

**DRAFT RED HERRING PROSPECTUS**

Dated September 26, 2009

Please read Section 60B of the Companies Act, 1956

The Draft Red Herring Prospectus will be updated upon RoC filing

100% Book Built Issue**MIDFIELD INDUSTRIES LIMITED**

Our Company was originally incorporated as 'Midfield Steels Private Limited' on June 8, 1990 under the Companies Act, 1956 and subsequently we changed the name of our Company to 'Midfield Industries Private Limited' and received fresh Certificate of incorporation dated April 3, 2006. Subsequently our Company was converted into Public Limited Company and we received fresh Certificate of Incorporation dated July 7, 2006 in the name of 'Midfield Industries Limited' from the Registrar of Companies, Andhra Pradesh at Hyderabad. For details of change in the name and registered office, please refer to 'History and Certain Corporate Matters' beginning on page 100.

Registered and Corporate Office: Plot No. 6, Phase IV Extn., IDA Jeedimetla, Hyderabad- 500055, Andhra Pradesh, Tel: +91 40 23098502; Fax: +91 40 23096493

Company Secretary: Mr. Devi Prasad A; **Compliance Officer:** Mr. M Laxminarayana, E-mail: ipo@midfieldindustries.com; Website: www.midfieldindustries.com

PROMOTERS OF THE COMPANY: MR. M MADHU MOHAN REDDY AND MRS. M SUPRAJA

PUBLIC ISSUE OF 4,500,000* EQUITY SHARES OF FACE VALUE OF Rs.10/- EACH OF MIDFIELD INDUSTRIES LIMITED ('OUR COMPANY' OR THE 'ISSUER') FOR CASH AT A PRICE OF RS.[●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF Rs.[●] PER EQUITY SHARE) AGGREGATING TO RS.[●] MILLION (THE 'ISSUE'). THE ISSUE WOULD CONSTITUTE 35.10% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY

* Our Company is considering a Pre-IPO Placement of up to 500,000 Equity Shares with investor(s) ('Pre-IPO Placement'). The Company will complete the issuance of such Equity Shares prior to the filing of the RHP with the RoC. If the Pre-IPO Placement is completed, the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue size of 25% of the post Issue capital being offered to the public.

The Company may consider participation by Anchor Investor. The Anchor Investor Bid/Issue Period shall be one day prior to the Bid/Issue Opening Date

FACE VALUE OF EQUITY SHARES IS Rs.10/- EACH.

PRICE BAND IS Rs. [●]/- TO Rs. [●]/- PER EQUITY SHARE

THE ISSUE PRICE IS [●] TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND [●] TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND.

The Price Band and the minimum Bid Lot will be decided by the Company in consultation with the Book Running Lead Manager and advertised atleast 2 (two) working days prior to Bid/Issue Opening Date.

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

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

RISK IN RELATION TO FIRST ISSUE

This being the first public issue of the Equity Shares of our Company, there has been no formal market for the Equity Shares. **The face value of the Equity Shares is Rs.10/- each and the Issue Price of Rs.[●]/- per share is [●] times of the face value at the lower end of the Price Band and [●] times of the face value at the higher end of the Price Band.** The Issue Price (as determined and justified by the BRLM and our Company on basis of assessment of market demand for the Equity Shares by way of Book Building as stated in 'Basis for Issue Price') should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

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

ISSUER'S ABSOLUTE RESPONSIBILITY

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

IPO GRADING

This Issue has been graded by [●] and has been assigned the "IPO Grading [●]", indicating [●]. For Details kindly refer 'General Information' beginning on page 9 and 'Material Contracts and Documents for Inspection' beginning on page 248 of this Draft Red Herring Prospectus.

LISTING

The Equity Shares offered through this Draft Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited ("BSE"). Our Company has received the in-principle approval from BSE for the listing of the Equity Shares vide their letter dated [●]. For the purposes of this Issue, BSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER

Atherstone

Atherstone Capital Markets Limited

SEBI Reg. No.: INM 000011245

121, 12th Floor, Maker Chambers IV,

Nariman Point, Mumbai- 400 021.

Tel. No.: +91 22 66191920; Fax No.: +91 22 66152989

Email: ipo@atherstone.in

Website: www.atherstone.in

Contact Person: Mr. Rinav Manseta

REGISTRAR TO THE ISSUE

Bigshare Services Private Limited

SEBI Reg. No.: INR000001385

E/2, Ansa Industrial Estate, Sakivihar Road,

Sakinaka, Andheri (E), Mumbai – 400 072.

Tel.: +91 22 2847 0562; Fax: +91 22 2847 5207

E-mail: ipo@bigshareonline.com

Website: www.bigshareonline.com

Contact Person: Mr. Ashok Shetty

BID/ ISSUE PROGRAMME

BID/ ISSUE OPENS ON: [●]

BID/ ISSUE CLOSES ON: [●]

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SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise requires, the terms and abbreviations stated hereunder shall have the meanings as assigned therewith.

Terms	Description
"Midfield Industries Limited" or "Midfield" or "MIL" or "our Company" or "Issuer" or "Issuer Company" or "we" or "us" or "our"	Unless the context otherwise requires, refers to Midfield Industries Limited, a public limited company incorporated under the Companies Act, 1956

COMPANY RELATED TERMS

Terms	Description
Article / Articles of Association	Articles of Association of our Company
Auditors	The statutory auditors of our Company, being M/s. Sampat & Ramesh, Chartered Accountants
Board of Directors/Board	The Board of Directors of our Company or a committee constituted thereof.
Corporate Office	The corporate office of the Company, located at Plot No 6, Phase IV Extn., IDA Jeedimetla, Hyderabad – 500055, Andhra Pradesh
Director(s)	Director(s) of the Company unless otherwise specified
MD	Managing Director
Memorandum / Memorandum of Association	Memorandum of Association of our Company
Promoters	Promoters of the Company, namely, Mr. M Madhu Mohan Reddy and Mrs. M Supraja
Registered Office	The registered office of the Company, located at Plot No 6, Phase IV Extn., IDA Jeedimetla, Hyderabad – 500055, Andhra Pradesh
RoC	Registrar of Companies, Hyderabad, Andhra Pradesh
WTD	Whole Time Director

ISSUE RELATED TERMS

Terms	Description
Allocation	Allocation of Equity Shares pursuant to this Issue
Allotment/ Allot / Allotted	Unless the context otherwise requires, Allotment of Equity Shares pursuant to this Issue
Allottee	A successful Bidder to whom the Equity Shares are allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor category, who has Bid for Equity Shares amounting to at least Rs. 100 million
Anchor Investor Margin Money	An amount representing 25% of the Bid Amount payable by Anchor Investors at the time of submission of their Bid
Anchor Investor Portion	The portion of the Net Issue, being up to 675,000 Equity Shares
Anchor Investor Bid/Issue Period	The date one day prior to the Bid/Issue Opening Date on which bidding by Anchor Investors shall open and shall be completed
Application Supported by Blocked Amount / ASBA	The application (whether physical or electronic) used by a Resident Retail Individual Bidder to make a Bid authorizing the SCSB to block the Bid Amount in their specified bank account



ASBA Bidder	Any Resident Retail Individual Bidder who intends to apply through ASBA and (i) is bidding at Cut-off Price, with single option as to the number of shares; (ii) is applying through blocking of funds in a bank account with the SCSB; (iii) has agreed not to revise his/her bid; and (iv) is not bidding under the Employee Reservation Portion
ASBA Public Issue Account	Account opened with the Bankers to the Issue by the Company to receive monies transferred by the SCSBs from the bank accounts of the ASBA Bidders
Banker(s) to the Issue / Escrow Collection Banks(s)	The banks, which are clearing members and registered with SEBI as Banker(s) to the Issue, at which the Escrow Account will be opened and for the purpose of this Issue being [●]
Basis of Allotment	The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is described in "Issue Procedure – Basis of Allotment" on page 195
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to our Equity Shares at a price within the Price Band, including all revisions and modifications thereto For the purposes of ASBA Bidders, Bid means an indication to make an offer during the Bidding Period by a Retail Resident Individual Bidder to subscribe to the Equity Shares of our Company at Cut-off Price
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid-cum-Application Form / Bid Form	The form used by a Bidder (including the format of such application form used by the ASBA Bidder, whether physical or electronic) to make a Bid and which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus
Bid / Issue Closing Date	The date after which the members of the Syndicate and SCSBs will not accept any Bids for the Issue, which shall be notified in one English national newspaper, one Hindi national newspaper and a regional language newspapers with wide circulation at the place where registered office of the Company is situated
Bid / Issue Opening Date	The date on which the members of the Syndicate and SCSBs shall start accepting Bids for the Issue, which shall be the date notified in one English national newspaper, one Hindi national newspaper and a regional language newspapers with wide circulation at the place where registered office of the Company is situated
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and includes an ASBA Bidder
Bidding / Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids, including any revisions thereof
Book Building Process/Method	Book building route as provided in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
BRLM/ Book Running Lead Manager	Book Running Lead Managers to the Issue, in this issue being Atherstone Capital Markets Limited
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated equity shares after discovery of the Issue Price in accordance with the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted
Controlling Branches	Such branches of the SCSBs which coordinates Bids under this Issue by the ASBA Bidders with the BRLM, the Registrar to the Issue and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in/pmd/scsb.pdf

Cut-off Price	Any price within the Price Band finalised by the Company in consultation with the BRLM. A Bid submitted at Cut-Off price is a valid Bid at all price levels within the Price Band. Only Retail Individual Bidders and Eligible Employees whose Bid Amount does not exceed Rs. 100,000, are entitled to Bid at Cut-Off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-Off Price. It is mandatory for ASBA Bidders to Bid at the Cut-Off Price
Depository	A depository registered with Securities and Exchange Board of India under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996 as amended from time to time
Designated Branches	Such branches of the SCSBs which shall collect Bid cum Application Form from the ASBA Bidders and a list of which is available on http://www.sebi.gov.in
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Account to the Public Issue Account and the SCSBs transfer amount blocked in the bank accounts of the ASBA Bidders to the ASBA Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders
Designated Stock Exchange	Bombay Stock Exchange Limited
DP ID	Depository Participant Identity
Draft Red Herring Prospectus / DRHP	This Draft Red Herring Prospectus dated September 26, 2009 issued in accordance with section 60B of the Companies Act and Securities and Exchange Board of India Regulations, which does not contain complete particulars of the price at which the Equity Shares are issued and the number of Equity Shares being offered in the Issue
Eligible NRI	NRIs from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to or purchase Equity Shares offered thereby
Equity Shares	Equity shares of our Company of Rs. 10/- each unless otherwise specified
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder (excluding the ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into by our Company, the Registrar to the Issue, BRLM, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, remitting refunds (excluding ASBA Bidders) on the terms and conditions thereof
ESOS	Employees Stock Option Scheme
ESPS	Employees Stock Purchase Scheme
Financial Year / Fiscal / FY	Period of twelve months ended March 31 of that particular year, unless otherwise specified
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form
Floor Price	The lower end of the Price Band, at or above which the Issue Price will be finalized and below which no Bids will be accepted
GIR Number	General Index Registry Number



Issue/Issue Size	<p>Public issue of 4,500,000* equity shares of Rs.10/- each of the Company for cash at a price of Rs.[●] per equity share (including a share premium of Rs.[●] per equity share) aggregating to Rs.[●] million (the 'Issue')</p> <p>* The Company is considering a Pre-IPO Placement of up to 500,000 Equity Shares with certain investors. The pre-IPO placement is at the discretion of the Company. The Company will complete the issuance and allotment of Equity Shares pursuant to the Pre-IPO Placement prior to the filing of the RHP with the RoC. If the Pre-IPO Placement is completed, the Issue size would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue size of 25% of the post Issue capital being available for allocation to the public</p>
Issue Price	The final price at which Equity Shares will be allotted in the Issue in terms of the Red Herring Prospectus. The Issue price will be decided by our Company in consultation with the BRLM, on the Pricing Date
Issue proceeds	The proceeds of the Issue that are available to the Company
Margin Amount	The amount paid by the Bidder, or blocked in the bank account of the ASBA Bidders, at the time of submission of the Bid, being 10% to 100% of the Bid Amount, as applicable
Mutual Funds	Mutual funds registered with Securities and Exchange Board of India under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended
Mutual Fund Portion	5% of the QIB Portion or 112,500 Equity Shares aggregating to Rs. [●] available for allocation to mutual funds only, out of the QIB Portion.
Members of the Syndicate	The BRLM and the Syndicate Members
Net Proceeds	The Issue Proceeds less the Issue expenses. For further information about use of the Issue Proceeds and the Issue expenses see "Objects of the Issue" on page 25
Non-Institutional Bidders	All Bidders that are neither Qualified Institutional Buyers nor Retail Individual Bidders and who have bid for an amount of more than Rs.100,000/-
Non-Institutional Portion	The portion of the Issue being not less than or equal to 675,000 Equity Shares available for allocation to Non-Institutional Bidders.
Non Residents	A person who is not resident in India except NRI's and FII's
NRI / Non-Resident Indian	A non-resident is a person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of atleast 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under the FEMA. OCBs are not permitted to subscribe in this Issue.
Pay-in-Date	Bid/Issue Closing Date with respect to the Bidders whose Margin Amount is 100% of the Bid Amount or the last date specified in the CAN with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount
Pay-in-Period	<p>(i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date; and</p> <p>(ii) With respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date specified in the CAN</p>

Person/Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
Pre-IPO Placement	The private placement of upto 500,0000 Equity Shares for cash consideration to selected investors to be completed prior to the filing of the Red Herring Prospectus with the RoC. The details of such Pre-IPO Placement, if any, will be included in the Red Herring Prospectus
Price Band	Price band of a minimum price (Floor Price) of Rs. [●] per Equity Share and the maximum price (Cap Price) of Rs. [●] per Equity Share and includes revisions thereof
Pricing Date	The date on which our Company in consultation with the BRLM will finalize the Issue Price
Prospectus	The prospectus to be filed with the RoC after finalization of the Issue Price in accordance with Section 60 of the Companies Act and the Securities and Exchange Board of India Regulations, containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the number of Equity Shares offered in the Issue and certain other information
Public Issue Account	Account opened with the Bankers to the Issue by the Company to receive monies from the Escrow Account on the Designated Date
Qualified Institutional Buyers or QIBs	A public financial institution as defined in section 4A of the Companies Act, 1956, a scheduled commercial bank, a mutual fund registered with SECURITIES AND EXCHANGE BOARD OF INDIA, a foreign institutional investor and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, a multilateral and bilateral development financial institution, a venture capital fund registered with SEBI, a foreign venture capital investor registered with SEBI, a state industrial development corporation, an insurance company registered with the Insurance Regulatory and Development Authority, a provident fund with minimum corpus of Rs. 250 million, National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India and a pension fund with minimum corpus of Rs. 250 million eligible for bidding in the Issue
QIB Margin Amount	Account opened with the Bankers to the Issue by the Company to receive monies from the Escrow Account on the Designated Date
QIB Portion	The portion of the Issue being upto 2,250,000 Equity Shares constituting 50% of the Issue (of which 5% of the QIB Portion or 112,500 Equity Shares shall be available to Mutual Funds) available for allocation to QIBs.
Red Herring Prospectus / RHP	The red herring prospectus to be issued in accordance with Section 60B of the Companies Act and the SEBI Regulation, which will not have complete particulars of the price at which the Equity Shares are offered and the number of Equity Shares offered in the Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/Issue Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date
Refund Account	The account opened with Escrow Collection Bank(s), from which refunds, if any, of the whole or part of the Bid Amount (excluding to the ASBA Bidders) shall be made
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means funds through ECS, NEFT, Direct Credit or RTGS as applicable
Refund Banker	In this case being [●]
Registrar / Registrar to the Issue	Registrar to the Issue, in this case being Bigshare Services Private Limited, E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai – 400 072



Resident Retail Individual Bidders	Retail Individual Bidder who is a person resident in India as defined under FEMA and who is eligible to apply in this Issue through the ASBA process
Retail Individual Bidder(s)	Individual Bidders (including HUFs applying through their Karta and Eligible NRIs) who have not Bid for Equity Shares for an amount more than Rs.100,000 in any of the bidding options in the Issue
Retail Portion	The portion of the Net Issue to the public being not less than 35% of the Issue or 1,575,000 Equity Shares of Rs.10 each available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders, excluding ASBA Bidders, to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous revision forms
RoC / Registrar of Companies	The Registrar of Companies, 2 nd Floor, CPWD Building, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad – 500195
Self Certified Syndicate Bank / SCSB	The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers services of ASBA, including blocking of bank account and as notified by SEBI from time to time
SCSB Agreement	The agreement to be entered into between the SCSBs, the BRLM, the Registrar to the Issue and our Company only in relation to the collection of Bids from the ASBA Bidders
Stock Exchange	Bombay Stock Exchange Limited
Syndicate or Members of the Syndicate	BRLM and the Syndicate Members
Syndicate Agreement	The agreement to be entered into between the Syndicate and our Company in relation to the collection of Bids in the Issue (excluding Bids from the ASBA Bidders)
Syndicate Members	[•]
Transaction Registration Slip/TRS	The slip or document issued by a member of the Syndicate or the SCSB (only on demand), as the case may be, to the Bidder as proof of registration of the Bid
Underwriters	The BRLM and the Syndicate Members
Underwriting Agreement	The agreement among the Underwriters and our Company to be entered into on or after the Pricing Date

TECHNICAL AND INDUSTRY TERMS

Terms	Description
C R Steel	Cold Roll Steel
DG Set	Diesel Generator Set
H R Steel	Hot Roll Steel
KVA	Kilo Volt Ampere
MSEB	Maharashtra State Electricity Board
MTPA	Metric Tonnes Per Annum
PP Strapping	Poly-propylene Strappings
PET Strapping	Polyester Strapping
OC	Operations Contract
VCI Paper	Volatile Corrosion Inhibitor Paper

CONVENTIONAL AND GENERAL TERMS/ABBREVIATIONS:

Terms	Description
Act or Companies Act	Companies Act, 1956, as amended from time to time
AGM	Annual General Meeting
ASBA	Application Supported by Blocked Amount
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
AY	Assessment Year

BG/LC	Bank Guarantee / Letter of Credit
BSE	The Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996 as amended from time to time
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time
DP / Depository Participant	A Depository Participant as defined under the Depository Participant Act, 1996
DP ID	Depository Participant's identification
EBIDTA	Earnings Before Interest, Depreciation, Tax and Amortisation
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares at the end of that fiscal year
FCNR Account	Foreign Currency Non Resident Account established in accordance with the FEMA
Financial Year / Fiscal Year / FY	The period of twelve months ended March 31 of that particular year
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations there-under and as amended from time to time
FII	Foreign Institutional Investor (as defined under SEBI FII (Foreign Institutional Investors) Regulations, 1995, as amended from time to time) registered with SEBI under applicable laws in India
FIs	Financial Institutions
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended from time to time
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
Gol/Government	Government of India
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standard
I.T. Act	Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally Accepted Accounting Principles of India
INR / Rs. / Rupees	Indian Rupees, the legal currency of the Republic of India
IPO	Initial Public Offering
MICR	Magnetic Ink Character Recognition
MTPA	Metric Tonnes Per Annum
Mn / Mn / Mln	Million
MoU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NR / Non Residents	Non Resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, is a person resident outside India, as defined under FEMA and the FEMA Regulations
NRO Account	Non Resident Ordinary Account



NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India
P/E Ratio	Price / Earnings Ratio
PAN	Permanent Account Number allotted under the Income Tax Act, 1961, as amended from time to time
PIO	Person of Indian Origin
PLR	Prime Lending Rate
RBI	Reserve Bank of India
RoNW	Return on Net Worth
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SCSB	Self Certified Syndicate Bank
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI Regulations / SEBI (ICDR) Regulations, 2009	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time
Stamp Act	The Indian Stamp Act, 1899, as amended from time to time
State Government	The Government of a State of India
UIN	Unique Identification Number
USD/ US\$	United States Dollars

CERTAIN CONVENTIONS; PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

In this Draft Red Herring Prospectus, the terms “we”, “us”, “our”, the “Company”, “our Company”, “Midfield Industries Limited”, “Midfield” or “MIL”, unless the context otherwise indicates or implies, refers to Midfield Industries Limited.

For additional definitions used in this Draft Red Herring Prospectus, see the section “Definitions and Abbreviations” beginning on page i. In the section titled “Description of Equity Shares and the Terms of Articles of Association”, defined terms have the meaning given to such terms in the Articles of Association of the Company.

Financial Data

Unless indicated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our restated financial statements as of and for the years ended on March 31, 2005, 2006, 2007, 2008 and 2009 prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with SEBI Regulations, as stated in the report of our Statutory Auditors, M/s. Sampat & Ramesh, Chartered Accountants, included in this Draft Red Herring Prospectus.

Our fiscal year commences on April 1 and ends on March 31, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

Currency of Presentation

In this Draft Red Herring Prospectus, all reference to “Rs.” / “Rupees” / “INR” are to Indian Rupees, the official currency of the Republic of India, “\$” / “US\$” / “USD” are to U. S. Dollars, the official currency of the United States of America.

All references to “million” or “Million” or “Mln” or “mn” refer to one million, which is equivalent to “ten lakhs” or “ten lacs”, the word “Lakhs /Lacs/Lac” means “one hundred thousand” and “Crore” means “ten millions” and “billion / bn / bln / Billions” means “one hundred crores”.

Throughout this Draft Red Herring Prospectus, currency figures have been expressed in “million / Mln / mn / Millions” except those, which have been reproduced/ extracted from sources as specified at the respective places.

Market Data

Unless stated otherwise, industry and market data used throughout this Draft Red Herring Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data.



FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements”. These forward looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “contemplate”, “seek to”, “future”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals are also forward-looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include but are not limited to -

- General economic and business conditions in India;
- Our ability to successfully implement our growth strategy and expansion plans and to successfully achieve the objectives for which funds are being raised through this Issue;
- Prices of raw materials we consume and the products we produce.
- Changes in laws and regulations relating to the industry in which we operate;
- Changes in political and social conditions in India;
- Any adverse outcome in the legal proceedings in which our Company is or may be involved; and
- The loss or shutdown of operations of our Company at any times due to strike or labour unrest or any other reason.

For further discussion of factors that could cause our actual results to differ, please refer to the “Risk Factors”, “Business Overview” and “Management’s Discussions and Analysis of Financial Conditions and Results of Operations” beginning from page i, 70, 152 respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the members of issue management team nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the Lead Managers will ensure that investors in India are informed of material developments until the grant of listing and trading permission by the Stock Exchange for the Equity Shares allotted pursuant to this Issue.

SECTION II - RISK FACTORS

An investment in equity shares involves a high degree of risk. The investor should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares of our Company. If any of the following risks actually occur, our business, results of operations and financial condition may suffer, the trading price of the Equity Shares of our Company may decline, and the investor may lose all or part of his investment.

To obtain, a complete understanding of our Company, the investor should read this section in conjunction with the sections titled "Business Overview" beginning on page 70 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 152, as well as, the financial and the other information contained in this Draft Red Herring Prospectus.

Unless specified or quantified in the relevant risk factors below, the Company is not in a position to quantify the financial or other implication of any of the risks mentioned herein below

Materiality

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

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

INTERNAL RISK FACTORS

RISK RELATED TO OUR COMPANY

Our Company is involved in certain legal proceedings.

Our Company is involved in certain proceedings/claims in relation to taxation matters incidental to our business and operations. These proceedings are pending at different levels of adjudication before the appellate authorities. Should any new developments arise, such as a change in Indian law or rulings against us by appellate authorities, we may need to make provisions in our financial statements, which could increase our expenses and our current liabilities. We can give no assurance that these legal proceedings will be decided in our favour. Any adverse decision may have effect on our financial results. Furthermore, if a claim is determined against us and we are required to pay all or a portion of the disputed amount, it may have a material adverse affect on our results and cash flows. A classification of the legal proceedings/appeals instituted by our Company and the monetary amount involved in these cases is given in the following table -

Type of Litigation	Amount involved (Rs. in million)	No of Cases	Nature of Case
Sales Tax	6.73	4	Appeal against demand of Commercial Tax Officer wherein we have disputed the turnover determined by the authority

Risk associated with Contingent Liabilities

Contingent liabilities as on March 31, 2009, are as under

Particulars	Rs. in Million
Unexpired Bank Guarantees	6.32
Letter of Credit	42.69
Sales tax Dispute	6.73
TOTAL	55.74

a) Criminal Case filed by/against our Promoters and/or Directors – Nil

b) Civil Case filed by/against our Promoters and/or Directors – Nil

For more information regarding litigation of our Promoters, please refer to the section titled "Outstanding Litigations and Material Developments" beginning on page 166.



We have failed to approach the relevant authorities seeking their prior approval and/or apply for renewal of approvals received, which may attract penal action from the concerned authorities thereby adversely affect our operations and consequently the financial position.

The existing manufacturing facilities of our company are situated at plot no. 6, 4A and 4C at Phase IV, Extn. IDA, Jeedimetla, Hyderabad. Plot 4A at Jeedimetla, Hyderabad was acquired by us in June 2005. The said plot is located adjacent to the existing Plot no. 6. We had obtained the clearance/approval of the Pollution Control Board for Plot no 6 and 4C which expired in March 31, 2007. We failed to apply for renewal of the same within the stipulated time. Application has been made to Pollution Control Board for renewal in December 2008. As regards Plot no. 4A we have failed to apply for clearance/approval from the Pollution Control Board prior to commencement of operations & have now applied to the Pollution Control Board for their clearance/approval. The delay on our part in applying for and obtaining the approval may entail invocation of liabilities – civil and criminal under the penal provisions of the relevant statutes.

However, we have received a letter dated September 24, 2009, from Andhra Pradesh Pollution Control Board, confirming receipt of applications filed by the Company in respect of Unit I – Plot No 6 and Unit II – Plot No 4-C and further stating that the applications are under process. The said letter has also confirmed the inspection by PCB officials in January 2009 and additional information submitted by the Company in January and March 2009.

Further, we have been hiring contract laborers at Angul, Orissa and should have applied for and got the company registered as “principal employer” before employing the contract labor. We have failed to apply for the said registration. Under the Contract Labour (Regulation) Abolition Act, 1970 the said contravention may entail invocation of liabilities – civil and criminal under the penal provisions of the relevant statutes.

Similarly, the units of the Company at Plot no. 6 & 4C are registered as SSI units and are having separate registrations and approvals as far as possible. Accordingly, the company continued enjoying certain benefits as are available to SSI units as per the policy of the government from time to time, despite having breached the threshold investment limit in the year 2005. In view of investment of the company as a whole breaching the threshold investment limit of Rs. 5 crores, we have now applied to the appropriate authorities, for conversion of the enterprise as a medium scale unit. Thereafter, we had received registration of the enterprise for unit of Plot no. 4A and 6 as a small scale unit vide letter dated June 10, 2009 of District Industries Centre (DIC), Ranga Reddy District. The letter of DIC with regard to unit at Plot no. 4C is still awaited. The delay on our part in applying for such conversion earlier, could subject us to such penal action as the appropriate authorities may deem fit in view the provisions of Medium Enterprises and Small Enterprises Development Act, 2006. The penal action if taken may cause to have financial implications on the company and likely to adversely affect the operations of the Company.

The penal provisions as mentioned above under relevant Acts, if invoked by the relevant authorities against the company and/or its directors/ officers are likely to adversely affect the operations of the company & consequently its financial capabilities.

Some of the properties owned by the Company are registered in the erstwhile name of the company.

Our Company has over a period acquired properties situated at Hyderabad which were duly registered in the erstwhile name of our Company i.e. Midfield Steels Pvt Ltd. as per the records of the relevant authorities. Consequent to change in our name, we have now initiated action for change of name with the concerned authorities in their records. However, we are also in the process of initiating action for effecting change in the name of the Company with the concerned authorities.

Our revenues are significantly dependent on sale of steel strapping.

We are presently engaged in the manufacture industrial packaging consumables. Steel strapping is our flagship product & has contributed 70.55%, 65.49% and 64.18% of our total sales during 2006-2007, 2007-2008 and 2008-2009. As of now, we believe that there is no substitute for steel strapping because of the nature of industry it is being used in i.e. steel, aluminum, glass, jute, to name a few. Besides, technology involved in producing high tensile steel strapping is not readily available thus there are few manufacturers in India. However, if substitute for steel strapping becomes available or if the number of manufacturers / suppliers increase, it may adversely impact our revenues. Any decline

in revenues from steel strapping on account of reasons beyond our control or volatility in the prices of these products may adversely affect our business and financial operations.

We have taken various properties on a leasehold / leave license basis where our branches are located. Any termination of these leases/leave licenses and/or non-renewal could adversely affect our operations temporarily.

We have entered into a long lease agreement of 90 years for our manufacturing facility located at Roorkee. We may in future also enter into such transactions with third parties. Any adverse impact on the title /ownership rights/ development rights of our landlords from whose premises we operate our manufacturing facility or breach of the contractual terms of such leave and license agreements may impede our Company's effective operations. Any non-renewal of the existing lease may force us to incur substantial expenditure in relocating our facilities. This may lead to loss of business for the period during which our facilities are being relocated. In that event, our operations and in turn profitability will be adversely impacted. Further, we may require prior consent of the lessor for undertaking activity other than manufacture of corner board at such premises. In the event of non-receipt such approval or delay in receipt of such approval may adversely affect our operations and consequently our profitability.

Similarly, we have taken various properties on a leasehold/leave license basis where our branches are located. Any termination of these leases/leave licenses and/or non-renewal could adversely affect our operations temporarily.

RISK RELATED TO OUR BUSINESS

Joint Venture in same line of Business

We have entered in to a Joint Venture with M/s Centaur Equipos de Flejado of Spain to setup a Company with the object of setting up a Steel Strappings manufacturing facility in India and to sell in India the steel strapping tools manufactured by Centaur, Spain. Accordingly, Centaur India Steels and Tools Private Limited (CISTPL) has been incorporated with its registered office in Hyderabad. We have entered into a Non Compete Agreement with CISTPL. For details please refer chapter on 'History and Corporate Structure of the Company' beginning on page 100.

Shortfall / non - availability/ increase in input costs of raw materials or supply/cost of utilities may have an adverse impact on our business and financial condition.

Our major raw material is cold rolled steel of different sizes & types along with certain inoculants, paper boards. Power and fuel is also an important input. Most of the raw materials required for our manufacturing process are sourced from within Andhra Pradesh for our facilities at Hyderabad and from within the state of Uttaranchal for our facilities at Roorkee. For meeting our requirement of power at our units, we have received load sanction from respective State Electricity Boards. The prices of Electricity are determined by the State Electricity Boards from time to time. We have Diesel generator sets as stand by arrangement, at our units. The quantities sourced from ground water and other external sources are sufficient to meet our water requirements. Besides, we have dug bore well to meet our water requirements. Although our manufacturing process does not involve the use of large quantities of water yet its shortfall could adversely impact our business.

We may not be able to pass on any or all increase in the cost of raw materials and other inputs, if any, to our customer, which could have an adverse impact on our profitability. Although our management constantly monitors the requirement, usage, availability, stock and supply of these raw materials on a regular basis any shortfall/ non - availability of raw materials or supply of utilities may have an adverse impact on our business and financial condition

We do not have any long-term contracts with our Customers.

We do not have any long-term contracts with our buyers, barring our operational contracts which are entered into for a period ranging from one to two year(s). Any change in the buying pattern of our customers can adversely affect the business of our Company. We have good business relations with our customers and have received continued business from them in the past due to our emphasis on quality, timely shipment of goods, after sales service and aggressive marketing, however, there is no certainty that the same will continue in the years to come. A change in buying patterns may adversely affect our business and profitability.



Our revenues are dependent upon we meeting client specific requirements and largely on a case-to-case basis.

Our assignments for providing products largely involve providing customized products on a case-to-case basis, depending upon the needs of each customer. Our inability to provide customized products/solutions could diminish our market image and brand value, which could lead to clients discontinuing their contracts with us and stagnation / reduction of our client base, which in turn could harm our business and profitability. Thus, our future growth will depend on our continued evolution of specific sets of customized products to deal with the rapidly evolving and diverse needs of our customers in a cost-competitive and effective manner.

Our Company is exposed to foreign currency risk.

We earned an export income of about Rs.81.93 millions and Rs.82.63 millions that constitutes 12.12% and 9.88% of our total income of about Rs.675.09 millions and Rs.834.71 millions in Financial Year 2008 and 2009 respectively. We receive these export revenues in USD. We are therefore susceptible to exchange rate fluctuations. We have not entered into any forward exchange contracts to hedge exchange rate fluctuations risk. Similarly, the exchange rate between the rupee and other currencies too is variable and may continue to fluctuate in the future. Fluctuations in the exchange rates may affect us to the extent of revenues and businesses from overseas.

Availability of adequate labor, work stoppages and other labor problems could adversely affect our business.

We require skilled and unskilled labor for successful running of our existing, as well as, future operations. Any shortage of adequate labor and stoppage due to any labor related issues may affect smooth running of our operations.

Changes in client's preference from metal to plastic strapping.

World wide, there is change in the likings of the clients, which is changing their thought process. There is a possibility that some of the corporate may prefer to have polyester strapping instead of metal one if feasible. Due to the changes in preference, our steel strapping would continue to face competition from polyester strapping, which may adversely affect our revenue growth and profitability in future.

If we are unable to implement our growth strategies as per our plans and in a timely manner, our business and results of operations could be adversely affected.

To succeed in this competitive environment size and scale of operations is the key. To increase our size, we plan to pursue aggressive growth plans. This will significantly depend on our ability to manage new initiatives for scaling up while managing to keep current operations under control. Our success will depend on other things like our ability to assess the potential domestic, as well as, exports demands for our products, time our capital investments, control input costs, attract new customers within the country and in international markets, maintain and enhance our position with our current customers in India and maintain sufficient operational and financial controls. Our growth strategy may place significant demands on our management and other resources.

Our growth strategies involve risks and difficulties, many of which are beyond our control and accordingly there can be no assurance that we will be able to complete our plans on schedule or without incurring additional expenditures or at all. If market conditions change, if operations do not generate sufficient funds or for any other reasons, we may decide to delay, modify or forego some aspects of our growth strategies or if we are unable to implement our growth strategies successfully, our future results of operations may be adversely affected.

We currently enjoy certain benefits, which may not be available to us in the future.

Our Company gets benefit of DEPB and/or duty draw back on the exports of industrial packaging consumables. Gradually, Government is reducing the various benefits available to exports. Such non-availability of any export benefits in the future may adversely affect our results of operations and profitability.

Reduction or termination of our tax incentives will increase our tax liability and reduce our profitability

As per the relevant provisions of the Income Tax Act, 1961, we are eligible for certain Sales Tax Deferment benefits under Target 2000 in the state of Andhra Pradesh, we are also entitled for certain sales tax and income tax exemption with respect to the profits derived from our manufacturing facilities at Roorkee, Uttaranchal. For details, please refer to the section titled 'Statement of Tax Benefits' beginning on page 47. Such tax benefits may not be available to us in the future. Such non-availability of tax benefits could adversely affect the results of our operations and profitability.

The performance of our facility at Tal. Wada, District Thane may be hampered on account of frequent power cuts in the region.

Our manufacturing facility at Tal. Wada, Dist. Thane (Maharashtra) once operational may face shortage of electricity supply and may increase our dependency on the usage of DG sets. Though, we have sufficient back up for our power requirement through the DG sets however the same is likely to increase the cost of power and may have an adverse impact on our manufacturing cost.

The Trade Marks of our Company are not registered and in case we do not receive the registrations, it may affect our business goodwill on account of possible misuse by any third party.

We have applied to the Trade Marks Registry for registration of 6 Trade Marks (including Logo). The Registration of Trade Mark is normally valid for 10 years from the date of the application and may be subsequently renewed. Non-receipt of the registrations applied for by us may affect our business goodwill on account of possible misuse by any third party.

We do not foresee any difficulty in getting the registration of these trade marks. Although there is likelihood of Company losing business or goodwill on account of use or misuse of our trademarks by any third party or concern. We have been using the trademarks and logo consistently and therefore believe that we have a proprietary right and ownership over the logo and trademarks.

For details of applications made for registration of trade marks, please refer to the section titled 'Intellectual Property' on page 92.

We would be dependent on external suppliers for key raw materials and components.

We would be dependent on the external suppliers of key raw materials and components required for our manufacturing operations. The failure of our suppliers to deliver these raw materials or components in the necessary quantities or to adhere to delivery schedules or specified quality standards/technical specifications, could adversely affect our production processes and our ability to deliver orders on time and at the desired level of quality giving rise to contractual penalties or liability, for failure to perform contracts, and a loss of customers and damage our reputation which may adversely affect us.

Some of our purchase orders with our suppliers do not contain arbitration clauses.

In the event our suppliers default on delivery or there is any dispute regarding quality or quantity of the materials supplied to us, since some purchase orders do not have arbitration clauses, we may not have any speedy recourse against them. Any failure or delay on our part to procure required materials may delay schedules of production or any commitments to other entities for supply of finished products which would in turn adversely affect our operations and profitability. Such failures or delays may also lead to increase in prices of these materials, further affecting our cost and profit estimates.

Our reliance to a certain extent on contract labour for the performance of some of our operations may adversely affect our business.

We rely on certain labour contractors who provide us on-site labour for performance of some of our unskilled operations and are registered as a principal employer under the Contract Labour (Regulation and Abolition) Act, 1970 for employing such Contract Labour. There is a possibility that on an application from the contract labourers, the appropriate court / tribunal may direct that the such contract labourers are required to be regularized or absorbed, and / or may direct that our Company to pay certain compensation in this regard. In that event, it may result in an increase in our wage cost and consequently, may affect our profitability

We are dependent on third-party transportation providers for the supply of raw materials and delivery of products.



We normally use third-party transportation providers for the supply of most of our raw materials and for deliveries of our finished products to our customers. Transportation strikes by members of various Indian Truckers' Unions have had in the past, and could in the future, an adverse effect on our receipt of supplies and our ability to deliver our finished products. In addition, transportation costs have been steadily increasing. Continuing increases in transportation costs may have an adverse effect on our business and results of operations.

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

We have entered into transactions with our promoters and affiliates. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

For further details, see the section titled "Financial Information" beginning on page 125.

Dues owed to SSIs outstanding for more than 30 days

As on March 31, 2009, we owe Rs.0.32 million to SSIs, which have remained outstanding for more than 30 days.

We significantly depend on our key customers who contribute close to 50% of our revenues. Loss of any of the customer could adversely affect our operations.

As on March 2009, we derived 42.66% of our revenues from our top 10 customers. Though we have been maintaining cordial relationships with them, no assurance can be given that we would continue to maintain our sales to any of these customers or they will continue to meet their requirement from us, which could adversely affect our operations.

Our Company is promoted by first generation entrepreneurs.

The promoters of our Company are first generation entrepreneurs and in spite of having a professional management team, our business may suffer due to various challenges and competition.

Significant dependence on the domestic market for sales could adversely affect our business

We derive majority of our total revenue from the domestic market. Our total forex earnings from exports for FY 2009, FY 2008 and FY 2007 were Rs.82.63 million, Rs.81.93 million and Rs.42.55 million respectively, constituting less than 10% of our total turnover. We are in process of starting our operations at the manufacturing facilities set up in Dist. Thane to concentrate on the export opportunities and enhance our share in the international markets. However, any adverse developments in the domestic industry could have a significant impact on our overall operations and profitability.

Risk Associated with availability and price fluctuation of raw material and finished product

Prices of Raw Material and Finished product:

In the recent past, there have been wide fluctuations in the prices of critical raw materials such as H R Steel & C R Steel etc both at domestic and international levels. Such fluctuations in prices of raw material and our inability to negotiate at optimum market rates may affect our profitability. Similarly, the prices of finished products have also shown price variations, which may impact our profitability.

The risk on account of price fluctuation in raw material is reduced to a significant extent by passing incremental raw material cost to the prices of finished products thereby insulating our Company from fluctuation in raw material prices. Profitability will depend upon the extent upto which we are able to pass on the burden of rise in the price of raw material to our consumers.

Supply Chain Management:

We source our critical raw material i.e. H R Steel; C R Steel; paper Board, etc. from Andhra Pradesh and Uttaranchal for our plant(s) at Hyderabad and Roorkee. Any delay in supply of raw material to our plant(s) may affect our plant's operations in Hyderabad & Roorkee, which in turn may hamper our Company in fulfilling its obligation for supply of steel strappings.

Further, any rise in the transportation cost may in turn lead to rise in the cost of production for us. In case we are not able to pass on the burden of such additional cost to the buyer of our product, our profit margins may be affected. We are planning to maintain adequate level of inventory for HR & CR Steel Coils; paper Boards, which we feel would be adequate in meeting the working capacity of plant in case of logistical delays arising in ordinary course of business or unfortunate circumstances arising in business, thereby insulating our profitability and operations.

Excess supply situation

Globally, a situation of excess supply might emerge due to high capacity addition and due to industrial recession resulting in a depressed demand. However, we are engaged in the manufacture of diversified range of products catering to diverse sectors and have been showing consistent growth in our sales. Our company has also been adopting timely cost control measures and production of value added products to combat this situation.

Change in technology

Technology plays a vital role in our plants. Our failure or inability to incorporate any change in technology might place our competitors at an advantage in terms of cost, efficiency and timely delivery of the products.

Change in interest rates and banking policies

The Company is dependent on bank(s) and financial institution(s) for arranging the Company's Working Capital Requirements, Term Loans, etc. Accordingly, any change in the extant banking policies or increase in interest rates may have an adverse impact on the Company's profitability.

The Promoters of the Company consist of Mr. M. Madhu Mohan Reddy and Ms. Supraja Reddy. The success of the Company depends on him to a large extent.

Mr. M. Madhu Mohan Reddy and Ms. Supraja Reddy are the promoter(s) of our Company. They hold 65.47% of the paid up equity share capital of our company as on August 31, 2009. They along with promoter group hold about 79.76% of our pre issue paid up equity share capital (post issue the same would be approximately 51.77%).

Under Mr. M. Madhu Mohan Reddy the company has been able to build and develop a professional team of people who have developed expertise in their respective fields over the years and as such the Company is not entirely dependent on Mr. Reddy.

There is no existing market for the Equity Shares, and we do not know if one will develop. Our stock price may be highly volatile after the Issue, and as a result, you could lose a significant portion or all of your investment.

Prior to the Issue, there has not been a public market for the Equity Shares. We cannot predict the extent to which investor interest will lead to the development of an active trading market on the Stock Exchange or how liquid that market will become. If an active market does not develop, you may experience difficulty in selling the Equity Shares that you purchased. The IPO price is not indicative of prices that will prevail in the open market following the Issue. Consequently, you may not be able to sell your Equity Shares at prices equal to or greater than the price you paid in the Issue.

RISK RELATED TO OUR PROJECTS

Majority of the regulatory approvals/registrations with regard to the manufacturing facilities being set up, as well as, the proposed expansion of the existing facilities are yet to be applied for and/or to be received. Any delay in applying and/or non-receipt of such approvals may cause delay in the implementation of the said projects.

Majority of the regulatory approvals/registrations with regard to the manufacturing facilities being set up in Tal. Wada, Dist. Thane and at Hyderabad; at the existing facilities at Jeedtimetla, Hyderabad and Roorkee are yet to be applied for and/or to be received. Any delay in applying and/or non-receipt of such approvals/registrations may cause delay in the implementation of the said projects and consequently may have an adverse effect on the profitability.

The applications for such licenses/approvals would be made to the respective authorities at various stages of project implementation. There can be no assurance that we will receive the approvals on a timely basis, or at all. If we do not receive the requisite approvals for our new manufacturing facilities



or if such approvals are delayed, our operations and proposed expansion plans may be adversely affected.

For further details please refer to “Government/Statutory and Business Approvals” beginning on page 168.

Our present expansion plans are fully dependent on the success of the proposed Initial Public Offer.

Implementation of the objects for this issue is dependent on receipt of the issue proceeds. Any delay in the issue process or any under-subscription of Equity Shares offered as part of this issue could adversely affect our growth plans, and hence our business. Further, in the event there is an increase in the expenditure required to be incurred by us in respect of our objects, consequent to increase in costs, change in laws, or for any other reason and we are unable to meet the cost overruns, it could affect our ability to fulfill the objects of this Issue.

We have not identified alternate sources of financing for the Equity component of the Expansion Project

The total fund requirement is proposed to be funded through a mix of internal accruals and net proceeds from the Issue. The Cost of the proposed Projects is estimated at Rs.442.56 million excluding General Corporate Purposes and Initial Public Offer Expenses.

We have not identified alternate sources of financing for the equity component of the Project Cost. Any delay on our part to raise money through this Issue will delay the implementation of the proposed Projects.

Our Company proposes to deploy part proceeds of the Issue for brand building in the domestic market and for working capital margin

One of the objects of the proposed issue is for incurring expenditure for brand building in the domestic market and for working capital margin. It will enable our Company to expand our revenues, further expand in the domestic market and improve our margin(s); however, the same will not lead to creation of any net tangible assets, like land and building or plant and machinery.

For more information please refer to section titled “Objects of the Issue” beginning on page 25.

We are yet to acquire land required for our proposed plans for setting facilities for the Manufacture of VCI paper at Hyderabad and high tensile steel strapping and seals plant at Sharjah. Delay in acquisition of land may affect the expansion plans of our Company

Our Company has yet to acquire land required for its proposed plans for setting facilities for the Manufacture of VCI paper at Hyderabad and high tensile steel strapping and seals plant at Sharjah. Any delay in acquisition of land would delay the plans of our Company, which in turn could affect our financial performance.

We have not yet placed orders for our plant and machinery, equipment etc. for the proposed project as specified in the Objects of the Issue. Any delay in procurement of plant & machinery, equipment etc. may delay the implementation schedule which may also lead to increase in prices of these equipments, further affecting our cost, revenue and profitability.

The net proceeds of the Issue are proposed to fund the planned expansion as explained in the section titled ‘Objects of the Issue’ beginning on page 25. We have not yet placed orders for any plant & machinery or any equipment for our proposed project. Any delay in placing the orders or procurement of plant & machinery, equipment, etc. may delay the implementation schedule. Such delays may also lead to increase in prices of these equipments, further affecting our cost, revenue and profitability.

The objects of the issue for which funds are being raised have not been appraised by any Bank or Financial Institutions. The estimates of costs are based on quotations received from vendors and management estimates. The requirement of working capital has been determined based on company’s estimates in line with the past trends. Though these quotes/estimates have been taken recently, they are subject to change and may result in cost escalation.

The objects for which the funds are being raised have not been appraised by any bank or financial institution. The company has an in-house expertise of over a decade in this business. The requirement for working capital has been determined based on company’s estimates in line with the

past trends. The management has done an evaluation of the cost structures involved and feels that any change or cost escalation can be effectively managed by the company at the time of implementation.

There is no requirement for a monitoring agency in terms of Regulation 16 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. However, the Audit Committee of the Board would monitor the deployment of the issue proceeds. In terms of clause 49 of the listing agreement to be entered with the Exchange where our shares are proposed to be listed, the Audit Committee shall deliberate on the uses/applications of funds by major category, on a quarterly basis as a part of their quarterly declaration of financial results. Further, on an annual basis the Company shall prepare a statement of funds utilized for purposes other than those stated in the Prospectus, if any, and place the same before the Audit Committee. Such disclosures shall be made only till such time that the money raised through the issue has been fully spent. This statement shall be certified by the statutory auditors of the company. The Audit Committee shall make appropriate recommendations to the Board in such matters.

OTHER INCIDENTAL RISKS

Our success depends upon our ability to attract and retain our key managerial employees

Our success depends on the continued services and performance of our key managerial employees. Our ability to sustain our growth depends, in large part, on our ability to attract, train, motivate and retain skilled and unskilled personnel. Our inability to hire and retain experienced and qualified personnel will impair our ability to continue to expand our business. Any increase in the rate of attrition for our experienced employees, would adversely affect our growth strategy. Further, we do not maintain 'key man' life insurance for our management team or other key personnel except Mr. M. Madhu Mohan Reddy. The loss of the services of our senior management or other key personnel could seriously impair our ability to continue to manage and expand our business, which may adversely affect our financial condition.

Non-availability of peer group segment / companies

We operate and will continue operating in the industrial packaging consumables. There are no comparable companies having a range of industrial packaging consumables i.e. steel strappings; Polyester Strapping & PP strapping; Corner Boards; VCI Paper and collated nails. Non-availability of peer group companies however, may not allow us to do our benchmarking vis-à-vis peer group companies.

We visualize our competency in operating in all the segments of industrial packaging, will enhance our standing in the industry and achieve cost competency for our company.

In the past 12 months, we have issued Equity Shares, which may be at a price less than the lower end of the price band for the Equity Shares being offered in the Issue.

We have, in the past 12 months issued shares at price which could be lower than the issue price. For further details regarding such issuance of equity shares, refer to the section titled "Capital structure" on page 16.

We do not have a track record for payment of dividend on Equity Shares

We have not declared and hence paid any dividend on our Equity Shares since inception as we had been deliberately pursuing the policy of ploughing back our profits to fund our expansion plans. The future payment of dividends, if any, would be based on the then available distributable profits and the recommendations of our Board of Directors.

We are subject to restrictive covenants in debt facilities provided to us by our lenders

There are restrictive covenants in agreements we have entered into with bank for borrowings. Further, we may have restrictive covenants in the loans/ facilities which we may avail in future. These restrictive covenants may require us to seek the prior permission of the bank for various activities, which may include, amongst others, declare or pay any dividend to our shareholders without prior permission of the lenders during any financial year unless we have paid all the dues to the respective lenders or paid or have made satisfactory provisions thereof.

Negative Cash flows



Our Company had positive cash flows from operating activities in fiscal 2008, but there has been negative cash flow from operating activities in some years; there have been negative cash flows from the other activities during the last five financial years ended March 31, 2009.

(Rs. in million)

Particulars	12 months Period ended March 31				
	2009	2008	2007	2006	2005
Cash flow from Operating Activities	75.05	20.01	(22.53)	(46.16)	4.00
Cash flow from investing activities	13.02	(85.22)	(5.59)	(3.71)	(44.60)

For further details, please refer to 'Annexure III - Statement of Cash Flow from the Restated Financial Statement' under section titled "Auditors Report" beginning on page 125.

The Promoters and Promoter Group will continue to control and exercise substantial influence over our Company

Post this Issue and listing of the Equity Shares, our Promoters and Promoter Group will continue to hold 52.86% of the paid-up capital of our Company. As a result, our Promoters will have the ability to exercise significant influence over the decisions of our Company, as they will be able to determine the outcome of most of the actions requiring the approval of the shareholders and/or our Board. The interests of our Promoters may conflict with the interests of our other investors and the investors may not agree with the manner in which they exercise their powers of management or voting rights.

Attrition rates at the entry level are very high

The engineering sector competes with other industrial sectors in its ability to hire and retain people with requisite skill-sets in addition to competition amongst the players in the sector. Hence, availability of trained manpower poses a key risk for us. As this risks grows rapidly, there will be further pressure on existing players, as new entrants would look for trained manpower at various levels.

We operate in a competitive industry, which could limit our ability to grow

Most of the end-users for some of our products are price conscious. Pricing is one of the factors that play an important role in selecting these products. Our competitors may have longer industry experience and greater financial, technical and other resources, which may enable them to react faster. Besides, we may face competition from players in the unorganized sector. Growing competition may result in a decline in our market share and force us to reduce our margins. We are focusing more on the higher end of the market by offering complete end to end solutions which have better returns and margins. This segment of the market requires a greater skill set to undertake these activities.

We may infringe on the intellectual property rights of others

We cannot determine with certainty whether we are infringing upon any existing third-party intellectual property rights, which may force us to alter our technologies, obtain licenses or significantly cease some portions of our operations. We may also be susceptible to claims from third parties asserting infringement and other related claims. Regardless of whether such claims that we are infringing patents or other intellectual property rights have any merit, those claims could: (a) adversely affect our relationships with current or potential customers; (b) result in costly litigations; (c) divert management's attention and resources; and (d) subject us to significant liabilities.

Any future equity offerings or issue of options under any employee stock option scheme may lead to dilution of your shareholding in our Company.

Subscribers of Equity Shares in this Issue may experience dilution of their shareholding to the extent of any future equity offerings and to the extent additional options that may be issued under our employee stock option scheme.

EXTERNAL RISK FACTORS

A slowdown in economic growth in India could cause our business to suffer

Our performance and the quality and growth of our business are necessarily dependent on the health of the overall Indian economy. A slowdown in the Indian economy could adversely affect our

business. India's economy could be adversely affected by a general rise in interest rates, weather conditions adversely affecting agriculture, commodity and energy prices or various other factors. In addition, the Indian economy is in a state of transition. The share of the service sector of the economy is rising while that of the industrial, manufacturing and agricultural sectors is declining. It is difficult to gauge the impact of these fundamental economic changes on our business. Any slowdown in the Indian economy or future volatility in global commodity prices could adversely affect our business.

The price of our Equity Shares may be highly volatile

The prices of our Equity Shares on the Stock Exchange may fluctuate after listing as a result of several factors including -

- (a) Volatility in Indian and global securities market;
- (b) Our results of operations and performance;
- (c) Performance of our competitors and perception in the Indian market about investment in industry sector in which we operate;
- (d) Changes in the estimates of our performance or recommendations by financial analysts;
- (e) Significant development in India's economic liberalization and de-regulation policies; and
- (f) Significant development in India's fiscal and environmental regulations.

There can be no assurance that the price at which our Equity Shares will initially be traded will correspond to the prices at which our Equity Shares will trade in the market subsequent to this Issue.

Future sales by current shareholders could cause the price of our Equity Shares to decline

If our existing shareholders sell a substantial number of their Equity Shares, the market price of our Equity Shares may fall. Sales or distributions of substantial amounts of Equity Shares of our Company by existing holders or the perception that such sales or distributions could occur, may adversely affect prevailing market prices for our Equity Shares.

Any disruption affecting our manufacturing facilities could have a material adverse effect on our business, financial condition and results of operations

Any significant interruption to our operations as a result of industrial accidents, floods, severe weather or other natural disasters could materially and adversely affect our business, financial condition and results of operations. There can be no assurance that such events or natural disasters if occur, our manufacturing ability and capacity would not be materially and adversely impacted.

We are also subject to mechanical failure and equipment shutdowns. In such situations, undamaged manufacturing facilities may be dependent on or interact with damaged sections of our facilities and accordingly, are also subject to being shut down. If such events occur, our manufacturing capacity may be materially and adversely impacted. In the event we are forced to shut down any of our manufacturing facilities for a significant period of time, it would have a material adverse effect on our earnings, our other results of operations and our financial condition as a whole.

The occurrence of a man-made or natural disaster, terrorist attack, enemy action or other accidents could disrupt the operations of our facilities and result in loss of revenues and increased costs.

Our success depends on the smooth supply of raw materials and transportation of our products from our plants to our customers, which are subject to various uncertainties and risks

We depend on various forms of transport, such as air, sea borne freight, rail and road, to receive raw materials and to deliver the products from our facilities to our customers. These transportation facilities may not be adequate to support our operations. Further, disruptions of transportation services because of weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure and port facilities, or other events could impair the ability of our suppliers to deliver raw materials and our ability to supply our products to our customers.

Multiplicity of local taxes and levies including octroi and sales tax has impacted the growth

Each state in India has different local taxes and levies including sales tax, octroi etc., which has enhanced the complexity as well as added to the costs. Changes in these local taxes and levies can impact our performance adversely.

Regulation of Exports and Imports



Any change in regulations, domestic or international, having an impact on the steel market in general and the stainless steel market and its inputs in particular, will affect the industry as a whole. Such changes may be in the nature of introduction of quota, tariff barrier, subsidies etc.

Changes in Government Policies and political situation in India

Since 1991, the Government of India has pursued policies of economic liberalization, including relaxing restrictions on the private sector. We cannot assure you that these liberalization policies will continue in future. Protest against liberalization could slowdown the pace of economic development. The rate of economic liberalization could change, specific laws and policies could change, and foreign investment, currency exchange rates and other matters affecting investing in our securities could change as well.

Such changes may have adverse affect on the capital market and investor confidence. Any adverse change in Government policies relating to the steel industry in general and stainless steel, paper board in particular may have an impact on the profitability of the industry. Such changes are not limited to but may be in respect of:

- (a) Sales Tax
- (b) Customs Duty
- (c) Import/ Export restriction
- (d) Excise Duty

Risks arising from no trading or minimal trading in the share of the Company

There has been no public market for the Equity Shares of our Company and their prices may fluctuate. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue or that the prices at which the Equity Shares are sold through this issue will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

Notes to Risk Factors:

1. The Networth of our Company as per the financial statements of the Company before the Issue as on March 31, 2009 is Rs.255.57 million and the size of this Issue is Rs. [●] million.
2. The average cost of acquisition of Equity shares of our Promoters Mr. M Madhu Mohan Reddy and Mrs. M Supraja is Rs.15.37 and Rs.12.55 respectively per Equity Share.
3. The Book value per share as on March 31, 2009 is Rs.31.66 per Equity Share.
4. This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Net Issue to Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.
5. Public Issue of 4,500,000 Equity Shares of Rs 10/- each at Issue Price of Rs.[●] per Equity Share (including share premium of Rs. [●] Per Equity Share), aggregating Rs. [●] million (The "Issue").
6. For interest of our Promoters/Directors/Key Managerial Personnel and other ventures promoted by Promoters, please refer to section titled "Risk Factors", "Our Promoters", "Our Promoter Group Companies", "Our Management", Annexure of 'Related Party Transactions' in "Financial Statements of the Company" beginning on page i,118,120,106, & 125 respectively.
7. No loans and advances have been made to any person(s) / Companies in which the Director(s) of our Company are interested except as stated in the Auditors Report. For details of loans and advances, please refer to Annexure-VIII of Auditors Report under section titled "Financial Statements" appearing on page 125.
8. Name of the Company was changed from 'Midfield Steels Private Limited' to 'Midfield Industries Private Limited' on April 6, 2006; on July 7, 2006 the word 'Public' was deleted and our company converted into a Public Limited Company and the name was changed to 'Midfield Industries Limited'.

9. Any clarification or information relating to the Issue shall be made available by the BRLM, our company and our Compliance Officer to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever.
10. Investor may contact the BRLM for any complaint pertaining to the Issue.
11. The Investors are advised to refer to the Para on "Basis for Issue Price" on page 45 before making any investment in this Issue.
12. Trading in Equity Shares of our Company for all the investors shall be in dematerialized form only.
13. No part of the Issue proceeds will be paid as consideration to promoters, directors, key managerial personnel, associate or Group Companies.
14. Investors may note that in case of over-subscription in the Issue, allotment to Qualified Institutional Bidders, Non-Institutional Bidders and Retail Bidders shall be on a proportionate basis. For, more information, please refer section titled "Basis of Allocation" on page 195.
15. There are no material events occurring after the Balance Sheet date, which have an impact on the financial statements as on March 31, 2009, except, that the Company has availed finance of Rs.35 million from SE Investment Limited. The same has been secured by pledge of 500,000 equity shares by the promoter and personal guarantee of Managing Director and Whole Time Director.
16. Our Company and the Lead Managers will keep the investors informed of any material change/development and all information shall be made available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.



SECTION III - INTRODUCTION

SUMMARY OF THE INDUSTRY

Indian Packaging Industry

Growth of around 9% in the last couple of years achieved by the Indian manufacturing sector has fuelled the demand for better and higher packaging needs which are expected to grow in coming years. The growth in demand for industrial packaging is not only forcing the companies to think about how to make the packaging more attractive and/or durable but also find ways & means to be more cost efficient without compromising on the quality. The corporate are reinventing the way they package the product for transportation to its final destination as well as constantly innovating to make packaging options cheaper and cost effective besides improving on the same. Industrial packaging can broadly be classified into two segments i.e. one catering to Heavy industries and the other catering to Lighter Industries. Packaging needs and consumables for both the segments are totally different. Heavy Industries require packaging which can not only sustain the heavy weight of the product like steel and aluminum, but, also facilitate easy movement of the product by providing easy grip. The lighter industries on the other hand require packaging depending on the specifications of the product, as well as, the mode of transport used. It is designated to be used in light and medium duty applications like package reinforcement, unitizing, building, palletizing and box closure.

India which is said to be home to 1/6th of world population contributes less than 3% of world's packaging market and ranks 12th across the globe. The actual size of market is hard to estimate due to the highly fragmented and unorganized nature of the market but estimates put the market size at around USD 18 billion. The industry was growing at an annual growth rate of 22-25% till last year and is expected to triple in size in next 5 years.

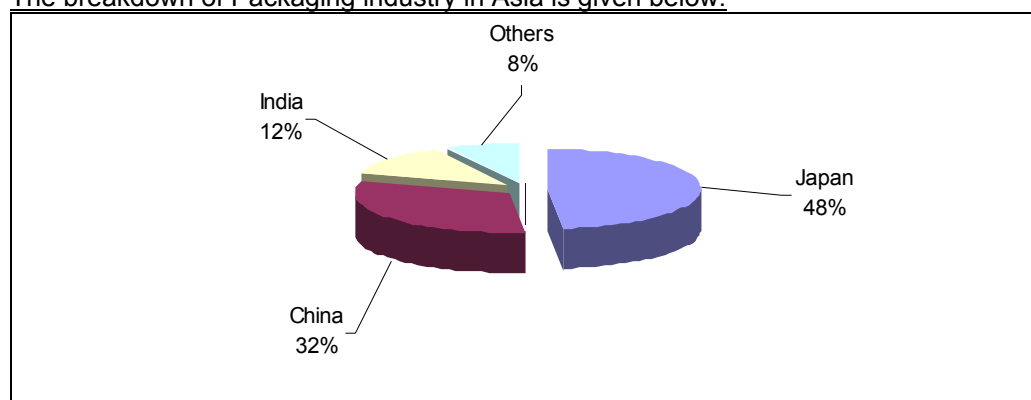
(Source: <http://www.packplus.in/Industry.htm>)

The growth drivers that have contributed to the development of this industry are

- Changing demographic pattern of the country
- Changing lifestyle
- Increase disposable income
- Industrial Development
- Higher integrating of the economy with availability of better modes of transport
- Growing middle class

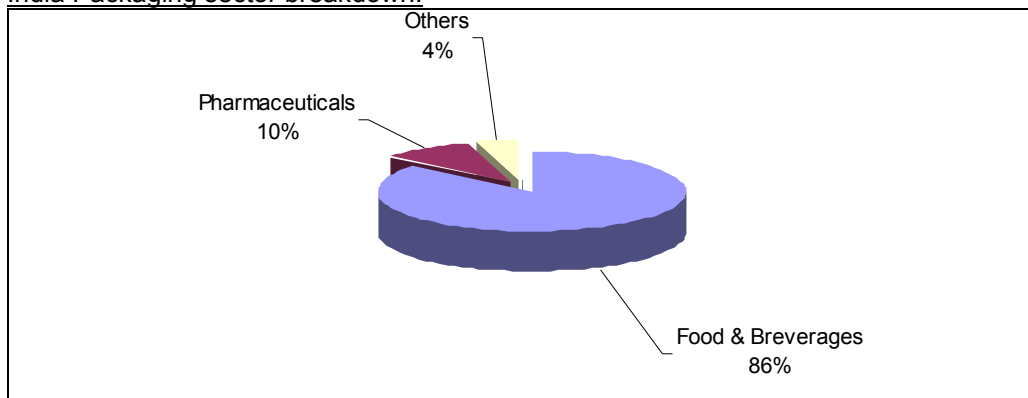
The basic materials used in this industry are plastics, metals (steel, aluminum), glass and paper/board and, in every case, packaging is the largest end-use segment for these materials.

