PART IX

ISSUANCE OF SHARES ON PRIVATE PLACEMENT BASIS

Chapter 1

Right and Preferential Issue of Shares

Synopsis

Important Provisions at a Glance

Sl. No.	*Sections*	*Matters dealt with*	*E-Form Nos.*
1.	81	Right Issue.	2
2.	81(1A)	Issuance of Shares to other than existing members.	

1. Rights issue

Section 81 of the Companies Act, 1956, deals with further issue of capital and prescribes the principle of pre-emptive right of shareholders to subscribe to the rights shares. Shares offered to the existing shareholders are called 'right shares'. The issue of the letter of offer accompanied by the application form indicating therein the number of shares offered for subscription is an offer from the company making the Rights issue.

Where at any time after the expiry of two years of the formation of the company or at any time after the expiry of one year from the allotment of shares in that company for the first time after its formation, whichever is earlier, it is proposed to increase its subscribed capital by allotment of further shares the following requirements will have to be fulfilled:—

(*i*) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the company, whose names appear on the register of members, in proportion, as nearly as circumstances admit, to the paid up capital on those shares at that date. [Section 81(1)(*a*)]

(*ii*) Where any instrument of transfer of shares has been delivered for registration and the transfer of such shares has not yet been registered, it shall keep in abeyance, in relation to such shares, any offer of rights shares. Therefore, a company making the rights issue of shares must keep in abeyance the rights offers in respect of those shares in respect of "which the transfer documents have been lodged but the company has not registered the transfer till the date of the book closure or the record date fixed for the purpose of the rights issue. The offers of rights shares in this case would not be sent to the registered holders of such shares, but to the transferees of the shares after the share transfers are registered. [Section 206A]

(*iii*) The offer aforesaid shall be made by notice specifying the number of shares offered by way of letter of offer.

(*iv*) The letter of offer shall specify a time-limit, which shall be not less than 15 days, within which the offer shall be accepted. Period of 15 days means 15 clear days excluding day of despatch and day of receipt. [*Shrimati Jain* v *Delhi Flour Mills Co. Ltd*. (1974) 44 Comp Cas 228 (Del)].

(*v*) If the said offer is not accepted within specified time-limit (not being less than 15 days) it will be assumed that the offer has been declined.

(*vi*) The letter of offer can stipulate a time-limit of more than 15 days for acceptance of offer of rights shares. However, as per the SEBI Guidelines, rights issue cannot be kept open for a period of more than 60 days.

(*vii*) Unless the Articles of the company otherwise provide, the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person. The letter of offer shall contain a statement of the right of renunciation.

2. Further issuance of shares to family members

Normally further shares are allotted either for mobilizing funds for the company or for meeting statutory requirements and requirements of financial institutions. In the allotment of shares the directors are in fiduciary position and cannot issue/allot shares with any ulterior motive like creation of a new majority. In a family company, even disturbance in the existing percentage of shareholding may be an act of oppression. [*Hansraj Gokuldas Ved* v *Nitin Dyeing & Bleaching Mills* (*P*) *Ltd*. (2005) 64 CLA 64 (CLB)].

In *Dr. Jitendra Nath Saha & Anr* v *Shyamal Mondal,* Petition 245 (111) ER B/92, it was held that the provision of section 111 are applicable to a private company. In the instant case the Board of directors, which comprised the husband and wife, raised capital of the company from time to time without offering them to the remaining existing shareholders. It was held that the power to increase the capital by issue of new shares is a fiduciary power to be exercised by the directors *bona fide*, for the general advantage of the company and they are not entitled to use their power merely for the purpose of maintaining their control over the affairs of the company. If they do so, the Court will declare the allotment invalid and rectify the register and, in the meantime will restrain the allottees from voting in respect of the shares thus allotted.

3. Disposal of shares not taken by the shareholders

If the time-limit specified in the letter of offer expires or on the receipt of earlier intimation for declines to accept the shares offered, the Board of directors may dispose of such shares in such manner as they think most beneficial to the company. The Ministry of Finance, Department of Economic Affairs, Stock Exchange Division has issued letter DO No. SED/1/30/60, dated 28-4-1960 prescribing the procedure of distribution of additional shares where the existing shareholders do not exercise their rights or have renounced the same.

4. Issue of unsubscribed portion or re-issuance of forfeited share capital

Any allotment out of unsubscribed portion of the already issued shares will not amount to an increase in the subscribed capital of the company by issuing new shares and every allotment of shares within the issued capital is the first allotment so far as those shares are concerned. Therefore, section 81(1) of the Act is not applicable to the remaining shares, which were issued earlier but not fully subscribed. The said section is also not applicable to the sale of forfeited shares. However, as per clause 23(*a*) of the listing agreement the company shall in the first instance re-issue the forfeited shares on proportionate basis, except where the members in general meeting resolve otherwise.

5. Section 81 not applicable to private limited company

Though section 81 requirements for further issue of capital do not apply to private limited company in terms of clause (*a*) of sub-section (3), the directors in a private limited company are expected to make a disclosure to the shareholders when further shares are issued. Any issue of shares solely to gain control over the company is not permissible. [*S Varadarajan* v *Udhayem Leasings and Investments* (*P*) *Ltd.* 2005, 65 CLA 21 (CLB)].

Section 81(3) provides that nothing contained in sub-sections (1) and (2) shall apply to a private company or to the increase of the subscribed capital of a public company caused by the exercise of an option attached to debentures issued or loans raised by the company. In other words, insofar as further issuance of capital is concerned, a private company is not under an obligation to follow the procedure prescribed under section 81(1) and (2). That does not mean that the Board of directors of the company can adopt any procedure they like. In the absence of any specific statutory power, they are governed by sections 291, 292 and the memorandum and articles of association.

6. Articles may restrict the right of renunciation

Section 81(1)(*c*) says that unless the Articles of the company otherwise provide, the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person. Therefore, unless the Articles of the company expressly exclude this right it will be deemed to exist. In other words, the moment the rights shares are offered to an existing shareholder, a right to obtain the specified number of shares in the fresh issue of capital is conferred on him and such a right is a tangible right which can be conveyed by renunciation and can also be sold. In case of joint holders each person is a member of the company. But it would be open to either joint-holder to lodge a letter of renunciation or seek allotment of shares covered by such letter.

The right of renunciation does not lead to extension of time within which such shareholder is required to accept the offer of rights shares. Further that the right of renunciation does not provide 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.

7. Further issue of a capital by private limited company in consistence with articles of association

In the case of *I.T. Cube India* (*P*) *Ltd.* v *I.T. Cube INC* (2006) 69 SCL 319 (Kar)] it was held that the provision of article 9 of the articles of association of the company made clear that the shares in the capital of the company would be under the control of the directors who might issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at premium or at par or at a discount and at such times as they might from time to time think fit and proper with full power subject to the sanction of the company in general meeting. Therefore, though the power to allot shares had been conferred on the Board of directors under article 9, such power was subject to sanction of the company in general meeting irrespective of the fact whether it was allotted at premium or at par or at discount. That provision was in conformity with sections 291 and 292.

The manner, in which the directors are to exercise their powers, depends on the company's articles. The Act provides that in respect of the matters listed in section 292, the directors must sit together at a board meeting as the company is entitled to their collective wisdom The Act goes further and specifies in section 293 a number of powers which the directors must exercise only with the consent of shareholders in general meeting. The Act, thus, makes managerial powers exercisable in three ways; (1) powers which can be put to use in accordance with the articles; (2) a set of powers which can be exercised only at a board meeting and (3) another set of powers exercisable with the consent of shareholders in general meeting. In the case of a matter which is not positively listed in one way or other, it will depend upon whether it pertains to management or is a residual matter which ought to go before the ultimate controller of the company's testimony, namely, the general body of shareholders.

Therefore, it is clear when the section 81(1) and (2), specifically provides the manner in which further issue of capital is to be made and the procedure for such further issuance the entire procedure of further issue of capital is governed by the said statutory provision and the company is bound to follow the said procedure. When the very section says that the procedure prescribed therein is not applicable to a private company, the company is under no obligation to follow the said procedure in the matter of issue of further capital. Section 292 does not provide the manner in which the further capital in respect of a private company is to be issued. Therefore, the board of directors have no such power to issue further capital of a private limited company.

Section 291 mandates that the company shall be entitled to exercise all such powers as the company is authorized to exercise. The said authorization must be under the statute or by the memorandum or articles of association of the company or otherwise. There is no statutory provision prescribing the mode in which the further share capital of a private company is to be issued. However, article 9 of the articles of association provided for issue of further share capital. It mandated that such further issue of share capital could be done by the company subject to sanction of the company in general meeting. That was the procedure prescribed which the board of directors were bound to follow.

8. Can issue of shares on right basis and under ESOS be deemed to be a public issue?

In the case of a Rights issue of securities and in the case of issue of securities under the ESOS, the allottees are bound to be more than 50. However, it would not deemed to be a public issues in the amended provisions of section 67(3) of the Companies Act. In both the cases there is a vested right in the shareholders and the employees to subscribe for the shares. In the case of a Rights issue this right is conferred on them u/s 81 and in the case of the ESOS this right flows from the Scheme.

9. Calculation of one-year period where shares allotted on different dates

The Department of Company Affairs has clarified that one year specified in the section is to be counted from the date on which the company has allotted any share for the first time. [Department Letter No. 8/16 (1)/61-PR, dated the 9-5-1964].

10. Requirement for dispatch of letters of offer by registered post only

All companies listed or seeking enlistment on stock exchanges, shall issue letter of offer for right issue to the shareholders by registered post only. [Department's Circular No. 6 of 1992, dated 3-9-1992].

11. SEBI Guidelines, 2000 for Right issue

Section III of Chapter VI of SEBI (Disclosure and Investor Protection) Guidelines, 2000 sets out the manner in which an existing listed company may issue right shares of the aggregate value including premium exceeding Rs. 50 Lakhs (Clause 2.1.2)

11.1. Issue of securities in a dematerialised form as per Clause 2.1.5

No company which has not issued securities in dematerialised mode, can make a right issue unless;—

(*a*) it enters into an agreement with a depository for dematerialisation of securities if not already done so; and

(*b*) it gives an option to its shareholders and others, if any/to receive share certificates or to hold the securities in dematerialised form.

11.2. Make partly paid shares fully paid up within a period of one year or forfeit such shares as per Clause 2.7

No company can make a right issue unless it makes partly paid share, if any, fully paid. If a shareholder fails to make call money within 12 months from date of allotment, the shares must be forfeited. (Clause 8.6.2).

11.3. Appointment of Merchant Bankers as per Clause 5.3.1

Where a listed company proposes to make a right issue, it must appoint a Merchant Banker as Lead Manager and other Merchant Bankers as are required under the SEBI (Merchant Banker) Regulations.

11.4. Approval of members in general meeting

When the Board of Directors decides to make a right issue, the Board will accord approval to convene a general meeting to take the approval of members for following matters:—

(*i*) for increasing the authorised capital of the company wherever necessary;

(*ii*) for obtaining the approval of members to increase the issued capital by such amount as has been proposed comprising of equity shares of Rs. 10 each and to authorise the Board to offer the further shares to the members in such proportion and at such price as the Board may decide and to take all such further action in the matter as are considered necessary and expedient. (Although the Board of directors can itself take decision to make a right issue which is strictly in conformity with the provisions of section 81(1), the modern trend is to place the matter before the general meeting and get the approval of members by an ordinary resolution.

11.5. Preparation of letter of offer as per Clause 6.39

Like a prospectus in the case of offer of securities to the public/the offer of right shares to the existing shareholders shall be made by a letter of offer. The letter of offer shall contain the disclosures as stated in clauses 6.39 to 6.53 of the Guidelines in addition to the Guidelines in section I of Chapter VI wherever applicable.

11.6. Filing of Draft letter of offer to the Stock Exchange and SEBI as per Clause 2.1.2

The draft letter of offer relating to the issue of right shares shall be submitted to the Stock Exchange and SEBI through the Lead Merchant Banker. If within 21 days of the submission of the draft, SEBI specifies any changes, the issuer company and the Lead Merchant Banker shall carry out such changes to the letter of offer before filing it with the Regional Stock Exchange.

11.7. Pricing of the right issue as per Clause 3.1

A listed company whose equity shares are listed on a Stock Exchange has the freedom to price its equity shares or any security convertible into equity at a later date offered through a right issue. The issuer shall decide the issue price in consultation with the Lead Merchant Banker.

11.8. Precaution on the part of Lead Merchant Banker as per Clause 6.46.8

Where the Lead Merchant Banker is of the opinion that the accounting ratios disclosed in the letter of offer does not justify the issue price, he shall not then proceed with the issue. See also clauses 6.13.1 and 6.13.2.

11.9. Promoters' contribution as per Chapter IV

The requirements of the Guidelines in respect of promoters' contribution are not applicable in the case of a right issue — Clause 4.10.1

11.10. Duration of rights offer as per Clause 8.8.2.1

A right issue shall be kept open for at least 30 days and not more than 60 days.

11.11. Appointment of compliance offer as per Clause 5.12.1

The issuer company shall appoint a compliance officer who shall directly liaise with the Stock Exchange and SEBI with regard to compliance with various laws, rules, regulations and other directives issued by SEBI and investor's complaints related matters.

11.12. Draft letter of offer needs approval of the Stock Exchange

Pursuant to the provisions of the listing agreement, an issuer company shall submit the draft letter of offer to the Stock Exchange and obtain its approval on the draft letter of offer.

11.13. Final letter of offer

The final letter of offer incorporating changes, if any, specified by the Stock Exchange and SEBI, already referred to above, shall be filed with the Regional Stock Exchange.

11.14. Closing Register of Members

Subject to the approval of the Stock Exchange, CDSL and NSDL, at an appropriate time the Board of Directors would accord approval to close the Register of Members pursuant to section 154 of the Companies Act, 1956 or fix a "Record date" for the purpose of determining the number of right shares to which every member is entitled on the basis of the shares in the company held by the member on the specified date.

11.15. Despatch of letter of offer

The letter of offer shall be dispatched to the members by registered post.

11.16. An important advertisement—Rights Post Issue as per Clause 5.11

After the letter of offer has been despatched to the members/the Lead Merchant Banker shall ensure that an advertisement is issued in an English national daily, a Hindi national paper; and a regional language daily circulated at the place where the registered office is situated, at least 7 days before date of opening of the issue.

Contents of the advertisement

The advertisement shall contain the following details:—

(*i*) Date of completion of despatch of letter of offer.

(*ii*) The centers other than the registered office of the company where the shareholder may obtain duplicate copies of composite application form in case they do not receive the original application form within a reasonable time even after opening of the right issue.

(*iii*) The shareholders, who have not received the original application form nor are they in a position to obtain duplicate copy, may be asked to make the application on plain paper. For this purpose they may be asked to give particulars such as Name, Address, Ledger Folio, No. of shares held, Ratio of right issue, Issue price, No. of shares entitled, No. of shares applied for, Additional shares in case Application of full rights is made, Amount to be paid with application, Particulars of Cheque/draft, etc.

(*iv*) The advertisement shall state that applications under clause (*iii*) above can be sent directly by Registered Post to the Company's address given in the advertisement.

(*v*) The advertisement shall also invite the attention of shareholders that those who make the applications on plain paper shall not be entitled to renounce their rights and cannot also use the standard form for any purpose even if it is received subsequently.

(*vi*) The advertisement may contain the warning that a shareholder who makes application on plain paper and also in standard form may face the rejection of both.

11.17. Deposit 1% amount of the right issue size to the Stock Exchange as security for due compliances

Before a rights issue is made, a listed company shall make a deposit of 1% of the value of the total rights shares including premium with the Regional Stock Exchange as security for proper compliance of all provisions of law regarding the rights issue. 50% of the deposit shall be by cash and a bank guarantee can be furnished for the balance. Please see the chapter on listing requirements to be complied with by a listed company in respect of the procedure to be followed for getting back the 1% security amount/guarantee.

11.18. No withdrawal of right issue as per Clause 8.7.3

An issuer shall not withdraw a right issue after announcement of record date. If it so withdraws, it shall not make an application for listing of any security for 12 months from record date. But this ban will not apply to conversion of FCDs/PCDs/warrants issued prior to announcement of the said record date and listing thereof.

12. Issue of right shares to non-resident shareholders

In terms of the Foreign Exchange Management Act, 1999 issue of right shares to foreign collaborators and other non-resident shareholders does not require the prior approval of the Reserve Bank of India if the following conditions are satisfied:—

(*i*) The shares against which the rights shares are being issued were allotted to the foreign collaborators or other foreign shareholders either on the basis of the approval accorded by the Central Government pursuant to the erstwhile Foreign Exchange Regulation Act, 1973 or on the basis of automatic approvals instituted under the Foreign Exchange Management Act, 1999.

(*ii*) The original investment was on repatriation basis.

(*iii*) The rights shares are proposed to be issued to the foreign shareholders on same terms and conditions as are applicable to the shares proposed to be issued to the other shareholders.

(*iv*) The consideration for the issue will be remitted by the foreign shareholders in foreign exchange or by debiting their NRE/FCNR accounts kept in India.

(*v*) If the foreign shareholders are proposed to be given the right to apply for additional shares in the right issue, such a proposal will need the prior approval of the RBI.

The text of the relevant Regulation 6 of Foreign Exchange Management (Transfer or Issue of Security by a person resident outside India) Regulations 2001, which allow issue of right shares to residents outside India is quoted below for information:

(1) A person resident outside India may purchase equity or preference shares or convertible debentures offered on right basis by an Indian Company which satisfied the conditions specified in sub-regulation (2).

(2) An Indian Company which satisfies the following conditions may offer to a person resident outside India, equity or preference shares or convertible debentures on right basis, namely:

(*i*) The offer on right basis does not result in increase in the percentage of foreign equity already approved or permissible under the Foreign Direct Investment Scheme in terms of these Regulations.

(*ii*) The existing shares or debentures against which shares or debentures are issued by the company on right basis were acquired and are held by the person resident outside India in accordance with these regulations.

(*iii*) The offer on right basis to the persons resident outside India is at a price, which is not lower than that at which the offer is made to resident shareholders.

(3) The rights shares or debentures purchased by the person resident outside India shall be subject to the same conditions including restriction in regard to the repatriability as are applicable to the original shares against which right shares or debentures are issued:

PROVIDED that the amount of consideration for purchase of right shares or debentures is paid by way of inward remittance in foreign exchange through normal banking channels or by debit to NRE/FCNR account when the shares or debentures are issued on repatriation basis:

PROVIDED FURTHER that in respect of the shares or debentures issued on non-repatriation basis, the amount of consideration may also be paid by debit to NRO/NRER/NRNR account.

13. Procedural steps to be followed for Right issue by listed companies

1. In case of listed companies, for every right issue of amount exceeding Rs. 50.00 lacs the company will have to appoint one or more SEBI approved merchant bankers as lead managers to the issue.
2. Ensure that the post issue capital of the company will be within the authorized capital of the company, otherwise increase the authorised capital of the company after obtaining approval of the shareholders in the general meeting.
3. Ensure that there are no calls in arrears. If calls in arrears are not received, take steps for forfeiture of shares and to make those shares fully paid up by issuing forfeited shares to other persons.
4. If the capital is to be utilised for new project or substantial expansion of the existing project, make necessary application(s) for licence(s)/permission(s).
5. In case of listed companies intimation shall be given to the stock exchanges where the shares of the company are listed about the Board meeting in which the matter of right issue is to be considered.
6. The Board shall take decision in respect of the following:—
   (*a*) Quantum of right issue
   (*b*) Ratio in which the shares are to offered
   (*c*) Record date
   (*d*) Reservation for employees, etc.
7. The stock exchanges shall be informed of the decision taken by the Board.
8. Convene a general meeting for obtaining necessary approvals of the shareholders.
9. Where the shares are to be offered to NRI shareholders also, make an application to the Reserve Bank of India for its approval.
10. If the issue to be underwritten, make arrangements for underwriting.
11. Letter of Offer and composite application form shall be drafted in consultation of the lead managers keeping in view various guidelines of SEBI and circulars issued by the Central Government. The draft Letter of Offer and Composite application form shall be sent for approval of the Stock Exchanges where the shares of company are already listed.

12. The lead managers will send the draft Letter of Offer and composite application form along with their due diligence certificate to SEBI. It will also file draft letter of offer together with enclosures to the Stock Exchange..
13. Obtain in principle approval for listing of new shares from all the concerning stock exchanges.
14. Get approval of the Stock Exchange and the NSDL and CDSL for record date to ascertain the entitlement of members for the proposed right shares.
15. The record date shall be fixed for taking record of those members who would be entitled to receive offer of right, by giving 21days notice to the stock exchanges in case of physical shares and 15 days in case shares are kept in D-mat form. While fixing record date keep in view various requirements of the stock exchanges.
16. After receiving comments from the stock exchanges and the SEBI the Letter of Offer and the Composite Application Form is finalized by the company.
17. The arrangement is worked out with the bankers and the Board shall pass a resolution for opening of the bank account for collection of application from the applicants.
18. Six copies of the Letter of Offer and the Composite Application Forms are sent to the stock exchanges.
19. After closure of the subscription list all the applications received are collected and a basis of allotment is finalised in consultation with the regional stock exchange.
20. A Board meeting shall be convened for:
    (*a*) Approval of the basis of allotment
    (*b*) Fixing the last date for payment of allotment money
    (*c*) Opening of bank account for refund of excess application money
    (*d*) Opening of bank account for acceptance of allotment money
    (*e*) Authorising of printing of share certificate, etc.
21. In respect of application received from NRIs, FIRC certificate is obtained from the bankers and an application shall be made to RBI for its approval for allotment of shares to NRIs.
22. After the allotment, a return of allotment is filed with the ROC in Form 2 within 30 days.
23. Issue the share certificates in accordance with the Companies (Issue of Share Certificate) Rules, 1960 and/or give credit to the respective members in their D-mat Account through CDSL and NSDL.
24. An application is made to the stock exchanges for listing of shares. (*See* the relevant Part for procedure for listing of shares)
25. Submit periodical reports to the SEBI through the Lead Manager.
26. Apply in the prescribed format to the SEBI for providing NOC for release of 1% security deposited with Stock Exchange.

