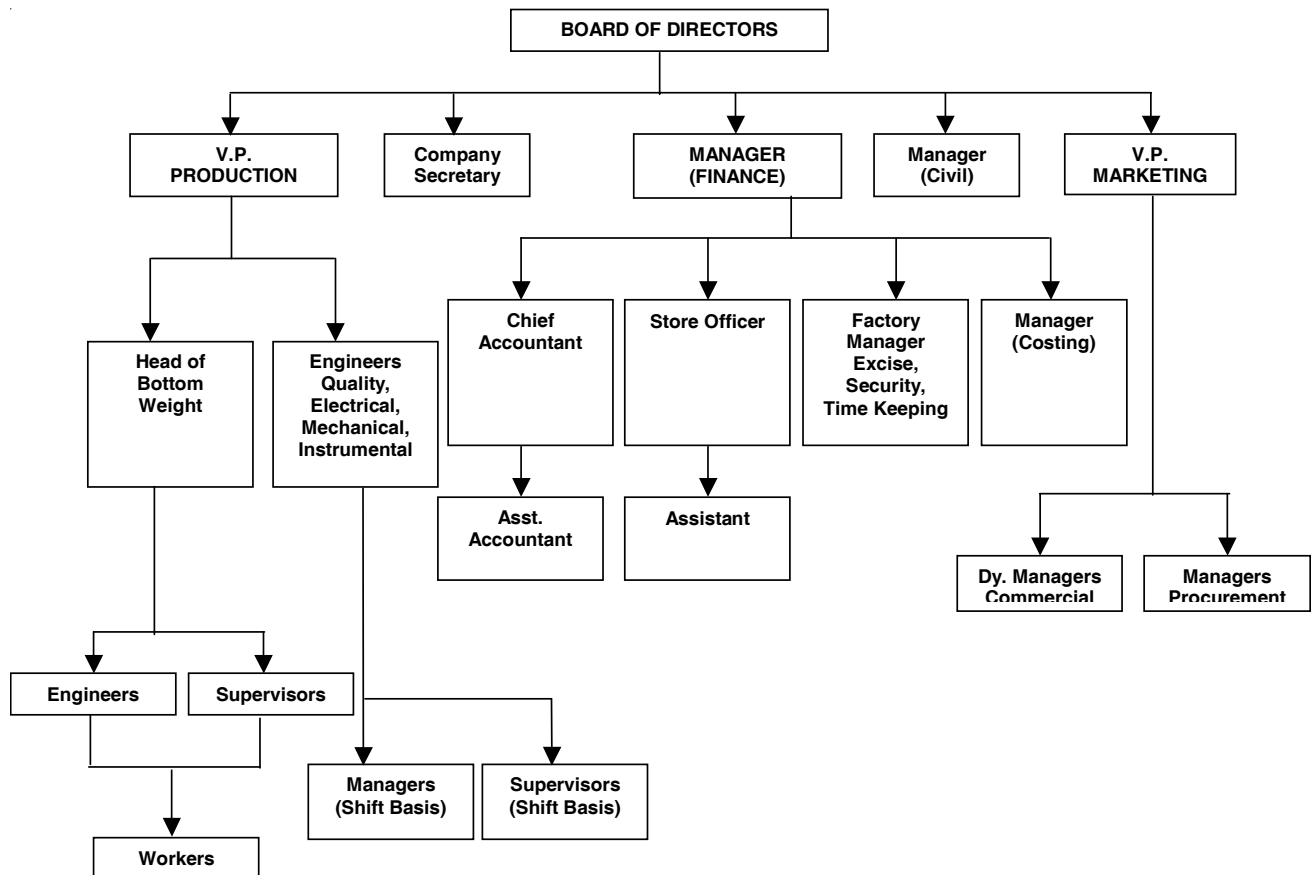
The persons whose names appear as Key Managerial Personnel are on the rolls of the Company as permanent employees.

In addition, Nandan Exim Limited currently employs 236 permanent employees on its pay roll to support the above key personnel.

Changes in the Key Management Personnel in last one year are as follows:

Name of the Key Personnel	Date of Joining	Designation	Date of Cessation	Reason
Mr. Deen Bandhu Gaggar	16.10.2004	Manager (Finance & Accounting)	02.03.2005	Resignation
Mr. R V Shah	08.06.2004	Vice President – Production	_____	Appointment
Mr. Deepak Hamirwasia	06.08.2004	Vice President - Marketing	28.02.2005	Resignation
Mr. Manish Raja	22.03.2004	Manager (Finance & Costing)	_____	Appointment
Mr. Keyur Shah	26.07.2004	Company Secretary	_____	Appointment
Mr. Haresh Rawal	01.09.2003	Head of Bottom Weight (Division)	_____	Appointment
Mr. Mukesh Gandhi	20.03.2003	Manager - Civil	_____	Appointment
Mr. Surendra Kaushik	20.04.2004	Manager (Marketing)	_____	Appointment
Mr. Dharmendra Parmar	16.01.2004	Asst. Manager (Weaving)	_____	Appointment
Mr. Ashwin H Suthar	02.02.2004	Sr. Executive (Wvg. Prep.)	_____	Appointment
Mr. Sanjay Dutta	17.11.2003	Sr. Executive HRD	_____	Appointment
Mr. Anil T. Sadhu	10.12.2003	Sr. Executive (Weaving)	14.6.2004	Resignation

Organisation Chart





CORPORATE GOVERNANCE

The Company undertakes to adhere to all the requirements of corporate governance as envisaged in the listing agreement. The Company has adopted the necessary principles and policies to ensure compliance with respect to corporate governance.

Corporate Governance Philosophy

The Company believes in the philosophy that good corporate governance enhances the Shareholders' wealth in the long run. The policies and practices adopted by the Company management aim at utmost disclosure and efficient conduct of the business fulfilling their responsibilities towards the shareholders.

Board of Directors

Composition and Category of Directors:

The Board of Directors has optimum mix of Executive and Non executive Independent directors as under:

Sr. No.	Category	Name of Director
1.	Promoter and Executive Director Promoter & Non executive Directors	Shri Brijmohan Chiripal - Managing Director Shri Vedprakash Chiripal - Chairman & Director
2.	Independent & Non executive Directors	Shri G.C. Gandhi Dr. D.K. Jain

Audit Committee

Audit Committee of the Board has been constituted in compliance with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement relating to the composition and terms of reference of the Audit Committee. Audit Committee is, inter alia, responsible for the financial reporting and ensuring compliance with the Accounting Standards and reviewing the financial policies of the company and to recommend the appointment of statutory auditors and internal auditors and to fix their remuneration. The Committee is responsible for reviewing the reports from internal auditors as well as of the group companies. The Committee will review all quarterly reports before submission of the same to the Board. Name of the directors who are members of the Committee are as under:

S. No.	Name of the Director	Nature of Directorship
1.	Dr. D.K. Jain, Chairman	Independent
2.	Gautam C. Gandhi	Independent
3.	Vedprakash Chiripal	Dependent – Non Executive

Chief Accounts Officer of the Company attends the Committee Meetings. Representatives of Statutory Auditors and Internal Auditors are invited to attend the meetings. Company Secretary acts as the Secretary of the Committee.

Investors Relations Committee

The Company has constituted an investors relations committee comprising of 2 directors with chairmanship of non executive director for speedy disposal of the share transfer requests received by the Company. The Committee, along with overseeing share transfer work, looks into the complaints received from investors'. The Committee will meet at least two times per month to dispose off the pending share transfers and complaints, if any. The constitution of the Committee and the number of times they met is as under:

Sr. No.	Name of the Director	Nature of Directorship
1.	Vedprakash Chiripal, Chairman	Dependent – Non Executive
2.	Gautam C. Gandhi	Independent

Remuneration Committee

A Remuneration Committee has been constituted as required under the Schedule XIII of the Companies Act, 1956 to consider and approve the remuneration package payable to the Executive Directors of the Company. The Committee comprises of the following directors of the Company.

Sr. No.	Name of the Director	Nature of Directorship
1.	Vedprakash Chiripal	Chairman
2.	Dr. D.K. Jain	Member



Information regarding remuneration to directors:

The details of the salary paid to Brijmohan Chiripal, the Managing Director of the Company is as under:

A) Salary

In the scale of Rs. 1,00,000 – 20,000 – 2,00,000 p.m.

B) Perquisites (including allowances)

1. Housing Rent Allowance @ 60% of the Salary
2. Medical Reimbursement – Expenses incurred for the Managing Director and his family as per Company Rules.
3. Leave Travel Concession – For Managing Director and his family incurred in accordance with Company Rules.
4. Club Fees – Fees of clubs subject to a maximum of two clubs. This will not include the admission or life time membership fees.
5. Personal Accident Insurance – Premium as per Company Rules.
6. Contribution to Provident Fund, Superannuation Fund, Annuity Fund/ Gratuity Fund as per Company Rules.
7. Encashment of Leave not availed of as per Company Rules.
8. Provision of Car and Telephone as per Company Rules.
9. Any other amenities, facilities including educational allowance for a child as per company rules for the time being in force or authorised by the Board.

“Family” means spouse, dependent children and dependent parents of the Managing Director.

The total monetary value of perquisites to be paid to the appointee shall not exceed 20 % of the annual salary.

C) Minimum Remuneration

Notwithstanding anything to the contrary herein contained, wherein any financial year during the tenure of appointment of the Managing Director, the Company has no profits or its profits are inadequate, the Managing Director shall be entitled to remuneration by way of salary and perquisites as provided in Schedule XIII of the Company's Act, 1956. In addition, the MD shall be entitled to the following perquisites which shall not be considered for the computation of the ceiling on minimum remuneration specified therein:

1. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent either singly or put together, they are not taxable under the Income Tax Act, 1961.
2. Gratuity not exceeding half a month's salary for each year of completed service;
3. Enactment of Leave as per Company Rules.

No other director draws remuneration from the Company for any place of profit.

Annual General Meetings

The details of the last 3 Annual General Meetings of the Company are as under:

Annual General meeting	Date	Time
10 th AGM	30 th September 2004	11.00 AM
9 th AGM	30 th September 2003	10.00 AM
8 th AGM	30 th September 2002	10.00 AM

All of the above Annual General Meetings except the 10th AGM were held at the Registered Office of the Company at 283, New Cloth Market, Ahmedabad – 380002. However, the registered office of the Company was later shifted to Survey No. 198/1, 203/2, Saijpur-Gopalpur, Pirana Road, Piplej, Ahmedabad – 382405 with effect from 17th January 2004. The 10th Annual General Meeting was, therefore, held at Survey No. 198/1, 203/2, Saijpur-Gopalpur, Pirana Road, Piplej, Ahmedabad – 382405.



X. BRIEF DETAILS ABOUT THE PROJECT

The brief details about the project are as per the Appraisal Report of SBI Capital Markets Limited Report dated August 2003.

Scope Of The Project

Nandan Exim proposes to set up a modern state of the art plant for manufacturing Denim Fabrics and Grey Cloth with a capacity of 140 and 104 lakhs meters per annum respectively at Saijpur-Gopalpur, Pirana Road, Piplej Ahmedabad. The Promoters wish to capitalize their experience and contacts in International Textile Markets and are therefore now venturing into setting up a Plant for manufacturing of Denim Fabric and Grey Cloth.

The proposed Project of Nandan Exim is eligible for interest subsidy of 5% as per Technology Upgradation Funds (TUF) Scheme of Govt. of India, Ministry of Textiles. The Company is planning to sell 40 % of the Grey Fabric production in the domestic open market and the balance 60% will be converted to Bottom Weight Fabrics and other processed fabrics and then entirely exported. As per the proposed marketing plan 75% of the Denim Fabric and the entire quantum of finished Bottom Weight Cloth and other processed fabrics will be exported.

Location and Site

The plant will be set up at Saijpur-Gopalpur, Pirana Road, Piplej, Ahmedabad. It will be by the side of Shanti Processors Ltd, a processing unit of Chiripal Group.

Locational Advantages

The proposed plant is only at a distance of 10 kms from Ahmedabad and is considered as industrial suburb of the city. Ahmedabad is one of the latest metro cities with the facility of an international airport. It is now the textile capital of the country and most industrialised city in Gujarat State. The plant is located on the main highway connecting Delhi - Ahmedabad (golden quadrilateral). Ahmedabad is accessible to three of major ports of India viz. Kandla, JNPT and Mumbai. The plant site is well connected by both rail & road services.

Since most garment manufacturers, textile units and processing units are located in the Western Region, most of the cotton trader and selling agents are located around this area. Hence, the proposed unit will have an advantage of proximity to Western Regional Market. Besides, the major raw material, i.e. cotton yarn, is easily available from manufacturers who have their marketing offices in and around Ahmedabad. Skilled and semi skilled textile workers are easily available in Gujarat as many textile industries are located in this Region.

The plant is located outside Ahmedabad Municipal Limits, which will result in savings in terms of Octroi and other Municipality Taxes. Further, the proposed plant site is already developed with all basic infrastructure facilities such as proximity to raw materials, man power, electricity, water supply, transport, telecommunication systems etc.

Cost Determinants

A) Land and Site Development

Land (Rs. 100 Lakhs): The project would be set-up at a site close to one of its Group Company's processing plant (M/s Shanti Processors Ltd.) The proposed manufacturing plant will be located in Survey Nos 198/1 and 203/2 respectively, Saijpur-Gopalpur, Pirana Road, Piplej, Ahmedabad measuring 33600 sq. yards the details of which are as under:

Sr. No.	Location	Area (sq. yards)
1.	Survey No – 198/1	19,600
2.	Survey No – 203/2	14,000
	Total	33,600

Site Development (Rs. 140 lakhs): The proposed site has been developed by leveling and making it symmetrical. The site development will completed by August 2003, at the cost which has been estimated at Rs.140 lakhs (estimated by SMPS Consultants, Ahmedabad) as per details given below:

(Rs. in lakhs)

Sr. No.	Particulars	Area(Sq. mtrs.)	Amount
1	Site Cleaning	30724.00	2.23
2	Compound Wall	1178.00	32.40
3	Approach road & Internal road	8036.35	44.20
4	Entrance Gates	Lumpsum	1.50
5	Wicket Gates	-	0.50
6	Landscaping & Filling	-	27.50



Sr. No.	Particulars	Area(Sq. mtrs.)	Amount
7	External Drainage & Water Supply	-	12.00
8	Storm water drain	-	6.00
9	Bore (10" diameter)	-	11.00
10	Parking	-	2.00
	Total		139.33
	Say		140.00

B) Civil Works (Rs. 600.01 lakhs)

The total cost of civil works for the construction of factory shed, godown and building for marketing, accounts, administration, utilities and other miscellaneous civil work has been estimated at Rs.600 lakh. The Company has appointed SMPS Consultants, Ahmedabad for availing consultancy services for the proposed project. SMPS offers comprehensive services in planning, design engineering for diverse types of industrial and institutional projects. Established in 1963, the firm has about 35 years of experience in the said field. The breakup of costs for civil construction of the proposed plant as estimated by SMPS Consultants is given below:

(Rs. in lakhs)

Sr. No.	Particulars	Built up Area (Sq. mtrs.)	Amount
A.	Factory Buildings (A)		
1	Production Building	3888.00	174.96
2	H-Plant Building	1176.00	49.98
3	Yarn dyeing Building	777.00	36.91
4	Colour Kitchen & Store	777.00	36.91
5	Warping Department	432.00	19.44
6	Sizing Department & Sizing Kitchen	864.00	38.88
7	Drawing Department	288.00	12.96
	Sub total (a)		370.04
B	Utilities & Non Factory Buildings		
1	Utility building	612.00	24.48
2	Finishing, Singeing, Packing & Folding building	1500.00	60.00
3	Cloth Godown	1422.00	55.44
4	Ancillary Building	420.00	17.85
5	Yarn Store	1344.00	52.08
6	Boiler House & D.G. House	300.00	12.00
7	Security & Time Office	100.00	6.50
8	Watchman Cabin	18.00	1.62
	Sub total (b)		229.97
	TOTAL (a+b)		600.01

The type of construction required is mainly dependent upon the process involved in that section. The Factory Building will be constructed by RCC columns, beams, structural steel trues, A.C.sheet roofing, RCC floor, brick walls etc.

C) Plant & Machinery (Rs. 4050 lakh)

- i) Imported Plant & Machinery (Rs. 3071 lakh): Proposed Denim Plant of the Company mainly comprises of Indigo Dyeing and Sizing Machine as well as Air-jet looms. These highly sophisticated machines require completely air-conditioned and dust free atmosphere. Besides this, there are warp and weft machines. Warp thread (also called ends) run across the length of the fabric. Weft is the thread that runs across the width of the fabric. Besides, there are other items like Boilers, Conveying System, Folding and Checking Table with Roller, Effluent Treatment Plant and other electrification requirements.

The Company is proposing to import Warping Machine, High Production Indigo Dyeing Sizing Machine, Tsudakoma Air Jet Looms, Denim Finishing & Shrinking Range, Air Compressor & Fully Auto Packing Machine. The Company is purchasing these machines from reputed international manufacturers whose machines are already working in the plants of reputed manufacturers like AML and AL and working satisfactorily. The list of imported plant and machinery with the name of suppliers is as follows:



(Rs. in lakhs)

Description of Machinery	Qty.	Name of Supplier	Total Cost
Hacoba Direct Warping Machines	1	Sucker Muller Hacoba GmbH & Co.	113.86
High Production Indigo Dyeing Sizing Machines	1	Sucker Muller Hacoba GmbH & Co.	1073.34
ZAX-e type Air Jet Loom (New)	48	Tsodakoma Corp. Japan	396.85
ZAX-e type Air Jet Loom (Second Hand)	48	Tsodakoma Corp. Japan	965.48
Denim Finishing and Shrinking	1	A Monforts Textilmaschinen GmbH & Co.	375.50
Screw Compressor	2	Antwerp Atlas Copco, 301 (through Atlas Copco Baroda)	106.14
Fully Auto Packing Machine HS	1	Hyo San Machinery Co. Korea	39.80
Total			3071.00

- ii) Indigenous Plant & Machinery (Rs. 979.54 lakhs): Besides imported machineries the project requires indigenous machineries, which the Company proposes to procure from reputed Indian manufacturers. The detailed break-up of indigenous Plant & Machinery being procured by the Company is given below:

(Rs Lakhs)

Description of Machinery	Qty	Name of Supplier	Total Cost
Warping Machine, Warper Beam for Hacoba Wrapper with 2 nos. of 1400 mm diameter. Hollow flanges.	40	Eng. & Agencies Pvt. Ltd, Ahmedabad	48.07
2 Caterpillar DG Sets (1250 KVA)	2	GMMCO Ltd, Ahmedabad	172.09
Vertical Thermopac Thermic Fluid Heater	1	Thermax Ltd. Ahmedabad	24.42
Kuster Calico's Singeing Machine	1	ATE Marketing P. Ltd. Ahmedabad	76.04
Cooling Tower	1	Himgiri Cooling Tower Pvt. Ltd. Ahmedabad	24.28
Effluent Treatment Plant	1	Airteff De Tox Incineration Ltd. Thane (W), Mumbai	42.00
FBC Boiler	1	Cethar Vessels Pvt. Ltd	27.59
Reverse Osmosis Plant	1	Tech Aid, Ahmedabad	24.53
High Speed Multi Cylinder Sizing Machine	1	Jupiter Eng. Co. Ahmedabad	98.11
Warping Machine	1	Prashatn Gamatex Pvt. Ltd, Ahmedabad	61.32
Screw Type Rotary Air Compressor	3	Firdos & S. Cambatta Company, Ahmedabad	92.02
Humidification System	1	Nachmo Air Systems, Ahmedabad	159.44
Solid Fuel Fired Steam Boiler with water Preheater & Dust Collector	1	Thermax Ltd., Ahmedabad	12.88
1250 KVA DG Set	1	Sudhir Genset Ltd., Surat	68.88
Empty Beams	40	—	48.07
Total			979.54

D Miscellaneous Fixed Assets (Rs.173.17 lakhs)

Miscellaneous fixed assets include the cost of all utilities viz. electrical equipments/ distribution system, piping structure, fabrication, bore well, valves, furniture fixtures, computers fire fighting equipment, EPABX, photo copying machine etc. The total cost estimated by the Company under this head is Rs. 173.17 lakhs whose breakup is as under:

(Rs. In lakhs)

Sr. No.	Description of Machinery	Name of Supplier	Total Cost
1.	Electrical Distribution	Harsh Electric Corporation, Ahmedabad	74.29
2.	Piping, Structure, Fabrication etc.	Rana Fabrication Works, Delhi	53.24
3.	Bore well	Shri Tubewell & Co. Ahmedabad	2.10
4.	Valves etc.	Shri Hari Engineers Ahmedabad	5.54
5.	Computers, Furniture, Fire Fighting equipments, EPABX, Photo Copying Machine etc.	Lump Sum Estimates	22.00
6.	Miscellaneous	Estimates	16.00
	Total		173.17



E) Preoperative Expenses (Rs. 326.91 lakhs)

A preoperative expenditure of Rs 326.91 lakhs has been estimated and the breakup of the same is as under:

(Rs. in lakhs)

Sr. No.	Preliminary & Preoperative Expenses	Amount
1	Interest During Construction (13.5%-5%)	203.08
2	Upfront Fee	38.83
3	Professional Charges	50.00
4	Miscellaneous (Travel etc)	20.00
5	Deposits	5.00
6	Other legal and financial charges	10.00
	Total	326.91

F) Contingency (Rs. 253.15 lakhs)

The project cost has been estimated by the project team of the Company with the help of M/s S. T. Shah & Company, Ahmedabad, consultant, who has prepared the Detailed Project Report, SMPS Consultants, Ahmedabad, who are civil contractors-cum-architect firm & M/s Dharamshil Group of Companies, Ahmedabad, who have helped the Company in selection of machinery and suppliers, who have substantial experience in implementation of Denim and Grey Fabric projects in the recent past. The cost estimate is based on the budgetary quotations for the majority of the capital equipments and no major change in the cost is expected. Considering these factors, provision for contingencies has been estimated at 5% on all hard costs, which will be Rs.253.15 lakhs and is considered adequate.

G) Margin on Working Capital (Rs. 667 lakhs)

The working capital margin requirement of the project is estimated at Rs. 667 lakhs based on the calculations for the first full year of operations i.e. 2005-06 of the project. Most of the suppliers of cotton yarn are located in Tirupur, Hyderabad, Ahmedabad and Surat and as per the industry practice in cotton trading, maximum one-month credit is available on the cotton thread. However, cash discount or quantity discounts are available on cash purchases. Considering the availability the period of transportation and a safety stock level, raw material stocking period has been taken as 1.25 month. The denim fabric export, bottom weight cloth and other processed fabrics export sales will be under documentary credit or based on order in case of repeated customers. Generally the manufacturers extend one and half month credit on sales, whereas the domestic buyers are generally given one-month credit. Receivables period has therefore been conservatively estimated at one and half months for export sales and one month for domestic sales. The particulars of these requirements under various heads as also the margins thereof are given in the table below:

(Rs. in lakhs)

Particulars	Months	Basis	Working Capital Required
Raw Material	1.25	Cost of Raw Material	909.25
Work in Progress	0.25	Cost of Production	208.53
Finished Goods	1.00	Sales	873.93
Receivables (Domestic)	1.00	Sales	364.64
Receivables (Export)	1.50	Sales	1039.08
Other Current Asset			172.23
Total			3395.73
Less Credit on Purchases	1.00	Cost of Raw Material	727.64
Working Capital Gap (WCG)			2668.09
Working Capital Margin	25% of WCG		667.03

Since Nandan Exim is an existing profit making Company with substantial export trading and is now going for its own manufacturing set-up, the margin money for working capital has been estimated at Rs 667.03 lakhs (say Rs. 667 lakhs), which is 25 % of the Working Capital Gap.



Raw Materials

A. Denim Fabric

i. Cotton:

The major raw materials required for denim manufacturing are coarse cotton yarn of various counts besides chemical, dyes and packaging materials. The cotton yarn required for manufacturing Denim Fabric will be of 6 and 7 counts, which are available in Ahmedabad, Surat, Mumbai and nearby places. The current rates as per market enquiry is said to be Rs 60 for 6 counts and Rs 61 for 7 counts per kilogram of cotton. These varieties of cotton are in abundant supply in and around Ahmedabad, Tirupur and Hyderabad. Since the promoters are in textile business, sourcing of 6 /7 count cotton to meet their requirement would not be a problem. Approximately 565 grams of cotton yarn will be required for manufacturing 1 linear meter of Denim fabric. Although per hectare yield of cotton in India happens to be low at around 287 kg. as compared to the world's average production of 580 kg, India still enjoys the largest acreage of cotton cultivation in the world. However cotton price in India is approximately 20 –25% lower than the global prices. Apart from the above, Catch Cord Yarn (2/40s) and Leno Yarn (80d) are also required for manufacture of the Denim fabrics, which are also available locally.

ii. Colour Chemicals

Following chemicals will be required for dyeing and finishing of Denim fabric that the Company proposes to manufacture. The name of chemicals, quantity required per metre and the present market price is as follows:

Sr. No.	Name of chemical	Gms/mtr	Cost/kg	Rs/ Mtr
1	Raw Maize Starch	20.00	10.00	0.20
2	Texloplast	7.00	33.00	0.23
3	Indigo	7.50	200.00	1.50
4	Sodium Hydro Sulphide	5.90	47.46	0.28
5	Finishing Chemical	12.00	22.50	0.27
6	Acryl – N	7.00	27.57	0.19
7	Mutton Tallow	2.00	40.00	0.08
8	Caustic	3.70	50.00	0.19
9	S.H.M.P.	7.27	55.00	0.40
10	Sapco 1186 A	3.75	88.00	0.33
11	Gas at Singeing	4.00	19.00	0.08
	Total			3.75

B. Grey Fabric

Nandan Exim is proposing to weave Grey Fabric for open market sale as well as for manufacturing Bottom Weight Cloth and other processed fabrics, which has a good demand in the overseas market.

i. Cotton Yarn

The major raw material required for Manufacture of Grey Fabric Weaving is Cotton Yarn of 40 counts and 2/40 counts. Approximately 350 grams of cotton fabric will be required for manufacturing 1 linear meter of finished Bottom Weight Cloth and other processed fabrics and 310 gms of Cotton Yarn will be required for manufacturing 1 linear meter of finished Grey Fabric. Cotton Yarn of 40 counts and 2/40 counts are easily available in domestic and international market. Nandan Exim being an exporting Company, will have the option of procuring the required Cotton yarn from domestic as well as international market in the required quantity and desired quality.