The breakdown of Packaging industry in Asia is given below:



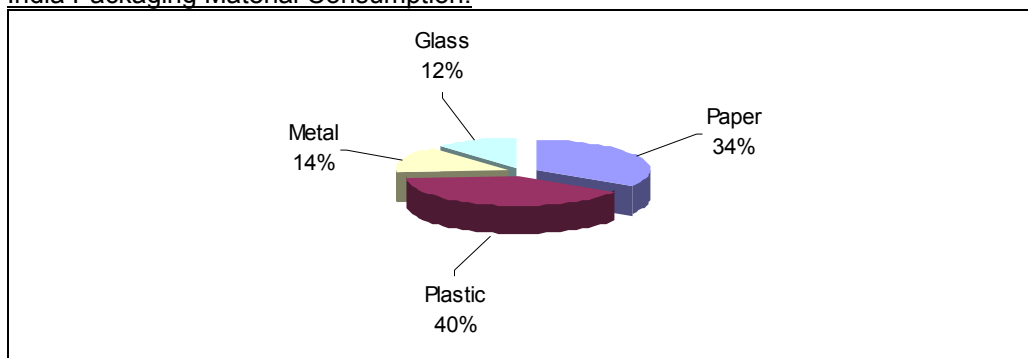
(Source: <http://www.iip-in.com/INDIAPACK%202008-%20E%20BROCHURE.pdf>; [Indiapackagingshow.com](http://www.indiapackagingshow.com), Key note address; <http://www.packplus.in/Industry.htm>)

India Packaging sector breakdown:



(Source: <http://www.iip-in.com/INDIAPACK%202008-%20E%20BROCHURE.pdf>; [Indiapackagingshow.com](http://www.indiapackagingshow.com), Key note address; <http://www.packplus.in/Industry.htm>)

India Packaging Material Consumption:



(Source: <http://www.iip-in.com/INDIAPACK%202008-%20E%20BROCHURE.pdf>; [Indiapackagingshow.com](http://www.indiapackagingshow.com), Key note address; <http://www.packplus.in/Industry.htm>)

Industrial Packaging

Industrial Packaging is part of the packaging industry that primarily deals with bulk and industrial packaging and primarily caters to manufacturing sector. The growth in this segment for last couple of years has been spurred by the growth witnessed in manufacturing sector; which has led to increase in demand for industrial packaging grow at an unprecedented pace.

Developed economies have played significant role in evolution of industrial packaging, as the companies within these developed economies lay down stringent quality standards to be adhered to for packaging the product being supplied to them. This too has led to evolution of the packaging industry at large particularly in a scenario where companies in both developed and developing economies are focusing primarily on exports. Goods are shipped using various modes of transportation to reach its final destination. To safeguard the products from wear & tear during transit its packaging becomes an important and integral part of the process. Packaging as an industry is evolving and expected to grow over a period of time.

Packaging requirements varies according to nature of the product; the mode and duration of transportation and consequently does the requirement for the packaging consumables. Industrial packaging has become an inevitable part of transportation today. Taking into consideration the cost dynamics and multiple uses of Industrial packaging consumables, companies have started paying attention to the packaging requirements and the consumables being used. This growing awareness in the packaging requirements has led to better quality of packaging of the products being shipped. The constant strive to develop better packaging solutions has spurred research activities aimed at fulfilling the needs of this dynamic industry.



Varied forms of industrial packaging currently in vogue include shipping sacks, film wraps, strapping to mention a few. The form of packaging changes depending on the industry and the product being packaged. Increasingly the specifications for packaging are also being laid down by clients themselves.

SUMMARY OF THE BUSINESS

We are amongst the few players in the organized segment of packaging industry catering to the growing demand for Industrial packaging consumables in India. We provide packaging consumables like high tensile steel strapping in various dimensions and strengths, Different Seals for different applications, Collated Nails & Corner boards being used for general and the end of line packaging of goods by varied industries. We also provide comprehensive end to end packaging solutions to our customers at their locations which enables them to focus on their core products and competencies. Given our experience of 16 years in manufacturing and marketing of industrial packaging consumables we understand the packaging requirements of our clientele and serve both domestic, as well as, international markets. Currently, we cater to companies across wide spectrum of industries like steel, aluminum, glass, copper, paper, automobile, white goods and refractory to name a few.

In the initial years we concentrated on creating a niche for ourselves in the manufacture of steel strapping. Having established our footprints as one of the Steel strapping manufacturers in the country we started focusing on developing products, in addition to steel strapping which would not only expand the range of our offerings but also be value add to the clients. As a first step in that direction, in 1998 we started manufacturing Seals & L-Plates being an ancillary part of the strapping at our existing facilities in Hyderabad.

In the year 2000, with a view to tap the growing market of high tensile steel strapping we installed heat treatment line with an installed capacity of 3600 MTPA for processing low tensile steel strappings into high tensile steel strappings. This helped us cater to the demand emanating from industries like Steel, Aluminum, and Glass etc. The same are being marketed under the brand name 'Mega Supreme'. Besides we increased our capacity to manufacture low tensile steel strapping by 1200 MTPA

In the year 2002, we further expanded our product offering by commencing trading in VCI paper used for packaging of various metals to protect them from corrosion.

As our existing capacity was unable to meet the demand for steel strapping, in the year 2005 we set up a new unit with a capacity of 7200 MTA for producing low tensile strapping

Keeping in line with our policy to enhance our product portfolio with a view to tap the potential demand for angle boards emanating from the consumer durable companies, we started manufacturing corner boards in our existing factory at Hyderabad with an Installed Capacity of 25 Lakh Meter per annum in February 2006. Simultaneously, we set up facilities to manufacture collated nails with a capacity of 60,000 coils per annum.

Later in the month of October, we enhanced the capacity to manufacture collated nail to 1200,000 coils per annum at Hyderabad.

In year 2007 and 2008, we enhanced our capacities by adding facilities to manufacture angle boards with an installed capacity of 25 Lakh Meter per annum each at Hyderabad. On conclusion of these expansions we have had three lines to manufacture angle board with an installed capacity of 75 Lakh meter per annum at our factory in Hyderabad. With a view to achieve economies in cost of production/distribution and enabled us to cater North Indian market more efficiently. In the year 2007, one more line with an Installed capacity to manufacture 25 lakh meter angle boards per annum was put up at Roorkee, Uttaranchal.

As our existing capacity for heat treating low tensile steel strapping was unable to meet the demand for high tensile steel strapping, in December, 2008, we installed another heat treatment line with an installed capacity of 8400 MTPA for processing low tensile steel strappings into high tensile steel strappings.

In our on-going endeavor to deliver quality products, we upgraded our facilities at Hyderabad by installing a fully automated plant for manufacturing collated nail coils with an installed capacity of 4.20 Lakh coils per annum.



To position ourselves as a “one stop shop for end to end packaging solutions” to our existing & prospective clients, we added polyester strapping and stretch film in our product portfolio by trading in these products.

Our continued focus on delivering quality products and nurturing our customers over the years has resulted in our customer base growing from 25 as on March 31, 1993 to over 500 customers located in India as well as internationally in the year ending March 31, 2009. These customers come from diverse sectors and geographies with repeat orders from majority of them over these years.

Besides, expanding our reach across India we also set our footsteps in overseas markets. With a modest beginning in the year 2001; when we exported our first consignment of steel strapping to Sri Lanka we have taken strides in expanding our exports to different customers across the globe. Currently, we export to USA, UK, Canada, South Africa, Australia and Middle East countries to mention a few. For the year ended March 31, 2009 exports have contributed 9.88% of our total revenues.

The advent of globalization was forcing the companies to rethink their strategies on being competitive without compromising on the quality. The Companies began critically examining their operations and exploring ways for reducing costs without compromising on quality and other deliverables. Their search for alternatives was answered in form of outsourcing. The basic idea was simple, keep the core processes and outsource the non core ones.

Seizing on this business opportunity, we developed an in house competence wherein we evolved systems and procedures for evaluating and undertaking activities by offering an end to end packaging solution. The endeavor on our part was to position ourselves to our existing and prospective clients as a “One Stop Shop” which offered an end to end solution for all their packaging requirements. We made headway by bagging our first order from Essar Steel Limited in the year 2002, wherein we provided them with complete packaging solutions entailing supply of Steel strapping, seals, angle boards, Pneumatic packaging tools, L-plates, VCI paper, besides rendering field engineering services.

SUMMARY OF FINANCIAL INFORMATION

The following summary of financial data, have been prepared in accordance with Indian GAAP, the Companies Act and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and restated as described in the Auditor's Report of our statutory auditor's, M/s. Sampat & Ramesh, Chartered Accountants dated September 14, 2009 in the section titled 'Financial Information'. You should read this financial data in conjunction with our financial statements for each of year ended March 31, 2005, 2006, 2007, 2008 and 2009 including the Notes thereto and the Reports thereon, which appears under the paragraph on 'Financial Information' in this Draft Red Herring Prospectus, and 'Management's Discussion and Analysis of Financial Condition and Results of Operations as reflected in the Financial Statements' beginning on page 125.

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in Million)

PARTICULARS		As at 31 st March				
		2005	2006	2007	2008	2009
(A)	Fixed assets					
(i)	Gross block	79.23	84.05	88.53	172.49	177.47
	Less : Accumulated depreciation	18.18	26.88	34.91	44.01	60.92
	Net block	61.05	57.17	53.62	128.48	116.55
	Less : Revaluation reserve					
(ii)	Capital work in progress	0.09	-	2.40	0.21	9.71
	Net block after adjustment	61.13	57.17	56.02	128.69	126.26
(B)	Investments	-	-	-	5.00	5.00
(C)	Current assets, loans and advances					
(i)	Inventories	53.16	83.02	89.77	131.34	151.04
(ii)	Sundry Debtors	72.58	123.58	211.17	265.23	444.09
(iii)	Cash and bank balances	8.91	8.72	12.26	13.98	14.96
(iv)	Loans and Advances	4.60	6.41	43.07	31.38	62.74
(v)	Other Current Assets	7.63	10.82	5.08	6.98	5.56
(vi)	Pre-Ope. Exp. to be Apportioned	-	-	-	-	-
(vii)	Misc. Expenditure	-	-	-	-	1.73
	Total Current Assets	146.87	232.54	361.35	448.91	680.12
(D)	Less : Liabilities And Provisions					
(i)	Secured loans	71.98	136.58	184.77	268.77	402.76
(ii)	Unsecured loans	10.74	12.52	12.39	11.52	10.62
(iii)	Net deferred tax liabilities	1.72	(0.26)	(0.19)	2.41	0.09
(iv)	Current liabilities	61.72	42.17	70.86	67.68	84.72
(v)	Provisions	7.22	19.98	36.33	51.09	57.62
	Total Current Liabilities	153.39	210.99	304.14	401.46	555.81
	Net Worth (A+B+C-D)	54.62	78.72	113.23	181.14	255.57
Represented by						
(A)	Share Capital	34.00	41.00	68.70	80.65	83.21
(B)	Share Application	-	-	-	-	-
(C)	Reserve and Surplus	20.62	37.72	44.53	100.48	172.36
Less:	Pre-Ope. Exp. to be Apportioned					
	Net Worth	54.62	78.72	113.23	181.14	255.57



STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. in Million)

PARTICULARS	As at 31 st March				
	2005	2006	2007	2008	2009
INCOME					
Total Turnover (Net of Returns)	257.34	415.38	532.14	674.27	834.71
Other income	0.62	1.03	1.29	1.55	1.46
Increase/ (Decrease) in stock	4.95	22.69	(12.27)	25.82	7.75
Total Income	262.91	439.10	521.16	701.64	843.91
EXPENDITURE					
Raw materials consumed	199.77	310.21	349.68	467.00	556.53
Manufacturing Expenses & Other Expenses	15.83	29.83	47.18	57.27	60.83
Duties & Taxes	10.80	17.01	22.64	29.51	31.36
Employee remuneration and benefits	8.61	10.36	12.95	15.59	18.09
Administration expenses	3.14	5.01	6.02	8.02	14.37
Selling and distribution expenses	2.95	3.96	4.43	8.44	6.18
Total Expenditure	241.10	376.37	442.91	585.85	687.35
Profit Before Interest, Tax & Depreciation(PBITD)	21.81	62.73	78.25	115.79	156.56
Less: Depreciation	2.44	8.70	8.03	9.10	16.90
Profit Before Interest & Tax (PBIT)	19.37	54.02	70.22	106.69	139.65
Less: Finance & Interest Cost	10.91	23.70	32.22	42.52	57.66
Profit Before Tax (PBT)	8.46	30.32	37.99	64.17	81.99
Adjustments for Restatement					
Gratuity Payable	(0.27)	(0.23)	(1.43)	(1.76)	(1.23)
Foreign Exchange Loss/Gain	0.02	(2.66)	(0.12)	(0.74)	2.40
Interest/Finance Cost			1.03		
Service Tax		(0.11)	(2.01)	2.11	
Value Added Tax			(2.00)		2.00
Earlier Year Expenses					1.73
Profit Before Tax, As Restated	8.21	27.33	33.47	63.79	86.88
Provision for Tax, As Restated					
Provision for Tax - Current Tax & FBT	(4.41)	(12.21)	(14.73)	(19.58)	(30.11)
- Deferred Tax	(1.68)	1.99	(0.07)	(2.60)	2.32
Profit After Tax, As Restated	2.12	17.10	18.67	41.60	59.09



BRIEF DETAILS OF THE ISSUE

Equity Shares Offered Fresh Issue by our Company	4,500,000 Equity Shares of face value Rs.10/- each
Issue Price	Rs. [●] per equity share
Of Which:	
1. Qualified Institutional Buyers Portion ⁽¹⁾	2,250,000 Equity Shares of face value Rs.10/- each (Allocation on proportionate basis) Of the above 2,250,000 Equity Shares, 112,500 Equity Shares shall be available for allocation to Mutual Funds The Balance 2,137,500 Equity Shares shall be available to all QIBs, including Mutual Funds
2. Non Institutional Portion	675,000 Equity Shares of face value Rs.10/- each (Allocation on proportionate basis)
3. Retail Portion	1,575,000 Equity Shares of face value Rs.10/- each (Allocation on proportionate basis)
Equity Shares Outstanding prior to the Issue	8,321,250 Equity Shares of face value Rs.10/- each
Equity Shares Outstanding after the Issue	12,821,250 Equity Shares of face value Rs.10/- each

Note:

⁽¹⁾ The Company may consider participation by Anchor Investors for upto 675,000 Equity Shares in accordance with applicable SEBI Regulations

Under-subscription, if any, in any of the categories would be allowed to be met with spillover from the other categories, at the sole discretion of our Company and the BRLM.

Our Company is considering a Pre-IPO Placement of up to 500,000 Equity Shares with certain investors ("Pre-IPO Placement"). The Company will complete the issuance of such Equity Shares prior to the filing of the RHP with the RoC. If the Pre-IPO Placement is completed, the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue size of 25% of the post Issue capital being offered to the public.



GENERAL INFORMATION

Incorporation

Our Company was originally incorporated as 'Midfield Steels Private Limited' on June 8, 1990 under the Companies Act, 1956 and subsequently we changed the name of our Company to 'Midfield Industries Private Limited' and received fresh Certificate of incorporation dated April 3, 2006. Subsequently our Company was converted into Public Limited Company and we received fresh Certificate of Incorporation dated July 7, 2006 in the name of 'Midfield Industries Limited' from the Registrar of Companies, Andhra Pradesh at Hyderabad.

Our Corporate Identity Number is U27109AP1990PLC011353

Registered and Corporate Office of our Company

Midfield Industries Limited

Plot No. 6, Phase IV Extn.,
IDA, Jeedimetla,
Hyderabad – 500055,
Andhra Pradesh
Tel.: +91- 40 - 23098502
Fax: +91- 40 - 23096493
Email: ipo@midfieldindustries.com
URL: www.midfieldindustries.com

The registered office of the Company was shifted from 12-2-418/3/26, Lovedale, Viswas Nagar, Mehdiapatnam, Hyderabad – 500028 to the present address Plot No 6, Phase IV Extn, IDA, Jeedimetla, Hyderabad – 500055.

Address of the Registrar of Companies

Andhra Pradesh

Registrar of Companies

2nd floor, CPWD Building,
Kendriya Sadan, Sultan Bazar,
Koti, Hyderabad – 500195
Tel.: +91-40-24657937
Fax: +91-40-24652807
Email: Richard.Henry@MCA.Gov.in

Board of Directors of Our Company

Name of Director	Designation	Nature of Directorship
Mr. M Madhu Mohan Reddy	Chairman and Managing Director	Executive Director
Mr. M. Ashok Sagar	Whole Time Director	Executive Director
Mr. Ashok Kumar Kolla	Director	Non-Executive, Non Independent
Mr. Raja Raju Kothapalli	Independent Director	Non-Executive, Independent
Mr. Kamlesh Kumar Bhargava	Independent Director	Non-Executive, Independent
Mr. V. G. Krishna Rao	Independent Director	Non-Executive, Independent

Brief Details of our Chairman & Managing Director and other Directors

Mr. M. Madhu Mohan Reddy, 51, years, is a Bachelor of Commerce from Sri Venkateswara University, Tirupati and Master in Business Administration from Andhra University. Before joining Midfield Industries Limited in the year 1994, Mr. M Madhu Mohan Reddy worked with ITW Signode India Limited for a period of 12 years. He joined ITW as a management trainee and during his tenure of over 13 years has grown with the Company and held positions like area sales executive, area sales manager, field sales manager, sales manager, marketing manager, senior marketing manager, divisional manager and handled locations like Hyderabad, Chennai and Mumbai. Prior to joining Midfield, Mr.Reddy was working as Divisional Manager (Steel Strappings) with ITW. Initially he was responsible for directing the marketing efforts of the Company and tapping new clientele and targets new markets. In mid 1998, he took over the mantle of the Company. Since then Mr. Reddy along with

his team has paved a growth path for the Company. He is overall in-charge of the affairs of the Company and guides development of strategies for future growth.

Mr. Ashok Sagar Mudumba, 51 years, is a Bachelor of Commerce from Osmania University and Diploma in Management (Marketing) from Indira Gandhi National Open University, New Delhi. Mr. Ashok Sagar, joined the Company in the year 1994 as Divisional Manager and is currently Whole Time Director in-charge of the Marketing. He brings with him an experience of 15 years and has worked with corporates like of Nagarjuna Steels Limited (Sr. Assistant – Project Department), Foundation to Aid Industrial Recovery (Field Investigator), ITW Signode India Limited (in various capacities like sales coordinator, Sales Officer, Area Sales Manager – Marketing South and Central India, Regional Manager – Mumbai) before joining Midfield Industries Limited. He directs the business development.

Company Secretary

Mr. Devi Prasad A
Plot No. 6, Phase IV Extn.,
IDA Jeedimetla,
Hyderabad – 500055,
Andhra Pradesh
Tel.: +91- 40 - 23098502
Fax: +91- 40 - 23096493
Email: cs@midfieldindustries.com
Website: www.midfieldindustries.com

Compliance Officer

Mr. M Laxminarayana
Plot No. 6, Phase IV Extn.,
IDA Jeedimetla,
Hyderabad- 500055,
Andhra Pradesh
Tel.: +91- 40 - 20000295
Fax: +91- 40 - 23096493
Email: mlnipo@midfieldindustries.com
Website: www.midfieldindustries.com

Investors can contact the Compliance Officer or the Registrar to the Issue, Bigshare Services Private Limited in case of any pre-issue or post-issue related problems such as non-receipt of the letters of allotment, credit for allotted Equity Shares in the respective beneficiary account or refund orders.

Book Running Lead Manager

Atherstone Capital Markets Limited

SEBI Reg. No.: **INM000011245**
121, 12th Floor, Maker Chamber IV,
Nariman Point, Mumbai- 400 021
Tel.: +91 22- 6619 1919;
Fax +91 22 - 6615 2989
Contact Person: Mr. Rinav Manseta
Email: ipo@atherstone.in
Website: www.atherstone.in

Syndicate Members

[•]

Legal Advisor to the Issue

JurisPrudent Consulting Partners

1st Floor, Paramount Tower,
C - 17, Community Centre,



Janak Puri, New Delhi - 110 058
Tel.: +91-11-4158 8441
Fax: +91-11-25537779
Contact Person: Mr. Ajay Jain
Email: corporate@jurisprudentconsulting.in

Registrar to the Issue

Bigshare Services Private Limited

SEBI Reg. No.: INR000001385
E/2, Ansa Industrial Estate, Sakivihar Road,
Sakinaka, Andheri (E),
Mumbai – 400 072
Tel.: +91 22 2847 0562; 4043 0200
Fax: +91 22 2847 5207
E-mail: ipo@bigshareonline.com
Website: www.bigshareonline.com
Contact Person: Mr. Ashok Shetty

Statutory Auditors to the Company

M/s Sampath & Ramesh,

Chartered Accountants
Membership No.: 204755
101 A, Sidhartha Harini Apartments,
Besides DBR Mills,
Lower Tank Bund Road,
Hyderabad 500080. Andhra Pradesh
Tel: +91-40-65585906;
Fax: +91-40-27617319.
Contact Person: Mr. Ramana Rao
Email: sampathandramesh@yahoo.com

Bankers to our Company

State Bank of India

Bala Nagar Branch,
Balanagar,
Hyderabad - 500037
Tel.: +91-40-23879331
Fax: +91-40-23776890
Contact Person: Mr. Raju
Email: sa.06854@sbi.co.in
URL: www.onlinesbi.com

ICICI Bank Ltd

ICICI Bank Towers,
Level IV, 1-11-256,
Begaumpet,
Hyderabad – 500016
Tel.: +91-40-66334000
Fax: +91-40-66335811
Contact Person: Mr. Chandrashekhar
Email: pentakota.chandrasekhar@icicibank.com
URL: www.icicibank.com

AXIS Bank Ltd

6-3-879/B, Greenlands Road,
Begaumpet,
Hyderabad – 500016
Tel.: +91-40-23400731
Fax: +91-40-2340784
Contact Person: Mr. Kanaka Duga
Email: g.kanakadurga@axisbank.com
URL: www.axisbank.com

Bankers to the Issue and Escrow Collection Bank(s)

[●]

Self Certified Syndicate Banks

The list of banks who have been notified by SEBI to act as SCSBs for the ASBA Process are provided at <http://www.sebi.gov.in/pmd/scsb.pdf>

Refund Banker to the Issue

[●]

Brokers to the Issue

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

Monitoring Agency

There is no requirement for a monitoring agency in terms of Regulation 16 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as the Issue size is less than Rs.5,000 million. The Audit Committee appointed by our Board of Directors will monitor the utilization of the Issue proceeds.

Credit Rating

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

IPO Grading

This Issue has been graded by [●] as [●] indicating [●], pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The rationale furnished by the grading agency for its grading, will be available for inspection and will be provided to the Designated Stock Exchange and updated at the time of filing of the Red Herring Prospectus with the RoC.

Experts

Except the report of [●] in respect of the IPO grading of this Issue annexed herewith and except as stated elsewhere in this Draft Red Herring Prospectus, the Company has not obtained any expert opinions.

Trustees

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

Project Appraisal

The proposed project has not been appraised by any agency and the Project Cost and Means of Finance are based on estimates made by our Management.

Book Building Process

Book building, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is finalized after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

1. Our Company;
2. Book Running Lead Managers;
3. Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as underwriters. Syndicate Members are appointed by the BRLM;
4. Registrar to the Issue
5. Escrow Collection Banks; and
6. Self Certified Syndicate Banks

The Issue is being made through the 100% Book Building Process, wherein upto 50% of the Net Issue shall be available for allocation on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB portion shall be available for allocation on a proportionate basis to Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, upto 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, and upto 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.



The Company is considering a Pre-IPO Placement of up to 500,000 Equity Shares with certain investors ("Pre-IPO Placement"). The Company will complete the issuance of such Equity Shares prior to the filing of the RHP with the RoC. If the Pre-IPO Placement is completed, the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue size of 25% of the post Issue capital being offered to the public.

In accordance with the SEBI Regulations, QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. In addition, QIBs are required to pay 10% margin amount upon submission of their Bid and allocation to QIBs shall be on a proportionate basis. For further details refer to the section entitled 'Terms of the Issue' beginning on page 188.

Anchor Investors shall pay Anchor Investor Margin Amount representing 25% on the Bid Amount at the time of submission of the Bid. Any difference between the amount payable by the Anchor Investor for Equity Shares Allocated and the Anchor Investor Margin Amount paid at the time of Bidding, shall be payable by the Anchor Investor within two days of the Bid/ Issue Closing Date.

Our Company shall comply with SEBI Regulations and other ancillary directions issued by SEBI for this Issue. In this regard, our Company has appointed the BRLM to manage the Issue and to procure subscription to the Issue.

While the process of Book Building under the SEBI Regulations is not new, investors are advised to make their own judgment about investment through this process prior to making a Bid or application in this Issue

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

Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs. 20 to Rs. 24 per Equity Share, Issue size of 3,000 Equity Shares and receipt of five Bids from the bidders, details of which are shown in a table below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the Bidding/Issue Period. The illustrative book as set forth below shows the demand for the Equity Shares of the Company at various prices and is collated from Bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	4,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantity of Equity Shares is the price at which the book cuts off, i.e., Rs.22 in the above example. Our Company, in consultation with the BRLM, will finalize the Issue Price at or below such cut off price, i.e., at or below Rs.22. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective category.

Steps to be taken for bidding

1. Check eligibility for making a Bid (see section titled "Issue Procedure- Who Can Bid" beginning on page 195).
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form.
3. Ensure that you have mentioned PAN No (see section titled "Issue Procedure- Permanent Account Number" beginning on page 206)
4. Ensure that the Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form;
5. Bids by QIBs will only have to be submitted to the BRLM / syndicate members; and
6. Bids by ASBA Bidders will only have to be submitted to the SCSB. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that their Bid cum Application Form is not rejected.

For further details relating to the Issue procedure, please refer to "Issue Procedure" on page 195.

Withdrawal of the Issue

Our Company in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime including after the Bid/Issue Closing Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for within 7 working days of finalisation of basis of Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. Under the SEBI Regulations, QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date.

Bid/Issue Programme

Bidding Period/Issue Period

BID/ISSUE OPENS ON:	[•]
BID/ISSUE CLOSES ON:	[•]

Our Company may consider participation by Anchor Investors in terms of the SEBI Regulations. The Anchor Investor Bid/ Issue Period shall be one day prior to the Bid/ Issue Opening Date.

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) during the Bidding/Issue Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form except that on the Bid Closing Date, Bids (excluding ASBA Bidders) shall be accepted only between 10 a.m. and 3 p.m. and uploaded until (i) 5.00 p.m. in case of Bids by QIB Bidders, Non-Institutional Bidders where the Bid Amount is in excess of Rs.100,000 and (ii) until such time as permitted by the BSE and the NSE, in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs.100,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that due to clustering of last day applications, as is typically experienced in public offerings, some Bids may not be uploaded due to lack of sufficient time to upload; such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Company, the BRLM and the Syndicate Members shall not be responsible. Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the NSE and the BSE. Bids will be accepted only on working days, i.e. Monday to Friday (excluding any public holidays).

In case of discrepancy in the data entered in the electronic book vis a vis the data contained in the physical Bid form, for a particular Bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of allotment. In case of discrepancy in the data entered in the electronic book vis a vis the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB.

On the Bid/Issue Closing Date, extension of time will be granted by the Stock Exchanges for uploading the Bids received taking into account the total number of Bids received upto the closure of the time period for acceptance of Bid-cum-Application Forms as stated herein and reported by the BRLM to the Stock Exchange within half an hour of such closure.

Our Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI Regulations. The Cap on the Price Band shall not be more than 20% of the floor of the price band. Subject to compliance with the immediate preceding sentence, the floor of the price band can move up or down to the extent of 20% of the floor of the Price Band.

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

Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares but prior to filing of the Prospectus with RoC, our Company will enter into an Underwriting Agreement with the Underwriters



for the Equity Shares proposed to be offered through the Issue, except for ASBA Bids. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations, save and except for underwriting obligations resulting from ASBA Bids. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriter are subject to certain conditions to closing, as specified therein. The Underwriting Agreement is dated [•] and has been approved by our Company's Board of Directors.

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

Name and Address of the Underwriters	Indicative number of Equity Shares to be Underwritten	Amount Underwritten (Amount in million)
[•]	[•]	[•]

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

The above mentioned is indicative underwriting and this would be finalized after the pricing and actual allocation.

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

Notwithstanding the above table, the BRLM and the Syndicate Members shall be responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/subscribe to equity shares to the extent of the defaulted amount.



CAPITAL STRUCTURE

The Equity Share Capital of our Company as on the date of filing of this Draft Red Herring Prospectus with SEBI is set forth below:

(Rs. in million)

Particulars	Aggregate Value at Nominal Price (Rs.)	Aggregate Value at Issue Price (Rs.)
A. Authorised Share Capital		
17,500,000 Equity Shares of Rs.10/- each	175.00	
B. Issued, Subscribed & Paid-up Share Capital before the Issue		
8,321,250 Equity Shares of Rs10/-each fully paid- up	83.21	
C. Present issue in terms of this Draft Red Herring Prospectus		
4,500,000 * Equity Shares of Rs.10/- each, at an issue price of [●]/- each for cash	45.00	[●]
D. Issued, Subscribed & Paid-up Share Capital after the Issue		
12,821,250 Equity Shares of Rs.10/-each fully paid- up	128.2	[●]
E. Share Premium Account		
Share Premium Account before the Issue	35.78	[●]
Share Premium Account after the Issue [#]	[●]	[●]

Note:

* The Company is considering a Pre-IPO Placement of up to 500,000 Equity Shares with certain investors ("Pre-IPO Placement"). The Company will complete the issuance of such Equity Shares prior to the filing of the RHP with the RoC. If the Pre-IPO Placement is completed, the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue size of 25% of the post Issue capital being offered to the public.

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

The fresh issue of 4,500,000 equity shares in terms of this Draft Red Herring Prospectus has been authorised pursuant to a resolution passed by our Board of Directors at the meeting held on May 02, 2009 and a special resolution passed under section 81 1(A) of the Companies Act, 1956 by the Shareholders of the Company at the Extraordinary General Meeting held on May 26, 2009.

Notes to the Capital Structure:

(i) Details of increase in Authorised Share Capital since incorporation:

Date of Meeting	Nature of increase / change	Increased from	Increased to	No. of Equity Shares	Face Value (Rs.)	Cumulative Authorized Share Capital (Rs. Mln)
June 8, 1990	Incorporation	0	2,00,000	2,00,000	10	2.00
October 31, 1992	Increase	2,00,000	2,50,000	50,000	10	2.50
December 23, 1994	Increase	2,50,000	3,00,000	50,000	10	3.00
January 10, 1997	Increase	3,00,000	5,00,000	2,00,000	10	5.00
June 6, 1997	Increase	5,00,000	6,50,000	1,50,000	10	6.50



February 18, 1999	Increase	6,50,000	10,00,000	3,50,000	10	10.00
September 25, 2000	Increase	10,00,000	12,50,000	2,50,000	10	12.50
September 27, 2001	Increase	12,50,000	15,00,000	2,50,000	10	15.00
March 9, 2004	Increase	15,00,000	20,00,000	5,00,000	10	20.00
March 28, 2005	Increase	20,00,000	35,00,000	15,00,000	10	35.00
March 24, 2006	Increase	35,00,000	45,00,000	10,00,000	10	45.00
November 1, 2006	Increase	45,00,000	50,00,000	5,00,000	10	50.00
March 24, 2007	Increase	50,00,000	95,00,000	45,00,000	10	95.00
September 30, 2008	Increase	95,00,000	175,00,000	80,00,000	10	175.00

(ii) Share Capital History of our Company:

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

(Rs. in million)

Date of Allotment	No of Equity Shares Allotted	Face Value (Rs.)	Issue Price (Rs.)	Nature of Allotment	Consideration	Reasons for Allotment	Cumulative share premium	Cumulative number of shares	Cumulative paid up share capital
June 8, 1990	30	10	10	Fresh	Cash	Subscription to MoA	Nil	30	0.000
August, 21, 1990	86400	10	10	Fresh	Cash	Further allotment	Nil	86430	0.864
August, 21, 1990	46000 *	10	10	Fresh	Cash	Further allotment	Nil	132430	1.324
March, 25, 1992	61170	10	10	Fresh	Cash	Further allotment	Nil	193600	1.936
November, 9, 1992	12800	10	10	Fresh	Cash	Further allotment	Nil	206400	2.064
January, 18, 1995	93600	10	10	Fresh	Cash	Further allotment	Nil	300000	3.000
May, 31, 1997	150000	10	10	Fresh	Cash	Further allotment	Nil	450000	4.500
November, 14, 1997	120000	10	10	Fresh	Cash	Rights Issue in the ratio of 4:9	Nil	570000	5.700
March 29, 1999	330000	10	10	Fresh	Cash	Further allotment	Nil	900000	9.000
September 29, 2000	350000	10	10	Fresh	Cash	Further allotment	Nil	1250000	12.500
October 29, 2001	150000	10	10	Fresh	Cash	Further allotment	Nil	1400000	14.000
March	600000	10	10	Fresh	Cash	Further	Nil	2000000	20.000

30, 2004						allotment			
March 30, 2005	1400000	10	10	Fresh	Cash	Further allotment	Nil	3400000	34.000
March 30, 2006	700000	10	10	Fresh	Cash	Further allotment	Nil	4100000	41.000
March 24, 2007	2050000 @	10	Nil	Fresh	Bonus	Bonus (1:2)	Nil	6150000	61.500
March 24, 2007	720000	10	22	Fresh	Cash	Further allotment	8.64	6870000	68.700
January 10, 2008	1195450	10	22	Fresh	Cash	Further allotment	22.99	8065450	80.654
March 23, 2009	255800	10	60	Fresh	Cash	Further allotment	35.78	8321250	83.212

Note:

* On August 21, 1990, 46,000 partly paid equity shares of Rs.10 each were issued of which Rs.5 was called for. The balance amount of Rs.5 per equity share was received on March 25, 1992 and shares became fully paid-up.

@ Our Company issued bonus shares on March 24, 2007 to its eligible members as per the Companies Act, 1956, in the ratio of One Equity Share for every Two Equity Shares held by members and such new shares were fully paid and rank pari passu with the existing equity shares. A total of 2,050,000 equity shares were issued, by utilizing Rs.20.5 million out of General reserve.

(iii) Promoters Contribution and Lock-In:

a. History and Share Capital Build-up of the Promoters:

Name of the Promoter	Date of Allotment/ Transfer and Made Fully Paid-up	Nature of Transaction	No. of Equity Shares	Face Value (in Rs)	Issue / Transfer / Acquisition Price (in Rs.)	% of Post-Issue paid-up capital
M Madhu Mohan Reddy	03.10.96	Transfer	16,400	10	10	
	31.05.97	Fresh Allotment	25,000	10	10	
	14.11.97	Fresh Allotment	18,400	10	10	
	20.07.98	Transfer	34,109	10	10	
	29.03.99	Fresh Allotment	105,000	10	10	
	29.09.00	Fresh Allotment	50,000	10	10	
	29.10.01	Fresh Allotment	38,000	10	10	
	30.03.04	Fresh Allotment	201,500	10	10	
	30.03.05	Fresh Allotment	482,000	10	10	
	12.05.05	Transfer	51,660	10	15	
	30.03.06	Fresh	480,000	10	10	
	02.01.07	Transfer	376,222	10	20	
	24.03.07	Bonus	939,146	10	-	
	24.03.07	Fresh Allotment	380,455	10	22	
	31.12.07	Transfer	(330,226)	10	22	
	10.01.08	Fresh Allotment *	1,195,450	10	22	
		Total (A)	4,063,116			31.69
M. Supraja	03.10.96	Transfer	10,600	10	10	
	31.05.97	Fresh Allotment	17,500	10	10	
	14.11.97	Fresh Allotment	12,489	10	10	
	20.07.98	Transfer	49,112	10	10	
	29.03.99	Fresh Allotment	30,000	10	10	
	29.10.01	Fresh Allotment	15,000	10	10	
	30.03.05	Fresh Allotment	197,000	10	10	



Name of the Promoter	Date of Allotment/ Transfer and Made Fully Paid-up	Nature of Transaction	No. of Equity Shares	Face Value (in Rs)	Issue / Transfer / Acquisition Price (in Rs.)	% of Post-Issue paid-up capital
	29.08.05	Transfer	50,000	10	15	
	30.03.06	Fresh Allotment	100,000	10	10	
	02.01.07	Transfer	173,500	10	20	
	24.03.07	Bonus	327,601	10	-	
	24.03.07	Fresh Allotment	71,364	10	22	
	31.12.07	Transfer	330,227	10	22	
		Total (B)	1,384,393			10.80
		Total (A+B)	5,447,509			

* out of the fresh allotment of 1195450 equity shares on January 01, 2008, 500000 equity shares have been pledged by the Promoter.

b. Details of Promoters Contribution Locked in for 3 Years

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

Name of the Promoter	Date of Allotment/ Transfer and Made Fully Paid-up	Nature of Allotment	No. of Equity Shares	% of Pre-Issue Paid-up Capital	% of Post-Issue Paid-up Capital	Lock-in Period (Years)
Mr. M Madhu Mohan Reddy	31.12.07	Fresh Allotment	123,778			3 years
	31.12.07	Transfer	376,222			3 years
	24.03.07	Bonus	272,000			3 years
	24.03.07	Fresh Allotment	380,455			3 years
	10.01.08	Fresh Allotment	695,450			3 years
TOTAL (A)			1,847,905	22.21	14.41	
Mrs. M. Supraja	24.03.07	Bonus	327,601			3 years
	24.03.07	Fresh Allotment	71,364			3 years
	31.12.07	Transfer	330,227			3 years
TOTAL (B)			729,192	8.76	5.69	
Total (A+B)			2,577,097	30.97	20.10	3 years

The above Equity Shares are eligible for computation of Promoter's contribution and lock-in in terms of Regulation 33 of SEBI (ICDR) Regulations, 2009. Our Promoters have vide their letter dated September 20, 2009 given their consent for lock in of shares as stated above. Equity Shares issued last shall be locked in first. The lock-in shall start from the date of allotment in the public issue and the last date of the lock-in shall be reckoned as three years from the date of commencement of commercial production or the date of allotment in the issue, whichever is later. The balance pre-issue shareholding of the Promoter (2,870,412 equity shares), other than the Promoter's contribution, as above, which is locked in for three years, shall be locked in for a period of one year from the date of allotment.

The shares locked in for three (3) years by the promoters are not pledged to any bank/financial institution/body corporate.

c. Details of Shares locked-in for one year:

- In terms of Regulation 37 of SEBI (ICDR) Regulations, 2009, in addition to the lock in of 20% of Post-Issue Equity Share Capital of our Company held by the Promoters for three years, as

specified above, the entire Pre-Issue Equity Share Capital shall be locked in for a period of one (1) year from the date of allotment in this Issue. The balance Pre-Issue Equity Share capital other than that locked in as promoters' contribution for three years i.e. 5,744,153 equity shares which have been computed as 44.80% of the Post-Issue Equity Share Capital shall be locked in for a period of 1 year from the date of allotment in the present Issue.

- In terms of Regulation 39 of SEBI (ICDR) Regulations, 2009, locked in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of loan.

Provided that securities are locked in as minimum promoters' contribution may be pledged only if, in addition to fulfilling the above requirements, the loan has been granted by such bank or financial institution for the purpose of financing one or more of the objects of the issue.

- In terms of Regulation 40 of SEBI (ICDR) Regulations, 2009, Equity Shares held by the Promoter may be transferred to and amongst the Promoters / Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeover Regulations), 1997 as applicable. Locked in Equity Shares held by shareholders other than the Promoters may be transferred to any other person holding equity shares which are locked-in as per Regulation 37 of SEBI (ICDR) Regulations, 2009, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.
- The Equity Shares forming part of promoter's contribution do not consist of any private placement made by solicitation of subscription from unrelated persons, either directly or through any intermediary. Further, shares considered for promoter's contribution have not been acquired for consideration other than cash and revaluation of assets or resulting from bonus issue out of revaluation reserves or reserves created without accrual of cash resources or against shares which are other wise ineligible for promoter's contribution. Also, promoter's contribution does not include any shares acquired during last one year at a price lower than the Issue price.

Our Shareholding Pattern:

Set forth below is the shareholding pattern of our Company before and after the proposed issue:

Name of Shareholder	Pre-Issue		Post-Issue	
	Number of shares	%age Holding	Number of shares	%age Holding
PROMOTER GROUP				
Promoter (A)				
M Madhu Mohan Reddy	4,063,116	48.83	4,063,116	31.69
M Supraja	1,384,393	16.64	1,384,393	10.80
Total (A)	5,447,509	65.47	5,447,509	42.49
Promoter Group (B)				
M Pramod Kumar Reddy	416,841	5.01	416,841	3.25
M Rahul Reddy	433,119	5.20	433,119	3.38
M Rohit Reddy	339,606	4.08	339,606	2.65
Total (B)	1,189,566	14.29	1,189,566	9.28
Total Promoter Group Holding: (A) + (B)=(C)	6,637,075	79.76	6,637,075	51.77
Director(s) and Key Management Personnel (D)				
M Ashok Sagar	71,209	0.86	71,209	0.56
K Ashok Kumar	1,023,000	12.29	1,023,000	7.98
M Laxminarayana	99,750	1.20	99,750	0.78
S Vishnu Murthy	14,250	0.17	14,250	0.11
V Srikanth	30,000	0.36	30,000	0.23
Total (D)	1,238,209	14.88	1,238,209	9.66



Others (E)				
K Latha Reddy	12,666	0.15	12,666	0.10
M Mallikarjuna Rao	30,000	0.36	30,000	0.23
S Srilaxmi	7,500	0.09	7,500	0.06
P. Madhavi	140,000	1.68	140,000	1.09
Penchala R Yanamala	192,667	2.32	192,667	1.50
Dayakar Mallu	63,133	0.76	63,133	0.49
PUBLIC ISSUE [§]	-	-	4,500,000	35.10
Total (E)	445,966	5.36	4,945,966	38.57
TOTAL (C+D+E)	8,321,250	100.00	12,821,250	100.00

[§] The Company is considering a Pre-IPO Placement of up to 500,000 Equity Shares with certain investors ("Pre-IPO Placement"). The Company will complete the issuance of such Equity Shares prior to the filing of the RHP with the RoC. If the Pre-IPO Placement is completed, the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue size of 10% of the post Issue capital being offered to the public.

(iv) The top ten shareholders of our Company and their shareholding is as set forth below:

- a) The top ten shareholders of our Company as on date of filing the Draft Red Herring Prospectus with SEBI:

Sr. No.	Shareholder	No of Equity Shares	Percentage Holding
1	M MADHU MOHAN REDDY	4,063,116	48.83
2	M SUPRAJA	1,384,393	16.64
3	K ASHOK KUMAR	1,023,000	12.29
4	M RAHUL REDDY	433,119	5.20
5	M PRAMOD KUMAR REDDY	416,841	5.01
6	M ROHIT REDDY	339,606	4.08
7	PENCHALA R YANAMALA	192,667	2.32
8	P. MADHAVI	140,000	1.68
9	M LAXMINARAYANA	99,750	1.20
10	M ASHOK SAGAR	71,209	0.86
	Total	8,163,701	98.11

- b) The top ten shareholders of our Company ten days prior to the date of filing of the Draft Red Herring Prospectus with SEBI:

Sr. No.	Shareholder	No of Equity Shares	Percentage Holding
1	M MADHU MOHAN REDDY	4,063,116	48.83
2	M SUPRAJA	1,384,393	16.64
3	K ASHOK KUMAR	1,023,000	12.29
4	M RAHUL REDDY	433,119	5.20
5	M PRAMOD KUMAR REDDY	416,841	5.01
6	M ROHIT REDDY	339,606	4.08
7	PENCHALA R YANAMALA	192,667	2.32
8	P. MADHAVI	140,000	1.68
9	M LAXMINARAYANA	99,750	1.20
10	M ASHOK SAGAR	71,209	0.86
		8,163,701	98.11

- c) The top ten shareholders of our Company two years, prior to filing of the Draft Red Herring Prospectus:

Sr. No.	Shareholder	No of Equity Shares	Percentage Holding
1	M MADHU MOHAN REDDY	3,197,892	46.55
2	M SUPRAJA	1,054,165	15.34
3	J JANARDHAN REDDY	330,227	4.81
4	M INDIRAMMA	328,274	4.78
5	M PRAMOD KUMAR REDDY	307,667	4.48
6	M PRADEEP KUMAR REDDY	266,956	3.89
7	A BHASKAR REDDY	187,500	2.73
8	M ROHIT REDDY	142,650	2.08
9	K SWETHA	113,636	1.65
10	M RAHUL REDDY	112,082	1.63
	Total	6,041,049	87.93

(v) None of our Directors or Key Managerial Personnel hold Equity Shares in the Company, except as follows as on date of filing of this Draft Red Herring Prospectus with SEBI:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Pre-Issue Shareholding (%)
1.	M Ashok Sagar	71,209	0.86
2.	K Ashok Kumar	1,023,000	12.29
3.	M Laxminarayana	99,750	1.20
4.	S Vishnu Murthy	14,250	0.17
5.	U Srikanth	30,000	0.36

(vi) Our Promoters, Directors and our Promoter Group have not purchased / sold Equity Shares within the last six months preceding the date of filing of this Draft Red Herring Prospectus

(vii) Pledge of Shares

Except as detailed herein, the Equity Shares held by Promoters are not subject to any pledge

Sr. No.	Promoter	Pledgee	No of Shares	Nature of Pledge
1	M Madhu Mohan Reddy	S E Investments Limited	500,000	Pledge as a security against loan

(viii) As on the date of filing of this Draft Red Herring Prospectus with SEBI, the issued capital of our Company is fully paid up. As the entire issue price per share is being called up on application, all the successful allottees will be allotted fully paid up shares.

(ix) As per the RBI regulations, OCBs are not permitted to participate in the Issue.

(x) As on the date of filing of the Draft Red Herring Prospectus, there are no outstanding warrants, options or debentures or other financial instruments issued by our Company, which would entitle our Promoter or shareholders of our Company or any other person an option to receive Equity Shares of our Company. Further, there are no loans which are convertible into Equity Shares of our Company

(xi) Our Company, Directors, Promoter, Promoter Group, and BRLM have not entered into any buy-back, standby or similar arrangements for purchase of Equity Shares of our Company from any person.

(xii) Our Company has not raised any bridge loan against the proceeds of this Issue.

(xiii) Under subscription, if any, in the Qualified Institutional Buyers Portion, Non-institutional Portion and Retail Portion shall be allowed to be met with spill over from the other categories, at the sole discretion of our Company and BRLM. However, if the aggregate demand by Mutual Funds is less than 5% of QIB Portion, the balance share available for allocation in the Mutual



Fund Portion will first be added to the QIB Portion and be allocated proportionately to QIB Bidders. For details kindly refer paragraph on 'Issue Procedure - Basis of Allotment' beginning on page 195.

- (xiv) An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment being equal to [●] Equity Shares, which is the minimum application size in this Issue. Consequently, the actual allotment may go up by a maximum of 10% of the Issue, as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoter and subject to lock-in shall be suitably increased; so as to ensure that 20% of the post Issue paid-up capital is locked in. For details kindly refer para on 'Issue Procedure - Basis of Allotment' on page 195.
- (xv) The Equity Shares allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of allotment in the Issue.
- (xvi) The securities which are subject to lock-in shall carry the inscription 'non-transferable' and the non-transferability details shall be informed to the depositories. The details of lock-in shall also be provided to the stock exchange, where the shares are to be listed, before the listing of the securities.
- (xvii) Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed Issue. As and when options are granted to our employees under any ESPS, our Company shall comply with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999.
- (xviii) An investor cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
- (xix) At any given point of time, there shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
- (xx) Our Company has not made any public issue since incorporation.
- (xxi) Our Company has not revalued its assets since incorporation.
- (xxii) Our Promoters and members of the Promoter Group will not participate in this Issue.
- (xxiii) Our Company has not issued any Equity Shares out of revaluation reserves or for consideration other than cash except for bonus issue made out of free reserves.
- (xxiv) **Restrictive Covenants of Lenders**
There are restrictive covenants in agreements we have entered into with bank for borrowings. Further, we may have restrictive covenants in the loans/ facilities which we may avail in future. These restrictive covenants may require us to seek the prior permission of the bank for various activities, which may include, amongst others, declare or pay any dividend to our shareholders without prior permission of the lenders during any financial year unless we have paid all the dues to the respective lenders or paid or have made satisfactory provisions thereof.
Pursuant to the above we have taken consent(s) from our bankers viz, ICICI Bank Limited, State Bank of India, Axis Bank Limited for the proposed issue
- (xxv) Subject to the Pre-IPO Placement and except as disclosed in this Draft Red Herring Prospectus, there would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from

the date of filing the Draft Red Herring Prospectus with SEBI until the Equity Shares offered pursuant to the Issue have been listed.

- (xxvi)** Subject to the Pre-IPO Placement and except as disclosed in this Draft Red Herring Prospectus, we presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise, except that if we enter into acquisition(s) or joint venture(s) or make investments, we may consider raising additional capital to fund such activities or to use Equity Shares as a currency for acquisition or participation in such joint ventures or investments.
- (xxvii)** No payment, direct or indirect in the nature of discount, commission, allowance or otherwise shall be made either by us or our promoters to the persons who receive allotments, if any, in this issue.
- (xxviii)** We have 16 members in our Company as on the date of filing this Draft Red Herring Prospectus.



OBJECTS OF THE ISSUE

The objects of the issue are as follows:

- Expansion of capacities at the existing plants;
- Setting up new facilities;
- Augmenting long term working capital requirement of the Company;
- General Corporate Purposes; and
- Achieve the benefits of listing on the Stock Exchange.

The main objects and objects incidental or ancillary to the main objects set out in our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

The fund requirements and intended use of net proceeds as described herein are based on management estimates and various quotations received by us from different suppliers. In view of the competitive nature of the industry in which we operate, we may have to revise our expenditure and fund requirements as a result of variations in the cost structure, changes in estimates and external factors, which may not be within the control of our management. This may entail rescheduling, revising or canceling the planned expenditure and fund requirements and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our management. In addition, the estimated dates of completion of various projects as described herein are based on management's current expectations and are subject to change due to various factors, some of which may not be in our control.

The fund requirement is proposed to be raised mainly through Initial Public Offering and the proceeds from the Initial Public Offering would be crystallized on finalization of the Issue Price on conclusion of the Book Building Process. Any shortfall in meeting the objects of the issues on determination of issue price on conclusion of the Book Building Process would be met from internal accruals. Further, the amount that is in excess of the funds required for the objects proposed project and Issue expenses will be utilized for general corporate purposes, which would be in accordance with the policies of our Board made from time to time.

FUNDS REQUIREMENT

The Estimated Fund Requirement of the Company is as follows:

(Rs. in million)

Sr. No.	Particulars	Amount
1	Expansion at existing manufacturing facility at Hyderabad, by setting up PET Strap, Stretch Films, PP Strapping, Collated nails – nails making machine, Seals	144.02
2	Setting up new facility for manufacture of VCI Paper at Hyderabad	41.67
3	Expansion at existing manufacturing facility at Mumbai, by setting up Angle Board, Collated Nails, Seals and Heat Treatment Plant	62.71
4	Expansion at existing manufacturing facility at Roorkee, by setting up Angle Board and Collated Nails, Seals	15.92
5	Setting up new facility for manufacturing High Tensile Steel Strapping and seals at Sharjah	127.87
6	Augmenting Long Term Working Capital Requirement	50.37
7	General Corporate Purposes *	[•]
8	Issue Expenses *	[•]
	TOTAL	[•]

Note:

* will be incorporated after finalisation of the Issue Price

MEANS OF FINANCE

The above Cost of Project is proposed to be financed as under:

(Rs. in million)

Sr. No.	Means of Finance	Amount
1	Proceeds of the Initial Public Offering *	[•]



2	Internal Accruals *	[•]
	Total	[•]

Note:

* will be incorporated after finalisation of the Issue Price

We confirm that, firm arrangements of finance through verifiable means towards 75% of the stated means of finance excluding the amount to be raised through the proposed public issue have been made.

Incase the funds raised in the Issue are lower than the total requirement, we intend to finance the shortfall, if any through internal accruals. The net proceeds of the Issue would be used to meet all or any of the uses of the funds described above. The amount of free reserves of our Company as on March 31, 2009 stood at Rs.172.36 million. The Company has adequate reserves to meet the shortfall, if any, that may arise.

DETAILS OF UTILIZATION OF ISSUE PROCEDURE

- Product : Collated Nails
Description : Heavy duty automatic crank type wire nail making machine
Name of the Supplier : Dwarka Industries (Agencies)
Address : Near Railway Over Bridge,
Fatehnagar, Hyderabad - 500018
Quotation No : NA
Quotation Date : 27.07.2009
Quotation Validity : 26.10.2009

(Rs. in Million)

Particulars	Amount
Saund Brand heavy duty automatic crank type wire nail making machine with motor pulley, wire stand and one set of dies Capacity – 3/4 ” – 3 ” Length – 14 - SWG H.P. req. 3/1440 RPM	0.09
Add: Duties and taxes; transportation and insurance, erection and commissioning, etc.	0.01
Total Cost	0.10

- Product : Seals
Description : Seal Dies
Name of the Supplier : SPM Associate Industries
Address : 7-8-284/2A, Road No 3, Goutham Nagar,
Old Airport Road, Ferozguda,
Bowenpally (P.O.), Secunderabad - 11
Quotation No : NA
Quotation Date : 18.09.2009
Quotation Validity : 17.03.2010

(Rs. in Million)

Particulars	Amount
Seal Dies	0.15
Add: Duties and taxes; transportation and insurance, erection and commissioning, etc.	0.03
Total Cost	0.18

- Product : Seals
Description : Power Press 30 ton with Motor Pulley
Name of the Supplier : Dwarka Industries (Agencies)
Address : Near Railway Over Bridge,
Fathenagar, Hyderabad - 500018
Quotation No : NA
Quotation Date : 27.07.2009



Quotation Validity : 26.10.2009

(Rs. in Million)

Particulars	Amount
DVL Brand Power Press 30 tons capacity, C type frame heavy duty, complete with all standard specifications mentioned in catalogue with double geared. (Gujarat Make) Motor 5 hp/3 phase 1440 rpm -/ push button starter	0.15
Add: Duties and taxes; transportation and insurance, erection and commissioning, etc.	0.03
Total Cost	0.18

4. Product : Seals
 Description : Shearing Machine
 Name of the Supplier : Hari Industries
 Address : 11-181/A, Valmiki Nagar,
 Near Railway Over Bridge,
 Fathenagar, Hyderabad – 500018
 Quotation No : H1/038
 Quotation Date : 20.07.2009
 Quotation Validity : 10.01.2010

(Rs. in Million)

Particulars	Amount
“Vivek” brand 1525 x 4 mm Capacity Gullition Under Crank Power Shearing Machine Four Adje Blade (HC, HRC, B ₂ Complete Steel Body Rajkot Make) “ABB” make 5 HP/3 Phase Electric Motor 1440 RPM “BCH” DOL starter	0.32
Add: Duties and taxes; transportation and insurance, erection and commissioning, etc.	0.03
Total Cost	0.35

5. Product : Seals
 Description : Air Compressor
 Name of the Supplier : Shalimar Foundry
 Address : 5-4-100 & 101/A, Near Railway Bridge,
 Ranigunj, Secunderabad-5003.
 Quotation No : SF/G/Unit-ELGI/843
 Quotation Date : 24.03.2008
 Quotation Validity : NA

(Rs. in Million)

Particulars	Amount
“ELGI” model TS15120HN Reciprocating type, air cooled, oil splash lubricated Air Compressor, triple piston, two stage piston displacement 54.3 cfm, free air delivery 44.1 cfm, max. working pressure 12 kg/cm ² , tank capacity 500 ltrs, driven by 15 HP, three phase motor complete with starter, automatic pressure switch suction filter, pressure gauge, safety valves, non-return valve, water drain valve and air delivery valve.	0.14
Add: Duties and taxes; transportation and insurance, erection and commissioning, etc.	0.03
Total Cost	0.18

6. Product : PET Strapping
 Description : TECHNOSTRAP 400/90/PET-300
 Name of the Supplier : SIMA Group
 Address : Via Chiesaccia, 2 - 40056
 Crespellano (BO) - Italy
 Quotation No : 2/28153
 Quotation Date : 01.06.2009



Quotation Validity : 31.12.2009

(Rs. in Million)

Particulars	Amount
1 TECHNOSTRAP 400/90/PET-300 Equipped with 1 extruder group – 90 mm 1 filter back-flushing kreyenborg 1 metering pump group 1 die-head group including 1 spinneret 6 spinneret for 4 PET straps 1 water cooling tank group 1 slow stretching draw stand 1 diathermic oil heating unit for cylinders and water tank pre-heating PIOVAN brand 1 air stretching oven 1 diathermic oil heating unit for motorized bar 1 fast stretching draw stand 2 diathermic oil heating unit for cylinders 1 embossing unit 1 annealing oven 1 first haul-off draw stand 1 second water cooling tank group without horizontal relaxation 1 haul-off draw stand 1 main console and synchronization console 5 electronic take-up winders including 406,4 mm mandrel size 1 test run at SIMA facilities 1 technical documentation 1 technostrap line commissioning 1 technostrap line packing Optional 1 crystallizing and drying system (4.500 litres) two stage for PET including forced feeding and metal separator unit 1 complete cooling system 200.00 frig/h 1 set of spare parts	95.82
Add: Duties and taxes; transportation and insurance, erection and commissioning, etc.	23.60
Total Cost	119.42

7. Product : Stretch Film
 Description : Kolsite three layer blown film plant
 Name of the Supplier : Kabra Extrusionstechnik Ltd
 Address : 507/E, Navketan, 5th Floor,
 Opp. Clock Tower, S. D. Road,
 Secunderabad - 500003
 Quotation No : NA
 Quotation Date : 20.07.2009
 Quotation Validity : 20.10.2009

(Rs. in Million)

Particulars	Amount
KOLSITE three layer blown film plant to manufacture film up to 1380 mm lay-flat tubing and minimum 80 gauge consisting of 3 nos. single screw extruders with suitable AC main drives, hoppers, barrels, screws, cross head and die, complete set of heaters for barrels, control cabinet with micro processors temperature controllers, aerodynamic type double lip air cooling ring with blower, vertical take off unit with nip rollers, flattening boards, bubble guide basket, oscillating Haul-Off and semi-automatic two station surface winder (KSA-1450P). Complete with electricals and drives.	6.26
Add: Duties and taxes; transportation and insurance, erection and	1.00



commissioning, etc.	
Total Cost	7.26

8. Product : PP Strapping
Description : PP fully-auto strapping band making machine
Name of the Supplier : Jumbo Steel Machinery Co., Ltd
Address : No 4, Road 12, Taichung Ind. Park,
Taiwan
Quotation No : Q 980323004
Quotation Date : 16.09.2009
Quotation Validity : March 2010

(Rs. in Million)

Particulars	Amount
JS 237AA PP fully auto strapping band making machine Auto loader (1 HP) Hopper dryer, 100 kgs Printing unit, single line Chiller (5 ton, water cooling type) Chiller (5 ton, air cooling type)	6.28
Add: Duties and taxes; transportation and insurance, erection and commissioning, etc.	1.68
Total Cost	7.96

9. Product : Purchase of new Land
Name of valuer : K Dhanapathi Rao & Associates
Address : 8-3-214/6, 2nd floor, SBH Building,
Srinivasanagar Colony West,
Vengalrao Nagar, Hyderabad - 500038
Quotation No : DRA/VAL/General/2008-09/21
Quotation Date : 19.01.2009
Quotation Validity : NA
Cost of land : Rs. 22.14 million

We have identified certain areas which seem to be suitable for setting up a new factory. We are in the process of short listing and finalizing the land. We have got certain quotation from Chartered Engineers and Government Registered valuers for the same purpose. Presently, we propose to set-up VCI Paper Plant at the proposed factory.