14. Offer of further shares to persons other than existing members

Further shares may be offered to any person, whether holder of equity shares or not on the date of offer subject to the compliance of section 81(1A) of the Act, which provided that a special resolution to this effect, is passed by the company in general meeting. The preferential allotments and issue of sweat equity shares by public companies are examples of issue of shares, which comes within the purview of section 81(1A). The preferential and sweat equity issues accordingly require the approval of shareholders by special resolution. Whenever a company issues convertible debentures and preference shares to any person, such proposals also require the prior approval of shareholders under section 81(1A).

Where no such special resolution is passed (whether on a show of hands, or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting of vote, if any, of the chairman) by members who, being entitled so to do, 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.

Issue of preferential shares to promoters so as to strengthen promoters' hold in company would be valid so long as such issue does not violate guidelines issued by SEBI. [*Kothari Industrial Corpn. Ltd.* v *Maxwell Dyes & Chemicals* (*P*) *Ltd.* (1995) 5 SCL 82 (Mad)].

15. List of documents/details to be filed with Stock Exchange for obtaining prior in-principle approval for preferential issuance of shares/warrants u/s 81(1A) on private placement basis

1. Copy of the notice given to the Stock Exchange for holding Board Meeting for consideration of the matter relating to issuance of shares/warrants on preferential basis.

2. Copy of the letter given for the decision taken by the Board of Directors of the Company at their meeting.

3. Copy of the special resolution passed under section 81(1A) at the general meting.

4. Copy of the resolution passed at the Board meeting.

5. Details of utilisation of fund raised through preferential allotment.

6. Distribution Schedule (pre issue and post issue) alongwith the share holding pattern Form, security analysis table.

7. Paid up value of the shares upon allotment and conversion of warrant.

8. Copy of the Auditor's Certificate in respect of minimum price of Equity Shares to be issued on preferential basis as per SEBI (Disclosure and Investors Protection) Guidelines, 2000.

9. List of the proposed allottees for the warrants alongwith details of name, addresses, PAN/GIR No.

10. Certified Printed copy of the notice calling the Extra Ordinary General Meeting together with the Explanatory Statement sent to the members for the meeting to be held at which resolution u/s 81(1A) of the Companies Act, 1956 and SEBI (DIP) Guidelines, 2000 will be passed.

11. Certified copy of the latest Audited Annual Report and un-audited provisional financial results for the latest quarter ended.

12. Profile of the Company.

13. Printed Specimen of the Warrant Certificate/Equity Share Certificate with Common Seal of the Company duly affixed.

14. Copy of the draft resolution to be passed by the Board of Directors of the Company at the time of allotment of Equity Shares/Warrants.

15. Clipping of the notice published in the newspapers for holding the Extra Ordinary General Meeting.

16. Particulars of directors of the Company in the prescribed format alongwith their residential addresses, PAN No. Photograph and Signatures.

17. Details of the name of the Companies, Firms, and other parties listed in the Register maintained u/s 301 of the Companies Act, 1956.

18. Specimen of the Allotment Advice/Letter of Allotment for the Warrants.

19. Certified copy of the draft amended and updated Memorandum and Article of Association of the Company.

20. Distinctive Number of Equity Shares/Warrants proposed to be allotted.

21. Certificate from the auditors and managing director certifying that the proposed Warrants/Equity Shares to be allotment on private placement basis shall be under lock-in period of Three/One years from the date of allotment as per requirement of the SEBI (Disclosure and Investors Protection) Guidelines, 2000, as may be required and the Company will endorse on the face of Warrant/share certificate regarding non-transferability of Shares.

22. Equity Shares proposed to be issued on preferential basis would be ranking pari-passu in all respect including dividend with the existing shares of the Company.

23. Certificate from the managing director that the proposed allottees are having their entire pre-issued share holding in the de-mat form and none of the proposed allottess have sold or transferred any share during the preceding six months from the relevant date.

24. Certificate from the managing director that none of the proposed allottee will not transfer any share during the period of six months from the date of allotment of Warrants/Share and necessary intimation in these regards will the issued to the CDSL/NSDL and share transfer agent of the Company.

25. Certified copy of the Board resolution passed for confirming frozen of the entire shareholdings of the proposed allottees as required under clause 13.3.1(*ii*)(*g*) of the SEBI (DIP) Guidelines.

26. Certificates of the managing director and the Auditors of the Company certifying freezing of entire shareholdings of the proposed allottees.

27. Certified copies of the offer letters/application received by the Company from the proposed allottees giving their consent for subscribing to the proposed issue.

28. Certificate of managing director certifying that the proposed allotment does not violate Clause 40A of the Listing Agreement and the Company will continue to maintain post issue the non-promoters holding in the Company as per Clause 40A.

29. Certificate from the managing director and the auditor certifying that all legal and statutory formalities including SEBI guidelines have been complied with and no statutory authority has restrained the Company from issuing and allotting above referred shares.

30. Declaration by the managing director of the Company regarding compliance of provisions of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997.

31. Certificate from the auditors regarding pricing of shares proposed to be issued on preferential basis.

32. Information regarding holding of promoters of the company.

33. Letter from the CDSL and NSDL regarding freezing of shares of the proposed allottees.

16. List of enclosures to be filed with Stock Exchange with listing application for listing of the shares issued on preferential basis u/s 81(1A) on private placement basis

The following enclosures are required to be submitted to the Stock Exchange alongwith the Listing application for listing of shares issued on preferential basis on private placement basis:

1. Copy of the general meeting resolution passed u/s 81(1A).
2. Copy of the Board resolution for approval for freezing of the entire equity share holding by the proposed allottees of the warrants/equity shares under the preferential basis.
3. Details of utilisation of fund raised through preferential allotment.
4. Distribution Schedule (pre issue and post issue) alongwith the share holding pattern Form, security analysis table.
5. Paid up value of the shares upon allotment and conversion of warrant.
6. Copy of the Auditor's Certificate in respect of minimum price of Equity Shares issued on preferential basis as per SEBI (Disclosure and Investors Protection) Guidelines, 2000.
7. List of the proposed allottees for the Warrants alongwith details of name, addresses, PAN/GIR No.
8. Certified Printed copy of the notice calling the Extra Ordinary General Meeting together with the Explanatory Statement sent to the members for the meeting to be held at which resolution u/s 81(1A) of the Companies Act, 1956 and SEBI (DIP) Guidelines, 2000 will be passed.
9. Certified copy of the latest Audited Annual Report and un-audited provisional financial results for the latest quarter ended.
10. Profile of the Company.
11. Printed Specimen of the Warrant Certificate/Equity Share Certificate with Common Seal of the Company duly affixed.
12. Copy of the resolution passed by the Board of Directors of the Company at the time of allotment of Equity Shares/Warrants.

13. Clipping of the notice published in the newspapers for holding the Extra Ordinary General Meeting.
14. Particulars of directors of the Company in the prescribed format alongwith their residential addresses, PAN No. Photograph and Signatures.
15. Details of the name of the Companies, Firms, and other parties listed in the Register maintained u/s 301 of the Companies Act, 1956.
16. Certified copy of the amended and updated Memorandum and Article of Association of the Company.
17. Distinctive Number of Equity Shares/Warrants allotted.
18. Certificate from the auditors and managing director certifying that the Warrants/Equity Shares allotted on private placement basis shall be under lock-in period of Three/One years from the date of allotment as per requirement of the SEBI (Disclosure and Investors Protection) Guidelines, 2000.
19. Equity Shares issued on preferential basis would be ranking pari-passu in all respect including dividend with the existing shares of the Company.
20. Certificate from the managing director that the proposed allottees are having their entire pre-issued share holding in the de-mat form and none of the proposed allottees have sold or transferred any share during the preceding six months from the relevant date.
21. Certificate from the managing director that none of the proposed allottee will transfer any share during the period of six months from the date of allotment of Warrants/Share and necessary intimation in these regards will the issued to the CDSL/NSDL and share transfer agent of the Company.
22. Certified copy of the Board resolution passed for confirming frozen of the entire shareholdings of the proposed allottees as required under clause 13.3.1(ii)(g) of the SEBI (DIP) Guidelines.
23. Certificates of the managing director and the auditors of the Company certifying freezing of entire shareholdings of the proposed allottees.
24. Certified copies of the offer letters/application received by the Company from the proposed allottees giving their consent for subscribing to the issue.
25. Certificate of managing director certifying that the allotment does not violate Clause 40A of the Listing Agreement and the Company will continue to maintain post issue the non-promoters holding in the Company as per Clause 40A.
26. Certificate from the managing director and the auditor certifying that all legal and statutory formalities including SEBI guidelines have been complied with and no statutory authority has restrained the Company from issuing and allotting above referred shares.
27. Declaration by the managing director of the Company regarding compliance of provisions of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997.
28. Certificate from the auditors regarding pricing of shares issued on preferential basis.
29. Certificate from the auditors certifying that the said allotment is made in compliance with the Clause 13 of SEBI (Disclosure and Investors Protection) Guidelines, more particularly those relating to the pricing of shares.
30. Distinctive Number of new shares.
31. Certificate from the Managing director regarding confirmation of dispatch of share certificates/ allotment advice.
32. Name of stock exchanges where shares are listed.
33. Object of the preferential allotment.
34. Copy of the latest annual report.
35. Latest profile of the company.

See Appendix 1 to 16 for complete procedure to be adopted for issuance of shares/warrants on preferential basis.

Appendix 1

Proposed Action Plan for preferential issuance of Equity Share Warrants

S. No.	*Proposed Action*	*Latest Date*	*Targeted Date*
1.	Issuance of 7 days Notice of Board Meeting to the Stock Exchange	28th Dec., 2006	28th Dec., 2006
2.	Submission of details of the Board Meeting under EDFAIR	As above	As above
3.	Procurement of information List of the proposed allottees including their name, father's name, age, address Pan No., relation with the existing promoters of the Company and No. of Share Warrants to be applied by them, No. of Total existing shares held in physical and D-Mat mode, details of transactions made during the previous six months, if any. Purpose of utilization of the proceeds. Auditors Certificate for pricing of the Warrant. Details of the shareholding by the promoters and shareholding pattern as on 4th Jan., 2007. Daily/Weekly Quotation from the Stock Exchange, Mumbai, M.P., Delhi and Jaipur for a period of six months preceding to 31st Dec., 2006.	3rd Jan., 2007 As Above As Above As Above	31st Dec., 2006 As Above As Above As Above
4.	Prepare draft notice of the E.G.M.	As Above	As Above
5.	Obtain declaration from the proposed allottees regarding their shareholding in D-mat and non disposal of shares during the preceding six months	As Above	As Above
6.	Holding Board Meeting to consider the following matters and approval of notice of EGM for approval of the Members: Offer of Equity Share Warrants on preferential basis. Amendment in the Articles to incorporate the provisions relating to issuance of Equity Share warrants. Appointment of persons in officer or place of profit. Approval of notice of EGM for dated 30th Jan., 2007.	4th Jan., 2007	4th Jan., 2007
7.	Intimation to the Stock Exchange by Fax & submission of data under EDAIFR.	Within 15 minutes of the conclusion of the Meeting on 4th Jan., 2007	Within 15 minutes of the conclusion of the Meeting on 4th Jan., 2007
8.	Printing of Notice of the EGM.	5th Jan., 2007	5th Jan., 2007
9.	Filing of Notice of EGM to the BSE and other SEs.	5th Jan., 2007	5th Jan., 2007
10.	Publication of Notice for EGM in Newspapers.	14th Jan., 2007	14th Jan., 2007

S. No.	*Proposed Action*	*Latest Date*	*Targeted Date*
11.	Hold EGM and arrange for passing special resolution.	30th Jan., 2007	30th Jan., 2007
12.	Give intimation to the CDSL/NSDL for Corporate Action.	30th Jan., 2007	30th Jan., 2007
13.	Draft Minutes of the EGM and submit proceedings to the SEs..	28th Feb., 2007	30th Jan., 2007
14.	Give 7 days notice to SEs for holding Board Meeting for allotment of Warrants and Put Information under EDAIFR.	6th Feb., 2007	2nd Feb., 2007
15.	Obtain application for subscription of Warrants with Cheques, photographs, PAN No. and keep photo copy of the Cheques for reference.	13th Feb., 2007	31st Jan., 2007
16.	Confirm the Bank Statements for realization of Cheques.	13th Feb., 2007	13th Feb., 2007
17.	Hold Board Meeting for Allotment of Warrants, Approval of Warrant Certificates.	13th Feb., 2007	13th Feb., 2007
18.	Send Specimen of Warrants to the SEs for approval.	13th Feb., 2007	13th Feb., 2007
19.	Give intimation to the SEs within 15 Minutes of the Board Meeting.	13th Feb., 2007	13th Feb., 2007
20.	File Form 2 & 23 and Amended AOA and MOA with the RoC.	28th Feb., 2007	15th Feb., 2007
21	Printing of Share Warrants.	13th Feb., 2007	13th Feb., 2007
22	Issue Share Warrants Certificates arrange for stamping, etc.	26th May, 2007	15th Feb., 2007
23	File Details of the Allotment of Warrants, Lock-in Details, etc to Stock Exchange.	13th Feb., 2007	13th Feb., 2007
24	File Corporate Action to CDSL/NSDL.	13th Feb., 2007	13th Feb., 2007
25	Submit Application to SEs for in-principle approval for listing of Shares proposed to be allotted.	21st Feb., 2007	21st Feb., 2007

Appendix 2

Specimen of Board resolutions

I. Approval for issuance of warrants convertible into equity shares of Rs. 10 each on preferential basis to the person acting in concert with the promoters of the company and other acquirers

RESOLVED THAT subject to the approval of members at the Extra Ordinary General Meeting by way of special resolution, in terms of section 81(1A) and all other applicable provisions, if, any, of the Companies Act 1956 (the Act) (including any statutory modification(s) or re-enactment there, for the time being in force), Memorandum and Articles of Association of the Company, Listing Agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed, and in accordance with the provisions of the Securities and Exchange Board of India (Disclosure and Investors Protection) Guidelines, 2000 (SEBI DIP Guidelines) as may be applicable on preferential issue of Warrants Convertible into Equity Shares and other applicable regulations/guidelines of SEBI, if any and subject to such consents and approvals of SEBI, Stock Exchange, Govt. of India or such other bodies or authorities as may be required by the law and as may be necessary and subject to such conditions and modifications as may be imposed upon and accepted by the Board while granting such consents and approvals for that purpose the Board of Directors of the Company be and is hereby authorised to take effective steps to offer 35,00,000 (Thirty Five Lacs) Warrants Convertible into Equity Shares of the Company, of Rs. 25 (Rs Twenty Five only) each to the following promoters, including persons acting in concert and other acquirers on preferential basis convertible into 1 (One) Equity Shares of Rs. 10 (Rs Ten only) each fully paid-up at price of Rs. 25.00 (Rs. Twenty Five only) including premium of Rs. 15 (Rs. Fifteen only) determined in accordance with the SEBI Guidelines to the following persons.

A. Promoters, their relatives including persons acting in concert:

S. No.	*Name of the proposed Allottee*	*No. of Warrants proposed to be allotted*	*Amount in Rs.*
1.	Mr. VG	75,000	18,75,000
2.	Mrs. MG	1,50,000	37,50,000
3.	Mrs. SG	1,75,000	43,75,000
Total A		4,00,000	1,00,00,000

B. Other acquirers

S. No.	*Name of the proposed Allottee*	*No. of Warrants proposed to be allotted*	*Amount in Rs.*
1.	Banks, Mutual Funds Financial Institution, Central/State Govt. Institutions	Nil	Nil
2.	NRIs/OBC/Foreigners	Nil	Nil
3.	Bodies Corporate	Nil	Nil
4.	Indian General Public	Nil	Nil
5.	Other acquirers:		
	1. Shri. SKM Jt. Mrs. MM R/o ……….	4,00,000	1,00,00,000
	2. Shri SSB Jt. Shri MT R/o ……..	4,00,000	1,00,00,000
	3. Mrs. ST Jt. Mrs. CB R/o …..	4,00,000	1,00,00,000
	4. Shri JKA Jt. Mrs. AS R/o …….	3,00,000	75,00,000
	5. Shri RS Jt. Mrs. NM R/o ………	4,00,000	1,00,00,000
	6. Shri MKS Jt. Mrs. SA R/o ………..	4,00,000	1,00,00,000
	7. Mrs. LA Jt. Mrs. US R/o ……….	4,00,000	1,00,00,000
	8. Mrs. VJ Jt. Mrs. RB R/o …………	4,00,000	1,00,00,000
	Total B	31,00,000	7,75,00,000
Total A + B		35,00,000	8,75,00,000

All the above mentioned proposed allottees in 'A' are the relatives of the Promoters of the Company and has been defined as persons acting in concert.

RESOLVED FURTHER THAT a copy of the Certificate of the Auditors dated 3rd Jan., 2007 in accordance with the SEBI (Disclosure and Investors Protection) Guidelines, 2000 as placed before the Board for pricing of the Equity Shares to be allotted on conversion of the above said warrants, calculated in accordance with the SEBI Guidelines on the 'Relevant Date' in relation to the conversion of every warrants into one Equity Share, and the relevant date shall be Rs. 25 each.

FURTHER RESOLVED THAT 35,00,000 Warrants of Rs. 25 each shall be offered convertible into 35,00,000 Equity Share of the face value of Rs. 10 each on payment of aggregate price including premium of Rs. 15 (Rupees Fifteen only) on the following terms and conditions:

(*i*) Exercise of offer for conversion of the warrants shall be at the sole option of the warrant holders at any time within a period of 18 months from the date of allotment of warrants in accordance with the SEBI (Disclosure and Investors Protection) Guidelines, 2000.

(*ii*) The warrant holder(s) shall pay an amount equivalent to 25% *i.e*. Rs. 6.25 (Rupees Six and Paise Twenty Five only) per warrant of the value of the warrant on or before the date of allotment of warrants.

(*iii*) The amount referred to in point (a) above shall be adjusted against the price payable subsequently for acquiring the shares by exercising an option by the warrant holder(s).

(*iv*) The warrant holder(s) shall pay on or before the date of conversion of such warrants into equity shares, the balance 75% (Rs.18.75 for each warrant).

(*v*) The amount referred in above (b) shall be forfeited, if the option to convert the shares is not exercised by the warrant holder(s) within the stipulated time.

(*vi*) The warrants shall be locked in for a period of three years from the date of their allotment in case of allotment made to the promoters and their relatives and in case of allotment made to others the same shall be locked in for a period of one year. Provided that the lock-in on shares acquired by conversion of warrants shall be reduced to the extent the warrants have already been locked-in.

(*vii*) The allotment of convertible warrants shall be completed within a period of 15 days from the date of passing of this resolution by the shareholders provided, that where the allotment is pending on account of pendency of any approval from any regulatory authority or the Central Govt., the allotment shall be completed by the Company within a period of 15 days from the date of such approvals.

(*viii*) The details of all monies utilized out of the preferential issue proceeds shall be disclosed under an appropriate head in the balance sheet and/or Directors Report of the Company, indicating the purposes for which such monies have been utilized and that the details of the unutilized monies shall also be disclosed under a separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.

RESOLVED FURTHER THAT the Equity Shares so issued on conversion of warrants shall upon allotment have the same rights of voting as the existing equity shares and be treated for all other purposes *pari passu* with the existing equity shares of the Company and that the equity shares so allotted during the financial year shall be entitled to the dividend, if any, declared including other corporate benefits, if any, for the financial year in which the allotment has been made and subsequent years.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to agree and accept all such condition(s), modification(s) and alteration(s) as may be stipulated by any relevant authorities while according approval or consent to the issue as may be considered necessary, proper or expedient and give effect to such modification(s) and to resolve and settle all questions, difficulties or doubts that may arise in regard to such issue and allotment and to do all acts, deeds and things in connection therewith and incidental thereto without being required to seek any further consent or approval of the members of the Company to the intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Company shall ensure that whilst any warrants remaining exercisable, it will at all times, keep available and reserved such part of its authorised but un-issued share capital as would enable all outstanding warrants to be satisfied in full.

RESOLVED FURTHER THAT the Company do apply for listing of the new equity shares as may be issued on conversion of warrants with the Bombay Stock Exchange Ltd. and/or National Stock Exchange.

II. Approval for holding Extra Ordinary General Meeting

RESOLVED THAT the consent of the Board of Directors of the Company be and is hereby accorded to call an Extra Ordinary General Meeting of the Members of the Company on 29th day of January, 2007 at the Registered Office of the Company at 11.00 A.M.

FURTHER RESOLVED THAT the draft of the notice together with the explanatory statement containing disclosure as required under the provisions of Companies Act, 1956 and the SEBI (Disclosure and Investors Protection) Guidelines, 2000 as placed before the Board duly initialled by the Chairman for the purpose of identification be and is hereby approved and Shri GPG, the Managing Director of the Company be and is hereby authorised to issue the notice to the members for and on behalf of the Company.

III. Allotment of share warrants on preferential basis

The Chairman appraised that in terms of the Special Resolution passed by the Members at their meeting held on 30th January, 2007, the members have authorised the Board of Directors of the Company for allotment of 35,00,000 Warrants of Rs. 25 per Warrant convertible into equity Shares of Rs. 10 each at a premium of Rs. 15 per share, aggregating Rs.875.00 Lacs (Rs.Eight Crore Seventy Five Lacs only).

The Chairman informed that the Company has received applications for allotment of 35,00,000 the above said warrants of face value of Rs. 25 each along with the application money @ Rs.6.25 per Warrant (25% of the face value of the Warrants). He further placed before the Board a statement of the application received along with copies of the application form together with the Bank statement for realisation of the Warrants application money from the respective applicants.