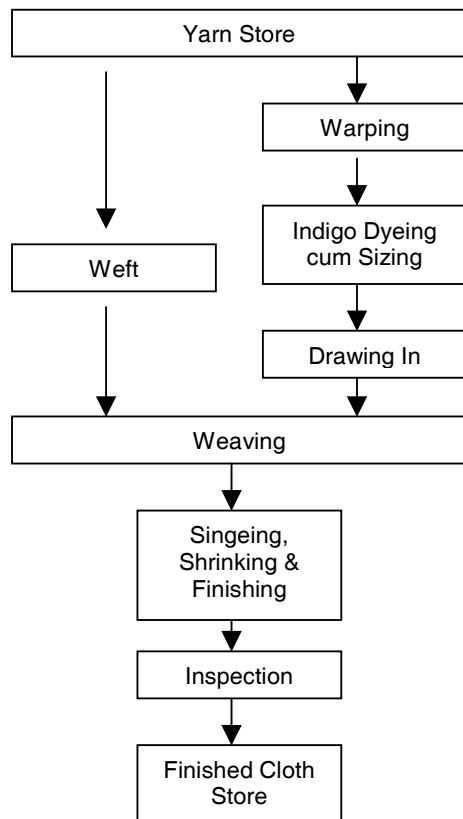


Manufacturing Process

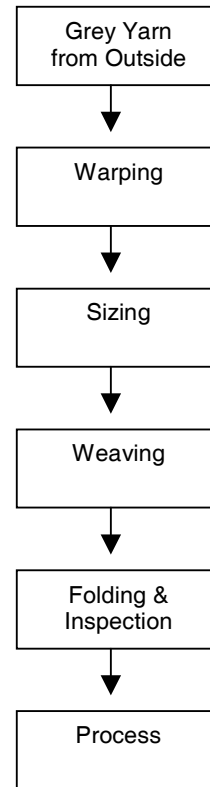
The overall manufacturing process is broadly divided into the following 4 stages:

- Fabric Weaving;
- Finishing (Bleaching, Dyeing, Printing etc.);
- Making up; and
- Packing and Despatch

Manufacturing Process (Denim Plant)



Manufacturing Process (Grey Fabric)



For manufacturing Denim and Grey Fabric, the process is same up to the level of weaving, but in case of Denim Fabric, dyeing is done at the stage of sizing where as for Grey Fabric it depends upon the finished product. Since, the Company proposes to convert 60% of its Grey Fabric to Bottom Weight Cloth other processed fabric, the washing, bleaching, dyeing and finishing process will be done after weaving is complete. It has been decided to outsource this process. The details of each process are given below:

1. Fabric Weaving

a. Grey Yarn on Cones

Normally yarns received for weaving in cone forms are either from ring spinning or from open end spinning in single or double fold as required. For weaving, yarn used is categorised into:

- o Warp yarn
- o Weft yarn

Normally for Weaving, yarn used as warp should be sufficiently strong to withstand stress and strains exerted during weaving operations. Hence they are having higher continuous spinning process (CSP) and further sized to increase its strength. The weft yarn is directly used on weaving machines and in some cases, if required, is rewound also so as to enhance its performance in weaving.



b. Warping on Sectional/ Direct Warping

The warp yarn is required to be fed into a sheet form to the weaving machines. At warping, the individual cones are put into the creel (the number of cones depends upon fabric construction) and yarn from individual cones is pulled together in sheet form, wound on a barrel called warping beams (for Direct warping) or on weaving beams (for Sectional Warping). Normally if warp sheet is with patterns of different coloured yarns it is processed on sectional warping machine.

c. Sizing of yarn in Set/ Beam to Beam Position

The object of Sizing is to improve the strength of yarn by chemically binding the fibres with each other and also improve upon its friction resistance capacity by chemically coating the surface of yarn/fibres. Further, number of threads in wrapper beam sheet is very less against number of threads required in whole width of fabric. Hence multiplication of sheets by drawing yarns together from many warps beams and again making one sheet is also performed on sizing machine. On sizing, normally, 8-12 % size material on warp thread is applied. This improvement in strength and frictional resistance characteristic of warp yarn is essential because during weaving, yarn has to undergo severe strain & stress as well as frictional operations.

d. Drawing-in

Weaving is basically interlacement of two sets i.e. warp and weft threads in desired sequence and pattern. To obtain this interlacement, warp yarn sheet is bifurcated & opened in the form of two layers/ sheet and weft thread is inserted between so opened two warp sheets. This operation is called "Drawing-in".

e. Beam Gaiting Knotting on Weaving Machine

The drawn weavers beams are fixed on weaving machines, threads are tied and held shafts are coupled. This operation is called Beam Gaiting. If undrawn warp threads are directly knotted to the threads of finished beams, it is called Knotting. These operations are essential because normally weavers beam can carry only certain length of warp sheet on it and when so woven, whole length is converted to the fabric by weaving machine. Further warp length is required to be fed which can be done by knotting or gaiting other beams on weaving machine.

f. Weaving

As stated earlier, weaving is interlacing two sets of yarn and making fabric. One set is called warp thread which is in sheet form, the other one is called weft thread which is inserted between two layers of warp sheet by means of a suitable carrier i.e. Shuttle, Projectile, Rapier, Air current, Water current, etc. Depending upon the type of the weaving machines. The different types of technologies available for weaving machines are briefly explained as below:

o Conventional Shuttle Weaving System by Ordinary Looms or Automatic Looms.

o Shuttle less Weaving System by Airjet /Waterjet/Rapier/Projectile

Shuttle loom is a conventional Technology with much less production on account of slow speed and excessive wear and tear of machinery. This shuttle loom technology has now become obsolete. Nandan Exim proposes to weave cloth through Shuttle less Weaving System by using 96 ZAX-e Type Tsodakoma Corporation's Airjet looms. These looms are distinguished by weft insertion method, which is briefly discussed hereunder.

Airjet Looms

These types of looms adopt the latest development in Weaving Technology where weft insertion is done with the help of compressed air. A very high weft insertion rate up to 1800 metre per minute is achieved. Compared to rapier and projectile looms, these looms are less versatile but are economical and are used in mass textile production unit. As said earlier, Nandan Exim will be weaving only two types of Fabric viz: Denim and Grey Fabric and hence preferring Shuttle less Weaving System by Airjet Looms. These are tested technology and operating successfully at similar textile producing Companies like Arvind Mills Ltd, Ashima Ltd and Raymonds Mills.

2. Finishing

a. Grey Fabric

The finally woven fabric or Grey Fabric, as it is popularly called, wound on a cloth roll is taken out from weaving machines at certain intervals and checked on inspection machines for possibilities of any weaving fault. If such faults are seen anywhere in fabric during inspection, certain corrective steps are taken at weaving, warping, sizing, etc so that they can be minimised in subsequent product. This is a quality control exercise. Grey Fabric of 40 % after this stage will be sent to packaging and despatch section for onward domestic sales. Remaining 60 % of the Grey Fabric shall be sent to the respective process houses/ plants (to be out sourced) for finished Bottom Weight Cloth/ other Finished Fabric as per the export order.



b. Denim Fabric

Denim Fabrics woven at Nandan Exim will be made up of 100% cotton would be very strong and durable. Traditionally Blue Denim is warp faced cotton fabric with 3 x 1 twill construction with warp being dyed in a solid colour and weft left un-dyed. The look and quality of the Denim Fabric shall improve after dyeing, the process of which differs from plant to plant. Normally the process of dyeing dictates the technology of Denim manufacturing. The dyeing for Denim Fabric happens at the sizing stage. Generally there are two most popular methods of dyeing Denim Fabric. They are:

- o Rope Dyeing
- o Sheet Dyeing

Nandan Exim would adopt the Sheet Dyeing Method for manufacture of its Denim Fabrics, which has following advantages over Rope Dyeing Method:

- o The technology is less capital intensive.
- o The technology is a proven one.
- o The cost of production is lower.
- o The process time is lower.
- o The Sheet Dyeing machines are very easy to operate.

c. Sheet Dyeing Process

This process eliminates a few intermediate processes of the rope dyeing. The yarn sheet is washed with chemicals such as caustic and washing soda and after squeezing the excess water; the yarn sheet is allowed to pass through Dyeing Troughs one time for oxidation and development of dye on yarn. After dyeing, the dyed yarn is washed again with fresh water for two-three times and finally squeezed before allowing it to pass through six drying cylinders. The dyed yarn enters the starching device and sizing is done. After sizing, the sized warp beam goes for weaving. After weaving, the woven Denim Fabrics goes for various finishing processes consisting of brushing, singeing, washing, impregnation for dressing and drying. Brushing and singeing should eliminate impurities and help to even the surface of the fabric. Dressing regulates the hand and rigidity of the fabric while compressive shrinking regulates its dimensional stability.

Even today Denim Fabric without Indigo Dyeing is not called authentic Denim. Initially when Denim Fabric entered the fashion market, Denim manufacturers were using Natural Indigo Dye, which was costly and giving a natural finish. Though Synthetic Indigo Dye has gradually replaced Natural Indigo Dye, some unorganised manufacturers still prefer the latter and attract premium after branding them "Natural Dye Used".

d. Making-Up

Weaving of fabrics on such multi sizes is not economical, hence a standard width fabrics is then sent to making up. Fabrics are cut into the desired width as per size required on this machine. Denim Fabric and Grey Fabric are thoroughly checked for various types of defects such as:

- o Weaving Defects
- o Uneven Dyeing
- o Bleaching and Dyeing Defect
- o Oil Stain
- o Patches

Here the final product is categorised quality-wise. The products then found okay are segregated and sent to packaging department whereas defective ones are sent for correction. After inspection, the sets are wrapped with polythene covers and sent for despatch as per buyer's specifications.

e. Despatch

Rolls and sets so formed and packed as per buyers' requirements are then sent for final despatches.



Man Power

The plant is in Ahmedabad, which is situated near to Mumbai and Surat, the major Textile Centres of the country. On account of this, availability of skilled labor and other staff is not a problem. Experienced and trained manpower in the industry for achieving high quality and acceptable standard products by overseas clients would be available in Western India and the Company propose to recruit them during the process of implementation. Details of the manpower required are as under:

Sr. No.	Departments	Number
1	General – Production	196
2	Weaving Department	27
3	Labour Engineering	52
4	Finance, Administration, Marketing	29
	Total	304

Utilities

1. Power

The connected load and maximum demand for weaving and processing plant has been estimated at 1870 KVA. Keeping in view the high power cost from state Electricity Board and to minimize the cost of power, the Company is buying three 1250 KVA DG generation set to meet the power requirement. As per the power requirements 2 DG sets of 1250 KVA are required for the Project. However the Company is keeping a cheaper standby 1250 DG set of Sudhir Genset Ltd to meet the emergency/ contingency.

The Company has already obtained approval of 2500 KW from the Ahmedabad Electricity Company Limited vide their letter no BS-HT-888-2152 dated 4.11.03

2. Steam

The requirement of steam for sizing, bleaching, dying, printing, finishing is estimated at 6000 kg per hour which will be available from the Boilers. The Company is procuring one Boiler of Cethar Vessels Pvt. Ltd., having a capacity to generate steam of 5000 kg per hour and one Solid Fuel Fired Steam Boiler to generate steam of 1500 kgs per hour from Thermax Limited.

3. Compressed Air

The requirement of compressed air for weaving and processing activity is 4200 CFM, which is proposed to be met by installing 2 nos. of Atlas Copco make imported Screw Compressors and 3 nos. of Rotary Air Compressor of Firdos S Cambatta Company. The requirement of air for the processing activity is only in case of instrumentation, which will be, met from the compressors being installed.

4. Water

The requirement of water will be more for Denim Fabric processing and minimum for Grey Fabric manufacturing as water is not required in the weaving process except for Humidification plant. Generally requirement of water is more for process house activities like singeing, bleaching, mercerising, dyeing, boiler requirement, human consumption and miscellaneous activities. The Company's requirement of Water is 11500 ltrs/hour or approximately 300,000 litres per day.

Sr. No.	Particulars	Quantity (ltrs/hr)
1	Indigo Dyeing & Sizing Machines	2500
2	Heavy Duty Finishing Range	1500
3	Humidification/ Vacuum plant	2000
4	Boiler	5000
5	Miscellaneous	500
	Total	11500

The Company will source its entire water requirement through 2 (two) bore wells .The capacity of the borewells is 25 cubic meters/hour and 50 cubic meters/hour respectively. The groundwater condition is suitable for textile manufacturing. Further, the Company will also be constructing water tank for storing water. The Company is also procuring 1(one) Reverse Osmosis Plant for treating the raw water.

5. Effluent Treatment Plant

There are two technologies available for effluent treatment viz: Fermentation by Cow Dung and chemical treatment, where lime and ferrous sulphate is used. The consumption cost will be 350 MCUB per day for 15 hours. Considering 30,000 meters per day of finished fabric, the production per meter cost will be 0.20 paise. The Company is installing the Effluent Treatment Plant for bringing down the levels of effluents discharged during the process of manufacture of denim to the acceptable levels. The Company is purchasing the Effluent Treatment Plant based on the Reverse Osmosis System from Aireff DeTod Incineration Ltd.



6. Humidification and Air Conditioning

The requirement of air conditioning for loom shed will be met by the Humidification System, which the Company propose to purchase from Nachmo Air Systems, Ahmedabad.

7. Transport Facilities

Ahmedabad being a major textile center of the Country is well connected by Air and Rail with Mumbai, Delhi, Baroda, Surat, Kolkata etc. and by road through National Highway No.8, which is in the process of widening under Golden Quadrilateral. Major ports like Kandla, JNPT1 and Mumbai having container-loading facilities are also approachable. The Company therefore is not likely to experience any difficulty in having smooth transport of raw materials and finished products through reputed transport agencies having their offices, branches, godowns in and around Ahmedabad.

8. Gas

For burning the fibers of Denim Fabric which is called singeing, gas flame would be required. In this process the roll of the fabric runs at a high speed over the gas flame. It has been proposed to use locally available LPG in the process of singeing. Since the processing plant is nearer to Ahmedabad, the Company would not face problem in procuring the LPG for singeing process.

Term Loans

The Company has not availed of any term loan prior to this project and was managing the affairs from its own sources and internal accruals.

Working Capital Facilities

The Company has been enjoying working capital loans from Ashram Road Branch of United Commercial Bank, Ahmedabad since 1999. As advised by their present banker, the dealings of NEPL are satisfactory and the asset is a standard asset. The details of the working capital limits of NEPL are as under:

(Rs. in lakhs)

Sr. no.	Facility	Limit Sanctioned	Outstanding	
			As on 31.3.2003	As on 31.07.2003
1	Export Packing Credit	100.00	86.69	83.33
2	Foreign Bills Purchased	50.00	41.95	14.78
	Total		128.64	98.11

The Export Packing Credit and Foreign Bills Purchase limits are secured by hypothecation of current assets and personal guarantee of Shri Vedprakash D. Chiripal and Shri Brijmohan. D. Chiripal. The Working capital account with the present banker UCO Bank is running satisfactorily.

Capacity Utilisation

The details of installed capacity and capacity utilisation as per report of SBI Capital Markets Limited is given here below:

Sr. No.	Installed Capacity	Capacity Utilisation		
		2004-05	2005-06	2006-07
1	Weaving	65%	70%	75%
2	Denim	65%	70%	75%

Implementation Schedule of the Project

The following schedule of implementation of the project was as per the Project Appraisal Report of SBI Capital Markets Limited dated August 2003.

Activity	Commencement	Completion
Acquisition of Land	Completed	Completed
Site Development	May 2003	August 2003
Civil construction & Building	May 2003	June 2004
Plant & Machinery		
Placement of Order		
Imported	September 2003	October 2003
Indigenous	September 2003	October 2003
Delivery at site	June 2004	July 2004
Erection and Installation	August 2004	September 2004
Trial Runs	September 2004	October 2004
Commercial Production		October 2004



Revised Implementation Schedule of the Project

SBI Capital Markets Ltd had appraised the project in August 2003. The Financial Tie Up was completed in February 2004. The documentation for securing the credit facilities was completed on 6th May 2004. The Company had also to re negotiate with the suppliers. However there is no cost over run in the project cost.

The revised Schedule of Implementation of the Project is as under:

Activity	Commencement	Completion
Acquisition of Land	Completed	Completed
Site Development	Completed	Completed
Civil construction & Building For Weaving Project For Denim Project	Completed <i>In process</i>	Completed April 2005
Plant & Machinery		
<i>Placement of Order</i>		
Weaving Project	Completed	Completed
Denim Project	Completed	Completed
Delivery at site	April 2005	April 2005
Erection and Installation	May 2005	June 2005
Trial Runs & Commercial Production		June 2005



XI. CURRENT STATUS OF THE PROJECT

The Company has purchased two plots of land at Survey No 198/1 and 203/02 Saijpur Gopalpur, Pirana Road, Ahmedabad vide two sale deeds dated September 18, 2003 & October 22, 2003 respectively.

The Company is now setting up the project for manufacture of grey (weaving) and denim at an installed capacity of 104 and 140 lakh mtrs. per annum. The Company has already procured and installed 80 nos of imported Tsudakoma Looms. The orders for balance 16 looms have been placed and the L/C has been opened. Its delivery is expected in April 2005 and thereby the commercial production shall commence by June 2005

As per letter no SMPS/0214/1231, dated November 30, 2004 by SMPS Consultants the Company has incurred capital expenditure of Rs.584 lakh till November 30, 2004 on Site Development, Factory & Non Factory Building etc.

Term Loans

The Company had not availed of any term loan prior to this project and was managing the affairs from its own sources and internal accruals. However, for the Project under consideration the financial tie-up has been successfully completed with the sanction of Term Loans as per the details as on March 25, 2005 given below:

(Rs. in lakhs)

Sr. No.	Name of Bank	Sanctioned Term Loan	Term Loan Disbursed	LC Opened	Total	Balance
1	State Bank of India	1500.00	384.94	883.24	1268.18	231.82
2	Oriental Bank of Commerce	1243.00	36.83	1083.32	1120.15	122.85
3	UCO Bank	1140.00	1139.19	-	1139.19	0.81
	Total	3883.00	1560.96	1966.56	3527.52	355.48

Working Capital

The working capital requirement for the project has been sanctioned by SBI, OBC and UCO Bank as per details given below:

(Rs. in lakhs)

Sr. No.	Particulars	SBI	OBC	UCO	Additional limit sanctioned by UCO Bank	TOTAL
I	Fund Based Limits					
1	CC/ WCDL/IB/BD/Cheques purchased	310	170	170	160	810
2	Export Packing Credit / FBP / FBD	380	340	150	140	1010
	Sub Total (a)	690	510	320	300	1820
II	Non – Fund Based Limits					
1	Letter of Credit (WC)	135	85	50	45	315
2	Bank Guarantees	100	85	50	-	235
	Sub total (b)	235	170	100	45	550
	Total Working Capital Facilities (a+b)	925	680	420	345	2370

Main Terms & Conditions of Working Capital and Terms Loans

1. State Bank of India

a. SBI Term Loan

- Amount: Rs. 1500 lakhs
- Upfront Fee: 1%
- Rate of Interest: 2.00% above SBMTLR presently 13.00% p.a. at monthly rests
- Repayment: In 20 quarterly instalments of Rs.75 lakhs commencing one year after commercial production i.e. from 1.10.2005
- Security:
 - Primary: First Charge over entire Fixed Assets both present and future of the company on pari passu basis with term lenders for the project.



- o Collateral: Personal guarantee of 2 Promoters/Directors: Shri Vedprakash D. Chiripal & Shri Brijmohan Chiripal (Aggregate means: Rs.200 lakhs (as on 31.03.2002)
- Disbursal: Disbursement will be made only after the Company fully ties up the term loan requirement, increase the Equity to Rs 750 lakhs, after repatriation of investment of Rs 792 lakhs in group companies as proposed. A certificate from Chartered Accounts with regard to above shall be submitted.
- Term Loan disbursement will be made directly to the machinery suppliers or through retirement of project LCs established for the purpose. Progressive disbursements will be based on Chartered Accountant's certification ensuring proportionate contribution from promoters.
- Prepayment Penalty: 1% p.a. on prepaid amount.
- Other Financial Covenants:
 - o Any adverse deviation by more than 20% from the stipulated levels in respect of any two items (i) to (iii) below – penal interest @1% will be levied for the period of non-adherence subject to a minimum period of 1 year.
 - I. Current Ratio: 1.33
 - II. TOL/TNW: 3.00
 - III. Interest coverage: 3.16
- Default in payment of interest/ instalments to the Bank or to other FIs/ Banks – penal interest @1% for the period of such defaults.
- Consent of Disclosure: The Company should give consent to disclose/ publish their name as a defaulter in the event of their becoming so according to the Bank at any time in repayment of principal and/or interest dues on the loan, in the manner and such medium as the Bank/RBI in their absolute discretion may think fit.
- One time Project LC Limit of Rs.1500 lakhs:
- The project LC would be available for purchase of machinery /equipment connected with the project. It will be liquidated by term loan disbursal/ own funds. The LC would be opened subject to other usual terms and conditions of the Bank.

b. SBI Working Capital Loan

A. Security

Facility	Primary	Collateral	Guarantee
CC/WCDL/EPC/PCFC	Hypothecation of current assets in favour of consortium of Banks on pari passu basis	2 nd Charge over the fixed assets both present and future of the company on pari passu basis with consortium banks	Personal Guarantee of Promoter Directors: Shri. Ved Prakash Chiripal and Shri.Brijmohan Chiripal; Aggregate means Rs.227 lakhs as on 31.03.2003
BD/Ch.Purch/ FBD	-do- and bills drawn in favour of the bank	-do-	-do-
Letters of Credit	Extension of hypothecation of charge and application cum indemnity	-do-	-do-
Bank of Guarantee	-do-	-do-	-do-

- B. ECGC Cover: Individual packing credit guarantee of ECGC will be obtained. Premium to be met by the Company. Post shipment cover to be obtained by the Company

C. Margins:

Cash Credit	Existing	Margin Proposed
RM	-	25%
SIP	-	25%
FG	-	25%
Receivables (Cover 45 days)	-	40%
Letters of Credit	-	10%
Bank Guarantees	-	10%



Rate of Interest:

Facility	CRA	Pricing
CC/WCDL EPC/ FBD	SB-3	2.00% over SBAR presently 12.25% p.a. with monthly rests. As per RBI guidelines

E. Other Covenants:

i	Other Charges	Higher of any of the following charge will be recovered: 1. Lead bank fees at not less than 0.125% p.a. on fund based WC limits extended by the consortium or 2. Loan processing charges at Rs 250 per lakh of fund based plus non-fund limits subject to a maximum of Rs.10 lakhs.
ii	Insurance	To cover risks of fire, flood and earth quake in the joint names of consortium banks and the company to cover stocks and fixed assets.
iii	Inspection	Plant/ factory visits will be carried out by the consortium banks once in 3 months in rotation. Stock/receivable audit to be conducted by external auditors in approved panel once in a year
iv	Documentation	As per consortium documentation/ Banks documents pending consortium arrangement
v	Period of Sanction	1 year

2. UCO Bank

Facility 1

Nature of facility	Continuance of the existing sanctioned Term Loan of Rs.1140 Lakhs under TUFs. (Amount disbursed Rs.416 lakhs)
Amount (Rupees in lakhs)	1140
Security	First Pari Passu charge on the immovable assets, plant and machinery with other Lenders of consortium valued at Rs 5063 lakhs
Margin	25%
Interest	13% p.a. with monthly rests on line with interest charged by the leader of the consortium SBI.
Service charges / Processing Charges	As per extant guidelines of Bank

Facility 2

Nature of facility	Cash Credit
Amount (Rupees in lakhs)	330 (Enhanced from existing limit of Rs.170 lakhs)
Security	First Pari Passu charge on entire current assets by way of hypothecation of stocks of Imported / Indigenous raw- material, such as – Cotton Yarn, semi – finished goods, finished goods, stores and spares, packing materials etc. and all other Current Assets stored in company's premises and / or elsewhere including those in transit First Pari Passu charge on Book Debts- period not to exceed 90 days.
Margin	Stocks – 25%, Book Debts – 40%
Interest	12.25% p.a. with monthly rests on line with interest charged by the leader of the Consortium Bank SBI.
Service charges / Processing Charges	As per extent guidelines of Bank.