Cost of land is based on the management estimate based on the quotation received

10. Product : Construction of Building / Shed
Description : NA
Name of the Supplier : Prasad Associates
Address : Plot No 1034, Bhagathsing Nagar,
Kukatpally, Hyderabad
Quotation No : NA
Quotation Date : 20.03.2009
Quotation Validity : NA

(Rs. in Million)

Particulars	Amount
Earthwork excavating for hard grave soil Plain cement concrete in 1:3:6 for bed under foundations and flooring CRS masonry for basement RCC M-25 concrete for columns, beams, lintels, slabs and chajjas, etc. including shuttering charges Steel of 1.0% of concrete quantity Earth filling in basement Brick masonry in CM 1:6 for all superstructure walls Plastering in CM 1:6 for all the walls both external and internal	3.80



Plain cement concrete in 1:3:6or bed under foundations and flooring VDF flooring of 6" thick Aluminium windows with all fixtures and complete for finished item of work M.S. Rolling shutters PEB shed laying with M.S. structure Paining with approved quality cement paint for external walls and internal walls	
Total Cost	3.80

11. Product : Interior work
Description : NA
Name of the Supplier : Space Kreators Developers Pvt Ltd
Address : 202, Business Square, Opp. S. P. College,
Tilak Road, Pune - 411030
Quotation No : NA
Quotation Date : 11.12.2008
Quotation Validity : NA

(Rs. in Million)

Particulars	Amount
Interior work and allied works Civil and allied works False ceiling & painting works LT- electrical, music and allied works Modular furniture Chairs and Sofas	3.77
Add: Duties and taxes; transportation and insurance, erection and commissioning, etc.	0.15
Total Cost	3.92

12. Product : VCI Coating Machine
Description : VCI Coating Machine model CM 2000P
Name of the Supplier : Sujay packaging
Address : Sr. No. 36/2/1, Narhe Industrial Area,
Pune - 411041
Quotation No : NA
Quotation Date : 20.09.2009
Quotation Validity : 31.03. 2010

(Rs. in Million)

Particulars	Amount
VCI coating machine model CM 2000P working width 2000 MM (80") as per specifications For coating on craft paper & HDPE laminated craft paper, with single color printing	4.38
Add: Duties and taxes; transportation and insurance, erection and commissioning, etc.	0.24
Total Cost	4.62

13. Product : DG SET
Description : 725 KVA DG set
Name of the Supplier : GMMCO Limited
Address : Sri Malve Chambers, Plot No 59,
P & T Colony, Trimulgherry,
Secunderabad - 500015
Quotation No : EHY234A
Quotation Date : 05.01.2009
Quotation Validity : 15.12.2009

(Rs. in Million)

Particulars	Amount
725 KVA CAT DG Set	4.50



Add: Duties and taxes; transportation and insurance, erection and commissioning, etc.	0.69
Total Cost	5.19

14. Product : Angle Board
Description : Paper Angle Board
Name of the Supplier : Triveni Enterprises
Address : 2-3-15, Gandhi Market, M. G. Road,
Secunderabad - 500003
Quotation No : TE/F/72/08-09
Quotation Date : 10.12.2008
Quotation Validity : NA

(Rs. in Million)

Particulars	Amount
Pay off paper reel stand – assemble (20 no) Gluing Tank Compressing Stand Angle forming machine Inline cutting machine Disc sawing table with conveyor system Paper slitting machine Air compressor litre/min capacity Coil stacking stand assemble Power distribution panel DC drive system & panels Electrical control panels for above machinery ID/OD making machine	4.10
Add: Duties and taxes; transportation and insurance, erection and commissioning, etc.	0.67
Total Cost	4.77

15. Product : Collated Nails
Description : Coil Welding Machine
Name of the Supplier : Pacific Loran Trading Co Ltd
Address : 3F-2, 72 Sai Hsi Road,
Taichung, Taiwan, R.O.C.
Quotation No : P.O. 81
Quotation Date : 21.09.2009
Quotation Validity : 30.03.2010

(Rs. in Million)

Particulars	Amount
NCNT-33, 15 degree coil welding machine 430V. 50 hz, 3 phase Nail Dia. Range: 1.83-3.30mm Length Range: 25-100 mm C/w 2.5mm and 2.87mm dia. Nail orientation wheel	1.74
Add: Duties and taxes; transportation and insurance, erection and commissioning, etc.	0.50
Total Cost	2.23

16. Product : Collated Nails
Description : Nail Rolling Machine
Name of the Supplier : Pacific Loran Trading Co Ltd
Address : 3F-2, 72 Sai Hsi Road,
Taichung, Taiwan, R.O.C.
Quotation No : NA
Quotation Date : 21.09.2009
Quotation Validity : 30.03.2010



(Rs. in Million)

Particulars	Amount
Nail Diameter Range: 1.8~4.2mm Nail Length Range:25~120mm Speed: 1300~1800 pcs/minute Nail Length: 25~50mm, 1~1800 pcs/min Nail Length: 50~70mm, 1~1600 pcs/min Nail Length: 75~120mm, 1~1300 pcs/min Power: 3 phase, ACC220-380V, 50/60HZ Working Space: 200 * 180 * 250 cm One set of tooling mould	1.30
Add: Duties and taxes; transportation and insurance, erection and commissioning, etc.	0.39
Total Cost	1.69

17. Product : Collated Nails
Description : Nail Polishing Drum
Name of the Supplier : Sri Pamba Engineering Works
Address : 7-8-177, Gouthamnagar, Bowenpally,
P.O. Secunderabad – 500011
Quotation No : 25
Quotation Date : 10.07.2009
Quotation Validity : 09.01.2010

(Rs. in Million)

Particulars	Amount
Nails Polishing Drum with 3 HP motor	0.12
Add: Duties and taxes; transportation and insurance, erection and commissioning, etc.	0.01
Total Cost	0.12

18. Product : Seals
Description : Sheet Drying Oven
Name of the Supplier : Sri Pamba Engineering Works
Address : 7-8-177, Gouthamnagar, Bowenpally,
P.O. Secunderabad – 500011
Quotation No : 24
Quotation Date : 09.07.2009
Quotation Validity : 08.07.2010

(Rs. in Million)

Particulars	Amount
Painted sheet drying electric oven	0.28
Add: Duties and taxes; transportation and insurance, erection and commissioning, etc.	0.02
Total Cost	0.29

19. Product : DG SET
Description : 320 KVA DG set
Name of the Supplier : GMMCO Limited
Address : Sri Malve Chambers, Plot No 59,
P & T Colony, Trimulgherry,
Secunderabad - 500015
Quotation No : NA
Quotation Date : 11.07.2009
Quotation Validity : 15.12.2009

(Rs. in Million)

Particulars	Amount
320 KVA CAT DG Set	1.63
Add: Duties and taxes; transportation and insurance, erection and	0.25



commissioning, etc.	
Total Cost	1.88

20. Product : Heat Treatment Furnace
Description : Heat Treatment furnace for direct strip heating
Name of the Supplier : Triveni Enterprises
Address : 2-3-15, Gandhi Market, M. G. Road,
Secunderabad - 500003
Quotation No : TE/F/50/08-09
Quotation Date : 23.01.2009
Quotation Validity : NA

(Rs. in Million)

Particulars	Amount
Electrical heated lead bath furnace for strip pre heating Muffle- preheating muffle main heating muffle, and quenching muffle for direct strip heating Electrically heated quenching lead bath with forced air cooling blowers and exhaust Thyristor controlled strip heating system with regulated power system & transformer of 400 KVA	34.52
Add: Duties and taxes; transportation and insurance, erection and commissioning, etc.	6.38
Total Cost	40.90

21. Product : Purchase of new Land
Name of valuer : Al Khowahir Chemicals Tr. LLC
Address : P.O. Bax.
Sharjah, UAE
Quotation No : AKCT/COR/222/1009
Quotation Date : 08.04.2009
Quotation Validity : 07.10.2009
Cost of land : Rs. 6.76 million

We have identified certain areas which seem to be suitable for setting up a new plant. We are in the process of short listing and finalizing the land. We have got certain quotation for the same purpose. Cost of land is based on the management estimate based on the quotation received

22. Product : Pre-fabricated Steel Building System
Description : NA
Name of the Supplier : Phenix Valco Pruden
Address : Plot No 30P, Village Narampura
Tal. Sanand, Dist Ahmedabad - 382213
Quotation No : SS/AE/HYD/55
Quotation Date : 26.05.2009
Quotation Validity : 25.10.2009

(Rs. in Million)

Particulars	Amount
Designing and supplying of Material for construction of Industrial Shed Building to be erected in accordance with AWS D 1.1 Structural Welding Code MBMA Manual for Fabrication Tolerances	10.85
Add: Duties and taxes; transportation and insurance, erection and commissioning, etc.	1.77
Total Cost	12.62

23. Product : Construction of Building / Shed
Description : None
Name of the Supplier : Lotus Building Maintenance
Address : C R No 15562-5,



P.O. Box 2329
Manama, Kingdom of Bahrain

Quotation No : 379.09
Quotation Date : 24.06.2009
Quotation Validity : 31.03.2010

(Rs. in Million)

Particulars	Amount
Ground leveling, excavation, laying the foundation, civil work, etc.	26.52
Add: Duties and taxes; transportation and insurance, erection and commissioning, etc.	0.66
Total Cost	27.19

24. Product : Steel Strapping
Description : Unicoiler, Strip Slitting Machine
Name of the Supplier : S. R. Industries
Address : 8-284/2A, Road No 3,
Goutamnagar, Balanagar,
Hyderabad - 500011

Quotation No : SR/46/2009-10
Quotation Date : 18.09.2009
Quotation Validity : 17.03.2010

(Rs. in Million)

Particulars	Amount
Unicoiler machine with line adjusting mechanism Continuous strip sitting machine Continuous de-burring machine S Roll EOT crane – 6 MT capacity	4.50
Add: Duties and taxes; transportation and insurance, erection and commissioning, etc.	0.43
Total Cost	4.93

25. Product : Steel Strapping
Description : Power Distribution system and control panel
Name of the Supplier : Prithvi Power Systems
Address : 07/90/1, Shivalayam Road,
Subash Nagar, I.D.A. Jeedimetla,
Hyderabad - 500055

Quotation No : PPS/33/R1/2K9
Quotation Date : 20.09.2009
Quotation Validity : 31.03.2010

(Rs. in Million)

Particulars	Amount
Power distribution transformer 400 KVA Power distribution panel Control panel / control desks Power distribution cabling works	5.80
Add: Duties and taxes; transportation and insurance, erection and commissioning, etc.	0.73
Total Cost	6.53

26. Product : Steel Strapping
Description : Painting and Waxing Line
Name of the Supplier : Sunil Engineerign Works
Address : 1-52/1/374, Bhavanipuram Colony,
Beside Reddy Colony, Chandanagar,
Hyderabad - 500050

Quotation No : NA



Quotation Date : 10.12.2008
Quotation Validity : NA

(Rs. in Million)

Particulars	Amount
1 immersion paint tank 1 continuous paint drying oven 1 immersion waxing tank 1 wax curing oven 10 re-coiler machine 1 electrically heated lead melting tank 2 water cooling tank 1 transfer conveyor system for coils 1 coil packing machine 2 hydraulic power pack 1 spot welding machine 1 sheet welding machine 1 looper system 1 accumulator 1 tensile testing machine 1 line structurals	56.50
Add: Duties and taxes; transportation and insurance, erection and commissioning, etc.	4.41
Total Cost	60.91

27. Product : Steel Strapping
Description : Design, manufacture and supply of 5 ton cap EOT crane
Name of the Supplier : Access Crane
Address : Plot No.: B 8 & 9/1, IDA,
Kukatpally, Gandhinagar
Hyderabad - 500037
Quotation No : AE/EOT/MIL/098
Quotation Date : 23.01.2009
Quotation Validity : NA

(Rs. in Million)

Particulars	Amount
Type: Single girder electrically operated crane conforming to IS 3177 and 807 of Class II Capacity: 5 tons Span of EOT: 15 mts List of EOT: 7 mts Type of service: Indoor Class (Mech/Elec): Class II as per IS 807 & 3177 Mode of operation: pendant operated Type of arrangement: single girder box type Hook approach: 800 mm on bus bar side and 900 mm on opp side Drive for X, Y & Z movements: electric drive Ambient temp. considered: 45 deg C	0.95
Add: Duties and taxes; transportation and insurance, erection and commissioning, etc. **	0.45
Total Cost	1.40

** - includes costs for designing, fabrication, supply and commissioning of safe track type bus bar

Summary list of projected expenditure location wise

Expansion at Hyderabad Plant

(Rs. in million)

Product	Specification	Quotation from / Valuer	No of Lines	Total Cost
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Collated Nails	Heavy Duty Automatic Crank Type Wire Nail Making Machine	Dwarka Industries (Agencies)	2	0.20
Seals	Seals Dies	SPM Associate Industries	8	1.43
Seals	Power press 30 ton with motor pulley	Dwarka Industries (Agencies)	2	0.37
Seals	Shearing Machine	Hari Industries	1	0.35
Seals	Air Compressor	Shalimar Foundry	1	0.18
PET Strapping	TECHNOSTRAP 400/90/PET-300 - Amachinery; Crystallizing and drying system, cooling system, spare parts	SIMA Group	1	119.42
Stretch Film	Kolsite Three Layer Iown Film Plant with 'Oscillating Haul-Off' model kit - 33755	Kabra Extrusiontechnik	1	7.26
PP Strapping	PP Fully-auto strapping band making machine	JUMBO Steel Machinery Co Ltd	1	7.96
Total				137.16
Contingencies @ 5%				6.86
TOTAL				144.02

Setting up a new plant at Hyderabad

(Rs. in million)

Product	Specification	Quotation from / Valuer	No of Lines	Total Cost
Land	Land situated in or around Hyderabad	K. Dhanapathi Rao & Associates	NA	22.14
Building	Civil work for CRM, HR Slitter, Pickling, VCI Shield	Prasad Associates	1	3.80
Interior Designing	Interior furniture, electrical, voice networking and allied works	Space Kreators Developers Pvt Ltd	1	3.92
VCI Paper	VCI Coating Machine Model Cm 2000P	Sujay Packaging	1	4.62
Transformer	725 KVA DG Set	GMMCO Limited	1	5.19
Total				39.68
Contingencies @ 5%				1.98
TOTAL				41.67

Expansion at Mumbai Plant

(Rs. in million)

Product	Specification	Quotation from / Valuer	No of Lines	Total Cost
Angle Board	Paper Angle Boards	Triveni Enterprises	2	9.54
Collated Nails	Heavy Duty Automatic Crank Type Wire Nail Making Machine	Dwarka Industries (Agencies)	2	0.20
Collated Nails	NCNT - 33, 15 Degree Coil Welding Machine, Threading Mould, Welding Wire, Voltage Stabilizer	Pacific Loran Trading Co Ltd	1	2.23
Collated Nails	Nail Rolling Machine (Nail Threader)	Pacific Loran Trading Co Ltd	1	1.69
Collated Nails	Nail Polishing Drum with 3 HP Motor	Sri Pamba Engineering Works	1	0.12
Seals	Seals Dies	SPM Associate Industries	10	1.78



Seals	Power press 30 ton with motor pulley	Dwarka Industries (Agencies)	3	0.55
Seals	Painted Sheet Drying Electric Oven	Sri Pamba Engineering Works	1	0.29
Seals	Shearing Machine	Hari Industries	1	0.35
Seals	Air Compressor	Shalimar Foundry	1	0.18
Genset	320 KVA CAT DG Set	GMMCO Limited	1	1.88
Heat Treatment Plant	High Temperature Heat Treatment Furnace For Direct Strip Heating	Triveni Enterprises	1	40.90
Total				59.72
Contingencies @ 5%				2.99
TOTAL				62.71

Expansion at Roorkee Plant

(Rs. in million)

Product	Specification	Quotation from / Valuer	No of Lines	Total Cost
Angle Board	Paper Angle Boards	Triveni Enterprises	2	9.54
Collated Nails	Heavy Duty Automatic Crank Type Wire Nail Making Machine	Dwarka Industries (Agencies)	2	0.20
Collated Nails	NCNT - 33, 15 Degree Coil Welding Machine, Threading Mould, Welding Wire, Voltage Stabilizer	Pacific Loran Trading Co Ltd	1	2.23
Collated Nails	Nail Rolling Machine (Nail Threader)	Pacific Loran Trading Co Ltd	1	1.69
Collated Nails	Nail Polishing Drum with 3 HP Motor	Sri Pamba Engineering Works	1	0.12
Seals	Seals Dies	SPM Associate Industries	2	0.36
Seals	Power press 30 ton with motor pulley	Dwarka Industries (Agencies)	2	0.37
Seals	Painted Sheet Drying Electric Oven	Sri Pamba Engineering Works	1	0.29
Seals	Shearing Machine	Hari Industries	1	0.35
Total				15.16
Contingencies @ 5%				0.76
TOTAL				15.92

Setting up a plant at Sharjah

(Rs. in million)

Product	Specification	Quotation from / Valuer	No of Lines	Total Cost
Land	Land situated in or around Sharjah	Al Khawahir Chemicals Trading LLC	NA	6.68
Industrial Shed	Pre-Fabricated Steel Building System	Phenix Varco Pruden	1	12.62
Civil Work	Ground leveling, excavation, laying the foundation, civil work, etc.	Lotus Building Maintenance	NA	26.98
Seals	Seals Dies	SPM Associate Industries	3	0.54
Seals	Power press 30 ton with motor pulley	Dwarka Industries (Agencies)	2	0.37

Seals	Painted Sheet Drying Electric Oven	Sri Pamba Engineering Works	1	0.29
Seals	Shearing Machine	Hari Industries	1	0.35
Seals	Air Compressor	Shalimar Foundry	1	0.18
Steel Strapping Line	Uncoiler Machine, Continuous Strip sitting machine, Continuous De-burring machine, S Roll, EOT Crane - 6 MT capacity	S. R. Industries	1	4.93
Steel Strapping Line	Power Distribution Transformer 400 KVA, Power Distribution Panels, Control Panels / Control Desks, Power & Distribution Cabling	Prithvi Power Systems	1	6.53
Steel Strapping Line	Painting and waxing line for strapping strips	Sunil Engineering Works	1	60.91
Steel Strapping Line	Design, Manufacturing, Supply, Erection and Commissioning of 5 Cap EOT Crane	Access Crane	1	1.40
Total				121.78
Contingencies @ 5%				6.09
TOTAL				127.87

Note:

- We are in the process of identifying and finalizing location for the proposed factory in Hyderabad and Sharjah. As on date we have not finalized any land;
- We have not awarded any contract for construction of building/shed at the proposed site, and we have not placed orders for any of the plant and machinery mentioned above;
- As regards to transportation, insurance, erection and commissioning expenses we have relied upon our own judgment in estimation of the costs based on our past experience and we have not obtained any quotations for the same;
- We have relied on the quotations received from various suppliers. We are also negotiating with several suppliers and the actual supplier may vary from the one mentioned above;
- Further we have not bought nor do we propose to buy any second hand machinery out of the proceeds of the issue.

Augmenting Long Term working Capital Requirement

Presently, our Company enjoys working capital credit limits as stated in the section "Financial Information" beginning on page 125. These limits and our internal accruals are adequate to meet our existing working capital requirements. However, our Company will utilise a part of the net proceeds of the Issue to meet long-term working capital requirements for expansion which has been estimated as under:

(Rs. in millions)

Particulars	F.Y. 2009-10 (Estimates)	F.Y. 2008-2009 (Audited)
Raw Materials	95.25	71.95
Work in Process	16.85	15.91
Finished Goods	72.68	52.92
Stores & Spares	7.62	10.26
Total Inventories	192.40	151.04
Receivables	515.90	443.79
Advance and deposits	3.75	5.34
Total receivables	519.65	449.13
Other current assets	12.00	6.84
Total current assets	724.05	607.01



Less : Creditors	99.59	84.72
Other current liabilities	59.31	42.51
Total current liabilities	158.90	127.23
Net working capital requirement	565.15	479.78
Funding Pattern		
Internal Accruals	232.16	197.16
Estimated Bank Finance available	282.62	282.62
Proposed to be funded from Public Issue	50.37	-
Total	565.15	479.78

The above working capital estimates are based on the following assumptions:

Particulars	Period (No of Days)
Raw Materials	49.48
Work in Progress	8.75
Finished Goods	37.76
Receivables	168.50
Advances and Deposits	1.22
Sundry Creditors	43.49

- The net working capital for 2008-09 is based on the position of the current assets and current liabilities as per the audited financial position of our Company for the financial year ended March 31, 2009.
- The projected levels of holding periods of various items of current assets and current liabilities are shown in the above table.

On the basis of estimated holding period for the FY 2009-2010, we have projected the bank borrowings for the year 2009-2010 at the level of Rs.282.62 millions against the net working capital requirement of Rs.565.15 millions, out of which Rs.232.16 millions would be met from internal accruals and the balance of Rs.50.37 million for 2009-10 is proposed to meet through public issue proceeds.

General Corporate Purposes

We are continuously looking for opportunities to grow. While, we have not identified any specific projects at present, the management is continuously identifying and evaluating opportunities. We intend to use part of net proceeds towards such growth plans and opportunities. We intend to deploy the proceeds of this Issue aggregating to [●] for General Corporate Purposes including but not limited to strategic initiatives, brand building exercise, strengthening of the market capabilities, partnerships, joint venture, future projects and meeting exigencies which the Company in the ordinary course may not foresee etc. The management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently the funding requirements and deployment of funds may also change. The Company's management in accordance with policies set out by the Board will have flexibility in applying the balance proceeds of this issue, for general corporate purposes.

As of the date of this Draft Red Herring Prospectus, the Company has not entered into any letter of intent or any other commitment for any such acquisition/investments or definitive commitment for any such strategic initiatives. The Board of Directors of the Company will review various opportunities from time to time.

Meeting Issue Expenses

The estimated issue related expenses are as follows:

(Rs. in million)

Activity	Amount *	Percentage	Percentage
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		of Issue Expenses	of Issue Size
Lead Management Fees, Underwriting and Selling Commission	[•]	[•]	[•]
Advertising and marketing expenses	[•]	[•]	[•]
IPO Grading Expenses	[•]	[•]	[•]
Printing and stationery expenses	[•]	[•]	[•]
Others (Registrar fees, Legal fees, Listing fees, Book Building software, Stamp Duty, etc.)	[•]	[•]	[•]
TOTAL	[•]	[•]	[•]

* shall be incorporated after finalization of the Issue Price

APPRAISAL

The fund requirement and deployment is based on current internal management estimates and has not been appraised by any bank and/or financial institution. These are based on current conditions and are subject to change in light of changes in external circumstances or costs, or in other financial condition, business or strategy.

SCHEDULE OF IMPLEMENTATION

Sr. No.	Particulars	Expected date of Commencement	Expected date of Completion
1	Expansion of Hyderabad plant, by setting up PET Strap, Stretch Films, PP Strapping, Collated nails – nails making machine, Seals	Q4 FY 2010	Q3 FY 2011
2	Setting up VCI Paper plant in Hyderabad	Q4 FY 2010	Q2 FY 2011
3	Expansion of Mumbai plant, setting up Angle Board, Collated Nails, Seals and Heat Treatment Plant within Mumbai Plant	Q4 FY 2010	Q3 FY 2011
4	Expansion of Roorkee plant, setting up Angle Board and Collated Nails, Seals facility within Roorkee Plant	Q4 FY 2010	Q3 FY 2011
5	Setting up High Tensile Steel Strapping and seals plant at Sharjah	Q4 FY 2010	Q3 FY 2011
6	Augmenting Long Term Working Capital Requirement	Q1 FY 2011	Q3 FY 2011
7	Meeting General Corporate Purposes	Q4 FY 2010	Q2 FY 2011
8	Meeting Issue Expenses	Q4 FY 2010	Q1 FY 2011

ESTIMATED SCHEDULE OF DEPLOYMENT OF FUNDS

(Rs. in million)

Sr No	Particulars	Funds Already Deployed	FY 10	FY 11			Total
			Q4	Q1	Q2	Q3	
1	Expansion of Hyderabad plant, by setting up PET Strap, Stretch Films, PP Strapping, Collated nails – nails making machine, Seals	-	59.95	5.57	71.65	6.86	144.03
2	Setting up VCI Paper plant in Hyderabad	-	37.91	1.77	1.98		41.66
3	Expansion of Mumbai plant, setting up Angle Board, Collated Nails, Seals and Heat Treatment Plant within Mumbai Plant	-	57.16	2.56	-	2.99	62.71
4	Expansion of Roorkee plant, setting up Angle Board and Collated Nails, Seals facility	-	14.00	1.15	-	0.76	15.91



	within Roorkee Plant						
5	Setting up High Tensile Steel Strapping and seals plant at Sharjah	-	73.31	18.01	30.46	6.09	127.87
6	Augmenting Long Term Working Capital Requirement	-	50.37	-	-	-	50.37
7	Meeting General Corporate Purposes	-	[•]	[•]	[•]	-	[•]
8	Meeting Issue Expenses	1.40	[•]	[•]	-	-	[•]
	TOTAL	-	[•]	[•]	[•]	-	[•]

SOURCES OF FINANCING OF FUNDS ALREADY DEPLOYED

We have incurred Rs.1.40 Million as public issue expenses up to August 31, 2009 towards 'Objects of the Issue' as per certificate dated September 15, 2009 issued by our statutory auditor M/s Sampath & Ramesh, Chartered Accountants. The same has been financed through internal accruals.

INTERIM USE OF FUNDS

The Company's management, in accordance with the policies established by the Board, will have flexibility in deploying the proceeds of the Issue. Pending utilization of the proceeds of the Issue for the purposes described above, we intend to temporarily invest the funds in high quality interest bearing liquid instruments including money market mutual funds and deposits with banks. Such investments would be in accordance with the Investment Policies prescribed by the Board from time to time. The Company confirms that pending utilization of the Issue proceeds; it shall not use the funds for any investments in the Equity markets.

MONITORING OF UTILIZATION OF FUNDS

The Company has not appointed any Monitoring Agency. However, the Audit Committee of the Company has been authorized with the responsibilities of monitoring the utilization of the proceeds of the Issue. We will disclose the utilization of net proceeds of the Issue under a separate head in our audited financial statements, clearly specifying the purpose for which such proceeds have been utilized and also indicating investments, if any, of such unutilized proceeds of the Issue.

No part of the proceeds from the Proposed Issue will be paid by us as consideration to our Promoter, our Directors, Promoter Group Entities or Key Management Personnel, except in the normal course of our business.

BASIC TERMS OF THE ISSUE

Public Issue of 4,500,000* Equity Shares of Face Value of Rs. 10/- each for cash at a price of Rs.[●] per Equity Share (including a share premium of Rs.[●] per Equity Share) aggregating to Rs.[●] million (the "Issue"). The Issue would constitute 35.10% of the fully diluted post issue paid-up capital of our Company.

** The Company is considering a Pre-IPO Placement of up to 500,000 Equity Shares with certain investors ("Pre-IPO Placement"). The Pre-IPO Placement is at the discretion of the Company. The Company will complete the issuance and allotment of Equity Shares pursuant to the Pre-IPO Placement prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue size of 25% of the post Issue paid-up capital being available for allocation to the public.*

The Issue is being made through a 100% Book Building Process.

Particulars	QIBs [@]	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares *	Upto 2,250,000 Equity Shares or Net Issue less allocation to Non Institutional Bidders and Retail Individual Investors	Not less than 675,000 Equity Shares or Net Issue less allocation to QIB Bidders and Retail Individual Investors	Not Less than 1,575,000 Equity Shares or Net Issue less allocation to QIB Bidders and Non Institutional Bidders
Percentage Of Issue size available for Allotment / Allocation	Up to 50% of the Net Issue (of which 5% shall be reserved for Mutual Funds) or Net Issue to the public less allocation to Non Institutional Bidders and Retail Individual Bidders.* Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of the Net Issue or Net Issue less allocation to QIB Bidders and Retail Individual Bidders*	Not less than 35% of Net Issue or Net Issue less allocation to QIB Bidders and Non Institutional Bidders*
Basis of Allotment / Allocation if respective category is oversubscribed	Proportionate as follows: (a) 112,500 Equity Shares shall be allocated on a proportionate basis to Mutual above Funds in the Mutual Funds Portion; (b) 2,137,500 Equity shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the	Such number of Equity Shares in multiples of [●] Equity Shares so	[●] Equity Shares and in multiples of [●] Equity Shares



	Bid amount exceeds Rs. 1,00,000	that the Bid amount exceeds Rs. 1,00,000	thereafter
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid amount does not exceed the Net Issue, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid amount does not exceed the Net Issue, subject to applicable limits	Such number of Equity shares in multiples of [●] Equity Shares so that the Bid amount does not exceed Rs. 1,00,000
Mode of Allotment	Compulsorily in dematerialized form	Compulsorily in dematerialized form	Compulsorily in dematerialized form
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Allotment Lot	[●] Equity Shares and in multiples of one (1) Equity Share thereafter	[●] Equity Shares and in multiples of one (1) Equity Share thereafter	[●] Equity Shares and in multiples of one (1) Equity Share thereafter
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions, as specified in section 4A of the Companies Act, 1956, Scheduled Commercial Banks, Mutual Funds, Foreign Institutional Investors registered with SEBI, Multilateral and Bilateral Development Financial Institutions, Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs.250 millions and Pension Funds with minimum corpus of Rs.250 millions, National Investment Fund in accordance with applicable law.	Companies, Corporate Bodies, Scientific Institutions, Societies, Trusts, Resident Indian individuals, HUF (in the name of Karta), and NRIs (applying for an amount exceeding Rs. 1,00,000/-)	Individuals (including NRIs and HUFs in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs. 1,00,000 in value.
Terms of Payment	Margin amount applicable to QIB Bidders shall be payable at the time of submission of Bid cum Application Form to the members of the syndicate ****	Margin amount applicable to Non Institutional Bidders shall be payable at the time of submission of Bid cum Application form to the members of the syndicate	Margin amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application form to the members of the syndicate or ASBA Form to the SCSBs @: ***
Margin Amount	10% of the Bid amount in respect of bids placed by	Full amount on bidding	Full amount on bidding.

	QIB bidder on bidding		
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@ The QIB Portion includes Anchor Investor Portion, as per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Anchor Investor Margin Amount of 25% shall be payable at the time of submission of the application form by the Anchor Investor

@@ In case of ASBA Bidders, the SCSB shall be authorized to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid cum Application Form.

If the Pre-IPO Placement is completed, the QIB Portion, the Mutual Fund Portion, the Retail Portion and the Non Institutional portion shall (if required) be accordingly reduced.

* Subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in any category, would be allowed to be met with spill over inter-se from any other categories, at the discretion of our Company in consultation with the BRLM subject to applicable provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

** In case the Bid cum Application Form or ASBA Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form or ASBA Form.

*** Resident Retail Individual Investor is also eligible to apply through ASBA process, for details please refer Section "ASBA Process" on page 216.

**** After the Bid/Issue Closing Date, depending on the level of subscription, additional Margin Amount, if any, may be called for from the QIB Bidders



BASIS OF ISSUE PRICE

The Price Band for the Issue shall be decided prior to the filing of the Red Herring Prospectus with the RoC. The Issue Price will be determined by the Company in consultation with the Book Running Lead Managers on the basis of the assessment of market demand for the offered Equity Shares by the book building process. The face value of the Equity Shares of the Company is Rs.10 each and the Issue Price is [●] times of the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band. The EPS and NAV presented in this section are based on the Face Value of Rs.10 per equity share.

QUALITATIVE FACTORS

We believe the following strengths allow us compete successfully in providing industrial packaging solutions through a range of consumables being offered by us like steel strappings, Angle boards, collated nails, seals and L-plates, etc.

Long standing relationship with our clients

We have strong relationship with our existing clients and we continue to get repeat orders from majority of their on regular basis

Synergy in Business Line

We are proposing to enhance our product portfolio to include manufacturing of Polyester straps, PP strappings, etc. thereby, strengthening out product offerings. Also, we are proposing to expand capacities at our existing facilities to cater to the growing demand from our clients

Experiences Management

Our Company is headed by first generation entrepreneur Mr. M Madhu Mohan Reddy, who has a experience of 28 years in the field of industrial packaging. He is supported by a team of well qualified professionals with expertise in different aspects like production, marketing, quality control, distribution, etc.

Geographical reach

We have our registered office at Hyderabad and have production units in Hyderabad and Roorkee. Our Thane plant is being commissioned and commercial production is expected to start in the coming quarter. Apart from expansion at existing facilities, we propose to set-up plant(s) in Rourkela, and Sharjah. This will give us easy approachability and enable us to cater to our clients in the different parts of the Country and well as overseas economically and on timely basis.

Process Innovation

Our focus has been on delivering quality product. We endeavour to innovate and improve on the manufacturing process involved

For a detailed discussion on the qualitative factors which form the basis for computing the price, see the sections "Business Overview" and "Risk Factors" beginning on pages 70 and i respectively.

QUANTITATIVE FACTORS

Information presented in this section is derived from our restated, financial statements prepared in accordance with Indian GAAP. The quantitative factors, which form the basis for computing the price, are as follows:

1 Weighted average Earning Per Share

(Amount in Rs.)

Period	Basic EPS	Diluted EPS	Weight
Year ended Mar 2007	3.03	3.03	1
Year ended Mar 2008	5.83	5.83	2
Year ended Mar 2009	7.32	7.32	3
Weighted Average EPS	6.11	6.11	

The earnings per share has been computed by dividing net profit as restated attributed to equity shareholders by restated weighted average number of equity shares outstanding during the year. Restated weighted average number of equity shares have been computed as per AS 20. The face value of each equity share is Rs.10/-.

2 Price Earning (P/E) ratio in relation to Issue Price of Rs. [●] per share of Rs. 10 each.

	At the lower	At the upper
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		Band of Rs. [•]	Band of Rs. [•]
a)	Based on weighted average (EPS)	[•]	[•]
b)	Based on EPS as on March 31, 2009	[•]	[•]
c)	Industry PE Multiple:		
	Highest	66.5	
	Lowest	2.6	
	Average	10.7	

Source: Capital Market Vol. XXIV/15 dated Sep 21 – Oct 04, 2009; Industry: Packaging

For industry P/E companies in the packaging segment have been considered as most peer companies form part of this segment. However, as there are no listed companies engaged solely in similar business as our, the multiples are strictly not comparable.

3 Return on Net Worth as per restated financial statement is as follows:

Year	RONW %	Weight
Year ended March 31, 2007	16.49	1
Year ended March 31, 2008	22.97	2
Year ended March 31, 2009	23.12	3
Weighted Average	21.97	

The return on network has been computed by dividing net profit after tax as restated, by network as at the end of the year.

4 Minimum Return on total Net Worth after issue needed to maintain pre-issue EPS is [•]

5 Net Asset Value per Equity Share

Particulars	NAV (Rs.)
As on March 31, 2009	31.66
After the Issue	[•]
Issue Price	[•]

NAV per equity share has been calculated as network divided by weighted average number of equity shares. Weighted average number of equity shares has been computed as per AS 20.

6 The accounting ratios of selected companies in the Industry Group is as under:

There are no strict comparables of the industry in which our Company operates based on the product line. Still for comparison purposes, we have tried to draw up a peer-set based on broader sectoral definition

Name of company	Face Value (Rs.)	EPS (Rs.)	P/E	RONW%	NAV (Rs.)
AMD Industries	10	2.4	9.9	3.1	54.1
Bajaj Steel	10	65.2	2.6	36.5	169.9
Glory Polyfilms	10	2.9	7.9	8.3	38.4
Hitech Plastics	10	7.0	8.3	23.3	36.5
Midfield Industries Limited	10	7.32	[•]	23.12	21.66
Paper Products	2	3.0	12.6	8.9	38.8
Polyplex Corpn.	10	10.7	6.1	10.5	81.6

Source: Capital Market Vol. XXIV/15 dated Sep 21 – Oct 04, 2009; Industry: Packaging

The Issue Price is [•] times of the face value of the Equity Shares.

The issue price of Rs.[•] per Equity Share has been determined by us, in consultation with the BRLM(s), on the basis of assessment of market demand for the offered securities by way of Book building process and is justified based on the above qualitative and quantitative factors. For details, see "Risk Factors" on page i and the audited financial statements of our Company, as set out in the Auditors Report stated on page 125 to have a more informed view.



STATEMENT OF TAX BENEFIT

To,
The Board of Directors
Midfield Industries Limited
Plot No.6, Phase – IV Extn
I.D.A., Jeedimetla,
HYDERABAD – 500 055

Statement of Possible Direct Tax Benefits

Dear Sirs,

We hereby report that the enclosed annexure states the possible direct tax benefits available to Midfield Industries Limited ("Company") and its shareholders under the current tax laws in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which, based on business imperatives which the Company may face in the future, the Company may or may not fulfill.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of his or her participation in the issue. In the statement, we have considered the proposals in the Finance (No. 2) Bill, 2009.

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

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

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

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the use of Midfield Industries Limited. We shall not be liable to Midfield Industries Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

Thanking you,

Yours faithfully,
For **SAMPATH & RAMESH**
Chartered Accountants

A. Krishna Reddy
Partner
Membership No. 204755

Place: Hyderabad
Date: 14th September, 2009

**STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO
MIDFIELD INDUSTRIES LIMITED AND TO ITS SHAREHOLDERS**

UNDER THE INCOME TAX ACT, 1961 ("THE ACT")

A. TO THE COMPANY

I. SPECIAL TAX BENEFITS

The company is enjoying the benefit of Sales Tax deferment scheme under Target -2000 in the State of Andhra Pradesh vide their New Industrial Policy G.O.Ms. No.108, Inds & Com (IP) Dept. Dated 20.05.1996 and G.O.Ms.No.134, Industries & Commerce (IP) Department, dated 01.07.1996, Under this benefit company can avail sales tax deferment to the tune of Rs.17.27 millions on or before 22.03.2014.

The following benefits are available to the company for its plant situated in state of Uttaranchal.

- 100% Excise exemption for 10 years
- 100% income tax exemption for first five years and 30% tax deduction from income tax liability for next five years under sec - 80 – IC
- Capital investment subsidy @15% subject to maximum of Rs.30.00 lacs
- Exemption from entry tax on plant & machinery
- Reimbursement of 75% of expenditure subject to Rs.2.00 lacs maximum incurred for obtaining approved quality marks e.g ISO

II. GENERAL TAX BENEFITS

1. As per Section 10(34) of the Act, income earned by the Company by way of dividend income from another domestic company referred to in section 115-O of the act is exempt from tax.
2. As per section 10(35) of the Acts, the following income will be exempt from tax in the hands of the Company:
 - (i) Income received in respect of the units of a Mutual Fund specified under section 10(23D);
or
 - (ii) Income received in respect of units from the Administrator of the specified undertaking; or
 - (iii) Income received in respect of units from the specified company:
3. As per section 10(38) of the Act, long term capital gains arising to the Company from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of the Company.
4. Under section 32 of the Act, the Company is entitled to claim depreciation subject to the conditions specified therein, at the prescribed rates on its specified assets used for its business.
5. Under section 35D of the Act, the Company will be entitled to a deduction equal to 1/5th of the expenditure incurred of the nature specified in the said section, including expenditure incurred on present issue, such as underwriting commission, brokerage and other charges, as specified in the provision, by way of amortisation over a period of 5 successive years, beginning with the previous year in which the business commences or after the commencement of its business in connection with the extension of its industrial undertaking or in connection with setting up a new industrial unit, subject to the stipulated limits.
6. As per section 54EC of the Act and subject to the conditions and to the extent specified herein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from tax if the capital gains are invested in a "long term specified asset" within a period of six months after the date of such



transfer, subject to the limit of Rupees Fifty lacs in a year.

7. As per section 111A of the Act, short term capital gains arising to the Company from the sale of equity shares or units of an equity oriented mutual fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15%.
8. In accordance with section 112 of the Act, the tax on capital gains on transfer of listed securities or units or zero coupon bonds where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of:-
 - (i) 20% of the capital gains as computed after indexation of the cost; or
 - (ii) 10% of the capital gains as computed without indexation.
9. The amount of tax paid under section 115 JB by the Company for any assessment year beginning on or after 1st April, 2010 will be available as credit to the extent specified in section 115 JAA for ten years succeeding the assessment year in which MAT credit becomes allowable in accordance with the provisions of Section 115 JAA.

B. TO THE MEMBERS

I. GENERAL TAX BENEFITS

(a) Resident Members

1. As per section 10(34) of the Act, income earned by the resident member by way of dividend income from the domestic company referred to in section 115-O of the act is exempt from tax.
2. As per section 10(38) of the Act, long term capital gains arising to the resident member from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of such members.
3. As per section 111A of the Act, short term capital gains arising to the resident members from the sale of equity shares or units of an equity oriented mutual fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15%.
4. In accordance with section 112 of the Act, the tax on capital gains on transfer of listed securities or units or zero coupon bonds where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of: -
 - 20% of the capital gains as computed after indexation of the cost; or
 - 10% of the capital gains as computed without indexation.
5. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from tax if the capital gains are invested in a "long term specified asset" within a period of six months after the date of such transfer, subject to the limit of Rupees Fifty lacs in a year.
6. As per the provisions of section 54F of the Act, long term capital gains (in cases not covered under section 10(38)) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family will be exempt from tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years.

(b) Non-Resident Indian Members

1. As per section 10(34) of the Act, income earned by way of dividend income from the domestic company referred to in section 115-O of the act is exempt from tax.

2. As per section 10(38) of the Act, long term capital gains arising from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be exempt.
3. As per section 111A of the Act, short term capital gains arising from the sale of equity shares or units of an equity oriented mutual fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15%.
4. In accordance with section 112 of the Act, the tax on capital gains on transfer of listed securities or units or zero coupon bonds where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of: -
 - 20% of the capital gains as computed after indexation of the cost; or
 - 10% of the capital gains as computed without indexation.
5. As per the first proviso to section 48 of the Act, in case of a non resident shareholder, the capital gain/loss arising from transfer of shares of the Company, acquired in convertible foreign exchange, will be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively incurred in connection with such transfer, into the same foreign currency which was initially utilized in the purchase of shares. Cost indexation benefit will not be available in such a case.
6. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from tax if the capital gains are invested in a "long term specified asset" within a period of six months after the date of such transfer, subject to the limit of Rupees Fifty lacs in a year.
7. As per the provisions of section 54F of the Act, long term capital gains (in cases not covered under section 10(38)) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family will be exempt from tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years.
8. In accordance with section 115E, income from investment or income from long- term capital gains on transfer of assets other than specified asset shall be taxable at the rate of 20%. Income by way of long term capital gains in respect of a specified asset (as defined in section 115C (f) of the act), shall be chargeable at 10%.
9. In accordance with section 115F, subject to the conditions and to the extent specified therein, long-term capital gain arising from transfer of shares of the company acquired out of convertible foreign exchange, and on which securities transaction tax is not payable, shall be exempt from capital gains tax, if the net consideration is invested within six months of the date of transfer in any specified asset.
10. In accordance with section 115G, it is not necessary for a Non resident Indian to file a return of income under section 139(1), if his total income consists only of investment income earned on shares of the company acquired out of convertible foreign exchange or income by way of long term capital gains earned on transfer of shares of the company acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the Income-tax Act.
11. In accordance with section 115-I, where a Non Resident Indian opts not to be governed by the provision of chapter XII-A for any assessment year, his total income for that assessment year (including income arising from investment in the company) will be computed and tax will be charged according to the other provisions of the Income-tax Act.



12. As per section 115H of the Act, where a non-resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
13. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

(c) Foreign Institutional Investors (FII's)

1. As per section 10(34) of the Act, income earned by way of dividend income from the domestic company referred to in section 115-O of the act is exempt from tax.
2. As per section 10(38) of the Act, long term capital gains arising from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be exempt.
3. As per section 115AD read with section 111A of the Act, short term capital gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15%.
4. As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the provisions of section 10(38) of the Act at the following rates:

Nature of income	Rate of tax (%)
Long term capital gains	10
Short term capital gains (other than referred to in section 111A)	30

- In case of long term capital gains, (in cases not covered under section 10(38) of the Act), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.
5. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any between India and the country in which the FII has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.
 6. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from tax if the capital gains are invested in a "long term specified asset" within a period of six months after the date of such transfer, subject to the limit of Rupees Fifty lacs in a year.

(d) Mutual Funds

As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may by notification in the Official Gazette, specify in this behalf.

(e) Venture Capital Companies / Funds

As per section 10(23FB) of the Act, all Venture Capital Companies/Funds registered with the Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on their entire income, including income from sale of shares of the company. However, under section 115U of the Act, income received by a person out of investment made in a venture capital company or in a venture capital fund will be chargeable to tax in the hands of such person.

UNDER THE WEALTH TAX ACT, 1957

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

UNDER THE GIFT TAX ACT, 1958

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.

NOTES:

- (i) In the above statement only basic tax rates have been enumerated and the same is subject to surcharge and education cess, wherever applicable.
- (ii) The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.
- (iii) All the above benefits are as per the current tax laws (including amendments made by the Finance (No. 2) Bill 2009), legislation, its judicial interpretation and the policies of the regulatory authorities are subject to change from time to time, and these may have a bearing on the benefits listed above. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of the above.
- (iv) Several of these benefits are dependent on the company and its shareholders fulfilling the conditions prescribed under the provisions of the relevant sections under the relevant tax laws.
- (v) This statement is only extended to provide general information to the investors and is neither designed nor intended to be a substitute for Professional Tax Advice. In view of the individual nature of tax consequences, being based on all the facts, in totality, of the investors, each investor is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its investments in the shares of the Company.
- (vi) The provisions of The Finance (No. 2) Bill of 2009 wherever applicable have been considered even though the same has not yet become the Act.



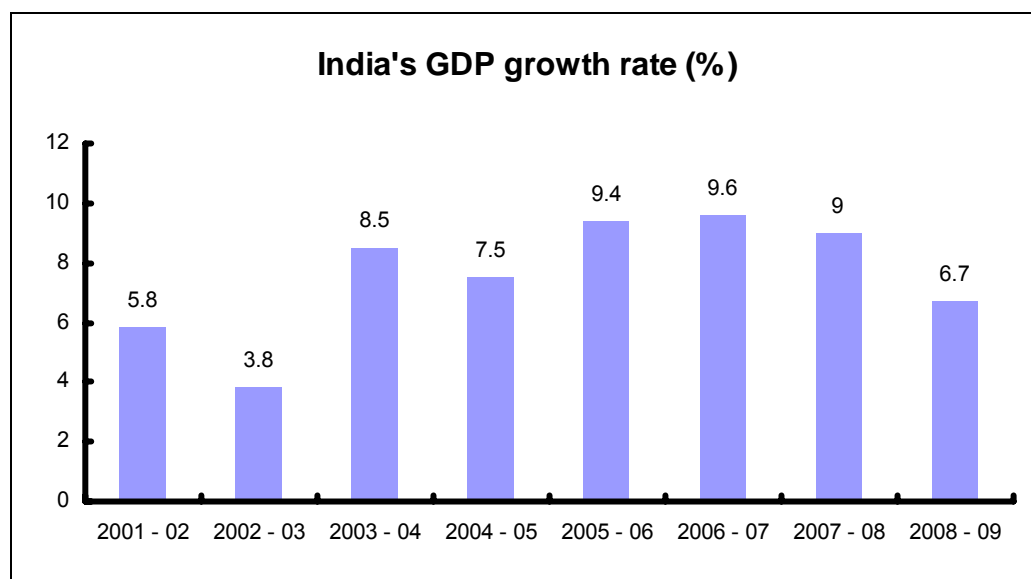
SECTION IV - ABOUT THE ISSUER COMPANY

INDUSTRY OVERVIEW

Indian Economy at sustainable growth Track

The growth of Indian economy has been supported by reforms introduced in early 90's. These reforms facilitated inflows of FDI to India which in turn gave stability to Indian rupee and at the same time, de-licensing unshackled Indian companies which finally had a chance to produce as they wanted. This led to increase in productivity spurring need for large capital expenditure which was funded through savings and investments from abroad, resulting into growth, all these developments further culminated into a stable capital market.

India was one of the fastest growing economies till 2007-08 with a growth of 9.4%, 9.6% and 9.0% in 2006, 2007 and 2008 respectively. But this growth dampened in 2008-09 with the economy slipping in a recessionary mode and retreating back to a growth rate of 6.7% for the year.



(Source: Bloomberg)

Fiscal 2008-09 started off on a good note with the economy in an overdrive mode all charged up, to achieve a higher growth path with awe inspiring macro-economic fundamentals that strengthened confidence and an incubated a feeling of general optimism about medium to long term prospects of the economy. However the economy slowdown from the three years of 9 per cent plus growth in real Gross Domestic Product (GDP), reflecting a cyclical downturn in the global economy and expectations were that growth would slow down and settle.

High oil prices and domestic inflation were definite areas of concern, as was the possibility of a worsening of the international financial crisis which had surfaced in 2007. As it happened, the global situation deteriorated massively after mid September 2008 following the collapse of Lehman Brothers, one of the top five investment banks in the US, the collapse of AIG and also of the mortgage lenders Freddie Mae and Fannie Mae. There has been a massive choking of credit since then and a global crash in stock markets. The slowdown that was expected in the global economy became much worse with the US, Europe and Japan moving into recession.

A crisis of this magnitude in industrialized countries is bound to have an impact around the world, and it did. Most emerging market countries have slowed down significantly and India too has also been affected by this crisis.

(Source: Mid-Year Review 2008-2009, December 2008, Ministry of Finance, Government of India)

It would appear that economic recovery in the advanced economies could, in the absence of concerted efforts by their respective governments and monetary authorities, be a long drawn out process, perhaps extending across 2009 and even into part of 2010. However, the fact is that fiscal and monetary instruments are being arrayed in great strength to bolster the financial system and keep demand from flagging. Keeping in balance all of these factors, it seems that economic conditions in

the advanced economies may continue to be recessionary in the first half of 2009, but growth would re-surface in the third quarter of the year. Emerging economies, such as India and perhaps China, would have a difficult time in the first part of the year, but should be able to show a pickup in growth in the last quarter of 2009, if not earlier.

Keeping in mind all these factors, it would be safe to say that in 2009/10, the Indian economy is likely to remain relatively weak in the first quarter (April–June) and slowly pick up thereafter; that the economy would show fairly strong recovery in growth in the second half of the fiscal (Oct 2009 to Mar 2010) assuming some improvement in international economic and financial conditions. Overall the growth in 2009/10 is expected to be between 7.0 and 7.5 per cent or somewhat above that, with the first half of the year averaging growth close to 7.0 per cent and the second half an average growth of close to 7.5 per cent or higher.

Unlike in the past, the present crisis has come upon the Indian economy at a point in time where several of its components are in relatively strong shape. Most of the bad years in the past had come when the agrarian economy was in crisis. This is not so currently. The Indian enterprise has undergone a fundamental process of modernisation since 1991 in both its business model and the manner of its organisation. Indian enterprises have learnt the hard lessons of the importance of managing business and financial risks, and are thus to that extent in a better position to ride out the storm of this crisis.

Even with growth below the potential rate, and in the absence of other severe constraints, the economy should be able to generate growth in the region of 7.0 to 7.5 per cent in 2009/10.

(Source: Review of the economy 2008/09, Economic Advisory Council to the prime minister)

The recent elections that were held in India gave a clear mandate to United Progressive Alliance to form its government. The mandate thus given was a decisive vote for inclusive growth by the government of India. This mandate was also cheered by the Indian stock market which for the first time in the history of the country shot up by more than 2,111 point in a day.

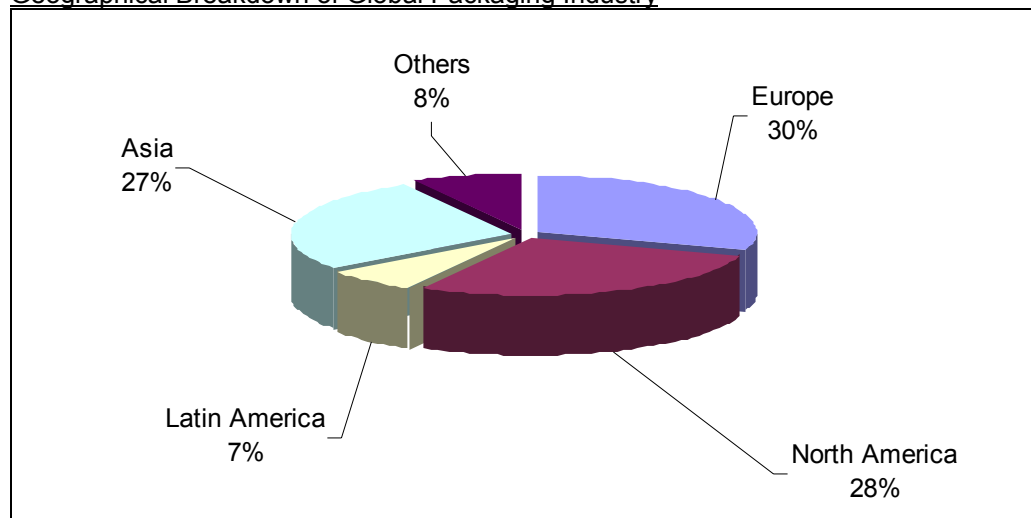
The stable government factor has also led to change in growth forecasts by a lot of research houses and Investment banks and also government bodies which say that their growth forecasts given earlier have now been revised upwards due to expectation of increase in government spending and reformist agenda coming back on track.

Packaging Industry

Packaging is one of the largest and diverse manufacturing industries in the world and was estimated to be worth at around USD 424 billion in 2004 which is expected to have increased to over USD 550 bn in size by fiscal 2007 employing over 5 million people in around 100,000 companies. The industry is said to grow at a rate higher than the GDP of the country with the correlation between GDP and industry's growth varying with the level of development of the country.

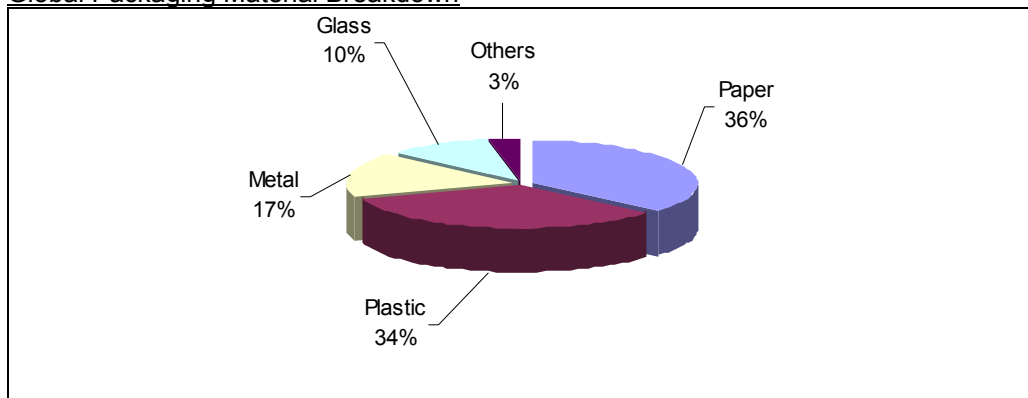
(Source: <http://www.indiapackagingshow.com/p/Arunava%20GuhaReliance%20Industries.pdf>)

Geographical Breakdown of Global Packaging Industry



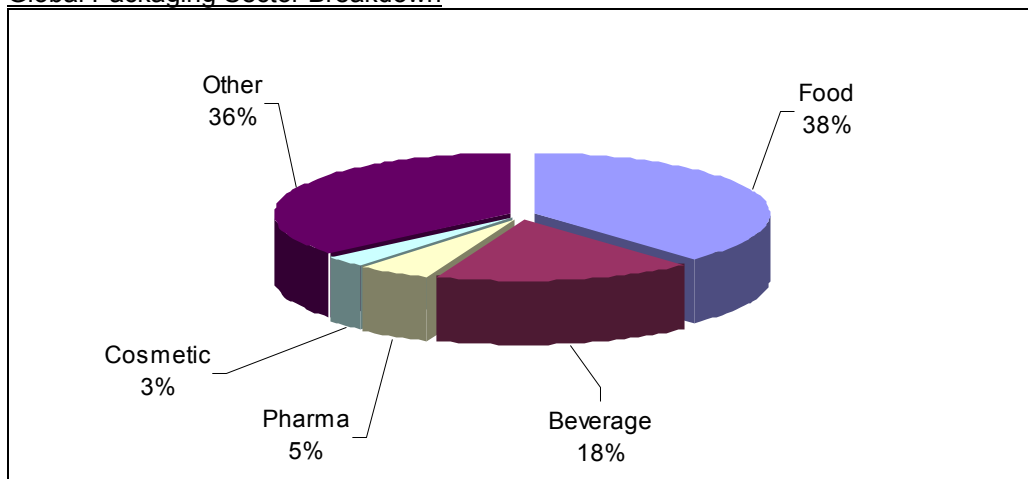
(Source: <http://www.evd.nl/zoeken/showbouwsteen.asp?bstnum=210920&location=>)

Global Packaging Material Breakdown



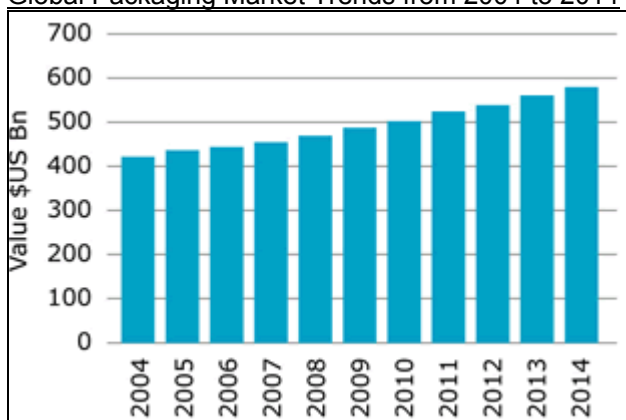
(Source: <http://www.evd.nl/zoeken/showbouwsteen.asp?bstnum=210920&location=>)

Global Packaging Sector Breakdown



(Source: <http://www.evd.nl/zoeken/showbouwsteen.asp?bstnum=210920&location=>)

Global Packaging Market Trends from 2004 to 2014



(Source: <http://www.evd.nl/zoeken/showbouwsteen.asp?bstnum=210920&location=>)

Average annual growth rate is around 3.5 percent and the value is expected to reach 597 billion US dollar by 2014

(USD Billion)

Year	Market Size
2004	424
2005	439
2006	454
2007	470
2008	486
2009	503
2010	521
2011	539
2012	558
2013	577
2014	597

(Source: <http://www.evd.nl/zoeken/showbouwsteen.asp?bstnum=210920&location=>)

Indian Packaging Industry

Growth of around 9% in the last couple of years achieved by the Indian manufacturing sector has fuelled the demand for better and higher packaging needs which is expected to grow in coming years. The growth in demand for industrial packaging is not only forcing the companies to think about how to make the packaging more attractive and/or durable but also find ways & means to be more cost efficient without compromising on the quality. The corporate are reinventing the way they package the product for transportation to its final destination as well as constantly innovating to make packaging options cheaper and cost effective besides improving on the same. Industrial packaging can broadly be classified into two segments i.e. one catering to Heavy industries and the other catering to Lighter Industries. Packaging needs and consumables for both the segments are totally different. Heavy Industries require packaging which can not only sustain the heavy weight of the product like steel and aluminum, but, also facilitate easy movement of the product by providing easy grip. The lighter industries on the other hand require packaging depending on the specifications of the product, as well as, the mode of transport used. It is designated to be used in light and medium duty applications like package reinforcement, unitizing, building, palletizing and box closure.

India which is said to be home to 1/6th of world population contributes less than 3% of world's packaging market and ranks 12th across the globe. The actual size of market is hard to estimate due to the highly fragmented and unorganized nature of the market but estimates put the market size at around USD 18 billion. The industry was growing at an annual growth rate of 22-25% till last year and is expected to triple in size in next 5 years.

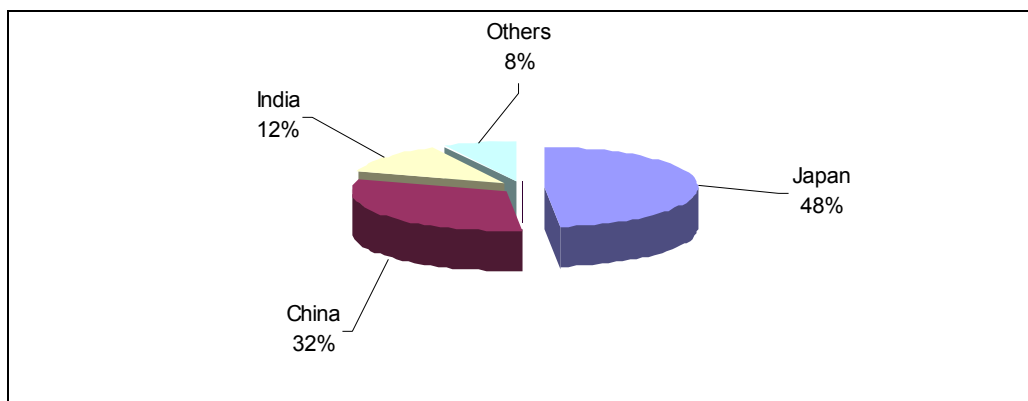
(Source: <http://www.packplus.in/Industry.htm>)

The growth drivers that have contributed to the development of this industry are

- Changing demographic pattern of the country
- Changing lifestyle
- Increase disposable income
- Industrial Development
- Higher integrating of the economy with availability of better modes of transport
- Growing middle class

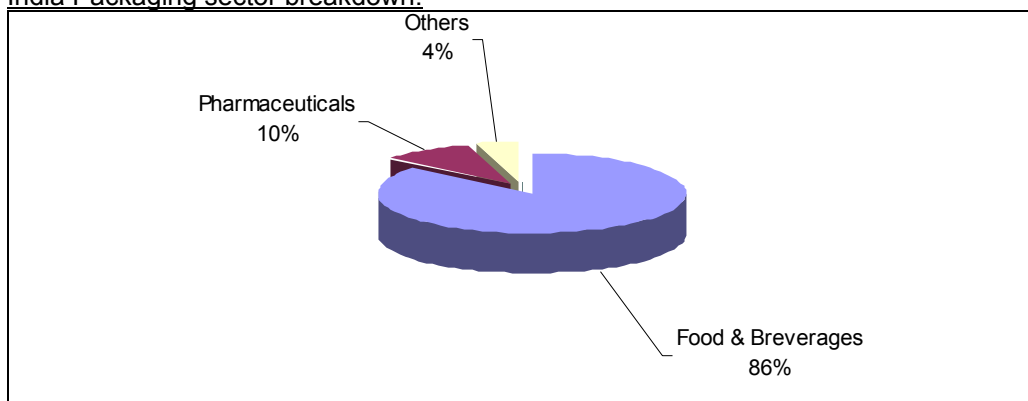
The basic materials used in this industry are plastics, metals (steel, aluminum), glass and paper/board and, in every case, packaging is the largest end-use segment for these materials.

The breakdown of Packaging industry in Asia is given below:



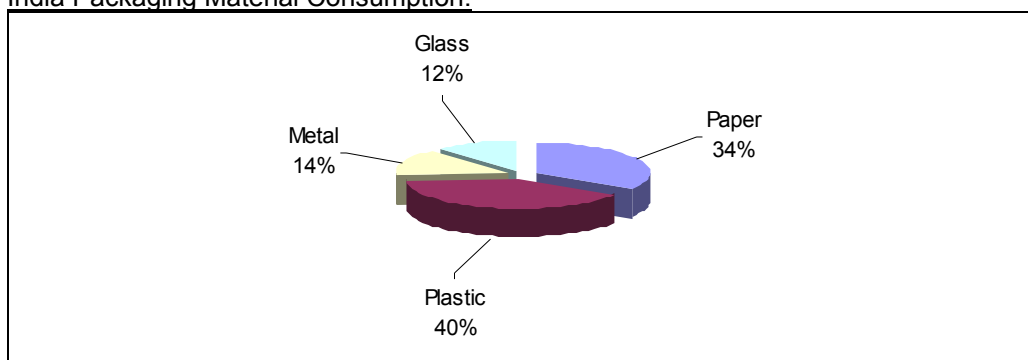
(Source: <http://www.iip-in.com/INDIAPACK%202008-%20E%20BROCHURE.pdf>; [Indiapackagingshow.com](http://www.indiapackagingshow.com), Key note address; <http://www.packplus.in/Industry.htm>)

India Packaging sector breakdown:



(Source: <http://www.iip-in.com/INDIAPACK%202008-%20E%20BROCHURE.pdf>; [Indiapackagingshow.com](http://www.indiapackagingshow.com), Key note address; <http://www.packplus.in/Industry.htm>)

India Packaging Material Consumption:



(Source: <http://www.iip-in.com/INDIAPACK%202008-%20E%20BROCHURE.pdf>; [Indiapackagingshow.com](http://www.indiapackagingshow.com), Key note address; <http://www.packplus.in/Industry.htm>)

Industrial Packaging

Industrial Packaging is part of the packaging industry that primarily deals with bulk and industrial packaging and primarily caters to manufacturing sector. The growth in this segment for last couple of years has been spurred by the growth witnessed in manufacturing sector; which has led to increase in demand for industrial packaging grow at an unprecedented pace.