The Board considered and after detailed discussion passed the following resolution unanimously:

RESOLVED THAT subject to the provisions of the Companies Act, 1956, SEBI (Disclosure and Investors Protection) Guidelines, 2000 and approval of the Stock Exchanges, the consent of the Board of Directors of the Company be and is hereby granted for allotment of 35,00,000 Warrants of Rs. 25 each, convertible into Equity shares of Rs. 10 each at a premium of Rs. 15 per share aggregating Rs.875.00 on receipt of payment of Rs.6.25 per warrant at the time of application and allotment of warrants to the various applicants as per statement given herein under:

A. Promoters, their relatives including persons acting in concert

S. No.	*Name of the proposed Allottee*	*No. of Warrants allotted*	*Total value of Warrants in Rs.*	*Amount received at the time of application in Rs.*
1.	Mr. VG	75,000	18,75,000	4,68,750
2.	Mrs. MG	1,50,000	37,50,000	9,37,500
3.	Mrs. SG	1,75,000	43,75,000	10,93,750
Total A		**4,00,000**	**1,00,00,000**	**25,00,000**

B. Other acquirers

1.	Shri. SKM Jt. Mrs. MM	4,00,000	1,00,00,000	25,00,000
2.	Shri SSB Jt. Shri MT	4,00,000	1,00,00,000	25,00,000
3.	Mrs. ST Jt. Mrs. CB	4,00,000	1,00,00,000	25,00,000
4.	Shri JKA Jt. Mrs. AS	3,00,000	75,00,000	18,75,000
5.	Shri RS Jt. Mrs. NM	4,00,000	1,00,00,000	25,00,000
6.	Shri MKS Jt. Mrs. SA	4,00,000	1,00,00,000	25,00,000
7.	Mrs. LA Jt. Mrs. US	4,00,000	1,00,00,000	25,00,000
8.	Mrs. VJ Jt. Mrs. RB	4,00,000	1,00,00,000	25,00,000
Total B		**31,00,000**	**7,75,,00,000**	**1,93,75,000**
Grand Total (A + B)		**35,00,000**	**8,75,00,000**	**2,18,75,000**

FURTHER RESOLVED THAT the Warrants, allotted, on conversion of shall rank in all respects pari passu with the existing Equity Shares of the Company and that such Equity Shares shall be entitled to participate in the dividend declared by the Company, if any for whole of the year in respect of the financial year of allotment and subsequent years.

FURTHER RESOLVED THAT the exercise of offer for conversion of the warrants shall be at the sole option of the warrant holders at any time within a period of 18 months from the date of allotment of warrants in accordance with the SEBI (Disclosure and Investors Protection) Guidelines, 2000 on the following terms and conditions:

(*a*) The amount Rs.6.25 per warrant shall be adjusted against the price payable subsequently for acquiring the shares by exercising an option by the warrant holder(s).

(*b*) The warrant holder(s) shall pay on or before the date of conversion of such warrants into equity shares, the balance 75% (Rs.18.75 for each warrant).

(*c*) The amount referred in above (a) shall be forfeited, if the option to convert the shares is not exercised by the warrant holder(s) within the stipulated time.

(*d*) The warrants shall be locked in for a period of three years from the date of their allotment in case of allotment made to the promoters and their relatives and in case of allotment made to others the same shall be locked in for a period of one year. Provided that the lock-in on shares acquired by conversion of warrants shall be reduced to the extent the warrants have already been locked-in and the Warrant Certificates shall be superscribed with the words 'NOT TRANSFERABLE FOR ONE/THREE YEAR(S) WITH EFFECT FROM THE DATE OF ALLOTMENT'.

(*e*) The details of all monies utilized out of the preferential issue proceeds shall be disclosed under an appropriate head in the balance sheet and/or Directors Report of the Company, indicating the purposes for which such monies have been utilized and that the details of the unutilized monies shall also be disclosed under a separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.

FURTHER RESOLVED THAT the Equity Shares by issued in the physical form to the respective allottees.

FURTHER RESOLVED THAT the proceeds received through this preferential issue will be utilized as mentioned in the explanatory statement attached to the notice of the Extra Ordinary General Meeting.

FURTHER RESOLVED THAT the Company shall instruct for non-transferability of the existing shareholding by the above said allottee to the Registrar and the CDSL/NSDL.

FURTHER RESOLVED THAT the Warrant Certificates for 35,00,000 Partly paid-up Warrants be signed by Shri RCG, the Chairman and Shri GPG, the Managing Director and the same be countersigned by Shri VT, the Company Secretary of the Company and the Common Seal of the Company be affixed in presence of the above said directors and Company Secretary of the Company.

FURTHER RESOLVED THAT the consent of the Board of Directors of the company be and is hereby accorded for enlistment of the above said Shares with the Bombay Stock Exchange Ltd., and NSE Mumbai and Shri GPG, the Managing Director and/or Shri VT, the Company Secretary of the Company be and is hereby severally authorised to submit application for enlistment of the Equity Shares on conversion of the Warrants and to complete all the formalities and to submit any statement, documents, report and to execute and sign the fresh listing agreement with the Stock Exchanges and to do all such acts, deeds and things as may be required by the above said stock exchanges for enlistment of the shares of the Company.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby confirm that there shall be no change consequential change in the Board of Directors or control over the affairs of the Company on the basis of the above said allotment of Warrants, convertible into the Equity Shares under the preferential issue.

FURTHER RESOLVED THAT Shri GPG, the Managing Director and/or Shri VT, the Company Secretary of the Company be and is hereby authorised to submit a certified copy of the above said resolution to the Stock Exchange, SEBI, NSDL, CDSL and all the concerning authorities as may be required to be submitted by the Company.

IV. Approval for freezing of the entire equity share holding by the proposed allottees of the warrants/ equity shares under the preferential basis

The Board considered that in terms of the notice convening the Extra Ordinary General Meeting to be held on 30th Jan., 2007 for approval of members by way of special resolution u/s 81(1A) of the Companies Act, 1956 and SEBI (Disclosure and Investors Protection) Guidelines, 2000 the Company proposes to issue and allot 35,00,000 (Thirty Five Lacs) Warrants Convertible into Equity Shares of the Company, of Rs. 25 (Rs Twenty Five only) each to the following promoters, including persons acting in concert and other acquirers on preferential basis convertible into 1 (One) Equity Shares of Rs. 10 (Rs. Ten only) each fully paid-up at price of Rs. 25.00 (Rs. Twenty Five only) including premium of Rs. 15 (Rs. Fifteen only) per Warrant.

The Board considered that the Company has to pass resolution in the Board meeting for freezing the entire pre-issued shareholding of the proposed allottees as per SEBI (DIP) Guidelines for a period from the specified date till the period of six months from the date of allotment of the Warrants/Shares by the Board of Directors of the Company and to convey the same to the concerning proposed allottees and for submission of the same by the allottees to the CDSL/NSDL through their DP. The Board considered that the allotment of the above said Warrants may be made on 12th Feb., 2007 on receipt of the amount as specified in the notice of the Meeting. The Board considered and passed the following resolution unanimously:

RESOLVED THAT in accordance with the Clause 13.3.1(*g*) of the SEBI (Disclosure and Investors Protection) Guidelines, the entire pre-issued share capital of the proposed allottees for the 35,00,000 (Thirty Five Lacs) Warrants Convertible into Equity Shares of the Company, of Rs. 25 (Rs Twenty Five only) each to the following promoters, including persons acting in concert and other acquirers on preferential basis convertible into 1 (One) Equity Shares of Rs. 10 (Rs. Ten only) each fully paid-up at price of Rs. 25.00 (Rs. Twenty Five only) including premium of Rs. 15 (Rs. Fifteen only) per warrant be freezed/locked in from the relevant date (30th Dec., 2006) to six months from the date of the proposed allotment of the Warrants/Shares, ie. Upto 11th August, 2007.

Name of the Proposed Allottees	*No. of Shares held*	*Held with CDSL/ NSDL*	*DP/ Client ID No.*	*Date of Lock -in*	
				From	*To*
1. Mr.VG	75,000			30.12.2006	11.08.2007
2. Mrs. MG	52,800			30.12.2006	11.08.2007
3. Mrs. SG	43,700			30.12.2006	11.08.2007
4. Mr. SKM	Nil			N.A.	N.A.
5. Mr. SSB	Nil			N.A.	N.A.
6. Mrs. ST	Nil			N.A.	N.A.
7. Mr. JKA	Nil			N.A.	N.A.
8. Mr. KS	Nil			N.A.	N.A.
9. Mr. MKS	Nil			N.A.	N.A.
10.Mrs. LA	Nil			N.A.	N.A.
11.Mrs.VJ	Nil			N.A.	N.A.

FURTHER RESOLVED THAT the CDSL/NSDL be and is hereby requested to keep the above said equity shares of the Company held by proposed allottees be kept under lock-in period/freez the same as specified above and provide a confirmation to that effect to the Company.

FURTHER RESOLVED THAT the above said shareholders of the Company be and are hereby requested to submit the above said resolution to their respective DP for marking of the lock-in of the shares and to submit a statement obtained from the DPs to the Company.

FURTHER RESOLVED THAT Shri GPG, the Managing Director of the Company be and is hereby authorised to submit certified copy of the above said resolution to the concerning authorities as may required by the Company.

IV. Approval for allotment of share warrants

The Chairman appraised that in terms of the Special Resolution passed by the Members at their meeting held on 30th January, 2007, the members have authorised the Board of Directors of the Company for allotment of 35,00,000 Warrants of Rs. 25 per Warrant convertible into Equity Shares of Rs. 10 each at a premium of Rs. 15 per share, per Warrant aggregating Rs. 875.00 Lacs (Rs. Eight Crore Seventy Five Lacs only).

The Chairman informed that the Company has received applications for allotment of the above said 35,00,000 warrants of face value of Rs. 25 each along with the application money @ Rs. 6.25 per Warrant (25% of the face value of the Warrants). He further placed before the Board a statement of the application received along with copies of the application form together with the Bank statement for realisation of the Warrants application money from the respective applicants.

The Board considered and after detailed discussion passed the following resolution unanimously:

RESOLVED THAT subject to the provisions of the Companies Act, 1956, SEBI (Disclosure and Investors Protection) Guidelines, 2000 and approval of the Stock Exchanges, and in terms of the Special Resolution passed by the Members of the Company at their Extra Ordinary General Meeting held on 30th January, 2007, the consent of the Board of Directors of the Company be and is hereby granted for allotment of 35,00,000 Warrants of Rs. 25 each, convertible into Equity shares of Rs. 10 each at a premium of Rs. 15 per share per Warrant aggregating Rs. 875.00 on receipt of payment of Rs. 6.25 (25% of the face value of the Warrant) per warrant at the time of application to the following applicants as per statement given herein under:

Statement of allotment of the warrants convertible into equity shares of Rs. 10 each at a premium of Rs. 15 per share on preferential basis

Sr. No.	Name of the Appli-cant	No. of Warrants applied	Face Value of Warrant in Rs.	Face Value of the Equity Shares on conversion of Warrant	Premium per share on conver-sion of Warrant	Amount called on subscription @25% in Rs.6.25 per Warrant	Total amount paid on subscription	No. of Warrant allotted	Amount Payable on conversion of Warrants into Equity Share Rs.8.75
Promoters, their relatives including Persons acting in concert									
1.	Mr. VG	75000	25	10	15	4,68,750	4,68,750	75000	14,06,250
2.	Mrs. MG	150000	25	10	15	9,37,500	9,37,500	150000	28,12,500
3.	Mrs. SG	175000	25	10	15	10,93,750	10,93,750	175000	32,81,250
Other Acquirers									
1.	Shri SKM Jt. Mrs. MM	400000	25	10	15	25,00,000	25,00,000	400000	75,00,000
2.	Shri SSB Jt. Shri MT	400000	25	10	15	25,00,000	25,00,000	400000	75,00,000
3.	Mrs. ST Jt. Mrs. CB	400000	25	10	15	25,00,000	25,00,000	400000	75,00,000
4.	Shri JKA Jt. Mrs. AS	300000	25	10	15	18,75,000	18,75,000	300000	56,25,000
5.	Shri RS Jt. Mrs. NM	400000	25	10	15	25,00,000	25,00,000	400000	75.00.000
6.	Shri MKS Jt. Mrs. SA	400000	25	10	15	25,00,000	25,00,000	400000	75.00.000
7.	Mrs. LA Jt. Mrs. US	400000	25	10	15	25,00,000	25,00,000	400000	75.00.000
8.	Mrs. VJ Jt. Mrs. RB	400000	25	10	15	25,00,000	25,00,000	400000	75.00.000
	Total	3500000				2,18,75,000	2,18,75,000	3500000	6,56,25,000

FURTHER RESOLVED THAT the Equity Shares of Rs.10 each allotted, on conversion shall rank in all respects *pari passu* with the existing Equity Shares of the Company and that such Equity Shares shall be entitled to participate in the dividend declared by the Company, if any for whole of the year in respect of the financial year of allotment and subsequent years.

FURTHER RESOLVED THAT the exercise of offer for conversion of the warrants shall be at the sole option of the warrant holders at any time within a period of 18 months from the date of allotment of warrants *i.e.* 11th August, 2007 in accordance with the SEBI (Disclosure and Investors Protection) Guidelines, 2000 on the following terms and conditions:

(*a*) The amount Rs. 6.25 per warrant shall be adjusted against the price payable subsequently for acquiring the shares by exercising an option by the warrant holder(s).

(*b*) The warrant holder(s) shall pay on or before the date of conversion of such warrants into equity shares, the balance 75% (Rs. 18.75 for each warrant).

(*c*) The amount referred in above (a) shall be forfeited, if the option to convert the shares is not exercised by the warrant holder(s) within the stipulated time.

(*d*) The warrants shall be locked in for a period of three years from the date of their allotment in case of allotment made to the persons acting in concert with the promoters and in case of allotment made to others the same shall be locked in for a period of one year. Provided that the lock-in shares acquired by conversion of warrants shall be reduced to the extent the warrants have already been locked-in and the Warrant Certificates shall be superscribed with the words 'NOT TRANSFERABLE FOR ONE/THREE YEAR (S) WITH EFFECT FROM THE DATE OF ALLOTMENT' as per the following statement.

Warrants/Shares placed under lock-in-period

Sr. No.	*Name of the Applicant*	*No. of Warrants allotted*	*No. of Warrants in Lock-in Period from the date of allotment*	
			3 years	*1 Year*
			12.02.2007 to 11.02.2009	*12.02.2007 to 11.02.2007*
1.	Shri VG	75000	75000	Nil
2.	Mrs. MG	150000	150000	Nil
3.	Mrs. SG	175000	175000	Nil
4.	Shri SKM Jt. Mrs. MM	400000	Nil	400000
5.	Shri SSB Jt. Shri MT	400000	Nil	400000
6.	Mrs. ST Jt. Mrs. CB	400000	Nil	400000
7.	Shri JKA Jt. Mrs. AS	300000	Nil	300000
8.	Shri RS Jt. Mrs. NM	400000	Nil	400000
9.	Shri MKS Jt. Mrs. SA	400000	Nil	400000
10.	Mrs. LA Jt. Mrs. US	400000	Nil	400000
11.	Mrs. VJ Jt. Mrs. RB	400000	Nil	400000

Total No. of Convertible Warrants Allotted under the preferential issue: 35,00,000

Existing issued capital (No. of Shares) 48,92,900

Post issue capital (Pre-issue Equity Shares 83,92,900

+ Warrants convertible into Equity Shares)

***Required to be kept under the Lock in Period the issued capital*:**

- Pre issue shareholding of the allottees from the relevant date

i.e. 30.12.2006 upto 6 months from the date of allotment *i.e.* 11.08.2007 2,46,800

Post-issued capital upto 20% that can be locked for 3 years 16,78,580

- Locked in for a period of 3 years, Warrants convertible into Equity Shares

allotted to Promoters and Persons acting in concert (PAC) 4,00,000

- Locked in for a period of 1 year, Warrants convertible into Equity Shares

allotted to other acquirers other than promoters and PAC 31,00,000

(*a*) The details of all monies utilized out of the preferential issue proceeds shall be disclosed under an appropriate head in the balance sheet and/or Directors Report of the Company, indicating the purposes for which such monies have been utilized and that the details of the unutilized monies shall also be disclosed under a separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.

FURTHER RESOLVED THAT the Warrants be issued in the physical form to the respective allottees.

FURTHER RESOLVED THAT the proceeds received through this preferential issue will be utilized as mentioned in the explanatory statement attached to the notice of the Extra Ordinary General Meeting.

FURTHER RESOLVED THAT the Warrant Certificates for 35,00,000 Partly paid-up Warrants be signed by Shri RCG, the Chairman and Shri GPG, the Managing Director and the same be countersigned by Shri VT, the Company Secretary of the Company and the Common Seal of the Company be affixed in presence of the above said directors and the Company Secretary of the Company.

FURTHER RESOLVED THAT the consent of the Board of Directors of the company be and is hereby accorded for enlistment of the above said Shares with the Stock Exchange, Madhya Pradesh and Mumbai and Shri GPG, the Managing Director and/or Shri VT, the Company Secretary of the Company be and is hereby severally authorised to submit application for enlistment of the Equity Shares on conversion of the Warrants and to complete all the formalities and to submit any statement, documents, report and to execute and sign the fresh listing agreement with the Stock Exchanges and to do all such acts, deeds and things as may be required by the above said stock exchanges for enlistment of the shares of the Company.

FURTHER RESOLVED THAT Shri GPG, the Managing Director and/or Shri VT, the Company Secretary of the Company be and is hereby authorised to submit a certified copy of the above said resolution to the Stock Exchange, SEBI, NSDL, CDSL and all the concerning authorities as may be required to be submitted by the Company.

Appendix 3

Specimen of Press release

NOTICE is hereby given that an Extra Ordinary General Meeting of the Members of the Company K.S.O Ltd. shall be held on Tuesday the 30th Jan., 2007 at 11.00 A.M. at the Registered Office of the Company to transact the special businesses relating to amendment in the Articles of Association and authority to the Board of Directors of the Company for allotment of 35,00,000 Warrants of face value of Rs.25 each, convertible into one Equity Shares of Rs/10 each at a premium of Rs.15 per share on preferential basis to the promoters, directors and others as mentioned in the Notice of the Meeting dated 5th Jan., 2007, mailed to the members along with the explanatory statement as required u/s 173(2A) of the Companies Act, 1956.

For, KSO LTD.

Place: Morena　　　　VIKAS TULSIYANI
Date: 8th Jan., 2007　　　　COMPANY SECRETARY

Appendix 4

Specimen of notice of General meeting

NOTICE is hereby given that an Extra-Ordinary General Meeting of the members of the **KSO Limited** will be held on Tuesday, the 30th January, 2007 at 11.00. A.M. at the Registered Office of the Company to consider and approve the following businesses:

1. Alteration in the Articles of Association:

To consider and, if thought fit, to pass the following resolution with or without modification(s), if any, as Special Resolution:

RESOLVED THAT the existing Article No. 4 be and is hereby amended by insertion of new Clause 4(1) and 4(2) after the existing Clause No.4 as under:

4(1) Subject to the provisions of the SEBI (Disclosure and Investors Protection) Guidelines as may be applicable from time to time and with the consent of the Members of the Company at a General Meeting by way of Special Resolution, the Board of Directors of the Company or a Committee thereof duly authorised by the Board of Directors may issue and allot Warrants convertible into the Equity Shares on such rate, terms and conditions to the existing shareholders, general public, or on preferential basis to the promoters, directors, bodies corporate, banks, financial institutions, OCBs, NRIs or such other persons from time to time on receipt of at least 10% of the face value of the Warrants, as it may think fit. Board of Directors of the Company shall be authorized to make provisions as to the allotment and issue of Warrants and in particular may determine to whom the same shall be offered whether at par or at premium subject to the provisions of the Companies Act, 1956 and all the applicable provisions of the SEBI Guidelines.

4(2) The Company may by special resolution authorise the Board to convert warrants into the equity shares at such rates (including premium), terms and conditions as may be determined by the Board and in accordance with the guidelines issued by the SEBI, Stock Exchange, Central Govt. or other authorities either on single trench or otherwise as per the discretion of the Board.

RESOLVED THAT the existing Article No. 19 be and is hereby amended by insertion of new Clause 19(4) after the existing Clause No. 19(3) as under:

19(4) The Board may from time to time subject to the terms on which any warrants convertible into equity shares may have been issued make call upon the warrant holders in respect of the balance amount unpaid on the warrants held by them respectively at the time of providing option for conversion of warrants into the equity shares of the Company and shall be payable at such fixed times by the warrant holder who shall pay the amount of the call made on them at time and places appointed by the Board. In case of failure to exercise the option and make payment thereof, the amount so deposited at the time of allotment of warrant shall be forfeited by the Board.

RESOLVED THAT the existing Article No.121(3) be and is hereby amended by substitution of the following Clause:

121(3) All the dividend if declared by the members shall be appropriated and paid proportionately to the amount paid or credited as paid on the shares on pari pasu basis with the existing shareholders for whole of the year in which the shares have been issued and in subsequent years.