Facility 3

Nature of facility	Export Packing Credit upto 180 days (Sub Limit of Cash Credit)
Amount (Rupees in lakhs)	195 – (Enhanced from existing limit of 100 lakhs)
Security	Same as cash credit meant for exports
Margin	10%
Interest	As per RBI /Bank Directives from time to time.
Service charges	-



Facility 4

Nature of facility	FBP / FBD on DP /DA basis upto 180 days (Sub Limit of Cash Credit)
Amount (Rupees in lakhs)	95 – (Enhanced from existing limit of Rs.50 lakhs.)
Security	Bills of Exchange and Documents of title of goods.
Margin	Nil
Interest	As per RBI /Bank Directives from time to time.
Service charges	As per banks rules
Other Terms	Un availed portion of Foreign Bill Purchase can be used as cash credit

Facility 5

Nature of facility	Letter of Credit – Inland / Import on DA / DP Basis of 180 days for domestic purchase and 360 days for import.
Amount (Rupees in lakhs)	95 – (Enhanced from existing limit of Rs. 50 lakhs.)
Security	Same as Cash Credit
Margin	10% Cash / FDR
Interest	-
Service charges / Processing Charges	As per extant guidelines of Bank

Facility 6

Nature of facility	Bank Guarantee
Amount (Rupees in lakhs)	50 – (Renewal at the existing level with full interchangeability between Letter of Credit for procurement of raw material)
Security	Same as Cash Credit
Margin	10% Cash / FDR
Interest	As per extant guidelines of Bank.
Service charges / Processing Charges	As per extant guidelines of Bank

Facility 7

Nature of facility	Discounting of Bills under Letter of Credit
Amount (Rupees in lakhs)	Rs.300 lakhs
Security	Nil
Margin	Nil
Interest	As per extant guidelines of Bank.
Service charges / Processing Charges	As per extant guidelines of Bank

Security:

Term Loan: First Parri Passu Charge on the immovable assets, plant and machinery with other Lenders of consortium valued at Rs.5063 lakhs

Working Capital: Pari Passu charge on entire current assets by way of hypothecation of stocks of Imported / Indigenous raw-material, such as – Cotton Yarn, semi – finished goods, finished goods, stores and spares, packing materials etc. and all other Current Assets stored in company's premises and / or elsewhere including those in transit

Personal guarantees

(Rs. In Lakhs)

Name of the guarantor	Net worth as on 31.03.03
Shri Vedprakash D Chiripal	43.22
Shri Brijmohan Chiripal	183.98
Total	227.20



3. Oriental Bank of Commerce

Facility 1:

Nature of Facility	Term Loan (Fresh) under TUFS
Amount	Rs.1243 lakhs [Rs. Twelve Crores and Forty Three Lakhs Only]
Security	Hypothecation of Plant & Machinery and other fixed assets costing Rs.4224 lakhs
Margin	40% on Plant & Machineries 25% on other fixed assets
Interest	2% (Bank's Spread) over PLR (present PLR of the bank is 11%) which works out at 13% (on basis of sanction of lead bank- State Bank of India) at present with monthly rests, subject to changes in PLR/Spread announced by the bank and subject to changes by RBI from time to time. Penal Interest @ 2% p.a. over & above the rate on overdrawn portion shall be applicable.
Recovery of interest (Whether EMI or Separate)	Interest shall be recovered as and when due on monthly basis
Repayment	Repayable in 19 quarterly installments of Rs.62 lakhs and 20 th installment of Rs.65 lakhs commencing one year after commercial production i.e. from 01.10.2005

Complementary to proposed Term Loan of Rs. 1243 lakhs

Nature of Facility	Letter of Credit (Inland / Import) (one time) (DP/DA 2 years) (complementary to Term Loan)
Limit	Rs.1243 lakhs (Rupees Twelve Crores and Forty Three Lakhs only)
Purpose	Fro procurement of capital goods
Margin	10% in the shape of un-encumbered duly discharged FDRs / CDRs (Alongwith interest accrued thereon)
Security	i. Documents of title to goods in case pf L/C on DP basis ii. Hypothecation charge over the goods in case of L/C on DA basis (Documents to bedelivered against Trust Receipt in case of L/C on DA basis)
Favouring	Various suppliers of machineries
Tenor	DP or DA 2 years
Commission and all other charges	As per Bank's schedule of charges

Facility 2:

Nature of Facility	Cash Credit (Hyp.)
Amount	Rs.100 lakhs (Rupees One Hundred Lakhs only). The Cash Credit Facilities of Rs.90 lakhs out of the proposed sanction of Cash Credit Facilities of Rs.100 lakhs be converted into FCNRB. DL for a period of one year and thereafter renewed subject to availability of funds with IBD, Head Office
Security	Hypothecation of stock of raw materials, stock-in-process, finished goods, stocks and spares on pari-passu basis with other members of the consortium
Margin	25% on stocks
Rate of Interest / Penal Interest	At PLR (present PLR of the bank is 11%) at present with monthly rests, subject to changes in PLR / Spread announced by the bank and subject to changes by RBI from time to time. Penal Interest @2% p.a. over & above the rate on overdrawn portion shall be applicable.
Term of Sanction	One year

Facility 3:

Nature of Facility	Cash Credit (Book Debts)
Amount	Rs.70 lakhs (Rupees Seventy Lakhs only). The Cash Credit Facilities of Rs.60 lakhs out of the proposed sanction of Cash Credit Facilities of Rs.70 lakhs be converted into FCNRB-DL for a period of one year and thereafter renewed
Security	Hypothecation of Book Debts
Margin	50% on receivables. For Book Debts facility receivables should not be more than 90 days old
Rate of Interest / Penal Interest	As charges in CC (Hyp.) limit
Term of Sanction	One year



Facility 4:

Nature of Facility	Packing Credit
Amount	Rs.190 lakhs (Rs. One Hundred Ninety Lakhs only)
Security	I. Hypothecation of stocks in trade II. Advance shall be covered under Whole Turn Over Packing Credit Guarantee obtained by the bank from ECGC
Margin	10%
Rate of Interest	As per RBI directives/Head Office guidelines issued from time to time.
Term of Sanction	One year

Facility 5:

Nature of facility	Foreign Documentary Bill Purchased (FDBP)/Foreign Usance Documentary Bill Purchased (FUDBP)
Limit	Rs.150 lakhs [Rs. One Hundred Fifty Lakhs only]
Security	Foreign Documentary Demand / Usance Bill having maximum Usance of 180 days accompanied by Airway Bills/Bill of Lading and drawn under irrevocable letter of credit \ Confirmed orders only.
Rate of Interest / Penal Interest	As per RBI directives/Head Office guidelines issued from time to time.
Mode of charging interest / Commission / Other charges	As per FEDAI rules/Bank's schedule of charges
Term of Sanction	One year

Facility 6:

Nature of Facility	Letter of Credit (Import/Inland)
Limit	Rs.85 lakhs [Rs. Eighty five lakhs only]
Purpose	For procurement of raw material and spares
Margin	10% in the shape of unencumbered duly discharged FDRs/CDRs (Alongwith interest accrued thereon)
Security	Documents of title to goods in case of L/C on DP basis Hypothecation charge over the goods in case of L/C on DA basis (Documents to delivered against Trust Receipt in case of L/C on DA basis)
Favouring	Various suppliers of raw materials/spares
Tenor	DP or DA with 180 days Usance
Commission and all other charges	As per Bank's schedule of charges

Facility 7:

Nature of Facility	Guarantee (Performance/Financial)
Amount	Rs.85 lakhs [Rs. Eighty five lakhs only]
Beneficiary	Various Govt. Departments / Undertakings, PSUs, Reputed Pvt. Corporate, Local Authorities, etc.
Security	Counter guarantee of the borrower
Margin	10% Margin shall be kept in the shape of unencumbered duly discharged FDRs/CDRs. Interest on FDRs/CDRs shall not be released during the currency of guarantee facility.
Commission and all charges	As per Bank's schedule of charges Commission and other charges shall be recovered (as per service charges schedule of the Bank as amended from time to time) at the time of issuance of guarantee. In case the guarantee period is extended, the commission for the extension period shall also be charged. Commission shall be recovered for the claim period if any.
Term of Sanction	One year



Capacity & Capacity Utilisation

The Company was engaged in the trading of fabrics. Thus installed capacity for past 3 years is not applicable.

The Company has installed 48 looms in March 2004 and details of installed capacity & capacity utilization on this 48 looms is as under:

I) For the period ended March 31, 2004:

	No of Looms	Lakh Mtrs	Days
Installed Capacity	48	104	350
Actual annualised Installed Capacity (From 23.01.04 to 31.03.04)	48	20.21	68

	Lakh Mtrs
Actual Production	3.48
Annualised Installed Capacity	20.21
Capacity Utilisation	17%

II) For the period ended April 1, 2004 to December 31, 2004:

The Company has installed 24 Looms during this period.

	No of Looms	Lakh Mtrs	Days
Installed Capacity	48	104	350
Actual annualised Installed Capacity (From 1.04.04 to 31.12.2004)*	72	156	263

	Lakh Mtrs
Actual Production	43.78
Annualised Installed Capacity	88.11
Capacity Utilisation	50%

*Note: 24 Nos. of Looms installed for the denim project had been used for weaving (grey), pending the installation of the balance equipment for the denim project.



XII. DESCRIPTION OF INDUSTRY AND BUSINESS

The following industry description is as per the Appraisal Report of SBI Capital Markets Limited Report dated August 2003.

Textile Industry

The cotton textile industry is important to the Indian economy and India is today a world leader in cotton textiles trade. Though new opportunities are rapidly emerging in cotton textile trade, India's future position will largely depend on how effectively the Industry and Government are able to resolve core issues such as erosion of India's raw material advantage and an increasingly fragmented industry structure. The cotton and textile industry is key to the Indian economy. The industry, which is one of the oldest in existence, has promoted economic development of even in far-flung areas of the country, both urban and rural. Even two of the highly developed metropolises of Modern India like Mumbai and Ahmedabad grown over the years have the main business base of Textile Industry. Specifically in exports, cotton textiles are one of the few areas where India is still a leader in world trade.

The textile industry contributes to around 4 per cent of GDP, 15 per cent of India's industrial output, and 10 per cent of central excise revenue. The industry is the largest exchange earner and contributes to over 30 per cent of India's exports. Further, with an employment of 38 million people, it is the second largest contributor to employment in the country with over one billion population only after agriculture. India's textile industry in 2000-2001 contributed about 14 percent to industrial production. However thanks to the Technology Upgradation Fund Scheme (TUFS), which has been in operation since 1999, providing a 5 percent interest reimbursement for techno- economically feasible proposals and has disbursed close to Rs. 4,55,000 lakh.

World Trade

In cotton textiles trade, India is today one of the leading nations in the world and is second only to China. India has a 14 per cent share of the total US\$ 31 billion world trade in cotton textiles. Apart from processed fabric where India ranks tenth in exports, India has a leading position and is among the top three nations in yarn (25 per cent share, rank 1), made-ups (17 per cent, rank 2), and grey fabric (11 per cent, rank 3). India's historical growth in cotton textile exports (6 per cent in the last 5 years) has been significantly superior to the world average (2 per cent), and that of its Asian competitors (China: -2.1 per cent, Pakistan: -1.1 per cent). In addition, Indian cotton textile exports are well distributed geographically.

External changes such as WTO Recommendation's implementation by 2005 and the consolidation of retail in US and Europe, will lead to a quota free trade environment and therefore an increased awareness of cost has emerged. As a result, world trade in cotton textiles, especially exports from lower-cost developing nations such as India, is expected to grow rapidly from the current \$31 billion to over \$59 billion by 2010.

Processed Fabric

Growth in processed fabric exports will be driven by fundamental shifts taking place in apparel manufacturing and world trade in processed cotton fabric is expected to increase from the current US \$13.2 billion to over US \$22 billion by 2010. Though currently India is currently poorly positioned to capture this opportunity, India could increase its exports to \$ 2 billion by 2010, by first adopting a focused product-market strategy and then building a position in the growing knits segment.

New opportunities are emerging in the processed fabric trade with the growing importance of apparel conversion centres. EU and US conversion centres will emerge as the largest importers of processed fabric by 2010, mainly due to increased outsourcing of garment manufacturing from US and EU to these centres and limited local manufacturing capacities to fulfill their fabric requirements. For example, demand for processed fabric in Mexico and American countries is expected to increase from \$ 5.1 billion to \$13 billion by 2010 for which it will import \$3 billion worth of fabric from Non-US sources.

Most fabric processing capacity in India lies in the small-scale and unorganised sector and is characterised by poor technology. Of the 5,040 million metres of cotton-processed-fabric produced in India, only 30 per cent is processed in the organised sector. As of 2000, the world market for textiles was worth \$126.1 billion of which India's share in the global textiles industry was 4 percent. Between 1995 and 2000, World Trade grew at an annual rate of 2.6 per cent for textiles, whereas between 1991-92 and 2001-02, India's textiles and clothing exports have been growing at an annual growth rate of 8.5 per cent. Two most important markets of textiles are America & Europe where India has much access, which China has, as it was till recently not a member of WTO. Because of China's strategic importance vis-a-vis America in the bilateral negotiations, they have got large quotas for the whole range of Textiles. Thanks to the Agreement of Textiles and Clothing (ATC), a complex regime in terms of which it is believed that the quotas will be phased out by December 2004. For the first time in 30 years, the industry will really be open to free trade at an international level. If this happens, it would be a tremendous opportunity for Textile Manufacturers of India.



Post 2005 Scenario

In 2005 and beyond, the global textile industry including knitting industry will be affected significantly by elimination of quotas on textiles and clothing in accordance with the Agreement on Textiles and Clothing (ATC), which is supervised and administered by World Trade Organisation (WTO). This currently restricts exports from the developing countries like India to the developed countries like USA, UK etc. With the elimination of the said quotas, the competition is likely to get worse. Worst affected will be the knitting industries, which currently receive the greatest quota protection in USA and EU. However, the main beneficiaries of the same will be developing countries like India as their exports will increase at all the levels in textile.

Although the imports into developed countries from developing nations will still be subject to tariffs, the imports from developing nations will be always competitive on account of their low labour cost, which is 10 % of the total manufacturing costs as against 50% of the total manufacturing costs in the developed countries.

Industry Scenario - Denim Fabric

Varieties of Denim Fabrics are basically manufactured from cotton yarns of various counts. In order to enhance its characteristics, certain manufacturers blend these with other threads also. The description of Denim is generally given on the basis of Cotton Content in it i.e. "Denim containing 100% Cotton" or less etc. It is available in various shades & colours including the Blue Denim, which is most popular of all. This fabric has been in existence for almost 150 years and conceived as "Work Wear Fabric" to a "Fashion Trend Setter". It is affordable, comfortable and durable and offers a variety of styles and colours. Denim is weighed in ounce and there are various weight wise categories of Denim like Light Denim (5 ounce, 7 ounce, 9 ounce etc) used to manufacture lighter garments like shirts, tops, T-shirts etc. Heavy Denim (12 ounce, 14 ounce, 16 ounce etc.) used to make garments like Jeans, Skirts etc.

Nandan Exim would be generally manufacturing Heavy Denim from 6 and 7 counts of Cotton, which is as per the present overseas market demand. However the proposed processing plant of the company is flexible to manufacture Light Denim and Heavy Denim of other varieties also. The company presently sells the finished goods through agents located at Ahmedabad, Mumbai, Surat etc. but bills directly to the buyers. The exports of the Company are generally to the countries like UK, Italy, Mauritius, United Arab Emirates and other countries.

Domestic Market

Total production capacity in India for Denim is 220 million meters per annum whereas it consumes approximately 50-55 million meters per annum. The Arvind Mills Ltd. owns about half of total production capacity and is the World's third largest manufacturer of Denims. The installed capacities of some of the major manufacturer are as per the following table:

Sr. No.	Name of Company	Installed Capacity p.a. (million mtrs)
1	Arvind Mills Ltd.	120.00
2	Mafatlal Burlington Ltd.	10.00
3	Century Textiles Ltd.	10.00
4.	Raymond Ltd.	10.00
5.	K.G. Denim Ltd	12.20
6.	Ashima Ltd.	10.80
7.	Others	47.00
	TOTAL	220.00

The selling agents of the company are of the view that normally Denim Fabric market cycle is considered to be of 8 years, during the course of which the first 3 years show an increase in demand, which remains steady for next 2 years and thereafter it declines. This trend has been observed since last couple of years. Unfortunately the main cotton growing area for Denim and Bottom Weight (i.e. coarse count cotton) are Punjab, Maharashtra and Gujarat, which were suffering from severe drought condition resulting in less crop. As a result cotton prices increased sharply, which badly affected the contribution per meter badly. Denim market continues to remain buoyant in the current year also. The increase in demand of Denim is on account of:

- Closure of many Denim Units in US, due to increase in raw material prices.
- Stringent Pollution Control Norms in Western countries.
- High cost of labour

There was a recovery in the international market not only in terms of demand for the products but also bullishness in prices of Denim owing to sudden shortage of fabric, which was on account of several manufacturers shutting down their manufacturing set up. On account of spurt in demand, per meter realization for Denim Cloth in India has gone up from



Rs. 78 in last year to Rs. 83. However the Global price for 14.5 ounce Denim Fabric has recently come down to US \$ 1.46 from US \$1.80 (Economic Times 7111 August 2003). The average selling price of Nandan Exim's Denim Fabric and Bottom Weight Cloth has been taken at Rs 70 (US \$ 1.17) for the purposes of projections.

India is well poised to take the advantage of this demand as the manufacturing cost of domestic plants are lower. Leading players like Arvind, K G Denim Ltd., Ashima Ltd. etc. have fully benefited from the current market trend. Raymond has even announced that it would double its capacity from 10 to 20 million meters. Mafatlal Burlington, a joint venture formed by US Group Burlington and India's Mafatlal Group, may also expand their capacities from 10 to 20 million meters.

Market Trend

The per capita consumption of Denim wear across the world is estimated as:

Country/ Region	Per Capita (in Meters)
USA	1.60
European Region	1.20
Brazil	1.20
India	0.03

The per capita consumption in India is quite low and therefore Denim Wear of reputed brands find a limited market in India. New brands of Denim will have to be floated with lower prices for mass consumption in India. With changes in fashion trend and the inherent advantages of Denim Fabric demand is expected to grow at 15-20 %. India with a population of over 1000 million will be a major consumer of Denim in the coming years. Per capita consumption of Denim Fabrics in India is bound to go up with the influence of US culture as well as exposure to new cultures.

Denim Fabrics are used in jeans trousers worn by both men and women. It is extensively used in the world as casual garments. Shirts, Jackets and children wear are also made of Denim Fabrics. In India, the Denim Fabrics are most used by the youths in the age group of 16 to 30, mainly in metros; "A and B" class cities. Apart from the youth, it is being increasingly used as children wear also. Though Denims are used by ladies as jeans, these are restricted to upper strata in metros. The ladies garment sector is the new upcoming target among Indian Denim manufacturers. Nowadays, this segment is also growing rapidly even in towns. The ruggedness of Denim Fabrics has already attracted the local ready-made garment manufacturers for use of Denim fabrics.

However there is a phenomenal scope for consumption by other age groups and by tapping rural areas which has already started with significant growth rate. This trend will continue further and essentially it has increased the domestic demand to a great extent.

International Denim Market

From 1999 to 2002, there was over supply by the Indian manufacturers to international market. At the same time, US demand was going down, mainly in Denim Jeans and Bottom Weight Cloth trousers. However 60% of the World's production is consumed by US only, whether it is directly supplied from India or it is going in trouser form through any other country. This has caused Denim recession and at the same time, some of the plants like Levis, Swift Textile, Burlington Industries and others in USA closed their Denim Fabric activity which ultimately resulted in capacity reduction to the tune of 150 to 200 million meters p.a. by 2002.

Competition

Indian manufacturers of Denim Fabric generally face competition from countries like China (including Hong Kong), Indonesia, Turkey, Brazil, Italy etc. The USA and European Union are the biggest markets for Denim, whereas Mexico, Hong Kong, Taiwan & Canada are the largest suppliers of Denim to the US Market constituting about 78% of the total imports of USA. India contributes only 16.69 lakhs sq. meters of Denim, which merely is 1.34% of the total imports of 1248.57 lakhs sq. meters by USA for the period January 2002 to September 2002. Denim jeans have been a favourite casual wear of the people in the US, from the blue collared to the white collared, from the miners to the President of the United States. Denim Jeans have indeed become the symbol of American lifestyle.

European Market is also an important denim apparel market. Unlike USA, the denim market in Europe is traditionally fashion-oriented. There are many famous brand denim apparel designed and manufactured in Europe, such as Versace, Armani Jeans, Diesel, Esprit Jeans, Gaultier, Moschino Jeans, Replay etc. European top fashion designers also introduce their denim apparels in the house show every season. There are many different fabric styles with short life cycles. The local manufacturers use quick response and just-in-time techniques which are more important than cost in the European market



At present Nandan Exim is also receiving export orders for processing of Denim in small proportion directly and through its marketing agents. Thus existing customer base will help the Company in boosting the sale of Denim Fabrics to be manufactured in the proposed Denim Fabric plant.

Weaving (Bottom Weight Cloth and Other Fabrics)

Exported in the form of sheeting, ducks, twills, drills, canvas, poplin, chambrays etc. Grey Fabrics account for almost 40% of the exports (1.13 million Square meters worth US \$,325 million) in a range of widths (35" to 130") and weights (less than 100 gsm to over 200 gsm). The Cloth is manufactured as cotton cloth, blended & 100% non-cotton cloth. The Weaving Project for manufacturing the Grey Fabrics being set up by the Company will be categorised under the cotton cloth segment. The cloth is manufactured through Mill Sector, Handloom Sector, Power loom Sector and Hosiery Sector. In the year 2001-02, the total production of cloth was 41390 million sq mtrs of which, the production of cotton cloth was 19769 million sq mtrs, which was 48% of the total cloth production. The total cloth production grew by 3 % in FY 2001-02 in comparison to 2000-01. The cotton cloth segment grew by 1% in the said period. Of the total cloth production of 41390 million sq mtrs, cloth produced through the Power loom Sector was 25192 million sq mtrs, which is 61% of the total cloth production. The Power loom Sector has grown by 3% during 2001-02. Technological up-gradation has transformed this sector.

Processed fabrics are available as bleached, printed, piece dyed, yarn dyed, embroidery and knitted fabrics in a wide range (less than 100 gsm to over 200 gsm). Last year, 60% of Indian cotton fabrics were exported in the processed form, 390 million sq. meters of printed fabric (worth US \$ 187 million), 141 million sq. meters of piece dyed fabric (worth US \$ 138 million) and 192 million sq. meters of yarn dyed fabric (worth US \$ 188 million) were exported to countries like USA, UK, Italy, Germany and Hong Kong. India exports fabrics in a wide range of finishes (from simple to sophisticated), in varying widths (35" to 130") and designs (enhanced by a potent combination of traditional art and contemporary sensibility). India was spinning & weaving cotton when the rest of the world was only growing it. But today India's hallmark isn't tradition but modernization. Over 40% of India's spindling capacity is less than a decade old making it one of the world's most modern installations for yarn manufacturing and making India as one of the most contemporary spinners of cotton yarn.

The Grey Fabric to be manufactured by Nandan Exim would be used for making trousers, jackets and other outer wear garments. The other group companies namely Shanti Processors Ltd. and Vishal Fabrics Pvt. Ltd. have their own process houses wherein large quantity of the Grey Fabric is processed and then sold as finished fabric. These Companies basically undertake job work activities wherein the Grey Fabric is supplied to them for undertaking processing activities viz. bleaching, dyeing, finishing etc. are undertaken by them. Shanti Processors Ltd. has an installed capacity of 195 lakhs mtrs p.a. and Vishal Fabrics Pvt. Ltd. has an installed capacity of 250 lakhs mtrs. p.a. for processing of the fabrics for which the basic raw material is Grey Cloth. Nandan Exim as a part of marketing and selling arrangements, will be focussing on these companies who are procuring the Grey materials from outside market.

At present, these companies are purchasing the Grey Cloth from the following companies:

Sr. No.	Company Name	Location
1.	Bhaskar Industries Ltd.	Mandideep. Dist:Raisen (M.P)
2.	Jyoti Overseas Ltd.	Dist: Dhar (M.P.)
3.	Premier Mills Ltd.	Bagalpur, Hosur Raluk
4.	Soma Textiles & Industries Ltd.	Rakhial Road, Ahmedabad.
5.	Ginni International Ltd.	Neemrana, Alwar, Rajasthan
6.	Nahar Textiles Mills	Ludhiana
7.	Vardhman Textile Mills C/o Auro Weaving Mills,	Baddi (HP)
8.	Shamken Mills Ltd.	Koshi, Uttar Pradesh
9.	JCT Mills	Punjab
10.	Ashima Ltd.	Ahmedabad
11.	Arvind Mills	Ahmedabad



XIII. STOCK MARKET DATA

This being the first public issue by the Company, no stock market data is available.

XIV. MANAGEMENT DISCUSSION

The following discussion is based on our audited financial statements (as restated) for the period ended December 31, 2004, financial year ended March 31, 2004, March 31, 2003, March 31, 2002 and March 31, 2001, including the notes thereto and the reports thereon.

This data has been reclassified in certain respects for purposes of presentation.

Financial highlights of selected data from audited accounts of the Company:

(Rs. in lakhs)

PARTICULARS	9 MONTHS ENDED	YEAR ENDED			
	31/12/04	31/03/04	31/03/03	31/03/02	31/03/01
INCOME					
Total Sales	3675.45	684.64	655.40	848.32	698.98
Variation in Stock	636.27	92.72	Nil	Nil	Nil
Other Income	199.66	139.52	49.45	77.92	44.77
TOTAL	4511.38	916.88	704.85	926.24	743.75
EXPENDITURE					
Cost of Material Sold (Including other Manufacturing Expenses)	3800.49	603.59	357.82	297.57	546.91
Personnel Expenses	87.39	15.96	3.76	2.46	2.90
Administrative, Selling & Other Expenses	122.48	70.46	54.62	61.95	37.71
Financial Exp.	221.65	37.10	11.91	12.82	14.64
Depreciation	141.44	30.44	1.77	1.68	0.02
Misc. Expenditure Written Off	0.85	1.13	0.01	0.01	0.01
TOTAL	4374.30	758.68	429.89	376.49	602.19
Profit before Tax	137.08	158.20	274.96	549.75	141.56
<u>Less: Provision for Tax :</u>					
Current Tax	11.00	15.00	32.00	16.50	14.50
Deferred Tax	31.93	53.24	0.05	Nil	Nil
Less: Prior Period Taxes	1.23	0.77	0.01	0.40	Nil
Profit after Tax	95.39	89.19	242.90	532.85	127.06
Add: Depreciation of earlier years W/back	Nil	1.81	Nil	Nil	Nil
Profit for the year	95.39	91.00	242.90	532.85	127.06
Adjustment due to change in accounting policies	Nil	(25.37)	9.03	(26.07)	42.41
Adjusted Profit	95.39	65.63	251.93	506.78	169.47
Transfer to general Reserves	Nil	Nil	28.00	Nil	Nil
Dividend (including tax)	Nil	Nil	4.19	Nil	Nil
Retained Earnings	95.39	65.63	219.74	506.78	169.47



(Rs. in lakhs)

PARTICULARS	AS AT				
	31/12/04	31/03/04	31/03/03	31/03/02	31/03/01
ASSETS					
GROSS FIXED ASSETS	2230.65	1644.96	17.15	6.51	0.93
Less: Depreciation	173.53	32.10	1.66	0.69	0.01
Net Fixed Assets	2057.12	1612.85	15.49	5.82	0.92
Capital Work in Progress	869.96	253.09	Nil	Nil	Nil
INVESTMENTS:	624.49	623.60	619.20	459.60	Nil
CURRENT ASSETS, LOANS & ADVANCES	2943.09	1648.50	619.68	666.55	577.80
CURRENT LIABILITIES & PROVISIONS	1097.63	714.49	50.19	158.56	118.00
Net Current Assets	1845.46	934.01	569.49	507.99	459.80
Misc. Expenditure	3.65	4.49	0.01	0.02	0.02
TOTAL	5400.69	3428.04	1204.19	973.43	460.74
LIABILITIES					
Secured Loans	2823.04	1093.48	128.65	145.68	139.77
Unsecured Loans	902.00	900.00	Nil	Nil	Nil
Total –	3725.04	1993.48	128.65	145.68	139.77
DEFERRED TAX LIABILITY	89.49	53.79	0.55	Nil	Nil
Paid-up Equity Share Capital	790.00	255.00	14.85	14.85	14.85
Share Application Money	Nil	Nil	Nil	Nil	Nil
RESERVE & SURPLUS					
General Reserve	28.00	28.00	28.00	Nil	Nil
Share Premium	85.00	Nil	Nil	Nil	Nil
Profit & Loss Account	683.16	1097.77	1032.14	812.90	306.12
TOTAL	5400.69	3428.04	1204.19	973.43	460.74

A. Comparison of Financials between the 9 Months period ended 31/12/2004 and 31/03/2004

- i. **Sales:** The turnover of the Company during first 9 months ended 31.12.04 is Rs 3675.45 lakhs against last full year (2003-04) turnover of Rs 684.64 lakhs. The sales have increased as weaving project has been fully implemented and looms for denim plant are being used for manufacture for weaving as the important plant and machineries for denim are yet to be received. The Company has discontinued operations in IT Services in the current year.
- ii. **Cost of Materials sold:** The cost of the materials sold is at 86% of sales for the period ended 31/12/04 (after considering closing stock of work in process & finished goods of Rs.728.99 lakhs) where as it worked out to 88% of sales during FY 2003-04.
- iii. **Operating expense:** The operating expense has increased to Rs 209.87 lakhs for period ended 31/12/04 as compared to Rs 86.42 lakhs in FY 2003-04. The operating expense has increased due to implementation of new project for which additional manpower has been appointed and also due to increase in administrative, selling and other expenses.
- iv. **Interest and Financial Expenses:** The Interest and Financial Expenses have increased to Rs 221.65 lakhs till 31/12/04 from Rs.37.10 lakhs in FY 2003-04 on account of availment of additional working capital facilities and term loan for implementing the project which has resulted in higher interest cost.
- v. **Profit after tax:** The Profit after tax is at Rs.95.39 lakhs for the period 31/12/04 while it was at Rs 89.19 Lakhs in the year 2003-04. The profit has increased due to implementation of weaving project.