Developed economies have played significant role in evolution of industrial packaging, as the companies within these developed economies lay down stringent quality standards to be adhered to for packaging the product being supplied to them. This too has led to evolution of the packaging industry at large particularly in a scenario where companies in both developed and developing

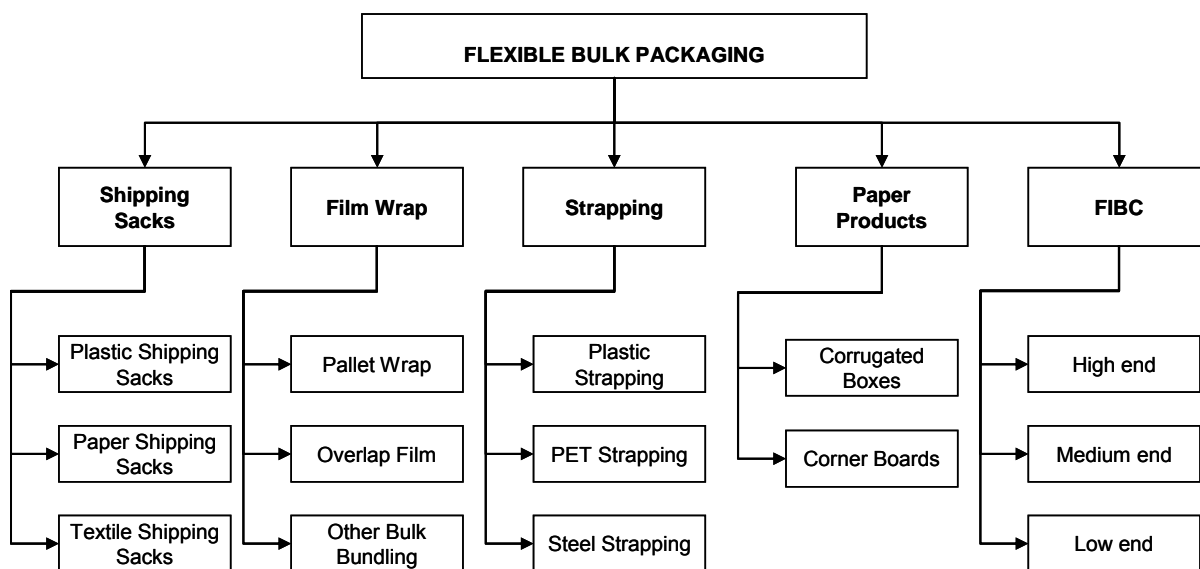
economies are focusing primarily on exports. Goods are shipped using various modes of transportation to reach its final destination. To safeguard the products from wear & tear during transit its packaging becomes an important and integral part of the process. Packaging as an industry is evolving and expected to go places over a period of time.

Packaging requirements varies according to nature of the product; the mode and duration of transportation and consequently does the requirement for the packaging consumables. Industrial packaging has become an inevitable part of transportation today. Taking into consideration the cost dynamics and multiple uses of Industrial packaging consumables, companies have started paying attention to the packaging requirements and the consumables being used. This growing awareness in the packaging requirements has led to better quality of packaging of the products being shipped. The constant strive to develop better packaging solutions has spurred research activities aimed at fulfilling the needs of this dynamic industry.

Varied forms of industrial packaging currently in vogue include shipping sacks, film wraps, strapping to mention a few. The form of packaging changes depending on the industry and the product being packaged. Increasingly the specifications for packaging are also being laid down by clients themselves.

In the recent past, a perceptible change witnessed in the industrial landscape of our country is the philosophy of the corporates to focus on their core activities and outsource the non core activities to external agencies/bodies which specializes in the activity proposed to be outsourced. The industrial packaging industry too has not been left untouched by this change and this has led to a substantial change in the entire gamut of Industrial packaging. Today customers are looking for a complete packaging solution provider to add value to the service rather than mere supplier of packaging consumables. They need solutions that integrate their internal functions and create synergies which can be leveraged by them to enhance the value of their product offering on a global scale.

The table below depicts the various options available for industrial packaging consumables:



(Source: Management)

Flexible bulk packaging comprises of various segments catering to large number of manufacturing companies across the globe, a few of these segments are explained below:-

Shipping Sacks: are used for products that are bulky & voluminous. Commodities like cement, grains, chemicals, pharmaceuticals etc. are packed in shipping sacks. Type of sack used is dependent upon the commodity being packed.



Film Wrap: finds extensive use in consumer as well as industrial packaging. Food processing companies use film wraps extensively for packaging their products. Apart from this, film wrap is also used in packaging of consumer durables like CDs, DVDs etc.

Strapping: of various kinds are used to ensure that the material strapped does not move in transit, as well as, to ensure that there is no wear and tear of the products packaged. Different industries use different kinds of strapping depending upon the product being packaged.

Paper Products: comprises of Corrugated Boxes, VCI Paper, Corner Boards etc.. Paper products are being used in industries like Pharmaceutical, Consumer Durables, Paints, FMCG and Chemicals to ensure ease in movement of goods as well as for protection of goods.

Flexible intermediate bulk containers (FIBC): are fiber processed weaved containers used to carry heavy loads (50 Kg to 3 tonne). These are generally used in FMCG and Pharmaceutical industry.

Strapping

Strapping is used to pack various goods to provide ease of use as well as to ensure unitizing, palletizing and box closures. There are three types of strapping generally used across the industry namely Steel strapping; polyester strapping and PP strapping. Usage of different types of strapping by some of the key sectors given in the table below:-

Usage of Strapping Sector wise

Sector	Steel Strapping	Polyester Strapping	PP Strapping
Steel	97	3	-
Aluminium	70	30	-
Glass	80	20	-
Copper	80	20	-
Paper	50	30	20
Jute	90	10	-
Refractories	75	15	10
Automobile	40	40	20
Textile	40	40	20
Picture Tube	80	10	10
White goods	20	40	40
Batteries	60	40	-
Food & beverage	20	30	50
Forestry & timber	60	35	5
Cotton	70	30	-

(Source: Management)

Steel Strapping

Cold rolling is a process through which the hot rolled steel sheet or strip after pickling is introduced between the rollers by application of high pressure at temperatures below the re-crystallization temperature. This method basically imparts smooth surface finish, accurate thickness, high tensile strength, yield strength, hardness with corresponding decrease in ductility. Hence, selection of proper combination of steel composition, degree of cold working and heat treatment play a pivotal role to produce cold rolled sheets/strips with mechanical properties suitable for intended usage.

Cold rolling offers better control of thickness, shape, width, surface finish and other special quality features that compliment the emerging need for highly engineered end use applications.

Cold rolling involves production of permanent deformation of steel for any given pass by exceeding the elastic limit of the steel as a result of the compressive forces of the rolls on the steel and the tensile forces along the length between the reels and the rolls. Here, the work load has to be uniformly distributed at various stages of rolling and the maximum load in general, is determined by the mill design, power, steel width, total amount of reduction, lubrication, steel cross sectional contour, hardness of the steel, steel surface, steel tension, roll diameter and roll surface. However, the lowest

% reduction is in the last reduction pass to permit better control of flatness, gage and finish of the product.

Cold rolled steel strips/sheets are consumed both in direct form and indirect form. In the direct form, the sheets produced are directly consumed in auto sector, oil sector, consumer durable industry, precision tube mills, steel furniture and general engineering sector. In automobiles, the application includes outer skin panels, inner critical components, reinforcement and underbody components. Oil & Gas segment consumes for the tubes, barrels etc. Another area is the consumer durable industry where refrigerator doors, side panels, washing machine panels, ventilation and air conditioning ducting, electric panels etc. are made of cold rolled sheets. General engineering sector consumes cold rolled sheets for making bearing cages, paint cans, box strapping, electric sheets for motors, generators & transformers, tubes etc. Furniture sector involves in making of almirahs, chairs & office furniture components with the cold rolled steel products. Other areas of application include cycle making parts for cycle industry, containers, water tanks & silos. While the indirect form of consumption is through galvanized/colour coated, electrical sheet and tinplate/TMBP making. The galvanized /colour coated sheets are used for roofing in domestic & industrial buildings followed by electrical sheet utilization for making electrical machinery & equipment as well as domestic goods, fans, pumps, motors etc. and tin plates/TMBP usage for edible/non-edible product packing, manufacture of toys, hoardings, boards, boxes, teachests, ammunition boxes and so on.

Cold rolled steel sheets/strips are available in varied dimensions, dimensional tolerances with regard to thickness, flatness, width, surface finish from brushed bright to matte and embossed, numerous metallurgical designations like commercial steel, drawing steel, deep drawing variety and so on with specified steel chemistry coupled with surface treatment either special cleanliness, dry lube or oiled to meet the application requirements. Along with the controlled sheet thickness, flatness and surface finish, cold rolled sheets/strips are metallurgically designed to provide attributes like high formability, deep drawability, high strength, dent resistance, enamelability, paintability etc.

(Source: http://www.efunda.com/processes/metal_processing/cold_rolling.cfm)

Low tensile steel strapping

Standard-duty strapping or low tensile steel strapping is made of low carbon cold-rolled steel. It is designed to be used in light to medium duty applications like package reinforcement, unitizing, bundling, palletizing and box closure.

High tensile steel strapping

Heavy-duty high tensile strapping is made of high carbon heat-treated cold rolled steel. It is designed to be used in medium to heavy-duty applications where high break-strength, extra shock-resistance and elongation (stretch) are required.

The underlying strengths of steel strapping are:

- Good Tensile Strength:- can be used for heavy duty packaging where high break strength, extra shock resistance are required.
- Excellent Tension Maintenance:- maintains tensile strength for an extended period of time while ensuring excellent shock resistance.
- Resistance to Rust and Chemicals:- Allows direct strapping
- Weather Resistant:- It can be stable under extreme temperatures thereby ensuring its application under any condition.

Polyester Strapping

Polyester Strapping is recognized as a new environment protective strapping material. The underlying strengths of Polyester strapping are:

- Good Tensile Strength and Welding Strength: It is used for many heavy packages as the pulling force is stronger than PP strap at about 1000N on average.
- Excellent Tension Maintenance: It maintains tensile strength for a long stretch of time with minimized strap slacking, while ensuring excellent shock resistance. Thus, ideal for long-distance, long-period transportation.



- Rusty and Chemical Resistance: Allows direct strapping irrespective whether the product is damaged or rusty.
- Superior Flexibility for convenient operation: it does not "Whiplash" when removed, thus creating a safe work environment for users. Moreover, it does not have sharp edges, so there is no risk of injuries for either goods or user while tensioning or cutting the strap.
- Super Weather Resistance: It can be stable under temperature of -50 degree - 120 degree centigrade, which ensures it being widely applied under any conditions.
- Comparing to other straps, Polyester strap can be made in different colors with good transparency. Also, it can be recycled for it is an environment protective strapping material.

Polyester strapping is used in many applications in different types of industries. The applications range varies from light duty products like corrugated boxes, sheets, beverage containers, paper, wood, cotton & fiber baling.

Polypropylene Strapping (PP Strapping)

Polypropylene strapping, designed to run through hand tools and power strapping equipment, provides superior performance for light to medium-duty packaging needs. It enables fast and easy to handle usage, whilst also being lightweight and soft. The advantage of PP Strapping is that it offers very high elastic elongation and also has great recovery properties to ensure that shipping packages remain stable. Whilst also being resistant to all weather conditions, this strapping does not damage or rust the product. PP strap does not "Whiplash" when removed, thus creating a safe work environment for users. Moreover, it does not have sharp edges, so there is no risk of injuries for either goods or user whilst tensioning or cutting the strap and there is no necessity for special cutting tools. Available in a variety of thickness, widths and inner core diameters, PP Strapping & Packaging provide both hand applied or semi and fully automated machines.

Application

- Palletizing
- Unitizing
- Bundling
- Carton Closure
- Reinforcement

Major Industry Application

- Consumer Goods
- FMCG
- Packaging at Airports

Stretch Film

Stretch Film can be applied to palletize loads of any size, weight, and configuration. It is relatively inexpensive and is strong enough to maintain load integrity under even the most rigorous shipping conditions. Stretch film can be integrated into high speed and low speed palletization operations, in centralized or decentralized palletization environments, wherever space is limited. Stretch film is easy to remove (other than being dusty), and can be easily recycled. It finds application in logistics, supermarkets, paper, food & confectionery, cosmetics, pharmaceuticals & toiletries, beverages, building & construction, non-food retail, chemical products & polymers.

The market for Stretch Films is rapidly evolving, topping 1.4 billion lb in 2005, an increase of nearly 36% over the last three years. The stretch-film market is expected to enjoy an average annual growth rate of 6.8% and reach about 2.3 billion lb in 2008. Commercial and industrial product liners are the second largest industrial film market and represent 918 million lb of PE resin, which should grow to 1.03 billion lb in 2008. However, liner manufacturers forecast a modest average annual growth rate of 3.8% due to increased resin costs and imports of finished goods packaged in industrial liners.

(Source:<http://www.thefreelibrary.com/Industrial+film+extruders+see+steady+growth-a0135247723>)

Volatile Corrosion Inhibitor (VCI) Paper

VCI paper protects all types of metals from corrosion, which makes it ideal as protective paper packaging for storing tools, especially over long periods of time. VCI paper is recommended

protective paper packaging for all types of products made of copper, ferrous, cast iron or silver. VCI paper is a kind of protective paper packaging, usually brown, that's covered in a shielding oil blend.

VCI paper is great for shipping metal products as well. They're the best kind of protective paper packaging when it comes to guaranteeing defense against rust, moisture and humidity while shipping. When encasing metal products in VCI protective paper packaging, one does not have to worry about airtight packaging.

VCI protective paper is used in the ratio of 1:3 to the surface area of the material being covered which means that one square foot of VCI protective paper packaging is required for every three square feet of surface area being covered.

(Source: <http://www.daubertvci.com/PDF/PackagingDesignCriteria.pdf>)

Broad outlook of various sectors from where demand for the industrial packaging emanates

Steel Industry - Global

The World Steel Association forecasts that worldwide apparent steel use is expected to decline by -14.9% to 1,018.6 million metric tons (mmt) in 2009 after declining by -1.4% (1,197 mmt) in 2008. However, steel demand is expected to stabilise in the latter part of 2009 leading to a mild recovery in 2010.

The progression of the US financial crisis into a global economic crisis brought about a massive and regionally synchronised global decline of steel demand in late 2008. For most of the world this trend has continued into the first quarter of 2009. Improvement in steel consumption for the second half of 2009 will depend on the effects of government stimulation packages, the continued stabilisation of financial systems and a return of some consumer confidence. Steel remains a vital core material for today and tomorrow's world and the industry is well positioned to respond to changing market conditions.

Within the NAFTA region, the US is expected to show the largest decline in steel demand in the post-war period. In 2009, apparent steel use is expected to fall by -36.6%. Europe will be the most affected region outside NAFTA. The EU 27, Other Europe, and CIS regions are expected to show a decline of more than 25% in their apparent steel use in 2009. Japan has also been affected by a sharp decline in the exports of its steel-using industries, especially automotive and machinery. Apparent steel use is expected to fall by -20.4% in 2009.

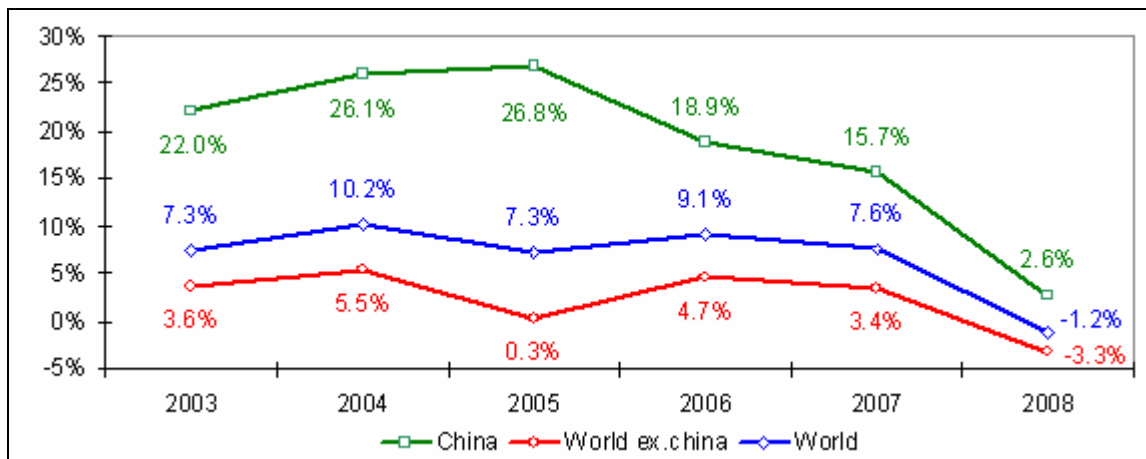
Emerging economies are being affected by the economic crisis as well, but to a lesser degree. India is projected to have a positive growth of 2% for apparent steel use in 2009.

BRIC countries as a whole are forecasted to contract by only -5.9%. Projected apparent steel use for the world, excluding BRIC, is down -22.3% in 2009.

China is expected to witness negative growth of -5% in apparent steel use in 2009 as the ongoing global economic crisis hits China's exports in addition to the effects of a slowing domestic economy. The last time that China's apparent steel use recorded negative growth was in 1995 when apparent steel use fell by -17.2% following the real estate bubble burst. Apparent steel use for the world excluding China is expected to decline by -20.4% in 2009.

(Source: <http://www.worldsteel.org/?action=newsdetail&id=265>)

Crude Steel Production Growth Trend



(Source: <http://www.worldsteel.org/?action=newsdetail&id=257>)

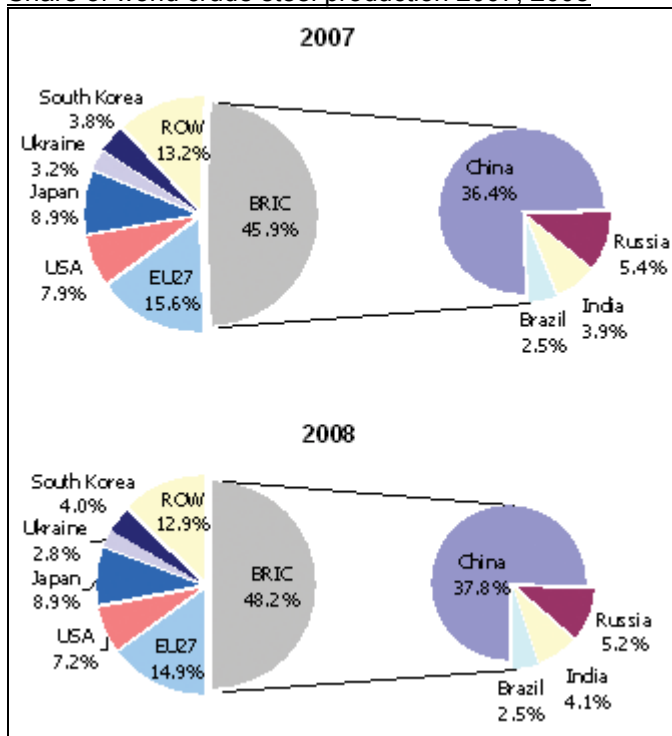
Asia produced 770 mmt of crude steel in 2008, 58% of world total steel production, 1.9% growth over 2007. South Korea and India recorded increases of 3.8% and 3.7% respectively. Japan produced 118 mmt in 2008, a decrease of -1.2% on 2007.

The EU-27 produced 199 mmt of crude steel in 2008 recording a decrease of -5.3% compared to 2007. Major steel producing countries including Germany, Italy and France recorded reductions.

In 2008, steel production in North America also decreased by -5.5% over 2007. The US produced 91 mmt of crude steel, a decrease of -6.8%.

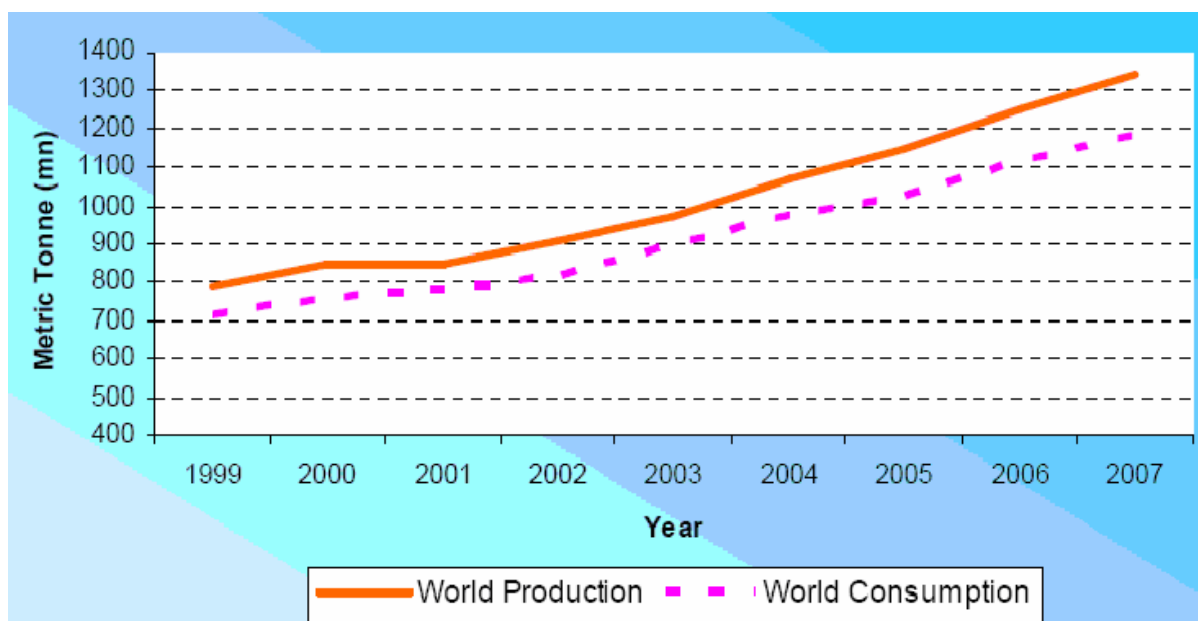
Overall, the CIS showed a decrease of -8.1% in 2008. Russia produced 69 mmt of crude steel, a -5.4% reduction over 2007 while Ukraine recorded a decrease of -13.1% with year-end figures of 37 mmt.

Share of world crude steel production 2007, 2008



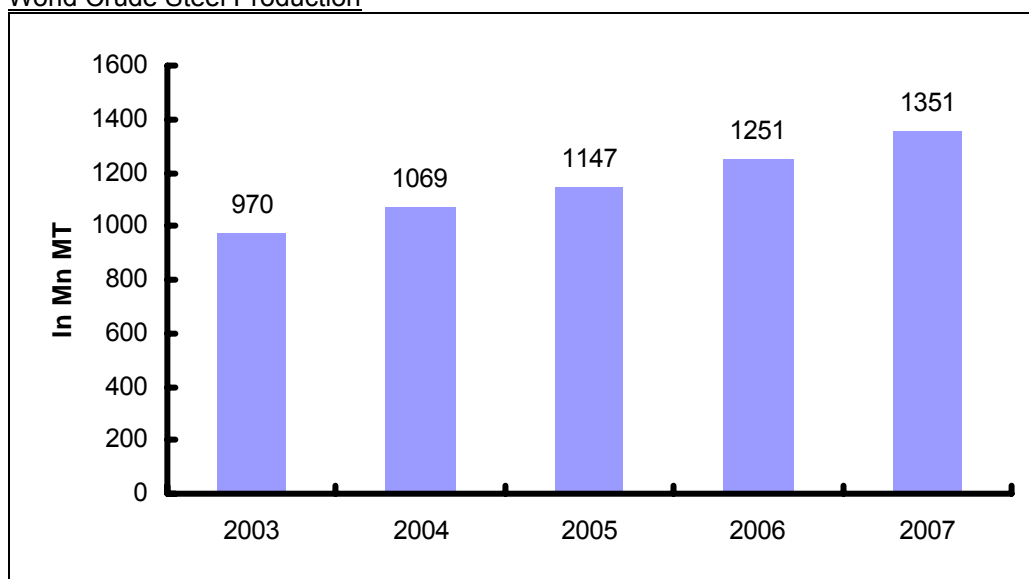
(Source: <http://www.worldsteel.org/?action=newsdetail&id=257>)

World Crude Steel Production and the World Finished Steel Consumption



(Source: International Iron and Steel Institute Report)

World Crude Steel Production



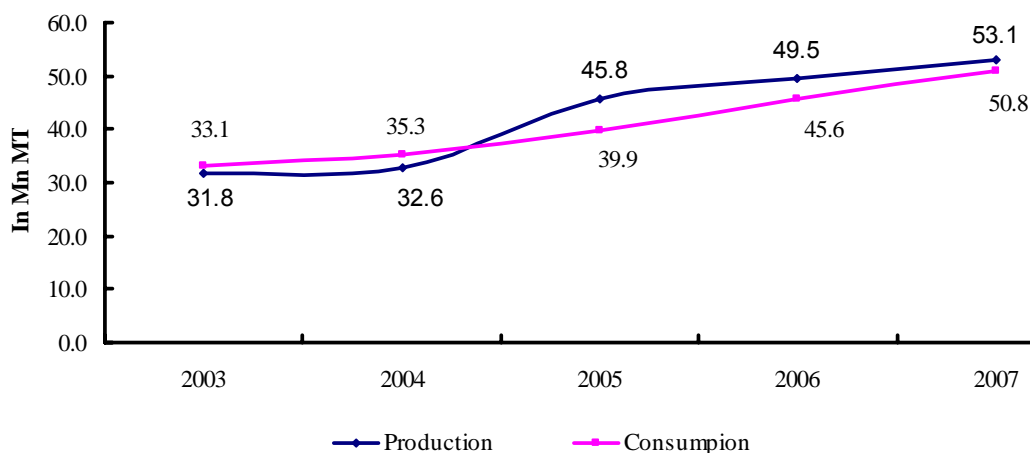
(Source: International Iron and Steel Institute Report)

Indian Steel Sector

Higher production of value-added products, capacity expansion, up gradation of production process achieve cost effective production in an environment friendly manner, have been the major thrust areas of the Indian steel producers in the recent times. While the steel production grew at only 5.2 per cent in 2007-08, consumption grew at 11.72 per cent. The total production of finished steel in the country was about 55.26 million tonne in 2007-08, as against consumption of almost 51.80 million tonne. More than expected growth in demand coupled with rising raw material prices had been pushing the steel prices up. The slowdown has set in but the India growth story seems to be intact as is evident from the GDP growth envisaged by the Government of India. To achieve the targeted growth the Government is focusing on the growth of the core sector like infrastructure which would require steel, cement. This in turn is likely to spur growth in other sectors. Thus the demand for the steel is likely to emanate from within the country to meet the growing infrastructure requirements.

(Source: <http://www.steelworld.com/glorious.htm>; <http://www.assochem.org/prels/shownews.php?id=1518>)

Demand & Supply of Steel



(Source: International Iron and Steel Institute Report)

The steel industry in India can be divided into two parts for ease of understanding. On one hand, there are the major Integrated Steel Producers (ISPs), which consists of prominent steel producers who have integrated steel making competence with production to capacities of over 1 million tonne per year some of the key players falling into this category are Steel Authority of India Limited (SAIL), Tata Steel, Rashtriya Ispat Nigam Limited (RINL), Jindal Vijayanagar Steel Limited (JVSL), Essar Steel and Ispat Industries. The major integrated steel producers account for the bulk of the mild steel production in the country. Their product list includes flat steel products like Hot Rolled, Cold Rolled and Galvanised steel, a tiny amount of long products and other special steel. The other discrete group consists of smaller standalone steel plants and includes producers of steel and processors of steel. Small producers manufacture majority of the long products, value added flat steel products and galvanised steel.

The outlook for the steel industry in India ultimately depends on its two major sectors, which is the construction and the automobile sectors, with the former taking up 60% of the total steel production. Automobile sector consumed 28% and the rest by other sectors. In the eleventh five-year plan, the government plans to invest USD 350 billion in the infrastructure sector. Moreover, there are also plans to pour in INR 220 billion to develop the road system in India. In the aviation sector, works of modernizing Mumbai and Delhi airports are expected to be finished by 2010. Chennai and Kolkata airports are next on the waiting list for upgrading and modernizing. In addition, the Airport Authority of India is planning to erect 35 non-metro airports. Therefore, it is expected that the demand of steel is going to grow in the coming 5-10 years.

The National Steel Policy has envisaged steel production to reach 110 million tonnes by 2019-20. However, based on the assessment of the current ongoing projects, both in greenfield and brownfield, Ministry of Steel has projected that the steel capacity in the country is likely to grow to 124.06 million tonnes by 2011-12 from 53 million MT in 2007. Further, based on the status of MOUs signed by the private producers with the various State Governments, it is expected that India's steel capacity would be nearly 293 million tonne by 2020.

(Source: <http://steel.nic.in/overview.htm>)

Most of the investments announced in the sector in the last 2-3 years have been deferred due to decrease in prices and cooling off global demand. But in the coming years the rub off effect of global demand and resurgence of domestic demand is expected which is likely to boost the Indian steel sector and bring it on the growth path again.

Aluminum Sector - Global

Aluminum is the second most consumed metal on the earth, and is produced and consumed more than all non-ferrous metals combined together. By 2030, it is expected that primary aluminum

consumption will cross more than 70,000 kilo tonnes (KT). At the beginning of this century, consumption was at 25,059 KT and since then it has grown steadily mainly on back of demand from Asia and in particular China. The total global consumption of aluminum stood at 33,970 KT in 2006. As against the consumption reported production of primary aluminium rose by 3.63% in 2008 to cross 38,759 tonne.

Year	Production in Thousand MT
2004	29,281
2005	31,269
2006	33,218
2007	37,400
2008	38,759

(Source: International Aluminium Institute ; http://stats.world-aluminium.org/iai/stats_new/formServer.asp?form=16; http://www.commoditywatch.in/index.php?action=show_full_story&content_id=892)

Indian Aluminum sector

Demand and Supply in India

India is amongst the leading producers and consumers of aluminum in the world. The automobile, electrical, packaging, consumer durables and construction sectors are the major consumers of aluminum. In 2007-08, the domestic primary aluminum industry witnessed a deficit state.

India is the eighth leading producer of primary aluminum in the world. The Ministry of Mines, Government of India puts the production target for the year 2007-08 at 1,237 KT, an increase of 84 KT from previous year's 1,153 KT. The production of aluminum in India has grown substantially in last five years. Production got a boost due to adding of extra smelting capacity in recent years and rising domestic demand emanating from packaging, construction, automobiles and electrical sectors.

The consumption of primary aluminum has risen sharply since 2002 and reached 1,080 KT by 2006. From the end of the 1990s till 2002, the consumption remained almost stagnant, around 500- 600 KT. The reason for this growth after 2002 lies in the demand generated from automobile, construction and packaging sectors.

(Sources: http://www.commoditywatch.in/index.php?action=show_full_story&content_id=892)

Growing demand of aluminum products across various sectors in India is fueling the demand for primary aluminum. Some sectors from where demand for aluminum is emanating are mentioned below:

- Electrical: Heavy Investments in power transmission and distribution
- Automobile: Growing demand of aluminum products from automobile manufacturing companies
- Construction: Growing demand of aluminum products in urban construction sector.
- Consumer Durables: Burgeoning demand of electronics goods in India
- Packaging: Changing pattern of packaging food items in India.

Low per capita consumption

The end use consumption pattern, of a country, also depends on its per capita income, availability of cheap substitutes and developments. In certain applications, plastic steel composites and copper can substitute aluminum. Aluminum is more expensive than these substitutes (except copper). Consequently, the use of aluminum in key sectors like construction, transport and packaging is limited. The per capita consumption of aluminum in India is only 0.8kg as against 25kg in USA, 19kg in Japan and 10kg in Europe. Even the world's average per capita consumption is about 10 times of that in India. This implies that there is significant potential of growth for the sector in country.

(Source: <http://www.metalworld.co.in/preview1007.pdf>)

One reason of low consumption in the country is because consumption pattern of aluminum in India is vastly different from that of developed countries. The major aluminum consuming sector in India is the electrical sector whereas in the developed world it is the construction and transport sector.

The demand for aluminum is expected to grow by about 9% per annum from present consumption levels. This sector is going through a consolidation phase and existing producers are in the process of enhancing their production capacity so that a demand supply gap expected in future is bridged.

Capacity Addition

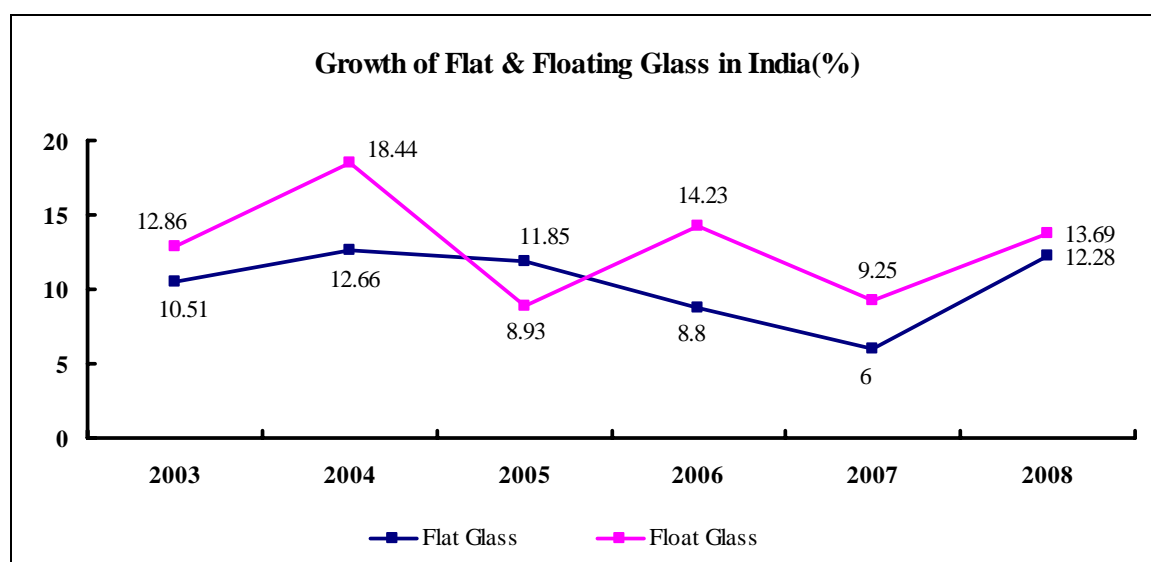


Aluminum industry is highly concentrated, with just five plants accounting for the entire production capacity of around 1.2 MTPA. Past growth and profitability, combined with expected healthy demand for aluminum has prompted almost all domestic players - Hindalco, Balco, Nalco and Vedanta - to plan Greenfield and Brownfield expansions. As a result, aluminum capacity is expected to increase from 1.22 million tonnes in 2007-08 to 3.20 million tonnes in 2012-13.

Glass Sector

For the last few years, the domestic demand for Indian flat (float/sheet) glass has been registering a growth of 10 -12 per cent per annum and this increase though is not likely to sustain in the coming years since the two main consuming sectors of glass- construction and automotive which were maintaining a consistently high rate of growth may not do so. However given the proposed spend by the Government of India on infrastructure would give impetus to the demand within these sectors.

The construction industry in India, with its need for larger quantities of various types of processed glass, such as toughened, laminated, heat reflective glass and double glazed glass poses a healthy growth in the float glass industry. The flat glass sales in India has been growing at CAGR of 12.28% with a higher growth of float glass sales at 13.69%



The float glass business continues to hold great potential going forward. India's per capita consumption of float/ sheet glass is only 0.7 kg, which is extremely low in comparison to Japan (14 kg), Thailand (5.2 kg), China (3.5 kg), Malaysia (2 kg) and Indonesia (2.5 kg) and therefore there is huge growth potential of the Indian float glass industry. The rapid growth in domestic construction is likely to present a significant opportunity for float glass manufacturers. Domestic prices have started firming up during the first quarter of 2008-09 and it is expected that this trend would continue. The boom in retailing has meant that mall construction (where large amounts of value-added glass are used) is now migrating to the tier 2 and tier 3 cities. In 2008-09, exports are showing growth potential. Global float glass demand is forecasted to go beyond 39 million tons by 2010. China accounts for about one-third share in the worldwide demand of flat glass, and in spite of increase in Chinese production capacities, it is expected that there would be a global demand overhang.

Copper Sector

Global refined copper consumption increased to 17.9 million tonnes in Calendar Year (CY) 2007 or 2.3% from 17.5 million tonnes in CY 2006, driven mainly by Asian demand, including China, which accounted for 47.0% of global demand and grew 8.4% in this period. Global refined copper consumption is expected to grow to 19.4 million tonnes in CY 2008 on the back of strong demand from Asia. Asia is currently the fastest growing copper market in the world and is expected to grow even more strongly, dominated by use of copper in electric wires and cables.

Global refined copper production increased to 18.1 million tonnes in CY 2007 or 4.6%, from 17.3 million tonnes in CY 2006. Global production is expected to further increase to 18.9 million tonnes in CY 2008, primarily due to the commissioning of new smelters mainly in China, Africa, India and Japan.

In India, refined copper consumption increased at a compound annual growth rate of 11.0% between CY 2002–2007. It was supported by strong growth in user segments such as winding wires, power cables and other applications in construction, infrastructure and alloy segments. Refined copper consumption in India is expected to grow in line with GDP growth over the next few years.

(Source: <http://ar2008.vedantaresources.com/demandandmarkets.aspx>)

Paper Sector

The Indian Paper Industry accounts for about 1.6% of the world's production of paper and paperboard. The estimated turnover of the industry is INR 25,000 crore. With added capacity of approximately 0.8 million tons during 2007-08 the operating capacity of the industry currently stands at 9.3 million tons. During this fiscal year, domestic production of paper and paperboard is estimated to be 7.6 million tons.

Demand of paper has been hovering around 8% for some time. During the period 2002-07 while newsprint registered a growth of 13%, Writing & Printing, Containerboard, Carton board and others registered growth of 5%, 11%, 9% and 1% respectively. So far, the growth in paper industry has mirrored the growth in GDP and has grown on an average 6-7 per cent over the last few years. India is the fastest growing market for paper globally and it presents an exciting scenario; paper consumption is poised for a big leap forward in sync with the economic growth and is estimated to touch 13.95 million tons by 2015-16. The futuristic view is that growth in paper consumption would be in multiples of GDP and hence an increase in consumption by one kg per capita would lead to an increase in demand of 1 million tons. As per industry estimates, paper production is likely to grow at a CAGR of 8.4% while paper consumption will grow at a CAGR of 9% till 2012-13. The import of pulp & paper products is likely to show a growing trend.

(Source: http://www.ipma.co.in/paper_industry_overview.asp)

The capacities addition plans of some of the existing players in the industry would provide further impetus to growth in coming years.

Pharmaceutical Sector

According to a report by Visiongain, the market for pharmaceuticals in India is expected to witness strong growth during 2008–2023. The report also reveals that healthcare provision in both public and private is improving vastly, resulting in a growing market for healthcare products, particularly modern pharmaceuticals.

The report further states that globally, India is emerging as a competitive player in manufacturing Active Pharmaceutical Ingredients (APIs), generic drugs, intermediates for drug makers, and also new formulations; apart from becoming a major outsourcing hub. Moreover, in addition to marketing pharmaceuticals, Indian firms are also manufacturing for foreign clients as outsourcing to India saves costs and precious developmental time.

The industry's growth rate is likely to touch 19 per cent from the current 13 per cent, according to a projection released by the Confederation of Indian Industries (CII). Another independent study by McKinsey reveals that the Indian pharmaceutical industry is projected to grow to US\$ 25 billion by 2010 whereas the domestic market is likely to more than triple to US\$ 20 billion by 2015 from the current US\$ 6 billion to become one of the leading pharmaceutical markets in the next decade.

(Source: <http://www.ibef.org/industry/pharmaceuticals.aspx>)

FMCG Goods

According to a survey on fast moving consumer goods (FMCG) industry undertaken by Federation of Indian Chambers of Commerce and Industry (FICCI), the growth momentum is likely to continue in FY 2008 as well, spurred by lifestyle category goods.

Overall, the FMCG sales are poised to grow at 16 per cent, compared to 14.5 per cent during the previous financial year. FMCG sales stood at INR 854.7 billion during FY 2007-08. One of the reasons cited for growth in this sector, is the emergence of modern retail format with its effective inventory management systems.

Despite rising raw material prices like increased petro-based input costs and packaging material, first quarter growth projections for fiscal 2009 stand at 15.5 per cent.

With urban markets saturated for most categories, all players are trying to increase their penetration levels in rural markets by directing their marketing efforts to that segment. Rural India offers tremendous scope and potential for FMCG products, says the survey. The estimated number of



households using FMCG products in rural India have grown from 136 million in 2004 to 143 Million in 2007. FMCG products continued to show good momentum aided by buoyant demand in rural markets worth INR 27,369 crore, says the survey.

About 35 per cent of the off take for FMCG products come from rural areas and registered a growth rate of 17 per cent in the first ten months (April-December 2007) of the financial year 2007-08.

(Source: http://www.ficci.com/news/viewnews1.asp?news_id=1927)

BUSINESS OVERVIEW

We are amongst the few players in the organized segment of packaging industry catering to the growing demand for Industrial packaging consumables in India. We provide packaging consumables like high tensile steel strapping in various dimensions and strengths, Different Seals for different applications, Collated Nails & Corner boards being used for general and the end of line packaging of goods by varied industries. We also provide comprehensive end to end packaging solutions to our customers at their locations which enables them to focus on their core products and competencies. Given our experience of 16 years in manufacturing and marketing of industrial packaging consumables we understand the packaging requirements of our clientele and serve both domestic, as well as, international markets. Currently, we cater to companies across wide spectrum of industries like steel, aluminum, glass, copper, paper, automobile, white goods and refractory to name a few.

Our Company was incorporated in the year 1990 under the name “Midfield Steels Pvt. Ltd” with the object of tapping an emerging niche segment of industrial packaging in India. We started our manufacturing activities in the year 1993 by setting up facilities at IDA Jeedimetla, Hyderabad to manufacture low tensile steel strapping with an installed capacity of 3600 MTA (Metric Tonnes per Annum). Mr.Appasani Radhakrishna and Mr.Kancherla Bala Bhanu promoted our Company. Mr. A. Radhakrishna was appointed as its Managing Director. Mr. Madhu Mohan Reddy, the present Chairman and Managing Director, joined the Company in the year 1994 as General Manager charged with the responsibility of directing the marketing efforts of our Company to tap new clientele from varied industrial sector(s). Mr. Madhu Mohan Reddy brought with him an experience of 13 years in the field of Industrial Packaging. Prior to joining our Company, he was working with ITW Signode India Ltd. as Divisional Manager – Apex (Steel Strapping). With the coordinated efforts of all associated, we were able to tap new customers and secure orders from customers across India. In 1996, Mr. Madhu Mohan Reddy was co-opted on the Board of the company as Director. In the year 1997, owing personal reasons, Mr. A. Radhakrishna decided against continuing with our Company and requested Mr. K.Balabhanu & Mr. Madhu Mohan Reddy to take over the reins of the Company on ‘as is where is basis’. Accordingly, they took over the reins of the Company with Mr.K.Balabhanu appointed as the Managing Director of the company. In July 1998 Mr. K Balabhanu also decided against continuing with the company and part ways. Mr. Madhu Mohan Reddy took over the mantle as a Promoter of our Company, as well as, the reins of the business from Mr. K.Balabhanu and was appointed as its Managing Director and continues to be so till date.

Steel Strapping Capacity Built up

Started Production of low tensile steel strapping with a capacity of 3600 MTPA	Increased capacity of low tensile steel strapping steel strapping to 4800 MTPA; Installed heat treatment plant with a capacity of 3600 MTPA to process low tensile steel strapping into high tensile steel strapping	Increased capacity of low tensile steel strapping steel strapping to 12000 MTPA	Increased capacity of heat treatment plant to 12000 MTPA to process low tensile steel strapping into high tensile steel strapping
1993	2000	2005	2009

Other Products Capacity Build up

Started Production of Seals and L-Plates with a capacity of 25 million pieces/year	February- Started production of angle boards with a capacity of 2.5 million meters/Year and of collated nails with a capacity of 60,000 coils/Year October- capacity of collated nails expanded to 1,20,000 coils/Year	Started trading in Polyester strapping and Stretch Films Capacity of Collated Nail coils raised to 4,20,000 coils/Year May- Set up a plant at Roorkee, Uttaranchal, for production of Angle board with a capacity of 25 Lac meters p.a. Increased the capacity at Hyderabad to manufacture angle board also by 2.5 million	Additional capacity of 2.5 million angle boards/Year added at Hyderabad plant taking the cumulative capacity to 10 million meters/Year
1998	2006	2007	2008



In the initial years we concentrated on creating a niche for ourselves in the manufacture of steel strapping. Having established our footprints as one of the Steel strapping manufacturers in the country we started focusing on developing products, in addition to steel strapping which would not only expand the range of our offerings but also be value add to the clients. As a first step in that direction, in 1998 we started manufacturing Seals & L-Plates being an ancillary part of the strapping at our existing facilities in Hyderabad.

In the year 2000, with a view to tap the growing market of high tensile steel strapping we installed heat treatment line with an installed capacity of 3600 MTPA for processing low tensile steel strappings into high tensile steel strappings. This helped us cater to the demand emanating from industries like Steel, Aluminum, Glass etc. The same are being marketed under the brand name 'Mega Supreme'. Besides we increased our capacity to manufacture low tensile steel strapping by 1200 MTPA

In the year 2002, we further expanded our product offering by commencing trading in VCI paper used for packaging of various metals to protect them from corrosion.

As our existing capacity was unable to meet the demand for steel strapping, in the year 2005 we set up a new unit with a capacity of 7200 MTA for producing low tensile strapping

Keeping in line with our policy to enhance our product portfolio with a view to tap the potential demand for angle boards emanating from the consumer durable companies, we started manufacturing corner boards in our existing factory at Hyderabad with an Installed Capacity of 25 Lakh Meter per annum in February 2006. Simultaneously, we set up facilities to manufacture collated nails with a capacity of 60,000 coils per annum.

Later in the month of October, we enhanced the capacity to manufacture collated nail to 1200,000 coils per annum at Hyderabad.

In year 2007 and 2008, we enhanced our capacities by adding facilities to manufacture angle boards with an installed capacity of 25 Lakh Meter per annum each at Hyderabad. On conclusion of these expansions we have had three lines to manufacture angle board with an installed capacity of 75 Lakh meter per annum at our factory in Hyderabad. With a view to achieve economies in cost of production/distribution and enabled us cater to North Indian market more efficiently. In the year 2007, one more line with an Installed capacity to manufacture 25 lakh meter angle boards per annum was put up at Roorkee, Uttaranchal.

As our existing capacity for heat treating low tensile steel strapping was unable to meet the demand for high tensile steel strapping, in December, 2008, we installed another heat treatment line with an installed capacity of 8400 mtpa for processing low tensile steel strappings into high tensile steel strappings.

In our on-going endeavor to deliver quality products, we upgraded our facilities at Hyderabad by installing a fully automated plant for manufacturing collated nail coils with an installed capacity of 4.20 Lakh coils per annum.

To position ourselves as a "one stop shop for end to end packaging solutions" to our existing & prospective clients, we added polyster strapping and stretch film in our product portfolio by trading in these products.

Our continued focus on delivering quality products and nurturing our customers over the years has resulted in our customer base growing from 25 as on March 31, 1993 to over 500 customers located in India as well as internationally in the year ending March 31, 2009. These customers come from diverse sectors and geographies with repeat orders from majority of them over these years.

Besides, expanding our reach across India we also set our footsteps in overseas markets. With a modest beginning in the year 2001; when we exported our first consignment of steel strapping to Sri Lanka we have taken strides in expanding our exports to different customers across the globe. Currently, we export to USA, UK, Canada, South Africa, Australia and Middle East countries to

mention a few. For the year ended March 31, 2009 exports have contributed 9.88% of our total revenues.

The advent of globalization was forcing the companies to rethink their strategies on being competitive without compromising on the quality. The Companies began critically examining their operations and exploring ways for reducing costs without compromising on quality and other deliverables. Their search for alternatives was answered in form of outsourcing. The basic idea was simple, keep the core processes and outsource the non core ones.

Seizing on this business opportunity, we developed an in house competence wherein we evolved systems and procedures for evaluating and undertaking activities by offering an end to end packaging solution. The endeavor on our part was to position ourselves to our existing and prospective clients as a "One Stop Shop" which offered an end to end solution for all their packaging requirements. We made headway by bagging our first order from Essar Steel Limited in the year 2002, wherein we provided them with complete packaging solutions entailing supply of Steel strapping, seals, angle boards, Pneumatic packaging tools, L-plates, VCI paper, besides rendering field engineering services.

An end to end packaging solutions or operational contract (OC) soon caught up the imagination of manufacturing companies particularly the large ones. Over the years we have been able to leverage our experience and relationships in securing operational contracts from various integrated steel plants and aluminum manufacturers wherein we provide them with complete packaging solutions entailing supply of packaging consumables like steel strapping, seals, angle boards, pneumatic packaging tools, L-plates, VCI paper and rendering field engineering services..

Undertaking an operation contract entails capital outlay wherein we have to build up adequate level of inventory of packaging consumables at client's site, besides, having adequate manpower to man the client's packaging activity. Hence, in the initial years owing large capital outlay required to undertake operational contract assignments, we did not aggressively pitch for it, but, with proposed capacity expansion coupled with diversification into manufacture of packaging consumables presently being sourced from outside vendors which are required for undertaking and executing these contracts, we intend to focus on this area in the coming years. This strategic move would enable us broaden the range of our product offerings to match the expectations of our customers, thereby creating a ready market for our entire range of products. Essar Steel, NALCO, Vizag Steel Plant and Bhilai Steel plant are some of our key clients for whom we have undertaken operational contracts.

With business growing across geographies we took a considered decision of setting up manufacturing facilities at certain key locations in India. Setting up a unit for manufacturing of angle boards unit in Roorkee, Uttaranchal was the first step in this direction. Currently we are in the process of setting up facilities for manufacturing of low tensile steel strapping with an installed capacity of 6,000 MTPA in Thane Dist. Maharashtra. The plant is expected to be operational by the end of Financial Year 2010. This plant is being financed by a combination of internal accruals and debt. Our company has over the years funded its expansion and diversification plans through a combination of internal accruals and debt from financial institutions.

To tap the overseas market, setting up of manufacturing facilities is proposed at Sharajah, UAE from the proceeds of the issue. Going forward the company proposes to set up facilities for the manufacture steel strappings at Rourkela. The company had applied to Orissa Industrial Infrastructure Development Corporation, Orissa for allotment of land/shed which has been recommended for allotment by the corporation. The structure for financing the same would be decided at an appropriate time. With manufacturing facilities set up at various locations in India & Sharajah, UAE we would be able to cater to the needs of our clients efficiently at competitive prices & on timely basis.



OUR BUSINESS OFFERINGS

We are into bulk packaging segment of Industrial packaging catering to manufacturing companies, both within India and Overseas. Given the experience of our management, in this line of business, we have been able to make transition from selling packaging consumables to an end to end packaging solution provider.

STEEL STRAPPING

Our Steel Strapping products are:-

- Low Tensile Steel Strapping
- High Tensile Steel Strapping

High tensile strapping requires special grade cold rolled steel to be processed through heat treatment for providing additional break strength and elongation. Primary metals, heavy machinery, glass, and textile are some of the industries which require these high tensile steel strapping for packaging their end product. Low tensile strapping are processed through lead bath and are used by paper, automobile & engineering industries. The straps are manufactured in width ranging from 13mm to 32mm and thickness ranging from 0.38mm to 1.27mm. We also manufacture specific strappings sizes based on customers specifications.

Steel strapping is our flagship product and is manufactured under two brands 'Supreme' and 'Mega Supreme'. These products have different technical specifications and are catering to the needs of different industries as mentioned above.

Our clientele for steel strapping amongst others are Essar Steel Ltd, St. Gobain Glass Ltd., National Aluminium Company Ltd., Rourkela Steel Plant, Bhilai Steel Plant, Vizag Steel Plant, Hindalco, Bharat Aluminum Company Ltd.

The underlying strengths of steel strapping are

- Good Tensile Strength
- Excellent Tension Maintenance
- Resistance to Rust and Chemicals
- Weather Resistant

ANGLE BOARD

Angle Boards provide protective packaging to the product(s) manufactured by various industries. They are used in palletizing and serve the purpose of keeping large number of products in safe condition during transit. Angle Boards is an effective means to reinforce package strength and prevent damage to products during transit. Environment friendly angle boards are a superior substitute the costly and inconsistent conventional packaging material. They are made of multiple piles of laminated paperboard processed for exceptional strength. We manufacture this product as per the specifications laid down by the client. These boards are used in packaging of white goods, steel and aluminum products to protect them from any damage during storage and transportation.

The range of angle boards include:

- Corner Boards – Used on corners of pallet for their protection.
- Edge Protectors – Used to protect the edges of the products.
- Inner-Dia Protector – Used for paper/steel rolls to protect inner edges of the products.
- Outer Dia Protector – Used for paper/steel rolls to protect the outer edges of the products.
- Flat Boards – Are fabricated and designed for protection of fiber drums used for packaging pharmaceutical products

We currently cater to the corner board requirements of companies like Nokia India Pvt. Ltd, LG Electronics India Ltd, Videocon Appliances Ltd and Hindustan Paper Corporation Ltd., Marico Industries. etc.

SEALS & L- PLATES

Seals and L-plates are used along with strapping (both Polyester and Steel). These are made out of metal plates and are used to ensure tensioning of the strapping. These seals have the Company logo

and other details facilitating the shipment of Company's products and preventing pilferage. L-Plates are used to protect the edges of products from damage. Seals are integral part of the strapping process, hence are used along with the strapping (both Steel & Polyester).

COLLATED NAILS

Nails are amongst the major consumables used in any Industrial Packaging. Collated nails are a set of uniformly fastened similar sized nails used as a feed in pneumatic nailing machines. With the help of pneumatic nailing machines these nails can be fired at faster rate as compared to the normal one. Collated Nails are used in large scale packaging where wooden pallets and/or wooden boxes are used. These boxes/pallets are used to transport heavy equipments or sophisticated goods. Collated nails are also used in construction sector in developed countries where nailing is done through nailing machines.

TOOLS & SPARES

We sell a range of manual, pneumatic and sealless packing tools for various light and heavy duty applications. These tools are supplied to customers who use strapping in packaging of goods. We are currently sourcing manual tools from Midwest Industrial Packaging Ltd. (USA) and pneumatic tools from Orgapack (Switzerland). We also provide after sales services for the tools purchased, as well as, spares for these tools.

Manual tools

Sealers

These are generally used to fasten steel strapping with seals. Sealers are used to ensure that seals applied provide enough tension to strapping. Different types of sealers are used for different types of seals.

Tensioners

These are used for deriving proper tension on strapping to ensure that consignment is properly packed. These tools are used before applying seals. Different types of tensioner find their use across various sizes of steel strapping.

Pneumatic nailing machines

Pneumatic nailing machines have hammering force which comes from compressed air, typically generated by a normal air compressor. The nail coils are fed into the cartridge and used continuously on the product at a great speed. Each cartridge has 250 nails collated with copper wire. This machine facilitates in fabricating wooden pallets and saves time and reduces costs & wastage

OPERATIONAL CONTRACTS (OC)

With open door policy pursued in the country globalization made its advent leading to stiffening of the competitive space for Indian manufacturing companies. With competition came global best practices the famous amongst which are Vendor consolidation, Outsourcing etc. Outsourcing entailed spinning out the non core function to external vendors and focusing on the core functions. Vendor consolidation meant decrease in number of vendors so that the procurement process can be faster and less painful for the concerned department. This step had another facet in which the company started working with lesser inventory and vendor was expected to deliver goods just in time which made the whole system much more efficient and saved costs for both vendor and the consumer.

When both these ideas were clubbed in the packaging industry it gave birth to the idea of Operational Contracts. Such contracts entails providing with complete packaging consumables i.e. steel strapping, seals, angle boards, pneumatic packaging tools, L-plates, VCI paper coupled with field engineering services. It requires handling of the product from finished state till its dispatch. While executing the operational contracts all the required consumables, labor and infrastructure are taken care of by us. The consumables required for executing such contract are sourced in-house for the products being manufactured by us, whereas, the remaining consumables are outsourced from vendors at the site itself. In such contracts, we operate from the manufacturing facility of our client. The client provides us space for setting up the office which is manned with skilled manpower including trained engineers who are well versed with the intricacies of the products and its processes. The said office is fully equipped with requisite inventory of consumables to handle the deliverables. Our site office works in



close co-ordination with the production and dispatch departments of the company to ensure smooth functioning and take corrective action relating to packaging, if so required, in consultation with the Company. It is estimated that this market is worth more than INR 3.5 billion in India (Source: Management)

Despite the downturn, the Indian economy is expected to grow at a decent pace. The demand for manufactured good is expected to rise giving impetus to the growth. This would lead to a convergence where - in small companies become medium sized and medium sized become big sized. With an eye on growth and a better competitive positioning in mind more and more companies are expected to outsource their non core areas like packaging which would lead to expansion in the size and number of Operational Contract. Given the emerging scenario the Operational Contract market within India and our competitive positioning in the space we are confident to do well in this business opportunity.

Some of our key clients to whom we are rendering operational contract services are:

Sr. No	Name of the Company	Sector
1	Essar Steel- Hazira	Steel
2	National Aluminum Company Limited – Angul	Aluminium
3	Steel Authority of India Limited – Bhilai	Steel
4	Rashtriya Ispat Nigam – Vizag	Steel

We currently procure Polyester Strapping, PP Strapping VCI Films; Stretch Films and Tools & Spares from other vendors and supply them to our customers.

AFTER SALES SERVICE

We provide complete after-sales-service for our packaging tools and machines to our clients. We have dedicated team of professionals and technicians to assist our clients.

VARIOUS SECTOR TO WHICH OUR COMPANY CATERS

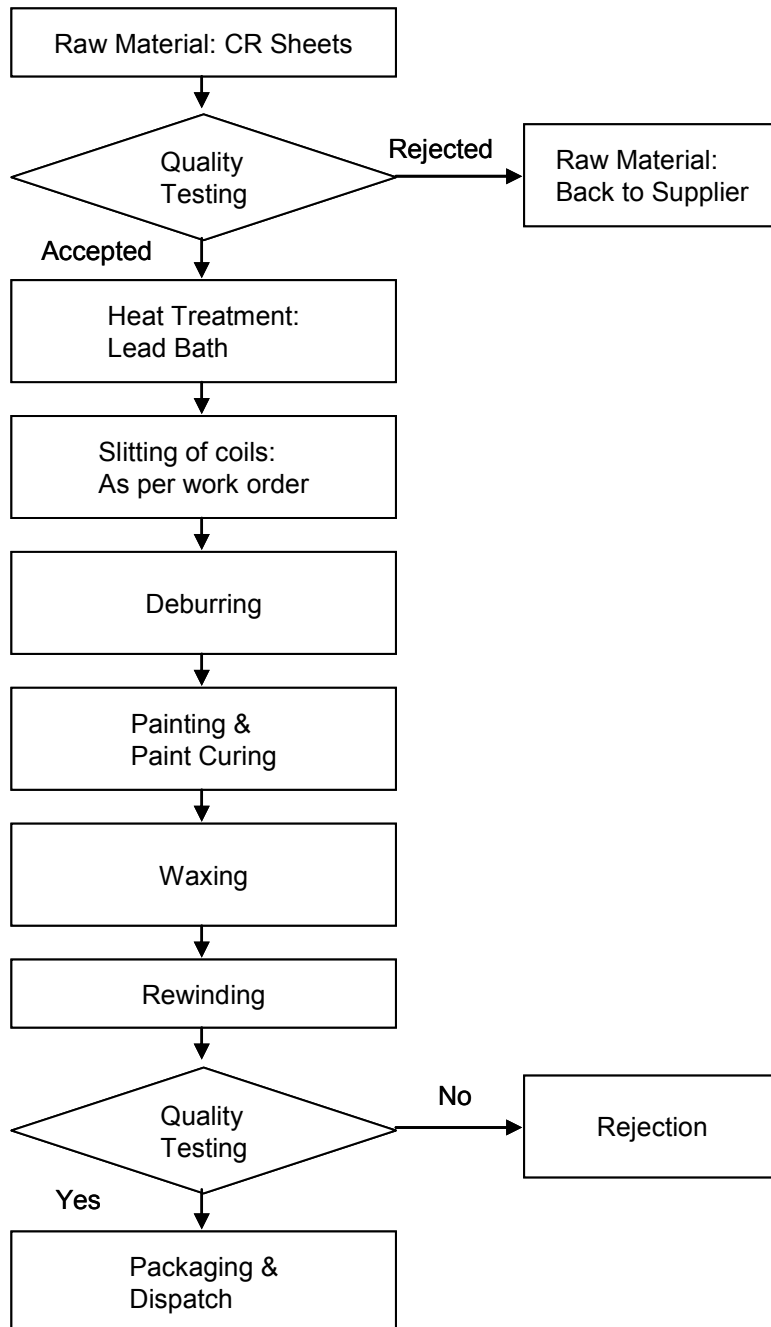
With wide range of packaging products offered by our company we are able to serve large number of sectors. Diverse sectors provide the company an easy hedge towards the fluctuations of demand of its various products. Details about the sector served, packaging consumable supplied, and some customers are mentioned below:

SECTOR	PRODUCT SUPPLIED	Current Customers
Steel	Steel Strapping, Corner Boards, VCI & Seals	Essar Steel Ltd; Bhilai Steel Plant; Vizag Steel Plant; Durgapur Steel Plant; Salem Steel Plant; Tata Steel Limited
Aluminium	Steel Strapping, Corner Boards, VCI & Seals	Hindalco Industries Ltd; National Aluminium Co Ltd; Bharat Aluminium Co Ltd
Glass	Steel Strapping, Corner Boards, Collated Nails & Angle Boards	Saint Gobin Glass Ltd; Asahi India Glass Ltd; Gujarat Guardian Ltd
Copper	Steel Strapping & Seals	Hindustan Copper Ltd; Sterlite Technologies Ltd
Paper	Steel Strapping & Seals & Angle Boards	Andhra Pradesh Paper Mills Ltd; Hindustan Paper Corporation Ltd; Orient Paper Ltd; Sirpur Paper Mills Ltd
Jute	Steel Strapping	Joy City Enterprises Pvt Ltd

Refractories	Corner Boards, Steel Strapping & Seals	Rassi Refractories Ltd; MPR Refractories Ltd; RHI Clasil Ltd
Automobile	Steel Strapping & Seals	Maruti Udyog Ltd; Automotive Axles Ltd; Bharat Forge Ltd
Picture Tube	Steel Strapping & Seals	JCT Electronics Limited
White Goods	Angle Boards, Pet Strapping	Value Industries Ltd Tecumsech Ltd
Batteries	Steel Strapping, Seals & Corner Boards	Amara Raja Batteries Ltd; HBL Nife Power Systems Ltd; Union Batteries Pvt Ltd

PROCESS FLOW CHART OF OUR ACTIVITIES

FLOW CHART – STEEL STRAPPING



The process flow for steel strapping is explained hereunder:

- **Heat Treatment**

Cold rolled steel coils of medium carbon with required thickness are the basic input raw material for production of High Tensile Steel Strapping. On receipt of the raw material we check the thickness of the material and thereafter it goes for heat treatment process to get high strength and elongation.

- **Slitting**

After undergoing heat treatment, the cold rolled heat treated steel coils undergo slitting process, wherein the coils are slit to required width of straps. The CR slitter comprises of slitting cutters and spacers etc. The distance between the cutters is adjustable, and the same is set to get the desired width of the straps. As a quality check, the width of strap is tested with vernier randomly.

- **Deburring**

Deburring is the process of removing the rough/ sharp edges known as burr, which emerge at the time of slitting. In the Deburring process, the edges of the strap are run through deburring rolls which smoothen the edges of the strap. The smoothened edges enable the user of the straps to handle safely and with ease. The quality of deburring is checked manually.

- **Painting**

The process of painting involves 'Dip and Wipe' method wherein the strap are passed through a paint tank with the help of pulleys. Thereafter the straps are passed through two tightly held stationery felt wipers. These wipers wipe off the extra paint on the strap surface onto the paint tank.