2. Issuance of warrants convertible into equity shares on preferential basis:

To consider and, if thought fit, to pass the following resolution with or without modification(s), if any, as Special Resolution:

RESOLVED THAT in terms of section 81(1A) and all other applicable provisions, if, any, of the Companies Act 1956 (the Act) (including any statutory modification(s) or re-enactment there, for the time being in force), Memorandum and Articles of Association of the Company, Listing Agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed, and in accordance with the provisions of the Securities and Exchange Board of India (Disclosure and Investors Protection) Guidelines, 2000 (SEBI DIP Guidelines) as may be applicable on preferential issue of Warrants Convertible into Equity Shares and other applicable regulations/guidelines of SEBI, if any and subject to such conditions and modifications as may be considered appropriate by the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall include any committees thereof for the time being to which all or any of the powers hereby conferred on the Board by these resolution, have been delegated) and subject to such consents and approvals of SEBI, Stock Exchange, Govt. of India or such other bodies or authorities as may be required by the law and as may be necessary and subject to such conditions and modifications as may be imposed upon and accepted by the Board while granting such consents and approvals, and which may be agreed to by or any other authority as may be necessary for that purpose the consent of the members of the Company be and is hereby accorded to the Board to offer, issue and allot upto 35,00,000 (Thirty Five Lacs) Warrants Convertible into Equity Shares of the Company, of Rs.25 (Rs Twenty Five only) each to the following promoters, including persons acting in concert and other acquirers on preferential basis convertible into

1 (One) Equity Shares of Rs. 10 (Rs. Ten only) each fully paid-up at price of Rs. 25.00 (Rs. Twenty Five only) including premium of Rs. 15 (Rs. Fifteen only) determined in accordance with the SEBI Guidelines.

A. Promoters, their relatives including persons acting in concert:

S. No.	*Name of the proposed Allottee*	*No. of Warrants proposed to be allotted*	*Amount in Rs.*
1.	Mr. VG	75,000	18,75,000
2.	Mrs. MG	1,50,000	37,50,000
3.	Mrs. SG	1,75,000	43,75,000
Total A		4,00,000	1,00,00,000

B. Other acquirers:

S. No.	*Name of the proposed Allottee*	*No. of Warrants proposed to be allotted*	*Amount in Rs.*
1.	Banks, Mutual Funds Financial Institution, Central/State Govt. Institutions	Nil	Nil
2.	NRIs/OBC/Foreigners	Nil	Nil
3.	Bodies Corporate	Nil	Nil
4.	Indian General Public	Nil	Nil
5.	Other acquirers:		
	1. Shri. SKM Jt. Mrs. MM R/o ……….	4,00,000	1,00,00,000
	2. Shri SSB Jt. Shri MT R/o ……..	4,00,000	1,00,00,000
	3. Mrs. ST Jt. Mrs. CB R/o …..	4,00,000	1,00,00,000
	4. Shri JKA Jt. Mrs. AS R/o …….	3,00,000	75,00,000
	5. Shri RS Jt. Mrs. NM R/o ………	4,00,000	1,00,00,000
	6. Shri MKS Jt. Mrs. SA R/o ………..	4,00,000	1,00,00,000
	7. Mrs. LA Jt. Mrs. US R/o ……….	4,00,000	1,00,00,000
	8. Mrs. VJ Jt. Mrs. RB R/o …………	4,00,000	1,00,00,000
	Total B	31,00,000	7,75,00,000
Total A + B		35,00,000	8,75,00,000

All the above mentioned proposed allottees in 'A' are the relatives of the Promoters of the Company and has been defined as persons acting in concert.

RESOLVED FURTHER THAT the pricing of the Equity Shares to be allotted on conversion of the above said warrants, calculated in accordance with the SEBI Guidelines on the 'Relevant Date' in relation to the conversion of every warrants into one Equity Share, and the relevant date as under:

(*i*) 35,00,000 Warrants of Rs. 25 each shall be convertible into 35,00,000 Equity Share of the face value of Rs. 10 each on payment of aggregate price including premium of Rs. 15 (Rupees Fifteen only) on the following terms and conditions:

(*ii*) Exercise of offer for conversion of the warrants shall be at the sole option of the warrant holders at any time within a period of 18 months from the date of allotment of warrants in accordance with the SEBI (Disclosure and Investors Protection) Guidelines, 2000.

(*iii*) The warrant holder(s) shall pay an amount equivalent to 25% *i.e.* Rs. 6.25 (Rupees Six and Paise Twenty Five only) per warrant of the value of the warrant on or before the date of allotment of warrants.

(*iv*) The amount referred to in point (*b*) above shall be adjusted against the price payable subsequently for acquiring the shares by exercising an option by the warrant holder(s).

(*v*) The warrant holder(s) shall pay on or before the date of conversion of such warrants into equity shares, the balance 75% (Rs. 18.75 for each warrant).

(*vi*) The amount referred in above (b) shall be forfeited, if the option to convert the shares is not exercised by the warrant holder(s) within the stipulated time.

(*vii*) The warrants shall be locked in for a period of three years from the date of their allotment in case of allotment made to the promoters and their relatives and in case of allotment made to others the same shall be locked in for a period of one year. Provided that the lock-in on shares acquired by conversion of warrants shall be reduced to the extent the warrants have already been locked-in.

(*viii*) The allotment of convertible warrants shall be completed within a period of 15 days from the date of passing of this resolution by the shareholders provided, that where the allotment is pending on account of pendency of any approval from any regulatory authority or the Central Govt., the allotment shall be completed by the Company within a period of 15 days from the date of such approvals.

(*ix*) The details of all monies utilized out of the preferential issue proceeds shall be disclosed under an appropriate head in the balance sheet and/or Directors' Report of the Company, indicating the purposes for which such monies have been utilized and that the details of the unutilized monies shall also be disclosed under a separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.

RESOLVED FURTHER THAT the Equity Shares so issued on conversion of warrants shall upon allotment have the same rights of voting as the existing equity shares and be treated for all other purposes *pari passu* with the existing equity shares of the Company and that the equity shares so allotted during the financial year shall be entitled to the dividend, if any, declared including other corporate benefits, if any, for the financial year in which the allotment has been made and subsequent years.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to agree and accept all such condition(s), modification(s) and alteration(s) as may be stipulated by any relevant authorities while according approval or consent to the issue as may be considered necessary, proper or expedient and give effect to such modification(s) and to resolve and settle all questions, difficulties or doubts that may arise in regard to such issue and allotment and to do all acts, deeds and things in connection therewith and incidental thereto without being required to seek any further consent or approval of the members of the Company to the intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Company shall ensure that whilst any warrants remaining exercisable, it will at all times, keep available and reserved such part of its authorised but un-issued share capital as would enable all outstanding warrants to be satisfied in full.

RESOLVED FURTHER THAT the Company do apply for listing of the new equity shares as may be issued on conversion of warrants with the Bombay Stock Exchange Ltd. and/or National Stock Exchange.

RESOLVED FURTHER THAT the Company do make an application to the National Securities Depository Limited (NSDL) and the Central Depository Services Limited (CDSL) for admission of the new equity shares to be issued on conversion of warrants on preferential basis.

By Orders of the Board
For, KSO LIMITED

Place: GPG
Dated: 5th Jan., 2007 MANAGING DIRECTOR

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. proxies in order to be effective must be received by the company not less than 48 hours before the meeting.
2. The Members/Proxies should bring the Attendance Slip sent herewith duly filled for attending the meeting.
3. The explanatory statement pursuant to section 173 of the Companies Act, 1956 in respect of Special Businesses is annexed hereto.
4. The Company has obtained connectivity from the CDSL & NSDL. Equity Shares of the Company may be held in Electronic form with any Depository Participant (DP) with whom the members/Investors have their depository account. In case of any query/difficulty in any matter may contact our electronic Share Transfer Agents M/S Ankit Consultancy Pvt. Ltd. 2nd Floor, Alankar Chambers, Geeta Bhawan Chouraha, A. B. Road Indore (M.P.)

Explanatory statement

ITEM NO. 1

New Clause No. 4(1), 4(2) and 19(4) proposed to be inserted after the existing No. 4 and 19(3) and Article No. 121(3) of Articles of Association, is also proposes to be amended suitably to reflect and to incorporate the provisions relating to the issuance of warrants convertible into the Equity Shares of the Company and to make provisions for *pari passu* rights of the new equity shares to participate in the dividend in the year of allotment with the existing share capital of the Company for which it is required to seek approval of members by way of Special Resolution.

A draft copy of the Memorandum and Articles of Association of the Company after making proposed amendments have been kept at the Registered Office for inspection.

Your Directors recommend passing the necessary Resolutions as set out in item Nos. 1 of the notice.

None of the directors of the Company is, in any way concerned or interested in these resolutions except, as a member of the Company.

ITEM NO.2

The Board of Directors of the Company give below disclosures that are required to be given in the explanatory statement to the special resolution to be passed under section 81(1A) of the Companies Act, 1956 and in terms of the SEBI (Disclosure and Investors Protection) Guidelines.

1. Object and manner of activities of proceed of the Issue to be utilised: The purpose of the issue is to allot the warrants convertible into the equity shares is to achieve long term plans of the Company and to meet the funding requirements including but not limited to investment for meeting its business requirements, funding ongoing capital expenditure and/or for the repayment of its long term debts and working capital requirements in order to improve its manufacturing capacity and enhance infrastructure facilities. Brief details of the proceeds to be utilized are as under:

(*i*) Repayment of long term liabilities Rs. 350.00 Lacs

(*ii*) Additional Working Capital Rs. 475.00 Lacs

(*iii*) Capital Expenditure Rs. 50.00.Lacs

Total Rs. 875.00 Lacs

2. Relevant date and pricing of the issue: The issue price of the Warrants convertible into the Equity Shares shall be Rs. 25.00 (Rs. Twenty Five only) each.

The price of the Equity shares of Rs. 10 each together with premium of Rs. 15.00 (Rs. Fifteen only) has been fixed for Rs.25.00 (Rs. Twenty Five only) per share to be issued on conversion of warrants based on the relevant date 30th Dec., 2006 calculated in the manner specified for pricing of shares to be allotted in lieu of warrants as per the SEBI (Disclosure and Investors Protection) Guidelines 2000.

As per the SEBI (Disclosure and Investors Protection) Guidelines, 2000, the price for equity shares/ warrants convertible into Equity Shares of Rs. 10 each has been determined at Rs. 24.89 per Share/Warrant convertible into equity shares on the relevant date 30th Dec., 2006, based on the quotations available at the Stock Exchange Mumbai. The issue price of Rs. 25 per Shares/Warrant is much higher than the SEBI guidelines. A Certificate to that effect has been obtained from the Auditors of the Company on 4th Jan., 2007 which is also available for inspection at the Registered Office of the Company.

3. Intention of the promoters or their associates and relatives to subscribe to the offer: The proposed allottees for preferential issuance of 35,00,000 Warrants to be converted into the Equity shares of Rs.10 each are the relatives of the promoters and/or person(s) acting in concert (PAC) as referred in the resolution and other selected group of persons.

Out of the total proposed 35,00,000 warrants, the promoters, their associates and person(s) acting in concert (PAC) proposed to subscribe for 4,00,000 warrants and remaining 31,00,000 warrants proposed to be issued to other than the promoter, director and person(s) acting in concert (PAC).

4. Proposed time within which the allotment shall be completed: The allotment of warrants shall be completed within a period of 15 days from the date of passing of these resolution by the shareholders provided, that where the allotment is pending on account of pendency of any approval from any regulatory authority or the Central Govt., the allotment shall be completed by the Company within a period of 15 days from the date of such approvals. If the allotment of instrument and dispatch of warrant certificate is not completed within a period of 15 days from the date of these resolution, a fresh consent of the shareholders shall be obtained.

As per SEBI Guidelines, the warrant holders have the option to exercise to convert warrant into equity shares within a period of 18 months from the date of allotment of the warrants.

5. Shareholding pattern before and after the offer: The shareholding pattern of the Company, before and after the preferential allotment would be as follows:—

Category	*Pre-issue equity holdings*	*% of the total pre-issued capital*	*Post Issue equity holding*	*% of the total post-issued capital*
1A. Promoters and Person Acting in Concert (Non-participating in offer)	36,03,500	73.65	36,03,500	42.93
1B Promoters and PAC (participating in offer)				
(*i*) Mr. VG	1,50,300	3.07	2,25,300	2.68
(*ii*) Mrs. MG	52,800	1.08	2,02,800	2.42
(*iii*) Mrs. SG	43,700	0.89	2,18,700	2.61
1C. Foreign Promoters	0	0.00	0	0.00

Category	*Pre-issue equity holdings*	*% of the total pre-issued capital*	*Post Issue equity holding*	*% of the total post-issued capital*
2. Banks, Mutual Funds Financial Institution, Central/State Govt Institutions	600	0.01	600	0.01
3. NRIs/OBCs	0	0.00	0	0.00
4. Bodies Corporate (others)	1,13,096	2.31	1,13,096	1.34
5. Indian General Public	9,28,904	18.99	9,28,904	11.06
6. Other Acquirers on Preferential Allotment to selective persons:				
(*i*) Shri SKM Jt. Mrs. MM	0	0.00	4,00,000	4.77
(*ii*) Shri SSB Jt. Shri MT	0	0.00	4,00,000	4.77
(*iii*) Mrs. ST Jt. Mrs. CB	0	0.00	4,00,000	4.77
(*iv*) Shri JKA Jt. Mrs. AS	0	0.00	3,00,000	3.56
(*v*) Shri RS Jt. Mrs. NM	0	0.00	4,00,000	4.77
(*vi*) Shri. MKS Jt. Mrs. SA	0	0.00	4,00,000	4.77
(*vii*) Mrs. LA Jt. Mrs. US	0	0.00	4,00,000	4.77
(*viii*) Mrs.VJ Jt. Mrs. RB	0	0.00	4,00,000	4.77
Total Paid-up Capital	48,92,900	100.0	83,92,900	100.00

Note.—The above post issue pattern is based on the assumption of full subscription of the warrants and the subsequent allotment of equity shares on conversion of warrants into one equity share of Rs. 10 each at a price of Rs. 25 per shares.

6. Identity of the proposed allottees and percentage of post issued capital that may be held: As stated earlier, it is proposed to allot 35,00,000 warrants to the promoters, their relatives and persons acting in concert and other selected group of persons. The percentage that may be held by allottees in post-issued capital on conversion of warrants shall be as set out in 5 above. The identity of the allottees and their relations with the promoters are as under:

Name of the proposed allottees	*Relation, if any with the promoters or person in control of the Company*
1. Mr. VG	
2. Mrs. MG	
3. Mrs. SG	
4. Shri SKM	
5. Shri SSB	
6. Mrs. ST	
7. Shri JKA	
8. Shri RS	
9. Shri MKS	
10.Mrs. LA	
11.Mrs.VJ	

7. Approvals: The Company is taking necessary steps to obtain the required approvals from the Stock Exchange, SEBI or any other regulatory agency as may be applicable, for the proposed preferential issue of warrants to be converted into equity shares.

8. SEBI Takeover code: In terms of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, the investors are not required to and do not intent to make an open offer and comply with formalities related to an open offer for this preferential allotment.

9. Holding of shares in the D-mat Account, non disposal of shares by the proposed allottees and lock-in period of shares: The proposed allottees are holding their entire pre-issued shareholding in the D-mat form and they have not sold or disposed off any equity share of the company during the six months period prior to the relevant date and further that they will not sale or dispose any shares held by them during the period of six months from the date of allotment of the warrants on preferential basis. The warrants so allotted shall be under lock-in period of 3 years from the date of allotment to the promoters, their relatives and person acting in concert and in case of other allottees the warrants shall be under lock-in period of 1 year from the date of allotment. Provided that the lock-in on the shares acquired on conversion of warrants shall be reduced to the extent the warrants have already been locked-in.

10. Auditors Certificate: Auditor's Certificate confirming that the proposed issue of warrants convertible into Equity Shares are in accordance with the SEBI (Disclosure and Investors Protection) Guidelines, 2000, will be available for inspection up to the date of the Extra Ordinary General Meeting at the Registered Office of the Company on any working day and also at the place of the meeting on the meeting day.

11. Approval under the Companies Act, 1956: Section 81 of the Companies Act, 1956 provides, *inter alia*, that whenever it is proposed to increase the subscribed capital of a Company by a further issue and allotment of shares, such shares shall be first offered to the existing shareholders of the Company in the manner laid down in the said section, unless the shareholders decide otherwise in general meeting by way of special resolution.

Accordingly, the consent of the shareholders is being sought pursuant to the provisions of section 81 and all other applicable provisions of the Companies Act, 1956, SEBI Guidelines and the provisions of the Listing Agreement with the Stock Exchange for authorising the Board to offer, issue and allot convertible warrants as stated in the resolution, which would result in a further issuance of securities of the Company to the Promoters, their relatives, person acting in concert and others on a preferential allotment basis, in such form, manner and upon such terms and conditions as the Board may in its absolute discretion deem fit.

The Board of Directors recommends the passing of this resolution as a Special Resolution as set out in item No. 2 of the Notice.

Shri RCG, Chairman, Shri GPG, Managing Director, Shri. MLG and Shri SG, the directors may be deemed to be interested in the resolution to the extent the warrants/shares are proposed to be allotted to their relatives. Except them, none of the other directors are concerned or interested in the above said resolution, however they may by deemed to be concerned to the extent of change in the percentage of their voting rights in the post equity shareholding in the Company.

By Orders of the Board
For, KSO LIMITED

Place:
Dated: 5th Jan., 2007

GPG
MANAGING DIRECTOR

Appendix 5

Specimens of Auditor's Certificate

I. Pricing of Share Warrants

THIS IS TO CERTIFY THAT as per the information and explanations given to us and on the basis of daily quotations of the Stock Exchange, Mumbai for **KSO LIMITED,** having its Registered Office at Jivaji Ganj, Morena (M.P.) we hereby certify as follows:

We have relied on the SEBI (Disclosure & Investors Protection) Guidelines 2000, for preferential issue/allotment of shares, issued by the Primary Market Department of SEBI and amendments made thereafter.

As per the clause No. 13.1.1 of the said guidelines, the issue of Warrants convertible into the Equity Shares of Rs. 10 each on preferential basis can be made at a price not less than the higher of the following:

The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the relevant date.

OR

The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the two weeks preceding the relevant date.

Relevant date for this purpose means the thirty days prior to the date on which the meeting of general body of shareholders is convened in terms of section 81(1A) of the Companies Act, 1956 to consider the proposed issue of Warrants convertible into Equity Shares of Rs.10 each.

As the meeting of general body of shareholders is to be convened on 30th January 2007, the relevant date as per the guidelines is 30th December, 2006.

The pricing of the Warrants convertible into the Equity Shares of Rs.10 each for issuance on preferential basis cannot be lower than Rs. 24.60 (Rs. Twenty Four and Paise Eleven only) per Warrant convertible into Equity Shares of Rs. 10 as the guidelines for preferential allotment of Equity Shares/Warrants Convertible into Equity Shares issued by the SEBI (Disclosure & Investors Protection) Guidelines, 2000, for and amendments made thereafter. The workings for arriving at a price of Rs.24.60 per share is as per Annexure attached herewith.

For, RT & CO.
CHARTERED ACCOUNTANTS

Date: 4th Jan., 2007 — RSR
Place: Gwalior — PARTNER

Annexure

Pricing of issue of warrants convertible into equity shares of Rs.10 each on preferential basis as per SEBI (Disclosure and Investors Protection) Guidelines, 2000

ALTERNATE - I

Average of weekly high and low of the closing price of the Equity Shares of Rs.10 each Quoted on the Stock Exchange (Mumbai) during the six months preceding the relevant date 30th December, 2006

S. No.	*Week Ended on*	*Price of the Week* (*Rs.*) *High Low Average* (*A*) (*B*) (*A + B*)/2
1.		
2.		
3.		
4.		
5.		
6.		

S. No.	*Week Ended on*	*Price of the Week (Rs.)* *High Low Average* *(A) (B) (A + B)/2*
7.		
8.		
9.		
10.		
11.		
12.		
13.		
14.		
15.		
16.		
17.		
18.		
19.		
20.		
21.		
22.		
23.		
24.		
25.		
26.		
26.		
Average Price of 6 months		

ALTERNATE - II

S. No.	*Week Ended on*	*Price of the Week (Rs.)* *Low High Average* *(A) (B) (A+B/2)*
1.		
2.		
Average Price of 2 weeks		

The issue price of each Warrant convertible into the Equity Shares of Rs. 10 each on preferential basis can be made at a price not less than the higher of the above alternates:

(Amount in Rs. Per Equity Share/Warrant)

ALTERNATE - I
ALTERNATE - II
HIGHER OF THE ABOVE TWO IS RS.

For, RT & CO.
CHARTERED ACCOUNTANTS

Date: 4th Jan., 2007
Place: Gwalior

RSR
PARTNER

II. Receipt of subscription money

THIS IS TO CERTIFY THAT on the basis of the information and explanation furnished to us and to the best of our knowledge and belief in respect of issuance and allotment of 35,00,000 Warrants of face value of Rs. 25 each, aggregating Rs. 875.00 Lacs (Rs. Eight Crores Seventy Five Lacs only) convertible into one Equity Shares of Rs. 10 each at a premium of Rs. 15 per Warrant on preferential basis as per SEBI

(Disclosure and Investors Protection) Guidelines by **KSO LIMITED** having its registered office at Jiwajiganj, Morena (M.P), the Company has received subscription money @ Rs. 6.25 per Warrant (25% of the face value of the Warrants) from the applicants for allotment of Warrants before the date of allotment made on 12th February, 2007.

For, RT & CO.
CHARTERED ACCOUNTANTS

Date: 4th Jan., 2007 RSR
Place: Gwalior PARTNER

III. Compliance of provisions of Lock-in

THIS IS TO CERTIFY THAT on the basis of the information and explanation furnished to us and to the best of our knowledge and belief in respect of issuance and allotment of 35,00,000 Warrants of face value of Rs. 25 each, aggregating Rs. 875.00 Lacs (Rs. Eight Crores Seventy Five Lacs only) convertible into one Equity Shares of Rs. 10 each at a premium of Rs. 15 per Warrant on preferential basis as per SEBI (Disclosure and Investors Protection) Guidelines by **KSO LIMITED** having its registered office at Jiwajiganj, Morena (M.P), the Company has made on preferential basis on 12th Feb., 2007 and according to the said guidelines the provisions of lock-in-period formula have been complied with.