B. Comparison of Financials between the year ended 31/03/2004 and 31/03/2003

- i. **Sales:** The turnover to the company has increased from Rs 655.40 lakhs during FY 2002-2003 to Rs 684.64 lakhs in FY 2003-04. Out of the total income of the Company, 6.82% is generated from sales of IT services. The company had installed the looms in January 2004 and thus sales have increased in year 2003-04.
- ii. **Cost of Materials sold:** The cost of the materials sold was Rs. 603.59 lakhs during FY 2003-04 as compared Rs.357.82 lakhs during FY 2002-03. The cost of materials sold has increased on account of commencement of own manufacturing activity since 48 nos of looms were installed as a part of project
- iii. **Operating expenses:** The operating expense has increased to Rs 86.42 lakhs in FY 2003-04 as compared to Rs 58.38 lakhs in FY 2002-03. The operating expenses has increased due to increase in administrative , selling and other expenses.
- iv. **Interest and Financial Expenses:** The Interest and Financial Expenses has increased in FY 2003-04 to Rs 37.10 lakhs from Rs.11.91 lakhs in FY 2002-03 on account of avallment of Term Loans for implementing the project which has resulted in higher payment of interest.
- v. **Profit after tax:** The Profit after tax has decreased to Rs 89.96 lakhs in FY 2003-04 from Rs 242.90 lakhs in FY 2002-03. The same can be attributed to higher depreciation, interest and provision for deferred tax.

C. Comparison of Financials between the year ended 31/03/2003 and 31/03/2002

- i. **Sales:** The turnover of the company has decreased from Rs 848.32 lakhs during FY 2001-2002 to Rs 655.40 lakhs in FY 2002-03. The sales have decreased due to decrease in Export sales from Rs 845.39 lakhs in FY 2001-2002 to Rs 655.40 lakhs in FY 2002-03. The export sales have decreased on account of the Gulf War in the year 2002-03 due to which the sales were hampered in the region. Out of the total income of the Company, 22.40% is generated from sales of IT services.
- ii. **Cost of Materials sold:** The cost of the materials sold was Rs 357.82 lakhs during FY 2002-03 as compared Rs 297.57 lakhs during FY 2001-02. The Cost of the material was increase on account of increase in cost of consumption of Material and other manufacturing expenses.
- iii. **Operating expenses:** The operating expenses have decreased to Rs 58.38 lakhs in FY 2002-03 as compared to Rs 64.41 lakhs in FY 2001-02. The operating expenses have decreased due to decrease in administrative, selling and other expenses.
- iv. **Interest and Financial Expenses:** The Interest and Financial Expenses has decreased in FY 2002-03 to Rs 11.91 lakhs from Rs 12.82 lakhs in FY 2001-02 mainly on account of lower Working Capital utilization.
- v. **Profit after tax:** The Profit after tax has decreased to Rs 242.90 lakhs in FY 2002-03 from Rs 532.86 lakhs in FY 2001-02. The same can be attributed to lower export sales.

Information regarding:

Unusual or infrequent transactions

There have been no Unusual or infrequent transactions

Significant economic changes

Any changes in tax, duty in final product may affect the profitability.

Except the above, There are no significant economic changes that materially affect or likely to affect the income from existing operations.

Known trends or uncertainties

There are no known trends or uncertainties that have had or are expected to have a material adverse impact on sales, income or revenue from continuing business.

Future relationship between costs & revenues

As spelt out elsewhere in the Offer document, the Company's cost revenue relationship reflects a direct correlation with each other. The Company expects the future relationship between costs and revenue to improve further positively, resulting in an improved bottom line.

The extent to which material increases in Net Sales or Revenue are due to increased sales volume, introduction of new products or services or increase sales prices.

The Company is implementing project for manufacture of Grey & Denim fabrics. The increase in the net sales is due to increase in the sales volume & introduction of products in the market.



Total turnover of the industry

Industry information is not available.

Status of any publicly announced new products or business segment

The Company has not introduced any publicly announced new products or business segment.

Seasonality of business

The Business is not seasonal, as the company does not manufacture products, which are seasonal in the nature.

Any significant dependence on a single or a few suppliers or customer

The company sources its raw material from a number of suppliers and is not under threat from excessive dependence on any single supplier. The threat from excessive dependence on a single supplier is not significant as the customer base is well diversified.

Competitive Conditions

The company will face the competition from established players like Arvind Mills Ltd, Bombay Dyeing & manufacturing Co. Ltd etc. however these companies have higher fixed cost vis a vis the company. The company is eligible for 5% interest subsidy under TUFS, thus the cost of production will be lower. The group & company has been in the business of textiles for more than three decades and will be able to leverage its strength in domestic & international business.

Related Party transaction

A) Directors/promoters

Sr. No.	Name	Designation
1	Shri Vedprakash Chiripal	Chairman
2	Shri Brijmohan Chiripal	Managing Director

B) List of Other Related Parties with whom transactions have taken place during the period:

Sr. No.	Name
1	Bhushan Processors Pvt. Ltd.
2	Sparrow Exports Pvt. Ltd.
3	Prakash Calanders Pvt. Ltd.
4	Chiripal Textiles Mills Pvt. Ltd.
5	Shanti Exports Pvt. Ltd.
6	Deepak Impex Pvt. Ltd.
7	Shanti Processors Ltd.
8	Chiripal Petrochemicals Ltd.
9	Vishal Fabrics Pvt. Ltd.
10	Chiripal Enterprise Ltd.
11	Bhavna Textiles Pvt. Ltd.
12	Quality Exim Pvt. Ltd.



C) Details of Transactions with Key Management Personnel and Related Parties of the Key Management Personnel are as follows:

(Rs. In Lacs)

Sr. No.	Nature of Transaction	Key Management Personnel				Other Related Parties			
		31-12-04	31-03-04	31-03-03	31-03-02	31-12-04	31-03-04	31-03-03	31-03-02
1	<u>Unsecured Loans</u>								
	Taken during the period	Nil	Nil	Nil	Nil	235.75	1092.25	3.50	61.40
	Repaid during the period	Nil	Nil	Nil	Nil	323.75	292.25	3.50	61.40
	Balance as at Balance Sheet Date	Nil	Nil	Nil	Nil	712.00	800.00	Nil	Nil
2	<u>Advances Recoverable in Cash or Kind</u>								
	Given during the period	Nil	Nil	Nil	Nil	2935.64	1690.32	496.99	239.90
	Settled during the period	Nil	Nil	Nil	Nil	3596.76	1025.38	156.53	236.98
	Balance as at Balance Sheet Date	Nil	Nil	Nil	Nil	347.20	1008.32	343.38	2.92
3	<u>Expenditure</u>								
	Purchase of Goods	Nil	Nil	Nil	Nil	1460.92	394.85	549.21	315.04
	Rent	Nil	Nil	Nil	Nil	1.80	2.96	3.66	15.26
	Electricity Charges and Maintenance Charges paid for Common Premise	Nil	Nil	Nil	Nil	1.42	1.78	Nil	Nil
	Car Rent Paid	Nil	Nil	Nil	Nil	Nil	7.62	Nil	Nil
4	<u>Income Received</u>								
	Sales	Nil	Nil	Nil	Nil	820.24	196.23	84.86	13.58
	DEPB Sale	Nil	Nil	Nil	Nil	24.87	Nil	Nil	Nil
5	<u>Amount of Expenses incurred on our behalf</u>	Nil	Nil	Nil	Nil	8.87	13.60	Nil	Nil
6	<u>Amount Expended on behalf of others</u>	Nil	Nil	Nil	Nil	239.83	9.69	Nil	Nil
7	<u>Issue of Share Capital</u>	Nil	Nil	Nil	Nil	110.00	Nil	Nil	Nil
8	<u>Subscription to Shares</u>	Nil	Nil	Nil	Nil	0.90	Nil	Nil	Nil

Details of any encumbrances over the property of the Company and guarantees given by the Company to any other party:

Nandan Exim has been sanctioned term Loan and Working Capital Facilities by SBI, OBC and UCO Bank respectively. The Term Loans and Working Capital have been secured by Mortgage of the immovable properties and hypothecation of the Current Assets of the company.

The Company has not extended any guarantees to any other party.

Details of Material Developments after the date of last Balance Sheet

The Directors confirm that there have been no events or circumstances except as mentioned hereunder since the date of the last financial statements, which materially and adversely affect or are likely to affect the trading or profitability of the Company or the value of its assets or its ability to pay its liabilities within the next twelve months.



XV. FINANCIAL INFORMATION OF GROUP COMPANIES

The information for the last 3 years based on the audited statements in respect of all the companies, firms, ventures, etc. promoted by the promoters irrespective of whether these are covered under erstwhile Section 370 (1)(B) of the Companies Act, 1956 are given on page no. 33 in the offer document under the heading "Other Group Companies/ Ventures of Promoters".

Companies under the same management

There are no other Listed Companies under the same management within the meaning of erstwhile Section 370 (1)(B) of the Companies Act, 1956, which made any Capital Issue during the last three years

XVI. PROMISE VIS-À-VIS PERFORMANCE

The Company

Nandan Exim has not made any public issue of shares since its incorporation.

There is no group company other than Nova Petrochemicals Limited which has made public issues.

Nova Petrochemicals Limited

Nova Petrochemicals Ltd. had made its Maiden Public Issue of 45,64,000 Equity Shares of Rs.10 each for cash at a premium of Rs. 20 per share aggregating to Rs 1369.20 lakhs on 13-02-1995.

The objects of the above were:

- To Part finance the Company's Project for setting up of plant to manufacture Partially Oriented Polyester Filament Yarn.
- To meet the issue expenses.
- To get the Equity Share of the Company listed on the Stock Exchanges.

The maiden public issue aggregating to Rs.1369.20 lakhs was successfully completed on 16-02-1995

Thus the public issue was made for part financing the Project Cost of Rs.5600 Lakhs. The Project was to be financed by the Term Loan of Rs.2800 Lakhs (State Bank of India - Rs.1425 Lakhs & Bank of Baroda Rs 1375 Lakhs) and Equity Share Capital of Rs.2800 Lakhs (Promoters Rs.1431 Lakhs & Public Issue Rs.1369 Lakhs).

The Project Envisaged Installation of 3 Nos of Imported POY Lines for Manufacture of Partially Oriented Polyester Filament Yarn (POY).

We are giving here-below the details of Promise Vs. Performance:

(Rs. in lakhs)

Sr. No.	Particulars	1995-96 Projected)	1995-96 (Actuals)	1996-97 (Projected)	1996-97 (Actuals)
1	Capacity Utilisation	60%	79%	85%	84%
2	Sales	6222	2093	8895	7419
3	PBDIT	1480	318	2145	1496
4	Interest	536	117	619	594
5	Depreciation	265	52	265	671
6	Tax	0	0	157	30
7	PAT	679	149	1104	201
8	Net Cash Accruals	944	201	1369	872
9	Equity Share Capital	933	920	933	950
10	Reserves & Surplus	2453	1940	3370	2140
11	Dividend	10%	0	20%	0
12	Book Value of Shares (Rs.)	36.29	30.11	46.12	32.53
13	Earning Per Shares	7.27	3.33	11.83	2.11



Sr. No.	Particulars	1997-98 (Projected)	1997-98 (Actuals)	1998-99 (Projected)	1998-99 (Actuals)
1	Capacity Utilisation	90%	89%	95%	85%
2	Sales	9427	9980	9958	12493
3	PBDIT	2268	1828	2383	2475
4	Interest	579	647	532	808
5	Depreciation	265	750	265	939
6	Tax	333	57	434	77
7	PAT	1091	374	1152	651
8	Net Cash Accruals	1356	1124	1417	1590
9	Equity Share Capital	933	950	933	950
10	Reserves & Surplus	4228	2358	5147	2800
11	Dividend	25%	15%	25%	20%
12	Book Value of Shares (Rs.)	55.32	34.82	65.17	39.47
13	Earning Per Shares	11.69	3.94	12.35	6.85

We are giving here below in detail the reason for variance between estimated *vis* actuals.

1995-96 & 1996-97

In 1995-96 & 1996-97 the sales projected in the prospectus could not be achieved due to delay in delivery of machines which delayed the implementation.

We are giving here below the details of commencement of commercial production as estimated in prospectus vis-a-vis actuals.

Sr. No.	Particulars	1 st POY Line	2 nd POY Line	3 rd POY Line
1	As per Prospectus	April 1995	July 1995	October 1995
2	Actuals (As per Audited Accounts of 1995/96)	October 1995	January 1996	July 1996

The reason for decrease of PBIT was due to decrease in POY selling price in comparison to estimates.

1997-98

In 1997-1998, the Company had achieved higher sales than projected. The PBDIT had decreased on account of decrease in POY selling price in comparison to estimates.

1998-99

In 1998-99, the Company was able to surpass the estimated sales & PBDIT. The PAT had decreased in comparison to estimates due to higher depreciation and interest. However, the Cash Accruals earned in 1998-99 is higher than estimated cash accruals.



XVII. BASIS FOR ISSUE PRICE

Qualitative Factors

1. Nandan Exim has a pro-active management and promoters have hands on experience in manufacturing and trading of textile products.
2. The Company has been exporting fabrics and other finished goods since last 4 years and is better positioned for developing the market for export of Denim Fabric, Bottom Weight Clothes and Processed Fabric.
3. The Company would be manufacturing Denim Fabric, Bottom Weight Clothes and Processed Fabric, which is in demand across the Globe.

Quantitative Factors

1. Key Financials for the last five accounting period

(Rs. in Lakhs)

Particulars	9 Month Ended	Financial year ended March 31,				
	December 31, 2004	2004	2003	2002	2001	2000
Total Revenue	4511.38	916.88	704.85	926.24	743.75	471.98
Profit after Tax and adjustments	95.39	65.63	251.93	506.78	169.47	134.66
Equity Share Capital	790.00	255.00	14.85	14.85	14.85	14.85
Networth (Net of Misc. Expenditure)	1582.51	1376.28	1074.98	827.73	320.95	151.62
EPS (Rs.)*	1.23	31.60**	169.63	341.22	114.11	90.67
Book Value (Rs.)*	20.03	662.76	724.14	557.33	216.10	102.09

* Accounting Ratios calculated considering Networth net of miscellaneous expenses

** This is based on the weighted average equity share capital for FY 2003-04 of the Company

Note: The EPS based on equity share capital, as at year ended March 31, 2004 is Rs.2.57 per equity share

2. Adjusted Earnings Per Share

		EPS (Rs.)	Weight
a)	2001-02	341.22	1
b)	2002-03	169.63	2
c)	2003-04	31.60	3
Weighted Average EPS		129.21	—

3. Price/Earning Ratio (P/E) in relation to Issue Price of Rs. 20 per share

a)	Based on 2003-2004 EPS	0.63
b)	Based on weighted average EPS	0.15
c)	Textile-Cotton Blender Industry P/E *	
i.	Highest	65.2
ii.	Lowest	3.8
iii.	Average	12.7

*Source: Capital Markets Vol. XX / 02 Dated March 28-April 10, 2005

4. The P/E** ratios of some of the companies in the same industry group are as follows:

Company	P/E ratio
Arvind Mills	21.2
Surya Lakshmi Cotton	14.2
K. G. Denim	7.3

**Source: Capital Markets Vol. XX / 02 Dated March 28-April 10, 2005



5. Return on Net Worth

		RONW %	Weight
a)	2001-02	61.22	1
b)	2002-03	23.42	2
c)	2003-04	4.77	3
Weighted Average		20.40	

Minimum Return on total Net Worth needed after the Issue to maintain EPS at Rs.31.60 is 160.27%

However, the Company made an allotment of 2,50,000 equity shares of Rs. 10 each at Rs. 44 each to M/s. Prakash Calendar Private Limited, a group company, vide a Board Resolution dated November 26, 2004 and a resolution passed by the shareholders in the Annual General Meeting dated October 22, 2004. Thereafter, the Net Worth of the Company post Issue stands at Rs.2740.54 lakhs.

Considering the above, the minimum return on total networth needed after the Issue to maintain EPS at Rs.31.60 is 31.80%.

6. Net Asset Value

a)	As at March 31, 2004	662.76
b)	After Issue	20.01
c)	Issue Price	20.00

7. The Issue Price at Rs.20 per Equity Share is 2 times the face value of Rs.10 per equity share.



XVIII. OUTSTANDING LITIGATIONS OR DEFAULTS

I) Litigation involving the Company

There are no outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of the company including prosecution under any enactment in respect of Schedule XIII of the Companies Act 1956 (1 of 1956).

No disciplinary action / investigation has been taken by Securities and Exchange Board of India (SEBI)/ Stock Exchanges against the Company, its directors, promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370(1B) of the Companies Act 1956.

There are no other outstanding litigations including statutory dues, commercial disputes, patent disputes etc. No Criminal proceedings have been launched against the Company or any of the Directors for any of the offenses under the enactment specified in paragraph 1 of schedule XIII of the Companies Act 1956.

The Company has not defaulted in meeting any economic offences, statutory dues, Bank dues, institutional dues and any dues to instrument holders of debentures, fixed deposits.

II) Litigations against Promoters

Shri Vedprakash Chiripal:

Cases Number/ Place	Authority	Back ground and Status	Claim Amount (Rs in lakhs)
OIO No. KDL / COMMISSIONER / 8/ 96 dated 11.10.96 issued on 14.10.96 CGET ORDER NO.: C-1/1234-40/03-WZB dated 12.6.2003 issued on 29.4.2003	Filed by Chiripal Twisting and Sizing Pvt Limited (Now "Chiripal Petrochemicals Limited") before the Hon'ble Appellate Tribunal, Mumbai.	Appeal against Demand for penalty dated 11.10.96 raised by Commissioner of Customs, Kandla for confiscation of goods which was stayed by Appellate Tribunal, Mumbai after pre deposit of Rs. 1 Lakh by Chiripal Petrochemicals Limited.	2.00 against Shri Vedprakash Chiripal

A criminal case (No. 893/2000) under section 132, 135 of the Customs Act, 1962 read with Section 120(B) of the Indian Penal Code in connection with fraudulent evasion or attempted evasion or prohibition etc. in respect of 12000 kgs. Of fabrics made against 100% Polyester Filament Yarn against Advance Licence issued under DEEC scheme and availing duty free imports, etc. has been filed against the undersigned in the matter of search & seizure carried out by Commissioner of Excise & Customs at the factory premises of Chiripal Petrochemicals Limited (Earlier known as "Chiripal Twisting & Sizing Private Limited") on 11.10.96. The matter is pending against Chief Judicial Magistrate, Bhuj.

Shri Brijmohan Chiripal

A criminal case (No. 893/2000) under section 132, 135 of the Customs Act, 1962 read with Section 120(B) of the Indian Penal Code in connection with fraudulent evasion or attempted evasion or prohibition etc. in respect of 12000 kgs. Of fabrics made against 100% Polyester Filament Yarn against Advance Licence issued under DEEC scheme and availing duty free imports, etc. has been filed against the undersigned in the matter of search & seizure carried out by Commissioner of Excise & Customs at the factory premises of Chiripal Petrochemicals Limited (Earlier known as "Chiripal Twisting & Sizing Private Limited") on 11.10.96. The matter is pending against Chief Judicial Magistrate, Bhuj. However in an appeal to CEGAT Shri Brijmohan Chiripal has been relieved. The Legal formalities for withdrawal of the name of Shri Brijmohan Chiripal are currently under process, as it shall require the approval of Honorable High Court of Gujarat.

III) Litigations against group companies

i. Nova Petrochemicals Ltd.

(Rs in lakhs)

Case number/Place	Authority	Date of filling	Background and status	Claim amount
CIT (A) – XI/49/2004-05, Ahmedabad 2624/AHD-2004, Ahmedabad	Income tax Department Income tax Department	06/08/2004 02/09/2004	Pending Pending	} Rs.239.44

Background of the Case:

The Company has received demand notice for the A Y 2001-02 for Rs 239.44 lakhs constituting tax liabilities Rs. 159 lakhs and interest Rs. 80.44 lakhs. The department has disallowed the export income and has accordingly raised demand including interest on the above export income. The company has preferred an appeal before the Commissioner of Appeals. The said Appeal has been decided by ITAT in favor of NPL. However, the Income Tax Department has preferred appeal against the order of the ITAT.



(Rs. In lakhs)

Sr. No.	Name of opposite party & case no.	Place of litigation	Court before which litigations pending	Date instituted	Claim Amount	Current status
1	Sale tax Department case no.4250	Ahmedabad	High Court of Gujarat	06/04/2004	349.14	Vide order dated 17/08/04 Ad-interim relief granted till final disposal of petition for recovery of Interest and Penalty Stay for recovery of Interest and Penalty
2	Sale tax Department case no.745008585	Ahmedabad	Asst. Commissioner of Sales tax	12/01/2001		

Background of the case:

The Company had applied for registration as a prestigious unit under 1995-2000 Industry Incentive Scheme of Government of Gujarat. Original application was made to the Industries Commissioner on 10/09/2001. The case was referred to State Level High Power Committee (SLHPC) by Industries Commissioner for decision in the matter. SLHPC had favourably recommended the case to Gujarat Industrial Promotion Board (GIPB). However GIPB rejected the claim for Incentive on the technical ground of late application. In the mean time sales Tax Department asked the Company to make payment of Sales tax collected by the Company with interest. The Company had argued that since there was delay in rejection on the part of the Government the company was not liable to make payment of interest and penalty. The company has however paid all sales tax dues till date and has preferred an appeal before the Hon'ble High Court of Gujarat for waiver of interest and penalty. Moreover the Company has prayed for reconsideration of its application for registration as a prestigious unit and payment of incentives in that behalf.

Case No. /Petition No. Appln No.	Pending with Authority & place	Date of filing	Background & status	Claim Amount (Rs.)
DGCEI/AZU/36-26/2004	Commissioner Central Excise Ahmedabad – II	June 30, 2004	Old demand of Rs. 69,62,933 reduced to Rs. 42,79, 513 in Appeal to CCE vide order dated February 17, 2005. The Company is contemplating an appeal.	42,79, 513
VIII/10-89/COMMR/2001	CESTAT, Mumbai	November 25, 2004	Pending Adjudication	20,00,000
STC/4-79/NOVA/SCN-83/GTO/04	Deputy Commissioner of Central Excise, Div-V (Service tax) Ahmedabad –I	September 30, 2004	Pending Adjudication	2,15,902
DGCEI/AZU/36-09/2004	Commissioner Central Excise Surat – II	October 27, 2004	Pending Adjudication	1,05,07,590
DGCEI/AZU/36-09/2003	Assistant Commissioner of Central Excise Surat – II	February 14, 2003	Pending Adjudication	2,60,000
DGCEI/AZU/36/2003	Joint/Additional Commissioner of Central Excise Ahmedabad – II	February 14, 2003	Pending Adjudication	6,35,256
Total				1,78,98,261

Background of the Case:

In FY 2002-03, the anti-evasion wing of the Central Excise Department had raided the premises of the company and taken over certain documents for investigation. The investigation is under progress and the company does not expect any liability in this matter. However the company has deposited a sum of Rs.400 lakhs under protest with the department as per the directions of the Hon'ble High Court of Gujarat.



Approval for listing of 24 lakhs equity shares

NPL had issued 24 lakh equity shares partly paid up vide EGM resolution dated March 30, 2002. An application was made to NSE for listing of the said shares. However, it was brought to the notice of the management by NSE that issue of partly paid shares on preferential basis is in violation of extant guidelines for preferential allotments vide their letter dated March 10, 2003. Based on the above NSE had referred the matter to SEBI. The said shares are currently fully paid up. The listing is still awaited.

Litigation – Labour Cases

Sr. No.	Case No.	Applicant	Authority	Demand	Financial Liability (Rs.)	
					Min.	Max.
1.	Termination 385/01	Baban Gaikwad – Akhila Gujarat Mazdur Sangh	Labour Court - Ahmedabad	Reinstatement with back wages	20,000	60,000
2.	Recovery 214/02	Baban Gaikwad – Akhila Gujarat Mazdur Sangh	Labour Court - Ahmedabad	Payment of dues	20,000	20,000
3.	Reference 163/99	Jignesh G Pandya– Akhila Gujarat Mazdur Sangh	Labour Court - Ahmedabad	Reinstatement with back wages	25,000	1,00,000
4	Termination 864/02	Atul Umatia– Akhila Gujarat Mazdur Sangh	Labour Court - Ahmedabad	Reinstatement with back wages	25,000	1,00,000
5	Recovery 2069/02	Atul Umatia– Akhila Gujarat Mazdur Sangh	Labour Court - Ahmedabad	Payment Of Dues	25,000	25,000
6	Recovery 805/02	Gignesh Kumar Pandya- Akhila Gujarat Mazdur Sangh	Labour Court - Ahmedabad	Payment Of Dues	25,000	25,000
7	Recovery 2068/02	Baban Gaikwad – Akhila Gujarat Mazdur Sangh	Labour Court - Ahmedabad	Payment of dues	20,000	20,000
Total					1,60,000	3,50,000

Criminal Cases

Sr. No.	Case No.	Applicant	Authority	Demand	Financial Liability (Rs.)	
					Min.	Max.
1	Criminal 591/02	Gujrat Government	Sanad Court	Reinstatement with Back Wages	0	0
Total					0	0

Litigations – Debt Recovery Tribunal

Sr. No.	Case No.	Applicant	Jurisdiction	Financial	Other Liability Liability (Rs.)
1	Recovery application No. 278 of 1997	Union Bank of India, Station Road, Surat	Ahmedabad	2,25,000	Nil
Total				2,25,000	-

Background of the case:

A office premises at 402-B, Trividh Chamber, Ring Road, Surat was purchased on 08.08.97 by the company from Konika Leasing Pvt. Ltd. by execution and registration of sale deed.