- **Paint Curing**

Consequent to painting the strap passes through an infra red oven, stationed on the top of the paint tank. The paint gets cured by the time the strap comes out of infrared oven and is hard dry.

- **Waxing**

The strap is passed through a wax tank and the process is similar to painting as described earlier. Wax coating also involves 'Dip and Wipe' method and infrared curing of wax takes place thereafter online. The wax coating on the surface of the painted strap enables the strap to slide smoothly on the top of another strap, in the packaging application.

- **Rewinding**

This is the last stage in the manufacturing process wherein the straps are wound on rewinders in coil form. There are two types of rewinding viz.

- Ribbon Winding: - wherein each layer of strap is wound directly over the one below it so that the width of the strapping is the width of the coil.
- Oscillated Winding: - is the process wherein the strapping is oscillated uniformly and tightly across the width of the coil with the width of coil being 2.5 inches (63.5 millimeters)

On completion of rewinding, the finished coils are ejected from the rewinders and kept on the conveyor.

- **Samples**

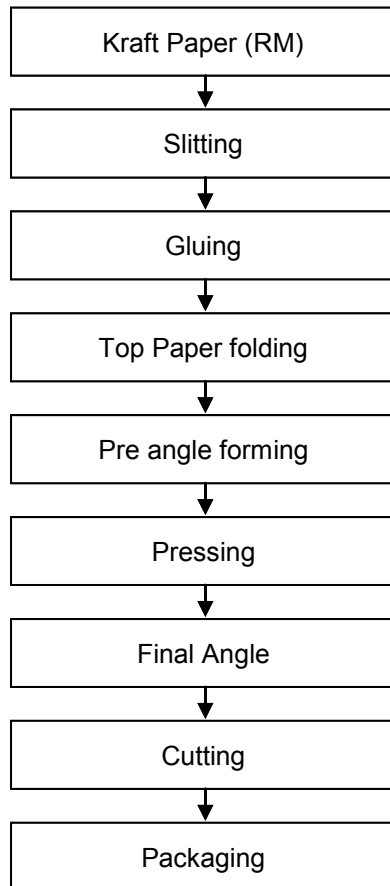
After stacking the finished coils on the conveyor, requisite samples are taken for carrying out various inspection and checks.

- **Packing**

Finished strap coils are packed with Hessian or HDPE fabric, as per the requirement of the customer and dispatched.



FLOW CHART – CORNER BOARDS

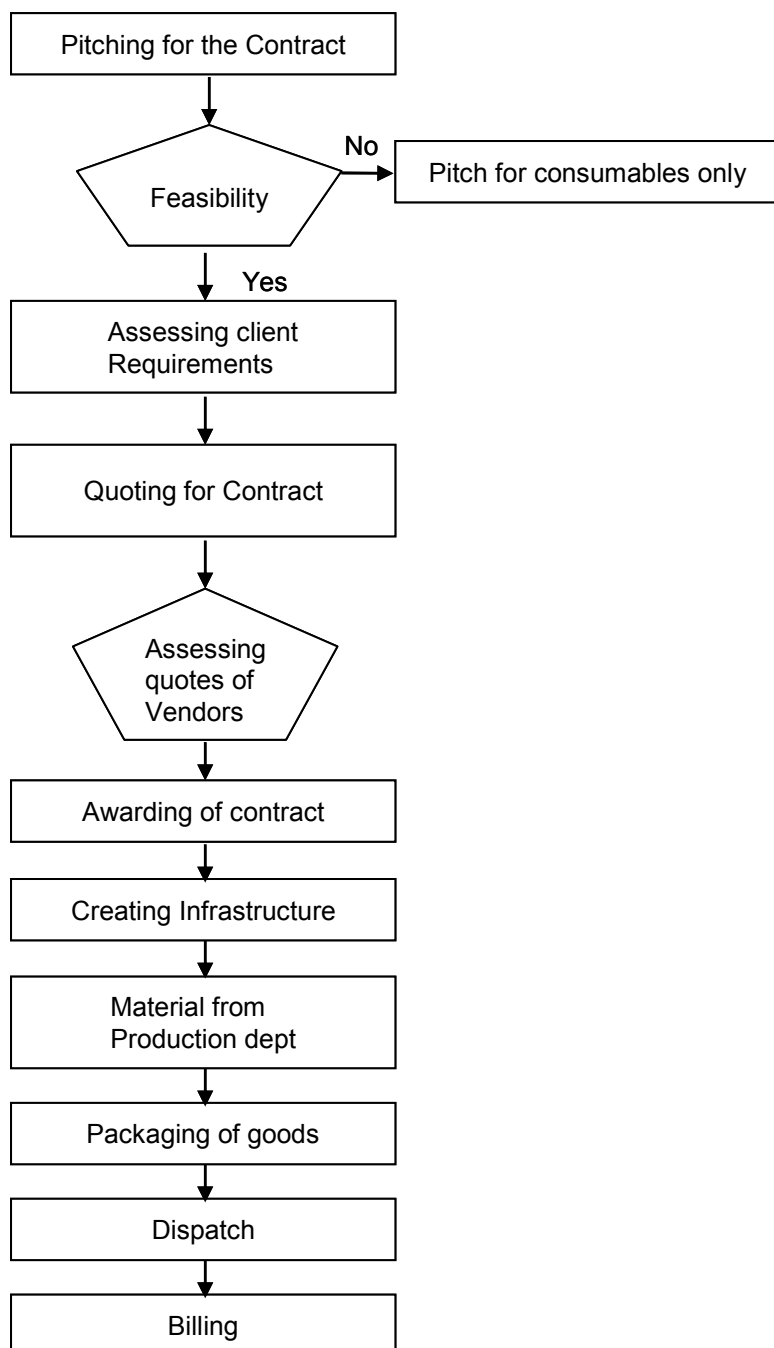


Corner boards manufactured by us are through a single line process done on a continuous basis. The process flow involved in manufacturing of the corner board is explained hereunder:

- The recycled Kraft paper of specification as laid down by us is used to the extent possible.
- Kraft paper is slit through slitters as per the product requirement laid down by the client. The slitter comprises of cutters and spacers. The space between the slitter is adjustable, and is set to get an accurate width of the strap.
- After slitting, multiple rolls are formed which are then loaded on to the assembly line as per the specifications laid down for manufacture of the product. These rolls are passed through glue which ensures that the glue is applied evenly to the paper.
- After the glue is applied to the required number of layers of paper, the top paper is folded onto it which has glue only on one side. They are attached at both the ends of glued papers.
- After ensuring that the papers are firmly glued to one another, pre angle forming is done as per the specification adjusted on the machine and the paper is folded accordingly. The required angle can be programmed on the machine.
- Thereafter high pneumatic pressure is applied on these sheets of paper so that it forms a board with required thickness.
- Final angle forming is done by the setup above through which these pressed sheets are passed. This angle forming ensures that product is produced as per the specification.

- Boards so formed are cut as per desired requirement. The length of the board can vary and these adjustments can be done easily on the line.
- The final product is packed in bundles duly wrapped with stretch films to prevent from any wear and tear during transportation. The stretch film also protects the material from being damaged by water besides facilitating an easy movement of the product.

FLOW CHART – OPERATIONS CONTRACT



The process flow for the Operational Contracts is explained hereunder:

- **Pitching for the contract**
We get most of our contracts through bidding route for tenders floated by companies; these tenders are floated in two ways



- Clients themselves come up with the idea and float the tender
- We approach our existing/new client and pitch for outsourcing packaging function. The client floats a tender if he is interested in outsourcing the function

After tenders are floated, we bid against the tenders floated based on the quantum of material required for packaging of the goods. These tenders are typically for a year or two subject to certain terms and conditions.

- **Feasibility**

Our employees visit prospective clients manufacturing units as well as, their packaging division to understand the company's packaging requirements & do benefit analysis study on the client's location and their packaging requirement. Based on their site visit and discussions with the client's officials, a detailed report is prepared on the packaging requirement for said company's manufactured products, as well as, the infrastructure required to support the same. Based on the report it is decided to pursue for the contract or continue supplying consumables only.

- **Quoting for the contract**

Based on the feasibility study undertaken by us, we prepare a comprehensive quote for the contract keeping in mind the description of consumables required, quantities per unit basis and the man hour charges etc. This comprehensive quote sent to the client in short listed forms the basis for further negotiations.

- **Assessing the quotes of Vendors**

Comprehensive quotes sent by the bidders including us are evaluated by the prospective client. Apart from the price, other factors given due consideration by the prospective client is credibility and the experience in the field of Industrial packaging (of the vendor). Based on the above parameters, the bidders are weeded out and one is selected. Thereafter negotiations, on the final rate per unit take place. Through mutual discussions and negotiations the final rate is agreed upon and a formal contract is entered into for a period ranging between 12 -24 months.

- **Creating the Infrastructure**

On being selected and contract being awarded to us, our Operational Contracts team designs an execution schedule for the contract. Generally one month inventory is maintained for an uninterrupted operation at the customers end. Having build the requisite inventory, the manpower assigned, is sent to client's plant. An operational setup is put in place to start the work at client's production unit.

- **Material from production department**

With requisite infrastructure in place at designated area in client's plant, our team initiates the packaging process by taking delivery of the products to be packed from the client's production department. Once the product is received from production department it is our responsibility to package the same and deliver to the dispatch section of the client company.

- **Packaging of products**

The product received from the production department is taken to the designated packaging area/section as assigned to us. The packaging section/area fully equipped with the required infrastructure including tools & spares and packaging consumables and manned with trained skilled staff duly supported by labor required for taking charge of the product for packaging. Packaging is done as per the specifications laid down in the contract to ensure that it doesn't suffer any wear and tear during its transportation to the destination. Packaging requirements may be modified, if so required, to be in line with the mode of transportation opted for, on specific request from the company after due consultation.

- **Dispatch of products**

Products packed are labeled to be ready for dispatch. Certain quality checks are carried out by the company before the dispatch takes place. As soon as the quality checks are concluded the products are ready for dispatch. Based on the dispatch schedule they are loaded into trucks, trains or ship as per the client's specification and requirements.

- **Billing**
We bill the client on a monthly basis, wherein the invoice is raised after the completion of calendar month.



SWOT ANALYSIS

Strengths

- **Niche segment of Industrial Packaging**
We are in niche segment of industrial packaging offering a complete bouquet of industrial packaging consumables and catering to the growing demand of packaging material required by various medium & large scale manufacturing companies in India & abroad.
- **Well established Brand**
We have been in this industry for over 15 years and our brands 'Mega Supreme' and 'Supreme' are established in the industry.
- **Operational Contracts: One stop solution**
We provide end to end solutions to our clientele & position ourselves as 'One Stop Shop' for their packaging needs providing complete packaging solutions to them at their production site.
- **Large clientele: Strong customer retention**
We currently cater to more than 500 customers both in domestic and international market from various sectors and have a strong relationship with our customer as is evident from the repeat orders received from majority of them. It hedges us against downturn or slowdown in any particular industry.
- **Focus on Process Innovation**
Our focus has been on delivering quality products to the customers. We endeavor to innovate and improve on the processes involved in the manufacture of our products particularly strapping.
- **Experienced Management**
Our company is managed by team of qualified professionals with a varied experience in the packaging industry ranging from production to marketing. Our key managerial personnel have experience in various facets of this business like Strapping, Operational Contracts, Collated Nails and Finance.
- **Adherence to strict Quality Standards**
We maintain high quality standards in manufacturing of packaging consumables as well as in performance of Operational Contracts. Our commitment towards quality is amply demonstrated by the repeat orders from our clients over a period of time.

Weakness

- **Capacity Constraints**
Demand for industrial packaging in India has grown drastically over a couple of years. We have not been able to expand capacities to meet the growing demand.
- **Financial Constraints**
To achieve an aggressive growth in business, infrastructure needs to be developed & upgraded at regular intervals. Setting up of the requisite infrastructure and thereafter gradation thereof entails capital expenditure. We are unable to expand aggressively due to financial constraints.

Opportunities

- **Spurt in demand**
Last couple of years has witnessed a strong growth in manufacturing sector which in turn has led to strong growth in consumption. The advent of globalization wherein the international players have become an integral part of the business fraternity which has resulted in packaging now being looked upon as a necessity than being a mere product. As a result domestic players have started demanding quality packaging product which would spurt the overall demand. Companies across sectors have increased their production capacities which have resulted in an increase in demand for industrial packaging products. Despite present market situation we believe that there would be a strong demand of these products as soon as the economy upturns which will provide us with an opportunity.

- **Wider Range of products**

Strong vendor consolidation practices currently being pursued by the companies would tend to limit the number of vendors. In the present downturn the vendor consolidation is likely to be pursued more aggressively. Thus widening the range of products being offered to the client will be of utmost importance to encash on the opportunity. Complete bouquet of industrial packaging consumables will enable us to be competitive & enable us cater to our clients economically & efficiently.

- **Huge export potential**

The demand for industrial packaging consumables is increasing especially in Middle East markets as well as Australian subcontinent. By setting up production capacities in Shrajah, UAE we shall be able to tap the potential of the overseas market.

Threats

- **Downturn in the Economy & the Globe**

The downturn in the economic activities in India and around the Globe for a longer duration would slow down the projected growth, as the companies are likely to put on hold their expansion plan owing shrinking demand which in turn would affect our demand and consequently our growth.

- **Competition with ITW an MNC in Operational contract space**

We are competing with ITW Singnode India Limited in operational contracts space. They have a relatively stronger balance sheet and better band-width than us, which gives them a competitive edge over us.

- **Fluctuating prices of Raw material**

The fluctuation in the price of steel and commodities as witnessed in the recent past would adversely affect our ability to maintain uninterrupted supply of raw material. Our inability to adequately cover these fluctuations in the orders procured by us would affect our margins. However, we are taking care of this aspect by incorporating an escalation clause in our contracts with our clients.

ENTRY BARRIERS FOR A NEW ENTRANT

We are into niche segment of Industrial Packaging providing packaging material & rendering end to end packaging solutions to medium and heavy industries in India. Though there are no strict entry barriers, but, the following act as a deterrent to any new entrants:-

- It entails specialized technology for producing high tensile steel strapping which provides uniform tensile strength and elongation to the product.
- The prequalification criterion set by the industries floating tenders for operational contracts acts as a deterrent for new entrants. Examples of this are qualification based on experience, Capital, Turnover etc.
- Undertaking Operational Contracts requires carrying out complete field engineering exercise. Understanding the intricacies involved in packaging of the product is an art mastered through years of experience and is key to safe guard a product from wear & tear during transit as well as to achieve economies.

BUSINESS STRATEGY

We operate in a competitive environment and aim to be a premier manufacturer of industrial consumables & provider of operational contract. Our strategy is to seize opportunities and continue to grow in scale. We feel there is a tremendous growth opportunity in this field. The domain expertise we have obtained in the past will enable us compete effectively in this sector and deliver value proposition to all the stakeholders.

Our fundamental corporate objective is to deliver value to our customers, be profitable and establish leadership in our core markets.



Multi Location Advantage

Manufacturing facilities at multiple locations within India & in Sharajah, UAE on being operational would place us in a better position to serve our clientele more efficiently & economically. Through manufacturing facilities in Hyderabad we intend to cater to the eastern & southern region of the country; manufacturing facility in Roorkee would cater to the northern region of the country, while the plant in Thane District would cater to western region, besides exports. The manufacturing facilities being set up in Sharajah, UAE would help catering to the overseas markets particularly the Middle East, Australian & African markets. Going forward we intend to set up manufacturing facilities in Rourkela. We have applied for allotment of land/sheds to Orissa Industrial Infrastructure Development Corporation, Orissa for setting up steel strapping manufacturing unit and the same has been recommended for allotment by the Corporation. On these manufacturing units being operational we would be not only able to reduce the cost of transportation of raw material & the finished product but also save time thereby reducing overheads as well as carrying cost of inventory. This would help us cater our clientele economically & on timely basis.

Multi Product Portfolio

We are continuously trying out new initiatives to broad base our product portfolio. With foray into manufacture of Polyester strapping, PP strapping, VCI paper and stretch film we would be in a position to offer a varied range of products. In house production capabilities of range of packaging consumables would help us control our cost of production and at the same time ensure quality products.

Operational Contracts

We intend focus on expanding our operational contracts business in India. It would enable us enhance our product offerings and increase our band width, besides providing a ready market for our products.

Increasing Global Reach

We intend leveraging on our present customer base in Middle East by having a dedicated plant in the region. UAE being a strategic location would give us access to Middle Eastern, Australian and African market. We would use indigenous technology to set up the facility and position ourselves as one of the most cost effective supplier. Further, with limited number of players offering the entire range of packaging products we are positioned to capitalize on the emerging business opportunity. In addition our proposed manufacturing facility at Thane will be our hub for exports and would enable us cater to overseas markets more efficiently. The plant being located at a close proximity to Mumbai has an easy access to the ports which would help save time, cost and ensure timely delivery.

Brand Promotion

We intend to build our brand continuously, as we believe that our branding exercise will enhance recall value in the minds of our customers. We believe that listing on the stock exchange will create platform to enhance our brand.

New Product Line

Keeping in line with our endeavor to broad base our product portfolio & complete our bouquet of packaging consumable offerings, we intend setting up facilities for manufacture of the following products:-

(a) Polyester Strapping

Polyester Strapping is recognized as a new environment protective strapping material. The underlying strengths of Polyester strapping are:

- Good Tensile Strength and Welding Strength: it is used for many heavy packages as the pulling force is stronger than pp strap at about 1000N on average.
- Excellent Tension Maintenance: It maintains tensile strength for a long stretch of time with minimized strap slacking, while ensuring excellent shock resistance. Thus, ideal for long-distance, long-period transportation.
- Rusty and Chemical Resistance: Allows direct strapping irrespective whether the product is damaged or rusty.

- Superior Flexibility for convenient operation: it does not "Whiplash" when removed, thus creating a safe work environment for users. Moreover, it does not have sharp edges, so there is no risk of injuries for either goods or user while tensioning or cutting the strap.
- It is more elegant as it can be made in different colors with good transparency. Also, it can be recycled for it is an environment friendly strapping material.

Polyester strapping is generally used for light and medium loads and has found extensive use in packaging industry. The applications range varies from light duty products like corrugated boxes, sheets, beverage containers, paper to heavy duty products coir bailing, cotton bailing & fiber baling. Polyester strapping market is growing at an unprecedented pace world wide because of its recyclable properties, diverse application across industries and cost effectiveness.

(b) Polypropylene(PP) strapping

Polypropylene strapping, designed to run through hand tools and power strapping equipment, provides superior performance for light to medium-duty bundling and carton closure applications. It has excellent elongation recovery properties, making it ideal for products that shrink or compress, such as top-iced food packages and newspaper bundles.

(c) Volatile Corrosion Inhibitor(VCI) Paper

Volatile Corrosion Inhibitor papers are used for packaging of various metals to provide protection against corrosion. The paper/film is coated with chemicals that continuously vaporize to insulate sensitive parts against moisture and humidity. VCI paper eliminates the need to create an airtight packaging and is used in steel, aluminum, Iron & copper industry. Automobile and auto ancillary companies have also started using this product to protect their products against corrosion.

(d) Stretch Film

Stretch wrap or stretch film is a highly stretchable plastic film that is wrapped around the products. These films provide protection against dust and moisture, whereas, the elastic recovery keeps the items tightly bound. It is frequently used to unitize pallet loads and also may be used for bundling smaller items. Stretch film is used for packaging small size consumer durables, retail products as well as packaging small products for exports.



INFRASTRUCTURE

We have grown from a packaging consumables manufacturing company to a company that not only provides a bouquet of packaging consumables, but, also offers an end to end packaging solutions. This transition has been possible with the infrastructure created by us over a period of time to facilitate and support the products being manufactured at our facilities as well as the services we offer. We have a state-of-the-art manufacturing facilities at our different locations fully equipped with machineries. It has been our endeavor to constantly upgrade our infrastructure to be in line with the global development and innovation.

MANUFACTURING FACILITIES

We have manufacturing facilities at Hyderabad and Roorkee. Besides, we are in the process of setting up manufacturing facility in Thane, Maharashtra. Details for the same are mentioned below:

Land & Building

Location	Land (Sq m)	Building (Including Factory) (Sq. ft.)
Plot No.6, Phase-IV Extn, IDA Jeedimetla, Hyderabad – 500055, Andhra Pradesh	1222.0	12872
Plot No.4C, Phase-IV Extn, IDA Jeedimetla, Hyderabad – 500055, Andhra Pradesh	1239.5	21313
Plot No.4A, Phase-IV Extn, IDA Jeedimetla, Hyderabad – 500055, Andhra Pradesh	1998.33	21488
Plot No D16, Khasra No.32, Bantakhedi, Pargana-Bhagwanpur, Tehsil-Roorkee	990.0	3000
Sr.No.5, Hissa No.1, Vasurikhurd, Tal. Wada, Dist; Thane (under Implementation)	13100.0	22000

The company owns the land situated at Hyderabad & Thane, whereas for the land at Roorkee we have entered into a 90 year lease with its owner.

We have branches at the following locations which help us cater to our client's requirements efficiently:

H.No. 24/37, Pattunool chatram, Opp: B.D.O office, Sriperumbudur, Kanchipuram Dist. Tamil Nadu.- 602105	Anand Apartment, Shop no. 5, Hari om Gangaeshwar Nagar, Ichchhpore, Surat, Gujarat.
157, Ground floor, New Civic Centre Bhilai, Durg, Chattisgarh - 490006	D No 6/132/4, Aravinda Nagar, Moran Pudi, Rajamundry - 533103
Shop No 3, Surajpur, Near Petrol Pump, Dadri Road, Greater Noida, Gautambudh Nagar	MM-26 Civil Township, Rourkela, Orissa

PLANT & MACHINERY

We have state of the art machinery required for manufacture of various products at different plants. Our strapping line includes Heat Treatment Line as well as Painting & waxing line. Heat treatment line comprises of Unwinders, Bridle-Drives, Electric contact pot (Lead pot), electrical heating system, Electrical quenching pot, water tank & rewinders. Similarly the painting & waxing line consists of unwinder-pay off, Narrow width slitting machine, looper control systems, deburring rolls, rewinders, spool drawers, lead pot, painting facility, electrically heated infrared oven, packing machine, conveyor systems, curl table, Bend test fixtures etc. We have four lines of angle board manufacturing facility which includes of Paper Slitting machine with Accessories, Roll Stands with Rollers, Combiner rollers, Glue circulation system, Paper Cover Rollers, Ceasing and Forming rollers with respective drives. We have fully automated collated nails plant which produces high quality collated nails. Apart from nailing plant the designing of machinery and the technology involved have been developed in-house.

RAW MATERIAL

The basic raw materials used by our company for manufacturing of various products are Cold rolled steel, Craft Paper, Steel Drawn Wire, Copper wire. These raw materials are procured domestically at competitive prices. However no long term contracts have been entered into with any supplier. We generally maintain adequate stock of raw material to cover the existing order positions, which mitigate any adverse effect due to price fluctuation. Other steps taken by us ensure continuous supply of raw material includes maintaining a daily raw material store statement, approved vendor list, obtaining quotation and comparative statement etc. on a regular basis.

CAPACITY UTILIZATION

Capacity Utilization for last three years as under:

Name of the Product	2008-09	2008-09	2007- 08	2007- 08	2007- 06	2007- 06
	Installed Capacity	Production	Installed Capacity	Production	Installed Capacity	Production
Steel Strapping						
Supreme	12000 mtpa		8400 mtpa		8400 mtpa	
Mega Supreme	12000 mtpa		3600 mtpa		3600 mtpa	
		7954.05	Total Production	9284.73	Total Production	7469.68
Angle Boards	100 Lakh MPA	89,73,356	100 Lakh M PA	88,39,322	50 Lakh M PA	51,73,329
Seals	2.5 Cr P.A.	1,78,91,431	2.5 Cr.P A	2,10,85,926	2.5 Cr.P A	1,97,30,759
Nails	4,20,000 coils P.A.	1,86,943	4,20,000 coils PA	1,01,550	60,000 coils PA	73,406

The break up of sales including export for last three years sales is given hereunder:

(Rs. in million)

Particulars	2008-09		2007-08		2006-07	
	%age	Amount	%age	Amount	%age	Amount
Domestic sales	89.94	752.07	87.77	593.16	91.86	490.01
Export sales	9.88	82.63	12.12	81.93	7.98	42.55

UTILITIES

Power

Our current power requirements at various plants are mentioned below:

Facility	Power Requirements
Plot 4C at Hyderabad	400 KVA
Plot 4A & 6 at Hyderabad	630 KVA
Roorkee	42 KVA
Thane (Under Implementation)	300 KVA

We have been sanctioned power load of 500 KVA for our existing manufacturing facilities at Hyderabad by Andhra Pradesh Transmission Corporation. Besides, we have also been sanctioned power load of 65 KVA for our existing manufacturing facilities at Roorkee by Uttaranchal Power Corporation. We have two Transformers of 230 KVA & 430 KVA installed at our facilities in Hyderabad to cater to our power requirements.

In addition to above we have installed Diesel generator sets (detailed below) as standby arrangement for uninterrupted power supply

Facility	Power Load
Plot 4C at Hyderabad	182 KVA



Plot 4A & 6 at Hyderabad	320 KVA
Roorkee	62 KVA

At our proposed facilities in Thane District, we have got a temporary connection of 50 hp which is sufficient to meet our current power requirements. We have received the sanction for power load of upto 300 KVA from MSEB. We do not foresee any problem in obtaining any further sanction of the power required for running our facilities if and when required. In addition, we intend to install 500 KVA DG Set as a stand by arrangement for our power requirements.

Water

Our current water requirement is 5,000 liters per day at Hyderabad plant for human consumption and general requirements for running of the offices. The same is being supplied by the Local Municipality.

Our water requirement at Roorkee plant is 500 liters per day which is being supplied by Industrial Development Authority.

Our requirement for water at Thane shall be 1,000 liters per day for which an application shall be made to the Municipal Authority. We do not foresee any problem in obtaining the requisite permission.

In addition we have dug a bore well at our existing facilities at Hyderabad & proposed facility at Thane District.

Fuel

We require diesel as fuel for our DG sets. Our Company has not faced any problem in procurement of the same as it is easily available locally.

POLLUTION

We have applied for the consents from Andhra Pradesh Pollution Control Board for our existing manufacturing facilities at Hyderabad.

We have received a letter dated September 24, 2009, from Andhra Pradesh Pollution Control Board, confirming receipt of applications filed by the Company in respect of Unit I - Plot No 6 and Unit II - Plot No 4C and further stating that the applications are under process. The said letter has also confirmed the inspection by PCB officials in January 2009 and additional information submitted by the Company in January and March 2009.

We have received No Objection Certificate from District Industries Centre, Roorkee under the Environment Protection Act for our manufacturing facility at Roorkee.

MANPOWER

We believe that skilled and motivated employee base is essential for our competitive advantage. We endeavor to ensure that our employees have the training and tools needed to be successful in today's competitive environment. We are committed to building teams and invest on resources for their development.

Our manufacturing process requires a mix of skilled, semi-skilled and unskilled labor, which is readily available. As on August 31, 2009 we have 140 employees on our rolls at all locations. The details of our employees are as under:

SR. NO.	CATEGORY	TOTAL
1	MANAGERIAL	76
2	SKILLED	21
3	SEMI SKILLED	29
4	UN-SKILLED	180
TOTAL		306

In addition to the above, we have 289 employees on contract basis working on different locations. We have entered into an agreement dated April 01, 2009 with M/s Manasseh Engineering Works for supplying of workers at Hyderabad unit for packing; loading/unloading etc. The agreement is valid for a period of one year and can be renewed at company's discretion. We have entered into an agreement dated April 24, 2009 with M/s Rishta Associates for supplying of workers at Vizag for packing; loading/unloading etc. The agreement is valid for a period of one year and can be renewed at company's discretion. We have entered into an agreement dated October 03, 2008 with M/s Ranjit Constructions for supplying of workers at NALCO Nagar, Angul for our packing; loading/unloading etc. The agreement is valid for a period of one year and can be renewed at company's discretion. We have entered into an agreement dated October 30, 2008 with M/s. M. B. Associates for supplying of workers at Bhilai for our packaging; loading / unloading, etc. The agreement is valid for a period of one year and can be renewed at company's discretion.

Till date we have not experienced any strike, lockout or go-slow at any of our Company's premises. We have a workmen union affiliated to INTUC. A settlement has been arrived at between the management and the workmen union which shall be operative and binding on the parties for the full period of 3 years from 01.01.2008 to 31.12.2010 (both the days inclusive) and continue to be so binding until it is terminated by either party with due notice as per the provisions of the Industrial Disputes Act. The broad issues on which the settlement was arrived at between the parties relates to Wage Increase; Daily Rate; Safety related issues; Life Insurance; Festival Advance; Overtime; Leave etc.

We provide retirement benefits to our employees by way of provident fund, gratuity and superannuation in compliance with the statutory requirements. We have formulated policies for grant of car loans and housing loans to certain employees.

Proposed manpower requirement is as detailed below:

Location	Plant	Skilled	Unskilled	Staff	Total
Hyderabad					
	Stretch Film	6	9	0	15
	Polyester Strapping	6	9	0	15
	PP strapping	6	9	0	15
	VCI Paper	9	9	0	18
Mumbai					
	Angle Board	9	15	1	25
	Nails	6	12	0	18
Sharjah					
	Steel strapping	16	20	5	41
Roorkee					
	Angle Board	9	15	1	25
	Nails	6	12	0	18
Total		73	110	7	283

* Contract workers are generally unskilled workers.

QUALITY CONTROL AND ASSURANCE

Our company adheres to its own good manufacturing practices and guidelines that have been improved over a period of time as basis for ensuring adherence to high quality standards. Employees are trained on a regular basis, quality trends are monitored and studies on the same are carried out on regular intervals.

RESEARCH AND DEVELOPMENT

We believe that a key ingredient in our ability to succeed and continue to sustain and strengthen our business has been and will continue to be our ability to innovate and develop improvements to



existing products/ processes. With this objective, we have established our in-house R&D facility for product and process development supported by competent staff.

COMPETITION

We are into niche segment of Industrial packaging where competition is between few existing players both in domestic and international market. Our competition depends on the products being offered by various companies in the organized segment besides several other factors like quality, price, capacity to deliver etc. Competition emerges not only from organized sector but also from the unorganized sector and from both small and big players. In an organized industrial packaging segment we face competition from ITW India Ltd. In the international market we face competition from ITW Ltd, M.J. Mailis Ltd. and companies having low capital base especially from countries like China, Other than these we have competition from companies which manufacture packaging consumables and are selling it as a commodity rather than systems.

OUR MAJOR CUSTOMERS

Our major customers for our products in the domestic market are Essar steel Ltd, Narbada steels ltd, Saint Gobain glass India Ltd, Rashtriya Ispat Nigam Ltd, Steel Authority of India Limited (SAIL), Bharat Aluminium Company Limited (BALCO), Tata Steel Limited, National Aluminium Company Limited (NALCO) and Hindalco Industries Ltd.

MARKETING

Our company manufactures and offers a wide range of Industrial packaging consumables to clients across the manufacturing sector in India and abroad. Marketing is an important function of our Company. Our company's wide client base enables us to adopt both direct selling as well as selling the products through distributors. We primarily deal directly with our clients. For increasing the portfolio of customers we identify the prospective clients, explain them our product range and value add we offer through Operational Contracts, submit our bids for products or participate in competitive bidding process. We have branches at locations and regions mentioned earlier which help us provide efficient services to our clients. Our relationship with our clients enables us to procure repeat orders from them. We have a dedicated distributor in Middle East and Australia to support our operations. We adhere to the quality expectations of the customers and take inputs from them which help us in improving our product quality and be able to meet the client's expectations. Our marketing department directs our marketing efforts through different channels as detailed below:

- **Branches**
Explore and contact prospective clients to understand their needs. They pass on the lead to Head office who pitches for selling the consumables and / or operational contracts to the prospective clients. Subsequently the branch is regularly in touch with the client and follows up to warrant any action as may be required
- **Dealers**
These are single party exclusively appointed for a ore defined territory. These dealers work with our staff and are restricted from stock and sale of directly competing brands depending on prevalent market practices. Dealers are single party exclusively appointed for a pre defined territory. These dealers work with our staff and are restricted from stock & sale of directly competing brands, depending on the prevalent market practices. They act as an intermediary for selling of manufactured industrial packaging consumables and fixed commission is being paid to them.
- **Consignment Agent**
 - Consignment Agent acts as our agent and cater to the customers on our behalf. The company's products are consigned to them on principal basis and in turn bill to customers on company's behalf. They work exclusively for our range of products.

HR POLICY

The HR policies of our Company are based upon the belief that the success of our Company is primarily dependent on its people and that the development of potential of each employee is good both for the employee and the business and therefore the Company. In view of this basic premise, comprehensive sets of policies are laid down. Our HR policies aim at attracting, retaining and

motivating the best talent to achieve higher goals and attain greater opportunities for the advancement in their career.

We have well experienced and dedicated personnel who have been with us for the last 10-15 years. We are grooming them and giving more responsibilities and shifting to different locations all over the country for their growth.

HEALTH AND SAFETY OF WORKMEN

We have policy in place for health and safety for our workmen which has following salient features:

- (e) Compliance with relevant Safety and Statutory Regulations and Rules both in letter and in spirit.
- (f) Maintenance of safe, healthy and congenial working atmosphere by constant monitoring of environment around the work place.
- (g) Ensuring cleanliness of work place in compliance with the relevant regulations.
- (h) Providing work force with Helmets, gloves, appropriate tools, including ongoing knowledge/instructions on work procedures and safety precautions.
- (i) Conducting classes on safety, first aid training, fire fighting, mock drills, safety audit, risk analysis studies, etc.
- (j) Ongoing assessment on the status of safety, health and environment at the work place and take appropriate measures to improve the same.
- (k) Obligation and responsibility on every employee to perform the tasks ensuring complete safety.

We comply with applicable health and safety legislations and other requirements

INSURANCE

Our operations are subject to risks inherent to the manufacturing industry, such as work accidents, fire, earthquakes, flood and other force majeure events, acts of terrorism and explosions including hazards that may cause injury and loss of life, severe damage to and the destruction of property, plant and machinery and other equipments and risks associated with adverse working environmental conditions. We generally maintain insurance covering our assets at levels that we believe to be appropriate and consistent with that typical for our Business in India.

Our Insurance policies generally consists of coverage for risks related to physical loss or damages by way of all risk coverage for loss or damage to building / plant and machinery / accessories / stocks by means of all Standard Fire and Special Perils, Key Man Insurance Policy. As on date, our total insurance cover is approximately Rs.325.70 million

INTELLECTUAL PROPERTY

The Company has filed various applications for registration of logo in its unique style as its Trade Mark / Service Mark under different classes as per Trade Marks Act, 1999. The Application Number as allotted by the Department along with the details is given below:

Sr. No.	Trade Mark/Label	Class	Application Number Allotted	Date of Allotment	Status of Applications
1.	MIDFIELD	6	1744946	17/10/2008	Marked for examination.
2.	MIDFIELD	7	1744947	17/10/2008	Marked for examination.
3.	MIDFIELD	16	1744948	17/10/2008	To be advertised in the Trade Mark Journal.
4.	MIDFIELD	17	1744949	17/10/2008	Marked for examination
5.	SUPREME	6	1744950	17/10/2008	The Registrar in his examination report has raised objection under section 11, for which the Attorney has made representation for removal of the objection. In the last hearing the Registrar has asked for user evidence from the company & related documents.
6.	MEGA SUPREME	6	1744951	17/10/2008	The Registrar in his examination report has raised objection under section 11, for which the Attorney has made representation for removal



					of the objection. In the last hearing the Registrar has asked for user evidence from the company & related documents.
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KEY INDUSTRY REGULATIONS

The Company is carrying on the business of Industrial Packaging. Its product range consists of Steel Strappings, Pneumatic Packaging Tools, Pet Straps, Seals, Manual Tools, Nailers and Paper products. The Company provide the packaging solutions at the customer place. The company offers the complete survey, field engineering with regard to identifying the appropriate, economical and competitive packaging solution and also provides after sales services, Turn-key packaging contracts, Packaging Equipment Maintenance and the like.

Government of India has prescribed various regulations and policies to govern the Industrial Packaging Industry in India. Some of these regulations are given below to provide general information to the investors. The list is not exhaustive and is neither designed nor intended to be a substitute for professional legal advice

INDUSTRY SPECIFIC LEGISLATIONS

1. Industries (Development and Regulation) Act, 1951

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

COMPANY SPECIFIC LEGISLATIONS

The primary central legislation governing the manufacturing sector in India is the Factories Act, 1948. In addition to this, compliance has to be ensured with various labour related legislations, including the Payment of Gratuity Act 1972, the Payment of Wages Act, 1956, the Minimum Wages Act, 1948, the Employees State Insurance Act, 1948 and the Contract Labour (Regulation and Abolition) Act, 1970.

2. Companies (Auditor's Report) Order, 2003 ["CARO"]

It shall apply to every company including a foreign company as defined in section 591 of the Companies Act, 1956. The Rules are applicable to a "manufacturing company", which means a company engaged in any manufacturing process as defined in the Factories Act, 1948 (63 of 1948)

3. Factories Act, 1948

The Factories Act, 1948 ("**Factories Act**") seeks to regulate labour employed in factories and makes provisions for the safety, health and welfare of the workers. Section 2(m) of the Act, defines, a 'factory' to cover any premises which employs 10 or more workers and in which manufacturing process is carried on with the aid of power and any premises where there are at least twenty workers even though there is or no electrically aided manufacturing process being carried on. Each State Government has set out rules in respect of the prior submission of plans and their approval for the establishment, registration and licensing of factories.

The Act provides that occupier of a factory i.e. the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers' health and safety, cleanliness and safe working conditions. There is a prohibition on employing children below the age of 14 years in a factory.



4. Payment of Gratuity Act, 1972

The provisions of the Act are applicable on all the establishments in which ten or more employees were employed on any day of the preceding twelve months and as notified by the government from time to time. The Act provides that within 30 days of opening of the establishment, it has to notify the controlling authority in Form A thereafter whenever there is any change in the name, address or in the change in the nature of the business of the establishment a notice in Form B has to be filed with authority.

5. Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 is applicable on every establishment employing 20 or more employees. The said act provides for payment of the minimum bonus to the employees specified under the Act. It further requires for the maintenance of certain books and registers and submission of Annual Return within 30 days of payment of the bonus to the Inspector.

6. Payment of Wages Act, 1936

The Payment of Wages Act, 1936 applies to the persons employed in the factories and to persons employed in industrial or other establishments where the monthly wages payable to such persons is less than Rs. 6500/-

7. Minimum Wages Act, 1948

The Minimum Wages Act, 1948 gives power to appropriate government (Central or State) to fix minimum wages to be paid to the persons employed in scheduled or non scheduled employment and the concerned employer is required to pay the minimum wages, fixed by the appropriate government.

8. Industrial Employment Standing Orders Act, 1946

Every establishment employing more than 50 employees is required to formulate rules and regulations for its employees and the same should be submitted for approval to the Deputy Labour Commissioner.

9. The Workmen Compensation Act, 1923

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

In case the employer fails to pay compensation due under the WCA within one month from the date it falls due, the commissioner appointed under the WCA may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

10. The Maternity Benefits Act, 1961

The purpose of the Maternity Benefit Act is to regulate the employment of pregnant women and to ensure that they get paid leave for a specified period during and after their pregnancy. It provides, inter alia, for paid leave of 12 weeks, payment of maternity benefits and enacts prohibitions on dismissal, reduction of wages paid to pregnant women, etc.

11. Contract Labour (Regulation and Abolitions) Act, 1970.

The Act applies to every establishment in which 20 or more workmen are employed or were employed on any day on the preceding 12 months as contract labour. The Act provides for the welfare of the contract labour, their wages, appointment of the inspecting staff and maintenance of registers, records, etc. As per the said Act, the establishments covered are required to be registered as the Principal Employer.

12. Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947 is applicable to establishments and undertakings wherein any systematic activity is carried out by co-operation between an employer and his workmen for the

production, supply or distribution of goods or services. The Act requires for the maintenance peace and harmony for better working conditions

13. Employees' Provident Funds and Miscellaneous Provisions Act, 1952

Employees Provident Funds and Miscellaneous Provisions Act, 1952 ("EPFA") was introduced with the object to institute provident fund for the benefit of employees in factories and other establishments. It provides for the institution of provident funds and pension funds for employees in establishments, which employ more than 20 persons, and factories specified in Schedule I of the EPFA. Under the EPFA, the Central Government has framed the "Employees Provident Fund Scheme", "Employees Deposit-linked Insurance Scheme" and the "Employees Family Pension Scheme". The funds constituted under these schemes consist of contributions from both the employer and the employees, in the manner specified in the statute. The EPFA prescribes penalties for avoiding payments required to be made under the abovementioned schemes.

14. Employees' State Insurance Act, 1948

The Employee State Insurance Act, 1948 ("ESIA") aims to provide benefits for employees or their beneficiaries in case of sickness, maternity, disablement and employment injury and to make provision for the same. It applies to, inter alia, seasonal power using factories employing ten or more persons and non-power using factories employing 20 or more persons. Every factory or establishment to which the ESIA applies is required to be registered in the manner prescribed in the ESIA. In respect of such employees, both the employer and the employee must make certain contributions to the Employee State Insurance Corporation.

15. Contract Labour (Regulation and Abolition) Act, 1970

This legislation applies to every establishment in which twenty or more workmen are employed or were employed in the past twelve months as contract labour and to every contractor employing or having employed in the past twelve months twenty or more workmen. With the aim of regulating the employment of contract labour in certain establishments and to abolish it in certain circumstances the Government has appointed an authority to ensure adherence to the provisions of this Act

16. Inter-State Migrant Workmen (Regulation of Employment And Conditions of Service) Act, 1979

This Act has been enacted with an aim to regulate the employment of inter-state migrant workmen and to provide for their conditions of service. It is applicable to every establishment employing five or more inter-state migrant workmen or having employed in the past twelve months and to every contractor who employs or who employed five or more inter-state migrant workmen in the past twelve months.

Every Principal Employer of the establishment employing inter-state migrant workmen has to make an application for the registration of the establishment in the prescribed manner and time. Also a contractor employing inter-state migrant workmen has to obtain a license for the same from the licensing officer appointed for the purpose by the Central or the state Government. The license is valid only for a specified period and requires to be renewed at its expiry.

17. Shops & Establishments Act

This is a State specific legislation and each State has framed its own rules for the Act. The State Government can exempt, either permanently or for a specified period, any establishments from all or any provisions of this Act. Under the provisions of local shops and establishments legislations applicable in the states in which establishments are set up, establishments are required to be registered. This legislation is applicable to all persons employed in an establishment with or without wages, except the members of the employer's family and regulate the working & employment conditions of the workers employed in shops & establishments, including, commercial establishments. The Shop & Establishment Act provides for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees

ENVIRONMENT SPECIFIC LEGISLATIONS



Manufacturing units must ensure compliance with environmental legislation, such as the Water (Prevention and Control of Pollution) Act 1974, the Air (Prevention and Control of Pollution) Act, 1981, and the Environment Protection Act, 1986 ("EPA"). The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards ("PCBs"), which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that industries are functioning in compliance with the standards prescribed.

18. Environment (Protection) Act, 1986 & Environment Protection Rules

The Central Government has been vested with powers to lay down standards for the quality of environment in its various aspects, standards for emission or discharge of environmental pollutants from various sources and to restrict areas in which operations or processes cannot be carried out or shall be carried out subject to certain safeguards. In case of offences by companies, the person who was in charge at the time of the commission of the offence shall be deemed to be guilty.

19. Water (Prevention and Control of Pollution) Act, 1981

The Water (Prevention and Control of Pollution) Act, 1981 (Water Act) prohibits the use of any stream or well for disposal of polluting matter, in violation of standards set down by the State Pollution Control Board (SPCB). The Water Act also provides that the consent of the SPCB must be obtained prior to opening of any new outlets or discharges, which is likely to discharge sewage or effluent.

In addition, the Water (Prevention and Control of Pollution) Cess Act, 1977 requires a person carrying on any industry to pay a cess in this regard. The person in charge is to affix meters of prescribed standards to measure and record the quantity of water consumed. Furthermore, a monthly return showing the amount of water consumed in the previous month must also be submitted.

20. Air (Prevention and Control of Pollution) Act, 1981

Air (Prevention and Control of Pollution) Act, 1981 (Air Act) under which any individual, industry or institution responsible for emitting smoke or gases by way of use as fuel or chemical reactions must apply in a prescribed form and obtain consent from the state pollution control board prior to commencing any mining activity. The SPCB is required to grant consent within four months of receipt of the application. The consent may contain conditions relating to specifications of pollution control equipment to be installed.

TAX RELATED LEGISLATIONS

21. Value Added Tax, 2005

Value Added Tax (VAT) is charged by laws enacted by each State on sale of goods affected in the relevant States. VAT is a multi-point levy on each of the entities in the supply chain with the facility of set-off of input tax that is the tax paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. VAT is not chargeable on the value of services which do not involve a transfer of goods. Periodical returns are required to be filed with the VAT Department of the respective States by the Company.

22. Income Tax Act, 1961

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

23. Central Sales Tax Act, 1956

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

24. Service Tax

Service tax is charged on taxable services as defined in Chapter V of Finance Act, 1994, which requires a service provider of taxable services to collect service tax from a service recipient and pay such tax to the Government. In accordance with Rule 6 of Service tax Rules the assesses is required to pay Service tax in TR 6 challan by fifth of the month immediately following the month to which it relates. Further under Rule 7 (1) of Service Tax Rules, the company is required to file a half yearly return in Form ST 3 by twenty fifth of the month immediately following the half year to which the return relates.

REGULATION FOR IMPORTS & EXPORTS

Quantitative restrictions on imports into India were removed with effect from April 1, 2001, as per India's World Trade Organization ("WTO") obligations, and imports of capital goods and automotive components were placed under the open general licence category

25. Customs Act, 1962

The provisions of the Customs Act, 1962 and rules made there under are applicable at the time of import of goods i.e. bringing into India from a place outside India or at the time of export of goods i.e. taken out of India to a place outside India. Any Company requiring to import or export any goods is first required to get itself registered and obtain an IEC (Importer Exporter Code).

26. Central Excise Act, 1944

In accordance with the Central Excise Act & Central Excise Rules, every person who produces or manufactures any excisable goods is required to get itself registered with the Jurisdictional Deputy or Assistant Commissioner of Central Excise .Hence this Act is applicable on our Company. Further the provisions of the Central Excise Rules provide that the manufacturer of final products (other than SSI's) shall submit the duty on goods removed from the factory or warehouse during the month by the fifth day of following month. Also a Monthly Return in Form ER1 is required to be submitted to the Superintendent of Central Excise within 10 days after the close of the month.

27. Importer Exporter Code

Under the Indian Foreign Trade Policy, 2004, no export or import can be made by a person or company without an Importer Exporter Code number unless such person/company is specifically exempted. An application for an Importer Exporter Code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An Importer Exporter Code number allotted to an applicant is valid for all its branches/ divisions/ units/factories.

28. Exim Policy

The Policy relating to Export Promotion Capital Goods (EPCG) is given in Chapter 5 of the Exim Policy 2002-2007, issued by the Directorate General of Foreign Trade, Ministry of Commerce, Government of India. Under the EPCG scheme import of capital goods which are required for the manufacture of resultant export product specified in the EPCG Licence is permitted at concessional rate of Customs Duty. For this purpose EPCG licenses are issued on the basis of approval granted by EPCG committee.

INTELLECTUAL PROPERTY RIGHTS

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for the protection of patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trade Marks Act, 1999. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

CONTRACTUAL RIGHTS



The bulk of the transactions in trade, commerce and industry are based on contracts. In India, the Indian Contract Act, 1872 is the governing legislation for contracts, which lays down the general principles relating to formation, performance and enforceability of contracts.

Indian Contract Act, 1872

Indian Contract Act codifies the way we enter into a contract, execute a contract, implement provisions of a contract and effects of breach of a contract. The Act consists of limiting factors subject to which contract may be entered into, executed and breach enforced. It only provides a framework of rules and regulations which govern formation and performance of contract. The rights and duties of parties and terms of agreement are decided by the contracting parties themselves. The court of law acts to enforce agreement, in case of non-performance.



HISTORY AND CORPORATE STRUCTURE OF THE COMPANY

HISTORY AND MAJOR EVENTS

Our History

Our Company was incorporated in the year 1990 under the name “Midfield Steels Pvt. Ltd” with the object of tapping an emerging niche segment of industrial packaging in India. We started our manufacturing activities in the year 1993 by setting up facilities at IDA Jeedimetla, Hyderabad to manufacture low tensile steel strapping with an installed capacity of 3600 MTA (Metric Tonnes per Annum). Mr.Appasani Radhakrishna and Mr.Kancherla Bala Bhanu promoted our Company. Mr. A. Radhakrishna was appointed as its Managing Director. Mr. Madhu Mohan Reddy, the present Chairman and Managing Director, joined the Company in the year 1994 as General Manager charged with the responsibility of directing the marketing efforts of our Company to tap new clientele from varied industrial sector(s). Mr. Madhu Mohan Reddy brought with him an experience of 13 years in the field of Industrial Packaging. Prior to joining our Company, he was working with ITW Signode India Ltd. as Divisional Manager – Apex (Steel Strapping). With the coordinated efforts of all associated, we were able to tap new customers and secure orders from customers across India. In 1996, Mr. Madhu Mohan Reddy was co-opted on the Board of the company as Director. In the year 1997, owing personal reasons, Mr. A. Radhakrishna decided against continuing with our Company and requested Mr. K.Balabhanu & Mr. Madhu Mohan Reddy to take over the reins of the Company on ‘as is where is basis’. Accordingly, they took over the reins of the Company with Mr.K.Balabhanu appointed as the Managing Director of the company. In July 1998 Mr. K Balabhanu also decided against continuing with the company and part ways. Mr. Madhu Mohan Reddy took over the mantle as a Promoter of our Company, as well as, the reins of the business from Mr. K.Balabhanu and was appointed as its Managing Director and continues to be so till date.

On December 17, 1996, the registered office of the Company was shifted from 12-2-418/3/26, Lovedale, Viswas Nagar, Mehdipatnam, Hyderabad – 500028 to Plot No 6, IDA, Phase IV, Jeedimetla, Hyderabad – 500055.

The name of our Company was changed to ‘Midfield Industries Private Limited’ and a fresh Certificate of Incorporation dated April 3, 2006 was granted. Subsequently, our Company was converted into a Public Limited Company, and a fresh Certificate of Incorporation dated July 7, 2006 was granted.

Key Events and Mile Stones

Year	Events
1990	Company Incorporated as ‘Midfield Steels Pvt. Ltd.’
1993	Commenced commercial production of steel straps with installed capacity of 3600 MTPA from unit at Plot No 6, Phase-IV Extn, IDA Jeedimetla, Hyderabad – 500055, Andhra Pradesh
1998	Mr. M Madhu Mohan Reddy took over the reins of the business from then Managing Director on ‘as is where is’ basis Started production of Seals and L-plates
1997	Company came out with Rights Issue in the ratio of 4:5 for existing shareholders
2000	Installed Heat Treatment Line with capacity of 3600 MTPA for processing low tensile steel strapping in to high tensile steel strapping Increased capacity to manufacture steel strapping to 4800 MTPA at our existing unit in Hyderabad
2001	Started export business with first consignment sent to Sri Lanka
2002	Initiated New Business Line of trading in VCI Papers Diversified business scope by starting ‘Operations Contract’
2005	Expanded capacity of Low Tensile Steel Strapping by 7200 MTPA to 12000 MTPA
2006	Initiated new product line – Angle Boards – Capacity of 25 lakh meters p.a. Name changed from ‘Midfield Steels Private Limited’ to ‘Midfield Industries Private Limited’ Converted into a Public Limited Company and became ‘Midfield Industries Limited’ Introduced new product – Collated Nails – capacity of 60,000 coils p.a. Increased capacity to manufacture collated nails to 120,000 coils p.a.
2007	Company issued Bonus shares in the ratio of 1:2 to all existing shareholders



	Entered into JV with M/s.Centaur Equipos de Flejado, S.L., a Company incorporated in Spain for setting up steel strap manufacturing facility in India
	Expanded capacity for Angle Boards by adding a production line with a capacity of 25 lakh meters p.a. (at Hyderabad)
	Set-up a unit in Roorkee, Uttaranchal for manufacturing Angle Boards with capacity of 25 lakh meters p.a.
	Upgraded the machinery for Collated nails – installed fully-automated plant with capacity of 4.2 lakh coils p.a.
	Added PET Straps and Stretch Films to our kitty of Products offered
2008	Expanded capacity for Angle Boards by adding one more production line capacity 25 lakh meters p.a. (at Hyderabad)
	Added Heat Treatment Line with capacity of 8400 MTPA for processing low tensile steel strapping in to high tensile steel strapping taking capacity at Hyderabad to 12000 MTPA
	Initiate work for setting up a factory at District Thane, Tal. Wada.

MAIN OBJECTS OF OUR COMPANY

Our main objects as contained in our Memorandum of Association are:

1. To establish, own or acquire ferrous and nonferrous metal melting furnaces and rolling mills are to carry on business as traders, manufactures and fabricators of ferrous and nonferrous ingots, blocks, billets, slabs, sheets, hot rolled and cold rolled steel strips, strips with edges rounded or otherwise shaped, coated strips, galvanized or zinc finished or wax coated or painted.
2. To carry on business as traders, manufacturers and fabricators of steel strappings of various ranges of tensile strength for different types of applications, including cold rolled steel, medium carbon, high manganese steel, high carbon steel and stainless steel strappings.
3. To carry on business as traders, manufacturers and fabricators of seals of various types for different types of applications, tensioners and sealers either manually or pneumatically operated to cover various types of applications and sizes, combination tools, pneumatic accessories, cutters, tool suspension systems, strapping dispensers, power strapping machines, special purpose machines for any or all of the above applications.

The object clauses of our Company enable us to undertake the activities for which the funds are being raised in the issue and also the activities, which our Company has been carrying on till date.

Amendments to our Memorandum of Association

Since Incorporation, the following changes have been made to Memorandum of Association of the Company:

Date of Amendment	Amendment
October 31, 1992	Increase of authorized capital from 200,000 Equity Shares of Rs 10/- each to 250,000 Equity Shares of Rs.10/- each
December 23, 1994	Increase of authorized capital from 250,000 Equity Shares of Rs 10/ each to 300,000 Equity Shares of Rs.10/- each
January 10, 1997	Increase of authorized capital from 300,000 Equity Shares of Rs 10/ each to 500,000 Equity Shares of Rs.10/- each
June 6, 1997	Increase of authorized capital from 500,000 Equity Shares of Rs 10/ each to 650,000 Equity Shares of Rs.10/- each
February 18, 1999	Increase of authorized capital from 650,000 Equity Shares of Rs 10/ each to 10,00,000 Equity Shares of Rs.10/- each
September 25, 2000	Increase of authorized capital from 10,00,000 Equity Shares of Rs 10/ each to 12,50,000 Equity Shares of Rs.10/- each
September 27, 2001	Increase of authorized capital from 12,50,000 Equity Shares of Rs 10/ each to 15,00,000 Equity Shares of Rs.10/- each
March 09, 2004	Increase of authorized capital from 15,00,000 Equity Shares of Rs 10/ each to 20,00,000 Equity Shares of Rs.10/- each
March 28, 2005	Increase of authorized capital from 20,00,000 Equity Shares of Rs 10/ each to 35,00,000 Equity Shares of Rs.10/- each
March 24, 2006	Increase of authorized capital from 35,00,000 Equity Shares of Rs 10/ each to 45,00,000 Equity Shares of Rs.10/- each



April 3, 2006	Change in name of the Company from 'Midfield Steels Private Limited' to 'Midfield Industries Private Limited'
July 7, 2006	Conversion of Private Limited Company to Public Limited Company
November 1, 2006	Increase of authorized capital from 45,00,000 Equity Shares of Rs 10/- each to 50,00,000 Equity Shares of Rs.10/- each
March 24, 2007	Increase of authorized capital from 50,00,000 Equity Shares of Rs 10/- each to 95,00,000 Equity Shares of Rs.10/- each
September 30, 2008	Increase of authorized capital from 95,00,000 Equity Shares of Rs.10/- each to 1,75,00,000 Equity Shares of Rs.10/- each

OUR SUBSIDIARIES

We do not have any subsidiary company as on the date of filing this Draft Red Herring Prospectus.

ASSOCIATE COMPANIES

CENTAUR INDIA STEELS AND TOOLS PRIVATE LIMITED

Centaur India Steels and Tools Private Limited was incorporated under the Companies Act 1956 on June 23, 2006 at State of Andhra Pradesh. The registered office the Company is located at Plot No. 6, Phase IV Extension, I.D.A Jeedimetla, Hyderabad – 500 055.

CIN: U27105AP2006PTC050439

Main objects are as under

1. To set up a manufacturing unit and to Manufacture and market in India or abroad all kinds of steel straps in all shapes, sizes, finished with wax coating and or any other process, painted.
2. To manufacture and sell in India or abroad manually, pneumatically and or electrically operated steel strapping tools.
3. To manufacture and sell in India or abroad strapping seals made of steel and of various sizes and with various finishes, painted or otherwise.

Board of Directors:

Mr. Madan Mohan Lal Khullar
 Mr. Ajaya Khullar
 Mr. Juan Andres Huete Ferrera
 Mr. Jose Francisco Madariaga Jalon
 Mr. M. M. L. Khullar
 Mr. Maramreddy Madhu Mohan Reddy
 Mr. Merugu Laxminarayana

Share Capital:

The Companies authorised capital is Rs. 1,10,00,000/- (Rupees One Crore Ten Lacs) divided into 1,10,000 (One Lac Ten Thousand) Equity shares of Rs. 100/- each.

Shareholding Pattern as on June 15, 2009:

Sr. No.	Name of the Shareholders	Nos. of Equity Shares	% Holding
1	Madan Mohan Lal Khullar	250	25
2	Ajaya Khullar	750	75
	Total		100

Financial Information

(Rs. in Mln)

Particular	March 31, 2009	March 31, 2008	March 31, 2007
Total Income/Sales	-	-	-
Profit after Tax / (Loss)	-	-	-
Equity Share Capital	0.10	0.10	0.10



Reserves	-	-	-
Net Worth	10.21	10.12	0.10
EPS	-	-	-
Nos. of Equity Shares Outstanding	1,000	1,000	1,000

The Company has been incorporated on June 23, 2006. Since incorporation, Company has not yet started Commercial production out of its unit and hence does not have any reported sales or profit figures. All expenses till date are pre-operative and pre-incorporation expenses.

There are no pending litigations filed by and/or against the Company and/or the Directors as on the date of this Draft Red Herring Prospectus.

There are no defaults in meeting any statutory / banks / institutional dues. No. proceedings have been initiated for economic offences against the Company and/or its Promoters and/or Directors.

The Company has not declared as a sick Company within the meaning of the Sick Industrial Companies (Special Provision) Act, 1955 and is not under winding up.

We have entered into a Non Compete Agreement with Centaur India Steels and Tools Private Limited (CISTPL). The key extracts of the agreement are as follows:

The objects clauses of Midfield & Centuar India Steels and Tools Private Limited are same and can pursue same line of business. The object clause of both the companies read as under:

To carry on business as traders, manufacturers and fabricators of steel strapping of various ranges of tensile strength for different types of applications, including cold rolled steel, medium carbon, high manganese steel, high carbon steel and stainless steel strappings.

To carry on business as traders, manufacturers and fabricators of seals of various types for different types of applications, tensioners and sealers either manually or pneumatically operated to cover various types of applications and sizes, combination tools, pneumatic accessories, cutters, tool suspension systems, strapping dispensers, power strapping machines, special purpose machines for any or all of the above applications.

With a view to avoid competition amongst ourselves we have entered into a non-compete agreement dated November 30, 2008. The broad terms of the non-compete agreement are given below:-

MIL and CISTPL will not solicit each others existing clients, nor will they service or target potential clients in the cadre in which the other party caters to.

MIL and CISTPL will provide each other with a semi annual MIS disclosing the identity of potential and prospective clients in order to avoid breach of the terms of the Agreement whenever necessary.

A party receiving confidential information of the other party will: (i) not use the confidential information for any purpose other than the performance of its obligations under the Agreement; and (ii) not disclose confidential information to any third party except with the prior written consent of the disclosing party; and (iii) protect the confidential information using the same procedures and practices as the receiving party uses to protect its own confidential information, and (iv) require its employees, agents and subcontractors who may gain access to the Confidential Information during the performance of their duties under the Agreement to comply with the provisions hereof and (v) require its professional advisers (who may gain access to the confidential information as reasonably necessary to fulfill their fiduciary responsibilities to the receiving party) to comply with the provisions hereof. The aforementioned notwithstanding, no disclosure may be made to competitors of the disclosing party.

This Agreement shall not be terminated under any circumstances whatsoever, unless by mutual consent of both the parties.

SHAREHOLDERS AGREEMENTS

Our Company has not entered into any shareholders agreement as on the date of filing this Draft Red Herring Prospectus.

OTHER AGREEMENTS

Except as stated elsewhere in this Draft Red Herring Prospectus and except various agreements/contracts, which have been entered in regular course of business with our suppliers, customers and lenders, there are no other material agreements or contracts, which have been entered into within a period of two years prior to the date of the Draft Red Herring Prospectus.

STRATEGIC PARTNERS

As on the date of filing of the DRHP, we have not entered into any strategic partnership or tie up with any company

FINANCIAL PARTNERS

Our Company has not entered into any financial partnerships with any entity as on the date of filing of this Draft Red Herring Prospectus.

JOINT VENTURE

We entered in to a Joint Venture agreement with M/S. Centaur Equipos de Flejado, S. L., Company incorporated under the Laws of Spain. Pursuant to the said Joint Venture we have setup a Company called M/S. Centaur India Steels & Tools Pvt. Ltd., (herein after referred to as the 'JV Company' or 'CISTPL') having its registered office at Plot No. 6, Phase IV Extension, I.D.A Jeedimetla, Hyderabad – 500 055 with the objects of setting up steel strap manufacturing facility in India and to sell steel strapping tools in India as made by Centaur in Spain. Midfield Industries Limited has invested Rs.50,00,000/- (Rupees five million) in the Joint Venture. As on the date of filing of this DRHP, we have not been allotted any equity shares in the Joint Venture Company.