Promoters and Persons Acting in Concert (PAC) Contribution in the preferential issue and Lock-in period in respect of the same

Sr. No.	*Name of the Allottee*	*Date when to be made fully paid-up*	*Consi-deration*	*No. of Convertible Warrants allotted*	*No. of Equity Shares to be allotted on conversion of Warrants*	*Face value per Equity Share*	*% of the Post issue paid-up capital*	*Lock-in period*
1.	Mr. VG	Within a period of 18 Months on from the date of allotment, *i.e.* on or before 11th Aug., 2007	Cash	75,000	75,000	10	0.89	3 years (upto 11th Feb., 2009)
2.	Mrs. MG	As above	As above	1,50,000	1,50,000	10	1.79	As above
3.	Mrs. SG	As above	As above	1,75,000	1,75,000	10	2.08	As above

Acquirers other than Promoters and PAC Contribution in the Preferential issue and Lock-in period in respect of the same

1.	Mr. SKM Jt. Mrs. MM	Within a period of 18 Months from the date of allotment, *i.e.* on or before 11th Aug., 2007	Cash	4,00,000	4,00,000	10	4.77	1 year (upto 11th Feb., 2007)
2.	Mr. SSB Jt. Mr. MT	As above	As above	4,00,000	4,00,000	10	4.77	As above
3.	Mrs. ST Jt. Mrs. CB	As above	As above	4,00,000	4,00,000	10	4.77	As above

4.	Mr. JKA Jt. Mrs. AS	As above	As above	3,00,000	3,00,000	10	3.57	As above
5.	Mr. RS Jt. Mrs. NM	As above	As above	4,00,000	4,00,000	10	4.77	As above
6.	Mr. MKS Jt. Mrs. SA	As above	As above	4,00,000	4,00,000	10	4.77	As above
7.	Mrs. LA Jt. Mrs. US	As above	As above	4,00,000	4,00,000	10	4.77	As above
8.	Mrs. VJ Jt. Mrs. RB	As above	As above	4,00,000	4,00,000	10	4.77	As above

For, RT & CO.
CHARTERED ACCOUNTANTS

Date: 13th Feb., 2007
Place: Gwalior

RSR
PARTNER

Appendix 6

Specimens of Management Certificates

I. Receipt of Subscription money

THIS IS TO CERTIFY THAT in respect of the preferential issuance of 35,00,000 Warrants of face value of Rs. 25 each, aggregating Rs. 875.00 Lacs (Rs. Eight Crores Seventy Five Lacs only) the Company has received subscription money @ Rs. 6.25 per Warrant (25% of the face value of the Warrants) on allotment along with the application from the applicants for allotment Warrants convertible into Equity Shares of Rs.10 each at a premium of Rs. 15 per share per Warrant on preferential basis made on 12th February, 2007 to be converted on payment of remaining amount of Rs. 18.75 (Rs.Eighteen and Paise Seventy Five only) within a period of 18 months from the date of allotment, *i.e.* 11th August, 2007.

For, KSO LTD.

GPG
MANAGING DIRECTOR

Date: 12th Feb., 2007
Place: Morena

II. Confirmation of Posted/dispatch and delivery of allotment advice

THIS IS TO CERTIFY THAT in respect of the allotment of 35,00,000 Warrants of Rs.25 each convertible into Equity Shares of Rs. 10 each at premium of Rs.15 per Share, per Warrant, aggregating Rs.875.00 Lacs (Rs.Eight Crores Seventy Five Lacs only) made on preferential basis in the Board meeting held on 12th February, 2007, the Allotment Advice in respect of aforesaid Warrants has been posted/dispatched and delivered to the allottees on 12th Feb., 2007.

For, KSO LTD.

GPG
MANAGING DIRECTOR

Date: 12th Feb., 2007
Place: Morena

III. Compliance of Clause 40A of the Listing Agreement

THIS IS TO CERTIFY THAT the Company has duly complied with the provisions of the Clause 40A of the Listing Agreement in terms of the allotment of 35,00,000 Warrants of Rs. 25 each convertible into Equity Shares of Rs. 10 each at premium of Rs.15 per Share per Warrant, aggregating Rs. 875.00 Lacs (Rs. Eight Crores Seventy Five Lacs only) made on preferential basis in the Board meeting held on 12th February, 2007 as per the SEBI (Disclosure and Investors Protection).

AND THAT the Company shall maintain on a continuous basis the minimum level of non-promoter holding at the level of public shareholding as required under the conditions for continued listing as per the Clause 40A of the Listing Agreement.

For, KSO LTD.

GPG
MANAGING DIRECTOR

Date: 12th Feb., 2007
Place: Morena

IV. Compliance of provisions of SEBI (DIP) Guidelines

THIS IS TO CERTIFY THAT in respect of the allotment of 35,00,000 Warrants of Rs. 25 each convertible into Equity Shares of Rs. 10 each at premium of Rs. 15 per Share per Warrant, aggregating Rs. 875.00 Lacs (Rs. Eight Crores Seventy Five Lacs only) made on preferential basis in the Board meeting held on 12th February, 2007 as per the SEBI (Disclosure and Investors Protection) Guidelines, I do hereby confirm and certify that the Company has complied with:

(*i*) all the provisions/guidelines issued by the Securities and Exchange Board of India under the preferential issue guidelines applicable for issuing and allotting the aforesaid Warrants to be converted into Equity Shares of the Company;

(*ii*) all the legal and statutory formalities with respect to the issuance of Warrants to be converted in Equity Shares of the Company on Preferential basis; and

(*iii*) no statutory authority has restrained the Company from issuing the Warrants to be converted into Equity Shares of the Company.

For, KSO LTD.

GPG
MANAGING DIRECTOR

Date: 12th Feb., 2007
Place: Morena

IV. Compliance of provisions of SEBI Takeover Code

THIS IS TO CERTIFY THAT in respect of the allotment of 35,00,000 Warrants of the face value of Rs.25 each convertible into one Equity Share of Rs. 10 each at a premium of Rs. 15 per Warrant on preferential basis aggregating Rs. 875.00 Lacs (Rs. Eight Crores Seventy Five Lacs only) made on preferential basis in the Board meeting held on 12th February, 2007 as per the SEBI (Disclosure and Investors Protection) Guidelines, I do hereby certify that:

(*i*) That the aforesaid preferential issuance of Warrants convertible into Equity Shares were made by the Company is in accordance with the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;

(*ii*) That the aforesaid preferential issue of Warrants convertible into Equity Shares and allotment does not require the acquirer(s) to make an open offer under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

For, KSO LTD.

GPG
MANAGING DIRECTOR

Date: 12th Feb., 2007
Place: Morena

V. Certificate for holding existing shares in De-Mat form

THIS IS TO CERTIFY THAT

(1) All the allottees of the 35,00,000 Warrants of the face value of Rs.25 each convertible into one Equity Share of Rs.10 each at a premium of Rs.15 per Shares per Warrant on preferential basis are holding their existing shares, if any in the dematerialized form with the CDSL/NSDL only.

(2) All the allottees of the aforesaid Warrants/Equity Shares have not sold/transferred any equity share during the six months prior to the relevant date.

(3) The Company has complied with the lock-in provision as required under Clause 13.3.1(*g*) of SEBI (Disclosures and Investors Protection) Guidelines and the details of the lock-in of the existing shareholding of the allottees from the relevant date till the six months from the date of the allotment of Warrants on 12th Feb., 2007 are as under:

Name of th Allottees	*No. of Shares held on the relevant date*	*Date of Lock -in*	
		From	*To*
1. Mr.VG	75,000	30.12.2006	11.08.2007
2. Mrs. MG	52,800	30.12.2006	11.08.2007
3. Mrs. SG	43,700	30.12.2006	11.08.2007
4. Mr. SKM	Nil	N.A.	N.A.
5. Mr. SSB	Nil	N.A.	N.A.
6. Mrs. ST	Nil	N.A.	N.A.
7. Mr. JKA	Nil	N.A.	N.A.
8. Mr. KS	Nil	N.A.	N.A.
9. Mr. MKS	Nil	N.A.	N.A.
10.Mrs.LA	Nil	N.A.	N.A.
11.Mrs.VJ	Nil	N.A.	N.A.

For, KSO LTD.

GPG
MANAGING DIRECTOR

Date: 12th Feb., 2007
Place: Morena

VI. Compliance of provisions of Lock-in

THIS IS TO CERTIFY THAT in respect of the allotment of 35,00,000 Warrants of the face value of Rs. 25 each convertible into one Equity Share of Rs. 10 each at a premium of Rs. 15 per share on preferential basis aggregating to Rs. 875.00 Lacs (Rs. Eight Crores Seventy Five Lacs only) made on preferential basis in the Board meeting held on 12th February, 2007 are in accordance with the SEBI (Disclosure and Investors Protection) Guidelines, 2000 and amendments thereof from time to time and according to the said guidelines, the provisions lock- in period formula have been complied with.

Promoters and Persons Acting in Concert (PAC) Contribution in the preferential issue and Lock-in period in respect of the same

Sr. No.	*Name of the Allottee*	*Date when to be made fully paid-up*	*Consi-deration*	*No. of Convertible Warrants allotted*	*No. of Equity Shares to be allotted on conversion of Warrants*	*Face value per Equity Share*	*% of the Post issue paid- up capital*	*Lock-in period*
1.	Mr. VG	Within a period of 18 Months on from the date of allotment, *i.e.* on or before 11th Aug., 2007	Cash	75,000	75,000	10	0.89	3 years (upto 11th Feb., 2009)

Sr. No.	*Name of the Allottee*	*Date when to be made fully paid-up*	*Consi-deration*	*No. of Convertible Warrants allotted*	*No. of Equity Shares to be allotted on conversion of Warrants*	*Face value per Equity Share*	*% of the Post issue paid- up capital*	*Lock-in period*
2.	Mrs. MG	As above	As above	1,50,000	1,50,000	10	1.79	As above
3.	Mrs. SG	As above	As above	1,75,000	1,75,000	10	2.08	As above

Acquirers other than Promoters and PAC Contribution in the Preferential issue and Lock-in period in respect of the same

1.	Mr. SKM Jt. Mrs. MM	Within a period of 18 Months from the date of allotment, *i.e.* on or before 11th Aug., 2007	Cash	4,00,000	4,00,000	10	4.77	1 year (upto 11th Feb., 2007)
2.	Mr. SSB Jt. Mr. MT	As above	As above	4,00,000	4,00,000	10	4.77	As above
3.	Mrs. ST Jt. Mrs. CB	As above	As above	4,00,000	4,00,000	10	4.77	As above
4.	Mr. JKA Jt. Mrs. AS	As above	As above	3,00,000	3,00,000	10	3.57	As above
5.	Mr. RS Jt. Mrs. NM	As above	As above	4,00,000	4,00,000	10	4.77	As above
6.	Mr. MKS Jt. Mrs. SA	As above	As above	4,00,000	4,00,000	10	4.77	As above
7.	Mrs. LA Jt. Mrs. US	As above	As above	4,00,000	4,00,000	10	4.77	As above
8.	Mrs. VJ Jt. Mrs. RB	As above	As above	4,00,000	4,00,000	10	4.77	As above

For, KSO LTD.

GPG
MANAGING DIRECTOR

Date: 12th Feb., 2007
Place: Morena

VII. Allotment of Share Warrants

THIS IS TO CERTIFY THAT the Company has duly made allotment of 35,00,000 Warrants of Rs. 25 each convertible into Equity Shares of Rs. 10 each at premium of Rs. 15 per Share per Warrant, aggregating Rs. 875.00 Lacs (Rs. Eight Crores Seventy Five Lacs only) made on preferential basis in the Board meeting held on 12th February, 2007.

THAT the above said allotment was made by the Company within a period of 15 days from the date of passing a Special Resolution under section 81(1A) of the Companies Act, 1956 by the Members at their Extra Ordinary General Meeting held on 30th January, 2007 as per the SEBI (Disclosure and Investors Protection) Guidelines.

For, KSO LTD.

GPG
MANAGING DIRECTOR

Date: 12th Feb., 2007
Place: Morena

VIII. Undertaking for conversion of Share Warrants into Equity Shares after specified period

I GPG, being the Managing Director of **KSO Limited**, having its Registered Office at Jiwajiganj, Morena (M.P.) do hereby undertake and confirm that:

(1) the Company shall convert the 35,00,000 Warrants of face value of Rs. 25 each and shall made allotment of 35,00,000 Equity Shares of Rs.10 each at a premium of Rs. 15 per Equity Share only on receipt of the full payment of Rs.25 per warrant within a period of 18 months from the date of allotment of Warrants made by the Company on 12th Feb., 2007 on preferential basis and the Company shall not issue any partly paid-up Equity Shares in any case.

(2) in case, if any Warrant holder do not exercise their option and failure to pay the remaining amount of Rs.18.75 only per Warrant on or before 11th August, 2007, the amount of Rs.6.25 per Warrant received on allotment shall be forfeited by the Company.

For, KSO LTD.

GPG
MANAGING DIRECTOR

Date: 12th Feb., 2007
Place: Morena

IX. Confirmation of Relevant Date

I GPG, being the Managing Director of **KSO Limited**, having its Registered Office at Jiwajiganj, Morena (M.P.) do hereby undertake and confirm that as per the SEBI (Disclosure and Investors Protection) Guidelines, 2000, the relevant date for the purposes of making allotment of 35,00,000 Warrants of face value of Rs.25 each warrant, convertible in one Equity Share of Rs.10 each at a premium of Rs.15 per Share on preferential basis, in terms of the Special Resolution passed by the Members at their Extra Ordinary General Meeting held on 30th January, 2007 is 30th December, 2006, thirty days prior to the date of the Extra Ordinary General Meeting.

For, KSO LTD.

GPG
MANAGING DIRECTOR

Date: 12th Feb., 2007
Place: Morena

X. Confirmation for compliance of provisions/guidelines issued by the SEBI under the preferential issue guidelines

I GPG, being the Managing Director of **KSO Limited**, having its Registered Office at Jiwajiganj, Morena (M.P.) do hereby undertake and undertake and confirm that in respect of the allotment of 35,00,000 Warrants of Rs. 25 each convertible into Equity Shares of Rs. 10 each at premium of Rs. 15 per Share per Warrant, aggregating Rs. 875.00 Lacs (Rs. Eight Crores Seventy Five Lacs only) made on preferential basis in the Board meeting held on 12th February, 2007 as per the SEBI (Disclosure and Investors Protection) Guidelines, I do hereby undertake that the Company has complied/shall comply with:

I. all the provisions/guidelines issued by the Securities and Exchange Board of India under the preferential issue guidelines applicable for issuing and allotting the aforesaid Warrants convertible into Equity Shares of the Company as may be applicable from time to time; and

II. all the legal and statutory formalities with respect to the issuance of Warrants convertible in Equity Shares of the Company on Preferential basis.

For, KSO LTD.

GPG
MANAGING DIRECTOR

Date: 12th Feb., 2007
Place: Morena

XI. Confirmation of non-pendency of any investor's complaint/grievance

I GPG, being the Managing Director of **KSO Limited**, having its Registered Office at Jiwajiganj, Morena (M.P.) do hereby undertake and confirm that there is no investors complaint/grievance pending as unresolved with the Company.

For, KSO LTD.

GPG
MANAGING DIRECTOR

Date: 12th Feb., 2007
Place: Morena

Appendix 7

Specimen of Offer Letter

STRICTLY CONFIDENTIAL

(For Private Circulation only, under Private Placement to the Promoters, Directors, and other selected persons only)

KSO LIMITED

Registered Office: Jivajiganj, Morena (M.P.)

Date: 2nd Jan., 2007
Mr./Ms./Messers…………………………….
……………………………………………….
……………………………………………….

Dear Sir/Madam

Subject: Offer for issuance of warrants of the face value of Rs. 25 each convertible into one Equity Shares of Rs. 10 each at a premium of Rs. 15 per Shares under Preferential Allotment

We are pleased to inform that the Company is considering the matter relating to increase its long term financial resources by way of issuance of Warrants of the face value of Rs. 25 each convertible into one Equity Shares of Rs. 10 each at a premium of Rs. 15 per Shares for per Warrant under preferential basis to the promoters, directors, their relatives and other selected group of investors only in terms of the provisions of the Memorandum and Articles of Association of the Company, the provisions of the Companies Act, 1956, the SEBI Guidelines, Stock Exchange Listing Conditions as may be applicable from time to time on the following principle terms and condition:

1. The application must be for a minimum of 1,00,000 (One Lac) Warrants of Rs. 25 each for cash at par and Rs. 6.25 per Warrant shall be payable alongwith application for allotment of Warrants.
2. Remaining 18.75 per Warrant shall be payable at the time of exercise of option to convert the same into the Equity Shares of the Company.

3. The Warrants of Rs. 25 each being offered are subject to the terms and conditions incorporated hereunder, provisions of the Companies Act 1956, the Memorandum and Articles of Association of the Company, SEBI Guidelines, Reserve Bank of India's (RBI) Listing Agreement and any other approvals, as may be applicable and the terms and conditions as may be imposed/incorporated owing to such approvals in the Allotment Advice, other documents and certificates, that may be issued in respect of allotment and shall also be subject to the laws, guidelines, notifications and regulations relating to the issue of capital as may be issued from time to time by the Department of Company Affairs, SEBI, Stock Exchange, RBI and/or any other authorities as may be required and in force on the date of issue and to the extent applicable.
4. The Warrants of Rs. 25 each being offered will be convertible within a period of 18 months from the date of allotment at the sole option of the Warrant holders into One Fully Paid-up Equity Share of Rs. 10 each at a premium of Rs. 15 per share irrespective of performance of the Company.
5. If the Warrant holders do not exercise their rights for conversion, within the stipulated time, the amount of Rs. 6.25 paid on the allotment of each warrant shall be forfeited by the Company.
6. The Equity Shares after their allotment shall be subject to the provisions of the Companies Act, 1956, SEBI Guidelines, and the Memorandum and Articles of Association of the Company and shall have *pari passu* rights with the existing shares of the Company and shall also be entitled for all the corporate benefits, like, right/bonus issuance of shares, dividend, etc.
7. The warrants and/or shares shall be under lock in period of 3/1 years from the date of allotment as per the SEBI Guidelines.
8. The applicants applying for Warrants must have their entire shareholding in the Company in the D-mat Form and the entire existing shareholding in the Company shall not be transferable for a period of 6 months from the date of allotment of Warrants.
9. Exclusive jurisdiction for the purpose of this issue shall be with the competent court/authorities in Morena (M.P.), India.
10. In case, if the application is being made by a Company or Body Corporate, the application form must be supported with the certified copies of its Memorandum and Articles of Association, Board resolution specifying authority to make application and eligibility for making investment under section 372A of the Companies Act, 1956.
11. In accordance with the provisions of section 109A of the Companies Act, 1956, in case of individual, who is the sole/first applicant along with the joint holders, if any may nominate any one person in whom, in the event of death of sole applicant or in case of joint applicant, death of all applicants, as the case may be the each shares so allotted, if any, shall vests. A person being the nominee, becoming entitled to the shares by the reason of death of the original holder/s, shall in accordance with section 109A of the Companies Act, 1956 be entitled to the same advantages, to which he or she would be entitled if he/she were registered holder of the shares. Where the nominee is minor, the holder/s may make a nomination to appoint, in the prescribed manner, any person to become entitled during his/her minority.
12. The Company shall receive/obtain approval from the Government of India, RBI, SEBI, Stock Exchange or any other authority as may be required and which shall be subject to the terms and conditions as may be imposed by the competent authorities. However, it is to be distinctly understood that there is no reservation for Non-Residents including NRIs/OBCs/FIIS and Foreign Venture Capital Investors applicants, and such applicants, if any, will be treated on the same basis with other categories for the purpose of allocation of these shares.
13. The Board of directors of the Company or any committee thereof shall have exclusive right to reject any application without assigning any reasons thereof and the decision of the Board shall be conclusive and binding on the applicants.

We sincerely believe this offer is an opportunity to strengthen our old relationship.

Yours Faithfully,

By the order of the Board,
KSO Ltd.

GPG
Managing Director

Appendix 8

Specimen of confirmation for subscribing the preferential issuance of Warrants Convertible into the Equity Shares of the Company

To

The Board of Directors
KSO Ltd.,
Jivaji Ganj,
Morena (M.P.)

Sub: Confirmation for subscribing the preferential issuance of Warrants Convertible into the Equity Shares of the Company

Dear Sir/s,

I/We am/are pleased to know that your company is planning to raise the long-term financial resources by way of issuance of warrants convertible into the equity shares of the Company on preferential basis.

After looking into the financial statements and future business plans, I/We also request to the Board of directors of the Company to consider me/us for the above said preferential issuance of ……….Warrants on such price as may be determined by the Company.

I/We also submit the following details for consideration:

S. No.	*Particulars*	*Statements/Confirmation*	
1.	Name of the Applicant		
2.	Father's/Husband's Name		
3.	Permanent Account No.		
4.	Residential Address	Phone: Fax: E-mail:	
5.	Existing Shareholding If yes: (*a*) L.F.No./DPID (*b*) Number of Shares held (*i*) in Physical Form (*ii*) in D-Mat Form (Copy of the D-mat Statement should be enclosed)		
6.	Whether any share of the Company has been sold or transferred since 29th June, 2006, If yes, give details of transactions.	Date of Transaction	Nature of Transaction & consideration, if any.