A petition was filed at Debt Recovery Tribunals, Ahmedabad by Union Bank of India, Station road Branch, Surat against Gujarat Synthetics Oxide Pvt. Ltd. having registered office at Surat for recovery of debts due to the said bank and as alleged in the petition filed by the said bank title deeds of Office Premises 402-B, Trividh Chamber, Ring Road, Surat were mortgaged by Konika leasing Pvt. Ltd. for securing various credit facilities sanctioned to Gujarat Synthetic Oxide Pvt. Ltd.

The company was made one of the respondent in the petition filed by the said Bank for purchase of office premises of Konika Leasing Pvt. Ltd. title deeds of which were as alleged in the petition deposited by Konika Leasing Pvt. Ltd. with the said Bank. A written statement was filed with Debt Recovery Tribunal, Ahmedabad by the company protesting the contention of the said Bank. The matter is pending with Debt Recovery Tribunal, Ahmedabad.

ii. Shanti Processors Limited

Customs, Excise and DGFT cases:

(Rs in lakhs)

Cases Number/ Place	Authority	Date of filing	Back ground and Status	Claim Amount
File No.: C-EX/MP/ 13-30/PI-IV/01-02	Commissioner (Excise)	1-2 November 2001	The Excise authorities raided the premises of the factory on 30.10.2001 and on the basis of the same; they ordered investigation of the matter. The Company deposited an amount of Rs. 100 lakh ad hoc. The matter is under investigation.	
OIO No. KDL / COMMISSIONER / 8/ 96 dated 11.10.96 issued on 14.10.96 CGET ORDER NO.: C-I/1234-40/03-WZB dated 12.6.2003 issued on 29.4.2003	Filed by Chiripal Twisting and Sizing Pvt Limited (Now "Chiripal Petro- chemicals Limited") before the Hon'ble Appellate Tribunal, Mumbai against the CGET Order.		Appeal against Demand for penalty dated 11.10.96 raised by Commissioner of Customs, Kandla for confiscation of goods which was stayed by Appellate Tribunal, Mumbai after pre deposit of Rs. 1 Lakh by Chiripal Petrochemicals Limited.	2.00 against SPL

Criminal Case:

A criminal case (No. 893/2000) under section 132, 135 of the Customs Act, 1962 read with Section 120(B) of the Indian Penal Code in connection with fraudulent evasion or attempted evasion or prohibition etc. in respect of 12000 kgs. Of fabrics made against 100% Polyester Filament Yarn against Advance Licence issued under DEEC scheme and availing duty free imports, etc. has been filed against the Company in the matter of search & seizure carried out by Commissioner of Excise & Customs at the factory premises of Chiripal Petrochemicals Limited (Earlier known as "Chiripal Twisting & Sizing Private Limited") on 11.10.96. The matter is pending against Chief Judicial Magistrate, Bhuj.

Show Cause Notices Received:

1. A Show Cause Notice No. SCN-F-N-V.52-60/15-231-DEEM/2004 has been received by the Company for an amount of Rs. 40,25,955/- towards computation of Deemed Credit in excise duty.
2. Show Cause Notices (No. SCN No.: V.52/3-104/03-04/Div IV/DA dated 3.7.2003, 1.8.2003 and 22.8.2003) have been as to why Central Excise duty amounting to Rs. 14,88,035, Rs. 77,48,734 and Rs. Rs 3742856 respectively for the goods falling under Heading No. 60.01 of the Tariff cleared by the VFPL during the period from June 2002, July 2002 and August 2002 should not be recovered along with the penalty and interest under the provisions of the Central Excise Act, 1944 and the Rules framed thereunder. Accordingly, the Company has filed its reply on August 29, 2003. The matter is still pending.



iii. Vishal Fabrics Pvt. Limited

Customs, Excise and DGFT cases

(Rs in lakhs)

Cases Number/ Place	Authority	Date of filing	Back ground and Status	Claim Amount
—	Commissioner (Excise)	—	A search & seizure raid was carried out by Commissioner (Excise) at the premises of the factory on 29.1.2003 and on the basis of the same; they ordered investigation of the matter. The Company has deposited Rs. 10,06,379/- with the Excise Department. However, no Show Cause Notice has been received by the Company till date towards the total amount	—

Show Cause notices received:

SCN No.: V.52/3-141/03-04/Div IV/DA dated 6.6.2003 : A Show Cause Notice has been received as to why Central Excise duty amounting to Rs 64,85,817/- for the goods falling under Heading No. 60.01 of the Tariff cleared by the VFPL during the period from May 2002 to July 2002 should not be recovered along with the penalty and interest under the provisions of the Central Excise Act, 1944 and the Rules framed thereunder. Accordingly, the Company has filed its reply on August 29, 2003. The matter is still pending.

SCN No.: V.52/3-142/03-04/Div IV/DA dated 18.8.2003: A Show Cause Notice has been received as to why Central Excise duty amounting to Rs 44,41,396/- for the goods falling under Heading No. 60.01 of the Tariff cleared by the VFPL during the period from August 2002 to March 2003 should not be recovered along with the penalty and interest under the provisions of the Central Excise Act, 1944 and the Rules framed thereunder. Accordingly, the Company has filed its reply on August 29, 2003. The matter is still pending.

iv. Chiripal Petrochemicals Ltd

(Previously known as Chiripal Twisting and Sizing Pvt Limited)

Customs, Excise and DGFT cases

Cases Number/ Place	Authority	Back ground and Status	Claim Amount (Rs in lakhs)
OIO No. KDL / COMMISSIONER / 8/ 96 dated 11.10.96 issued on 14.10.96 CGET ORDER NO.: C-I/1234-40/03-WZB dated 12.6.2003 issued on 29.4.2003	Filed by Chiripal Twisting and Sizing Pvt Limited (Now "Chiripal Petrochemicals Limited") before the Hon'ble Appellate Tribunal, Mumbai.	Appeal against Demand for penalty dated 11.10.96 raised by Commissioner of Customs, Kandla for confiscation of goods which was stayed by Appellate Tribunal, Mumbai after pre deposit of Rs. 1 Lakh.	10.00

Criminal Case

A criminal case (No. 893/2000) has been filed against the Company in the matter of search & seizure carried out by Commissioner of Excise & Customs at the factory premises of Chiripal Petrochemicals Limited (Earlier known as "Chiripal Twisting & Sizing Private Limited") on 11.10.96. The matter is pending against Chief Judicial Magistrate, Bhuj.

v. Bhavna Textiles Pvt. Ltd.

Show Cause notices received:

SCN No.: F. No. V.54/3-171/03-04/Div.IV/DA dated 06.07.2004: A Show Cause Notice has been received as to why Cenvat Credit amounting to Rs 2,70,667/- and Rs. 46,575/- (totaling to Rs. 3,17,242/-) allegedly taken wrongly by the Company should be recovered under Rule 12 of the Cenvat Credit Rules, 2002 read with Section 11A of the Central Excise Act and penalty and interest should be imposed and recovered. Accordingly, the Company has filed its reply on August 02, 2004. The matter is still pending.



XIX. RISKS ENVISAGED

Investors should consider carefully the following risk factors, together with the other information contained in this Prospectus, before they decide to buy the Company's Equity Shares. If any of the following risks actually occur, the Company's business, financial condition and results of operations could suffer, the trading price of the Company's Equity Shares could decline and you may lose all or part of your investment.

Risks Specific To The Project And Internal To The Company

1. CRIMINAL CASES

Two (2) Criminal Cases are pending against the Promoters and Group Companies. One of them is being for violation of the extant Excise Laws and the other being filed by the Labour Department for reinstatement of workmen with back wages. For Details please refer to the para on Outstanding Litigations and Defaults.

2. PROMOTERS ARE FIRST GENERATION ENTREPRENEURS

The Company is promoted by first generation entrepreneurs in the textile industry

Management Proposal to address the risk: The Promoters belong to the Chiripal Family of Ahmedabad, Gujarat and have been involved in the textile business. The Promoters have over 30 years experience in the field of manufacturing, trading and export of various textile products by virtue of their association with Nova Petrochemicals Ltd, Chiripal Petrochemicals Ltd, Vishal Fabrics Pvt. Ltd, Shanti Exports Pvt. Ltd and Shanti Processors Ltd. Chiripal Group is exporting ready-made garments since 1988 and processed fabrics since 1993 to USA, UK, Spain, Gulf Countries, Turkey, Mauritius, etc.

3. DEPENDENCE ON IPO PROCEEDS

The funding of expansion is to be done from the IPO proceeds. Delay in IPO/ unsuccessful IPO will have an impact on the expansion plans of the company.

Management Proposal to address the risk: The funds proposed by means of an IPO constitute around 19% of the total funds requirements. The rest of the fund requirements are being financed by means of Term Loans from Banks, internal accruals, Promoters Equity and Sale of Investments. In unforeseen circumstances, in case the IPO is delayed or unsuccessful the Promoters/company will make alternate arrangements to implement the Project.

4. DELAY IN IMPLEMENTATION OF PROJECT

There has been a delay of around 8 months in implementation of the Project than that mentioned in the Appraisal report of SBI Capital Markets dated August 2003

Management Proposal to address the risk: SBI Capital Markets Ltd had appraised the project in August 2003. The financial tie up was completed in February 2004. The documentation for securing the credit facilities was completed on May 06, 2004. The Company had also to renegotiate with the suppliers of machineries and this has resulted in delay of around eight months.

5. APPRAISAL REPORT DATED AUGUST 2003

The Appraisal Report of SBI Capital Markets Ltd is dated August 2003.

Management Proposal to address the risk: The Company had approached the Banks for financial tie up based on SBI Capital Markets Appraisal Report. The financial tie up has been completed in February 2004. The project is estimated to be implemented without any cost over run.

6. MARKETING ARRANGEMENTS

The Company has not made firm arrangements for the Marketing of its finished products

Management Proposal to address the risk: The Chiripal Group has experience of about 30 years of manufacturing and trading of various textile products. The group has been exporting its products to various countries like U.K, Italy, Mauritius, UAE and other countries. The group will capitalize this well established export market for marketing its proposed products.

The Company was previously engaged in trading of fabrics by purchasing the grey and converting into processed fabrics for exports. The Company will now manufacture grey and this grey will be processed through outside and then exported. Thus the existing market network of export of processed fabrics will be capitalised for export of Bottom Weight Fabrics.

In case of domestic market for grey, the company will focus on the existing customers who are procuring grey from outside market and then supply to our associate processing units.

At present there are very few high quality grey manufacturers in and around Ahmedabad. Thus customers instead of procuring grey from other places will find it economical to procure high quality grey from us.



The Company is at present also receiving export orders for processing of denim in small proportion directly and also through the marketing agents. Thus the existing customer base will also help the company in boosting the sales of denim fabrics. India exports about 7 million pieces of denim which is just 2% of the total imports into the US and Europe. With the abolishment of quota regime there is a tremendous market for export of quality denim.

7. MAJOR EXPANSION FOR THE FIRST TIME

The Company/Chiripal Group is going for such a large expansion for the first time.

Management Proposal to address the risk: The Company is under the management of entrepreneurs who have adequate experience in the textile industry. The Chiripal Group is one of the promoters of Nova Petrochemicals Limited, which has successfully implemented expansions aggregating to Rs. 27,800 lakhs (approx) till date. Thus the promoters have adequate experience and expertise for implementing the project of this size. So far they have managed the business effectively and efficiently.

8. APPROVALS

As stipulated by the GSPCB in its Site Clearance Certificate number PC/ABD/NOC/NL/-235/32898, dated November 04, 2004:

- Manufacturing capacity certified for Denim Fabrics is to the tune of 8,00,000 mtr./month. The Company proposes to set up manufacturing capacity for Denim Fabrics to the tune of 140 lakh mtr. per annum,
- The Company has not received from GSPCB consent under the Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and authorization under Hazardous Wastes (Management Handling) Rules, 1989 under Environment (Protection) Act, 1986,
- The Company is required to set up the Environment Management Unit at its site, and
- The Company is required to install the necessary pollution control equipments/tools.

Management Proposal to address the risk: The Company has received the approval for manufacture of Grey Cotton Fabrics for a capacity of 12,00,000 mtr/month. This is in excess of the proposed manufacturing capacity of 104 lakh mtr/annum. The Company will apply for additional capacity for Denim manufacture as and when it is required. The Company has applied to the GSPCB for receiving its consent under the Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and authorization under Hazardous Wastes (Management Handling) Rules, 1989 under Environment (Protection) Act, 1986. The Company expects to receive the said consents in due course. The Company has undertaken to set up the Environment Management Unit at its site and to install the necessary pollution control equipments/tools at its site.

9. CONTINGENT LIABILITIES

Contingent liabilities not provided for by the Company as on December 31, 2004 is as under:

Contingent Liability not provided for	Amount (Rs. in Lakhs)
Estimated amount of contracts remaining to be executed on capital amount (Advance paid Rs.181.81 Lakhs).	1341.03
Pending Export Obligation under "Export Promotion of Capital Goods Scheme" to the tune of Rs. 384.68 Lakhs. The liability towards customs duty payable thereon in respect of unfulfilled Export Obligation is	54.35
Total	1395.38

Management Proposal to address the risk: The Company upon completion of the capital projects will discharge the unexecuted portion of capital commitment amounting to Rs. 1,341.03 Lakhs. Also the Company foresees no problems in meeting the export obligations.

10. FLUCTUATION IN RAW MATERIAL PRICES

Majority of Raw Materials required by the Company are subject to price fluctuations.

Management Proposal to address the risk: The Company believes that volatility impacts all the manufacturers in the textile industry and any adverse change in the purchase price would lead to a near corresponding adjustment in the selling price as well. However the Company acknowledges that it is exposed to and will have to absorb any fluctuations in the prices of raw materials partially.

11. CORPORATE OFFICE IS ON LEASE

The Corporate Office of the Company is availed on lease basis.



Management Proposal to address the risk: The Corporate Office has been acquired from Shanti Exports Private Limited, a Chiripal group company, on rental basis. Hence, no formal lease agreement has been entered into by the Company. The Company has paid annual rent for the Financial Year ended March 31, 2004.

12. PRODUCT QUALITY CERTIFICATION

The Issuer Company does not have any Quality Certificate for its Products.

Management Proposal to address the risk: The existing operations of the Company comprises of trading in fabrics wherein no particular Quality certificates are required. Further for the proposed products weaving (bottom weight) there are no qualification certificates, however for denim cloth OKO Tex Certificate, Germany is being obtained for certifying the product as skin friendly.

13. CIVIL CONSTRUCTION - BUILDING PLAN APPROVAL FOR SURVEY NO. 203/2

The issuer Company has not yet obtained "Building Plan Approval" for the civil construction at Survey Number 203/2.

Management Proposal to address the risk: The Company has obtained Building Approval from The Ahmedabad Urban Development Authority (AUDA) for Survey Number 198/1. The Company has already approached AUDA for the approval of Building Plan at Survey Number 203/2. The Company is in process of receiving the same.

14. PROMISE VIS-À-VIS PERFORMANCE OF NOVA PETROCHEMICALS LIMITED

Nova Petrochemicals Limited an associate company had made its Maiden Public Issue of 45.64 Lakh Equity Shares of Rs.10 each for cash at a premium of Rs. 20 per share aggregating to Rs 1369.20 lakhs in February 1995 to Part finance the Company's Project for setting up of a plant to manufacture Partially Oriented Polyester Filament Yarn. The public issue was made to part financing the Project Cost of Rs.5600 Lakhs. However there were differences in the Promises vis-a-vis actual performance.

Management Proposal to address the risk:

The Project envisaged installation of 3 Nos of Imported POY Lines for Manufacture of Partially Oriented Polyester Filament Yarn (POY). The Project was to be financed by the Term Loan of Rs.2800 Lakhs (State Bank of India - Rs.1425 Lakhs & Bank of Baroda Rs 1375 Lakhs) and Equity Share Capital of Rs.2800 Lakhs (Promoters Rs.1431 Lakhs & Public Issue Rs.1369 Lakhs).

The sales projected in the prospectus could not be achieved due to delay in delivery of machines which delayed the implementation. Also the fluctuation in the POY realizations led to the performance being different w.r.t promise.

Sr. No.	Commencement of Commercial Production	1 st POY Line	2 nd POY Line	3 rd POY Line
1	As per Prospectus	April 1995	July1995	October1995
2	Actuals(As per Audited Accounts of 1995/96)	October 1995	January1996	July1996

Please also refer to Promise vis-a-vis Performance on Page 78 for more details

15. DIMINUTION IN THE VALUE OF QUOTED INVESTMENTS

There has been a diminution in the value of quoted investments to the tune of Rs.94.88 Lakhs.

Management Proposal to address the risk:

Diminution in the value of quoted investments has not been provided, as the same is considered temporary.

16. TRANSACTION WITH PROMOTERS/ DIRECTORS

The site of the proposed project (Survey No. 198/1 and 203/2) is purchased from the promoters at a cost of Rs. 14.11 lakhs and to that extent they may be assumed to be deemed to be interested in the project.

17. LOSSES BY GROUP/ ASSOCIATE COMPANIES

The following group / associate companies made losses for the year ended March 31, 2004:

(Rs. in Lakhs)

Name of the Company	Amount
Bhavna Textiles Private Limited	4.15

Management Proposal to address the risk:

The losses of this Company shall not affect the performance of the Issuer.



18. LITIGATIONS

Following are the litigations against the Company, its promoters, directors and group companies

I) Litigation involving the Company

There are no outstanding litigations against the Company.

II) Litigations against Promoters

There is 1 Case against the Promoters filed by Excise Authorities. The maximum liability on the same count is Rs. 2 lakhs. Also based on the penalty a Criminal Prosecution has been launched and standing against one of the Promoters.

III) Litigations against group companies

i. Nova Petrochemicals Limited

Income Tax Cases: 1 Case against NPL wherein the Income Tax Department has gone in Appeal against the Order of ITAT. The quantum involved is Rs. 239.44 lakhs.

Sales Tax Cases: 2 Cases involving liability of Rs. 349.14 Lacs.

Excise Cases: 6 cases with various authorities involving a claim amount of Rs. 178.98 lakhs

Securities Law Cases: 24 Lakh Equity Shares Issued against Preferential Allotment are awaiting listing at NSE. The quantum of Liability is unascertainable.

Labour Cases: 7 Cases. The maximum liability envisaged is Rs. 3.50 Lakhs.

Criminal Case: 1 Case. Criminal prosecution initiated by Labour Department, Government of Gujarat. for reinstatement with back wages. The amount involved cannot be quantified.

Debt Recovery Tribunal: 1 Case. Quantum involved Rs. 2.25 lakhs.

ii. Shanti Processors Limited

Customs, Excise and DGFT cases: 2 Cases. The Total Claim amount cannot be quantified. Also based on the penalty a Criminal Prosecution has been launched

Show Cause Notices Received: 2 Show Cause Notices received. The quantum involved is Rs. 170.04 Lakhs

iii. Vishal Fabrics Pvt. Limited

Customs, Excise and DGFT cases: 1 Case. The Total Claim amount cannot be quantified.

Show Cause notices Received: 2 Show Cause Notices received. Quantum involved is Rs. 109.27 Lakhs

iv. Chiripal Petrochemicals Limited

Customs, Excise and DGFT cases: 1 Case. The Total Claim amount is Rs. 10 Lakhs. Also based on the penalty a Criminal Prosecution has been launched

v. Bhavna Textiles Pvt. Ltd.

Customs, Excise and DGFT cases: 1 Case. Show Cause Notice received for a demand of Rs. 3.17 Lakhs.

External And Beyond The Control Of The Company

1. ASSISTANCE FROM TEXTILE UPGRADATION FUND

Withdrawal of interest subsidy of 5% available from Textile Upgradation Fund, Ministry of Textiles, GOI.

Management Proposal to address the risk: As per the policy of Textile Ministry, the Interest Subsidy may not be withdrawn in the near future. If the said subsidy is withdrawn, the Promoters will be still capable of meeting its debt obligations to the Bank as the average project DSCR of 1.89 will dip to 1.81, which still indicates ability of the Company to meet its obligations. Further as per the Government of India, Ministry of Textile, Office of the Textile Commissioner Mumbai vide their Circular no.28, (19/2003-MS) dated November 21, 2003 has approved with immediate effect extension of TUFs upto March 31, 2007 from the present March 31, 2004.

2. CHANGE IN THE DUTY STRUCTURE

Increase of Excise Duty on Raw Cotton / Yarn

Management Proposal to address the risk: In the WTO Regime, there may not be any further increase in Excise Duty on Raw Cotton/ Yarn. In fact, there is no excise duty on Raw Cotton as it is an Agricultural Product. Excise duty on yarn is close to 10% advalorem, which is being availed in the form of CENVEAT/ MODVAT. In the worst case even if it is increased CENVEAT/ MODVAT credit will also be increased. So there shall not be any additional burden on account of increase in excise duty.



3. AVAILABILITY OF DUTY DRAWBACK FOR EXPORT

Availability of duty drawback for export.

Management Proposal to address the risk: Since Nandan Exim shall be availing benefit of CENVAT; the Company will not be entitled to any benefit of duty drawback. As regards DEPB benefits it may be noted that the said benefit of DEPB is available against Custom duties so that raw materials purchased from indigenous sources can be brought at par with International rates. In case DEPB benefit is withdrawn, Nandan Exim shall have an option of Custom Duty as well as Excise Duty free import of Raw Material.

4. PROBABILITY OF SETTING UP TEXTILE UNITS BY MULTINATIONALS

Opening of Textile Production center by multinationals in India /Pakistan.

Management Proposal to address the risk: While it is understood that multinationals have advantages like economies of scale etc. the Company is prepared to face such challenges as it proposes to increase production and maintain quality on a continuous basis so that it can compete with any multinational Company.

5. ANTIDUMPING DUTY BY IMPORTING COUNTRIES

Antidumping duty by USA, UK and other importing countries.

Management Proposal to address the risk: The Company has no plans of direct exports to USA, UK and other developed countries. The Company has well-established market in the Gulf countries, SAARC countries where the possibilities of imposing antidumping duties are lower. Further the Company would also be exporting their products not only to just one country but also to several countries to minimize the risk of levy of antidumping duty by any country.

6. IMPACT OF WTO

Management Proposal to address the risk: The Company is not expecting any major impact of WTO regime as it has been the strategy of the group to modernize / rationalize the production unit. The Company plans to manufacture not only Denim Fabric but a Denim Fabric of the day (latest) which will be acceptable as a fashion fabric so that there is not much likelihood of dumping in any given market. In the WTO regime the market shall be quota free and the Company will have access to many markets.

7. COMPETITION FROM EXISTING ESTABLISHED PLAYERS

Nandan Exim will be competing with established players like Arvind Mills Ltd, Ashima Ltd and Bombay Dyeing & Manufacturing Company Ltd.

Management Proposal to address the risk: The Chiripal Group has experience of about 30 years of manufacturing and trading of various textile products. The group has been exporting its products to various countries like U.K, Italy, Mauritius, UAE and other countries. The group will capitalize this well established export market for marketing its proposed products.

At present, the Company is receiving export orders for processing of denim in small proportion directly and also through the marketing agents. Thus the existing customer base will also help the company in boosting the sales of denim fabrics. India exports about seven million pieces of denim which is just 2% of the total imports into the US and Europe. With the abolishment of quota regime there is a tremendous market for export of quality denim.

8. OVERSEAS MARKET

Overseas market is highly competitive.

Management Proposal to address the risk: Indian manufacturers including Nandan Exim have advantages over overseas players on account of their lower operating cost.

9. NO INHOUSE SPINNING UNIT

The Company has no spinning unit to meet for its raw material requirement.

Management Proposal to address the risk: The Company, at present, sources the raw material (yarn) for the weaving unit from local spinners. Considering the existing and past business relationship, the company does not foresee any major problems in continuing to source its requirements.

10. CHANGE IN FASHION TRENDS

Fashion trend in overseas market changes very fast.

Management Proposal to address the risk: Denim is mainly consumed for the manufacture of jeans. Jeans has been popular for more than three decades and is growing at 3-4 % every year (Source Economic Times dated 11th June 2004). To keep pace with the fast changing global styles, the Company has a strong team of marketing personnel, with constant watch on the market & fashion trends movement. The experience and proximity to the market will help the Company in manufacturing the fabrics of latest trend.



11. MINIMIZING PRODUCTION COSTS IS CRITICAL

The player with lower production costs would be in a position to utilize capacities optimally.

Management Proposal to address the risk: Nandan Exim enjoys cost advantages which will enable it to withstand competition.

12. FOREIGN EXCHANGE FLUCTUATION

Export realisation is subject to exchange rate fluctuation.

Management Proposal to address the risk: The Company has over the years developed its risk management systems in the currency markets.

13. FINANCIAL STATEMENTS IN THE OFFER DOCUMENT

Financial Statements in the Offer Document.

Management Proposal to address the risk: The financial statements and derived ratios there-from contained in the Offer Document are prepared as per the permissible accounting practices. The investors may want to make their own adjustments to the same before arriving at an investment decision in the Offer.

14. CHANGE IN GOVERNMENT POLICIES

Changes in Government policies on import duties, export concessions. Changes in tax laws etc may have an adverse impact on the profitability of the Company.

Management Proposal to address the risk: Policies of Government of India pertaining to exports have been favourable in the past and it is expected that the policies will continue to be beneficial to the export sector. As regards possible changes in the other policies, the Company is confident of countering the changes with suitable changes in the price margins and marketing strategies.