Salient features of the Joint Venture Agreement are as follows:

- The company will initially undertake manufacture of the steel strappings of Supreme grade in India in all thicknesses, widths, and made with steel or any other type of materials or hybrid materials, finished with wax or any other process, and painted or otherwise, and subsequently, as per mutual consent manufacture in India the heat-treated Mega Supreme grade of the steel strapping;
- The authorized equity share capital of the JV company shall be Rs. Twenty Millions (Rs.20,00,00,000). Initially, the paid up share capital shall be 100,000 (One Hundred Thousand) equity shares of Rs.10/- each amounting to Rs.10 million (Rs. Ten Million Only);
- The total shareholding of Centaur in CISTPL, will not be more than fifty-one percent of the paid up capital of the Company, and that Centaur shall have a right to offer not more than five percent of the paid up capital to any person or business entity of Indian origin;
- The first Directors of the CISTPL will comprise of three directors to be nominated by Centaur and two to be nominated by Midfield;
- The Quorum for all the meetings of the Board shall be two (2) provided that at least one Director representing Centaur and one Director representing Midfield is present in person or by his alternate;
- The decisions shall be taken by majority of the Board, provided such majority shall always include affirmative vote of at least one Director nominated and appointed by the majority shareholder;
- Hiring, selection, appointment and compensation of the CEO, General Manager, and Chief Financial Officer or of any technical, financial, legal marketing or other professional consultants shall be done in the manner laid down in the Agreement;
- Shareholder(s) shall transfer shares held by them as per the procedure laid down in the agreement. The first right of refusal shall be with the either party;
- Shareholders will be entitled to quarterly consolidated unaudited financial statements including Balance sheet, Profit and Loss statement and a statement of cash flow accompanied with certificate by the Financial Officer of the Company that such financial statements have been prepared in accordance with GAAP consistently applied. Financial Statements will also be prepared and presented to Centaur in Spain as per the Spanish GAAP;
- One of the Centaur nominated directors on the Board shall always be the Chairman who shall preside over the meetings of the Board;



-
- During the subsistence of this Agreement, neither Centaur nor Midfield will enter into a joint venture or a collaboration with any other person for the manufacture of the Products as defined in the Agreement;
 - A basic formula on pricing shall be worked based on which the company will sell its Products to either Centaur and or Midfield;
 - Both the parties shall have no restrictions, for entering into any business and or technical collaboration or a joint venture, with or without financial participation, with any other person in respect of any other products except the Products defined in the Agreement;
 - All projects and/or commercial or marketing activities for the products outside the Territory as defined in the Agreement shall be automatically referred by the company to Centaur for necessary action and for exploring commercial opportunities;
 - If the parties are unable to settle the disputes, if any amicably , then such disputes finally and conclusively shall be settled by the Arbitration in accordance with the Rules of Conciliation and Arbitration of International Chambers of Commerce in the Arbitration.

OUR MANAGEMENT

BOARD OF DIRECTORS

Under our Articles of Association we cannot have fewer than 3 directors and more than 12 directors. We currently have 6 directors on our Board, out of which only 2 (two) are Executive Directors, 1 (one) Non Executive Non Independent Director and 3 (three) are Independent Directors. The Company has a Chairman who is an Executive Director.

The following table sets forth details regarding our Board as on the date of filing of the Draft Red Herring Prospectus with SEBI.

Name, Designation, Father's Name, Address, DIN No and Occupation	Age (in years)	Date of appointment and Term	Other Directorships
Mr. Maramreddy Madhu Mohan Reddy Chairman and Managing Director S/o. Mr. Rami Reddy Maramreddy Add.: Flat No. 5, Plot No. 99/A, Mohan Villa, Road No. 12, M.L.A. Colony, Banjara Hills, Hyderabad – 500034 DIN No.: 00644456 Occ.: Business Term: Reappointed as Chairman and Managing Director for a period of 5 years from July 1, 2008 till June 30, 2013)	51	September 23, 1996 (Re- Designated as MD w.e.f. July 1, 1998)	▪ Centaur India Steel & Tools Pvt. Ltd.
Mr. Ashok Sagar Mudumba Whole Time Director S/o. Mr. Narsimha Chary Mudumba Add.: 38/B, RTC Officers Colony, Nagarjuna Sagar Road, Champapet, Hyderabad – 500070 DIN No.: 00644487 Occ.: Service Term: Reappointed as WTD for a period of 5 years from July 1, 2008 till June 30, 2013)	51	July 21, 1998 (Re Designated as WTD w.e.f. October 01, 2006)	NA
Mr. Ashok Kumar Kolla Director S/o. Mr. Ramanadham Kolla Add.: House No: G-1, Plot No. 84/A, Road No. 11, Film Nagar, Hyderabad – 500033 DIN No.: 00529436 Occ.: Business Term: Retire by rotation	50	July 25, 2007	▪ Srimaan Industries Pvt Ltd ▪ Vishwas Construction Industries Pvt Ltd
Mr. Raja Raju Kothapalli Independent Director S/o. Mr. Bangar Raju Kothapalli Add.: MIG – II, A-287, Vinayak Nagar, Pedagantyada, Gajuwaka, Visakhapatnam – 530044 DIN No.: 01228222 Occ.: Business Term: Retire by rotation	37	February 15, 2007	▪ Vijaya Raja Heights Pvt Ltd ▪ R R Real Estate Realtors – Managing Partner ▪ R R & Associates – Managing Partner
Mr. Kamlesh Kumar Bhargava	64	June 2, 2008	▪ N K Bhargava & Co,



Independent Director S/o. Mr. Ravi Shankar Bhargava Add.: 235, Adarsh Nagar, (Old: 5-9-22/86), Hill Fort Road, Hyderabad - 500063 DIN No.: 02360823 Occ.: Professional Term: Retire by rotation			Partner
Mr. Vegulla Gopala Krishna Rao Independent Director S/o. Mr. Vegulla Satyam Add.: H. No. 102, Prasanth Towers, Srinivasa Nagar Colony (West), Opposite to Community Hall, Hyderabad – 500038. DIN No.:00549814 Occ.: Business Term: Retire by rotation	63	June 2, 2008	<ul style="list-style-type: none"> ▪ S V Components Pvt Ltd ▪ Swan Vaccum Systems Ltd

Brief Profile of our Directors

Mr. M. Madhu Mohan Reddy, 51, years, is a Bachelor of Commerce from Sri Venkateswara University, Tirupati and Master in Business Administration from Andhra University. Before joining Midfield Industries Limited in the year 1994, Mr. M Madhu Mohan Reddy worked with ITW Signode India Limited for a period of 12 years. He joined ITW as a management trainee and during his tenure of over 13 years has grown with the Company and held positions like area sales executive, area sales manager, field sales manager, sales manager, marketing manager, senior marketing manager, divisional manager and handled locations like Hyderabad, Chennai and Mumbai. Prior to joining Midfield, Mr.Reddy was working as Divisional Manager (Steel Strappings) with ITW. Initially he was responsible for directing the marketing efforts of the Company and tapping new clientele and targets new markets. In mid 1998, he took over the mantle of the Company. Since then Mr. Reddy along with his team has paved a growth path for the Company. He is overall in-charge of the affairs of the Company and guides development of strategies for future growth.

Mr. Ashok Sagar Mudumba, 51 years, is a Bachelor of Commerce from Osmania University and Diploma in Management (Marketing) from Indira Gandhi National Open University, New Delhi. Mr. Ashok Sagar, joined the Company in the year 1994 as Divisional Manager and is currently Whole Time Director in-charge of the Marketing. He brings with him an experience of 15 years and has worked with corporates like of Nagarjuna Steels Limited (Sr. Assistant – Project Department), Foundation to Aid Industrial Recovery (Field Investigator), ITW Signode India Limited (in various capacities like sales coordinator, Sales Officer, Area Sales Manager – Marketing South and Central India, Regional Manager – Mumbai) before joining Midfield Industries Limited. He directs the business development.

Mr. Ashok Kumar Kolla, 49 years, is an Undergraduate. In 1979 he took to the film industry as an Exhibitor. Mr. Kolla has an extensive experience of over twenty five years in the Film Industry in different capacities as Exhibitor, Distributor, Producer and an Artiste. He was conferred with 'Doctorate of Honour in Business Management' by The Open University of Complementary Medicines, Colombo, Sri Lanka in November 2008.

Mr. Raja Raju Kothapalli, 37 years, is a Bachelor of Laws from Andhra University, Masters in Business Administration specialization Marketing and Human Resource from Sikkim Manipal University. He has a total of 11 years of work experience out of which, for seven years he worked as an Advocate representing his Clients in civil, criminal and administrative matters before the appropriate Judicial Authorities. He also worked in marketing and legal division of M.N.C. Frontier Trading Company. Presently, he has business interests in Real Estate, Construction and Agro Industries.

Mr. Kamlesh Kumar Bhargava, 64 years, is a Bachelor of Science from Osmania University and Chartered Accountant. He is a Fellow Member of the Institute of Chartered Accountants of India, New Delhi, since October, 1979. He is a partner of a practicing CA firm. Over the years, he has gained considerable experience in audit of public sector, private sector limited concerns, corporations, educational institutions, charitable organisations and commercial banks; besides advising his clients on matters relating to accounting, taxation and corporate affair. He is a Member of Rotary Club of Hyderabad Central since 1989 and served as President of the Club during 1995-96.

Mr. Vegulla Gopala Krishna Rao, 62 years, is a Bachelor of Engineering (Mechanical) from Government College of Engineering, Kakinada, Andhra University and Master of Technology in Industrial Engineering from Indian Institute of Technology, Chennai. He has 36 years of experience and has worked with the following companies in various capacities – Binny Limited, Chennai; Carborundum Universal Limited, Chennai; Metal Box India Limited, Chennai; Everest Building Products Limited, Mumbai and Coimbatore; Hyderabad Engineering Industries, Hyderabad; ITW Signode India Limited, Hyderabad; Surana Strips, Hyderabad; Golconda Engineering, Hyderabad; HBL Nife Power Systems; etc.

Relationship between our Directors

None of our directors are related to each other:

Borrowing Powers of the Board

The borrowing powers of our Directors are regulated by the Articles of Association of our Company. For further details, kindly refer the section titled 'Main Provisions of Articles of Association' beginning on page 227.

The Board of Directors have been authorized by a resolution passed at the Annual General Meeting of the Company held on September 30, 2008 to borrow any sums of money from time to time notwithstanding that the money or moneys to be borrowed, together with the moneys already borrowed by the Company's bankers in the ordinary course of business may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes, provided however, the total amount so borrowed shall not exceed Rs. 5000 million.

COMPENSATION OF MANAGING DIRECTOR / WHOLE TIME DIRECTOR(S)

(A) Mr. M. Madhu Mohan Reddy, Chairman and Managing Director

Mr. M. Madhu Mohan Reddy was re-designated as Chairman and Managing Director of our Company at our Annual General Meeting held on September 30, 2008 for a period of five years beginning from July 1, 2008 to June 30, 2013. Details of remuneration paid to him is as follows:

Salary: Rs.10,80,000/- per annum

(B) Mr. M. Ashok Sagar, Whole Time Director

Mr. M. Ashok Sagar, was re-designated as Whole time Director of our Company at our Annual General Meeting held on September 30, 2008 for a period of five years beginning from July 1, 2008 to June 30, 2013. Details of remuneration paid to him is as follows:

Salary: Rs. 3,00,000/- per annum

The Whole Time Director and Chairman and Managing Director shall not be entitled to any sitting fees for attending meeting of the Board of Directors.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENT

The provisions of the Listing Agreement to be entered into with the Stock Exchange with respect to corporate governance and the SEBI Guidelines in respect of corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchange. Our Company undertakes to comply with the Corporate Governance norms as laid down in



Clause 49 of the Listing Agreement to be entered into with the Stock Exchange prior to the listing of our Equity Shares. Our Company has complied with the requirements of Corporate Governance contained in the Equity Listing Agreement, particularly those relating to composition of Board of Directors, constitution of committees such as Audit Committee, Shareholder / Investor Grievance Committee, etc.

Composition of Board of Directors

Presently, the Board of Directors of our Company consists of 6 directors out of which one is Chairman and Managing Director, one is Whole Time Directors, one is non independent – non executive Director and 3 are Independent Director. Mr. M. Madhu Mohan Reddy is the Chairman and Managing Director of the Company. Out of 6 directors, 3 are Independent directors as per the requirement of clause 49 of the Listing Agreement for Corporate Governance. The list of directors is given below:

Sr. No.	Director	Designation
1	M. Madhu Mohan Reddy	Chairman and Managing Director
2	M. Ashok Sagar	Whole Time Director
3	K. Ashok Kumar	Director
4	K. Raja Raju	Independent Director
5	Kamlesh Kumar Bhargava	Independent Director
6	V G Krishna Rao	Independent Director

Various Committees of Directors :

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

1. Audit Committee
2. Remuneration Committee
3. Shareholders & Investor Grievance Committee.

1. Audit Committee:

The Board of Directors have constituted Audit Committee vide resolution passed at its meeting held on June 2, 2008 complying with Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement, under the Chairmanship of Mr. Kamlesh Kumar Bhargava who comes with finance and accounting background. The present Audit Committee has the following members: -

Name of the Director	Role	Designation
Kamlesh Kumar Bhargava	Chairman	Independent Director
K Raja Raju	Member	Independent Director
M. Ashok Sagar	Member	Executive Director

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

- i. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ii. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- iii. Approval of payment to statutory auditors for any other services rendered by them.
- iv. Appointment, removal and terms of remuneration of internal auditors
- v. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act 1956;
 - b) Changes, if any, in accounting policies and practices and reasons for the same;
 - c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - d) Significant adjustments made in the financial statements arising out of audit findings;
 - e) Compliance with listing and other legal requirements relating to the financial statements;
 - f) Disclosure of any related party transactions;
 - g) Qualifications in the draft audit report.

- vi. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
- vii. Monitoring the use of the proceeds of the proposed initial public offering of the Company.
- viii. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- ix. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- x. Discussions with internal auditors on any significant findings and follow up thereon.
- xi. Reviewing internal audit reports and adequacy of the internal control systems.
- xii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- xiii. Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors
- xiv. Discussion with internal auditors any significant findings and follow up there on.
- xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- xvii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- xviii. To review the functioning of the whistle blower mechanism, when the same is adopted by the Company and is existing.
- xix. Carrying out any other function as may be statutorily required to be carried out by the Audit Committee.

The Audit Committee is entrusted with the following powers: -

- a. To invite such of the executives, as it considers appropriate (and particularly the head of finance function) to be present at the meetings of the Committee,
- b. To investigate any activity within its terms of reference,
- c. To seek information from any employee
- d. To obtain outside legal or other professional advice, and
- e. To secure attendance of outsiders with relevant expertise if considered necessary.

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Committee, reasons for disagreement shall have to be minuted in the Board Meeting and the same has to be communicated to the shareholders. The Chairman of the committee has to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit.

2. Shareholders & Investor Grievance Committee:

For redressing the shareholder/ investor complaints, the Board of Directors have formed Shareholders & Investors Grievance Committee vide resolution dated June 2, 2008 as per the requirements of the Clause 49 of the Listing Agreement for Corporate Governance. The committee consists of the following Directors:-

Name of the Director	Role	Designation
K Raja Raju	Chairman	Independent Director
M Madhu Mohan Reddy	Member	Managing Director
M. Ashok Sagar	Member	Executive Director

This committee has been constituted to specifically look into redressing all grievances of shareholders/investors in compliance with the provisions of clause 49 of the listing agreements with the Stock Exchange and its terms of reference includes to look into the work related to:

- i. Transfer of shares; Transmission of shares and debentures;



- ii. Redressal of shareholder and investor complaints like non transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc;
- iii. Issue of duplicate / split / consolidated share certificates;
- iv. Review of cases for refusal of transfer / transmission of shares and debentures;
- v. Reference to statutory and regulatory authorities regarding investor grievances;
- vi. And to do all such acts, deeds and things to ensure proper and timely attendance and redressal of investor queries and grievances;

3. Remuneration Committee:

The Board of Directors constituted a Remuneration Committee vide resolution passed at its meeting held on June 2, 2008. The Committee consists of the following Non- Executive Directors.

Name of the Director	Role	Designation
V G Krishna Rao	Chairman	Independent Director
K Raja Raju	Member	Independent Director
Kamlesh Kumar Bhargava	Member	Independent Director

The Remuneration Committee shall carry out its functions as contained in Schedule XIII of the Companies Act, 1956 and shall enjoy necessary powers and authority commensurate with its functions.

This committee shall look into the following:

- i. to review, assess and recommend the appointment of Executive and Non Executive Directors from time to time;
- ii. to periodically review the remuneration package of the Executive Directors and recommend suitable revision to the Board;
- iii. to recommend compensation to the Non Executive Directors in accordance with the Companies Act, 1956;
- iv. to consider and recommend Employee Stock Option Scheme, if any, from time to time and to administer and superintend the same.

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

SHAREHOLDING OF DIRECTORS

Save and except as mentioned below, our Directors do not hold any shares of the Company as on date of filing of this Draft Red Herring Prospectus.

Sr. No.	Name of the Shareholder	No. of Equity Shares	Pre Issue Percentage Shareholding (%)	Post Issue Percentage Shareholding (%)
1.	M. Madhu Mohan Reddy	4,063,116	48.83	27.23
2.	K. Ashok Kumar	1,023,000	12.29	6.86
3.	M. Ashok Sagar	71,209	0.86	0.48

INTEREST OF THE DIRECTORS

All our Directors, including Independent Directors, may be deemed to be interested to the extent of remuneration and/or sitting fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of commission and other remuneration and reimbursement of traveling and other expenses payable to them. The Chairman and Managing Director and Whole Time Director are interested to the extent of remuneration payable to them for the services being rendered by them as an officer or employee of our Company.

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

Our Directors may also be regarded interested to the extent of dividend payable to them and other distributions in respect of the Equity Shares, if any, held by them or by the companies / firms /

ventures promoted by them or that may be subscribed by or allotted to them and the companies, firms, in which they are interested as Directors, members, partners and Promoters, pursuant to this Issue.

Our Directors do not have any interest in any property acquired by our Company in a period of two years before filing this Draft Red Herring Prospectus with SEBI or proposed to be acquired by us as on date of filing this Draft Red Herring Prospectus with SEBI.

Except as disclosed elsewhere in this Draft Red Herring Prospectus and in particular "Related Party Transactions" beginning on page [●] no amount of benefit has been paid or given within the two preceding years or intended to be paid or given to any of our Directors except the normal remuneration for services rendered.

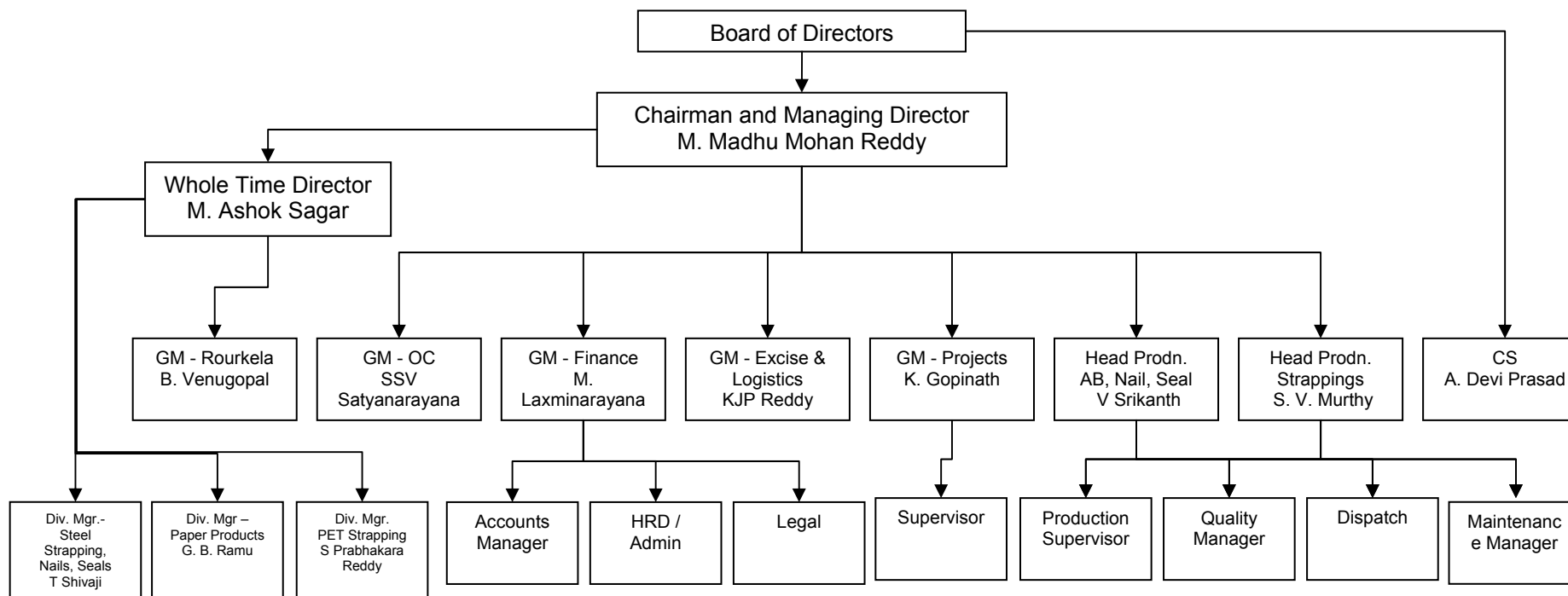
CHANGE IN THE DIRECTORS IN THE LAST THREE YEARS AND REASONS THEREOF

The change in our Board of Directors during the last three years are as follows:

Sr. No.	Name of Director	Date of Appointment	Date of Cessation	Reason
1.	Raja Raju Kothapalli	February 15, 2007		Broad basing the Board
2.	Ashok Kumar Kolla	July 25, 2007		Broad basing the Board
3.	Sai Babu Rao Mahendrakar	August 25, 2005	January 8, 2008	Resigned
4.	Radhe Shyam Garg	December 1, 2005	August 14, 2006	Resigned
5.	Kamlesh Kumar Bhargava	June 2, 2008		Broad basing the Board
6.	V G Krishna Rao	June 2, 2008		Broad basing the Board



ORGANISATION CHART



KEY MANAGEMENT PERSONNEL

The Company is managed by Board of Directors, assisted by qualified and experienced professionals in the field of production, finance, marketing. The following key personnel other than the Chairman and Managing Director and Whole Time Director assist the Management. The Key Managerial personnel of our Company other than the Directors are as under:

Name	Age (yrs)	Designation	Qualification	Experience (Year)	Date of Joining	Details of previous Employment
M. Laxminarayana	44	General Manager – Finance	B. Com.	21	Jun 1998	Konaseema Agri-Tech Ltd
Bhaskar Venugopal	49	General Manager – Rourkela	B.Sc. (Maths) PGDBM	24	Apr 1997	ITW Signode India Ltd
S.S.V. Satyanaryana	54	General Manager - Operations Contract	Technical L.M.E & Management Programme at IIM – AMD.	29	Oct 2005	Bhushan Steel and Strips Ltd
Jaya Pradeep Reddy Kandadi	47	General Manager - Excise & Logistics	B. Pharmacy, MBA	22	Apr 1999	SB Enterprises
Gopinath Kannan	52	General Manager – Projects	B.E. (Electronics & Communications)	22	Jun 2007	Bhushan Steel and Strips Ltd
Uriti Srikanth	34	Head Production - Angle Board, Nail, Seals	Diploma in Tool and Die Making	14	Jun 1999	Sangam Health Care Products Ltd
S. Vishnu Murthy	38	Head Production – Strappings	B. Sc	16	Apr 1991	NA
A. Devi Prasad	30	Company Secretary	B Com, MMM, ICWA, CA, CS	4	Apr 2009	Dr. D. N. Rao's Sakthi Ayur Concepts Ltd
T. V. Shivaji	35	Divisional Manager – Steel Strapping, Nails, Seals	B Com	14	Jul 2005	Usher Technologies Ltd
G. B. Ramulu	32	Divisional Manager – Paper Products	B Com, MBA	10	Jan 2006	Eltete India TPC Pvt Ltd
S Prabhakara Reddy	37	Divisional Manager – PET Strapping	DME, PGDBA	17	Jun 2007	ITW Signode India Ltd

Brief write up on the Key Management Personnel (KMP)

M. Laxminarayana, aged 44 years, Chief Financial Officer. He is a Bachelor of Commerce from Osmania University. He has 21 years of experience in packaging industry in finance related activities. He has worked with ITW Signode India Limited, Auriferous Finance & Investment Limited, Kanya Corporate Services Private Limited, Konseema Agri-Tech Limited before joining Midfield Industries Limited in June 1998. He is responsible and overall in-charge of accounts and finance functions



besides over seeing the administration and legal functions of the Company. He is the Compliance Officer for the proposed Public Issue. He draws an annual remuneration of Rs.250,560.

Bhaskar Venugopal, aged 49 years, General Manager – Rourkela. He is a Bachelor of Science (Maths) from Sambalpur University with a Post Graduate Diploma in Business Management from Indian Institute of Management Studies, New Delhi. He has over 24 years of work experience and has worked with ITW Signode India Ltd (Branch Manager), Cosmic Fontech Ltd (Territory Manager – marketing division of M/s. Advani Oerlikon Ltd), Suhail & Saud Bahwan (Toyota Division, Muscat). He joined Midfield April 1997 and since then has spearheaded Company's sales and marketing initiatives in Eastern India. He received citation for Meritorious performance from Cosmics Fontech Limited. He draws an annual remuneration of Rs.279,840.

S. S. V. Sathyanarayana, aged 54 years, General Manager – Operations Contract. He has a Diploma in Mechanical Engineering. He has undergone Middle Management Development Programme from Indian Institute of Management, Ahmedabad. He has 29 years of work experience and has worked with companies like Bakelite Hylam Limited, Novapan India Limited, ITW Signode India Limited, Bhushan Steel & Strips Limited in different functions like Production Planning and Control, Industrial Marketing, etc. He joined Midfield Industries Limited in October 2005 and heads the 'operations contract' activities of the Company. He draws an annual remuneration of Rs.180,240.

K. Jaya Pradeep Reddy, aged 47 years, General Manager – Excise & Logistics. He is a Bachelor of Pharmacy from Kakatiya University and Masters in Business Administration specialization in Marketing from Satavahana Institute of Post Graduate Studies, Karimnagar, Osmania University. He has 22 years of experience and has worked in various capacities in marketing and sales division. He has worked with companies like ITW Singnode India Limited, SB enterprises before joining Midfield Industries Limited in April 1999. He currently is working as General Manager – Excise and Logistics. He draws an annual remuneration of Rs.181,920.

K. Gopinath, aged 52 years, General Manager – Projects. He is a Bachelor of Engineering specializing in Electronics & Communications from Osmania University. He has 22 years of work experience. He has worked with Bhushan Steel & Strips Limited, ITW Signode India Limited in various capacities before joining Midfield Industries Limited in June 2007. He is currently working in the capacity of General Manager – Projects, overseeing new business initiatives undertaken by the Company. He draws an annual remuneration of Rs.190,080.

Uriti Srikanth, aged 34 years, Head – Production – angel boards, nails, seals. He is a Diploma in Tool and Die Making from Nettur Technical Training Foundation, Nellur. He has a work experience of 15 years. He has worked with Kaalmanna, Sangam Health Care Products Limited. He joined Midfield Industries Limited in June 1999. He is currently heading the Production of the Angle Board, Nails and Seals. He draws an annual remuneration of Rs.198,336.

S Vishnu Murthy, aged 38 years, Head – Production – strappings. He is a Bachelor of Science from Andhra University. He has a work experience of 17 years. He joined Midfield Industries Limited in April 1991 and is currently working as Head Production for Steel Strapping. He draws an annual remuneration of Rs.185,760.

A. Devi Prasad, aged 30 years, Company Secretary. He is a Bachelor of Commerce from Indira Gandhi National Open University; Masters in Marketing Management from Directorate of Distance Education, Pondicherry; Cost Accountant from The Institute of Cost and Works Accountants of India; Chartered Accountant from The Institute of Chartered Accountants in India and Company Secretary from the Institute of Company Secretaries of India. He has a work experience of 4 years as Assistant General Manager – Finance, Accounts and Corporate Law with Dr. D. N. Rao's Sakthi Ayur Concepts Limited. He has worked as an Audit Executive with A Chandra Sekhar & Co for 6 years. He joined Midfield Industries Limited in April 2009 as Company Secretary. His currently draws an annual remuneration of Rs.216,960.

T. V. Shivaji, aged 36 years, is a Bachelor of Commerce from Osmania University. He 14 years of work experience; he started his career with Midfield Industries Limited as Sales Manager in January



1995, then became Assistant Sales Manager in November 1998 and then joined Usher Technologies Limited in November 2004 as Sales Manager. He joined Midfield Industries Limited in July 2005 as Divisional Manager for Steel Strapping, Seals and Nails. He draws and annual remuneration of Rs.179,472.

G. B. Ramulu, aged 34 years, is a Bachelor of Commerce from Osmania University and Masters in Business Administration from Madras University. He has a work experience of 10 years. He started his career with Lead Edge papers Pvt Ltd in August 1999 as Sales Executive; he joined Eltele India TPC Pvt Ltd in January 2002 as Area Manager for Sales and Marketing. He joined Midfield in January 2006, went on to become Product Manager in January 2007 and is current Divisional Manager for Paper products. He draws an annual remuneration of Rs.181,440.

S. Prabhakar Reddy, aged 37 years, is a Diploma in Mechanical Engineering from State Board of Technical Education and Training, Hyderabad. He has undergone training in USA on manufacturing process of Polyester (PET) Strapping and training in Finland on manufacturing process of Polypropylene (PP) Strapping and Installation. He has a total work experience of 17 years. He has worked with the likes of ManiTechno services Pvt Ltd as Trainee, India National Limited (Nippo Batteries) as shift in-charge, Lakshmi Poly Packs Pvt Ltd as production in-charge, ITW India Limited as Senior Executive – Manufacturing for edge boards and Angle boards, then went on to head a team as Manager – plastic products. He was awarded ‘Silver Eagle Award’ for FY 2006 by ITW India Ltd for Best performance in the organization. He has been awarded for his contribution in achieving ISO 9001:2000 at Surangi and contribution in commissioning plastics manufacturing facilities at Surangi by ITW Signode India Ltd in 2003. He joined Midfield Industries Ltd in June 2007 as Divisional Manager – PET Strapping. He currently draws an annual remuneration of Rs.190,080.

None of the Key Managerial Personnel are appointed pursuant to any arrangement or understanding with promoters, directors, major shareholders, customers or suppliers. All the above mentioned Key Managerial Personnel are permanent employees of our Company.

We also avail the services of G. P. Mallikarjundu as a Consultant advising us on Commercial matters. His profile is as follows:

G. P. Mallikarjunudu, aged 53 years, is a Bachelor of Commerce from Andhra University, and had undergone Management Development Programme in Materials Management in NITIE, Mumbai, underwent several in-house Management Development Programmes. He has a work experience of 25 years. He has worked with Hyderabad Management Association (Administrative Officer), ITW Signode India Limited (Chief Manager-Materials), Novopan Industries Limited (Materials Manager), ITW Signode (Project Head), Midfield Industries Limited (VP-Commercial). Since Jun 2007, he is working with Midfield Industries Limited as Consultant. He draws annual Consultancy fees of Rs.126,000.

Shareholding of Key Management Personnel

None of the Key Managerial Employees named above hold any Equity Shares in the Company except as mentioned in the table below as on the date of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Pre Issue Percentage Shareholding (%)	Post Issue Percentage Shareholding (%)
1.	M. Laxminarayana	99,750	1.20	0.78
2.	Uriti Srikanth	30,000	0.36	0.23
3.	S. Vishnu Murthy	14,250	0.17	0.11

Bonus or Profit Sharing Plan for Key Management Personnel

Our Company does not have any bonus or profit-sharing plan for its key managerial personnel. Except as stated otherwise in the Draft Red Herring Prospectus, no amount or benefit has been paid or given within the two preceding years or are intended to be given to any of our key managerial personnel except the normal remuneration for services rendered as directors, officers or employees.

As on date we do not have any Employee Stock Option Scheme or Employee Stock Purchase Scheme.

**Changes in Key Management Personnel in the last three years**

Sr. No.	Name of Key Management Personnel	Date of Appointment	Date of Cessation	Reason
1.	A Devi Prasad	01.04.2009	-	Appointment
2.	A Padmasri	02.05.2008	01.04.2009	Resigned
3.	G P Mallikarajundu	06.09.2005	01.06.2007	Resigned
4.	N Vinod Kumar Goud	01.10.2006	06.08.2007	Resigned

Payment or Benefit to our Officers

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

Other than as disclosed in the section titled 'Financial Statements' on page 125, none of the beneficiaries of loans and advances and sundry debtors are related to the Directors of our Company.

EMPLOYEES

Our Company has 306 full-time employees as on March 31, 2009.

DISCLOSURES REGARDING EMPLOYEE STOCK OPTION SCHEME / EMPLOYEE STOCK PURCHASE SCHEME OF THE ISSUER COMPANY

Our Company has not offered any stock option scheme / employees stock purchase scheme of the Company under the Employee Stock Option Scheme and Employee Stock Purchase Scheme. Apart from salary and usual perquisites, and group benefits under the group gratuity scheme and the employee provident fund scheme no other benefits have been offered to the officers of the Company.

PAYMENT OR BENEFITS TO OFFICERS OF THE COMPANY

Except the remuneration, salary, and other benefits as per the terms of appointment, there are no specific additional payments or benefits offered to the officers of the Company

Interest of Key Managerial Personnel

All our key managerial personnel may be deemed to be interested to the extent of the remuneration and other benefits in accordance with their terms of employment for services rendered as officers or employees to our Company. Further, all Employees may also be deemed to be interested to the extent of Equity Shares subscribed for and allotted to them out of the present Issue, they will be deemed to be interested to the extent of their shareholding and / or dividends paid or payable on the same.


There exists no family relation between the Promoters / Directors and the Key Managerial Personnel.

PROMOTERS


Our Promoters are Mr. Madhu Mohan Reddy and Ms. M Supraja

INDIVIDUAL PROMOTERS

The details of our Promoters who are individuals are as follows:

Mr. Madhu Mohan Reddy		
	Permanent Account Number	ACIPM2340J
	Passport Number	G0940824
	Bank Name & Account Number	Axis Bank Limited 008010101051940
	Pre-Issue Holding in our Company (%)	48.83%

Mr. M. Madhu Mohan Reddy, 51, years, is a Bachelor of Commerce from Sri Venkateswara University, Tirupati and Master in Business Administration from Andhra University. Before joining Midfield Industries Limited in the year 1994, Mr. M Madhu Mohan Reddy worked with ITW Signode India Limited for a period of 12 years. He joined ITW as a management trainee and during his tenure of over 13 years has grown with the Company and held positions like area sales executive, area sales manager, field sales manager, sales manager, marketing manager, senior marketing manager, divisional manager and handled locations like Hyderabad, Chennai and Mumbai. Prior to joining Midfield, Mr.Reddy was working as Divisional Manager (Steel Strappings) with ITW. Initially he was responsible for directing the marketing efforts of the Company and tapping new clientele and targets new markets. In mid 1998, he took over the mantle of the Company. Since then Mr. Reddy along with his team has paved a growth path for the Company. He is overall in-charge of the affairs of the Company and guides development of strategies for future growth.

Ms. M Supraja		
	Permanent Account Number	AHUPM3774C
	Telephone Bill ID No	BSNL - 355000646
	Bank Account Number	Axis Bank Limited 425010100027070
	Pre-Issue Holding in our Company (%)	16.64%

Mrs. M Supraja, 49 years, is wife of Mr. M Madhu Mohan Reddy. She is an undergraduate. She is a housewife. She is not involved in the activities of our Company and has no experience in the Business of the Company. She is not on the Board of our Company

Interest of Promoters in our Company

The promoters may be deemed to be interested to the extent of shares held by them, their friends or relatives and benefit arriving from their holding Directorship in the Company. The promoters are not interested in any property acquired by the Company within two years from the date of DRHP or proposed to be acquired. The promoters are not interested in any loan or advances given by the Company, neither are they beneficiary of any such loans or advances except as disclosed elsewhere in this Draft Red Herring Prospectus and in the section on 'Related Party Transaction' as stated in Annexure XIII under the head 'Financial Statements' beginning on page 125. Save and except as stated above and as stated in the section titled 'Our Management' beginning on page 106, our Promoters have no other interest in our Company.

Confirmation

We confirm that the Permanent Account Number, bank account number, passport number, telephone bill user id no of our Promoter shall be submitted to BSE at the time of filing this Draft Red Herring Prospectus with them. Further, our Promoter has not been declared as wilful defaulter by RBI or any



other government authority and there are no violations of securities laws committed by our Promoter in the past nor any such proceedings are pending against our Promoter. Neither the Promoters, nor its Directors and companies with which the Directors of the Issuer Company are associated as Director, Promoter have been prohibited from accessing the Capital market under any order or directions passed by SEBI.

OUR PROMOTER GROUP

Apart from our Promoter, the following individuals and companies comprise our Promoter Group.

Individuals

In terms of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, the following immediate relatives form part of our Promoter Group being the immediate relatives of our Promoter and his spouse.

Mr. Madhu Mohan Reddy

Relationship	Name
Father	Late Maramreddy Rami Reddy
Mother	Late Maramreddy Indiramma
Brother	Maramreddy Pradeep Kumar Reddy
Sister	-
Spouse	M Supraja
Sons	Rohit Reddy, Rahul Reddy
Daughters	-
Spouses Father	J Ramchandra Reddy
Spouses Mother	Audemma
Spouses Brother	J Janardhan Reddy
Spouses Sister	D Bhawani

Ms. M Supraja

Relationship with	Name
Father	J Ramchandra Reddy
Mother	Audemma
Brother	J Janardhan Reddy
Spouse	M Madhu Mohan Reddy
Sons	Rohit Reddy, Rahul Reddy
Daughters	-
Spouses Father	Late Maramreddy Rami Reddy
Spouses Mother	Late Maramreddy Indiramma
Spouses Brother	Maramreddy Pradeep Kumar Reddy
Spouses Sister	-

Relationship	Mr. M Madhu Mohan Reddy	Ms. M Supraja
Any company in which 10% or more of the share capital is held by the promoter or an immediate relative of the promoter or a firm or HUF in which the promoter or any one or more of his immediate relatives is a member	NA	NA
Any company in which a company (mentioned above) holds 10% of the total holding	NA	NA
Any HUF or firm in which the aggregate share of the promoter and his immediate relatives is equal to or more than 10% of the total holding	NA	NA

For more details on the activities, shareholding, control and financial performance of these companies, please refer to “Promoter Group Entities” on page 120.



OUR PROMOTER GROUP ENTITIES
NA

CONFLICT OF INTEREST WITH PROMOTER / PROMOTER GROUP ENTITIES

None of our promoter entities have an interest in any venture that is involved in any activities similar to those conducted by our Company or any member of our Promoter Group except 'M/s Centaur India Steels & Tools Pvt Ltd.' as mentioned under the head 'Joint Venture' in the chapter 'History and Corporate Structure of the Company' beginning on page 100. Our promoters are not interested in the property proposed to be bought out of the monies raised through this public issue.

PAYMENT OR BENEFITS TO OUR PROMOTERS DURING THE LAST TWO YEARS

Mr. M Madhu Mohan Reddy, Chairman and Managing Director, is one of the promoter of the Company and draws managerial remuneration as mentioned under the Related Party Transaction in this DRHP. Except as stated above and in the section titled "Financial Statements" beginning on page 125, there has been no payment of benefits to our Promoters during the last two years from the date of filing of this Draft Red Herring Prospectus.

Litigation

Except as mentioned under the section titled 'Outstanding Litigation and Material Developments', beginning on page 166 there are no other cases, investigations, notices pending against the promoter and/or promoter group entities.

Sale or Purchase between our Company and Group Companies with Promoter Group

Other than as disclosed under the head 'Related Party Transaction' in the Restated Financial Statements of the Company beginning on page 125 of this Draft Red Herring Prospectus, there have been no sales or purchases between our Company and Group Companies with the Promoter Group / Promoter Group Entities.

Public Issue by Group Companies and Listed Group Companies

None of our group companies have made a public issue or rights issue in the last three years nor is any company in our Promoter Group entities listed.

Companies / Ventures with which the promoters have disassociated in the last three years

NA

Striking-Off

Since incorporation, none of the Promoter Group Companies have been Striked -Off.



RELATED PARTY TRANSACTIONS

For further details on related party transactions, please refer the section titled “Financial Statements” on page 125.

DIVIDEND POLICY

The declaration and payment of dividends on our Equity Shares will be recommended by our board of directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, cash flows, capital expenditure, capital requirements and overall financial condition. Since our Company is at a growth stage, the profits earned by our Company till last year were ploughed back in our Company to meet the fund requirements. Hence no dividend has been declared by our Company till date. The amounts not paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future. Our Company has no stated dividend policy.



SECTION V - FINANCIAL STATEMENTS

FINANCIAL INFORMATION OF THE ISSUER COMPANY

To,
The Board of Directors,
Midfield Industries Limited
Plot No. 6, Phase IV Extn,
IDA, Jeedimetla,
Hyderabad – 500 055.

Ref: Summary Statement of Assets and Liabilities and Summary Statement of Profits and Losses, as restated and Cash Flows, as restated as at and for the years ended 31st March 2005, 2006, 2007 2008 and 2009.

Dear Sirs,

We have examined the financial information of Midfield Industries Limited ('the Company') (formerly, Midfield Industries Private Limited) as at March 31, 2009; March 31, 2008; March 31, 2007; March 31 2006; March 31, 2005 annexed to this report and prepared by the Company and approved by the Board of Directors, in accordance with the requirements of:

- (a) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');\
- (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('the Regulations') as amended to date
- (c) The guidance Notes on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India (ICAI) and
- (d) The terms of our engagement agreed upon with you in accordance with our engagement letter dated August 18, 2009 in connection with the offer document being issued by the Company for its proposed Initial Public Offer ('IPO').

This report is being issued for incorporating the same in the offer document, to be issued by Midfield Industries Limited in connection with the proposed Initial Public Offer of Equity Shares

A. Financial information per Audited Restated Financial Statements of Midfield Industries Limited.

In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with you, we further report that:

The Summary statement of Assets and Liabilities, as restated, Summary Statement of Profits and Losses, as restated and Summary Statement of Cash Flows, as restated ("Restated Financial Statements") of the Company as at and for the years ended March 31st, 2009; March 31st, 2008; March 31st, 2007; March 31st, 2006 and March 31st, 2005 examined by us, as set out in Annexure I, II and III to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies and Significant Notes on Accounts for Restated Financial Statements (Refer Annexure IV and V respectively).

There are no extraordinary items which need to be disclosed separately in the restated financial statements.

B. Other Financial Information:

We have examined the following information in respect of year ended March 31st, 2009; March 31st, 2008; March 31st, 2007; March 31st, 2006 and March 31st, 2005 of the Company, to be included in the offer documents, as approved by the Board of Directors and annexed to this report;

- | | |
|--|------------------|
| 1. Statement of Investment | (Annexure –VI) |
| 2. Statement of Sundry Debtors | (Annexure –VII) |
| 3. Statement of Loans and Advances | (Annexure –VIII) |
| 4. Statement of Secured Loans | (Annexure –IX) |
| 5. Statement of Unsecured Loans | (Annexure - X) |
| 6. Statement of Other Income | (Annexure –XI) |
| 7. Statement of Dividend Paid | (Annexure –XII) |
| 8. Statement of Related Party Disclosure | (Annexure –XIII) |
| 9. Summary of Accounting Ratios | (Annexure –XIV) |
| 10. Statement of Capitalization | (Annexure –XV) |
| 11. Statement of Tax Shelter | (Annexure –XVI) |

In our opinion, the financial information as disclosed in the annexures to this report, read with the notes on adjustments, significant accounting policies and significant notes disclosed in the Annexures IV and V respectively, and after making adjustments and regroupings as considered appropriate and disclosed in Annexure IV, has been prepared in accordance with Part II of the Act and the Guidelines.

We have no responsibility to update our report for events and circumstances occurring after the date of the report.

This report should not, in any way, be construed as a re-issuance or re-dating of any of the previous audit reports nor should this be construed as a new opinion on any of the financial statements referred to herein.

This report is intended solely for use of management and for inclusion in the Offer Document in connection with the proposed Initial Public Offer of the Company's shares and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Sampath & Ramesh
Chartered Accountants

A. Krishna Reddy
Partner
Membership No.204755
Place: Hyderabad
Date: September 14, 2009



Annexure I

Summary Statement of Assets & Liabilities, as restated

(Rs. in Million)

PARTICULARS		As at 31 st March				
		2005	2006	2007	2008	2009
(A)	Fixed assets					
(i)	Gross block	79.23	84.05	88.53	172.49	177.47
	Less : Accumulated depreciation	18.18	26.88	34.91	44.01	60.92
	Net block	61.05	57.17	53.62	128.48	116.55
	Less : Revaluation reserve					
(ii)	Capital work in progress	0.09	-	2.40	0.21	9.71
	Net block after adjustment	61.13	57.17	56.02	128.69	126.26
(B)	Investments	-	-	-	5.00	5.00
(C)	Current assets, loans and advances					
(i)	Inventories	53.16	83.02	89.77	131.34	151.04
(ii)	Sundry Debtors	72.58	123.58	211.17	265.23	444.09
(iii)	Cash and bank balances	8.91	8.72	12.26	13.98	14.96
(iv)	Loans and Advances	4.60	6.41	43.07	31.38	62.74
(v)	Other Current Assets	7.63	10.82	5.08	6.98	5.56
(vi)	Pre-Ope. Exp. to be Apportioned	-	-	-	-	-
(vii)	Misc. Expenditure	-	-	-	-	1.73
	Total Current Assets	146.87	232.54	361.35	448.91	680.12
(D)	Less : Liabilities And Provisions					
(i)	Secured loans	71.98	136.58	184.77	268.77	402.76
(ii)	Unsecured loans	10.74	12.52	12.39	11.52	10.62
(iii)	Net deferred tax liabilities	1.72	(0.26)	(0.19)	2.41	0.09
(iv)	Current liabilities	61.72	42.17	70.86	67.68	84.72
(v)	Provisions	7.22	19.98	36.33	51.09	57.62
	Total Current Liabilities	153.39	210.99	304.14	401.46	555.81
	Net Worth (A+B+C-D)	54.62	78.72	113.23	181.14	255.57
Represented by						
(A)	Share Capital	34.00	41.00	68.70	80.65	83.21
(B)	Share Application	-	-	-	-	-
(C)	Reserve and Surplus	20.62	37.72	44.53	100.48	172.36
Less:	Pre-Ope. Exp. to be Apportioned					
	Net Worth	54.62	78.72	113.23	181.14	255.57



Annexure II

Summary Statement of Profits and Losses, as restated

(Rs. in Million)

PARTICULARS	As at 31 st March				
	2005	2006	2007	2008	2009
INCOME					
Total Turnover (Net of Returns)	257.34	415.38	532.14	674.27	834.71
Other income	0.62	1.03	1.29	1.55	1.46
Increase/ (Decrease) in stock	4.95	22.69	(12.27)	25.82	7.75
Total Income	262.91	439.10	521.16	701.64	843.91
EXPENDITURE					
Raw materials consumed	199.77	310.21	349.68	467.00	556.53
Manufacturing Expenses & Other Expenses	15.83	29.83	47.18	57.27	60.83
Duties & Taxes	10.80	17.01	22.64	29.51	31.36
Employee remuneration and benefits	8.61	10.36	12.95	15.59	18.09
Administration expenses	3.14	5.01	6.02	8.02	14.37
Selling and distribution expenses	2.95	3.96	4.43	8.44	6.18
Total Expenditure	241.10	376.37	442.91	585.85	687.35
Profit Before Interest, Tax & Depreciation(PBITD)	21.81	62.73	78.25	115.79	156.56
Less: Depreciation	2.44	8.70	8.03	9.10	16.90
Profit Before Interest & Tax (PBIT)	19.37	54.02	70.22	106.69	139.65
Less: Finance & Interest Cost	10.91	23.70	32.22	42.52	57.66
Profit Before Tax (PBT)	8.46	30.32	37.99	64.17	81.99
Adjustments for Restatement					
Gratuity Payable	(0.27)	(0.23)	(1.43)	(1.76)	(1.23)
Foreign Exchange Loss/Gain	0.02	(2.66)	(0.12)	(0.74)	2.40
Interest/Finance Cost			1.03		
Service Tax		(0.11)	(2.01)	2.11	
Value Added Tax			(2.00)		2.00
Earlier Year Expenses					1.73
Profit Before Tax, As Restated	8.21	27.33	33.47	63.79	86.88
Provision for Tax, As Restated					
Provision for Tax - Current Tax & FBT	(4.41)	(12.21)	(14.73)	(19.58)	(30.11)
- Deferred Tax	(1.68)	1.99	(0.07)	(2.60)	2.32
Profit After Tax, As Restated	2.12	17.10	18.67	41.60	59.09



Annexure III

Summary Statement of Cash Flow, as restated

(Rs. in Million)

PARTICULARS	As at 31 st March				
	2005	2006	2007	2008	2009
A. CASH FLOW FROM OPERATION ACTIVITIES:					
Net Profit before Tax and Extraordinary items	8.21	27.33	33.47	63.79	86.88
Adjustments for:					
(+) Depreciation	2.44	8.70	8.03	9.10	16.90
(+) Finance and Interest Cost	10.91	23.70	32.22	42.52	57.66
(-) Non Trade Income	0.62	1.03	1.29	1.55	1.46
Operating Profit before working capital changes	20.95	58.70	72.43	113.85	159.99
(Increase) / Decrease in Inventories	(16.94)	(29.86)	(6.76)	(41.56)	(19.70)
(Increase) / Decrease in Receivables	(21.79)	(52.80)	(87.59)	(52.26)	(178.86)
(Increase) / Decrease in Loans & Advances	(1.72)	(0.01)	(36.66)	9.89	(31.36)
(Increase) / Decrease in Other Current Assets	(6.65)	(3.20)	5.74	(1.90)	1.42
Increase / (Decrease) in Current Liabilities	32.77	(19.55)	28.69	(3.18)	17.05
Increase / (Decrease) in Provisions	0.35	0.55	3.67	(0.31)	2.10
Cash generated from operations	6.97	(46.16)	(20.47)	24.51	(49.37)
Taxes paid	(2.97)	(0.00)	(2.06)	(4.50)	(25.68)
Net Cash from Operating activities	4.00	(46.16)	(22.53)	20.01	(75.05)
B. CASH FLOW FROM INVESTMENTS ACTIVITIES					
Purchase of Fixed Assets	(45.13)	(9.04)	(4.48)	(81.56)	(4.77)
Sales of Fixed Assets		4.30			
Capital WIP	(0.09)	-	(2.40)	(0.21)	(9.71)
Investment in JV	-	-	-	(5.00)	-
Non trade income	0.62	1.03	1.29	1.55	1.46
Net cash from in investing activities	(44.60)	(3.71)	(5.59)	(85.22)	(13.02)
C. CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from issue of shares	14.00	7.00	7.20	11.95	2.56
Proceeds from Share Application money	(1.00)	-	-	-	-
Share Premium	-	-	8.64	14.35	12.79
Investment subsidy - APSFC	-	-	-	-	-
Receipts / (Payments) of Secured Loans	36.49	64.60	48.18	84.00	133.99
Receipts / (Payments) of Unsecured Loans	4.41	1.77	(0.13)	(0.87)	(0.90)
Finance and Interest Cost	(10.91)	(23.70)	(32.22)	(42.52)	(57.66)
Misc. Expenses					(1.73)
Net cash from in financing activities	43.00	49.68	31.67	66.92	89.05
Net increase in cash and cash equivalents (A+B+C)	2.40	(0.19)	3.55	1.72	0.98
Cash and cash equivalents as at (opening balance)	6.51	8.91	8.72	12.26	13.98
Cash and cash equivalents (Closing Balance)	8.91	8.72	12.26	13.98	14.96

Statement of Significant Accounting Policies for Restated Accounts

(1) **(a) Basis of preparation**

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) in India under the historical cost convention on an accrual basis to comply in all material respects and the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the company and are consistent with those used in the previous years.

(b) Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the company.

(c) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to an accounting estimate is recognised in accordance with the requirements of the respective Accounting Standard.

(2) **Fixed Assets and Depreciation**

Fixed Assets are capitalized at cost inclusive of expenses incidental thereto. Depreciation on fixed assets has been provided on written-down value at the rates and in the manner as specified in Schedule XIV to the Companies Act, 1956.

(3) **Investment**

Long term investments are stated at cost. Provision, where necessary, is made to recognize a diminution, other than temporary, in the value of investments

(4) **Interest in Joint Venture**

Interest in jointly controlled entities (incorporated joint ventures) are accounted for using proportionate Consolidation method, Investments

(5) **Inventories**

Inventories are valued as follows:

Work-in-progress	Raw material <i>plus</i> 50% of cost of conversion
Stock-in-trade	Lower of cost or net realizable value. [Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale]
Raw Material	At cost
Stores, spares and components	At cost
Scrap	At cost

(6) **Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty, Sales Tax, VAT, Service Tax deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of



liability arising during the year. Revenue does not include the amount of excise duty refund received / due in accordance with incentive scheme. The Service tax paid in excess of collection is charged to revenue.

(7) Borrowing cost

Borrowing costs, which have a direct nexus and are directly attributable to assets, are charged to assets and other borrowing costs are expensed out as period cost as specified in Accounting Standard (AS 16) on "Borrowing Costs".

(8) Employees Retirement Benefits

For the year period ended 31st March, 2009 the company has provided for the first time for the retirement benefits on the basis of an actuarial valuation of those benefits as required by the Accounting Standards-15 (AS-15) issued by the Institute of Chartered Accountants of India (ICAI). Consequently, for the purposes of this statement the charge to the profit and loss account and the carrying value of the liability towards retirement benefits has been restated for each of the years presented on the basis of such actuarial valuation.

(9) Income taxes

Income tax provision based on the present tax laws in respect of taxable income for the year and the deferred tax is treated in the accounts based on the Accounting Standard (AS-22) on "Accounting for Taxes on Income". The Deferred tax assets and liabilities for the year, arising out of timing difference, are reflected in the profit and loss account. The cumulative effect thereof is shown in the Balance sheet. *The deferred tax assets are recognised only if there is a reasonable certainty that the assets will be realized in future.*

Provision for earlier year taxes

The Company recorded tax of earlier years, which primarily resulted on completion of assessments made by the Income tax authorities and the difference was recorded as credit/charge in the financial statements. Accordingly, the effect of these items has been adjusted in the period to which the tax related to with a corresponding charge/ credit to the recorded period in the 'Summary Statement of Profits and Losses, as Restated.'

Tax impact of adjustments

The 'Summary Statement of Profits and Losses, as Restated' has been adjusted for respective years in respect of short/excess provision for income tax as compared to the tax payable as per the income tax assessments/ returns filed by the Company for the respective years.

(10) Foreign currency translation

For the year ended 31st March, 2009 the company has provided for the first time for effect of change in foreign exchange transactions as required by the Accounting Standard-11 (AS-11) issued by the Institute of Chartered Accountants of India (ICAI). Consequently, for the purposes of this statement the effect of changes in foreign exchange is accounted as per Accounting Standards-11 (AS-11)

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise. Exchange differences arising in respect of fixed assets acquired from outside India are capitalized as a part of fixed asset.



Statement of Notes to Accounts to Restated Accounts

(1) Regrouping

Figures in the restated summary statements have been appropriately regrouped to confirm with the reclassification made in the subsequent years.

- (2) The reconciliation of Profit after Tax as per Audited Results and the Profit after Tax as per the Restated Accounts is presented below. This summarizes the results of restatements made in the audited accounts for the respective years and its impact on the profit and loss:

PARTICULARS	As at 31 st March				
	2005	2006	2007	2008	2009
Profit After Tax(PAT) As Per Audited Financials	8.19	19.56	24.59	44.47	53.54
Adjustments for restatement:					
Gratuity Payable	(0.27)	(0.23)	(1.43)	(1.76)	(1.23)
Foreign Exchange Loss/Gain	0.02	(2.66)	(0.12)	(0.74)	2.40
Interest/Finance Cost	-	-	1.03	-	-
Service Tax	-	(0.11)	(2.01)	2.11	-
Value Added Tax	-	-	(2.00)	-	2.00
Earlier Year Expenses	-	-	-	-	1.73
Earlier Year Taxes & Tax Impact of Adjustments	(4.15)	(1.45)	(1.32)	0.13	(1.66)
Deferred Tax	(1.68)	1.99	(0.07)	(2.60)	2.32
Profit After Tax (PAT) As Per Financial Statements, As Restated	2.12	17.10	18.67	41.60	59.09

(3) Prior period items

Prior period items recorded by the Company in respect of periods restated herein have been charged to the respective periods of origination with a corresponding credit to the 'Summary Statement of Profits and Losses', as Restated. The impact of taxation on such items has also been effected to the periods of origination.

(4) Earnings per share

Basic earnings per share are calculated by dividing the net profit/loss for the period attributable to equity shareholders (after deducting attributable taxes) by average number of equity shares outstanding during the period. For the purpose of calculating adjusted earnings per share, the net profit/loss for the period attributable to equity shareholders and the average number of shares outstanding during the period are adjusted for the effects of bonus issue.

(5) Sales Tax Deferment

The benefit of Sales Tax deferment scheme is being availed by the company and the amount of benefit is treated as unsecured loan in the books of the company. The amount of benefit availed as on March 31, 2009 is Rs.10.48 millions. As the company has ceased to be a small scale unit, there is one school of thought that the company can not continue to avail this benefit from the day it ceases to be so i.e. during financial year 2005-06. This has an impact of overstatement of the restated profits for the periods ending March 31st 2006, March 31st 2007, March 31st 2008, and March 31st 2009, to the extent of treatment and the liability arising out of treatment, the value of which is unascertainable.

Though the company has informed The District Industries Centre about change in its status, but no communication regarding withdrawal of benefits has been received till date.

(5) Contingent liabilities

For statutory dues disputed and contested by the Company, a liability is provided for and disclosed as per original demand without taking into account any interest or penalty that may accrue thereafter.

(Rs. in Millions)

PARTICULARS	As at 31 st March				
	2005	2006	2007	2008	2009
Unexpired Bank Guarantees	0.64	1.83	4.84	6.8	6.32
Letter of Credit	26.90	18.48	27.46	43.27	42.69
Sales Tax Disputed	2.91	3.86	6.57	8.43	6.73

(6) Amount owed to Small Scale Industrial Undertaking

As on March 31, 2009, we owe Rs.0.32 million to SSIs, which have remained outstanding for more than 30 days.

(7) Impairment of Assets

The Company assesses at each balance sheet date whether there is any identification that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the assets belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

OTHER NOTES: -

(1) Change in the name of the company:

The company has changed its name from Midfield Steels Private Limited to Midfield Industries Private Limited with effect from 3rd April 2006. Subsequently, on 7th August 2006 the name was again changed to Midfield Industries Limited.

(2) Changes in the Paid up Capital

Further Issue of Shares:

The Board of Directors at their meetings held, as given below, approved further issuance of equity shares of Rs.10/- each at premium specified below.

FY end ed	Date of Board meeting	Equity shares allotted	Premium (per share)
31/03/2005	30/03/2005	14,00,000	-
31/03/2006	30/03/2006	7,00,000	-
31/03/2007	24/03/2007	7,20,000	12.00
31/03/2008	10/01/2008	11,95,450	12.00
31/03/2009	23/03/2009	255800	50.00

Bonus issues

The Board of Directors at their meeting held on 24th March 2007, approved the issuance of 20,50,000 equity shares of Rs. 10/- each as Bonus shares in the ratio of 1 share for every 2 shares held as on 24th March 2007. The Bonus shares were issued by capitalizing the accumulated profits of the company.

(3) Material Development subsequent to last financial statement

The Company has availed finance of Rs.35 million from SE Investment Limited. The same has been secured as a first and exclusive charge over all the intangible assets of the Company present and future including goodwill, patent, license under patent, trademark, copyright, or license under copy right and cash collateral to secure as a continuing security repayment of all



the dues. It is further secured by pledge of 500,000 equity shares by the promoter and personal guarantee of Managing Director and Whole Time Director.