<table>
<tr><th>S. No.</th><th>Particulars</th><th colspan="4">Statements/Confirmation</th></tr>
<tr><td>7.</td><td>Whether any share is held in Physical Form jointly with other as First Shareholder. If yes, give L.F.No/DP ID NO. and No. of Shares held.</td><td colspan="4"></td></tr>
<tr><td>8.</td><td>Name, Address and particulars of relatives as defined under the Companies Act and/or Person acting in concert with the applicant holding shares in the Company, if any.</td><td>Name & addrss</td><td>Relation with Applicant</td><td>L.F.No./DP ID No.</td><td>No. of Shares held</td></tr>
<tr><td>9.</td><td>Whether any Promoter/Director of the Company is related with the applicant, if so give details.</td><td colspan="2">Name of the Director</td><td colspan="2">Relation with applicant</td></tr>
<tr><td>10.</td><td>In case, if the applicant is a body corporate, give details of its Directors and members of the Company.</td><td colspan="2">Name and Address of Directors</td><td>Name of the Shareholder</td><td>No. of Shares held</td></tr>
</table>

I/we do hereby confirm and undertake that:

1. I/We agree to subscribe ……….. Warrants convertible into the Equity Shares on such rates as may be determined by the Company and undertake to comply with all the Requirements as specified in the SEBI (Disclosure and Investors Protection) Guidelines, 2000, the Memorandum and Articles of Association of the Company.
2. I/we authorised the Board of Directors of the Company to include my name as the proposed allottee for the Warrants Convertible into the Equity Shares of the Company being issued to seek necessary approvals from the Members, SEBI, Stock Exchange or any other authorities as may be required by the Company.

Yours Sincerely

Place:
Date:

Applicant

Appendix 9

Specimen of Share Application Form

KSO Limited

Regd.Office: Jiwaji Gaj, Morena (M.P.)

(Confidential and for strictly private circulation)

To be used by the Promoters, Directors, their Associates and other specified persons to whom the offer is made for issuance of Warrants Convertible into Equity Shares of the Company

To,

The Board of Directors,
KSO Limited
Jivaji Gaj,
Morena (M.P.)

Dear Sir/s

In accordance with the provisions of the Memorandum and Articles of Association of the Company and the terms and conditions as may be imposed by the Securities and Exchange Board of India, Stock Exchange, (the SEBI) and the provisions of the Companies Act, 1956, the Reserve Bank of India (the RBI) or any other statutory authority as the case may be, I/We hereby request you to allot me/us ……...………………… Warrants Convertible into Equity Shares (Warrants) of Rs. 25 (Rupees Twenty Five only) each for cash to be convertible into 1 (One) Equity Share of Rs.10 (Rs. Ten only) each at a premium of Rs. 15 (Rs. Fifteen only) per Equity Share within a period of 18 months from the date of allotment of the Warrants in the above mentioned Company and I/We agree to accept the …………… Warrants (………………………………) or any smaller number as the Board of Directors of the Company may consider and allot to me/us at their sole discretion.

I/We send herewith a sum of Rs…….... (Rs.…………..) Cheque/Demand Draft …………….. dated....……… drawn on………………… Bank being application money @ Rs. 6.25 per Warrants and agree to subscribe for conversion of Warrants into Equity Shares on payment of remaining Rs. 18.75 within a period of 18 months from the date of allotment of the Warrants at sole option of the warrant holders.

I/We hereby authorise the Board of Directors of the Company to place my/our name on the Register of Warrant holders in respect of ………….. Warrants of Rs. 25 each or any smaller number so allotted.

---

1. SOLE/FIRST APPLICANT

Status:...........… Name in full Mr/Ms/Messers …………...............…………… Age ....………………. Fathers/Husbands Name ....……………………………..…… PAN/GIR No. ....………… Address ......……………………………………… Occupation ....…………………….... Usual Signature ………………….. Contact Details: Phone No...…………...….. Fax …….…..... Email ……........…

---

2. SECOND APPLICANT

Status:...........… Name in full Mr/Ms/Messers …………...............…………… Age ....………………. Fathers/Husbands Name ....……………………………..…… PAN/GIR No. ....………… Address ......……………………………………… Occupation ....…………………….... Usual Signature ………………….. Contact Details: Phone No...…………...….. Fax …….…..... Email ……........…

---

3. THIRD APPLICANT

Status:...........… Name in full Mr/Ms/Messers …………...............…………… Age ....………………. Fathers/Husbands Name ....……………………………..…… PAN/GIR No. ....………… Address ......……………………………………… Occupation ....…………………….... Usual Signature ………………….. Contact Details: Phone No...…………...….. Fax …….…..... Email ……........…

NOMINATION DETAILS

Name of the Nominee ....……… Age …………. Address ………………………………… Relation ……………………….. Signature …………………………..…….

---

for office use only

Allotment No. & Date: ....……….. No. of Warrants Allotted ……….............… Amount Adjusted Rs................…..…… Amount Refunded Rs........………….. Warrant Certificate No. ……… to ..……..….. Dist.No. ……..... to ……….. L.F.No……......

Acknowledgement

Received from Mr./Ms./Messers …………............. Application for allotment of ..……….......... Warrants of Rs.25 each Convertible into Equity Shares of Rs.10 each at a premium of Rs.15 per share along with Cheque/Demand Draft No. ....……. Dated ……......... for Rs. ……......……..

Signature with stamp

Appendix 10

Specimen of Warrant Certificate

KSO LIMITED

Regd.Office: Jiwaji Ganj, Morena (M.P.)

WARRANT CERTIFICATE

THIS IS TO CERTIFY that the person(s) named in this Warrant Certificate, convertible into one Equity Share of Rs.10 each at a premium of Rs.15 per equity share for each warrant at the option of the warrant holder(s) is/are the Registered holder(s) of the within mentioned Warrants bearing distinctive numbers herein specified. The said warrants are issued subject to the provisions of the Memorandum and Articles of Association of the Company, Companies Act, 1956, SEBI (Disclosure and Investors Protection) Guidelines, 2000 and the Listing Agreement with the various stock exchanges.

The Warrants shall not be sold/hypothecated/transfered upto 1/3 years from the date of allotment, *i.e.* ……………..

Given at Morena (M.P.) this of 2007

RCG GPG

CHAIRMAN MANAGING DIRECTOR

AUHORISED SIGNATORY/SECRETARY

Appendix 11

Specimen of Allotment Advice

KSO LIMITED

Regd.Office: Jiwaji Ganj, Morena (M.P.)

Folio No. Dated……………………..

To,

....

....

....

....

Dear Sir/Madam,

Sub: Allotment of Warrants, convertible into one Equity Shares of Rs. 10 each at premium of Rs. 15 per share under the preferential Issue of Warrants of Rs. 25 each.

The Board of Directors of the Company thank you for your application for allotment of Warrants of Rs. 25 each convertible into one Equity Share of Rs. 10 each at a premium of Rs. 15 per share. In accordance with the Special Resolution passed by the Members at their Extra Ordinary General Meeting held on 30th January, 2007 and in accordance with the SEBI (Disclosure and Investors Protection) Guidelines, 2000 and the provisions of the Memorandum and Articles of Association of the Company, the Board of Directors of the Company at their meeting held on 12th Feb., 2007 have allotted equity shares to you. Particulars of your allotment are as under:

LF	*No. of Warrants Applied*	*No of Warrants Allotted*	*Warrant Certificate No.*	*Distinctive Nos.*	*Amount Paid on application*	*Amount adjusted on allotment of warrants @ Rs.6.25 warrant*	*Entitlement for number of shares on conversion at a premium of Rs. 15 per share*	*Amount payable at the time of exercise of option @ Rs. 18.75% per warrant*
(*a*)	(*b*)	(*c*)	(*d*)	(*e*)	(*f*)	(*g*)	(*h*)	(*i*)

The above said Warrant/shares after conversion shall be under lock in period of three years from the date of allotment. Terms and conditions for the Warrants shall be as under:

1. In terms of the Special Resolution passed by the Members at their Extra Ordinary General Meeting held on 30th Jan., 2007 and in accordance with the SEBI (Disclosure and Investors Protection) Guidelines, 2000, the Warrants attached herewith due for conversion within a period of 18 months from the date of allotment, *i.e.* on or before 11th Aug., 2007.
2. We hereby request you to pay @ Rs. 18.75 per Warrant for allotment of Equity Shares of Rs. 10 each, fully paid-up at a premium of Rs. 10 per share and send the amount by way of Demand Draft/Cheque payable at par at any bank in Morena (M.P.) in favor of KSO Limited.
3. You are required to surrender the Warrant Certificates along with the Demand Draft/Cheque to the Company at its Registered Office to reach latest by ……….2007 by hand or by Registered Post Acknowledgement Due.
4. You may apply for a maximum number of Warrants up to your entitlement as given in table (*h*) above or any lesser number.
5. The above said Warrants of Rs.25 each are subject to the provisions of Companies Act 1956, the Memorandum and Articles of Association of the Company, SEBI Guidelines, Reserve Bank of India's (RBI) Listing Agreement and any other approvals, as may be applicable and the terms and conditions as may be imposed/incorporated owing to such approvals and shall also be subject to the laws, guidelines, notifications and regulations relating to the issue of capital as may be issued from time to time by the Department of Company Affairs, SEBI, Stock Exchange, RBI and/or any other authorities as may be required and in force on the date of issue and to the extent applicable.
6. The Warrants of Rs. 25 each will be convertible within a period of 18 months from the date of allotment at the sole option of the Warrant holders into One Fully Paid-up Equity Share of Rs. 10 each at a premium of Rs. 15 per share irrespective of performance of the Company.
7. If the Warrant holders do not exercise their rights for conversion, within the stipulated time, the amount of Rs. 6.25 paid on the allotment of each Warrant shall be forfeited by the Company.
8. The Equity Shares after allotment shall be subject to the provisions of the Companies Act, 1956, SEBI Guidelines, and the Memorandum and Articles of Association of the Company and shall have *pari passu* rights with the existing shares of the Company and shall also be entitled for all the corporate benefits, like, right/bonus issuance of shares, dividend etc.
9. The Warrants and/or Shares shall be under lock in period of 3/1 years from the date of allotment as per the SEBI Guidelines. The warrants shall be locked in for a period of three years from the date of their allotment. Provided that the lock-in on shares acquired by conversion of warrants shall be reduced to the extent the warrants have already been locked-in.
10. The entire existing shareholding of Warrant holders in the Company shall not be sold/ hypothecated or transferred for a period of 6 months from the date of allotment of Warrants.
11. The Equity Shares so issued on conversion of warrants shall upon allotment have the same rights of voting as the existing equity shares and be treated for all other purposes *pari passu* with the existing equity shares of the Company and that the equity shares so allotted during the financial year shall be entitled to the dividend, if any, declared including other corporate benefits, if any, for the financial year in which the allotment has been made and subsequent years.
12. Exclusive jurisdiction for the purpose of this issue shall be with the competent court/authorities in Morena (M.P.), India.

Yours Faithfully,

By the order of the Board,
KSO Ltd.

GPG
Managing Director

Appendix 12

Specimen of correspondence with CDSL/NSDL

Date: 12th Feb., 2007

To,

The Managing Director
NATIONAL SECURITY DEPOSITORY LTD.
Trade World 4th Floor
Kamala Mills Compound,
Senapati Bapat Marg
LOWER PAREL
MUMBAI-400 013

To,

The Managing Director
THE CENTRAL DEPOSITORY SERVICES (INDIA) LTD.
20th Floor, P.J. Towers,
DALAL STREET,
MUMBAI-400 023

Subject: Information for allotment of 35,00,000 warrants at a face value of Rs. 25 per warrant Convertible into per warrant per equity share of Rs. 10 each at premium of Rs. 15 per share under the preferential issue of shares by the Company

Dear Sir,

We are pleased to inform that the Board of directors of the Company at their meeting held on 12th Feb., 2007 has allotted 35,00,000 warrants at a face value of Rs. 25 per warrant convertible into per warrant per equity share of Rs.10 each at premium of Rs. 15 per share aggregating Rs. 875.00 Lacs under preferential basis to the person acting in concert with the and others in accordance with the SEBI (Disclosures and Investors Protection) Guidelines, 2000.

The 4,00,000 warrant out of the aforesaid warrants are allotted to the person acting in concert with the promotes shall be kept in lock-in for a period of 3 years from the date of allotment *i.e.* upto 11th Feb., 2009.

The remaining 31,00,000 warrants allotted to other acquirers other than promotes, directors and persons acting in concert shall be kept under the lock-in- period for a period of 1 year from the date of allotment *i.e.* upto 11th Feb., 2007.

We also submit the following details/documents for your kind information:

1. Certified copy of the special resolution passed by the members at the extra ordinary general meeting held on 30th Jan., 2007.
2. Certified copy of the Board resolution dated 12th Feb., 2007 for approval for allotment of the aforesaid Warrants.

The Company has already issued Allotment Advice in physical form to the allottees for confirming the aforesaid allotment. The warrants certificates in respect of the said allotment shall be issued to the allottees after obtaining in-principle listing of the equity shares of Rs. 10 each at a premium of Rs. 15 per share to be issued on conversion of the aforesaid 35,00,000 warrants of face value of Rs. 25 each.

The Company has already made an application to the stock exchange, Madhya Pradesh and Mumbai for in-principle approval of listing of the afore referred equity shares to be issued on conversion of the warrants and we will immediately submit the corporate action information in your prescribed format alongwith the relevant documents.

You are requested to please take on record the above said information for your reference and further needful.

Thanking You,
Yours faithfully,

For, KSO LIMITED

GPG
MANAGING DIRECTOR
Encl: a/a

Appendix 13

Specimen of correspondence with Registrar & Share Transfer Agent

Date: 12th Feb., 2007

To,

Ankit Consultancy Pvt. Ltd.
Share Transfer Agent,
Alankar Point,
Gita Bhawan Square,
A.B.Road,
INDORE (M.P.)

Sub: Information for allotment of 35,00,000 Warrants at a face value of Rs. 25 per Warrant Convertible into per Warrant per Equity Share of Rs. 10 each at premium of Rs. 15 per share under the preferential issue of shares by the Company.

Dear Sir,

We are pleased to inform that the Board of Directors of the Company at their meeting held on 12th Feb., 2007 has allotted 35,00,000 Warrants at a face value of Rs. 25 per Warrant Convertible into per Warrant per Equity Share of Rs. 10 each at premium of Rs. 15 per share aggregating Rs. 875.00 Lacs under preferential basis to the person acting in concert with the and others in accordance with the SEBI (Disclosures and Investors Protection) Guidelines, 2000. (A copy of the Board resolution passed on 12th Feb., 2007 is enclosed for your reference and records)

The 4,00,000 Warrant out of the aforesaid Warrants are allotted to the person acting in concert with the Promotes shall be kept in lock-in for a period of 3 years from the date of allotment *i.e.* upto 11th Feb., 2009.

The remaining 31,00,000 Warrants allotted to other acquirers other than promotes, directors and persons acting in concert shall be kept under the lock-in-period for a period of 1 year from the date of allotment *i.e.* up to 11th Feb., 2007.

You are requested to please arrange for issuance of allotment advise to the successful allottees in the form being enclosed, duly stamping for the non transferability of the Warrants.

The Company has already made an application to the stock exchange, Madhya Pradesh and Mumbai for in-principle approval of listing of the afore referred Equity Shares to be issued on conversion of the Warrants and we will immediately submit the corporate action information in the prescribed format along with the relevant documents to the CDSL/NSDL.

You are requested to please take on record the above said information for your reference and further needful.

Kindly also arrange to send us the distribution Schedule for pre and post issue shareholding pattern for filing with the Stock Exchanges.

Thanking You,
Yours faithfully,
For, KSO LIMITED

GPG
MANAGING DIRECTOR
Encl: Copy of the Board resolution dated 12th Feb., 2007
Copy of the draft of the Allotment Advice

Appendix 14

Specimens of correspondences with the Stock Exchange

I. Notice for holding Board meeting

Dated 29th Dec., 2006

To,

The General Manager
DCS-CRD
Stock Exchange, Mumbai
1st Floor, New Trading Ring
Rotunda Building, P.J. Tower,
Dalal Street, Fort
MUMBAI - 400001

Sub: Seven days notice for holding a Meeting of the Board of Directors to consider the matter relating to rising long-term financial resources by way of issuance Equity Share Warrants on Preferential basis.

Dear Sir/Madam,

We would like to inform you that a meeting of Board of directors of the Company is scheduled to be held on Thursday, the 5th January, 2007 at the Registered Office of the Company at Mumbai to consider the following matters:

(1) to consider and to determine issuance of Equity Share Warrants on preferential basis to the promoters and others.

(2) to consider and approve the notice of Extra Ordinary General Meeting for seeking necessary consent from the members as required under section 81(1A) of the Companies Act, 1956 for issuance of Equity Share Warrants on preferential basis and amendment in the Articles of Association of the Company.

The decision as may be taken during the meeting shall be intimated immediately after conclusion of the meeting for your record and reference.

You are requested to please take on record the above information for your reference and record.

Thanking you
Yours faithfully
For, KSO LTD.

VT
COMPANY SECRETARY

II. Quotation of 26 week trading of the Equity Shares

Date: 29th Dec., 2006

To,

The General Manager (Listing)
Stock Exchange, Mumbai
1st Floor, New Trading Ring
Rotunda Building, P.J. Tower,
Dalal Street, Fort
MUMBAI - 400001

Sub: Quotation of 26 week trading of the Equity Shares of the Company

Dear Sir,

With reference to above cited subject we require official quotations of the last 26 week of the Equity Shares of the Company which has been traded upto (including) the week ended on 31st Dec., 2006 indicating minimum, maximum & average rate of trading, no. of trades and volume of shares traded.

In case if there is no trading in any week the floor of the Stock in any week, please provide us necessary Certificate in this regard that during this period no shares had been traded.

We also authorise to Shri ……………………. to deposit necessary charges/fee of the stock exchange and to collect necessary data/certificate from your office.

You are requested to please give him required quotations of trading of shares and Certificate and oblige.

Thanking you
Yours Faithfully,

For, KSO LTD.

AUTHORISED SIGNATORY

III. Intimation for the decision taken at the Board meeting

Date: 5th Jan., 2007

To,

Shri S. Subramanium
DCS-CRD
The Stock Exchange Mumbai
Rotunda Building
P.J. Tower, Dalal Street, Fort
MUMBAI - 400001

Sub: Intimation for the decision taken by the Board of Directors of the Company at their meeting held on 5th Jan., 2007

Dear Sir,

This has in continuation of our letter dated 29th Dec., 2006 regarding information for holding Board Meeting.

With reference to above cited subject we are pleased to inform that in the Board Meeting held on 5th Jan., 2007 the following decisions were taken subject to approval of members in the Extra Ordinary General Meeting.

1. Authority to the Board of Directors of the Company for Issuance of 35,00,000 (Thirty Five Lacs Only) warrants at a face value of Rs. 25 (Rs. Twenty Five only) convertible into one Equity Share of Rs. 10 at a premium of Rs. 15 per share on preferential basis to the promoters, directors and others subject to the SEBI Guidelines.
2. Amendment in the Articles of Association of the Company.
3. Approval of Notice of the Extra Ordinary General Meeting for obtaining approval of members by way of Special Resolution at the Extra Ordinary General Meeting to be held on 30th January, 2007 for the above said purpose.

Notice of the Extra Ordinary General Meeting, containing all the required disclosure and details being submitted separately.

You are requested to please take on record the above said information for your reference and record.

Thanking you
Yours Faithfully,

For, KSO LTD.

AUTHORISED SIGNATORY

IV. Filing of Notice of EGM and Draft amended copy of the MOA & AOA of the Company

Date: 5th Jan., 2007

To,

Shri S.Subramanium
DCS-CRD
The Stock Exchange Mumbai
Rotunda Building
P.J. Tower, Dalal Street, Fort
MUMBAI - 400001

To,

The Secretary,
Madhya Pradesh Stock Exchange,
Palika Bazar,
M.T.H.Compound,
Indore (M.P.)

Sub: Filing of Notice of the Extra Ordinary General Meeting and Draft Amended Copy of the Memorandum and Articles of Association of the Company

Dear Sir,

With reference to above cited subject please find enclosed herewith the following documents of the Company:

(1) Six certified copies of the notice of the Extra Ordinary General Meeting together with the Explanatory Statement for the meeting to be held on Monday, 30th January, 2007 for seeking approval of the Members by special resolution for authority to the Board of Directors of the Company for issuance of 35,00,000 Warrants, face value of Rs. 25 per warrant convertible into one Equity Share of Rs. 10 each at a premium of Rs. 15 per share, aggregating Rs. 875.00 Lacs on preferential basis.

(2) Three draft amended copies of the Memorandum and Articles of Association of the Company as proposed to be approved by the Members at their Extra Ordinary General Meeting to be held on 30th Jan., 2007.

You are requested to please take on record the above said documents of the Company your reference and record.

Thanking you.
Yours Faithfully,
For, KSO LTD.

VIKAS TULSIYAN
COMPANY SECRETARY
Encl: a/a

V. Intimation for allotment of share warrants

Date: 12th Feb., 2007

To,

Shri S.Subramanium
DCS-CRD
The Stock Exchange Mumbai
Rotunda Building
P.J. Tower, Dalal Street, Fort
MUMBAI - 400001

Sub: Intimation for the decision taken by the Board at their meeting held on 12th Feb., 2007 and filing of resolution passed by the Board of Directors of the Company for allotment of 35,00,000 Warrants of face value of Rs. 25 each convertible into one Equity Share of Rs. 10 each at a premium of Rs. 15 per Share aggregating Rs. 875.00 Lacs only.

Dear Sir,

This has in reference with our seven days advance notice dated 5th Feb., 2007 for intimation for holding a Meeting of the Board of Directors of the Company proposed to be held on 12th Feb., 2007 for the purposes of consideration and allotment of 35,00,000 Warrants of Rs. 25 each convertible into one Equity Share of Rs.10 each at a premium of Rs. 15 per Share aggregating Rs. 875.00 Lacs only.

We are pleased to inform that at the Meeting of the Board of Directors of the Company held on 12th Feb., 2007 the Board has considered and made allotment of 35,00,000 (Thirty Five Lacs Only) Warrants at a face value of Rs. 25 (Rs. Twenty Five only) convertible into one Equity Share of Rs. 10 at a premium of Rs. 15 per share on preferential basis to the persons acting in concert with the promoters and other acquirers in accordance with the SEBI (Disclosures and Investors Protection) Guidelines, 2000.