Notes:

1. Pre-issue Net worth of the Company as on December 31, 2004 is Rs.1582.51 Lakhs.
2. Size of the Issue – Public Issue of 60,00,000 Equity Shares of Rs. 10 each for cash at premium of Rs. 10 per Equity Share.
3. Investors are advised to refer to the paragraph on “Basis for Issue Price” on page no. ___ before making an investment in this Issue.
4. In the event of over-subscription, allotment shall be made on a proportionate basis in consultation with The Stock Exchange, Mumbai, i.e., as per details mentioned on page no. ___ in this Prospectus.
5. The investors may contact the Lead Manager or the Compliance Officer for any complaint/ clarification/ information pertaining to the Issue, who will be obliged to attend to the same.
6. The average cost of acquisition of Equity Shares of the Promoters is Rs. 4.62 per equity share.
7. Book value of the Equity Shares of the Company as on December 31, 2004 is Rs. 20.03 per equity share.
8. The Company made a bonus issue of 51,00,000 equity shares of Rs. 10 each on October 15, 2004 in the ratio of 1:2 by capitalising its free reserves pursuant to a Board Resolution passed on October 15, 2004 and approval of its shareholders vide the resolution passed in the Extra Ordinary General Meeting dated October 14, 2004.
9. **Related party transactions:** The details of the transactions as certified by the auditors of the Company are as follows:

A) Directors/promoters

Sr. No.	Name	Designation
1	Shri Vedprakash Chiripal	Chairman
2	Shri Brijmohan Chiripal	Managing Director



B) List of Other Related Parties with whom transactions have taken place during the period:

Sr. No.	Name
1	Bhushan Processors Pvt. Ltd.
2	Sparrow Exports Pvt. Ltd.
3	Prakash Calanders Pvt. Ltd.
4	Chiripal Textiles Mills Pvt. Ltd.
5	Shanti Exports Pvt. Ltd.
6	Deepak Impex Pvt. Ltd.
7	Shanti Processors Ltd.
8	Chiripal Petrochemicals Ltd.
9	Vishal Fabrics Pvt. Ltd.
10	Chiripal Enterprise Ltd.
11	Bhavna Textiles Pvt. Ltd.
12	Quality Exim Pvt. Ltd.

C) Details of Transactions with Key Management Personnel and Related Parties of the Key Management Personnel are as follows:

(Rs. In Lacs)

Sr. No.	Nature of Transaction	Key Management Personnel				Other Related Parties			
		31-12-04	31-03-04	31-03-03	31-03-02	31-12-04	31-03-04	31-03-03	31-03-02
1	Unsecured Loans								
	Taken during the period	Nil	Nil	Nil	Nil	235.75	1092.25	3.50	61.40
	Repaid during the period	Nil	Nil	Nil	Nil	323.75	292.25	3.50	61.40
	Balance as at Balance Sheet Date	Nil	Nil	Nil	Nil	712.00	800.00	Nil	Nil
2	Advances Recoverable in Cash or Kind								
	Given during the period	Nil	Nil	Nil	Nil	2935.64	1690.32	496.99	239.90
	Settled during the period	Nil	Nil	Nil	Nil	3596.76	1025.38	156.53	236.98
	Balance as at Balance Sheet Date	Nil	Nil	Nil	Nil	347.20	1008.32	343.38	2.92
3	Expenditure								
	Purchase of Goods	Nil	Nil	Nil	Nil	1460.92	394.85	549.21	315.04
	Rent	Nil	Nil	Nil	Nil	1.80	2.96	3.66	15.26
	Electricity Charges and Maintenance Charges paid for Common Premise	Nil	Nil	Nil	Nil	1.42	1.78	Nil	Nil
	Car Rent Paid	Nil	Nil	Nil	Nil	Nil	7.62	Nil	Nil
4	Income Received								
	Sales	Nil	Nil	Nil	Nil	820.24	196.23	84.86	13.58
	DEPB Sale	Nil	Nil	Nil	Nil	24.87	Nil	Nil	Nil
5	Amount of Expenses incurred on our behalf	Nil	Nil	Nil	Nil	8.87	13.60	Nil	Nil
6	Amount Expended on behalf of others	Nil	Nil	Nil	Nil	239.83	9.69	Nil	Nil
7	Issue of Share Capital	Nil	Nil	Nil	Nil	110.00	Nil	Nil	Nil
8	Subscription to Shares	Nil	Nil	Nil	Nil	0.90	Nil	Nil	Nil



Sales and purchases between group companies in the promoter group

Sales and purchases between group companies in the promoter group for the period from 1st April 2004 to 31st December in terms of amount and percentage of total sales/purchase during the period was as under:

For the Period 1-4-2004-To 31-12-2004

(Rs. In Lacs)

Particulars	Sales	Purchases
Total Amt. of sales/purchases	3729.76	3595.98
Sales/purchases between group companies	845.11	1460.92
Percentage to total sales/purchase	22.66%	40.63%

XX. INVESTOR GREIVANCES AND REDRESSAL SYSTEM

The Registrar to the Issue will handle investors' grievances pertaining to this Issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be coordinating with the Registrars to the Issue in attending to the grievances of the investors.

The Company assures that the following schedules shall be adhered to by the Board of Directors in respect of the complaints, if any, to be received:

Sr. No.	Nature of the Complaint	Time Taken
1	Non-receipt of the refund warrants or share certificates	Within 15 days of receipt of complaint, subject to production of satisfactory evidence
2	Change of address notification	Within 15 days of receipt of information
3	Any other complaint in relation to public issue	Within 15 days of receipt of complaint with all relevant details.

The Company has appointed Mr. Keyur Shah, Company Secretary as Compliance Officer who would directly deal with SEBI office with respect to implementation of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints. The investors may contact the compliance officer in case of any pre-issue/post-issue related problems. The Compliance Officer will be available at the following address:

Nandan Exim Limited

"Chiripal House", B/h Arjun Tower,
132, Ft. Ring Road, Shivranjani Cross Roads,
Satellite Road, Ahmedabad – 380015
Tel.: 91-079-26734660-2-3
Fax: 91-079-26768656
Email: keyur@chiripalgroup.com



PART II

A. GENERAL INFORMATION

Consents

Consents in writing of the Directors, Company Secretary, Lead Manager to the Issue, Registrars to the Issue, Bankers to the Issue, Auditors, Legal Advisors and Bankers to the Company to act in their respective capacities have been obtained and filed along with a copy of the Prospectus with the Registrar of Companies, Ahmedabad, Gujarat as required under Section 60 of the Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration with the said Registrar of Companies, Ahmedabad, Gujarat.

M/s J.T. Shah & Co., Auditors of the Company, have also given their consent to the inclusion of their report in form and context in which it appears under the heading "Financial Information" of the Prospectus and also of the tax benefits accruing to the Company and to the members of the Company and such consent and report have not been withdrawn upto the time of delivery of this Prospectus for Registration with the Registrar of Companies, Ahmedabad, Gujarat.

Expert Opinion

The Company has not obtained any expert opinions related to the present issue, except the opinion of the M/s J.T. Shah & Co., Auditors of the Company, for the various tax benefits available to the Company and its members.

Changes In The Board Of Directors During The Last Three Years

The changes in Board of Directors that have taken place since FY 2001-02 is as per details given here below:

Sr. No.	Name	Address	Date	Reason
1	Shri. Rajendra B. Agrawal	B-99, Harinandan Appartment, Odhav, Ahmedabad	November 15, 2001	Appointed.
2	Shri. Vedprakash D. Chiripal	10, Nandi Hill, Opp. ISRO, Satellite Road, Ahmedabad – 380015.	November 15, 2001	Retired
3	Dr. D.K. Jain	108, Goyal Park, Judges Bungalow Road, Satellite, Ahmedabad.	August 04, 2004	Appointed
4	Shri. Vedprakash D. Chiripal	10, Nandi Hill, Opp. ISRO, Satellite Road, Ahmedabad – 380015.	August 11, 2003	Appointed
5	Shri. Gautam C. Gandhi	Adjoining To 2, Prabhat Society, Paldi, Ahmedabad – 380007	August 26, 2004	Appointed
6	Shri. Rajendra B. Agrawal	B-99, Harinandan Appartment, Odhav, Ahmedabad	October 13, 2004	Retired

Changes in Auditors during the last three years

Sr. No.	Name & Address of the Statutory Auditor changed	Name & Address of the Statutory Auditor Appointed	Tenure of Appointment	Reason for change
1	M/s Anilkumar Seth & Co - Chartered Accountants, at 706, Sakar –V, B/h Natraj Cinema, Ashram Road, Ahmedabad	M/s J T Shah & Co - Chartered Accountants at 201, Lalita Complex, Nr. Jain Temple, Mithakali Six Road, Navrangpura, Ahmedabad	May 01, 2004	Resignation of M/s Anil Kumar Sheth & Co., Chartered Accountants

M/s J T Shah & Co - Chartered Accountants were appointed as Statutory Auditors of the Company in an Extraordinary General Meeting of the shareholders of the Company held on May 01, 2004 in place of M/s Anilkumar Seth & Co - Chartered Accountants.

There were no other changes in the last 3 years.

Authority for the present Issue

Pursuant to Section 81(1A) of the Companies Act, 1956, present Issue of Equity Shares has been authorised vide Special Resolution passed at the Extra Ordinary General Meeting of the Company held on October 30, 2004 and a resolution passed by the Board of Directors on October 1, 2004



Procedure for Allotment

1. The Board reserves, at its sole, absolute and uncontrolled discretion and without assigning any reason therefore, the right to accept or reject any application in whole or in part. If any application is rejected in full, the whole of the application money received will be refunded to the applicant. If an application is accepted in part, the excess application money received, if any, will be refunded to the applicant in terms of section 73 of the Act (within 10 weeks from the date of closure of the subscription list).
2. Letters of allotment /or letters of regret along with refund cheques or pay orders of value over Rs.1500/-, if any will be despatched by registered post at the applicants' risk, within ten weeks from the closure of subscription list and if such money is not repaid within 8 days from the day the Company becomes liable to pay it, the Company and every Director of the Company who is an Officer in default, shall, on and from the expiry of the 8th day be jointly and severally liable to repay that money with interest @ 15% per annum as prescribed under Section 73 of the Act.
3. Refunds will be made by cheque or pay orders drawn on the Company's Bankers and Bank Charges, if any, for encashing such cheques or pay orders will be borne by the applicant. Such Cheques or pay orders will however be payable at par at all centers where applications are accepted. In case of Joint Applications, refund pay Orders, if any will be made out to the first name applicant and all communications will be addressed to the applicant whose name appears first at his/her address as stated in the application form. All cheques, pay orders of value over Rs.1500/-, letters of allotment and share certificates (as the case may be) will be despatched to the applicant at his/her registered address and at the risk of the applicant by registered post. Refund Orders of value not over Rs.1500/- will be despatched under Certificate of Posting.
4. The subscription received against the Public Issue will be kept in separate bank accounts and the Company will not have access to such funds unless they have received an approval from the Stock Exchange, Mumbai (BSE) for allotment, no utilisation shall be made till listing approval is available from each of the exchanges where listing has been proposed.
5. The Company undertakes to make available to the Registrars to the Issue, adequate funds for the purpose of despatch of refund orders/allotment letters/ by registered post.

Interest on excess application money

Payment of interest at the rate upto 15% p.a. on the excess application money will be made to the applicants for the delay period beyond 78 days from the date of closure of the subscription list as per the guidelines issued by the Ministry of Finance vide their No.F-8/6/SE/79 dated 21st July, 1983, and as amended by letter No.F/14/2/SE/85 dated September 27, 1985 addressed to the Stock Exchanges.

Basis of Allotment

In the event of the public Issue being oversubscribed, the allotment will be on a proportionate basis subject to market lots as explained below:

- a. A minimum 50% of the net Issue to the Indian public will be made available for allotment in favour of those retail individual applicants who have applied for Equity Shares of or for a value not more than Rs.50,000/-. This percentage may be increased in consultation with the Stock Exchange, Mumbai depending on the extent of response to the Issue from investors in this category. In case allotments are made to a lesser extent than 50% because of lower subscription in the above category, the balance Equity Shares would be added to the higher category and allotment made on a proportionate basis as per relevant SEBI Guidelines.

The Executive Director / Managing Director of the Stock Exchange, Mumbai along with the Lead Manager and the Registrars to the issue shall be responsible to ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the guidelines.

- b. The balance of Net Issue to Indian Public shall be made available to investors including corporate bodies/institutions and individual applicants who have applied for Equity Shares for a value more than Rs.50,000/-
- c. The Unsubscribed portion of the net issue to any of the categories specified in (a) or (b) shall be made available for allotment to applicants in the other category, if so required.
- d. Applicants will be categorised according to the number of equity shares applied for.
- e. The total number of equity shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, i.e., the total number of shares applied for in that category (number of applications in the category multiplied by the number of equity shares applied for) multiplied by the inverse of the over subscription ratio.
- f. Number of equity shares to be allotted to the successful allottees will be arrived at on a proportionate basis i.e. total number of equity shares applied for by each applicant in that category multiplied by the inverse of the over subscription ratio.



- g. In all the applications where the proportionate allotment works out to less than 250 Equity Shares per applicant, the allotment shall be made as follows:
- i. Each successful applicant shall be allotted a minimum of 250 equity shares, and
 - ii. The successful applicants out of the total applicants of that category shall be determined by drawal of lots in such a manner that the total number of equity shares allotted in that category is equal to the number of equity shares worked out as per (b) above.
- h. Allotment shall be on proportionate basis within the specified categories, rounded off to the nearest integer subject to a minimum allotment being equal to the minimum application size which is 250 shares.

If the equity shares allocated on a proportionate basis to any category is more than the equity shares allotted to the applicants in the category, the balance available equity shares for allotment shall be first adjusted against any other category where the allotted equity shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance equity shares if any, remaining after such adjustment will be added to the category comprising of applicants applying for minimum number of equity shares.

In the event of over subscription, in the process of rounding off to ensure allotment in marketable lots, the Company may make such adjustments in the basis of allotment, as may be necessary, in consultation with SEBI/Stock Exchanges. As the basis of allotment is on proportionate basis, in the process of rounding off to the nearest integer, the issue size may increase by a maximum of 10% of the net offer to Indian Public.

Allotment / Refund Orders

Allotment Letter(s) and/or Letter of Regret as the case may be together with refund cheques / pay order shall be despatched by registered post (refund cheques / pay order of value upto Rs. 1500/- by ordinary post under postal certificate) at the sole/ first named applicant address within 10 weeks from the date of closing of the subscription list. If such money is not repaid within 8th day from the day the company becomes liable to pay. The Company and every Director of the Company who is an officer in default shall on and from the expiry of the 8th day be jointly and severally liable to repay that money with interest @ 15% per annum. In case of joint applications, Refund Orders, if any, will be made out in the First applicant's name and all communication will be addressed to the person whose name appears on the Application form.

The Company, as far as possible, will allot the equity shares within 30 days from closure of the subscription list and pay interest at the rate of 15% p.a. if the allotment is not made and the refund orders are not despatched to the investors within 30 days from closure of the issue period for delay beyond 30 days.

The Company will also make available adequate funds to the Registrars to the Issue for the purpose of despatch of Allotment letters/ Share Certificates/Refund Orders as stated above.

Where the permission have been sought for dealing and listing of equity shares in the stock exchange(s) referred to above, if such permission has not been granted by the stock exchange(s) within 70 days from the date of closure of the subscription list or where such permission is refused before the expiry of 78 days from the date of subscription list, then the Company shall forthwith repay without interest all money received from applicants in pursuance of the Prospectus, and if any such money is not repaid within eight days after the company becomes liable to repay it (i.e. from the date of refusal or within 70 days from the date of closure of subscription list, whichever is earlier), the company and every director of the company who is an officer in default shall, on and from the expiry of eight days, be jointly and severally liable to repay that money with interest for the delayed period @ 15% per annum, if however, an appeal against the decision of any recognised stock exchange(s) refusing permission for the equity shares to be dealt on that stock exchange has been preferred under section 22 of the Securities Contract (Regulation) act, any allotment made under this Prospectus shall not be void until the appeal is dismissed.

Refunds will be made by cheques or pay orders drawn on the bank(s) appointed by the company as refund banker. Such instruments will be payable at par at the places where applications are accepted. Bank charges, if any, for encashing such cheques or pay orders will be payable by the applicant.

Application of Section 269 SS of the Income Tax Act, 1961

In respect of the provisions of section 269SS of the Income Tax Act, 1961, the subscription against the equity shares should be effected only by an account payee cheques or an account payee draft, if the amount payable is Rs. 20,000/- or more. In case the payment is made in contravention of this provision, the application money will be refunded and no interest will be paid.



REGISTERED OFFICE OF NANDAN EXIM LIMITED

Survey No. 198/1, 203/2, Saijpur-Gopalpur, Pirana Road,
 Piplej, Ahmedabad – 382405
 Tel.: 91-079-25710231-34 • Fax: 91-079-25711755.
 E-mail: nandan@chiripalgroup.com

LEAD MANAGER TO THE ISSUE		REGISTRARS TO THE ISSUE	
<p>Centrum Capital Limited SEBI Regn. No.: INM000010445 UIN: 100016915 Khetan Bhavan, 5th floor, 198, J. Tata Road, Churchgate, Mumbai - 400020. Tel: 91-22-22023838 Fax: 91-22-22046096 Email: nandanexim@centrum.co.in</p>		<p>Datamatics Financial Software & Services Ltd SEBI Regn. No: INR000000874 UIN: 100006239 Plot No. A 16 and 17, Part B, Crosslane, Marol, Andheri (E), Mumbai – 400093 Tel: 91-022-28375519-24 Fax: 91-022-28350217 E-mail: nandaneximipo@dfssl.com</p>	
AUDITORS		LEGAL ADVISORS TO THE ISSUE	
<p>J.T. Shah & Co. Chartered Accountants 201/202, Lalita Complex, 352/3 Rasala Marg, Near Jain Temple, Navrangpura, Ahmedabad – 380009. Tel: 91-079-26444420/30/40 Fax: 91-079-26560440 Email: jtshahco@icenet.net</p>		<p>Mrs. Swati S. Soparakar 204, Aakanksha, Opp. Vadilal House, Near Mount Carmel Railway Crossing, Navrangpura, Ahmedabad – 380009. Tel. No.: 91-079-26404245-46 Fax: 91-079-26563214</p>	
BANKERS TO THE ISSUE			
<p>ICICI Bank Limited Capital Markets Division, 30 Mumbai Samachar Marg, Mumbai 400 001.</p>		<p>Corporation Bank 21, Veena Chambers Dalal Street Mumbai 400 001.</p>	
BANKERS TO THE COMPANY			
<p>State Bank Of India Corporate Accounts Group, 58, Shrimali Society, Navrangpura, Ahmedabad – 380009. Tel: 91-079-26561044/26561045, Fax: 91-079-26561178, Email: sbicaga@icenet.net</p>	<p>Oriental Bank of Commerce Nilkamal Building, Opposite Sales India, Ashram Road, Ahmedabad – 380009. Tel: 91-079-27541843, Fax: 91-079-27541113.</p>	<p>UCO Bank Ashram Road Branch, UCO Bhavan, Near Sanyas Ashram, Ashram Road, Ahmedabad - 380009 Tel: 91-079-26579312, Fax: 91-079-26578477, Email: ucoashram@jindalonline.net</p>	
COMPANY SECRETARY AND COMPLIANCE OFFICER			
<p>Mr. Keyur J Shah Nandan Exim Limited "Chiripal House", B/h Arjun Tower, 132 Ft. Ring Road, Shivranjani Cross Roads, Satellite Road, Ahmedabad – 380015. Tel: 91-079-26734660-2-3, Fax: 91-079-26768656, Email: keyur@chiripalgroup.com</p>			

Brokers to the Issue

All members of the recognised Stock Exchanges would be eligible to act as Brokers to the Issue.



B. FINANCIAL INFORMATION

We the Lead Managers to the Issue, confirm that all notes to the accounts, significant accounting policies as well as the auditor's qualification have been incorporated.

Auditor's Report

To,

The Board of Directors,
NANDAN EXIM LIMITED
Survey No. 198/1 & 203/2
Saijpur – Gopalpur,
Pirana Road, Piplej,
Ahmedabad.

Reg: Initial Public Offering of Nandan Exim Ltd. – Auditor's Report as required by Part II of Schedule II to the Companies Act, 1956.

Dear Sirs,

1. We have examined the financial information of Nandan Exim Ltd. ("the Company") Annexed to this report which have been prepared in accordance with requirements of:
 - a. Clause B of Part II of Schedule II to the Companies Act, 1956.
 - b. The Securities and Exchange Board of India (Disclosure of Investor Protection) Guidelines, 2000 and
 - c. The terms of reference received from the company, requesting us to carry out work, propose to be included in the Prospectus of the Company in connection with its Public Issue.

Financial Information as per Audited Financial Statements:

2. We have examined the attached restated summary statement of assets and liabilities of the Company as at 31st December, 2004, 31st March 2000, 2001, 2002, 2003, 2004 and the attached restated summary statement of profit and loss for each of the years / period ended on those dates ("summary statements") (**see Annexure I and II**) as prepared by the Company and approved by the Board of Directors. These profits have been arrived at after making such adjustments and regroupings as in our opinion appropriate and more fully described in the notes appearing in **Annexure III** to this report. We have also examined and found correct the accounts of the Company for the period from April 1, 2004 to December 31, 2004 prepared and approved by the Board of Directors of the Company. These summary statements have been extracted from the financial statements for the year ended 31st March, 2004 audited by us and from the financial statements for the year ended 31st March, 2000, 2001, 2002 and 2003 audited by other auditors and adopted by the Board of Directors / members for the respective years. Based on our examination of these summary statements we confirm that:
 - a. The impact of changes in accounting policies adopted by the Company as and for the year ended 31st March, 2004 have been adjusted with retrospective effect in the attached summary statements:
 - b. There are no prior period items which are required to be adjusted in the summary statements in the years to which they relate:
 - c. The extraordinary items, which need to be disclosed separately in the summary statements, are appropriately disclosed; and
 - d. There are no qualifications in the auditor's reports, which require any adjustments in the summary statements.
3. The summary of significant accounting policies adopted by the Company together with the notes pertaining to the audited financial statements are enclosed as **Annexure IV and Annexure V** to this report.

Other Financial Information

4. We have examined the following other financial information of the Company proposed to be included in the Prospectus as approved by you and annexed to this report.
 - a. Restated Statement of Cash flows for the years / period ended 31st December, 2004 and 31st March, 2000, 2001, 2002, 2003 and 2004 are enclosed as **Annexure VI**;
 - b. Accounting ratios based on the restated profits relating to earning per share, net asset value and return on net worth is enclosed in **Annexure VII**;
 - c. Capitalization statement as at December 31, 2004 is enclosed in **Annexure VIII**;
 - d. Statement of tax shelters is enclosed in **Annexure IX**;



- e. Details of Sundry Debtors as at 31st December, 2004 appearing in **Annexure X**;
 - f. Details of loans as at 31st December, 2004 appearing in **Annexure XI**;
 - g. The rates of dividends paid by the Company in respect of period from 1st April, 2004 to 31st December, 2004 and for the years ended 31st March, 2000, 2001, 2002, 2003 and 2004 are as shown in **Annexure XII**;
 - h. Details regarding the working capital facilities as at 31st December, 2004 are enclosed in **Annexure XIII**;
 - i. The statement of investment made by the company as at 31st December, 2004 is enclosed in **Annexure XIV**;
 - j. The effect of changes in Share Capital is enclosed in **Annexure XV**;
5. In our view, the “financial information as per audited financial statements” and “other financial information” mentioned above have been prepared in accordance with Part II of Schedule II of the Act.
 6. We further confirm that the company does not have any subsidiary within the meaning of section 4 of the Companies Act, 1956.
 7. This report is intended solely for your information for inclusion in the Prospectus for the proposed Public Issue of Equity Shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For, **J. T. Shah & Company**
Chartered Accountants

(J. T. Shah)
Partner
M. No. 3983

Place: Ahmedabad
Date: April 7, 2005

Annexure: I

RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

The assets and liabilities of the company as at the end of each five financial years ended on 31st March, 2000, 2001, 2002, 2003 & 2004 and for the nine months period ended on 31st December, 2004 are as set out below. This assets and liabilities read with significant accounting policies and notes annexed hereto have been arrived at after making such regroupings as are, in our opinion, appropriate.

(Rs. in Lacs)

PARTICULARS	AS AT					
	31/12/04	31/03/04	31/03/03	31/03/02	31/03/01	31/03/00
ASSETS						
GROSS FIXED ASSETS	2230.65	1644.96	17.15	6.51	0.93	Nil
Less: Depreciation	173.53	32.11	1.66	0.69	0.01	Nil
Net Fixed Assets – (A)	2057.12	1612.85	15.49	5.82	0.92	Nil
Capital Work in Progress – (B)	869.96	253.09	Nil	Nil	Nil	Nil
INVESTMENTS:						
Shares & Securities	624.50	623.60	619.20	459.60	Nil	Nil
JV / Subsidiaries	Nil	Nil	Nil	Nil	Nil	Nil
TOTAL (C)	624.50	623.60	619.20	459.60	Nil	Nil
CURRENT ASSETS, LOANS & ADVANCES:						
Inventories	830.99	130.54	84.15	145.77	55.94	166.38
Sundry Debtors	1335.40	304.02	42.03	391.73	159.02	6.44
Cash & Bank Balance	325.34	80.25	3.50	3.24	1.69	0.54
Loans & Advances	451.36	1133.69	490.00	125.81	361.15	128.00
TOTAL (D)	2943.09	1648.50	619.68	666.55	577.80	301.36
CURRENT LIABILITIES & PROVISIONS						
Current Liabilities	1076.63	699.49	12.65	140.24	102.63	14.63
Provisions	21.00	15.00	37.54	18.32	15.37	3.11
TOTAL – (E)	1097.63	714.49	50.19	158.56	118.00	17.74



PARTICULARS	AS AT					
	31/12/04	31/03/04	31/03/03	31/03/02	31/03/01	31/03/00
Net Current Assets-(D-E)	1845.46	934.01	569.49	507.99	459.80	283.62
Less: LIABILITIES						
Secured Loans	2823.04	1093.48	128.65	145.68	139.77	131.89
Unsecured Loans	902.00	900.00	Nil	Nil	Nil	0.11
Total – (F)	3725.04	1993.48	128.65	145.68	139.77	132.00
Less: DEFERRED TAX	89.49	53.79	0.55	Nil	Nil	Nil
Add: Misc.Expenditure	3.65	4.49	0.01	0.02	0.02	0.03
TOTAL	1586.16	1380.77	1074.99	827.75	320.97	151.65
NET WORTH (Net of Misc. Expenditure)	1582.51	1376.28	1074.98	827.73	320.95	151.62
Represented by						
Paid-up Equity Share Capital	790.00	255.00	14.85	14.85	14.85	14.85
Share Application Money	Nil	Nil	Nil	Nil	Nil	0.15
RESERVE & SURPLUS						
General Reserve	28.00	28.00	28.00	Nil	Nil	Nil
Share Premium	85.00	Nil	Nil	Nil	Nil	Nil
Profit & Loss Account	683.16	1097.77	1032.14	812.90	306.12	136.65
TOTAL	1586.16	1380.77	1074.99	827.75	320.97	151.65

Notes:

- Term loan from banks are secured by mortgage of first charge on the entire Fixed Assets of the company- both present and future on pari pasu basis with the bankers of the project. The facility is further guaranteed by personal guarantee of a) Sh. Vedprakash D. Chiripal and b) Sh. Brijmohan D. Chiripal.