Annexure VI

Statement of Investments, as restated

(Rs. in Million)

PARTICULARS	As at 31 st March				
	2005	2006	2007	2008	2009
Investment in Joint Venture	-	-	-	5.00	5.00
Total	-	-	-	5.00	5.00



Annexure VII

Statement of Sundry Debtors, as restated

(Rs. in Million)

PARTICULARS	As at 31 st March				
	2005	2006	2007	2008	2009
(Un secured, considered good)					
For a period exceeding six months	1.69	2.23	9.41	17.01	20.14
For a period less than six months	70.88	121.34	201.76	248.21	423.95
Total	72.58	123.58	211.17	265.23	444.09

Statement of Loans and Advances, as restated

(Rs. in Million)

PARTICULARS	As at 31 st March				
	2005	2006	2007	2008	2009
(Unsecured, considered good)					
Advances recoverable in cash for the which value to be received					
- To Employees	0.09	0.19	0.69	0.88	0.81
- To Directors	-	1.87	2.09	0.08	-
- To Others	0.17	0.13	0.18	0.54	0.83
Capital Advances	1.75	0.45	35.04	22.40	54.26
Advances to Suppliers	1.21	2.09	0.66	2.39	-
Deposits					
- With Government	1.17	1.17	1.64	1.74	1.77
- Other Deposits	0.02	0.20	0.26	0.32	0.33
- Fixed Deposit for Sales Tax	0.20	0.20	0.20	0.20	0.20
- Security/Earnest Money deposit		0.13	2.30	2.83	4.53
Total	4.60	6.41	43.07	31.38	62.74



Annexure IX

Statement of Secured Loans, as restated

(Rs. in Million)

PARTICULARS	As at 31 st March				
	2005	2006	2007	2008	2009
Term Loans	27.63	22.92	43.06	73.31	119.04
Cash Credits	43.86	113.44	139.89	193.85	282.62
Vehicles Loans	0.48	0.22	1.81	1.61	1.09
Total	71.98	136.58	184.77	268.77	402.76

Name of the Lender	Nature of Borrowing	Amount sanctioned Rs.	Rate of interest and repayment	Security
State Bank of India	Cash Credit (Hypothecation of Book Debts)	Rs. 13.50 Crores Sub limit for DDp (Chqs) Rs 0.75 Crores Sub limit for EPC / FBD Rs 2.00 Crores	1.00% above SBAR @14.75% p.a. at monthly rests For EPC sub limit : As per extant instructions of RBI; effective rate UP to 180 days - 2.75% below SBAR i.e., 11.00% p.a. Beyond 180 days up to 270 days - 1.50% below SBAR i.e., 12.25% p.a.	Item Margin - Stocks - RM (domestic) 25%, RM (imported) 15% SIP ,FG stocks 25%, EPC 10%, Receivables (cover period 100 days) 25%
	Letter of Credit	Rs. 3.50 Crores	As per extant instructions	As applicable to working capital
	Bank Guarantee	Rs. 1.25 Crores	As per extant instructions	As application to working capital

Axis Bank Ltd	Cash Credit (Hyp.)	Rs.1150.00 lacs The limit shall be released only to the extent of Rs.800.00 lacs till March 2008 and the remaining limit shall be released from April 2008, Subject to availability of DP.		<p>a) Primary: First charge on the entire current assets, present and future, of the company, on pari passu basis with State Bank Of India.</p> <p>b) Collateral:</p> <p>i) Extension of first charge on the entire (both movable & immovable) fixed assets (other than vehicles purchased under hire purchase arrangement) of the company, present and future, on pari passu basis with State Bank Of India.</p> <p>ii) Extension of equitable mortgage of property situated at flat no.005, Plot No.99 / A, Mohan Villa, MLA Colony, Sy.No.102 / 1, in the lay out of Sri Venkateswara Co-operative House Building Society, Road No.12, Banjara Hills, Hyderabad; standing in the name of Mr.Madhu Mohan Reddy and Ms.M Supraja an pari passu basis with State Bank Of India. iii) Personal guarantee of Promoter(s) and Whole Time Director. The Company shall submit NOC from State Bank Of India for extending the securities to cover the enhanced facilities also within 60 days from the date of documentation.</p>
	Export Packing Credit (Sub limit under CC)	Rs.375.00 lacs The limit shall be released only to the extent of Rs.250.00 lacs till March 2008 and the remaining limit shall be released from April 2008, Subject to submission of firm export orders.	As per extent Bank / RBI guidelines, presently as under : i) Upto 180 days : 10.25% (BPLR - 4.50%) ii) Beyond 180 days and upto 270 days : 15.25% (BPLR+0.50%)	<p>Primary :</p> <p>i) Against first charge on the stocks procured against Confirmed Orders.</p> <p>ii) Lodgment of LCs / Purchase Orders Covered under ECGC's WTPCG</p> <p>Collateral: All the securities applicable to CC (Hyp.) limit shall be extended to this facility also.</p>



	Foreign Bills Discounting (Sub limit under CC)	Rs.375.00 lacs The limit shall be released only to the extent of Rs.250.00 lacs till March 2008 and the remaining limit shall be released from April 2008.	As per extent Bank / RBI guidelines, presently as under : Demand bills : 10.25% (BPLR 4.50%) Usance Bills : i) Upto 90 days : 10.25% (BPLR 3.50%) ii) Beyond 90 days and upto 6 months : 15.25% (BPLR+0.50%)	Primary : Against documents evidencing export of goods and clearance to title of goods. Collateral : All the securities applicable to CC (Hyp.) limit shall be extended to this facility also.
	Letter of Credit (Inland Foreign)	Rs.375.00 lacs The limit shall be released only to the extent of Rs.200.00 lacs till March 2008 and the remaining limit shall be released from April 2008.		
ICICI Bank Ltd.	Cash Credit (Hypothecation)	Rs.20.0 Million	The Interest rate stipulated by ICICI Bank shall be at the sum of I-BAR and the Cash Credit Risk Premium prevailing on each day less 2.5% plus applicable interest tax or other statutory levy, if any, on the principal amount of the loan remaining outstanding on each day. I-BAR as on date is at 15.75% p.a., Cash credit premia is 0.5% p.a and the applicable interest rate as on date is 13.75% p.a. Rate of interest is subject to revision from time to time	As per security template Margins Inventory : Uniform margin of 20% against all components of inventory Book Debts: Cover period : 100 days Margin : 25%

	Working Capital Demand Loan (WC DL) in INR/US\$	Rs. 20.0 million in INR/US\$ (as a sub-limit of Cash Credit)	Working Capital Demand Loan in INR/US\$ The rate of interest for each drawal of the Facility will be stipulated by ICICI Bank at the time of disbursement of each drawal on the basis of the repayment schedule for that drawal plus applicable interest tax or other statutory levy, if any. The applicable rate as on date is 10.8% p.a. Working Capital Demand Loan in Foreign Currency: In case of foreign currency / FC loans, the facility will carry such markup over the London Inter Bank Offer Rate (LIBOR), as advised by ICICI Bank at time of confirmation. The LIBOR will be reset at such intervals as may be advised by ICICI Bank at the time of confirmation of drawal / deal confirmation	Margin Inventory : Uniform margin of 20% against all components of inventory. Book Debts Cover Period : 100 days Margin : 25%
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Name of the Lender	Nature of Borrowing	Amount sanctioned Rs.	Rate of interest and repayment	Security
	Term Loan	Rs.110.0 Million	<p>The company shall pay ICICI Bank interest on the principal amount of the Facility outstanding from time monthly each year on the last day of each calender month.</p> <p>The rate of interest for each Tranche of the Facility ("the Applicable Rate") shall be 3.95% per annum below ICICI Bank Advance Rate (I-BAR) prevailing on the date of disbursement of each tranche of the facility, plus 2 year term premia plus applicable interest tax or other statutory levy, if any. The ICICI Bank Benchmark Advance Rate as on date is 15.75% per annum, 2year term premia is 0.2% and the Applicable Rate as on date is 12.0% per annum. Provided that the aforesaid interest rate shall be reset at the end of every 24 months from the date of disbursement of the first Tranche of the Facility based on the then prevailing ICICI Bank Benchmark Advance Rate, and the Company shall thereafter pay interest at such reset rate.</p>	<p>32% of the total project cost</p> <p>Special Condition: The margin to be brought in pro-rata at each stage of disbursement and CA certificate is to be provided for the same</p>

The Company has availed finance of Rs.35 million from SE Investment Limited. The same has been secured as a first and exclusive charge over all the intangible assets of the Company present and future including goodwill, patent, license under patent, trademark, copyright, or license under copy right and cash collateral to secure as a continuing security repayment of all the dues. It is further secured by pledge of 500,000 equity shares by the promoter and personal guarantee of Managing Director and Whole Time Director.

Statement of Unsecured Loans, as restated

(Rs. in Million)

PARTICULARS	As at 31 st March				
	2005	2006	2007	2008	2009
APGST- DEFERMENT	1.09	1.09	1.09	1.09	1.09
CST- DEFERMENT	7.85	8.09	8.27	9.10	9.39
Unsecured Business Loans from Banks	-	-	-	-	-
HDFC BANK LTD.	1.34	0.85	1.59	0.89	0.14
KOTAK MAHINDRA BANK		0.82	0.50	0.14	-
AMERICAN EXPRESS BANK		1.30	0.76	0.21	-
CITIBANK	0.46	0.38	0.19	0.10	-
Total	10.74	12.52	12.39	11.52	10.62

Note:

The company is enjoying the benefit of Sales Tax deferment scheme under Target -2000 in the State of Andhra Pradesh vide their New Industrial Policy G.O.Ms. No.108, Inds & Com (IP) Dept. Dated 20.05.1996 and G.O.Ms.No.134, Industries & Commerce (IP) Department, dated 01.07.1996, Under this benefit company can avail sales tax deferment to the tune of Rs.17.27 millions on or before 22.03.2014.

NAME OF THE BANK	RECEIVED ON	AMOUNT (Rs. in Mln)	EMI (Rs.)	DATE OF FIRST EMI	DATE OF LAST EMI
HDFC	24.06.2006	2.0	71,306	07.07.2006	07.06.2009
CITIBANK	25.11.2004	0.5	14,950	07.12.2004	03.10.2008
KOTAK MAHINDRA	29.06.2005	1.0	35,178	01.08.2005	01.07.2008
AMERICAN EXPRESS	01.10.2005	1.5	54,229	15.10.2005	15.09.2008

Note:

Un-Secured loans sanctioned to company by banks are based on personal guarantee by the Directors



Annexure XI

Statement of Other Income, as restated

(Rs. in Million)

PARTICULARS	As at 31 st March				
	2005	2006	2007	2008	2009
Interest	0.62	0.64	0.87	0.73	1.46
Export Benefits	-	0.40	0.41	0.83	-
Total	0.62	1.03	1.29	1.55	1.46



Annexure XII

Statement of Dividend, as restated

(Rs. in Million)

PARTICULARS	As at 31 st March				
	2005	2006	2007	2008	2009
Equity shares					
Number of shares	3,400,000	4,100,000	6,870,000	8,065,450	8,321,250
Face value (Rs.)	10.00	10.00	10.00	10.00	10.00
Paid-up value (Rs.)	10.00	10.00	10.00	10.00	10.00
Rate of dividend	NIL	NIL	NIL	NIL	NIL
Total dividend (Rs)	NIL	NIL	NIL	NIL	NIL
Corporate dividend tax on above (Rs)	NIL	NIL	NIL	NIL	NIL



Annexure XIII

Statement of Related Party Transaction, as restated

Description	Name
Subsidiaries	Company has no Subsidiaries
Group / Associate Company	M/s Centaur India Steels and Tools Private Limited – JV
Directors	M. Madhu Mohan Reddy M. Ashok Sagar M Sai Babu Rao * Radhe Shyam Garg *
Key Management Personnel	M Laxminarayana B Venugopal SSV Satyanarayana KJP Reddy K Gopinath V Srikanth S V Murthy A Devi Prasad T.V. Shivaji G. B. Ramu S Prabhakar Reddy

(Rs. in Million)

PARTICULARS	As at 31 st March				
	2005	2006	2007	2008	2009
REMUNERATION to Directors					
M. Madhu Mohan Reddy	0.40	0.40	0.70	1.00	1.00
M. Ashok Sagar	0.22	0.23	0.29	0.30	0.30
M Sai Babu Rao *	-	0.14	0.23	0.26	-
A Narsimman *	0.22	0.16	-	-	-
Radhe Shyam Garg *	-	0.10	-	-	-
TOTAL	0.83	1.03	1.22	1.52	1.30
REMUNERATION to Key Managerial Personnel					
B. Venugopal	0.26	0.28	0.28	0.28	0.29
S.S.V. Satyanarayana	-	0.06	0.09	0.17	0.17
M. Laxminarayana	0.19	0.20	0.25	0.25	0.25
KJP Reddy	0.13	0.13	0.16	0.18	0.18
K. Gopinath	-	-	-	0.16	0.19
V Srikanth	0.14	0.15	0.20	0.20	0.20
S. V. Murthy	0.13	0.14	0.19	0.19	0.19
T.V. Shivaji	0.09	0.10	0.18	0.17	0.17
G.B. Ramu	-	-	0.18	0.11	0.17
S. Prabhakar Reddy	-	-	-	0.14	0.19
A. Devi Prasad	-	-	-	-	-
TOTAL	0.93	1.06	1.5	1.85	2.00
REIMBURSEMENT / ADVANCES TOWARDS EXPENSES TO DIRECTORS					
M. Madhu Mohan Reddy	0.06	0.60	0.29	0.08	0.05
M. Ashok Sagar	0.01	0.01	0.02	0.02	0.03
M Sai Babu Rao *	-	0.00	0.02	0.01	-
A Narsimman *	0.01	0.00	-	-	-
Radhe Shyam Garg *	-	-	-	-	-

TOTAL	0.08	0.63	0.32	0.11	0.08
REIMBURSEMENT / ADVANCES TOWARDS EXPENSES TO KEY MANAGERIAL PERSONNEL					
B. Venugopal	0.00	0.03	0.01	-	-
S.S.V. Satyanarayana	-	0.04	0.01	0.01	0.01
M.Laxminarayana	0.00	-	-	0.01	0.05
KJP Reddy					
K. Gopinath	-	-	-	-	0.01
V Srikanth	-	-	0.06	0.10	0.13
S. V. Murthy	-	-	-	-	-
T.V. Shivaji	-	0.00	0.00	0.01	0.00
G.B. Ramu	-	-	0.01	0.00	0.00
S. Prabhakar Reddy	-	-	-	0.14	0.19
A. Devi Prasad	-	-	-	-	-
TOTAL	0.01	0.07	0.09	0.28	0.39
Loan to Mr. M Madhu Mohan Reddy					
Given During the year	-	1.80	1.80	1.80	-
Recovered during the year	-	-	-	1.80	-
Closing Balance	-	1.80	1.80	-	-

* M Sai Babu Rao ceased to be a Director with effect from January 08, 2008;
Radhe Shyam Garg ceased to be a Director with effect from August 14, 2006
A Narsimman ceased to be a Director with effect from August 25, 2005



Annexure XIV

Summary of Accounting ratios, as restated

(Rs.)

Key Ratios	As at 31 st March				
	2005	2006	2007	2008	2009
a) Earning per Share (Basic EPS)	1.05	5.02	3.03	5.83	7.32
b) Earning per Share (Adjusted)	0.52	3.14	3.03	5.83	7.32
c) Net Asset value per share	21.21	23.13	18.36	25.38	31.66
d) Return on Net worth	3.88%	21.72%	16.49%	22.97%	23.12%
e) Percentage Number of Equity Shares	100%	100%	100%	100%	100%

Earnings Per Equity Share	(Adjusted Net profit after tax and after Preference share dividend and tax thereon) / (Weighted average number of Equity shares)
Return on Net Worth	(Net profit after tax and dividend on Preference Shares (including tax) (Equity shareholder's funds after reduction of Miscellaneous expenditure not written off at the end of the year)
Net Asset Value	(Net assets after reduction of Miscellaneous expenditure not written off and Preference share capital at the end of the year) (Weighted average number of equity shares)

Statement of Capitalisation, as restated

(Rs. in Million)

Particulars	Pre Issue as at March 31, 2009	Post Issue *
Borrowings		
Short term Debts	12.98	
Long term Debts	400.39	
Total debts	413.37	
Shareholder's Funds :		
Share Capital	83.21	
Reserves (net of Revaluation reserve)	172.36	
Pre-Op. Expenses Expenditure (to the extent not written-off or adjusted)	-	
Total Shareholder's Funds	255.57	
Long term Debt/Equity Ratio	1.62	

* Share capital and reserves, post issue can be ascertained only after the conclusion of book building process



Annexure XVI

Statement of Tax Shelter, as restated

(Rs. in Million)

Particulars		As at 31 st March				
		2005	2006	2007	2008	2009
Profit before current and deferred taxes, as restated	A	8.21	27.33	33.47	63.79	86.88
Tax Rate - Normal	B	0.37	0.34	0.34	0.34	0.34
Tax Rate - MAT	C	0.08	0.08	0.11	0.11	0.11
Tax expense at applicable tax rate on restated profits	D	3.00	9.20	11.26	21.68	29.53
Adjustments :						
Permanent Differences		-	-	-	-	-
Total	E	-	-	-	-	-
Temporary Differences						
Difference between tax depreciation and book depreciation		4.71	(0.78)	(0.57)	7.09	0.27
Total	F	4.71	(0.78)	(0.57)	7.09	0.27
Net Adjustments	G=E + F	4.71	(0.78)	(0.57)	7.09	0.27
Tax savings thereon	H=G* B/C	1.72	(0.26)	(0.19)	2.41	0.09
Net impact	I = H - D	1.28	9.46	11.46	19.27	29.44

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS

You should read the following discussion of our financial condition and results of operations together with our consolidated Indian GAAP financial statements for the fiscal years ended March 31, 2005, 2006, 2007, 2008 and 2009 including the notes thereto, which have been restated in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and appear elsewhere in this Draft Red Herring Prospectus. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year.

Business Overview

We are amongst the few players in the organized segment of packaging industry catering to the growing demand for Industrial packaging consumables in India. We provide packaging consumables like high tensile steel strapping in various dimensions and strengths, Different Seals for different applications, Collated Nails & Corner boards being used for general and the end of line packaging of goods by varied industries. We also provide comprehensive end to end packaging solutions to our customers at their locations which enables them to focus on their core products and competencies. Given our experience of 16 years in manufacturing and marketing of industrial packaging consumables we understand the packaging requirements of our clientele and serve both domestic, as well as, international markets. Currently, we cater to companies across wide spectrum of industries like steel, aluminum, glass, copper, paper, automobile, white goods and refractory to name a few.

In the initial years we concentrated on creating a niche for ourselves in the manufacture of steel strapping. Having established our footprints as one of the Steel strapping manufacturers in the country we started focusing on developing products, in addition to steel strapping which would not only expand the range of our offerings but also be value add to the clients. As a first step in that direction, in 1998 we started manufacturing Seals & L-Plates being an ancillary part of the strapping at our existing facilities in Hyderabad.

In the year 2000, with a view to tap the growing market of high tensile steel strapping we installed heat treatment line with an installed capacity of 3600 MTPA for processing low tensile steel strappings into high tensile steel strappings. This helped us cater to the demand emanating from industries like Steel, Aluminum, Glass etc. The same are being marketed under the brand name 'Mega Supreme'. Besides we increased our capacity to manufacture low tensile steel strapping by 1200 MTPA

In the year 2002, we further expanded our product offering by commencing trading in VCI paper used for packaging of various metals to protect them from corrosion.

As our existing capacity was unable to meet the demand for steel strapping, in the year 2005 we set up a new unit with a capacity of 7200 MTA for producing low tensile strapping

Keeping in line with our policy to enhance our product portfolio with a view to tap the potential demand for angle boards emanating from the consumer durable companies, we started manufacturing corner boards in our existing factory at Hyderabad with an Installed Capacity of 25 Lakh Meter per annum in February 2006. Simultaneously, we set up facilities to manufacture collated nails with a capacity of 60,000 coils per annum.

Later in the month of October, we enhanced the capacity to manufacture collated nail to 1200,000 coils per annum at Hyderabad.

In year 2007 and 2008, we enhanced our capacities by adding facilities to manufacture angle boards with an installed capacity of 25 Lakh Meter per annum each at Hyderabad. On conclusion of these expansions we have had three lines to manufacture angle board with an installed capacity of 75 Lakh meter per annum at our factory in Hyderabad. With a view to achieve economies in cost of production/distribution and enabled us cater to North Indian market more efficiently. In the year 2007, one more line with an Installed capacity to manufacture 25 lakh meter angle boards per annum was put up at Roorkee, Uttaranchal.



As our existing capacity for heat treating low tensile steel strapping was unable to meet the demand for high tensile steel strapping, in December, 2008, we installed another heat treatment line with an installed capacity of 8400 mtpa for processing low tensile steel strappings into high tensile steel strappings.

In our on-going endeavor to deliver quality products, we upgraded our facilities at Hyderabad by installing a fully automated plant for manufacturing collated nail coils with an installed capacity of 4.20 Lakh coils per annum.

To position ourselves as a “one stop shop for end to end packaging solutions” to our existing & prospective clients, we added polyster strapping and stretch film in our product portfolio by trading in these products.

Our continued focus on delivering quality products and nurturing our customers over the years has resulted in our customer base growing from 25 as on March 31, 1993 to over 500 customers located in India as well as internationally in the year ending March 31, 2009. These customers come from diverse sectors and geographies with repeat orders from majority of them over these years.

Besides, expanding our reach across India we also set our footsteps in overseas markets. With a modest beginning in the year 2001; when we exported our first consignment of steel strapping to Sri Lanka we have taken strides in expanding our exports to different customers across the globe. Currently, we export to USA, UK, Canada, South Africa, Australia and Middle East countries to mention a few. For the year ended March 31, 2009 exports have contributed 9.88% of our total revenues.

The advent of globalization was forcing the companies to rethink their strategies on being competitive without compromising on the quality. The Companies began critically examining their operations and exploring ways for reducing costs without compromising on quality and other deliverables. Their search for alternatives was answered in form of outsourcing. The basic idea was simple, keep the core processes and outsource the non core ones.

Seizing on this business opportunity, we developed an in house competence wherein we evolved systems and procedures for evaluating and undertaking activities by offering an end to end packaging solution. The endeavor on our part was to position ourselves to our existing and prospective clients as a “One Stop Shop” which offered an end to end solution for all their packaging requirements. We made headway by bagging our first order from Essar Steel Limited in the year 2002, wherein we provided them with complete packaging solutions entailing supply of Steel strapping, seals, angle boards, Pneumatic packaging tools, L-plates, VCI paper, besides rendering field engineering services.

Significant developments subsequent to the last financial year

The Directors of the Company confirm that in their opinion, no significant developments have taken place since the date of the last financial statements as disclosed in the Draft Red Herring Prospectus and which materially and adversely affect or is likely to affect the trading or profitability of the Company, or the value of its assets, or its ability to pay its liabilities within the next twelve months.

Considering the growth opportunities available, our Company has decided to set up new manufacturing units at Thane, Hyderabad, besides expanding capacities at our existing facilities at Hyderabad & Roorkee. We are also proposing to set up manufacturing facilities at Sharjah, UAE to serve the Middle East, African & Australian markets amongst others.

Key factors influencing results of operations

Several factors influence the Company's results of operations, financial condition and cash flow significantly. The key factors affecting our operations include:

1. Fluctuation and increase in raw material prices.
2. Working Capital arrangements;
3. New competitive businesses.

4. Government Regulations and Policies.
5. Any slow down in the economic growth.
6. The company's ability to successfully implement its strategy, growth and expansion plans.

For more information on these and other factors/developments, which have or may affect the Company, please refer to the section titled 'Risk Factors' beginning on page no. i, and the section titled 'Business Overview' on page no. 70 of this Draft Red Herring Prospectus.

Factors Affecting Our Results of Operations

Revenues

References to "revenues" herein are to the line item titles "Total Income" in the financial statements in this Draft Red Herring Prospectus (DRHP). We derive our revenue from Manufacturing of Steel Straps, Angle Boards, Collated Nails, Seals, L-Plates; Trading of tools and spares and other consumables, providing end to end packaging solutions to our clients. Our revenues are affected by economic conditions and the levels of business activity in the various industries we service, as well as by the growth and expansion of our clients. Our revenues also depend on our ability to secure repeat orders from existing clients and new clients. Our endeavor is to increase our revenues by, among other things, increasing the proportion of higher value services and solutions we provide to our clients through providing solutions. Our understanding of our clients and their changing needs, as well as our ability to successfully deliver quality products on time to our customers have contributed to the high proportion of repeat business we receive.

We get our business from clients either on tender bidding basis or direct marketing efforts. Owing to our long standing relationship and consistent performance in terms of quality and efficiency we get repeat orders from most of our clients.

Expenditure

The head "expenditure" includes manufacturing expenses, duties and taxes, employee costs, administrative expenses, traveling and conveyance, utility charges, selling and distribution expenses, etc.

Manufacturing expenses include raw material costs, labour wages, factory maintenance, power and fuel expenses, utility expenses, contract labour, casual labour, job work charges, etc.;

Duties and taxes includes all central and state related taxes and duties including but not limited to service tax, sales tax, etc.;

Employee costs include salaries and wages, which are fixed in nature, variable compensation including bonus, staff welfare costs, and the cost of contribution to provident and other employee benefit funds;

Administrative expenses include all other expenses incurred by the Company and primarily includes, utility charges, rent, repairs and maintenance, postage and communication, traveling and conveyance, professional and legal, insurance, etc.; selling and distribution expenses include advertisement, business promotion expenses, export-freight, etc. We seek to maintain salary levels in accordance with prevailing trends in our industry.

The raw materials consumed as a percentage of total income has witnessed a declining trend during the last 5 years. Raw material costs as a percentage of total income has come down from 75.98% in FY 2005 to 65.95% in FY 2009. The reduction in raw material cost is due to better sourcing capabilities, improved logistical and process planning and improved yields achieved through the research and development efforts undertaken by us.

Manufacturing and other expense as percentage of total income in FY 2005 stood at 6.02%, these expenses showed an upward trend till March 2007 and has gone down to 7.21% for the year ended March 2009. The increase in other manufacturing expenses initially was due to work executed at client site and increase in maintenance expenses. However in the last two years it has shown a declining trend owing to better planning and control over expenditure



Staff cost (including salaries and other employee benefits) as a percentage of total income has come down from 3.27% in March 2005 to 2.14% in March 2009. However, the staff cost in absolute numbers have gone up year on year basis owing to increase in total sales of the Company. The variation in staff cost is attributed to addition of employees and revision of pay scales and other benefits from time to time to bring the same at par with the industry norms.

Administrative expenses as a percentage of total income stood at 1.20% in March 2005 and stands at 1.70% for the year ended March 2009. Increase in expenses is owing to increased operations of the Company.

Selling and distribution expenses as a percentage of total income stood at 1.12% for the year ended March 2005 and has come down to 0.73% for the year ended March 2009. However, the selling and distribution expenses in absolute numbers have gone up year on year basis owing to increase in total sales of the Company. The increase in expenses is attributed to growing business need to create awareness about our Company and their products and geographically spread out client base.

Interest and financial expenses accounted for 4.15% of the total income in March 2005. The same have stabilized between 5%-6% there after and stood at 6.83% of the total income for year ended March 2009. in absolute terms it has increased from Rs.10.9 million in Fiscal 2005 to Rs.57.66 million in Fiscal 2009. Interest and financial expenses is on account of term loan facilities and working capital facilities availed by the Company to meet the growing needs of the business

PARTICULARS	For the Financial Year / Period ended on March 31				
	2009	2008	2007	2006	2005
A. INCOME					
Income from Operations	709.18	593.19	457.82	356.72	228.88
<i>Inc/Dec (y-o-y) (%)</i>	19.55	29.57	28.34	55.86	49.45
Other Income	1.46	1.56	1.29	1.03	0.62
<i>Inc/Dec (y-o-y) (%)</i>	(6.19)	20.95	24.57	67.46	127.59
<i>%age of Total Income</i>	0.21	0.26	0.28	0.29	0.27
Total INCOME	843.91	701.64	521.16	439.10	262.91
<i>Inc/Dec (y-o-y) (%)</i>	20.28	34.63	18.69	67.02	43.54
B. EXPENDITURE					
Cost of raw materials consumed & Purchase of traded goods	556.53	467.00	349.68	310.21	199.77
<i>Inc/Dec (y-o-y) (%)</i>	19.17	33.55	12.72	55.29	49.14
<i>%age of Total Income</i>	65.95	66.56	67.10	70.65	75.98
Manufacturing & Other expenses	60.83	57.27	47.18	29.83	15.83
<i>Inc/Dec (y-o-y) (%)</i>	6.21	21.39	58.17	88.45	25.99
<i>%age of Total Income</i>	7.21	8.16	9.05	6.79	6.02
Duties & Taxes	31.36	29.51	22.64	17.01	10.79
<i>Inc/Dec (y-o-y) (%)</i>	6.26	30.36	33.12	57.54	38.99
<i>%age of Total Income</i>	3.72	4.21	4.34	3.87	4.11
Employee Costs	18.09	15.59	12.95	10.36	8.61
<i>Inc/Dec (y-o-y) (%)</i>	16.00	20.36	25.01	20.38	16.70
<i>%age of Total Income</i>	2.14	2.22	2.49	2.36	3.27
Administration Expenses	14.37	8.02	6.02	5.01	3.14

<i>Inc/Dec (y-o-y) (%)</i>	79.18	33.27	20.19	59.38	5.69
<i>%age of Total Income</i>	1.70	1.14	1.15	1.14	1.20
Selling and Distribution Expenses	6.18	8.44	4.43	3.95	2.95
<i>Inc/Dec (y-o-y) (%)</i>	(26.85)	90.51	12.05	33.93	215.96
<i>%age of Total Income</i>	0.73	1.20	0.85	0.90	1.12
Total Expenditure	687.35	585.85	442.91	376.37	241.10
<i>Inc/Dec (y-o-y) (%)</i>	17.33	32.27	17.68	56.11	45.62
<i>%age of Total Income</i>	81.45	83.50	84.99	85.71	91.70
PBDIT (A-B)	156.56	115.79	78.25	62.73	2181
<i>Inc/Dec (y-o-y) (%)</i>	35.20	47.98	24.74	187.59	23.93
<i>%age of Total Income</i>	18.55	16.50	15.01	14.29	8.30
Interest & Financial Charges	57.66	42.52	32.22	23.70	10.91
<i>Inc/Dec (y-o-y) (%)</i>	35.63	31.94	35.97	117.95	25.90
<i>%age of Total Income</i>	6.83	6.06	6.18	5.40	4.15
Depreciation	16.90	9.10	8.03	8.70	2.44
<i>Inc/Dec (y-o-y) (%)</i>	85.76	13.37	(7.78)	256.05	10.26
<i>%age of Total Income</i>	2.00	1.30	1.54	1.98	0.93
Profits Before Tax	81.99	64.17	37.99	30.32	8.46
<i>Inc/Dec (y-o-y) (%)</i>	27.76	68.91	25.30	258.46	13.20
<i>%age of Total Income</i>	9.72	9.15	7.29	6.91	3.22
Profits After Tax	59.09	41.60	18.67	17.10	2.12
<i>Inc/Dec (y-o-y) (%)</i>	42.02	122.84	9.17	707.84	(57.68)
<i>%age of Total Income</i>	7.00	5.93	3.58	3.89	0.81

Profit before Depreciation Interest and Taxation (PBDIT)

Our PBDIT margins as a percentage of total income from operations have improved from 8.30% in the FY 2005 to 18.55% in FY 2009. We have been steadily growing in our margins and this improvement in our financial performance is attributable to making our portfolio of product offerings more diversified and optimum. Besides gradually moving into a higher value chain of our business, the effective cost controls have also contributed in the improvement of our margins.

Profit After Tax

We earned Profits After Tax of Rs.2.12 million for the financial year ended March 31, 2005 i.e. 0.81% of our total income as against Rs.59.09 million for the financial year ended March 31, 2009 i.e. 7.00% of the total income.

Gross Block

Our Company's gross block has been increasing over the year. Gross block has increased from Rs.79.23 million as on March 31, 2005 to Rs.177.47 million as on March 31, 2009. The increase in gross block over the years is on account of our Company's endeavour to expand product offering, client base and research and development initiatives

Sundry Debtors

Sundry Debtors have increased from Rs.72.58 million as on March 31, 2005 to Rs.444.09 million as on March 31, 2009. This was on account of growing business and adoption of aggressive marketing strategy to geographically spread client base.



Comparison of Fiscal 2009 to Fiscal 2008

Revenues

Total Income increased by 20.28% in fiscal 2009 to Rs.843.91 million from Rs.701.64 million over the same period in the previous year. Our turnover net of returns increased by 23.79% from Rs.674.27 million in fiscal 2008 to Rs.834.71 million in fiscal 2009. Turnover net of excise and taxes increased by 19.55% on Y-o-Y basis from Rs.593.19 million in fiscal 2008 to Rs.709.18 million in fiscal 2009. Other Income decreased from Rs.1.55 million in fiscal 2008 to Rs.1.46 million in fiscal 2009, a drop of 6.19%.

Expenditure

Total Expenses during fiscal 2009 increased by 17.33% over fiscal 2008 i.e. grown from Rs.585.85 million in fiscal 2008 to Rs.687.35 million in fiscal 2009. Total expenses in fiscal 2009 stood at 81.45% of the total income as compared to 83.50% in fiscal 2008.

Raw Materials Consumed

Raw Material Consumed as a percentage of total income, has decreased from 66.56% in fiscal 2008 to 65.95% in fiscal 2009. In absolute terms it has increased by 19.17% from Rs.467.00 million in fiscal 2008 to Rs. 556.53 million in fiscal 2009.

Manufacturing and Other Expenses

Manufacturing and Other Expenses as a percentage of total income, has decreased from 8.16% in fiscal 2008 to 7.21% in fiscal 2009. In absolute terms it has increased by 6.21% from Rs. 57.27 million in fiscal 2008 to Rs. 60.83 million in fiscal 2009. The increase in other manufacturing expenses is due to work executed at the clients factory and increase in maintenance expenses.

Administrative and Other Expenses

Administrative and Other Expenses as a percentage of total income, increased from 1.14% in fiscal 2008 to 1.70% in fiscal 2009. In absolute terms it has increased by 79.18% from Rs.8.02 million in fiscal 2008 to Rs. 14.37 million in fiscal 2009. Increase in expenses is owing to increased operations of the Company as well as writing off debts which were considered bad.

Employee Remuneration and Benefits

Employee Remuneration and Benefits as a percentage of total income, has decreased from 2.22% in fiscal 2008 to 2.14% in fiscal 2009. In absolute terms it has increased by 16.00% from Rs.15.59 million in fiscal 2008 to Rs.18.09 million in fiscal 2009.

Selling and Distribution Expenses

Selling and Distribution Expenses as a percentage of total income, has decreased from 1.20% in fiscal 2008 to 0.73% in fiscal 2009. In absolute terms it has decreased by 26.85% from Rs.8.44 million in fiscal 2008 to Rs.6.18 million in fiscal 2009.

Profit Before Depreciation, Interest and Tax (PBDIT)

PBDIT as a percentage of total income, have increased from 16.50% in fiscal 2008 to 18.55% in fiscal 2009. In absolute terms it has increased by 35.20% from Rs.115.79 million in fiscal 2008 to Rs.156.56 million in fiscal 2009.

Depreciation

Depreciation as a percentage of total income, has increased from 1.30% in fiscal 2008 to 2.00% in fiscal 2009. In absolute terms it has increased by 85.76% from Rs.9.10 million in fiscal 2008 to Rs. 16.90 million in fiscal 2009. The increase is the result of increase in the gross block over the years on account of our Company's endeavour to expand product offering, client base.

Interest and Financial Charges

Interest and Financial Charges as a percentage of total income, has increased from 6.06% in fiscal 2008 to 6.83% in fiscal 2009. In absolute terms it has increased by 35.63% from Rs.42.52 million in fiscal 2008 to Rs.57.66 million in fiscal 2009. Interest and financial expenses is on account of term

loan facilities and working capital facilities availed by the Company to meet the growing business needs.

Profit Before Tax (PBT)

Profit before taxes as a percentage of total income, has increased from 9.15% in fiscal 2008 to 9.72% in fiscal 2009. In absolute terms PBT increased by 27.76% from Rs.64.17 million in fiscal 2008 to Rs.81.99 million in fiscal 2009.

Profit after Tax (PAT)

Profit after Tax as restated has increased from Rs.41.60 million in fiscal 2008 to Rs.59.09 million in fiscal 2009; a growth of 42.02%. Profit after tax as restated as a percentage of total income has increased 5.93% in fiscal 2008 to 7.00% in fiscal 2009.

Comparison of Fiscal 2008 to Fiscal 2007**Key Events during the years**

- Entered into a Joint Venture with M/s. Centaur Equipos de Flejado, S.L., a Company incorporated in Spain for setting up steel strap manufacturing unit in India
- Increased capacity for Angle boards in Hyderabad unit by adding 2 lines with capacity of 25 Lac meters p.a. in May 2007 and March 2008
- Setup a unit at Roorkee for manufacturing Angle Boards with an installed capacity of 25 Lac meters p.a.
- Added PET Straps and Stretch Films to our kitty of Products offered
- Upgraded machine for collated nails with revised capacity of 4.2 Lac coils p.a.

Revenues

Total Income for the fiscal 2008 increased by 34.63% to Rs.701.64 million from Rs.521.16 million over the same period in the previous year. Our turnover net of returns increased by 26.71% from Rs.532.14 million to Rs.674.27 millions during the Fiscal 2008. Turnover net of excise and taxes increased by 29.57% to Rs.593.19 million in fiscal 2008 as compared to Rs.457.81 million fiscal 2007. Other Income increased from Rs.1.29 million in fiscal 2007 to Rs.1.55 million in fiscal 2008, a jump of 20.95%.

Expenditure

Total expenses increased by 32.27% to Rs.585.85 million in fiscal 2008 as compared Rs.442.91 million in fiscal 2007.

Raw Materials Consumed

Raw Material Consumed as a percentage of total income, has decreased from 67.10% in fiscal 2007 to 66.56% in fiscal 2008. In absolute terms it has increased by 33.55% from Rs.349.68 million in fiscal 2007 to Rs.467.00 million in fiscal 2008

Manufacturing and Other Expenses

Manufacturing and Other Expenses as a percentage of total income, have decreased from 9.05% in fiscal 2007 to 8.16% in fiscal 2008. In absolute terms it has increased by 21.38% from Rs.47.18 million in fiscal 2007 to Rs.57.27 million in fiscal 2008. This is due to improvisation of manufacturing process resulting in improved efficiency in operation and yields.

Employee Remuneration and Benefits

Employee Remuneration and Benefits as a percentage of total income, have decreased from 2.49% in fiscal 2007 to 2.22% in fiscal 2008. In absolute terms it has increased by 20.36% from Rs.12.95 million in fiscal 2007 to Rs.15.59 million in fiscal 2008. The increase in staff cost is on account of expanding business activities, recruitment of qualified and skilled manpower.

Administrative and Other Expenses

Administrative and Other Expenses as a percentage of total income, have decreased marginally from 1.15% in fiscal 2007 to 1.14% in fiscal 2008. In absolute terms it has increased by 33.27% from



Rs.6.02 million in fiscal 2007 to Rs.8.02 million in fiscal 2008 on account of effective control over the expenses

Selling and Distribution Expenses

Selling and Distribution Expenses as a percentage of total income, has increased from 0.85% in fiscal 2007 to 1.20% in fiscal 2008. In absolute terms it has increased by 90.51% from Rs.4.43 million in fiscal 2007 to Rs.8.44 million in fiscal 2008 owing to increase in business promotion expenses, export freight and selling commission.

Profit Before Depreciation, Interest and Tax (PBDIT)

PBDIT as a percentage of total income, have increased from 15.01% in fiscal 2007 to 16.50% in fiscal 2008. In absolute terms it has increased by 47.98% from Rs.78.25 million in fiscal 2007 to Rs.115.79 million in fiscal 2008 due to operating efficiencies.

Depreciation

Depreciation as a percentage of total income, has decreased from 1.54% in fiscal 2007 to 1.30% in fiscal 2008. In absolute terms it has increased by 13.37% from Rs.8.03 million in fiscal 2007 to Rs.9.10 million in fiscal 2008

Interest and Financial Charges

Interest and Financial Charges as a percentage of total income, has decreased from 6.18% in fiscal 2007 to 6.06% in fiscal 2008. In absolute terms it has increased by 31.94% from Rs.32.22 million in fiscal 2007 to Rs.42.52 million in fiscal 2008 owing to increased borrowing of the Company to funds the expansion plans and increased requirement for working capital to support the growing business activity.

Profit Before Tax

Profit before taxes increased significantly by 68.91% during the fiscal 2008 in comparison to fiscal 2007 i.e. from Rs.37.99 million in fiscal 2007 to Rs.64.17 million in fiscal 2008. As a percentage of total income profit before tax increased from 7.29% in fiscal 2007 to 9.15% in fiscal 2008; the same being on account of increased revenues in fiscal 2008 and reduction in manufacturing and other expenses as a percentage of total income.

Profit After Tax

Profit After Tax as restated has increased substantially from Rs.18.67 million in fiscal 2007 to Rs.41.60 million in fiscal 2008; a growth of 122.84%. Profit after tax as restated as a percentage of total income has improved from increased from 3.58% in fiscal 2007 to 5.93% in fiscal 2008 on account of increased sales, high margin products and improved operating efficiencies..

Comparison of Fiscal 2007 to Fiscal 2006

Key Events during the year

- In April 2006, the name of our Company was changed from 'Midfield Steels Private Limited' to 'Midfield Industries Private Limited'
- During the year our constitution was changed to Public Limited Company
- During the fiscal increased manufacturing capacity collated nails by 0.6 million coils p.a. at Hyderabad unit
- Company issued 2,050,000 equity shares as Bonus to existing shareholders of the Company in the ratio of 1:2
- Company did a further allotment of 720000 equity shares to Promoters and others at RS.22/- per share (including a premium of Rs.12/- per share)

Revenues

Total Income increased by 18.69% on in fiscal 2007 to Rs.521.16 million from Rs.439.02 million over the same period in the previous year. Our turnover net of returns increased by 28.11% from Rs.415.38 million in fiscal 2006 to Rs.532.14 million in fiscal 2007. Turnover net of excise and taxes increased by 28.34% on Y-o-Y basis from Rs.356.72 million in fiscal 2006 to Rs.457.82 million in

fiscal 2007. Other Income increased from Rs.1.03 million in fiscal 2006 to Rs.1.29 million in fiscal 2007, a jump of 24.57%.

Expenditure

Total Expenses during fiscal 2007 increased by 17.68% over fiscal 2006 i.e. grown from Rs.376.37 million in fiscal 2006 to Rs.442.91 million in fiscal 2007. Total expenses in fiscal 2007 stood at 84.99% of the total income as compared to 85.71% in fiscal 2006.

Raw Materials Consumed

Raw Material Consumed as a percentage of total income, has decreased from 70.65% in fiscal 2006 to 67.10% in fiscal 2007. This is due to introduction of new products, improved processes resulting in efficiency in operation and yields. In absolute terms it has increased by 12.72% from Rs.310.21 million in fiscal 2006 to Rs. 349.68 million in fiscal 2007

Manufacturing and Other Expenses

Manufacturing and Other Expenses as a percentage of total income, has increased from 6.79% in fiscal 2006 to 9.05% in fiscal 2007. In absolute terms it has increased by 58.17% from Rs.29.83 million in fiscal 2006 to Rs. 47.18 million in fiscal 2007. Manufacturing and other expenses increased on account of increase in overall freight rates, power and fuel costs and optimum utilization of the new manufacturing line for steel strapping installed in February 2006

Administrative and Other Expenses

Administrative and Other Expenses as a percentage of total income, increased marginally from 1.14% in fiscal 2006 to 1.15% in fiscal 2007. In absolute terms it has increased by 20.19% from Rs.5.00 million in fiscal 2006 to Rs. 6.02 million in fiscal 2007. The increase in expenses is on account of increased traveling and conveyance expenses, vehicle maintenance, professional fees to consultants.

Employee Remuneration and Benefits

Employee Remuneration and Benefits as a percentage of total income, has increased from 2.36% in fiscal 2006 to 2.49% in fiscal 2007. In absolute terms it has increased by 25.01% from Rs.10.36 million in fiscal 2006 to Rs.12.95 million in fiscal 2007. The absolute increase in staff cost is on account of new recruitments and increments to existing employees in line with industry standards

Selling and Distribution Expenses

Selling and Distribution Expenses as a percentage of total income, has decreased from 0.90% in fiscal 2006 to 0.85% in fiscal 2007. In absolute terms it has increased by 12.05% from Rs.3.96 million in fiscal 2006 to Rs.4.32 million in fiscal 2007 which is marginal and routine in nature to meet the demands of the growing business.

Profit Before Depreciation, Interest and Tax (PBDIT)

PBDIT as a percentage of total income, have increased from 14.29% in fiscal 2006 to 15.01% in fiscal 2007. In absolute terms it has increased by 24.74% from Rs.62.73 million in fiscal 2006 to Rs.78.25 million in fiscal 2007

Depreciation

Depreciation as a percentage of total income, has decreased from 1.98% in fiscal 2006 to 1.54% in fiscal 2007. In absolute terms it has decreased by 7.78% from Rs.8.70 million in fiscal 2006 to Rs. 8.03 million in fiscal 2007.

Interest and Financial Charges

Interest and Financial Charges as a percentage of total income, has increased from 5.40% in fiscal 2006 to 6.18% in fiscal 2007. In absolute terms it has increased by 35.97% from Rs.23.70 million in fiscal 2006 to Rs.32.22 million in fiscal 2007 on account of increase in bank borrowings.

Profit Before Tax (PBT)

Profit before taxes as a percentage of total income, has increased from 6.91% in fiscal 2006 to 7.29% in fiscal 2007. In absolute terms PBT increased by 25.30% from Rs.30.32 million in fiscal 2006 to Rs.37.99 million in fiscal 2007.



Profit after Tax (PAT)

Profit after Tax as restated has increased from Rs.17.10 million in fiscal 2006 to Rs.18.67 million in fiscal 2007; a growth of 9.17%. Profit after tax as restated as a percentage of total income has decreased from 3.89% in fiscal 2006 to 3.58% in fiscal 2007.

Financial Position

Our Net worth increased from Rs.54.62 million in fiscal 2005 to Rs.55.57 million in fiscal 2009.

The table below sets forth the principal components of our assets, current liabilities and provisions as of March 31, 2009, 2008, 2007, 2006 and 2005:

(Rs. in Million)

PARTICULARS		As at 31 st March				
		2005	2006	2007	2008	2009
(A)	Fixed assets					
(i)	Gross block	79.23	84.05	88.53	172.49	177.47
	Less : Accumulated depreciation	18.18	26.88	34.91	44.01	60.92
	Net block	61.05	57.17	53.62	128.48	116.55
	Less : Revaluation reserve					
(ii)	Capital work in progress	0.09	-	2.40	0.21	9.71
	Net block after adjustment	61.13	57.17	56.02	128.69	126.26
(B)	Investments	-	-	-	5.00	5.00
(C)	Current assets, loans and advances					
(i)	Inventories	53.16	83.02	89.77	131.34	151.04
(ii)	Sundry Debtors	72.58	123.58	211.17	265.23	444.09
(iii)	Cash and bank balances	8.91	8.72	12.26	13.98	14.96
(iv)	Loans and Advances	4.60	6.41	43.07	31.38	62.74
(v)	Other Current Assets	7.63	10.82	5.08	6.98	5.56
(vi)	Pre-Ope. Exp. to be Apportioned	-	-	-	-	-
(vii)	Misc. Expenditure	-	-	-	-	1.73
	Total Current Assets	146.87	232.54	361.35	448.91	680.12
(D)	Less : Liabilities And Provisions					
(i)	Secured loans	71.98	136.58	184.77	268.77	402.76
(ii)	Unsecured loans	10.74	12.52	12.39	11.52	10.62
(iii)	Net deferred tax liabilities	1.72	(0.26)	(0.19)	2.41	0.09
(iv)	Current liabilities	61.72	42.17	70.86	67.68	84.72
(v)	Provisions	7.22	19.98	36.33	51.09	57.62
	Total Current Liabilities	153.39	210.99	304.14	401.46	555.81
	Net Worth (A+B+C-D)	54.62	78.72	113.23	181.14	255.57

Our total assets increased from Rs.208 million as of March 31, 2005 to Rs.811.38 million as of March 31, 2009.

LIQUIDITY AND CAPITAL RESOURCES

We broadly define liquidity as our ability to generate sufficient funds from both internal and external sources to meet our obligations and commitments. In addition, liquidity includes the ability to obtain appropriate equity and debt financing and loans and to convert into cash those assets that are no longer required to meet existing strategic and financial objectives.

Therefore, liquidity can not be considered separately from capital resources that consist of current or potentially available funds for use in achieving long-range business objectives and meeting debt service and other commitments

We have historically financed our capital requirement primarily through funds generated from our operations and financing from banks, financial institutions, in the form of term loans, credit and overdraft facilities and deposits. Our primary capital requirement have been to finance purchases of equipment and machinery, working capital for running the business on day to day basis, capital expenditure for expansion of existing businesses, as well as other capital expenditure and working capital requirement.

Cash Flows

The table below summarises our cash flow for the fiscal years 2009, 2008, 2007, 2006:

(Rs. in Million)

PARTICULARS	Fiscal Year			
	2009	2008	2007	2006
Net Cash generated from / (used in) Operating Activities	(75.05)	20.01	(22.53)	(46.16)
Net Cash generated from / (used in) Investment Activities	(13.02)	(85.22)	(5.59)	(3.71)
Net cash generated from / (used in) Financing Activities	89.05	66.92	31.67	49.68
Cash & Cash equivalents at the beginning of the year	13.98	12.26	8.72	8.91
Net increase / (decrease) in cash and cash equivalents	14.96	13.98	12.26	8.72

Cash and cash equivalents increased to Rs. 14.96 million as on fiscal 2009 as compared to Rs.13.98 million as on fiscal 2008. [Cash in form of bank deposits, current account balances and cash on hand represents our cash and cash equivalents]

Cash Flow from Operating Activities

Net cash used in operating activities was Rs. 75.05 million as of fiscal 2009 as compared to net cash of Rs.20.01 million generated from operating activities in fiscal 2008. Net cash used in operating activities consisted of profit before tax of Rs.86.88 million, as adjusted for a number of non cash items, primarily depreciation of Rs.16.90 million, finance and interest cost of Rs.57.66 million and other non cash items; and changes in working capital, such as, increase in inventories of Rs.19.70 million, trade and other receivables of Rs.178.86 million, trade and other payables of Rs.17.05 million.

Net cash generated from operating activities was Rs.20.01 million in fiscal 2008 as compared to net cash of Rs.22.53 million used in operating activities as at fiscal 2007. Net cash generated from operating activities consists of profit before tax of Rs.63.79 million, as adjusted for a number of non cash items, primarily depreciation of Rs.9.10 million, and other items, primarily interest and finance costs of 42.52 million and changes in working capital, such as increase in inventories by Rs.41.56 million, trade and other receivables of Rs.52.26 million, decrease in current liabilities by Rs.3.18 million.

Net cash used in operating activities was Rs.22.53 million for the fiscal year 2007, primarily as a result of increase in net working capital. Net cash used in operating activities consisted of profit before tax of Rs.33.47 million, as adjusted for a number of non cash items, primarily depreciation of Rs.8.03 million, finance and interest cost of Rs.32.22 million and other non cash items; and changes in working capital, such as, increase in inventories of Rs.6.76 million, trade and other receivables of Rs.87.59 million, trade and other payables of Rs.28.69 million.

Cash Flow from Investing Activities



Net cash used in investing activities was Rs. 13.02 million as of fiscal 2009 as compared to net cash of Rs.85.22 million used in fiscal 2008; primarily as a result of purchase of assets and capital work in progress.

Net cash used in investing activities was Rs.85.22 million for the fiscal year 2008, primarily as a result of purchase of fixed assets of Rs.81.56 million, investment in joint venture of Rs.5 million, which is partially set off by non trade income of Rs.1.55 million

Net cash used in investing activities was Rs.5.59 million for the fiscal year 2007, primarily as a result of purchase of fixed assets of Rs.4.48 million, increase in capital work in progress of Rs.2.40 million

Cash Flow from Financing Activities

Net cash generated from financing activities was Rs. 89.05 million for the fiscal year 2009, primarily as a result increased borrowings, net of repayments, induction of share capital.

Net cash generated from financing activities was Rs.66.92 million for the fiscal year 2008, primarily as a result of proceeds from borrowings, net of repayments, and proceeds from issue of fresh equity shares of the Company

Net cash generated from financing activities was Rs.31.67 million for the fiscal year 2007, primarily as a result of proceeds from borrowings, net of repayments, and proceeds from issue of fresh equity shares of the Company

INVESTMENT

We have invested in Rs.5 million in the fiscal year 2008 in the Joint Venture we have entered into with M/s. Centaur Equipos de Flejado.

OFF BALANCE SHEET ARRANGEMENT

We do not have any off balance sheet arrangement other than mentioned in the 'Financial Statements' beginning on page 125.

INDEBTEDNESS

As on March 31, 2009 we had secured indebtedness of Rs. 402.76 million and unsecured indebtedness of Rs. 10.62 million.

For further details, please refer to the chapter 'Financial Statements' beginning on page 125.

CONTINGENT LIABILITY

The following table provides our Contingent Liabilities:

(Rs. in Millions)

PARTICULARS	As at 31 st March				
	2005	2006	2007	2008	2009
Unexpired Bank Guarantees	0.64	1.83	4.84	6.8	6.32
Letter of Credit	26.90	18.48	27.46	43.27	42.69
Sales Tax Disputed	2.91	3.86	6.57	8.43	6.73

INTEREST RATE RISK

Our results of operations are affected by changes in interest rates which impact interest income and interest expense for short-term deposits and other interest-bearing financial assets and liabilities. In addition, an increase in interest rate may adversely affect our ability to service long-term debt and to finance construction of new projects, all of which may in turn adversely affect our results of operations.

We currently have funding from banks and financial institutions and thus are exposed to market risk as a result of changes in interest rates. Upward fluctuation of interest rates increases the cost of both existing and new debts.

Analysis of certain changes

Please read the following disclosure in conjunction with the detailed analysis of our financial results is provided in the section titled "Managements Discussion and Analysis of the Financial Condition and Results of Operations" on page 152.

Unusual or infrequent events or transactions

During the periods under review there have been no transactions or events, which in our best judgment, would be considered unusual or infrequent except for changes in steel prices and volatility in foreign exchange rates.

Significant economic changes

There have been no significant economic changes during the periods under review that have materially affected or are likely to affect our income.

Known trends or uncertainties

Our business has been affected and we expect that it will continue to be affected by the trends or uncertainties. Some of the raw materials have shown a volatile trend in the recent past. The cyclical movements in the prices of these materials seem to be on account of the changes in demand and supply position. As a sequel to the volatility in the price of raw materials, the end product prices tend to move up or come down in the same direction if not in the same proportion.

Apart from the above there are no known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations except as described in the section titled "Risk Factors" on page i and in "Management Discussion and Analysis of Financial Condition and Results of Operations" in this Draft Red Herring Prospectus, to Company's knowledge.

Future relationship between costs and revenues

Our endeavor has been towards efficient and innovative processes resulting in cost reduction, process improvement and improved yields.

Other than as described in the section titled "Risk Factors" and "Managements Discussion and Analysis of Financial Conditions and Results of Operation" in this Draft Red Herring Prospectus, to our knowledge there are no future relationship between cost and income that have or had or expected to have a material adverse impact on our operations and finances.

Increase in revenues

Increases in our revenues are by and large linked to increases in volume of manufacturing activity carried out by our Company. Please also refer to the factors described above in "Factors Affecting Our Results of Operations".

Total turnover in each industry segment

Our Company operates in only one industrial segment i.e. 'Packaging - Industrial'

New products or business segments

We have not announced and do not expect to announce in the near future any new products or business segments, except in the ordinary course of our business.

Seasonality

Our results of operations do not generally exhibit seasonality. However, there may be variation in our quarterly income or profit after tax as a result of various factors, including those described above under "Factors Affecting Our Results of Operations" and those described in the section titled "Risk Factors" beginning on page [•].

Dependence on certain clients

We source our raw materials from a number of suppliers and do not have excessive dependence on any single supplier. We derive a significant proportion of our revenues from our top 10 clients. In fiscal 2009, top 10 clients accounted for 42.66% of our revenues. For further details of our dependence on our top 10 clients, see "Risk Factors" beginning on page i.

Competitive conditions

We expect competition from other players in the industrial packaging sector to intensify. For further details, see "Risk Factors" beginning on page i and "Business Overview" beginning on page 70.

Material developments after the date of last Balance Sheet:

The Company has availed finance of Rs.35 million from SE Investment Limited. The same has been secured as a first and exclusive charge over all the intangible assets of the Company present and future including goodwill, patent, license under patent, trademark, copyright, or license under copy



right and cash collateral to secure as a continuing security repayment of all the dues. It is further secured by pledge of 500,000 equity shares by the promoter and personal guarantee of Managing Director and Whole Time Director.

Barring the above no circumstances have arisen since the date of the last financial statement until the date of filing of this Draft Red Herring Prospectus with SEBI, which materially and adversely affect or is likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within next twelve months.

FINANCIAL INDEBTEDNESS

For details on financial indebtedness kindly refer to the Annexure no IX on 'Statement of Secured Loans' under Financial Statements beginning on page 125

SECTION VI - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

OUTSTANDING LITIGATION INVOLVING THE ISSUER COMPANY

Appeals filed by the Company

Before the Sales Tax Authorities

1. The Company had made an Appeal on April 19, 2005 before The Appellate Deputy Commissioner of Commercial Taxes, Hyderabad Rural Division, Nampally, Hyderabad under Section 19 of Andhra Pradesh General Sales Tax Act, 1957, against the Assessment Order dated March 14, 2005 (served on March 17, 2005) for the **Assessment Year 2001-2002 (CST)**, passed by the Commercial Tax Officer, IDA, Gandhi Nagar Circle.
The Company in its Appeal disputed the turnover determined by the Assessing Authority and appealed for grant of relief. The Appeal stated that the Assessing Authority has not taken into account the set-off of tax of Rs.396,759 and also sought relief in respect of balance statutory forms 'C', 'H' & 'F'.
The Appellate Authority has vide its Order dated March 28, 2007, while partly dismissing the Appeal, remanded the matter back to the Assessing Authority with a direction to examine the eligibility or other wise of the contention with regard to set-off of tax of Rs.396,759 under Rule 27-A of the APGST Rules and if the claim is found in order, pass order separately in accordance with the law as per the eligibility of the Assessee. The Order also directed the Assessing Authority to examine the veracity of 'F' forms covering the turnover of Rs.12,950,463 and allow exemption on this disputed turnover. The Assessing Authority was also directed to tax @ 4% on sales of Rs.9,312,437 where form 'C' has since been procured by the Appellant. The case is under reassessment by the assessing authority.
2. The Company had made an Appeal on July 10, 2006 before The Appellate Deputy Commissioner of Commercial Taxes, Hyderabad Rural Division, Nampally, Hyderabad under Section 19 of Andhra Pradesh General Sales Tax Act, 1957, against the Assessment Order dated March 31, 2006 (served on June 10, 2006) for the **Assessment Year 2002-2003 (CST)**, passed by the Commercial Tax Officer, IDA, Gandhi Nagar Circle.
The Company in its Appeal disputed the turnover determined by the Assessing Authority and appealed for grant of relief. The Appeal stated that the Assessing Authority has not taken into account the set-off of tax of Rs.1,594,043 and that the CTO has raised demand to the tune of Rs.55,053 @ 10% on a turnover of Rs.550,532 which was factually did not relate to the said assessment year and also sought grant of time in respect of balance statutory forms 'C', 'H' & 'F'.
The Appellate Authority has vide its Order dated February 14, 2008 while partly dismissing the relief sought, remanded the matter back to the Assessing Authority with a direction to examine the veracity of 'F' forms covering the turnover of Rs.4,610,920 and allow exemption on this disputed turnover of Rs.4,058,418 under section 6-A of the CST Act. The Order also remanded the matter to the Assessing Authority for verification of the disputed turnover of Rs.550,532 which did not relate to the said assessment year and pass appropriate orders in accordance with law. The Assessing Authority was also directed to tax @ 4% on sales of Rs.2,0513,768 where form 'C' has since been procured by the Appellant and also allow exemption on Deemed Export Sales of Rs.3,114,398 in respect of which the Appellant has filed form 'H', after verification of the genuineness of the form. The case is under reassessment by the assessing authority.
3. The Company had made an Appeal on November 29, 2007 before The Appellate Deputy Commissioner of Commercial Taxes, Hyderabad Rural Division, Nampally, Hyderabad under Section 19 of Andhra Pradesh General Sales Tax Act, 1957, against the Assessment Order dated March 14, 2007 (served on November 7, 2007) for the **Assessment Year 2003-2004 (CST)**, passed by the Commercial Tax Officer, IDA, Gandhi Nagar Circle.
The Company in its Appeal disputed the turnover determined by the Assessing Authority and appealed for grant of relief. The Appeal stated that the Assessing Authority has not taken into account the set-off of tax of Rs. 1,960,035 and also sought relief in respect of balance statutory forms 'C', 'H' & 'F' and that the CTO has passed the Order without considering our request to tax



8% instead of 12% for non submission of Form 'C', 'F' & 'H', as our product is used exclusively for packing purpose and accordingly, our product should be classified under packaging goods and be subject to 8% tax.

The Appellate Authority has vide its Order dated July 17, 2008, while partly dismissing the relief sought, remanded the matter back to the Assessing Authority with a direction to examine the eligibility or other wise of the contention with regard to set-off of tax of Rs.1,960,035 under Rule 27-A of the APGST Rules and if the claim is found in order, pass order separately in accordance with the law as per the eligibility of the Assessee. The Order also directed to tax @ 4% on sales of Rs.5,240,338 where form 'C' has since been procured by the Appellant and to allow 30 days time to enable the Appellant to procure & submit remaining 'C' Forms for sales of Rs.23,932,144 and to examine the original 'F' forms covering the turnover of Rs.27,464,149 & allow exemption on this turnover under section 6-A of CST Act. The case is under reassessment by the assessing authority.

4. The Company had made an Appeal on July 1, 2008 before The Appellate Deputy Commissioner of Commercial Taxes, Hyderabad Rural Division, Nampally, Hyderabad under Section 19 of Andhra Pradesh General Sales Tax Act, 1957, against the Assessment Order dated March 25, 2008 (served on the Company on June 4, 2008) for the **Assessment Year 2004-2005 (CST)**, passed by the Commercial Tax Officer, IDA, Gandhi Nagar Circle.

The Company in its Appeal disputed the turnover determined by the Assessing Authority and appealed for grant of relief. The Appeal stated that the Assessing Authority has not taken into account the set-off of tax of Rs.2,780,682 and that the CTO has passed the Order without considering our request to tax 10% instead of 12% for non submission of Form 'C', 'F' & 'H' as our product is used exclusively for packing purpose and accordingly, our product should be classified under packaging goods and be subject to 10% charge and also sought relief in respect of balance statutory forms.

The Appellate Authority has vide its Order dated June 15, 2009, while partly dismissing the relief sought, remanded the matter back to the Assessing Authority with a direction to examine the eligibility or other wise of the contention with regard to set-off of tax of Rs.2,780,682 under Rule 27-A of the APGST Rules and if the claim is found in order, pass order separately in accordance with the law as per the eligibility of the Assessee. The Order also directed the Assessing Authority to allow 30 days time to enable the Appellant to procure & submit remaining 'C' Forms and to examine the original 'F' forms covering the turnover of Rs.33,413,732 and allow exemption on this turnover. The Assessing Authority was also directed to tax @ 8% if the sale is not covered by the statutory forms 'C', 'F' and 'H', as the case may be. The case is under reassessment by the assessing authority.