A certified copy of the Board resolution passed on dated 12th Feb., 2007 being enclosed for your reference.

You are requested to please take on record the above said information for your reference and record.

Thanking you.
Yours Faithfully,
For, KSO LTD.

VIKAS TULSIYAN
COMPANY SECRETARY
Encl: a/a

Appendix 15

Specimen of application for in-principle approval for Listing of shares on conversion of warrants

Date: 14th Jan., 2007

To,

The General Manager (Listing)
The Stock Exchange Mumbai
Dalal Street, Fort,
MUMBAI - 400001

Sub.: Application for providing in-principle approval for listing of 35,00,000 Equity Shares of Rs. 10 at a premium of Rs. 15per share aggregating Rs. 875.00 Lacs to be issued on conversion of Warrants of Rs. 35 each being issued on preferential basis to the promoters and others.

Dear Sir,

We would like to inform that the Board of Directors of the Company has passed resolution at their meeting held on 5th January, 2007 for issuance of 35,00,000 Warrants of face value of Rs. 35 each to be converted into 35,00,000 Equity Shares of Rs. 10 each at a premium of Rs. 15 per share aggregating Rs. 875.00 Lacs within a period of 18 months from the date of allotment of Warrants on preferential basis to the promoters and other acquirers subject to the approval of members at their Extra Ordinary General Meeting to be held on 30th Jan., 2007 by way of special resolution.

The allotment of Warrants will be made by the Company after obtaining necessary approval from the members at the proposed extra ordinary general meeting to be held on 30th Jan., 2007 within the stipulated time as provided under the SEBI (Disclosure and Investors Protection) Guidelines, 2000.

We submit the following for your kind perusal and enable to consider our request for providing in-principle approval for listing of the above said 35,00,000 Equity Shares of Rs. 10 each fully paid-up to be allotted by the Company on conversion of Warrants at the sole option of the warrant holders within a period of 18 months from the date of allotment.

1. Copy of the notice given to the Stock Exchange for holding Board Meeting for consideration of the matter relating to issuance of shares on preferential basis.
2. Copy of the letter given for the decision taken by the Board of Directors of the Company at their meeting held on 5th January, 2007.
3. Certified copy of the resolution passed at the meeting of the Board of Directors of the Company held on 5th January, 2007 for approval of allotment of 35,00,000 Warrants of Rs. 35 each to be converted into 35,00,000 Equity Share of Rs.10 each at a premium of Rs. 15 per share on preferential basis subject to the approval of members at the Extra Ordinary General Meeting to be held on 30th January, 2007.
4. Copy of the Auditor's Certificate in respect of minimum price of Equity Shares of Rs. 10 each to be issued on preferential basis as per SEBI (Disclosure and Investors Protection) Guidelines, 2000.
5. List of the proposed allottees for the Warrants alongwith details of name, addresses, PAN/GIR No.
6. Certified Printed copy of the notice calling the Extra Ordinary General Meeting together with the Explanatory Statement sent to the members for the meeting to be held on 30th January, 2007 at which resolution u/s 81(1A) of the Companies Act, 1956 and SEBI (DIP) Guidelines, 2000 will be passed.
7. Certified copy of the latest Audited Annual Report as at 31st March, 2006 and un-audited provisional financial results for the quarter ended 30th Dec., 2006 of the Company.
8. Profile of the Company.
9. Printed Specimen of the Warrant Certificate and Equity Share Certificate with Common Seal of the Company duly affixed.
10. Copy of the draft resolution to be passed by the Board of Directors of the Company at the time of allotment of Warrants.
11. Clipping of the notice published in the newspapers for holding the Extra Ordinary General Meeting on 30th January, 2007.
12. Distribution Schedule (pre issue and post issue) alongwith the share holding pattern Form, security analysis table.
13. Particulars of directors of the Company in the prescribed format alongwith their residential addresses, PAN No. Photograph and Signatures.
14. Details of the name of the Companies, Firms, and other parties listed in the Register maintained u/s 301 of the Companies Act, 1956.
15. We would like to state that there is no company under the same management as defined u/s 370(1B) of the Companies Act, 1956.
16. Specimen of the Letter of Allotment for the Warrants.
17. Certified copy of the draft amended and updated Memorandum and Article of Association of the Company.
18. Demand draft No…………….. dated….. January, 2007 for initial listing fee Rs. 20,000.

In this connection we further undertake and confirm that:

1. The Warrants to be allotted on private placement in the physical form on receipt of Rs. 6.25 per Warrant (25% of the face value of the warrant).
2. The Company proposes to utilize the proceeds of the preferential issue for the following purposes:
   - Repayment of long term loan liabilities of Banks/FI: Rs.350.00 Lacs
   - Arrangement for additional WC : Rs.475.00 Lacs
   - Capital expenditure : Rs. 50.00 Lacs

3. The Distinctive Number of Warrants will be from 00000001 to 3500000 which will be converted 35,00,000 fully paid up Equity Shares of Rs.10 each at a premium of Rs.15 per share on receipt of the balance (75%) amount of Rs.18.75 per warrants from the respective warrant holders.
4. The above said 35,00,000 Warrants are proposed to be allotted to promoters, person acting in concert and other acquirers.
5. After receipt of in principle approval for listing from the Stock Exchange Madhya Pradesh and Mumbai, the Company will file Corporate Action to CDSL and NSDL for admission on shares for D-mat.
6. The proposed Warrants/Equity Shares to be allotment on private placement basis shall be under lock-in period of Three/One years from the date of allotment as per requirement of the SEBI (Disclosure and Investors Protection Guidelines, 2000, as may be required and the Company will endorse on the face of Warrant/share certificate regarding non-transferability of Shares.
7. Equity Shares proposed to be issued on preferential basis on conversion of warrants would be ranking pari-passu in all respect including dividend with the existing shares of the Company.
8. The proposed allottees are having their entire pre-issued share holding in the de-mat form.
9. None of the proposed allottess have sold or transferred any share during the preceding six months from the relevant date.
10. None of the proposed allottee will transfer any share during the period of six months from the date of allotment of Warrants/Share and necessary intimation in these regards will the issued to the CDSL/NSDL and share transfer agent of the Company.
11. The Company will provide certificate of the Management and the Auditors of the Company regarding receipt of the subscription for issuance of Warrant/Equity Shares, lock-in period of shares, dispatch of Warrants/share certificates, etc. at the time of submission of application for final listing of the above said equity shares.
12. The Company has passed a resolution at the Meeting of the Board of Directors of the Company held on 29th Jan., 2007 regarding frozen of the entire shareholdings of the proposed allottees as required under clause 13.3.1(ii)(g) of the SEBI (DIP) Guidelines.
13. Certificates of the Managing Director and the Auditors of the Company certifying freezing of entire shareholdings of the proposed allottees.
14. Certified copies of the offer letters/application received by the Company from the proposed allottees giving their consent for subscribing to the proposed issue are enclosed.
15. Certificate of Managing Director certifying that the proposed allotment does not violate Clause 40A of the Listing Agreement and the Company will continue to maintain post issue the non-promoters holding in the Company as per Clause 40A.
16. Certified copy of the Special Resolution together with the minutes of the Extra Ordinary General Meeting to be held on 30th January, 2007 will be submitted after the meeting.
17. Certificate from the Managing Director and the Auditor certifying that all legal and statutory formalities including SEBI guidelines have been complied with and no statutory authority has restrained the Company from issuing and allotting above referred shares.
18. Declaration by the Director of the Company regarding compliance of provisions of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997.
19. Proceeds received through this preferential Issue will be utilized as mentioned in the explanatory statement attached to the notice of the Extra Ordinary General Meeting.
20. There shall be no change in the Board of Directors of the Company or controlling powers in the management of the affairs of the Company, resulting of the said allotment of shares.
21. The Equity Shares proposed to be allotted on conversion of Warrants will to be listed with the Madhya Pradesh Stock Exchange & Mumbai.

You are requested to please consider and give us in principle approval for listing of the above said new 35,00,000 Equity Shares of Rs.10 each fully paid-up to be issued on conversion of Warrants at your Stock Exchange.

In case, if you need any further information or explanation please inform us.

Thanking You,
Yours Faithfully,
For, KSO LTD.

GPG
MANAGING DIRECTOR
Encl.: a/a

Appendix 16

Specimen of Letter of Application for Listing of Shares

Date:14th January, 2007

To,

The General Managr (Listing),
The Bombay Stock Exchange Ltd.

Dear Sir,

In conformity with the listing requirements of the Stock Exchange, We hereby apply for admission of the following new Equity Shares/securities of the company to dealings on the Exchange:

(1) 35,00,000 Equity Shares of Rs. 10 each

(2) N.A.

(3) N.A.

** The Securities mentioned at (..) above are proposed to be issued by way of Preferential Allotment/Prospectus/Offer for Sale/Circular, after vetting of the same by SEBI (conversion, Exchange, rights, open offer, capitalisation of reserves) placing full particulars of which are given in the statement sent herewith (together with the reasons for the procedure proposed when a placing is intended).

** It is intended to make an Offer for Sale/Placing of the securities mentioned at (1) above which have been already issued. We enclose a statement giving full particulars of when, how and to whom the securities were issued and full details of the proposed Offer for Sale/Placing (together with the reasons for the procedure proposed when a placing is intended).

We send herewith

--------------- the Listing application and Agreement,

undertake to send ***

Forms and the Distribution Schedules, duly completed. We also forward the documents (or drafts thereof) as per list attached and undertake to furnish such additional information and documents as may be required.

We further undertake to submit to the Exchange a copy of the Acknowledgement Card or Letter including the observation on draft Prospectus/Letter of Offer/Offer documents by SEBI; and a certificate from a Merchant banker acting as a leading manager to the issue reporting positive compliance by our company of the requirements on disclosure and investor protection issued by SEBI.

We understand that in the event of our failure to submit the above documents or withdrawal of acknowledgement Card by SEBI, we shall be liable to refund the subscription money to the investors immediately.

Yours Faithfully,

For, KSO LIMITED

GPG
DIRECTOR

Chapter 2

Preferential Issue of Shares by an Unlisted Company

Synopsis

1. Preferential issue of shares by Unlisted Public Companies

The Department of Company Affairs has issued a Notification No. G.S.R. 922(E) dated 4th December, 2003 for the matter relating to preferential issue of shares by unlisted companies. (*See* Appendix 1 for the text of the Rules).

Unlisted Public Companies (Preferential Allotment) Rules, 2003 shall be applicable to all unlisted public companies excluding private companies. It shall be applicable to preferential issue of Equity Shares, Fully Convertible Debentures, Partly Convertible Debentures, or any other financial instruments which would be convertible into or exchanged with equity shares at a later date.

Preferential allotment include issue of shares on preferential basis; and/or through private placement, made by a company in pursuance of a resolution passed under section 81(1A) of the Companies Act, 1956, and issue of shares to the promoters and their relatives either in public issue or otherwise.

2. Secretarial Checklist for preferential allotment of shares by an unlisted public company

The unlisted public company should work according to the following points on allotment of shares to promoters or others on preferential basis:—

1. Whether there is provision in the Articles of Association authorizing the Board to make preferential allotment. If not, then amend the articles.
2. Whether there is adequate un-issued equity capital in the authorized capital.
3. Class of persons to whom preferential issue of shares is to be made.
4. Fixing the price with a band or a fixed price.
5. Finalise the terms of issue.
6. Obtain a certificate from auditors or practicing company secretary stating that the issue is as per the Rules which shall be placed before the general meeting which will consider the preferential allotment. (Appendix 2)
7. Fix a date of Board meeting for deciding to convene a general meeting.
8. Finalise the contents of notice and explanatory statement to be sent to the members for issue.
9. Convene a general meeting and obtain the approval of the members for preferential issue. (Appendix 3)
10. Board to consider the issue of shares as per special resolution passed by the members.
11. Receipt of share application form alongwith share application money from the applicants.
12. Allotment of shares to the allottees.

3. Conversion of debentures and loans into shares

The issue of shares to debentureholders, and creditors in exchange for the amounts due to them, where the terms of the issue of the debentures or loans provide for such option and such terms are approved by the Central Government.

Special approval of the Central Government is not necessary if the issuance of shares fulfills the conditions of the Public Companies (Terms of Issue of Debentures and Raising of Loans with Option to convert such Debentures or Loan into Shares) Rules, 1977. (See Appendix 4 & 5)

If the terms and conditions of such conversion are not acceptable to the company, the company may, within thirty days from the date of communication to it of such order or within such further time as may be granted by the court, prefer an appeal to the Court in regard to such terms and conditions and the decisions of the Court on such appeal and, subject only to such decision, the order of the Central Government under sub-section (4) shall be final and conclusive. [Section 81(7)]

Appendix 1

Unlisted Public Companies (Preferential Allotment) Rules, 2003[1]

In exercise of the powers conferred by sub-section (*1A*) *of section 81 of the Companies Act, 1956 read with section 642 of the said Act, the Central Government hereby makes the following rules, namely:—*

1. Short title and commencement

(1) These rules may be called Unlisted Public Companies (Preferential Allotment) Rules, 2003.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. Applicability

These rules shall be applicable to all unlisted public companies in respect of preferential issue of equity shares, fully convertible debentures, partly convertible debentures or any other financial instruments, which would be convertible into or exchanged with equity shares at a later date.

3. Definitions

(1) "Preferential Allotment" includes issue of shares on preferential basis and/or through private placement made by a company in pursuance of resolution passed under sub-section (1A) of section 81 of the Companies Act, 1956 and issue of shares to the promoters and their relatives either in public issue or otherwise.

(2) "Promoter" means—

(*a*) the person or persons who are in over-all control of the company; and

(*b*) the person or persons who hold themselves as promoters.

Explanation.**—**Where a promoter of a company is a body corporate, the promoters of that body corporate shall also be deemed to be promoters of the company.

(3) "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

4. Special Resolution

No issue of shares on a preferential basis can be made by a company unless authorized by its articles of association and unless a special resolution is passed by the members in a General Meeting authorizing the Board of Directors to issue the same. The special resolution shall be acted upon within a period of 12 months.

1 Notification No. GSR 922(E), dated 4-12-2003

5. Pricing

Where warrants are issued on a preferential basis with an option to apply for and get the shares allotted, the issuing company shall determine before hand the price of the resultant shares.

6. Disclosures

The explanatory statement to the notice for the general meeting as required by section 173 of the Companies Act, 1956 shall contain the following particulars:—

(*a*) the price or price band at which the allotment is proposed;

(*b*) the relevant date on the basis of which price has been arrived at;

(*c*) the object/s of the issue through preferential offer;

(*d*) the class or classes of persons to whom the allotment is proposed to be made;

(*e*) intention of promoters/directors/key management persons to subscribe to the offer;

(*f*) shareholding pattern of promoters and other classes of shares before and after the offer;

(*g*) proposed time within which the allotment shall be completed;

(*h*) whether a change in control is intended or expected.

7. Audit Certificate

In case of every issue of shares/warrants/fully convertible debentures/partly convertible debentures or other financial instruments with conversion option, the statutory auditors of the issuing company/company secretary in practice shall certify that the issue of the said instruments is being made accordance with these rules. Such certificate shall be laid before the meeting of the shareholders convened to consider the proposed issue.

Appendix 2

Specimen of Auditor's Certificate

Certificate

In terms of Unlisted Public Companies (Preferential Allotment) Rules, 2003

This is to certify that the issue of shares on preferential basis being made by the company to the promoters, directors, their relatives and associates is in terms of the Unlisted Public Companies (Preferential Allotment) Rules, 2003.

Based on our review conducted, nothing has come to our notice that causes us to believe that the special resolution and explanatory statement annexed to the notice of Extra-Ordinary General Meeting has not disclosed the information required to be disclosed in terms of above said Rules, in which it is required to be disclosed, or that it contains any material misstatement.

For SM & Associates

Chartered Accountants

Place: Indore
Date:......... SM
Partner

Appendix 3

Specimen of General meeting resolution for giving authority for issuance of share to other than existing shareholders

RESOLVED THAT in terms of section 81(1A) and all other applicable provisions, if, any, of the Companies Act 1956 (the Act) (including any statutory modification(s) or re-enactment there, for the time being in force), Unlisted Public Companies (Preferential Allotment) Rules, 2003, Memorandum and Articles of Association of the Company, and subject to such conditions and modifications as may be considered appropriate by the Board of directors of the Company, consent of the Company be and is hereby accorded to the Board to offer, issue and allot 4,50,000 shares of Rs. 10 each at a premium of Rs. 5 per share to the promoters, directors, their relatives and their associates on preferential basis.

RESOLVED FURTHER THAT the Board of directors be and is hereby instructed to get the shares allotted pursuant to this resolution and the resolution be acted upon within a period of 12 months.

Explanatory Statement

In terms of the provisions of section 81(1A) of the Companies Act, 1956 read with the Unlisted Public Companies (Preferential Allotment) Rules, 2003 applicable for making of a preferential offer a special resolution has to be passed.

The Company proposes to increase its capital base for the working capital requirements and long term financial sources for the Company by way of private placement of shares to the selective groups of the promoters, directors, relatives and their associates, whether they are the existing members of the Company are not.

In view of the requirements of section 81(1A) of the Companies Act, 1956 and the above said rules made thereunder, the company has to seek approval of members at the general meeting by way of special resolution which will be valid for a period of 12 months from the date of passing thereof.

The Company submits the following information for taking appropriate decision for approval of the proposed resolution as set out in the Item No… of the notice of the meeting by way of special resolution.

(*a*) the price band at which allotment is proposed: Rs. 10 each at a premium of Rs. 5 per share.

(*b*) the relevant date on the basis of which price has been arrived at: Since the Company do not proposes for issuance of share warrants, it does not apply.

The Board of directors at their meeting held on 10th December, 2006 have considered the issue price at a premium of Rs. 5 per share and looking into the market sentiments and experience is possessing by the management, the price have been considered appropriate in the interest of the Company.

(*a*) the object of the issue: To raise the funds for working through preferential offer capital and long term financial needs of the Company from the directors, promoters, relatives and associates on private placement basis.

(*b*) the class or classes of persons to whom the allotment is proposed to be made: Promoters, Directors their relatives which includes the existing shareholders on the private placement basis as may be determined by the Board of directors of the Company from time to time within the validity period of the resolution.

(*c*) intention of promoters/directors/key management persons to subscribe to the offer: Yes, the promoters, directors and their relatives also intent to participate in the proposes preferential issue of shares.

(*d*) shareholding pattern of promoters and others classes of shares before and after the offer: The Company's existing shareholding pattern is as under:

Category	*No. of shares*	*% age*
Directors/Promoters and their relatives	28200	56.4
NRIs/OCBs	0	0.0
Banks & Financial Institutions	0	0.0
Mutual Funds	0	0.0
Government	0	0.0
Body corporate	21800	43.6
General Public	0	0.0
	50000	100.00

Since the Company proposes to allot the shares in private placement to the directors, their relatives and associates, there will not be substantially change in the share holding pattern after the proposed issuance of shares.

(*e*) proposed time within which the allotment shall be completed: 4th January, 2007, *i.e.* within a period of one year from the date of approval of the resolution.

(*f*) whether a change in control is intended or expected in the affairs of the Company: The directors do not envisage any change in the control of the management by the proposed allotment of shares.

A certificate from the statutory auditors of the company certifying that the issue of the shares is being made in terms of the Unlisted Public Companies (Preferential Allotment) Rules, 2003, and shareholding pattern of the promoters and others have been kept at the Registered Office for inspection.

In order to authorise to the Board for taking further action, it is necessary to pass the said special resolution for preferential issue of shares as set out in the Item No.... of the notice.

None of the directors of the company is concerned or interested in the proposed resolution except, to the extent they subscribe for the issuance of shares under the preferential allotment in terms of the above said resolution.

Appendix 4

Public Companies (Terms of Issue of Debentures and Raising of Loans with Option to Convert such Debentures or Loans into Shares) Rules, 1997

[Notification No. GSR 602, dated 2-9-1977]

In exercise of the powers conferred by section 642, read with clause (*a*) of the proviso to sub-section (3) of section 81 of the Companies Act, 1956 (1 of 1956), the Central Government hereby makes the following rules, namely:—

1. Short title and commencement.—(1) These rules may be called the Public Companies (Terms of issue of debentures and of raising of loans with option to convert such debentures or loans into shares) Rules, 1977.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. Definitions.—In these rules, unless the context otherwise requires,**—**

(*a*) "Act" means the Companies Act, 1956 (1 of 1956);

(*b*) "public financial institution" means**—**

(*i*) any of the financial institutions specified in sub-section (1) of section 4A of the Act;

(*ii*) any of the other institutions specified by the Central Government to be public financial institutions under sub-section (2) of the said section 4A.

(*c*) "scheduled bank" means a bank included in the Second Schedule to the Reserve Bank of India Act, 1934, but does not include co-operative banks, regional rural banks and foreign banks.