Working Capital loans are secured by first charge on Book Debts, Stock and other Current Assets of the Company and second charge over the fixed assets both present and future of the Company. The facility is further guaranteed by personal guarantee of a) Sh. Vedprakash D. Chiripal and b) Sh. Brijmohan D. Chiripal.

Annexure: II

RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS

We report that the profits of the company for the five financial years ended on 31st March, 2000, 2001, 2002, 2003 & 2004 and for the nine month period ended on 31st December, 2004 are as set out below. The Profit and Loss Account read with significant accounting policies and notes annexed hereto have been arrived at after charging all expenses of manufacture, working and management including depreciation and after making such adjustments and regroupings as are, in our opinion, appropriate.

(Rs. in Lacs)

PARTICULARS	YEAR/PERIOD ENDED					
	31/12/04	31/03/04	31/03/03	31/03/02	31/03/01	31/03/00
INCOME						
Sales of products manufactured by the Company (net of excise duty)	1346.85	89.65	Nil	Nil	Nil	Nil
Sales of products traded by the Company	2010.82	532.45	497.52	404.26	687.74	398.69
IT Services	Nil	62.54	157.88	444.06	11.24	Nil
Job Work Income	317.78	Nil	Nil	Nil	Nil	Nil
Variation in Stock	636.27	92.72	Nil	Nil	Nil	Nil
Other Income	199.66	139.52	49.45	77.92	44.77	73.29
TOTAL	4511.38	916.88	704.85	926.24	743.75	471.98
EXPENDITURE						
Consumption / Purchase of Material	3595.98	545.64	260.90	221.87	546.26	298.77
Personnel Expenses	87.39	15.96	3.76	2.46	2.90	0.05
Manufacturing, Software Preparation, Administrative, Selling & Other Expenses	327.01	128.41	151.54	137.65	38.36	20.95



PARTICULARS	YEAR/PERIOD ENDED					
	31/12/04	31/03/04	31/03/03	31/03/02	31/03/01	31/03/00
Financial Exp.	221.64	37.10	11.91	12.82	14.64	14.49
Depreciation	141.43	30.44	1.77	1.68	0.02	Nil
Misc. Expenditure written Off.	0.84	1.13	0.01	0.01	0.01	0.01
TOTAL	4374.30	758.68	429.89	376.49	602.19	334.27
Profit before Tax	137.09	158.20	274.96	549.75	141.56	137.71
Less: Provision for Taxes:						
Current Tax	11.00	15.00	32.00	16.50	14.50	3.05
Deferred Tax	31.93	53.24	0.05	Nil	Nil	Nil
Less: Prior Period Taxes including Deferred Tax	(1.23)	0.77	0.51	0.40	Nil	Nil
Profit after Tax	95.39	89.19	242.40	532.85	127.06	134.66
Add: Depreciation of earlier years W/back	Nil	1.81	Nil	Nil	Nil	Nil
Profit For the Year	95.39	91.00	242.40	532.85	127.06	134.66
Adjustments Due to change in Accounting Policies (refer Annexure III)	Nil	(25.37)	9.03	(26.07)	42.41	Nil
Adjusted Profit	95.39	65.63	251.43	506.78	169.47	134.66
Retained Earnings of Earlier Years	1097.77	1032.14	812.90	306.12	136.65	1.99
Transfer to General Reserve	510.00	Nil	28.00	Nil	Nil	Nil
Dividend (including tax)	Nil	Nil	4.19	Nil	Nil	Nil
Retained Earnings carried forward to subsequent year	683.16	1097.77	1032.14	812.90	306.12	136.65

Notes: -

- Other Income includes Export incentives, Balance Written off, Dividend Income, Commission, Interest on FDR, Interest on delay day payment, Profit on sale of Investment, Quantity & Cash Discount, Job weaving charges and Foreign Exchange fluctuation gain.
- Manufacturing, Software Preparation, Selling and Administration Expenses includes

(Rs. In Lacs)

Sr. No.	Particulars	From 01/04/04 to 31/12/04	2003-2004
1.	Job Work & Process Charges	0.35	19.81
2.	Coal, Power & Fuel	173.81	17.14
3.	Stores & Spares	9.07	2.04
3.	Software Preparation Cost	Nil	16.05
5.	Professional Fees & Legal Charges	16.51	1.06
4.	Travelling, Conveyance & Vehicle Exp.	19.63	16.36
5.	Communication Exp.	9.76	10.03
6.	Export Exp.	17.51	18.36
7.	Commission	12.26	3.76
8.	Rent, Rates & Taxes	1.82	9.42
9.	Others (includes Carriage Inward, Packing Material, Repairs, Insurance Charges, Inspection Charges, Payments to Auditors, Misc. Expenses & Carriage outward)	66.29	14.38



Annexure: III

Notes to Adjustments and Groupings

- To charge the depreciation uniformly on all the assets, the company has changed the method of providing depreciation on assets other than Plant and Machinery from Written Down Value (WDV) method to Straight Line Method (SLM) w.e.f. 1st April, 2003. As a result, the depreciation in respect of these assets has been recomputed from the date such assets were first put to use. Accordingly, the summary Profit & Loss Account is adjusted with corresponding effect in the carrying amount of Fixed Assets and Reserves and Surplus as per the adjustment given below para 2.
- To bring the accounting policy in respect of accounting for DEPB in line with the Opinion of Experts Advisory Committee of the Institute of Chartered Accountants of India, the company has decided to account the exports incentives on DEPB when the right to receive credit as per the terms of scheme is established in respect of the exports made as against the previous policy of accounting the same on realisation w.e.f. 1st April, 2003. As a result, Other Income has been recomputed. Accordingly, the summary Profit & Loss Account is adjusted with corresponding effect in the carrying amount of Loans and Advances and Reserves and Surplus as per the adjustment given below:

(Rs. in Lacs)

Particulars	Period / Year Ended					
	31-12-04	31-03-04	31-03-03	31-03-02	31-03-01	31-03-00
Profit / (Loss) After Tax	95.39	91.00	242.40	532.85	127.06	134.66
Adjustment on account of change in method of Providing Depreciation, as above	-	(1.81)	0.80	1.00	0.01	-
Adjustment on account of change in method of Accounting in respect of DEPB, as above	-	(23.56)	8.23	(27.07)	42.40	-
Adjusted Profit	95.39	65.63	251.43	506.78	169.47	134.66

Annexure: IV

Significant Accounting Policies :

i) Basis of Preparation of financial Statements

The financial statements are prepared on accrual basis in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the company.

ii) Fixed Assets

Fixed Assets are stated at cost of acquisition less accumulated depreciation. All costs including financial costs till commencement of commercial production and net charges arising from exchange rate variation relating to liability incurred for the purpose of acquiring fixed assets are capitalized. Cenvat credit on capital goods is accounted for by reducing the cost of capital goods.

iii) Depreciation

Depreciation on fixed assets (excluding intangible assets) of the company is provided on straight-line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, except depreciation on incremental cost arising on account of translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets, which is amortized over the residual life of the assets.

iv) Investments

Long Term Investments are stated at cost. Provision is only made to recognize a decline other than temporary, in the value of investments.

v) Inventories

(a) Raw Materials are valued at cost; however appropriate provisions are made for anticipated losses, if any. Other inventories are valued at the Lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and estimated cost necessary to make sale. Cost in respect of Raw Materials and Trading Goods is computed on FIFO basis. Cost in respect of process and finished goods are computed on weighted average basis method. Finished goods and process stock includes cost of conversion and other costs incurred in acquiring the inventory and bringing them to their present location and condition.

(b) Waste is valued at estimated net realizable value.

vi) Excise Duty / Cenvat

(a) Excise duty is accounted for on the basis of payments made in respect of goods cleared and provision is made for goods lying in bonded Warehouse.

(b) Cenvat credit on excise duty paid goods is accounted for by reducing the purchase cost of related goods.



vii) Revenue Recognition

- (a) Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of the products are transferred to the customers.
- (b) Dividend on Investment is recognised when the right to receive the payment is established.
- (c) Exports entitlement under the Duty Entitlement Pass Book (DEPB) scheme are recognised in the Profit and Loss Account when the right to receive credit as per the terms of scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

viii) Borrowing cost

Borrowing costs, which are attributable to acquisition or construction of qualifying assets, are capitalized as part of cost of such assets till such assets are ready for its intended use. A qualifying asset is one, which necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

ix) Retirement benefits:

- (a) Liability of gratuity to employees is determined and accounted for on the basis of actuarial valuation.

x) Foreign Currency Transactions / Exchange Fluctuation

- (a) Monetary Transactions related to foreign currency are accounted for at the equivalent rupee converted at the rates prevailing at the time of respective transactions and outstanding in respect thereof are translated at year end rates.
- (b) Non-monetary foreign currency items are carried at cost.

xi) Amortization of Expenses

Preliminary and capital issue expenses are amortized over a period of five years

Annexure – V

Notes pertaining to Audited Financial Statements

1. Contingent liabilities not provided for :-

- (a) Estimated amount of Contracts remaining to be executed on capital amounting to Rs. 1341.03 Lacs (Previous Year Rs. 12.10 Lacs) for which the company has opened letter of credit for equivalent amount. Advance paid against such contracts Rs. 181.81 (Previous year Rs. 6.27).
 - (b) The company has imported certain capital equipments at concessional rate of custom duty under “Export Promotion of Capital Goods Scheme”. The company has pending export obligation to the extent of Rs. 384.68 Lacs to be fulfilled during the specified period. The liability towards custom duty payable thereon in respect of unfulfilled export obligation as on 31st December 2004 is Rs. 54.35 Lacs.
2. In the opinion of the Board of Directors, Current Assets, Loans and Advances have a value on realization at least equal to the amount at which they are stated in Balance sheet. Adequate provisions have been made for all known liabilities except stated otherwise.
 3. Balances of Debtors, Creditors, Advances and loans etc. are subject to confirmation and reconciliation.
 4. Diminution in the value of investments has not been provided, as in the opinion of the Board of Directors, the same is considered to be of temporary in nature.
 5. During the period ended on 31st December 2004, Professional Charges and Legal Fees amounting to Rs. 14.39 lacs (Previous Year Nil) are incurred for acquiring the Loans.
 6. Borrowing cost incurred during the period ended 31st December 2004, which are attributable to the acquisition or construction of Qualifying Assets to the extent of Rs. 16.96 lacs (Previous Year Rs. 46.02 lacs) are capitalized by the company.
 7. During the period ended on 31st December, 2004, foreign exchange fluctuation gain of Rs. 1.69 lacs in respect of fixed assets, pertaining to the period upto the date on which the assets are ready for its intended use (Previous Year loss Rs. 5.32 lacs) have been capitalized as a part of cost of Fixed Assets.
 8. During the period ended on 31st December, 2004, the maximum amount of debit balance in current account with non scheduled bank is Rs. 152.05 lacs (Previous Year Rs. 14.24 lacs).
 9. Sundry Debtors include Rs. 119.22 lacs (Previous Year Rs. Nil) due from Private Companies in which some of the Directors are interested as Member.
 10. To the extent of available information, at the period end, there was no outstanding amount due to S.S.I Units in excess of Rs. 1,00,000/-.
 11. The company has not paid any remuneration to its directors during the year.



12. Related Party Disclosures:

A) Key Management Personnel:

Sr. No.	Name	Designation
1	Shri Vedprakash Chiripal	Chairman
2	Shri Brijmohan Chiripal	Managing Director

B) List of Other Related Parties with whom transactions have taken place during the period:

Sr. No.	Name
1	Bhushan Processors Pvt. Ltd.
2	Sparrow Exports Pvt. Ltd.
3	Prakash Calanders Pvt. Ltd.
4	Chiripal Textiles Mills Pvt. Ltd.
5	Shanti Exports Pvt. Ltd.
6	Deepak Impex Pvt. Ltd.
7	Shanti Processors Ltd.
8	Chiripal Petrochemicals Ltd.
9	Vishal Fabrics Pvt. Ltd.
10	Chiripal Enterprise Ltd.
11	Bhavna Textiles Pvt. Ltd.
12	Quality Exim Pvt. Ltd.

C) Details of Transactions with Key Management Personnel and Related Parties of the Key Management Personnel are as follows:

(Rs. In Lacs)

Sr. No.	Nature of Transaction	Key Management Personnel				Other Related Parties			
		31-12-04	31-03-04	31-03-03	31-03-02	31-12-04	31-03-04	31-03-03	31-03-02
1	<u>Unsecured Loans</u>								
	Taken during the period	Nil	Nil	Nil	Nil	235.75	1092.25	3.50	61.40
	Repaid during the period	Nil	Nil	Nil	Nil	323.75	292.25	3.50	61.40
	Balance as at Balance Sheet Date	Nil	Nil	Nil	Nil	712.00	800.00	Nil	Nil
2	<u>Advances Recoverable in Cash or Kind</u>								
	Given during the period	Nil	Nil	Nil	Nil	2935.64	1690.32	496.99	239.90
	Settled during the period	Nil	Nil	Nil	Nil	3596.76	1025.38	156.53	236.98
	Balance as at Balance Sheet Date	Nil	Nil	Nil	Nil	347.20	1008.32	343.38	2.92
3	<u>Expenditure</u>								
	Purchase of Goods	Nil	Nil	Nil	Nil	1460.92	394.85	549.21	315.04
	Rent	Nil	Nil	Nil	Nil	1.80	2.96	3.66	15.26
	Electricity Charges and Maintenance Charges paid for Common Premise	Nil	Nil	Nil	Nil	1.42	1.78	Nil	Nil
	Car Rent Paid	Nil	Nil	Nil	Nil	Nil	7.62	Nil	Nil
4	<u>Income Received</u>								
	Sales	Nil	Nil	Nil	Nil	820.24	196.23	84.86	13.58
	DEPB Sale	Nil	Nil	Nil	Nil	24.87	Nil	Nil	Nil
5	<u>Amount of Expenses incurred on our behalf</u>	Nil	Nil	Nil	Nil	8.87	13.60	Nil	Nil
6	<u>Amount Expended on behalf of others</u>	Nil	Nil	Nil	Nil	239.83	9.69	Nil	Nil
7	<u>Issue of Share Capital</u>	Nil	Nil	Nil	Nil	110.00	Nil	Nil	Nil
8	<u>Subscription to Shares</u>	Nil	Nil	Nil	Nil	0.90	Nil	Nil	Nil



13. Based on the principles for determination of segments given in Accounting Standard 17 “Segment Reporting” issued by the Institute of Chartered Accountants of India, the company’s primary business segment is Manufacturing of Fabrics. “Other” represents Trading activity. The company has also identified “India” and “Outside India” as two geographical segments, which are treated as secondary segments.

Primary Segment Information for the period ended 31st December, 2004

(Rs. in Lacs)

		Manufacturing of Fabrics	Others	Total
1	Revenues	1275.70	3205.53	4481.23
	Unallocable Revenue			1.99
	Total Revenue			4483.22
2	Segment Result	211.73	324.13	535.86
	Interest and Finance Charges			221.65
	Interest Income			7.28
	Income from Investments			20.88
	Total Profit Before Tax			137.09
	Taxes			41.70
	Net income after taxes			95.39
3	Assets	3793.98	1717.32	5511.30
	Unallocable Assets			987.03
	Total Assets			6498.33
4	Liabilities	1076.08	2823.59	3899.67
	Unallocable Corporate Liabilities			1012.50
	Total Liabilities			4912.17
5	Capital Expenditure during the period	1435.22	-	1435.22
	Unallocable Capital Expenditure during the period			20.44
6	Depreciation			141.43
7	Non-cash expenses			0.84

Note: Since Accounting Standard 17 “Segment Reporting” issued by the Institute of Chartered Accountants of India, was not applicable in earlier years, the corresponding figures for the previous years are not given.

Secondary Segment Information for the period ended 31st December, 2004

(Rs. in Lacs)

		India	Outside India	Total
1	Segment Revenues	2658.65	1824.57	4483.22
2	Segment Assets	5636.58	861.75	6498.33
3	Capital Expenditure during the period	1455.66	-	1455.66

14. Earning per Share

Particular	Unit	31-12-04	31-03-04
Numerator used for calculating Basic and Diluted Earning per Share (Profit after Tax)	Rs. in Lacs	95.39	91.00
Weighted average No. of shares used as denominator for calculating Basic and Diluted	No. of Shares	7735616	5307735****
Nominal Value of Share	Rs.	10	10
Basic and Diluted Earning per Share	Rs.	1.23	1.71

**** The weighted average no of shares is adjusted by 5,100,000 shares issued as bonus on 15-10-2004 in terms of requirement of Accounting Standard – 20 Earning Per Share issued by the Institute of Chartered Accountants of India.



15. Information relating to Deferred Tax

Total . . .	(Rs. in Lacs)	
Particulars	31-12-04	31-03-04
Deferred Tax Assets arising out of timing difference relating to:		
- Employee Benefits	1.29	0.23
- Unabsorbed Depreciation	118.06	Nil
Total Deferred Tax Assets	119.35	0.23
Deferred Tax Liability arising out of timing difference relating to:		
- Difference of Depreciation as per Tax provisions and Company Law	208.84	54.03
Total Deferred Tax Liability	208.84	54.03
Net Deferred Tax Liability	89.49	53.79

16. The figures of the previous year have been regrouped and rearranged wherever considered necessary.
17. Additional information pursuant to the provisions of paragraph 3 and 4 of part-II and part-IV of Schedule VI of the Companies Act, 1956 for the period ended on 31st December, 2004.

(a) Licensed & Installed capacity

Particulars	Licensed capacity	Installed capacity In mtr. (Annualized)
Fabrics	N.A.	N.A.
Grey	N.A.	15600000 p.a. (10400000)

(b) Opening Stock & Closing Stock of Finished Goods :

Particulars	Unit	Opening Stock		Closing Stock	
		Quantity	Value Rs. in Lacs	Quantity	Value Rs. in Lacs
Grey	Mtrs.	136781 (Nil)	71.35 (Nil)	165698 (136781)	74.88 (71.35)
Fabrics	Mtr.	Nil (Nil)	Nil (Nil)	868980 (Nil)	340.05 (Nil)
Knitted Fabrics	Kg.	Nil (Nil)	Nil (Nil)	275617 (Nil)	284.59 (Nil)
Others	-	-	Nil (Nil)	-	Nil (Nil)
Total . . .		-	71.35 (Nil)	-	699.52 (71.35)

(c) Production meant for Sale:

Particulars	Units	Actual production
Grey	Mtrs.	4378417** (348243)
Fabrics	Mtrs.	Nil (197786)

Note - Production of Fabrics consists of goods produced by others.

** - Production of Grey includes 2362372 mtrs. of goods produced for others on job work basis.

(d) Purchase of Finished Goods :

Particulars	Unit	Quantity	Amount Rs. in Lacs
Fabrics	Mtr.	5161427 (1629755)	1668.63 (357.32)
Knitted Fabrics	Kg.	752175 (Nil)	799.21 (Nil)
Others	-	-	386.74 (Nil)
Total . . .		-	2854.58 (357.32)



(e) **Gross Turnover**

Particulars	Unit	Quantity	Amount Rs. in Lacs
Grey	Mtrs.	1987128 (211462)	997.81 (105.77)
Fabrics	Mtrs.	4292447 (1827541)	1490.96 (532.44)
Knitted Fabrics	Kg.	476558 (Nil)	519.86 (Nil)
Others	Kgs.	-	403.36 (Nil)
Job Work	-	-	317.78 (Nil)
I T Services	-	-	Nil (62.54)
Total . . .		-	3729.77 (700.75)

(f) **Raw material consumed**

Particulars	Unit	Quantity	Amount Rs. in Lacs
Cotton Yarn	Kgs.	612600 (145989)	682.56 (148.32)
Grey Cloth	Mtrs.	- (197786)	- (34.89)
Other raw materials	-	-	58.84 (5.10)
Total . . .		-	741.40 (188.31)

(g) **Value of Imported & Indigenous Raw Materials, Stores, Components & Spare Parts Consume**

Particulars	Raw Materials		Components & Spare Parts	
	Quantity %	Value Rs. in Lacs	Quantity %	Value Rs. in Lacs
i. Imported	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
ii. Indigenous	100 (100)	741.40 (188.32)	100 (100)	9.07 (2.04)
Total . . .	100 (100)	741.40 (188.32)	100 (100)	9.07 (2.04)

(h) **C.I.F. Value of Imports:**

Particulars	Amount (Rs. in Lacs)
Raw Materials	Nil (Nil)
Trading Goods	175.53 (Nil)
Stores and Spares	Nil (Nil)
Capital Goods	590.38 (600.09)

(i) **Expenditure In Foreign Currency**

Particulars	Amount (Rs. in Lacs)
i. Travelling Expenses	2.58 (0.28)
ii. Foreign Bank Charges	0.95 (2.72)

(j) **Earning In Foreign Currencies**

Particulars	Amount (Rs. in Lacs)
FOB Value of Export Goods	1444.80 (591.07)

Note: Previous year's figures have been shown in brackets



Annexure: VI

Restated Statement of Cash Flows

(Rs in Lacs)

Particulars	01/04/04 to 31/12/04	2003-04	2002-03	2001-02	2000-01	1999-00
A Cash Flow from operating Activities						
Restated Net profit after tax and Extraordinary items	95.39	65.63	251.43	506.78	169.46	134.66
Adjustments for;						
Provision for Tax & Deferred Tax	41.70	69.01	32.56	16.90	14.50	3.05
Depreciation	141.43	30.44	0.97	0.68	0.01	0.00
Interest Expense	221.64	37.10	11.91	12.81	14.65	14.49
Amortization of Miscellaneous Expense	0.84	1.13	0.00	0.01	0.01	0.01
Profit on sale of Shares	0.00	(0.06)	0.00	0.00	0.00	0.00
Interest / Dividend Income	(20.88)	(13.48)	(3.78)	0.00	0.00	0.00
Operating profit before working capital changes	480.12	189.77	293.09	537.18	198.63	152.21
Adjustments for:						
Trade and other receivables	(1031.38)	(261.99)	349.70	(232.72)	(152.58)	(6.44)
Inventories	(700.45)	(46.39)	61.61	(89.82)	110.44	(130.03)
Trade Payables	292.36	107.70	(126.14)	32.98	88.66	(30.12)
Loan and advances	696.42	(642.45)	(363.80)	225.53	(223.35)	(57.57)
Cash generated from operations	(262.93)	(653.36)	214.46	473.15	21.80	(71.95)
Direct taxes paid	(14.09)	(33.99)	(16.89)	(5.10)	(12.85)	0.00
Net Cash from operating activities	(277.02)	(687.35)	197.57	468.05	8.95	(71.95)
B Cash flow from Investing Activities						
Purchase of fixed assets	(1117.79)	(1303.10)	(12.55)	0.00	(0.93)	0.00
Purchase of investments	(0.90)	(4.40)	(159.60)	(459.60)	0.00	0.00
Sales of investments	0.00	0.06	0.00	0.00	0.00	0.00
Dividend received	20.88	13.48	3.78	0.00	0.00	0.00
Net cash used in Investing Activities	(1097.81)	(1293.96)	(168.37)	(459.60)	(0.93)	0.00
C Cash flow from financing activities:						
Proceeds from issuing shares	110.00	240.15	0.00	0.00	0.00	0.00
Proceeds from borrowings	1731.56	1864.82	(17.03)	5.91	7.78	85.63
Interest Paid	(221.64)	(37.10)	(11.91)	(12.81)	(14.65)	(14.49)
Preliminary Exp incurred	0.00	(5.62)	0.00	0.00	0.00	0.00
Dividend Paid	0.00	(4.19)	0.00	0.00	0.00	0.00
Net cash used from financing activities	1619.92	2058.06	(28.94)	(6.90)	(6.87)	71.14
Net increase in cash and cash equivalents	245.09	76.75	0.26	1.55	1.15	(0.81)
Cash and Cash equivalents (opening)	80.25	3.50	3.24	1.69	0.54	1.35
Cash and Cash equivalents (closing)	325.34	80.25	3.50	3.24	1.69	0.54

Annexure: VII

Mandatory Accounting Ratios:

(Rs. in Lacs)

Particulars	31-03-00	31-03-01	31-03-02	31-03-03	31-03-04	As on 31-12-04
Earnings Per Share (EPS) (Rs.)	90.67	114.11	341.22	169.29	31.60	1.23
Return on Net worth (%)	88.82%	52.80%	61.22%	23.39%	4.77%	6.03%
Net Asset Value per share (Rs.)	102.09	216.10	557.33	723.79	53.97	20.03



Annexure: VIII

Capitalization Statement:

(Rs. in Lacs)

PARTICULARS	PRE ISSUE AS AT 31/12/2004	POST ISSUE (At an offer price of Rs. 20)
DEBT		
Short term debt	1262.08	1262.08
Long term debt	2462.96	2462.96
Total Debt	3725.04	3725.04
SHAREHOLDER'S FUNDS		
Share Capital	790.00	1390.00
Reserve & Surplus	796.16	1396.16
Less: Misc. Expenditure	3.65	3.65
Total Shareholder's Funds	1582.51	2782.51
Debt / Equity	2.35	1.34

Annexure: IX

Statement of Tax Shelters:

(Rs. in Lacs)

Year ending March 31	2000	2001	2002	2003	2004
Tax Rate	35 %	35 %	35 %	35 %	35 %
Surcharge	10 %	13 %	2 %	5 %	2.5 %
Net Profit Before Tax	137.71	141.56	549.75	274.96	158.20
Tax at Notional Rate	53.02	55.98	196.26	101.04	56.75
Adjustments:					
Export Profits U/s 80HHC, 80HHE, 10(A)	(131.38)	(107.24)	(510.38)	(195.41)	–
Deduction U/s 80M , 10(34)	–	–	–	(3.71)	(13.48)
Difference Between Tax depreciation and Book Depreciation	–	(0.14)	(0.04)	(0.01)	(276.60)
Other adjustments	1.00	0.24	–	0.05	0.65
Unabsorbed Depreciation	–	–	–	–	131.23
Unabsorbed Business Loss	(0.03)	–	–	–	–
Net adjustments	(130.41)	(107.14)	(510.42)	(199.08)	(158.20)
Tax saving thereon	50.21	42.37	182.22	73.16	56.75
Total Payable	2.81	13.61	14.04	27.88	Nil
Taxable Income as per MAT	1.90	10.29	39.37	79.55	112.21
Tax as per MAT	0.73	4.07	3.02	6.26	8.63
Tax As per Profit & Loss Account	3.05	14.50	16.50	32.05	68.24

Annexure: X

Age-wise analysis of Sundry Debtors:

(Rs. in Lacs)

Age wise Break-up	As on 31/12/2004
Less than six months	1327.46
More than six months	7.94
Total	1335.40



Annexure: XI

Details of Loans and Advances:

(Rs. in Lacs)

Particulars	As on 31/12/2004
1 Advances recoverable in cash or kind or for value to be received	427.89
2 Other Deposits	7.76
3 Advance Income Tax	15.71
Total	451.36

Annexure: XII

Details of Dividend paid by the Company:

Particulars	From 01/04/04 to 31/12/04	2003-04	2002-03	2001-02	2000-01	1999-00
Number of Equity Shares of Rs. 10 each	7900000	2550000	148520	148520	148520	148520
Rate of Dividend (Final)	Nil	Nil	25%	Nil	Nil	Nil
Total amount of Dividend (Rs.) (Including Tax on Dividend)	Nil	Nil	418873	Nil	Nil	Nil

Annexure: XIII

Details regarding the working capital facilities

The Working Capital of Rs. 2,370 Lacs has been sanctioned by a consortium of following 3 banks under leadership of the State Bank of India, Corporate Accounts Group, 58, Shramali Society, Navrangpura, Ahmedabad.

(Rs. in Lacs)

Name of Bank	Fund Based	Non Fund Based	Total
State Bank of India	690	235	925
UCO Bank	620	145	765
Oriental Bank of Commerce	510	170	680
Total	1820	550	2370

The above working capital facilities are secured by:

Primary Security:

Working Capital loans are secured by first charge on Book Debts, Stock and other Current Assets of the Company.

Collateral Security:

The second charge over the fixed assets both present and future of the Company.

Personal Guarantee:

The facility is further guaranteed by personal guarantee of

- Sh. Vedprakash D. Chiripal and
- Sh. Brijmohan D. Chiripal.

Annexure: XIV

Details of Investments

(Rs. in Lacs)

Sr. No.	Details of the Investment	Aggregate Book Value as on 31/12/2004
	Quoted Investments	
1	10,32,000 Equity Shares of Nova Petrochemicals Ltd of Rs.10/- Each (Previous year 1032000 Shares)	619.20
2	30,000 Equity shares of UCO Bank Ltd of Rs.10/- each (Previous Year 30000 Shares)	4.40
	Unquoted Investments	
	9000 (Previous year Nil) Equity Shares of Shanti Processors Ltd. of Rs. 10/- each.	0.90



Sr. No.	Details of the Investment	Aggregate Book Value as on 31/12/2004
	Total....	624.50
	Aggregate Book Value of Quoted Investment as on 31/12/2004	623.60
	Aggregate Market Value of Quoted Investment as on 31/12/2004	528.72
	Diminution in the Value of Quoted Investment	94.88

Annexure: XV

Details regarding changes in Share Capital

Authorised Share Capital	Nominal Value Rs.	No. of Shares	Amount (Rs. in Lacs)
As on 31/03/2000	10/-	150000	15.00
As on 31/03/2001	10/-	150000	15.00
As on 31/03/2002	10/-	150000	15.00
As on 31/03/2003	10/-	150000	15.00
As on 31/03/2004 (On 30/09/2003 Rs. 485 Lacs & on 09/02/2004 Rs. 250 Lacs)	10/-	750000	750.00
As on 31/12/2004 (On 30/09/2004 Rs. 750 Lacs)	10/-	1500000	1500.00

Issued & Paid up Share Capital	Nominal Value Rs.	No. of Shares	Amount (Rs. in Lacs)
As on 31/03/2000	10/-	148520	14.85
As on 31/03/2001	10/-	148520	14.85
As on 31/03/2002	10/-	148520	14.85
As on 31/03/2003	10/-	148520	14.85
As on 31/03/2004 (On 23/03/2004 Rs. 240.15 Lacs)	10/-	2550000	255.00
As on 31/12/2004 (On 15/10/04 Rs. 510 Lacs (Bonus Shares) On 26/11/04 Rs. 25 Lacs)	10/-	7900000	790.00

Note: The Company has further allotted 51,00,000 bonus shares of Rs. 10 each on 15/10/2004 aggregating to Rs.5,10,00,000. The Company has also further allotted 250000 Shares of Rs. 10 each at premium of Rs. 44 to Prakash Calendar Pvt. Ltd. On 26/11/04.



C. STATUTORY AND OTHER INFORMATION

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Issued amount on the date of closure of the Issue, or if the subscription level falls below 90% after the closure of Issue on account of cheques having being returned unpaid or withdrawal of applications, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act, 1956.

Expenses of the Issue

The expenses of the Issue payable by Nandan Exim inclusive of brokerage, fees payable to the Lead Manager to the Issue, Registrar to the Issue, Legal Advisors & Tax Consultants, Underwriting Commission, stamp duty, printing, publication, advertising and distribution expenses, bank charges, listing fees and other miscellaneous expenses will not exceed Rs.100 lakhs, and will be met out of the proceeds of the present issue.

Fees payable to the Lead Manager

The total fees payable to the Lead Manager will be as per the Memorandum of Understanding signed with the Lead Managers, copies of which are available for inspection at the Registered Office of the Company.

Fees payable to the Registrars to the Issue

The fees payable to the Registrars to the Issue, will be as set out in Memorandum of Understanding entered into with them kept open for inspection at the Registered Office of Nandan Exim Ltd.

The Registrars will be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty, communication expenses, etc. Adequate funds will be provided to the Registrars to the Issue to enable them to send refund orders/ letter(s) of allotment/share certificate(s) by registered post.

Brokerage

Brokerage for the Issue @ 1.50% of the issue price of the Equity Shares would be paid by Nandan Exim Ltd. on the basis of the allotments made against the applications bearing the stamp of a member of any recognised Stock Exchange in India in the 'Broker' column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of the allotments made against applications procured by them provided the respective forms of application bear their respective stamp in the Broker column.

In case of tampering or over-stamping of Brokers'/ Agents' codes on the application form, the Company's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

Interest of Promoters and Directors

All the directors of Nandan Exim may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or committee thereof as well as to the extent of other remuneration and/or reimbursement of expenses payable to them under the Articles.

The Directors may also be regarded as interested in the shares, if any, held by or that may be subscribed by and allotted/ transferred to the companies, firms and trust, in which they are interested as Directors, Members, partners and/or trustees. All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by Nandan Exim with any company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

The Managing Director is interested to the extent of remuneration paid to him for services rendered to the Company. Further, the MD is interested to the extent of equity shares that he is holding and or allotted to him out of the present Offer in terms of the Prospectus and also to the extent of any dividend payable to him and other distributions in respect of the said Equity Shares.

Transactions with entities in which Directors are interested have been disclosed under "Related Party Transactions" in the Auditors Report.

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

Previous Issue of capital during the last five years

The Company has not made any public issue of equity /debentures what so ever prior to this Issue. The details of issue of capital have been outlined in the paragraph on the build up of share capital under the capital structure.

Commission or brokerage on previous Issues

No sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares of the Company since its inception.



Issue of shares otherwise than for cash

The Company has not issued any shares for consideration other than cash other than by capitalization of free reserves. The Company has issued 51,00,000 bonus equity shares out of the free reserves of the Company on October 15, 2004

Issue of debentures, redeemable preference shares and other instruments

The Company, since its incorporation, has not issued any redeemable Preference Shares and Debentures.

Option to subscribe

As on the date of this Prospectus, the Company has not entered into, nor does it at present propose to enter into any contract or arrangements whereby any option or preferential right of any kind has been, or is proposed to be given, to any person to subscribe for any shares of the Company.

Revaluation of assets

The Company has not revalued any of its assets in the last 5 years.

Purchase of property

Except as stated in 'Objects of the Issue' in this Prospectus and save in respect of the property purchased or acquired or to be purchased or acquired in connection with the business or activities contemplated by the Objects of the Issue, there is no property which the Company has purchased or acquired or proposes to purchase or acquire which is to be paid for wholly or partly out of the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Prospectus, other than property in respect of which:

- i. The contracts for the purchase or acquisition were entered into in the ordinary course of the business and the contracts were not entered into in contemplation of the Issue nor is the Issue contemplated in consequence of the contracts; or
- ii. The amount of the purchase money is not material. The Company has not purchased any property in which any of its promoters and/or Directors, have any direct or indirect interest in any payment made thereof except the project site (Survey No. 198/1 and 203/2) purchased from the promoters at a cost of Rs. 14.11 lakhs and to that extent they may be deemed to be interested in the project.

Appointment and Remuneration Of Managing Director

The details of the salary paid to Shri. Brijmohan Chiripal, Managing Director of the Company is as under:

A) Salary

In the scale of Rs. 1,00,000 – 20,000 – 2,00,000 p.m.

B) Perquisites (including allowances)

Housing Rent Allowance @ 60% of the Salary

Medical Reimbursement – Expenses incurred for the Managing Director and his family as per Company Rules.

Leave Travel Concession – For Managing Director and his family incurred in accordance with Company Rules.

Club Fees – Fees of clubs subject to a maximum of two clubs. This will not include the admission or life time membership fees.

Personal Accident Insurance – Premium as per Company Rules.

Contribution to Provident Fund, Superannuation Fund, Annuity Fund/ Gratuity Fund as per Company Rules.

Encashment of Leave not availed of as per Company Rules.

Provision of Car and Telephone as per Company Rules.

Any other amenities, facilities including educational allowance for a child as per company rules for the time being in force or authorised by the Board.

“Family” means spouse, dependent children and dependent parents of the Managing Director.

The total monetary value of perquisites to be paid to the appointee shall not exceed 20% of the annual salary.

C) Minimum Remuneration

Notwithstanding anything to the contrary herein contained, wherein any financial year during the tenure of appointment of the Managing Director, the Company has no profits or its profits are inadequate, the Managing Director shall be entitled to remuneration by way of salary and perquisites as provided in Schedule XIII of the Company's Act, 1956. In addition, the MD shall be entitled to the following perquisites which shall not be considered for the computation of the ceiling on minimum remuneration specified therein:

Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent either singly or put together, they are not taxable under the Income Tax Act, 1961.

Gratuity not exceeding half a month's salary for each year of completed service;

Encashment of Leave as per Company Rules.



D. MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

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.

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:

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.

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.

The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right.

PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.

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.

If a special resolution to that effect is passed by the Company in General Meeting, or

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) Noting is sub-clause (c) of (1) hereof shall be deemed:

To extend the time within which the offer should be accepted; or

To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

(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:

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

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:

- 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;
- No such shares shall be redeemed unless they are fully paid;
- 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;
- 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 upto 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:

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

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.

Power To Issue Sweat Equity Shares

The Board shall have a power to issue sweat equity shares in manner and subject to conditions contained in section 79 (A) of the Act.

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:

Extinguishing or reducing the liability on any of its shares in respect of Share Capital not paid up;

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

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.

Division, Sub-Division, Consolidation, Conversion and Cancellation of Shares

- 10. 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:

consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares;

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.



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.

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:

consolidated and divided its Share Capital into shares of larger amount than its existing shares;

converted any shares into stock;

reconverted any stock into shares;

sub-divided its share or any of them;

redeemed any redeemable preference shares; or

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.

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 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. 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.



Outsiders lien not to affect Company's lien

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 recognise 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 instalment not paid notice must be given

47. If any member or debenture holder fails to pay the whole or any part of any call or instalment 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 instalment or any part thereof or other moneys remain unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or debentureholder or on the person (if any) entitled to the share by transmission requiring him to pay such call or instalment 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

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 instalment 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 instalment 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 instalments, 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, reallocated 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, instalments, 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 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 be 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 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.

Directors may refuse to register transfer

62. 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 full) paid or not and the right of refusal, shall not be affected by the circumstances that the propose (transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company) send to the transferee and transferor notice of the refusal to register such transfer provide that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the company has a lien on the shares. Transfer of shares/ debenture in whatever lot shall not be refused.



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. 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.

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.

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 registers the transfer on such terms as to indemnity as the Directors may think fit.

Nothing in clause (c) above shall prejudice any power of the company to register as share holder any person to whom the right to any share has been transmitted by operation of law.

The company shall accept all applications for transfer of shares/debentures, however, this condition shall not apply to requests received by the company;

for splitting of a share or debenture certificate into several scripts of very small denominations;

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.

transfer of Equity shares/debentures made in pursuance of any statutory provision or an order of a competent court of law;

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.

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.

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).

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. [A] 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.

Dematerialisation/ Rematerialisation

[B] Notwithstanding anything contained in these Articles the company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depository Act, 1996.

Option for Investors

[C] Every holder of or subscriber to securities of the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the Securities can at any



time option out of a Depository, if permitted, by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall in the manner and within the time prescribed, issued to the beneficial owner the required, Certificates for the Securities.

If a person options to hold its Security with a Depository, the Company shall intimate such depository the details of allotment of the Security.

Securities in Depository to be in fungible form

- [D] All securities of the Company held by the Depository shall be dematerialised and be in fungible form.

Nothing contained in Sections 153, 153A, 153B, 187C and 372A of the Act shall apply to a Depository in respect of the Securities of the Company held by it on behalf of the beneficial owners.

Rights of Depositories and Beneficial Owners

- [E] Notwithstanding anything to the contrary contained in the Act a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Security of the Company on behalf of the beneficial owner.

Save as otherwise provided in (i) above, the depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.

Every person holding Securities of the Company and whose name is entered as the beneficial owner in the record of the depository shall be deemed to be a member of the Company. The beneficial owner of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his Securities, which are held by a depository.

Service of Documents

- [F] Notwithstanding anything contained in the Act to the contrary, where Securities of the Company are held in depository, the records of the beneficial ownership may be served by such depository to the Company by means of electronic mode or by delivery of floppies or discs.

Transfer of Securities

- [G] Nothing contained in Section 108 of the Act, shall apply to a transfer of Securities effect by a transferor and transferee both of whom are entered as beneficial owners in the record of a depository.

Allotment of Securities dealt with in a depository

- [H] Notwithstanding anything contained in the Act, where Securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

Register and Index of Members

- [I] The company shall cause to be kept at its Registered Office or at such other place as may be decided, Register and Index of Members in accordance with Sections 150 and 151 and other applicable provisions of the Act and the Depositories Act, 1996 with the details of Shares held in physical and dematerialised forms in any media as may be permitted by law including in any form of electronic media.

The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996 shall be deemed to be the Register and Index of Members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members for the residents in that state or Country.

Applicability of the Depositories Act

- [J] . 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, 1996 shall apply.

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 recognise as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognise 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. 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.

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.

Nominations

(c)

- [i] Every Shareholder or Debenture holder or deposit holder of the Company, may at any time, nominate a person to whom his Shares or Debentures or Deposit shall vest in the event of his death in such manner as may be prescribed under the Act, and shall have all powers vested under Section 109A of the Companies Act, 1996.
- [ii] Where the Shares or Debentures or deposits of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the Shares or Debentures or Deposits as the case may be shall vest in the event of death of all the joint holders.
- [iii] Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purpose to confer on any person the right to vest the Shares or Debentures or Deposits, the nominee shall, on the death of the Shareholder or Debenture holder or deposit holder, as the case may be on the death of the joint holders become entitled to all the rights in such Shares or Debentures or Deposits as the case may be, all the joint holders, in relation to such Shares or Debentures or Deposits, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may prescribed under the Act.
- [iv] Where the nominee is a minor, it shall be lawful for the holder of the Shares or Debentures or Deposits, to make the nomination to appoint any person to become entitled to Share in, or Debentures or deposits of, the Company, in the manner prescribed under the Act, in the event of his death, during the minority.

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.

76. The provisions of these Articles shall mutatis mutandis apply to the transfer or transmission by operation of law, of debentures of the Company.

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 instalments 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 recognised 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) 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.

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:
- 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.
 - remit, or give time for the repayment of any debt due by a Director.
 - invest, otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition after 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.
 - 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.
 - 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

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.

The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.

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.

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.

The term 'charge' shall include mortgage in these Articles.

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

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. The provisions of the Act relating to registration of charges shall be complied with.

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.

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.

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.



In respect of registration of charges on properties acquired subject to charge, the provisions of Section 127 of the Act shall be complied with.

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*.

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.

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

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.

As to modification of charges, the Company shall comply with the provisions of Section 135 of the Act.

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.

The Company shall also comply with the provisions of Section 138 of the Act as to reporting satisfaction of any charge and procedure thereafter.

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:

a short description of the property charged;

the amount of the charge; and

except in the case of securities to bearer, the names of persons entitled to the charge.

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.

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 thence forth 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.

Sections 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. 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.

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.

The requisition may consist of several documents in like form, each signed by one or more requisitionists.

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.

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.

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:

- by the requisitionists themselves;
- 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. A meeting, called under clause (f) above, by the requisitionists or any of them:

- shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board; but
- shall 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.

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.



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 general meeting of the Company may be called by giving not less than twenty-one days' notice in writing.

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;

- in the case of an annual general meeting by all the members entitled to vote thereat: and
- 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. 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.

Notice of every meeting of the Company shall be given:

- to every member of the Company, in any manner authorised by sub-sections (1) to (4) of Section 53 of the Act;
- 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;
- 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
- 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.

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:

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

the consideration of the accounts, balance sheet and the reports of the Board of Directors and auditors.

the declaration of a dividend;

the appointment of Directors in the place of those retiring, and

the appoint of and the fixing of the remuneration of the auditors, and

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 provision 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. Five members personally present shall be the quorum for a general meeting of the company. If quorum not present meeting to be dissolved or adjourned

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.

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

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. 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 whilst chair vacant

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

- (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 1 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 situated.

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 meet 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. 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.



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. 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.

The instrument appointing a proxy shall:

- be in writing, and
- 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

Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in usual common form.

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.

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. 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.

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 anyone 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 thereof 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 sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

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.

110. *Demand for poll*

- (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 poll demanded on a question of adjournment shall be taken forthwith.

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. Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him.

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.



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. 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.

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 poll 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. 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.

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

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. 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.

Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed:

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.

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.



In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.

In the case of a meeting of the Board of Directors or of a Committee of the Board the minutes shall also contain:

the names of the Directors present at the meetings, and

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.

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:

- is or could reasonably be regarded, as defamatory of any person
- is irrelevant or immaterial to the proceedings; or
- 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

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 appointment of Directors or Liquidators made at the meeting shall be deemed to be valid and the minutes shall be evidence of the proceedings recorded therein.

Inspection of Minutes Books of General Meetings

124. The books containing the minutes of the proceedings of any general meeting of the Company shall;
- be kept at the registered office of the Company, and
 - 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.

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 everyone hundred words or fractional part thereof required to be copied.

Publication of reports of proceeding 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 expenses of the Company unless it includes the matters required by Section 193 of the Act to be contained in the Minutes of the proceedings of such meeting.

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 as 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 dividend 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 Annual General Meeting may declare dividends

183. The Company in Annual 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:

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;

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 judgement 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 therefrom

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. 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.

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.

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 capitalization 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

195. 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:

- By the issue and distribution as fully paid shares, debentures, debenture stock, bonds or obligations of the Company or
- 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;

- Paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;
- In writing off the preliminary expenses of the Company;
- In writing off the expenses of, or the commission paid or discount allowed on any issue of shares or debentures of the Company; or
- 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.

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 sub-clause (a) (i) or payment under sub-clause (a)(ii) above shall be made on the footing that such members become entitled thereto as capital.

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.

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.

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 extinguishments 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.



WINDING UP

Distribution of Assets

219. 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 ending 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.

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

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.

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 right 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.

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 liquidators 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, Wholtime 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 entered 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 judgement is given in his favour or in which he is acquitted or 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 or 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 tortious 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 judgement 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.



E. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts not being contracts entered in the ordinary course of business carried on by Nandan Exim Limited which are or may be deemed material contracts have been attached to the copy of this Prospectus delivered to the Registrar of Companies, Ahmedabad, Gujarat for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of Nandan Exim Limited at Survey No. 198/1, 203/2, Saijpur-Gopalpur, Pirana Road, Piplej, Ahmedabad – 382405, Gujarat between 11.00 a.m. to 5.00 p.m. on any working day from the date of the Prospectus to until the date of closing of the Issue.

1. Material Contracts

- i. Memorandum of Understanding dated December 01, 2004 with Centrum Finance Limited, appointing them as Lead Managers to the Issue. (Name of Centrum Finance has been changed to Centrum Capital Limited w.e.f. March 22, 2005)
- ii. Memorandum of Understanding dated November 24, 2004 signed with Datamatics Fiancial Software & Services Ltd., appointing them as Registrar to the Issue.
- iii. Tripartite Agreement dated April 5, 2005 between the Company, CDSL and Registrars to the Issue Datamatics Financial Software & Services Limited.
- iv. Tripartite Agreement dated March 4, 2005 between the Company, NSDL and Registrars to the Issue Datamatics Financial Software & Services Limited.
- v. Sale Deeds pertaining to land purchased by the Company from its promoter Shri. Vedprakash Chiripal, deed dated September 18, 2003 for Survey No 198/1 and deed dated October 22, 2003 for Survey No. 203/2.

2. Documents for Inspection

- i. Memorandum and Articles of Association of Nandan Exim Limited.
- ii. Certificate of Incorporation of the Company dated August 09, 1994 and Fresh Certificate of Incorporation consequent on conversion dated January 16, 2004.
- iii. Form 18 for the Change of Registered Office Address of the Company w.e.f January 17, 2004.
- iv. Copy of resolution passed by the Board of Directors at their meeting held on October 01, 2004 authorising the Issue of Equity Shares.
- v. Copy of Special Resolution passed under Section 81(1A) of the Act, at the EOGM of the Company held on October 30, 2004.
- vi. Copies of Annual Report of the Company for the last five Financial Years, i.e., 1999-2000, 2000-2001, 2001-2002, 2002-2003 and 2003-2004.
- vii. Copies of Annual Report of the group companies/other ventures of Promoters for the last three Financial Years, i.e., 2001-2002, 2002-2003 and 2003-2004.
- viii. Copy of Board of Directors Resolution dated August 26, 2004 and Shareholders Resolution dated September 30, 2004 for appointment of Shri. Brijmohan Chiripal as Managing Director of the Company.
- ix. Copy of Board of Directors resolution dated November 26, 2004 and Shareholders Resolution dated October 22, 2004 to allot 2,50,000 equity shares of the Company to M/S Prakash Calender Pvt. Ltd.
- x. Consent from the Directors, Compliance Officer, Auditor, Lead Managers to the Issue, Registrars to the Issue, Bankers to the Issue, Bankers to the Company and Legal Advisor to the Issue to act in their respective capacities.
- xi. Copies of Auditors Report:
 - a. Certificate dated December 04, 2004 from J. T. Shah & Co, Auditors of the Company detailing the tax benefits.
 - b. Report dated April 7, 2005 included in the Prospectus
 - c. Certificate dated December 18, 2004 regarding Eligibility of the Company
 - d. Certificate dated April 07, 2005 regarding the Deployment of Funds of the Company



- xii. Letter from The Stock Exchange, Mumbai dated February 24, 2005 granting permission to use its name in the Prospectus.
- xiii. Copies of Power of Attorney(s) executed by the directors for signing and making corrections in the Prospectus on their behalf.
- xiv. Project Appraisal Report prepared by SBI Capital Markets Ltd and their consent to include the same in the Prospectus vide letter dated June 02, 2004.
- xv. Copies of Sanction Letters from SBI, OBC and UCO Bank for Working Capital and Term Loans.
- xvi. Certificate of 'cost of works executed' by SMPS Consultants, for the Company, vide their letter no SMPS/0214/1231 dated November 30, 2004.
- xvii. Due diligence certificate dated December 23, 2004 issued by Lead Manager to the Issue, Centrum Capital Limited.
- xviii. Legal Clearance Certificate dated December 18, 2004, issued by Legal Advisor to the Issue, Mrs. Swati S. Soparkar
- xix. SEBI observation letter no. CFD/DIL/36813/2005 dated March 23, 2005
- xx. All Government Approvals, Licenses and Permissions received by the Company as mentioned page no.1



i. PART III

Declaration

This is to confirm that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government have been complied with and no statements made in this Prospectus shall contravene any of the provisions of the Companies Act, 1956 and the Rules made there-under. All the legal requirements connected with the said Issue as also the guidelines, instruction etc issued by SEBI, Government and any other competent authority in this behalf have been duly complied with.

Undertaking

We, the Directors of Nandan Exim Limited declare and confirm that no information/material likely to have a bearing on the decision of the investors in respect of the Equity Shares offered in terms of this Prospectus has been suppressed/withheld and/or incorporated in a manner that would amount to mis-statement/ mis-representation and in the event of it transpiring at any point of time till allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/or amounts to mis-statement/ mis-representation, we undertake to refund the entire application monies to all the subscribers within seven days thereafter, without prejudice to the provisions of Section 63 of the Act. Since the date of last financial statement disclosed in this Prospectus, there have been no circumstances that materially and adversely affects or is likely to affect the profitability of the Company or the value of its assets or its ability to pay off its liabilities within a period of next 12 months.

The Company accepts no responsibility for the statements made otherwise than in this Prospectus or in the advertisement or any other materials issued by or at the instance of the Company and that any one placing reliance on any other source of information would be doing so at his / her own risk.

The Directors of the Company certify that all the disclosures made in this Prospectus are true and correct.

SIGNED BY THE DIRECTORS

1. Shri. Vedprakash Chiripal – Chairman
2. Shri. Brijmohan Chiripal – Managing Director
3. Shri. D K Jain (Through his POA Mr. Keyur Shah)
4. Shri. G C Gandhi (Through his POA Mr. Keyur Shah)

Signed By Compliance Officer

Mr. Keyur Shah

Place : Ahmedabad

Date : 18/04/2005.