3. Particulars regarding the terms of issue of debentures or the terms of raising of loans by a public company.—The terms of issue of debentures or the terms of raising of loans by a public company which include a term providing for an option to convert such debentures or loans or any part thereof into shares in the company or to subscribe for shares in the company shall not require the approval of the Central Government under clause (*a*) of the proviso to sub-section (3) of section 81 of the Act, if such terms conform to the following requirements, namely:—

(*a*) the debentures or loans may be issued or raised either through private subscription or through the issue of a prospectus to the public;

(*b*) a public financial institution or a scheduled bank either underwrites or subscribes to or sanctions, the whole or part of the issue of such debentures or the raising of loans, as the case may be;

(*c*) when and where necessary, the consent of the Central Government under the provisions of the Capital Issues (Control) Act, 1947 (20 of 1947), is obtained for the issue of shares consequent upon the conversion of debentures or loans into equity capital;

(*d*) having regard to the financial position of the company, the terms of issue of the debentures or the terms of the loans, as the case may be, the rate of interest payable on the debentures or loans, the capital of the company, its loans, liabilities, its reserves, its profits during the immediately preceding five years and the current market price of the shares of the company, as may be applicable, the financial institutions or scheduled banks, as the case may be provide for the terms including the term providing for an option to convert such debentures or loans or any part thereof, into shares in the company or to subscribe for shares therein, either at par or at a premium not exceeding twenty-five per cent of the face value of the shares:

Provided that a public financial institution or a scheduled bank shall not convert all or any part of such debentures or loans unless,—

(*a*) the company that has issued the debentures or raised the loan has defaulted in the repayment/redemption of, or payment of interest on, such loans or debentures; and

(*b*) such scheduled bank or public financial institution has given the company notice of its intention to convert such loans or debentures at least 30 days prior to the intended date of conversion.

Appendix 5

Specimen of General meeting resolution for conversion of loan into shares

RESOLVED THAT pursuant to section 81(3)(*b*) of the Companies Act, 1956, consent of the company be and is hereby accorded to the conditions stipulated by the Industrial Credit and Investment Corporation of India Ltd. (hereinafter referred to as ICICI) in the proposed agreement between ICICI and the Company for granting to the Company a foreign currency loan of pound 1,00,000 equivalent to Rs. 15,20,000 (approximately), providing for an option to convert a sum not exceeding Rs. 12,00,000 of the said loan at any time during the company's financial year ending 31st March, 2006 into 1,00,000 equity shares of Rs. 10 each at a premium of Rs. 2 per share and that the issue and allotment of the said number of shares to ICICI pursuant to the aforesaid conditions be and is hereby authorised.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to accept, such modifications as may be imposed by the Central Government with the aforesaid option and also to accept any modifications as may be imposed or required by ICICI arising from or incidental to the aforesaid option and to do all such acts, deeds and things as may be necessary to give effect to the above resolution.

Alternate Resolution

RESOLVED THAT in accordance with the provisions of section 81(3)(*b*) and other provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, if necessary, and to such modifications as the Central Government may require which the Board of Directors of the Company are hereby authorised to accept, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for taking financial assistance by way of loans aggregating to Rs………….. from the financial institutions, *viz*., Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI) and Life Insurance Corporation of India (LIC), to the extent mentioned below upon such terms and conditions as my be agreed upon by the Board of Directors on behalf of the Company on the one hand and the financial institutions on the other, such terms, *inter alia*, to provide for an option on the part of the financial institutions to convert a part of such loans but not exceeding Rs………… in the aggregate into fully paid-up equity shares of the Company at par, such option to be exercised by the financial institutions only during the period ………. to ……

IDBI Rs……….
IFCI Rs……….
LIC Rs………..

RESOLVED FURTHER THAT the consent of the Company be and is hereby accorded to the issue and allotment of such number of fully paid-up equity shares of the Company to the financial institutions as they may become eligible by virtue of the exercise of such option by the institutions as aforesaid, such shares to be allotted in satisfaction of the principal amount of the loans to the extent so converted under the said option.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to increase the subscribed and paid-up capital of the Company at any time by the issue and allotment at par of such equity shares to the financial institutions an to accept any terms and conditions which the financial institutions may impose or require to be observed by the company in connection with the aforesaid option and to execute all documents as may be necessary for the purpose.

Explanatory Statement to the above Resolution

As mentioned in the Directors' Report, the additional finance of Rs. ……… is proposed to be raised by long-term loans from IDBI, IFCI and LIC. The amount of the loans to be granted by these institutions is set out in the resolution. One of the conditions stipulated by these institutions for granting loans is that they will have the option to convert such portion of the loans as may be outstanding but not exceeding Rs…… Crores into equity shares of the Company at par, such option to be exercised only during the period ……… to ……… The shareholders' approval is being obtained u/s 81(3)(b) of the Companies Act, 1956 to the accepting of this convertibility provision.

Mr…… a Director of the Company is also a director of ……….. and to that extent may he be deemed to be concerned or interested in the resolution.

The drafts of the proposed agreements with the financial institutions are open for inspection at the registered office of the Company during business hours on any working day.

Chapter 3

Qualified Institutions Placement

Synopsis

SEBI has *vide* Circular dated May 8, 2006, introduced an additional mode for listed companies to raise funds in the domestic market in the form of Qualified Institutions Placement ('QIP'). The provisions governing QIP have been introduced in the form of a new Chapter XIIIA in the SEBI (DIP) Guidelines, 2000 (the DIP Guidelines).

1. What is QIP?

QIP is a mode of raising funds through private placement of securities with Qualified Institutional Buyers (QIBs). The existing norms for preferential allotment contained under Chapter XIII of the DIP Guidelines will not apply to QIP.

Qualified institutional placements (QIPs) are fast gaining ground as an alternative, viable route of raising money for mid-cap companies. Routed as the best method by which any company can go in for a follow-up offering of any kind, it is being viewed as the new mantra to ensure a vibrant onshore private placement equity market.

2. Qualified Institutional Buyer (QIBs)

Qualified Institutional Buyers are those institutional investors who are generally perceived to possess expertise and the financial muscle to evaluate and invest in the capital markets.

In terms of clause 2.2.2B(*v*) of DIP Guidelines, a 'Qualified Institutional Buyer' shall mean:

(*a*) Public Financial Institution as defined in section 4A of the Companies Act, 1956;

(*b*) Scheduled Commercial Banks;

(*c*) Mutual Funds;

(*d*) Foreign Institutional Investor registered with SEBI;

(*e*) Multilateral and Bilateral Development Financial Institutions;

(*f*) Venture Capital Funds registered with SEBI;

(*g*) Foreign Venture Capital investors registered with SEBI;

(*h*) State Industrial Development Corporations;

(*i*) Insurance Companies registered with the Insurance Regulatory and Development Authority (IRDA);

(*j*) Provident Funds with minimum corpus of Rs. 25 Crores;

(*k*) Pension Funds with minimum corpus of Rs. 25 Crores.

These entities are not required to be registered with SEBI as QIBs. Any entities falling under the categories specified above are considered as QIBs for the purpose of participating in primary issuance process.

3. Eligibility

Only listed companies can opt for the QIP route. However for Qualified Institutions' placement (QIP), only those companies whose shares are listed in NSE or BSE and those who are having a minimum public float as required in terms of the Listing agreement, are eligible.

4. Investors eligible to participate

This route is available only to QIBs, with a minimum 10% allotment to Mutual Funds. The balance 90% can be allocated on a discretionary basis. If no MF is agreeable to take up the minimum portion or any part thereof such minimum portion or part thereof may be allotted to other QIBs.

However, no allotment is permitted indirectly, to promoters or persons related to promoters QIBs other than any QIB who is a promoter or related to promoter(s) cannot participate in QIP. For this, QIBs, which have rights under a shareholder's agreement or a voting agreement with promoters, are deemed to be related to promoters.

Further, QIBs having veto rights, or the right to appoint any nominee director on the Board of the issuer, are also deemed to be promoters. However, a QIB which holds such rights as a lender, is not deemed to be related to the promoters.

5. Issue Structure

The aggregate funds that can be raised through QIPs in one financial year shall not exceed five times of the net worth of the issuer at the end of its previous financial year.

6. Eligible Securities

Following securities are eligible to be issued under QIP:

(*a*) equity shares

(*b*) any securities other than warrants, which are convertible into or exchangeable with equity shares.

The specified securities shall be made fully paid up at the time of allotment.

7. Validity of resolution

The resolution approving QIP, passed under section 81(1A) of the Companies Act, 1956 shall remain valid for a period of 12 months from the date of passing.

There will be a gap of at least 6 months between each placement in case of multiple placements of securities pursuant to authority of the same resolution. Thus, a company can phase out its QIP and can do two QIPs at a six-month interval.

8. Currency of convertible securities

A security which is convertible into or exchangeable with equity shares at a later date, may be converted or exchanged into equity shares at any time after allotment of security but not later than 60 months from the date of allotment.

9. Pricing and Lock-in

Securities issued under QIB shall be made at a minimum price to higher of the weekly high and low of the closing prices quoted during 6 months or 2 weeks preceding the relevant date.

Price to be subject to adjustment in case of corporate actions such as stock splits, rights issue, bonus issue, etc.

Securities allotted under this regime shall not be subject to any lock-in period. However, for one year they may only be traded on the floor of the exchange, including in a bulk or a block deal. Therefore, off market deals are possible only after one year. Convertible tools issued under QIP have to be converted into or exchanged with equities within 5 years from the allotment.

10. Minimum Number of Allottees

A scaled system has been introduced for placement of securities under QIP. Allottees shall be:

(*a*) 2, where the issue size is less than or equal to Rs. 250 crores;

(*b*) 5, where the issue size is greater than Rs. 250 crores.

No single allottee shall be allotted greater than 50% of the issue. QIB belonging to the same group or those who are under common control shall be deemed to be a single allottee. Investors shall not be allowed to withdraw their bids/applications after closure of the issue.

11. Placement Document

QIP can be made on the basis of a placement document, containing all material information including the information specified in Schedule XXIA to the DIP Guidelines.

The placement document being a private document can be provided only to select investors. The placement document will be placed on the website of the concerned stock exchange and of the Issuer. A copy of the placement document will also be filed with SEBI for record purpose, within 30 days of the allotment. There will be no pre-issue filing of the placement document with SEBI.

12. Involvement of Merchant Banker

Issuer and Merchant Banker shall submit documents/undertakings, if any, specified in this regard in the listing agreement, for the purpose of seeking in-principle approval and final permission from Stock Exchanges for listing of the specified securities.

QIP shall be managed by a SEBI registered merchant banker who shall exercise due diligence and furnish a due diligence certificate to Stock Exchanges stating that the issue complies with all the relevant requirements. The merchant banker shall file a copy of the placement document and post issue details with SEBI within thirty days of the allotment, for record purpose.

13. Steps in QIP

Issuance of securities under QIP involves following steps:

(*a*) Determination of Relevant Date;

(*b*) Obtaining Board approval;

(*c*) Passing special resolution at general meeting for obtaining approval u/s 81(1A), 94;

(*d*) Appointment of Merchant Banker;

(*e*) Due Diligence by Merchant Banker;

(*f*) Obtaining in-principle Listing approval;

(*g*) Determination of Floor Price;

(*h*) Placement Document;

(*i*) Issue Opens;

(*j*) Bids Placing;

(*k*) Issue Closes;

(*l*) Issue and allotment of securities at final price;

(*m*) Filing of Placement Document with SEBI for record;

(*n*) Filing Return of Allotment with Registrar of Companies;

(*o*) Listing of Securities

Appendix 1

SEBI (DIP) Guidelines, 2000 for Qualified Institutions Placement (QIP)

[Issued by SEBI *vide* Circular No. SEBI/CFD/DIL/DIP/22/2006/8//5 dated 08.05.2006]

13A.1 Applicability

13A.1.1 This Chapter shall apply to any issue of equity shares/fully convertible debentures (FCDs)/partly convertible debentures (PCDs) or any securities other than warrants, which are convertible into or exchangeable with equity shares at a later date (hereinafter referred to as "specified securities"), made to Qualified Institutional Buyers (QIBs) pursuant to this chapter, by a listed company which fulfills the following conditions:

(*a*) its equity shares of the same class are listed on a stock exchange having nation wide trading terminals; and

(*b*) it is in compliance with the prescribed minimum public shareholding requirements of the listing agreement.

***Explanation*:**

(*i*) The term "Qualified Institutional Buyers" shall have the same meaning as assigned to it in clause 2.2.2B(*v*).

(*ii*) For the purpose of sub-clause (*a*) of clause 13A.1.1, securities that are convertible into or exchangeable with securities which are listed on a stock exchange having nation wide trading terminals, shall be deemed to be securities of the class into which they are convertible or with which they are exchangeable.

13A.2 Investors

13A.2.1 Only QIBs shall be eligible for allotment of specified securities issued pursuant to this Chapter.

13A.2.2 Minimum of 10 per cent of specified securities issued pursuant to this chapter shall be allotted to mutual funds.

13A.2.3 If no mutual fund is agreeable to take up the minimum portion mentioned in clause 13A.2.2 or any part thereof, such minimum portion or part thereof may be allotted to other QIBs.

13A.2.4 No allotment shall be made under this chapter, either directly or indirectly, to any QIB being a promoter or any person related to promoter/s.

***Explanation*:** For the purpose of this clause, QIB who has all or any of the following rights shall also be deemed to be a person related to promoter/s:

(*a*) rights under a shareholders' agreement or voting agreement entered into with promoters or persons related to the promoters;

(*b*) veto rights; or

(*c*) right to appoint any nominee director on the board of the issuer.

Provided that a QIB who does not hold any shares in the issuer and who has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be a person related to promoter/s.

13A.2.5 Investors shall not be allowed to withdraw their bids after the closure of issue.

13A.3 Pricing

13A.3.1 An issue of specified securities made under this Chapter shall be made at a price not less than the higher of the following:

(*i*) The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the relevant date; OR

(*ii*) The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the two weeks preceding the relevant date.

Explanation:

(*a*) "relevant date" for the purpose of this clause means the day which is thirty days prior to the date on which the meeting of general body of shareholders is held, in terms of sub-section (1A) of section 81 of the Companies Act, 1956 or other applicable provision to consider the proposed issue.

(*b*) "stock exchange" for the purpose of this clause means any of the recognised stock exchanges in which the equity shares of the issuer of the same class are listed and in which the highest trading volume in such shares has been recorded during the six months immediately preceding the relevant date.

13A.3.2 Pricing of shares on conversion.

13A.3.2.1 Where securities which are convertible into or exchangeable with equity shares at a later date are issued pursuant to this Chapter, the issuer shall determine the price of the resultant shares in terms of clause 13A.3.1 above, subject to clause 13A.3.2.2.

13A.3.2.2 The relevant date for the above purpose may, at the option of the issuer, be either the one referred in *Explanation* (*a*) to clause 13A.3.1 or a day thirty days prior to the date on which the holder of the securities which are convertible into or exchangeable with equity shares at a later date becomes entitled to apply for the said shares.

13A.3.3 The specified securities allotted pursuant to this Chapter shall be made fully paid up at the time of their allotment.

13A.4 Adjustments in price

13A.4.1 The prices considered for determination of issue price of specified securities as provided in clause 13A.3.1 and 13A.3.2.1 shall be subject to appropriate adjustments if the issuer company:

(*a*) makes an issue of shares by way of capitalization of profits or reserves (other than by way of a dividend on shares);

(*b*) makes an issue of shares on rights basis;

(*c*) consolidates its outstanding shares into a smaller number of shares;

(*d*) divides its outstanding shares (including by way of stock split);

(*e*) re-classifies any of its shares into other securities of the company;

(*f*) is involved in such other similar events or circumstances, which in the opinion of the concerned Stock Exchange, requires adjustments.

13A.5 Currency of the Security

13.A.5.1 In case of a security which is convertible into or exchangeable with equity shares at a later date, the same may be converted/exchanged in to equity shares at any time after the date of allotment of the security, no later than sixty months from the date of allotment.

13.A.6 Shareholders' Resolution

13A.6.1 Allotment of specified securities issued pursuant to this Chapter shall be completed within twelve months from the date of passing of the resolution in terms of sub-section (1A) of Section 81 of the Companies Act, 1956 or any other applicable provision.

13A.6.2 The resolution passed at the meeting of shareholders referred to in clause 13A.6.1 above shall specify that the allotment is proposed to be made to QIBs pursuant to this Chapter and shall also specify the relevant date on the basis of which price of the resultant shares as specified under clause 13A.3.2.2 shall be determined.

13A.6.3 The placements made pursuant to authority of the same shareholders' resolution shall be separated by at least six months between each placement.

13A.7 Placement document

13A.7.1 Specified securities shall be issued pursuant to this Chapter on the basis of a placement document.

13A.7.2 The placement document shall contain all material information, including the information specified in Schedule XXIA.

13A.7.3 The placement document shall be a private document provided to select investors, through serially numbered copies.

13A.7.4 The placement document shall also be placed on the website of the concerned stock exchange and of the issuer with a disclaimer to the effect that it is in connection with an issue to QIBs under this Chapter and that no offer is being made to the public or to any other category of investors.

13A.7.5 A copy of the placement document shall be filed with the Board for record purpose within 30 days of the allotment of specified securities.

13A.8 Number of allottees

13A.8.1 The minimum number of allottees for each placement of specified securities made pursuant to this Chapter shall not be less than:

(*a*) two, where the issue size is less than or equal to Rs. 250 crores;

(*b*) five, where the issue size is greater than Rs. 250 crores.

Provided that no single allottee shall be allotted more than 50% of the issue size.

Provided further that QIBs belonging to the same group or those who are under common control shall be deemed to be a single allottee for the purpose of this clause.

Explanation.—For the purpose of this clause—

(*i*) The expression 'QIBs belonging to the same group' shall derive meaning from the concept of 'companies under the same group' as provided in sub-section (11) of section 372 of the Companies Act, 1956;

(*ii*) "Control" shall have the same meaning as is assigned to it by clause (*c*) of regulation 2 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

13A.9 Restrictions on amount raised

13A.9.1 The aggregate of the proposed placement and all previous placements made in the same financial year pursuant to this Chapter shall not exceed five times the net worth of the issuer as per the audited balance sheet of the previous financial year.

13A.10 Transferability of specified securities

13A.10.1 Specified securities allotted pursuant to this Chapter shall not be sold by QIB for a period of one year from the date of allotment, except on a recognised stock exchange.

Explanation.—For the purpose of this clause, it is clarified that any sale by way of a bulk or block transaction in accordance with the procedures prescribed by the Board and the stock exchange, shall also be treated as a sale on a recognised stock exchange.

13A.11 Obligations of Merchant Bankers

13A.11.1 Any issue and allotment of specified securities pursuant to this Chapter shall be managed by Merchant Banker(s) registered with SEBI.

13A.11.2 The merchant banker shall exercise due diligence.

13A.11.3 The merchant banker shall furnish to each stock exchange on which the same class of shares or other securities are listed, a due diligence certificate stating that the issue is being made pursuant to this Chapter and complies with its requirements, along with the application made for seeking in-principle approval for listing of the specified securities.

13A.11.4 The merchant banker shall also furnish to each stock exchange on which the same class of shares or other securities are listed, the documents, undertakings, etc, if any, specified in the listing agreement for the purpose of seeking in-principle approval and final permission from Stock Exchanges for listing of the specified securities.

13A.12 Issuer Certification

13A.12.1 The issuer shall furnish a copy of the placement document to each stock exchange on which the same class of shares or other securities are listed.

13A.12.2 The issuer shall also furnish to each stock exchange on which the same class of shares or other securities are listed, a certificate stating that the issue is being made pursuant to this Chapter and complies with its requirements, along with the application made for seeking in-principle approval for listing of the specified securities.

13A.12.3 The issuer shall also furnish to each stock exchange on which the same class of shares or other securities are listed, the documents, undertakings, etc, if any, specified in the listing agreement for the purpose of seeking in-principle approval and final permission from Stock Exchanges for listing of the specified securities.

13A.13 Non-applicability of Chapter XIII

13A.13.1 Nothing contained in Chapter XIII shall apply to an issue of specified securities made pursuant to this Chapter.

SCHEDULE XXIA

[Clause 13A.7.2]

DISCLOSURES IN PLACEMENT DOCUMENT

1. Disclaimer to the effect that the Memorandum relates to an issue made to Qualified Institutional Buyers under Chapter XIIIA and that no offer is being made to the public or any other class of investors.
2. Glossary of Terms/Abbreviations

   [Financial Statements Contained Herein]
3. Merchant Bankers/Managers to the placement and other advisors
4. Summary of the Offering and Instrument
5. Risk Factors
6. Market Price Information

   Disclose particulars of:—

   (*a*) high, low and average market prices of shares of the company during the preceding three years

   (*b*) monthly high and low prices for the six months preceding the date of filing of the prospectus

   (*c*) number of shares traded on the days when high and low prices were recorded in the relevant stock exchange during period of (*i*) and (*ii*) above, and total volume traded on those dates

   (*d*) the stock market data referred to above shall be shown separately for periods marked by a change in capital structure, with such period commencing from the date the concerned stock exchange recognizes the change in the capital structure (*e.g.*, when the shares have become ex-rights or ex-bonus)

   (*e*) the market price immediately after the date on which the resolution of the Board of Directors approving the issue was approved

   (*f*) the volume of securities traded in each month during the six months preceding the date on which the offer document is filed with ROC

   (*g*) Along with high, low and average prices of shares of the company, details relating to volume of business transacted should also be stated for respective periods.
7. Use of proceeds

   (*a*) purpose of the issue;

   (*b*) break-up of the cost of project for which the money is raised through issue;

   (*c*) the means of financing such project; and

   (*d*) proposed deployment status of the proceeds at each stage of the project.
8. Capitalization Statement
9. Dividends
10. Selected Financial and Other Information

    The audited consolidated or unconsolidated financial statements prepared in accordance with Indian GAAP shall contain the following:

    (*a*) Report of Independent Auditors on the Financial Statements

    (*b*) Balance Sheets

    (*c*) Statements of Income

    (*d*) Schedules to Accounts

    (*e*) Statements of Changes in Stockholders' Equity (*f*) Statements of Cash Flows

(*g*) Statement of Accounting Policies

(*h*) Notes to Financial Statements

(*i*) Statement Relating to Subsidiary Companies (in case of unconsolidated financial statements)

12. Management's Discussion and Analysis of Financial Condition and Results of Operations
13. Industry Description
14. Business Description
15. Organizational Structure and Major Shareholders
16. Board of Directors and Senior Management
17. Taxation Aspects relating to the Instrument
18. Legal Proceedings
19. Accountants
20. General Information
21. Such Other information as is appropriate to enable the investor to make an informed decision.