OUTSTANDING LITIGATION AGAINST THE ISSUE COMPANY'S SUBSIDIARIES

NIL

OUTSTANDING LITIGATION INVOLVING THE PROMOTER AND GROUP COMPANIES

NIL



GOVERNMENT APPROVALS / LICENSING ARRANGEMENTS

A. Registrations under the Companies Act, 1956

Sr. No	Date of approval	Authority granting approval	Registration No. / CIN	Applicable Law	Nature of approval	Validity
1.	08/06/1990	Registrar of Companies, AP	01-11353	The Companies Act, 1956	Certificate of Incorporation as Midfield Steels Pvt. Ltd.	Continuing
2.	03/04/2006	Registrar of Companies, AP	01-11353	The Companies Act, 1956	Fresh Certificate of Incorporation Consequent upon its Name change as Midfield Industries Pvt. Ltd	Continuing
3.	07/07/2006	Assistant Registrar of Companies, AP	U27109AP1990PLC011353	The Companies Act, 1956	Fresh Certificate of Incorporation on conversion to Public Ltd. Company	Continuing

B. Registrations under Direct Tax and Indirect Tax Laws

Sr. No	Date of approval	Authority granting approval	Approval/ Regn. No.	Applicable law	Nature of approval	Validity
1.	18/01/1993 (w.e.f. 01/10/1990)	Assistant Commercial Tax Officer, Jeedimetla, Hyderabad	HYR/03/1/275 5/92'93	Central Sales Tax (Registration & Turnover) Rules, 1956	Certificate of Registration as a Dealer having principal place of business at Plot No. 6, Phase IV Extn., IDA, Jeedimetla, Hyderabad, A.P.	Valid until cancelled
2.	18/01/1993 (w.e.f. 01/10/1990)	Assistant Commercial Tax Officer, Jeedimetla, Hyderabad	HYR/03/1/425 7/92'93	Andhra Pradesh General Sales Tax Act, 1957	Certificate of Registration as a Dealer having principal place of business at Plot No. 6, Phase IV Extn., IDA, Jeedimetla, Hyderabad, and additional place of business at Love Dale, Vishwas Nagar, Mehdipatnam, A.P.	Valid until cancelled
3.	25/02/2006 (w.e.f. 24/02/2006)	Commercial Tax Officer, Durg Circle-II, Durg, Chattisgarh	22323202940	Chattisgarh Commercial Tax Act	Certificate of Registration as a dealer for Company's Branch at Bhilai, Durg, Chattisgarh.	Valid until cancelled
4.	3/03/2006 (w.e.f. 24/02/2006)	Commercial Tax Officer, Durg Circle-II, Durg, Chattisgarh	22323202940	Central Sales Tax Act, 1956 and Rules, 1957	Certificate of Registration as a dealer for Company's Branch at Bhilai, Durg, Chattisgarh.	Valid until cancelled
5.	19/03/2003 (w.e.f.)	Commercial Tax Officer,	28480204137	Central Sales Tax	Allotment of TIN	Valid until



	01/04/2003)	Jeedimetla Circle, Hyderabad Rural Division		Act, 1956		cancelled
6.		Income Tax Department	AAACM9490M	The Income Tax Act 1961	Allotment of Permanent Account Number(PAN)	Valid until cancelled
7.		Income Tax Department	HYDM00906D	The Income Tax Act 1961	Allotment of Tax Deductors Account Number (TAN)	Valid until cancelled
8.	08/09/2006	Assistant Commissioner of Customs & Central Excise, Hyderabad	AAACM 9490MXM001	Rule 9 of Central Excise Rules, 2002	Registration for manufacturing of excisable goods on Unit- I situated at Plot No. 6, Phase IV Extn., IDA, Jeedimetla, Hyderabad. A.P.	Valid until cancelled
9.	08/09/2006	Assistant Commissioner of Customs & Central Excise, Hyderabad	AAACM 9490MXM002	Rule 9 of Central Excise Rules, 2002	Registration for manufacturing of excisable goods on Unit- I situated at Plot No. 4 C, Phase IV Extn., IDA, Jeedimetla, Hyderabad. A.P.	Valid until cancelled
10.	13/09/2006 (w.e.f. 12/07/2006)	Commissioner Commercial Taxes, Roorkee	05006622215	Uttaranchal Value Added Tax Ordinance, 2005	Certificate of Registration as Manufacturer and dealer for Company's Unit at Dev Bhoomi Industrial Estate, Bantakheri, Roorkee	Valid until cancelled
11.	13/09/2006 (w.e.f. 12/07/2006)	Assistant Commissioner, Sales Tax, Roorkee	5094880	Central Sales Tax Act, 1956	Certificate of Registration as a dealer for Company's Unit at Dev Bhoomi Industrial Estate, Bantakheri	Valid until cancelled
12.	23/10/2006	Deputy Commissioner of the Central Excise, Division I, Rourkela.,	AAACM9490M XD003	Rule 9 of Central Excise Rules, 2002,	Certificate of Registration for operating as a Dealer of excisable goods for Rourkela branch.	Valid until cancelled
13.	12/12/2006	Deputy Commissioner of the Central Excise, Bellary Division	AAACM9490M XD006	Central Excise Rules, 2002, Rule 9	Operating as a Manufacturer's Depot of Excisable goods at Shop No. 37, Bangalore Road, APMC Bandi Mote, Bellary H.O. Karnataka 583101.	Continuing

14.	05/01/2007	Deputy Commissioner of the Central Excise, Division I, Bhilai	AAACM9490M XD004	Rule 9 of Central Excise Rules, 2002,	Certificate of Registration for operating a Manufacturer's Depot for Bhilai branch.	Valid until cancelled
15.	06/01/2007	Assessing Authority, A.C.C.T., Sundergarh Range, Rourkela - 1	21882001740	Orissa Entry Tax Act, 1999 & Orissa Entry Tax Rules, 1999	Registration Certificate	Valid until cancelled
16.	06/01/2007 (w.e.f. 20/11/2000)	Central Sales Tax Department, Orissa	21882001740	Central Sales Tax (Registration & Turnover) Rules, 1957	Certificate of Registration as a dealer for Company's branch at Rourkela, Sundergarh, Orissa	Valid until cancelled
17.	06/01/2007 (w.e.f. 01/04/2005)	A.C.C.T., Sundergarh Range, Orissa	TIN- 21882001740	Orissa Value Added Tax Act, 2004	Certificate of Registration as a dealer for Company's branch at QR. No. RR/1, Civil Township, Rourkela, Sundergarh, Orissa 769004 along with godown at QR. No. MM-26, Civil Township, Rourkela	Valid until cancelled
18.	10/01/2007	Profession Tax Officer, Kolkatta.,	ECC 0145416	West Bengal State Tax on Professions, Trade, Callings & Employment Act, 1979	Certificate of Enrolment for branch at Kolkata	Valid until cancelled
19.	22/01/2007 (w.e.f. 01/01/2007)	Commercial Tax Officer (FAC), Sriperumbudur, Assessment Circle, T.N.	33721663585	Tamil Nadu Value Added Tax Act, 2006	Certificate of Registration as a dealer for Company's branch at Sriperumbudur, Kanchipuram, T.N.	Valid until cancelled
20.	22/01/2007 (w.e.f. 01/01/2007)	Commercial Tax Officer (FAC), Sriperumbudur, Assessment Circle, T.N.	889696	Central Sales Tax Act, 1956	Certificate of Registration as a dealer for Company's branch at Sriperumbudur, Kanchipuram, T.N.	Valid until cancelled
21.	05/02/2007	Deputy Commissioner of the Central Excise,	AAACM9490M XD001	Rule 9 of Central Excise Rules, 2002	Certificate of Registration for operating as a dealer of Excisable goods for Kancheepuram	Valid until cancelled



		Poonamalle Division, Chennai.			branch.	
22.	02/04/2007 (w.e.f. 12/03/2007)	Assistant Commissioner Commercial Taxes, Kolkata South Circle	19442726076	West Bengal Value Added Tax Act, 2003	Certificate of Registration as a dealer for Company's branch at Kolkata	Valid until cancelled
23.	02/04/2007	Assistant Commissioner Commercial Taxes, Kolkata South Circle	19442726270	Central Sales Tax Act, 1956	Certificate of Registration as a dealer for Company's branch at Kolkata	Valid until cancelled
24.	13/03/2008 (w.e.f. 28/01/2008)	Assistant Commissioner, Commercial Tax, Surat	24222400373	Gujarat Value Added Tax Act, 2003	Certificate of Registration as a dealer for Company's Branch at Surat	Valid until cancelled
25.	13/03/2008 (w.e.f. 28/01/2008)	Assistant Commissioner, Commercial Tax, Surat	24722400373	Central Sales Tax Act, 1956 and Rules, 1957	Certificate of Registration as a dealer for Company's Branch at Surat	Valid until cancelled
26.	11/06/2008	Assistant Commissioner of Central Excise, Surat.	AAACM9490M XD008	Rule 9 of Central Excise Rules, 2002	Certificate of Registration for operating as a Dealer of Excisable Goods for Surat branch.	Valid until cancelled
27.	22/11/2008	Assistant Commissioner, Commercial Tax Office, Gautam Budh Nagar	09966105077	Central Sales Tax (Registration & Turnover) Rules, 1957	Certificate of Registration as a dealer for Company's Branch at Dadri Road, Greater Noida	Valid until cancelled
28.	22/11/2008	Assistant Commissioner, Commercial Tax Office, Gautam Budh Nagar	TIN- 09966105077	UP Value Added Tax Rules, 2007	Certificate of Registration as a dealer for Company's Branch at Dadri Road, Greater Noida	Valid until cancelled
29.	11/02/2009	Assistant Commissioner of Central Excise, Kalyan-I Division.	AAACM9690M XM004	Rule 9 of Central Excise Rules, 2002	Certificate of Registration for manufacturing of Excisable Goods at Vasurikhurd, Wada, Kadus, Thane, Maharashtra.	Valid until cancelled

30.	06/03/2009	Sales Tax Officer, Palghar. Dist. Thane	27720698243 V	Maharashtra Value Added Tax Act, 2002	Allotment of TIN	Valid until cancelled
31.	06/03/2009	Sales Tax Officer, Palghar. Dist. Thane	27720698243 C	Central Sales Tax Act, 1956	Allotment of TIN	Valid until cancelled
32.	04/06/2009 (latest after incorporating changes about place of business)	Superintendent (Service Tax), Customs & Central Excise, Hyderabad	AAACM 9490MST001	Service Tax Rules, 1994	Service Tax Registration under centralized system of accounting & billing in respect of Transport of Goods by Road, Business Auxiliary Services, Maintenance or Repair service, and, Packaging Service for Unit at Plot no.6 along with the following branches/units: i)Unit at Plot no. 4 C ii)Branch at Sriperumbudur Distt. TamilNadu, iii)Branch at Cuttack, Orissa iv)Branch at Bhilai, Chattisgarh v)Branch at Surat, Gujarat. vi)Unit at D 16, Dev Bhoomi, Industrial Estate, Bantakheri Iqbalpur, Roorkee. vii)Branch at Greater Noida viii)Arvinda Nagar, East Godavari	Valid until cancelled
33.	17/06/2009	Profession Tax Officer, Rourkela	PE-RL-1-849	Orissa State Tax on Professions, Trade, Callings & Employment Act	Certificate of Enrolment for branch at Rourkela	Valid until cancelled
34.	18/06/2009	Commercial Tax Officer, IDA, Gandhi Nagar Circle, Hyderabad	HYR/13/APPT/ 1717/2005-06	Andhra Pradesh State Tax on Professions, Trades, Callings & Employment Act, 1987	Certificate of Registration	Valid until cancelled



35.	18/06/2009	Commercial Tax Officer, IDA, Gandhi Nagar Circle, Hyderabad	HYR/13/APPT/1818/2005-06	Andhra Pradesh State Tax on Professionals, Trades, Callings & Employments Rules, 1987	Certificate of Enrollment	Valid until cancelled
36.	22/06/2009 w.e.f. 01/04/2005 (latest after incorporating changes about place of business)	Commercial Tax Officer, IDA, Gandhi Nagar Circle, Hyderabad	28480204137	A.P. Value Added Tax Act, 2005	Registration of additional place of business / branch / godown ; i) Sriperumbudur, Distt. TN. ii) Rourkela, Orissa. iii) Bhilai, Durg, Chattisgarh. iv) Plot No. 4C Phase IV Extn., IDA, Jeedimetla, R R Distt Hyderabad v) Aravinda Nagar , Rajahmundry, East Godavri vi) Surajpur, Greater Noida. vii) Ichchhpore, Bhatha, Surat. viii) Bantakheri, Roorkee. ix) Vasurikhurd, Wada Kadus, Thane.	Valid until cancelled

Registrations under various Industrial & Labour Laws

Sr. No	Date of approval	Authority granting approval	Approval/ registration number	Applicable law	Nature of approval	Validity
1.	16/09/1993	Regional Director,	52-10555-52	ESI Act, 1948	Registration	Continuing
2.	31/12/1997 (w.e.f. 02/04/1996)	Assistant PF Commissioner, Barkatpura, Hyderabad	AP/ 29748	Employees Provident Fund and Misc Provision Act, 1952	Final Registration under the Act.	Continuing
3.	01/03/2006	Licensing Officer, Contract Labour, Durg, Chattisgarh.	540/06/2006	Contract Labour (Regulation & Abolition) Act, 1970	Contract Labour License as Principal Employer for 150 contract labourers	31/12/2009

4.	02/01/2007	Kolkata Municipal Corporation - License Department	110521800045	Kolkata Municipal Corporation Act, 1980	Certificate of Enlistment-Trade License for branch office at Kolkata	Continuing
5.	08/05/2008	Assistant Commissioner of Labour, Ranga Reddy Distt.	B/PE/RC/RR-1/686/2008	Contract Labour (Regulation & Abolition) Act, 1970	Contract Labour License as Principal Employer for 200 contract labourers through Manasseh Engineering Works, Hyderabad.	Continuing
6.	05/08/2008	Regional Director, ESI Corporation, Raipur	59(52)-10555-52 (OR)	ESI Act, 1948	Allotment of Sub Code for the Branch Office at Bhilai	Continuing
7.	04/12/2008	Assistant Commissioner of Labour, Surat.	509	Contract Labour (Regulation & Abolition) Act, 1970	Contract Labour License as Principal Employer for 300 contract labourers	04/12/2009
8.	26/06/2009	Licensing Officer & Joint Commissioner of Labour, Visakhapatnam	JCL/VSP/CL/6025/2009	Contract Labour (Regulation & Abolition) Act, 1970	Contract Labour License as Principal Employer for 14 contract labourers	31/05/2010
9.	27/06/2009	Licensing Officer & Joint Commissioner of Labour, Visakhapatnam	JCL/VSP/CL/6026/2009	Contract Labour (Regulation & Abolition) Act, 1970	Contract Labour License as Principal Employer for 26 contract labourers	31/05/2010

Other Registrations & Approvals from Governmental/ Regulatory Authorities

Sr. No.	Date of approval	Authority granting approval	Approval/ License No. / Regn. No.	Applicable law	Nature of approval	Validity
1.	27/07/1993	General Manager, District Industries Centre, Ranga Reddy Distt.	01-22-58037	Industrial Policy	Permanent Registration Certificate as a SSI unit for factory at Plot no. 6, Phase IV, (Extn.) IDA, Jeedimetla, Hyderabad in the name of Midfield Steels Pvt. Ltd.	Continuing
2.	31/03/2000	General Manager, District	01-22-66361	Industrial Policy	Permanent Registration Certificate as a SSI	Continuing



		Industries Centre, Ranga Reddy Distt.			unit for factory at Plot no.4 C, Phase IV, (Extn.) IDA, Jeedimetla, Hyderabad ,	
3.	03/05/2000	Inspector of Factories Jeedimetla	License No. 41128 Registration No. 62563	Factories Act, 1948	License to work a Factory at Plot No. 6, Phase IV (Extn.) IDA, Jeedimetla, Hyderabad Max. No. of Workers : 50	Continuing
4.	03/05/2000	Inspector of Factories, Jeedimetla	License No. 41607 Registration No. 67237	Factories Act, 1948	License to work a Factory at Plot No.4 C, Phase IV (Extn.) IDA, Jeedimetla, Hyderabad Max. No. of Workers : 50	Continuing
5.	24/07/2000	Commissioner of Industries, Hyderabad	10/2/2000/1015/1015/ID	Target 2000-New Industrial Policy – Sanction of Incentives	Certificate fixing Final Eligibility for Sales Tax Deferment & Investment Subsidy in respect of unit at Plot no. 4-C for 14 years	Up to 22/03/2014
6.	20/01/2006	Andhra Pradesh Pollution Control Board, Zonal Office, Hyderabad	APPCB/HYD/JDM/710/RO/2005/A/188-310	Air (Prevention and Control of Pollution) Act, 1981	Consent Order authorizing operation of the Plant at Unit-I on Plot no. 6 & 4-A, Phase IV Extn., IDA, Jeedimetla, Hyderabad.	31/03/2007 Applied for Renewal on 12/12/2008 for 3 years- Approval Awaited
7.	20/01/2006	Andhra Pradesh Pollution Control Board, Zonal Office, Hyderabad	APPCB/HYD/JDM/710/RO/2005/A/188-309	Water (Prevention and Control of Pollution) Act, 1974	Consent Order authorizing operation of the Plant at Unit-I on Plot no. 6 & 4-A, Phase IV Extn., IDA, Jeedimetla, Hyderabad.	31/03/2007 Applied for Renewal on 12/12/2008 for 3 years - Approval Awaited
8.	25/02/2006	Inspector of Factories, Jeedimetla Circle, R R Distt.	License No. JDM/120/2006 (Registration No. 67906)	Factories Act, 1948	License to work a Factory at Plot No.4-A, Phase IV (Extn.) IDA, Jeedimetla, Hyderabad Max. No. of Workers : 20	Continuing
9.	21/06/2006 w.e.f. 01/08/2006	General Manger, District Industries Centre, Roorkee	051311470	Industrial Policy	Provisional Registration of Unit at Plot No. D-16, Dev Bhoomi, Industrial Estate, Bantakheri, Roorkee	Continuing



10.	28/06/2006	General Manager, District Industries Centre, Roorkee	166	Environment Protection Act, 1986	No Objection Certificate for establishment of Unit at Plot No. D -16, Dev Bhoomi, Industrial Estate, Bantakheri, Roorkee	Continuing
11.	04/10/2006 (w.e.f. 20/10/1993)	Office of Joint Director General of Foreign Trade, Hyderabad	IEC No. 0991017781	Foreign Trade (Regulation) Rules, 1993	Fresh Certificate consequent to name change to Midfield Industries Ltd. for units at Plot no. 6 & 4-C.	Continuing
12.	18/10/2006	Andhra Pradesh Pollution Control Board, Zonal Office, Hyderabad	486-RR-II/PCB/ZOH/CFO/2006-2158	Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981	Consent Order authorizing operation of the Plant at Plot no. 4-C, Phase IV Extn., IDA, Jeedimetla, Hyderabad.	31/03/2007 Applied for Renewal on 12/12/2008 for 3 years - Approval Awaited
13.	22/11/2007	Certificate Body of TUV SUD South Asia Private Ltd., Member of TUV SUD Group	99 100 03298	ISO 9001 : 2000	Certification for Quality Management System	Up to 20/11/2010
14.	05/06/2009		109/SFO/JDM/09	Andhra Pradesh Fire & Emergency Services	Inspection Report of Fire Preventive Measures adopted at factory at Plot no. 4 A & 6	Up to May, 2010
15.	05/06/2009	Station Fire Officer, Fire Station, Jeedimetla, Hyderabad	603/SFO/JDM/09	Andhra Pradesh Fire & Emergency Services	Inspection Report of Fire Preventive Measures adopted at factory at Plot no. 4 - C.	Up to May, 2010
16.	10/06/2009	General Manager, District Industries Centre, Ranga Reddy Distt.	Entrepreneurs Memorandum no.28-006 -12-01114 (Part II-Small)	MSMED Act, 2006	Registration of Enterprise for Unit at Plot no.4-A & 6, Phase IV Extn IDA, Jeedimetla, Hyderabad in the name of Midfield Industries Ltd.	Continuing

Details of Registrations Surrendered/ Applied for De-registration

Sr. No	Date of Application	Department/ Authority	Nature of Registration	Reason for Deregistration/ Status
1.	05/08/2008	Sales Tax Authority, Faridabad(E), Haryana	VAT and CST TIN-06921219321	Closure of Branch/ Confirmation Awaited
2.	30/09/2008	Superintendent of	Central Excise Registration	Closure of Depot/



		Central Excise, Hadaspur, Division IX, Pune.	No. AAACM9490MXD002	Confirmation Awaited
3.	01/11/2008	Sales-Tax, Officer, Service Cell, Pune	CST -TIN 27820333759C and MVAT -TIN 27820333759V	Closure of Branch/ De-registration Confirmed
4.	15/11/2008	Assistant Commissioner of Commercial Taxes, Bellary	VAT-TIN: 29530729888	Closure of Branch / De-registration Confirmed
5.	19/12/2008	Professional Tax Officer, Pune	PT/R No. 2/2/7/11147 and PT/E No. 2/2/7/18/1966	Closure of Branch/ Confirmation Awaited
6.	27/01/2009	Assistant Commissioner of Central Excise, Kolkatta	Central Excise Registration No. AAACM9490MXD007	Closure of Depot/ Confirmation Awaited
7.	30/03/2009	Assistant Commissioner of Customs & Central Excise, Hyderabad	Central Excise Registration No. AAACM 9490MXM003	Termination of Lease for unit at Plot no.13, IDA Hyderabad / Confirmation Awaited
8.	20/04/2009	Deputy Commissioner of Central Excise, Bellary	Central Excise Registration No. AAACM9490MXD006	Closure of Branch / De-registration Confirmed
9.	16/06/2009	Asstt. Commissioner, Central Excise Div. I, Faridabad, Haryana.	Central Excise Registration No. AAACM9490MXD005	Closure of Depot/ Confirmation Awaited

Registrations & Approvals Not Available/Applied for (existing operations)

Sr. No.	Nature of Registration/ Approval	Applicable law	Current Status
1.	Professional Tax Registration for branch at Bellary, Karnataka	Professional Tax	Not Applied - Branch under closure
2.	Professional Tax Registration for branch at Sriparduram, Tamil Nadu.	Professional Tax	Not yet Applied
3.	Registration for employment of contract labourers through Ranjeet Constructions in Angul, Orissa	Contract Labour (Regulation & Abolition) Act, 1970	Applied for, but in Form-IV meant for registration as a Contractor.

SECTION VII - OTHER REGULAROTY AND STATUTORY DISCLOSURES

Authority for the Issue

Our Board of Directors at its meeting held on May 02, 2009, authorised the Issue, subject to the approval of the shareholders of our Company under Section 81 (1A) of the Companies Act. Our shareholders have authorised the Issue vide a special resolution adopted pursuant to Section 81 (1A) of the Companies Act, passed at the Extra-ordinary General Meeting held on May 26, 2009.

Prohibition by SEBI

Our Company, our Directors, our Promoters, Promoter Group and the companies in which our Directors are associated as directors, have not been prohibited from accessing or operating in capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Prohibition by RBI

Our Company, our Directors, our Promoters, Promoter Group, the Directors or the person(s) in control of the Promoter and the companies in which our Directors are associated as directors, have not been declared as willful defaulters by RBI or any other Governmental authorities.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Regulation 26 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, which states as follows:

(26)(1) *An Issuer may make an initial public offering if*

- (a) *The company has net tangible assets of at least Rs. 3 crores in each of the preceding 3 full years (of 12 months each), of which not more than 50% is held in monetary assets. Provided that if more than 50% of the net tangible assets are held in monetary assets, the company has made firm commitments to deploy such excess monetary assets in its business/project;*
- (b) *The company has a track record of distributable profits in terms of Section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years; Provided further that extraordinary items shall not be considered for calculating distributable profits in terms of Section 205 of Companies Act, 1956;*
- (c) *The company has a net worth of at least Rs. 1 crore in each of the preceding 3 full years (of 12 months each);*
- (d) *The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e., offer through offer document + firm allotment + promoters' contribution through the offer document), does not exceed five (5) times its pre-issue networth as per the audited balance sheet of the last financial year.)*
- (e) *In case the company has changed its name within the last one year, atleast 50% of the revenue for the preceding 1 full year is earned by the company from the activity suggested by the new name;*

Our Company is eligible for the issue under Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as explained under, with the eligibility criteria calculated in accordance with Restated Financial Statements:

- (a) The Company has net tangible assets of atleast Rs.3 crores in each of the preceding 3 full years, of which not more than 50% are held in monetary assets:

(Rs. in million)

PARTICULARS	YEAR / PERIOD ENDED MARCH 31				
	2009	2008	2007	2006	2005
Net Tangible Assets *	250.66	178.55	113.04	78.46	56.34
Monetary Assets	14.96	13.98	12.26	8.72	8.91
Monetary Assets As A Percentage Of Net Tangible Assets (%Age)	5.97	7.83	10.85	11.11	15.81



* Net tangible assets are defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves, if any), trade investments, current assets (excluding deferred tax assets) less current liabilities (including Cash Credit and excluding deferred tax liabilities and secured as well as unsecured long term liabilities). Monetary assets include cash on hand and bank balances.

(b) The Company has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years.

(Rs. in million)

PARTICULARS	YEAR / PERIOD ENDED MARCH 31				
	2009	2008	2007	2006	2005
Net Profit After Tax (As Restated)	59.09	41.60	18.67	17.10	2.12

(c) The Company has a net worth of at least Rs. 1 crore in each of the preceding 3 full years (of 12 months each).

(Rs. in million)

PARTICULARS	YEAR / PERIOD ENDED MARCH 31				
	2009	2008	2007	2006	2005
Net Worth	255.57	181.13	113.23	78.72	54.62

(d) The Company shall ensure that the aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. public issue by way of this offer document + firm allotment + promoters' contribution through the offer document) does not exceed five (5) times our pre- issue net worth as per the audited balance sheet of the last financial year.

(e) The Company has not changed its name within the last one year.

Further, in accordance with Regulation 26(4) of the SEBI Regulations, the Company shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted in the Issue shall not be less than 1,000, failing which the entire application monies will be refunded forthwith. In case of delay as specified herein, if any, in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

Accordingly, the Company is eligible for the Issue under Regulation 26(1) of the SEBI Regulations.

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THIS DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. "IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGER, ATHERSTONE CAPITAL MARKETS LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENT) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, ATHERSTONE CAPITAL MARKETS LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 24, 2009 IN

ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

WE THE UNDER NOTED LEAD MERCHANT BANKER(S) TO THE ABOVE MENTIONED FORTHCOMING ISSUE STATE AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS/DRAFT PROSPECTUS/LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
 - a. THE DRAFT RED HERRING PROSPECTUS / DRAFT PROSPECTUS / LETTER OF OFFER FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - b. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - c. THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS / DRAFT PROSPECTUS / LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENT) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS**
- 3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS / DRAFT PROSPECTUS / LETTER OF OFFER ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID;**
- 4. WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**
- 5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS / DRAFT PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS / DRAFT PROSPECTUS.**
- 6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOATRD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATION 2009, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS / DRAFT PROSPECTUS.**



7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATIONS 32 AND CLAUSE (c) AND (d) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOATRD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATION 2009 SHALL BE COMPIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT ALL PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT THE AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE.

WHERE THE REQUIREMENT OF PROMOTERS' CONTRIBUTION IS NOT APPLICABLE TO THE ISSUER, WE CERTIFY THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION UNDER CLAUSE SUB-REGULATION (4) OF REGULATIONS 32 AND CLAUSE (c) AND (d) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOATRD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATION 2009 ARE NOT APPLICABLE TO THE ISSUER – NOT APPLICABLE.

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUEER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION 3 OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS/LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY WILL CONTAIN THIS CONDITION. – *NOTED FOR COMPLIANCE*
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS / DRAFT PROSPECTUS / DRAFT LETTER OF OFFER THAT THE INVESTOR SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE – *NOT APPLICABLE*
AS THE ISSUE SIZE IS MORE THAN RS.10 CRORES, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE ISSUED IN DEMAT ONLY.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS / DRAFT PROSPECTUS/ DRAFT LETTER OF OFFER:
- AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND
 - AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

- 13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.**
- 14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE ,ETC.**
- 15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS/ DRAFT PROSPECTUS/ DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.”**

The filing of the Draft Red Herring Prospectus does not, however, absolve the Company from any liabilities under section 63 or section 68 of the Companies Act or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the proposed issue. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Managers, any irregularities or lapses in the offer document.

The BRLM and the Company accept no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisement or any other material issued by or at our instance and anyone placing reliance on any other source of information would be doing so at his/her own risk.

All legal requirements pertaining to the Issue will be complied with at the time of filing the Red Herring Prospectus with the Registrar of Companies, Hyderabad, Andhra Pradesh, in terms of section 56, section 60 and section 60B of the Companies Act.

CAUTION - DISCLAIMER FROM THE COMPANY AND THE BRLM

Our Company, our Directors and the BRLM accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site www.midfieldindustries.com, would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the MoU entered into between the BRLM and us and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by us and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Neither our Company nor the Syndicate is liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors that Bid in the Issue will be required to confirm and will be deemed to have represented to the Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not Issue, sell, pledge, or transfer the Equity Shares of the Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity



Shares of the Company.

DISCLAIMER WITH RESPECT TO JURISDICTION

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or Trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, Public financial institutions as specified in Section 4A of the Companies Act, venture capital funds registered with SEBI, state industrial development corporation, insurance companies registered with Insurance Regulatory and development Authority, provident funds (subject to applicable law) with minimum corpus of Rs.25 crores and pension funds with minimum corpus of Rs.25 crores and to non-residents including FVCIs, multilateral and bilateral developmental financial institutions, FIIIs, and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or a foreign individual and eligible NRIs provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company. This Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform him or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Hyderabad, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Disclaimer Clause of Bombay Stock Exchange Limited (BSE, the Designated Stock Exchange):

As required, a copy of the Draft Red Herring Prospectus had been submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

FILING

A copy of this DRHP has been filed with SEBI at Securities and Exchange Board of India Bhavan, Corporate Finance Department, Plot C4-A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051; a copy of this DRHP has been filed with Bombay Stock Exchange Limited (BSE), at Bombay Stock Exchange Limited, P. J. Towers, Dalal Street, Fort, Mumbai - 400 001.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section

60B of the Companies Act, will be delivered for registration to the ROC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with the RoC, Hyderabad, Andhra Pradesh

LISTING

Application has been made to the BSE for permission to deal in and for an official quotation of the Equity Shares of the Company. BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalised.

If the permission to deal in and for an official quotation of our Equity Shares is not granted by the Stock Exchange mentioned above, our Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after the Company becomes liable to repay it, i.e. from the date of refusal or within 15 days from the Bid/Issue Closing Date, whichever is earlier, then our Company, and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above are taken within seven working days of finalisation of the Basis of Allotment for the Issue.

IMPERSONATION

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

- (a) Makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, Or**
- (b) Otherwise induces a Company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."**

CONSENTS

Consents in writing of the Directors, the Company Secretary, the Compliance Officer, the Auditors, Bankers to the Company, Bankers to the Issue, Book Running Lead Managers to the Issue, Syndicate Members, SCSBs, Escrow Collection Bankers, Registrar to the Issue, the Legal Advisor to the Issue, to act in their respective capacities, have been obtained and will be filed along with a copy of this Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Prospectus for registration with the ROC.

In accordance with the Companies Act, 1956 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, M/s Sampath & Ramesh, Chartered Accountants, have given their written consent to the inclusion of their report as well as report in relation to tax benefit accruing to our Company and its members in the form and context in which it appears in this Draft Red Herring Prospectus and such consent shall not be withdrawn up to the time of Delivery of the Red Herring Prospectus for registration with the RoC.

[•], the agency engaged by us for the purpose of obtaining IPO grading in respect of this Issue, has given its written consent as experts to the inclusion of their report in the form and context in which they will appear in the Red Herring Prospectus and such consents and reports will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus to the Registrar of Companies.

EXPERT OPINION OBTAINED, IF ANY

Except as stated elsewhere in this Draft Red Herring Prospectus, our Company has not obtained any expert opinion.

- We have obtained the IPO grading report from [•] dated [•]
- We have obtained Certificate dated [•] from the Statutory Auditors of the Company, detailing the Tax Benefits



EXPENSES OF THE ISSUE

The total expenses of the Issue are estimated at approximately Rs.[•] million. The expenses of this Issue include, among others, underwriting and management fees, SCSBs' commission/fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. All expenses with respect to the Issue would be paid by our Company.

The estimated Issue expenses are as follows:

(Rs. in Million)

Sr. No.	Nature of Expenses	Amount*	% to the Total Expenses	% to the Issue
1	Lead Management Fee, Underwriting Commissions and Selling Commissions	[•]	[•]	[•]
2	SCSBs' commission	[•]	[•]	[•]
3	Advertising and marketing Expenses	[•]	[•]	[•]
4	Printing and Stationery	[•]	[•]	[•]
5	IPO Grading Fee	[•]	[•]	[•]
6	Others (Registrar's Fee, Legal Fee, Listing Fees, etc.)	[•]	[•]	[•]
	Total estimated Issue Expenses	[•]	[•]	[•]

* Will be incorporated after finalization of Issue Price

Fees Payable to the Book Running Lead Managers and Syndicate Members

The total fees payable to the Book Running Lead Manager and Syndicate Member will be as per the respective engagement letter with the BRLM, issued by our Company, a copy of which is available for inspection at the Registered Office of our Company.

Further, the commissions payable to [•], the syndicate member(s) shall be as per the letter of appointment issued by our Company, a copy of which is available for inspection at the Registered Office of our Company.

Fees payable to the SCSB

The total fees payable to the SCSB will be as per the MoU dated [•], (a copy of which is available for inspection at our registered office) for the services rendered in uploading and processing the ASBA.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding between the Registrar and our Company, a copy of which is available for inspection at the Registered Office of our Company.

The Registrar to the Issue will be reimbursed all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

Fees Payable to Others

The total fees payable to the Legal Advisor(s), Auditor etc. will be as per the terms of their respective engagement letters.

Underwriting commission, brokerage and selling commission on Previous Issues

Since this is an Initial Public Offer of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

Particulars regarding Public or Rights during the Last Five Years

Our Company has not made any previous rights and public issues in India or abroad in the five years preceding the date of this Draft Red Herring Prospectus.

Previous issues of shares otherwise than for cash

Except as stated in the section entitled 'Capital Structure' beginning on page 16, the Company has not issued any Equity Shares for consideration otherwise than cash.

Companies under the Same Management

Our Company do not have any other Company under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956 which had made any capital issue during the last three years.

Promise v/s Performance

Our Company nor any Group or associate companies have made any previous public and right issues.

Listed Ventures of Promoters

Our Promoters do not have any listed ventures.

Outstanding Debentures, Bonds or Preference Shares

Our Company does not have any outstanding debentures, bonds or redeemable Preference Shares as of the date of the Draft Red Herring Prospectus.

Stock Market Data for Our Equity Shares

This being an Initial Public Offer of our Company, the Equity Shares of our Company are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The Memorandum of Understanding between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

Disposal of Investor Grievances

We estimate that the average time required by our Company or the Registrar to the Issue or the SCSBs in case of ASBA Bidders for redressal of routine investor grievances shall be seven working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

All investor complaints that can not be resolved by the Company Secretary and Compliance officer would be placed before the Investor Grievance Committee for resolution. We will settle investor grievance expeditiously and satisfactorily.

We have appointed Mr. M Laxminarayana, General Manager – Finance of our Company as the Compliance Officer for this Issue and may be contacted in case of any pre-issue or post-issue related problems, at the following address:

Mr. M Laxminarayana
Plot No. 6, Phase IV Extn.,
IDA Jeedimetla,
Hyderabad- 500055,
Andhra Pradesh
Tel.: +91- 40 - 23098502
Fax: +91- 40 - 23096493
Email: mlnipo@midfieldindustries.com



Website: www.midfieldindustries.com

Change in Statutory Auditors

There has been no change in the Statutory Auditors of the Company for the last three years

Capitalization of Reserves or Profits

Except as stated in “Capital Structure”, our Company has not capitalised its reserves or profits at any time since inception. For details on capitalisation of reserves and profits please refer to “Capital Structure” beginning on page 16.

Revaluation of Assets

We have not re-valued our assets in the last five years.

SECTION VIII - OFFERING INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, Bid-cum-Application Form, including the ASBA form, the Revision Form, the Confirmation of Allocation Note ("CAN") and other terms and conditions as may be incorporated in the Allotment Advice and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, Registrar of Companies, FIPB and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Issue has been authorised by a resolution of our Board of Directors dated May 02, 2009 and by special resolution adopted pursuant to Section 81(1A) of the Companies Act, at an EGM of our Company held on May 26, 2009.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari-passu in all respects with existing Equity Shares of our Company including rights in respect of dividends. See the section titled "Main Provisions of the Articles of Association" beginning on page 227.

Mode of payment of Dividend

The declaration and payment of dividend will be as per the provisions of the Companies Act as recommended by the Board of Directors and declared by the shareholders at their discretion, and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10/- each and the Issue price at the lower end of the Price Band is Rs.[●] per equity share and at the higher end of the Price Band is Rs.[●] per equity share. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Regulations

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability of shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, 1956, the terms of the listing agreement executed with the Stock Exchanges, and our Company's Memorandum and Articles of Association.

For a detailed description of the main provisions of our Articles relating to, among other things, voting rights, dividend, forfeiture and lien, transfer and transmission, kindly refer to the section titled 'Main Provisions of the Articles of Association' beginning on page 227.

Market Lot and Trading Lot



In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per SEBI Regulations, trading in Equity Shares shall only be in dematerialised form. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one (1) Equity Share. Allotment in this Issue will be done only in electronic form in multiples of one (1) Equity Share subject to a minimum allotment of [•] Equity Shares.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in Hyderabad, Andhra Pradesh, India.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s), may nominate any one Person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A Person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any Person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/ alienation of Equity Share(s) by the Person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office/Corporate Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board of Directors, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board of Directors may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of ninety (90) days, the Board of Directors may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require to change their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue amount including devolvement of Underwriters within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act, 1956.

Further in terms of Regulation 26(4) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, we shall ensure that the number of prospective allottees to whom Equity Shares will be allotted will not be less than 1000.

Restriction on Transfer and Transmission of Shares

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation/splitting, please refer to the “Main Provisions of Articles of Association of Our Company” beginning on page 227.

Arrangement for Disposal of Odd Lots

Since the market lot of our Equity Shares will be one, no arrangements for disposal of odd lots are required.

Restriction on transfer of Shares

There are no restrictions on transfer and transmission of shares/debentures and on their consolidation/splitting except as provided in our Articles and Association. For details please refer to the section on ‘Main provisions of our Articles of Association’ beginning on page 227.



ISSUE STRUCTURE

Public Issue of 4,500,000* Equity Shares of Face Value of Rs. 10/- each for cash at a price of Rs.[●] per Equity Share (including a share premium of Rs.[●] per Equity Share) aggregating to Rs.[●] million (the "Issue"). The Issue would constitute 35.10% of the fully diluted post issue paid-up capital of our Company.

** The Company is considering a Pre-IPO Placement of up to 500,000 Equity Shares with certain investors ("Pre-IPO Placement"). The Pre-IPO Placement is at the discretion of the Company. The Company will complete the issuance and allotment of Equity Shares pursuant to the Pre-IPO Placement prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue size of 25% of the post Issue paid-up capital being available for allocation to the public.*

The Issue is being made through a 100% Book Building Process.

Particulars	QIBs [@]	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares *	Upto 2,250,000 Equity Shares or Net Issue less allocation to Non Institutional Bidders and Retail Individual Investors	Not less than 675,000 Equity Shares or Net Issue less allocation to QIB Bidders and Retail Individual Investors	Not Less than 1,575,000 Equity Shares or Net Issue less allocation to QIB Bidders and Non Institutional Bidders
Percentage Of Issue size available for Allotment / Allocation	Up to 50% of the Net Issue (of which 5% shall be reserved for Mutual Funds) or Net Issue to the public less allocation to Non Institutional Bidders and Retail Individual Bidders.* Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of the Net Issue or Net Issue less allocation to QIB Bidders and Retail Individual Bidders*	Not less than 35% of Net Issue or Net Issue less allocation to QIB Bidders and Non Institutional Bidders*
Basis of Allotment / Allocation if respective category is oversubscribed	Proportionate as follows: (a) 112,500 Equity Shares shall be allocated on a proportionate basis to Mutual above Funds in the Mutual Funds Portion; (b) 2,137,500 Equity shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares in multiples of [●]	Such number of Equity Shares in multiples of	[●] Equity Shares and in multiples of [●]



	Equity Shares so that the Bid amount exceeds Rs. 1,00,000	[●] Equity Shares so that the Bid amount exceeds Rs. 1,00,000	Equity Shares thereafter
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid amount does not exceed the Net Issue, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid amount does not exceed the Net Issue, subject to applicable limits	Such number of Equity shares in multiples of [●] Equity Shares so that the Bid amount does not exceed Rs. 1,00,000
Mode of Allotment	Compulsorily in dematerialized form	Compulsorily in dematerialized form	Compulsorily in dematerialized form
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Allotment Lot	[●] Equity Shares and in multiples of one (1) Equity Share thereafter	[●] Equity Shares and in multiples of one (1) Equity Share thereafter	[●] Equity Shares and in multiples of one (1) Equity Share thereafter
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions, as specified in section 4A of the Companies Act, 1956, Scheduled Commercial Banks, Mutual Funds, Foreign Institutional Investors registered with SEBI, Multilateral and Bilateral Development Financial Institutions, Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs.250 millions and Pension Funds with minimum corpus of Rs.250 millions, National Investment Fund in accordance with applicable law.	Companies, Corporate Bodies, Scientific Institutions, Societies, Trusts, Resident Indian individuals, HUF (in the name of Karta), and NRIs (applying for an amount exceeding Rs. 1,00,000/-)	Individuals (including NRIs and HUFs in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs. 1,00,000 in value.
Terms of Payment	Margin amount applicable to QIB Bidders shall be payable at the time of submission of Bid cum Application Form to the members of the syndicate ****	Margin amount applicable to Non Institutional Bidders shall be payable at the time of submission of Bid cum Application form to the members of the syndicate @@	Margin amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application form to the members of the syndicate or ASBA Form to the SCSBs***
Margin Amount	10% of the Bid amount in respect of bids placed by	Full amount on bidding	Full amount on bidding.



	QIB bidder on bidding		
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@ The QIB Portion includes Anchor Investor Portion, as per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Anchor Investor Margin Amount shall be payable at the time of submission of the application form by the Anchor Investor

@@ In case of ASBA Bidders, the SCSB shall be authorized to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid cum Application Form.

If the Pre-IPO Placement is completed, the QIB Portion, the Mutual Fund Portion, the Retail Portion and the Non Institutional portion shall (if required) be accordingly reduced.

* Subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in any category, would be allowed to be met with spill over inter-se from any other categories, at the discretion of our Company in consultation with the BRLM subject to applicable provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

** In case the Bid cum Application Form or ASBA Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form or ASBA Form.

*** Resident Retail Individual Investor is also eligible to apply through ASBA process, for details please refer Section "ASBA Process" on page 216.

**** After the Bid/Issue Closing Date, depending on the level of subscription, additional Margin Amount, if any, may be called for from the QIB Bidders

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares without assigning any reason. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchange, which our Company shall apply only for within seven working days of finalisation of basis of allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the SEBI.

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

Bidding/Issue Programme

BID/ISSUE OPENS ON:

【●】

BID/ISSUE CLOSES ON:

【●】

The Company may consider participation by Anchor Investors in terms of the SEBI Regulations. The Anchor Investor Bid/Issue Period shall be one day prior to the Bid/ Issue Opening Date.

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) during the Bidding/Issue Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form except that on the Bid Closing Date, Bids (excluding ASBA Bidders) shall be accepted only between 10 a.m. and 3 p.m. and uploaded until (i) 5.00 p.m. in case of Bids by QIB Bidders, Non-Institutional Bidders where the Bid Amount is in excess of Rs.100,000 and (ii) until such time as permitted by the BSE and the NSE, in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs.100,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that due to clustering of last day applications, as is typically experience in public offerings, some Bids may not be uploaded due to lack of sufficient time to upload; such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Company, the BRLM and the Syndicate Members shall not be responsible. Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the NSE

and the BSE. Bids will be accepted only on working days, i.e. Monday to Friday (excluding any public holidays).

In case of discrepancy in the data entered in the electronic book vis a vis the data contained in the physical Bid form, for a particular Bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of allotment. In case of discrepancy in the data entered in the electronic book vis a vis the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB.

On the Bid/Issue Closing Date, extension of time will be granted by the Stock Exchanges for uploading the Bids received taking into account the total number of Bids received upto the closure of the time period for acceptance of Bid-cum-Application Forms as stated herein and reported by the BRLM to the Stock Exchange within half an hour of such closure.

Our Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI Regulations. The Cap on the Price Band shall not be more than 20% of the floor of the price band. Subject to compliance with the immediate preceding sentence, the floor of the price band can move up or down to the extent of 20% of the floor of the Price Band.

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



ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process, wherein upto 50% of the Net Issue shall be available for allocation on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB portion shall be available for allocation on a proportionate basis to Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, upto 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, and upto 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. ASBA Investors intending to subscribe to the Issue, shall submit a completed ASBA Form to a designated branch of the SCSB, with whom the bank account to be blocked, is maintained. We, in consultation with the BRLM, reserve the right to reject any Bid procured from QIBs, by any or all members of the Syndicate, for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons thereof shall be disclosed to the bidders. In case of Non-Institutional Bidders, Retail Individual Bidders and Bidders under the Employee Reservation portion, our Company would have a right to reject the Bids only on technical grounds. The primary responsibility of building the book shall be that of the lead book runner.

Investors should note that Allotment of Equity Shares to all successful Bidders would only be in the dematerialized form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchange.

Bid-cum-Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in the Draft Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

Category	Colour of Bid-Cum-Application Forms
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs, FIIs, Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue
ASBA Form	White

Who can Bid?

- Indian nationals resident in India who are majors, or in the names of their minor children as natural /legal guardians in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid-cum-Application Form as follows: "Name of sole or first Bidder: 'XYZ Hindu Undivided Family' applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under applicable laws in India and authorized to invest in equity shares;
- Mutual Funds registered with SEBI;

- Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable laws. NRIs, other than Eligible NRIs are not eligible to participate in this Issue;
- Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to the RBI regulations and the SEBI Guidelines and regulations, as applicable);
- FIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or a foreign individual;
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Funds registered with SEBI;
- Multilateral and Bilateral development financial institutions;
- State Industrial Development Corporations;
- Trusts / Societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts / societies and who are authorized under their constitution to hold and invest in equity shares;
- Scientific and / or industrial research organisations authorized to invest in equity shares;
- Insurance companies registered with the Insurance Regulatory and Development Authority, India;
- Subject to applicable law, Provident Funds with a minimum corpus of Rs.250 million and who are authorized under their constitution to hold and invest in equity shares;
- Pension funds with a minimum corpus of Rs.250 million and who are authorized under their constitution to invest in equity shares;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India

As per existing policy of the Government of India, OCBs cannot participate in this Issue.

In accordance with the SEBI Regulations, only Resident Retail Individual Investor can participate by way of ASBA process.

In accordance with SEBI Regulations, only QIBs can participate in the Anchor Investor Portion.

Participation by BRLM and Syndicate Members

The BRLM and Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and Syndicate Members may subscribe to Equity Shares in the Issue either in the QIB Portion or in Non-Institutional Portion as may be applicable to such investors, where the allocation is on a proportionate basis.

The information below is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:

No mutual fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sectors or industry-specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.



Bids by Eligible NRIs

Bid-cum-Application Forms (blue in colour) have been made available for Eligible NRIs at our Registered Office and members of the Syndicate.

Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (white in colour).

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-issue paid-up capital (i.e. 10% of 1,282,125 Equity Shares of Rs. 10 each). In respect of an FII investing in our equity shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008 ("**SEBI Regulations**"), an FII, as defined in the SEBI Regulations, or its sub account may issue, deal or hold, off shore derivative instruments (defined under the SEBI Regulations, as any instrument, by whatever name called, which is issued overseas by a foreign institutional investor against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instrument are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII or sub-account is also required to ensure that no further issue or transfer of any Offshore Derivative Instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI Regulations.

Bids by the SEBI-registered Venture Capital Funds and Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for SEBI Registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on Venture Capital Funds and Foreign Venture Capital Investors registered with SEBI.

Accordingly, whilst the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund, a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

Bids by ASBA Investor

For ASBA process, please refer to section titles "ASBA Process" beginning on page 216.

Information for the Bidder:

- (a) Our Company will file the Red Herring Prospectus with the RoC at least three (3) days before the Bid/Issue Opening Date;
- (b) The Company, BRLM shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date at the time of filing the Red Herring Prospectus with the RoC and the same shall also be published in three newspapers (one each in English, Hindi and regional news paper). Further, the Price Band shall be disclosed atleast two working days prior to Bid/Issue Opening Date by way of announcement in all the news papers in which the pre-issue advertisement was released by the Company or the BRLM
- (c) The members of the Syndicate will circulate copies of the Bid-cum-Application Form to potential investors, and at the request of potential investors, copies of the Red Herring Prospectus;

- (d) Any investor (who is eligible to invest in the Equity Shares) who would like to obtain the Red Herring Prospectus and/or the Bid-cum-Application Form can obtain such documents from our Registered Office or from any member of the Syndicate or their authorized agent(s) to register their Bids;
- (e) The Members of the Syndicate shall accept Bids from the Bidder during the Issue Period in accordance with the terms of the Syndicate Agreement.
- (f) The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the member of the Syndicate. Bid-cum-Application Forms, which do not bear the stamp of a member of the Syndicate will be rejected.
- (g) The Bidding/Issue Period shall be for a minimum of three working days and not exceeding seven working days. In case of revision in the Price Band, the Bidding / Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in three newspapers (one each in English and Hindi) and one Regional Language newspaper, and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate Members;
- (h) Our Company in consultation with the BRLM reserves the right to revise the Price Band, during the Bidding/Issue Period, in accordance with SEBI Regulations. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band;
- (i) Our Company in consultation with the BRLM can finalise the Issue Price within the Price Band, without the prior approval of, or intimation, to the Bidders.

Maximum and Minimum Bid Size

- a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs.100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs.100,000. In case the Bid Amount is over Rs.100,000 due to a revision in the Bid or revision of the Price Band or on exercise of 'Cut-off' option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The 'Cut-off' option is an option given only to Retail Individual Bidders indicating their agreement to the Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs.100,000 and in multiple of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them under applicable laws. **Under existing SEBI Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin upon submission of Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs.100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs.100,000 or less due to a revision in the Bids or a revision in the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion provided such Bids are from individuals. Non-Institutional Bidders and QIB Bidders are not allowed to Bid at the 'Cut-off' Price.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus.

Method and Process of Bidding

- (a) Each Bid-cum-Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph "Bids at Different Price Levels" below) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price



and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

- (b) The Bidder cannot Bid on another Bid-cum-Application Form after Bid(s) on one Bid-cum-Application Form has been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph "Build up of the Book and Revision of Bids".
- (c) The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip ("TRS") for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form.
- (d) During the Bidding/Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.
- (e) Along with the Bid-cum-Application Form, all Bidders will make payment into the "Escrow Account".

Bids at Different Price Levels

- (a) The Price Band has been fixed at Rs.[●] to Rs.[●] per Equity Share, Rs.[●] being the Floor Price and Rs.[●] being the Cap Price. The Bidders can Bid at any price within the Price Band, in multiples of Re.1 (Rupee One). The Bidder has to bid for the desired number of equity shares at a specified price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs.100,000 may bid at Cut-Off Price. However, bidding at 'Cut-off' price is prohibited for QIB and Non-institutional Bidders and such bids shall be rejected.
- (b) Retail Individual Bidders who bid at the Cut-Off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price shall deposit the Bid Price based on the higher end of the Price Band in the Escrow Account. In the event the Bid Price is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at Cut off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders shall receive the refund of the excess amounts from the Refund Account.
- (c) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at the Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the revised Price Band (such that the total amount i.e., the original Bid Amount plus additional payment does not exceed Rs.100,000 if the Bidder wants to continue to Bid at the Cut-off Price), with the Syndicate members to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs.100,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to the revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at the Cut-off Price.
- (d) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, who have Bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.
- (e) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs.5,000 to Rs.7,000.
- (f) Revision option is not available to ASBA Investors. For details please refer to section 'ASBA Process' on page 216

- (g) During the Bidding/ Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
- (h) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.
- (i) The Bidder can make this revision any number of times during the Bidding/Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid.
- (j) Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- (k) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Draft Red Herring Prospectus. In case of QIB Bidders, the BRLM and/or the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- (l) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (White colour for Resident Indians, Blue colour for NRIs and FIIs and applying on repatriation basis).
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
- (c) For Retail Individual Bidders, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.
- (d) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the Issue Size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
- (e) Eligible NRIs for a Bid Amount of up to Rs.100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs.100,000 would be considered under Non-Institutional Portion for the purposes of allocation; by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of [●] Equity Shares thereafter that the Bid Amount exceeds Rs. 100,000.
- (f) Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- (g) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (h) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Electronic Registration of Bids



- (a) The members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
- (b) The BSE and the NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorized agents during the Bidding/Issue Period. Syndicate members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchange(s). Bidders are cautioned that a high inflow of bids typically experienced on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such Bids that could not be uploaded may not be considered for allocation. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday)
- (c) The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be uploaded on an hourly basis, consolidated and displayed on-line at all bidding centres as well as on the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding/Issue Period.
- (d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
- Name of the Bidder(s). (Bidders should ensure that the name given in the Bid-cum-Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid-cum-Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form);
 - Investor category – Individual, Corporate, NRI, FII, Mutual Fund, etc.;
 - Numbers of Equity Shares bid for;
 - Bid Amount;
 - Bid-cum-Application Form number;
 - Whether Margin Amount, as applicable, has been paid upon submission of Bid-cum-Application Form; and
 - Depository participant identification number and client identification number of the beneficial account of the Bidder.
- (e) A system-generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/allotted either by the members of the Syndicate or our Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) In case of QIB Bidders, the BRLM and/or the members of the Syndicate also have the right to accept the Bid or reject the Bid. However, such rejection should be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed in the Draft Red Herring Prospectus.
- (h) The permission given by BSE and NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company and/or the BRLM are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.
- (i) It is also to be distinctly understood that the approval given by the Stock Exchange(s) should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by the Stock Exchange(s); nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promotes, our Management or any scheme or project of the Company.
- (j) Only Bids that are uploaded on the online IPO system of the BSE and NSE shall be considered for allocation/allotment. In case of discrepancy of data between the BSE or the NSE and the

members of the Syndicate, the decision of the BRLM based on the physical records of Bid Application Forms shall be final and binding on all concerned.

GENERAL INSTRUCTIONS

Do's:

- (a) Check if you are eligible to apply;
- (b) Read all the instructions carefully and complete the applicable Bid-cum-Application Form;
- (c) Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialised form only;
- (d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- (e) Ensure that you have been given a TRS for all your Bid options;
- (f) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- (g) Each of the Bidders, should mention their Permanent Account Number (PAN) allotted under the IT Act;
- (h) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
- (i) Ensure that the name(s) given in the Bid-cum-Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid-cum-Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid-cum-Application Form.

Don'ts:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not bid/revise Bid Price to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- (c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- (d) Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest;
- (e) Do not send Bid-cum-Application Forms by post; instead submit the same to a member of the Syndicate only;
- (f) Do not Bid at Cut Off Price (for QIB Bidders, Non-Institutional Bidders for bid amount in excess of Rs.100,000);
- (g) Do not fill up the Bid-cum-Application Form such that the Equity Shares Bid for exceeds the Issue Size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- (h) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bidder's Depository Account and Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds (including through physical refund warrants, direct credit, ECS, NEFT and RTGS) to the Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch/credit of refunds to Bidders at the Bidders sole risk and neither the BRLM or the Registrar or the Escrow Collection Banks nor our Company shall have any responsibility and undertake any liability for the same. Hence,



Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid-cum-Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid-cum-Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case of Bidders receiving refunds through electronic transfer of funds, delivery of refund orders/allocation advice/CANs may get delayed if the bank particulars recorded in the depository account and/or the address registered with the depository participant is incorrect. The same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure re-dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither our Company, the Registrar, Escrow Collection Bank(s) nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's Identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Our Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Refunds, interests, if any, on delayed payment of refund and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Eligible NRIs, FIIs and foreign venture capital funds and all applicants will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

- (a) In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

- (b) In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.
- (c) In case of Bids made pursuant to a power of attorney by Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with the certified copy of their SEBI registration certificate must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.
- (d) In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.
- (e) In case of Bids made by provident funds with minimum corpus of Rs.250 million (subject to applicable law) and pension funds with minimum corpus of Rs.250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.
- (f) Our Company in its absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application form, subject to such terms and conditions that the Company and the BRLM may deem fit.

PAYMENT INSTRUCTIONS

Escrow Mechanism

The Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) for the collection of the Bid Amount payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

The Escrow Collection Banks will act in terms of the Draft Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank(s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Draft Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, and the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation/Allotment as per the following terms.

1. Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders, shall provide the applicable Margin Amount, with the submission of the Bid-cum-Application Form, by drawing a cheque or demand draft for the maximum amount of his/her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid-cum-Application Forms accompanied by cash shall not be accepted. The Margin Amount payable by each category of Bidders is mentioned under the section titled "Issue Structure" on page 191. The maximum Bid Amount has to be paid at the time of submission of the Bid-cum-Application Form based on the highest Bidding option of the Bidder.



2. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount payable on application, any difference between the amount payable by the Bidder for Equity Shares allocated/allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the respective members of the Syndicate by the BRLM. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - In case of Resident QIB Bidders: '[●]'
 - In case of Non-Resident QIB Bidders: '[●]'
 - In case of Resident Bidders: '[●]'
 - In case of Non Resident Bidders: '[●]'
4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account. In case of Bids by Eligible NRIs applying on non repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance, or out of Non-Resident Ordinary (NRO) Account of Non Resident Bidder bidding on a non repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting the NRE Account or FCNR Account or NRO account.
5. In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.
6. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable by the Equity Shares allocated\ will be refunded to the Bidder from the Refund Account.
7. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/Allotment to the Bidders.
8. Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/ Money Orders/ Postal orders will not be accepted.
9. Bidders are advised to mention the number of application form on the reverse of the cheque/demand draft to avoid misuse of instruments submitted along with Bid cum Application Form.
10. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.

Payment by Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/ 24.47.00/ 2003-04 dated November 5, 2003; the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

SUBMISSION OF BID CUM APPLICATION FORMS

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts equivalent to the Margin Amount shall be submitted to the members of the Syndicate at the time of submission of the Bid.

Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of members of the Syndicate will acknowledge the receipt of the Bid cum Application Form or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

An ASBA investor shall submit an ASBA physically or electronically through internet banking facility to the SCSB with whom the bank account to be blocked is maintained. For details, Please refer to the section 'Issue Procedure for ASBA Bidders' on page 216.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- i) All applications are electronically strung on first name, address (1st line) and applicant's status. These applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/husband's name to determine if they are multiple applications.
- ii) Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.
- iii) Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

In cases where there are more than 20 valid applications having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of "know your client" norms by the depositories.

Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number or PAN

The Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/ her Permanent Account Number (PAN) allotted under the I.T. Act. Applications without this information will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

Unique Identification Number ("UIN")

Pursuant to circulars dated April 27, 2007 (No. MRD/DoP/Cir-05/2007) and June 25, 2007 (No. MRD/DoP/Cir-08/2007) issued by SEBI, the requirement of UIN under the SEBI (Central database of Market Participants) Regulations, 2005 has been discontinued and irrespective of the amount of transaction, PAN has been made the sole identification number for all participants in the securities market.



GROUND FOR REJECTIONS

In case of QIB Bidders, the Company in consultation with the BRLM have the right to reject the Bids provided that the reason for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual who bid, our Company has a right to reject Bids based on technical grounds.

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
- Age of First Bidder not given;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN number not mentioned in the Bid cum Application Form;
- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids at Cut Off Price by Non-Institutional, QIB Bidders bidding in excess of Rs. 100,000;
- Bids for number of Equity Shares which are not in multiples of [●];
- Category not ticked;
- Multiple Bids as defined in this Draft Red Herring Prospectus;
- In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stockinvest/ money order/ postal order/ cash;
- Signature of sole and/or joint Bidders missing;
- Bid cum Application Forms does not have the stamp of the BRLM, or Syndicate Members;
- Bid cum Application Forms does not have Bidder's depository account details;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids in respect where the Bid cum Application form do not reach the Registrar prior to the finalization of the basis of allotment;
- Bids where clear funds are not available in the Escrow Account as per the final certificate from the Escrow Collection Bank(s);
- Bids by OCBs;
- Bids by US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act or other than in reliance of Regulation S under the Securities Act;
- Bids by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Bids not uploaded in the Book would be rejected;
- Bids that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Bids by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Bids or revisions thereof by QIB Bidders and Non Institutional Bidders where the Bid Amount is in excess of Rs. 100,000, uploaded after 5.00 pm on the Bid/Issue Closing Date, unless specific extension has been granted by the Stock Exchange(s);
- Bids from Corporate(s) in the retail category.

Price Discovery and Allocation

- (a) After the Bid/Issue Closing Date, the BRLM will analyse the demand generated at various price levels.
- (b) Our Company in consultation with the BRLM shall finalise the 'Issue Price'.
- (c) The allocation to QIBs will be upto 50% of the net issue and allocation to Non – Institutional and Retail Individual Bidders will be upto 15% and 35% of the net issue, respectively, on a proportionate basis, in a manner specified in the SEBI Regulations and this Draft Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price
- (d) Under-subscription, if any, in any category of the Net Issue, would be allowed to be met with spill over from any of the other categories at the discretion of our Company in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than 112,500 Equity Shares, the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders.
- (e) Allocation to Eligible NRIs, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law and terms and conditions stipulated by the DIPP and RBI, while granting permission for allotment of Equity shares to them in this Issue.
- (f) The BRLM, in consultation with us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (g) Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reasons whatsoever. In terms of the SEBI Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.
- (h) The allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

- (a) The Company, the BRLM and the Syndicate Member shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s)/Allotment to the Bidders.
- (b) After signing the Underwriting Agreement, the Company would update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.
- (c) The Company will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.
- (d) Subject to Section 66 of the Companies Act, 1956 the Company shall after the filing of the Red Herring Prospectus prescribed by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, shall publish advertisement in three news papers (one each in English, Hindi and regional language).
- (e) The Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLM or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/allotted Equity Shares in the Issue. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, investors should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.
- (b) The BRLM or members of the Syndicate would dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price as may be called by the Company for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount payable on application into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.



- (c) Bidders who have been allocated/Allotted Equity Shares and who have already paid the Bid Amount payable on application into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price as may be called by the Company for Allotment to such Bidder.
- (d) The Issuance of CAN is subject to "Notice to QIBs: Allotment Reconciliation and Revised CANs" as set forth herein under the Chapter 'Terms of the Issue'.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bid(s) registered. Based on the electronic book, QIBs will be sent a CAN within two working days of the Bid/Issue Closing Date, indicating the number of Equity Shares that may be allocated to them. This CAN is provisional and the final allocation is subject to (i) physical application being valid in all respects along with stipulated documents being received by the Registrar to the Issue; (ii) the approval of the final basis of allocation by the Designated stock exchange and (iii) allotment by the Board of Directors. Subject to SEBI Regulations, certain Bid applications may be rejected/not considered for processing due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc. As a result, revised CANs may be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may therefore be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased Allotment of Equity Shares. The CAN shall constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price as may be called by the Company for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

- (a) The Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company would ensure the credit to the successful Bidders depository account. Electronic credit of the Equity Shares to the allotted shall be completed within two working days of the approval of the basis of allocation.
- (b) In accordance with the SEBI Regulations, Equity Shares will be issued, and allotment shall be made only in the dematerialised form to the allottees. Allottees will have the option to rematerialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.
- (c) **Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.**

BASIS OF ALLOTMENT

(A) For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 1,575,000 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than 1,575,000 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis up to a minimum [●] equity shares. For the method of proportionate basis of Allotment, refer below.

(B) For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

- The Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 675,000 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 675,000 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate Basis of Allotment refer below.

(C) For QIB Bidders

- Bids received from the QIB bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the issue price.
- The QIB portion shall be available for allocation to QIB bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows:
 - i. In the event that Mutual Fund Bids exceed 5% of the QIB portion, allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB portion.
 - ii. In the event that the aggregate demand for Mutual Funds is less than 5% of the QIB portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.
 - iii. Equity shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
 - (b) In the second instance allocation to all QIB's shall be determined as follows:
 - i. In the event that the oversubscription in the QIB portion, all QIB bidders who have submitted bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB portion.
 - ii. Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Share on a proportionate basis along with other QIB Bidders.
 - iii. Under-subscription below 5% of the QIB portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB bidders on a proportionate basis.
 - (c) The aggregate allocation to QIB Bidders shall be up to 2,250,000 Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

(A) Issue Details

Sr. No.	Particulars	Issue Details
1.	Issue Size	200 million equity shares
2.	Allocation to QIB (50%)	100 million equity shares
	Of which:	
	a. Allocation to Mutual Funds (5%)	5 million equity shares
	b. Balance for all QIBs including MFs	95 million equity shares
3.	No of QIB applications	10
4.	No of shares applied for	500 million equity shares

(B) Details of QIB Bids

Sr. No.	Type of QIB Bidders #	No of shares Bid for (in million)
1.	A1	50
2.	A2	20
3.	A3	130



4.	A4	50
5.	A5	50
6.	MF1	40
7.	MF2	40
8.	MF3	80
9.	MF4	20
10.	MF5	20
	Total	500

A1-A5: (QIB Bidders other than MFs), MF1-MF5 (QIB Bidders which are Mutual Funds)

(C) Details of Allotment to QIB Bidders/Applicants

(Number of equity shares in million)

Type of QIB Bidders	Shares Bid for	Allocation of 5 million Equity Shares to MF proportionately (see note 2 below)	Allocation of balance 95 million Equity Shares to QIBs proportionately (See note 3 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	9.6	0
A2	20	0	3.8	0
A3	130	0	24.9	0
A4	50	0	9.6	0
A5	50	0	9.6	0
MF1	40	1.0	7.5	8.5
MF2	40	1.0	7.5	8.5
MF3	80	2.0	15.0	17.0
MF4	20	0.5	3.7	4.2
MF5	20	0.5	3.7	4.2
	500	5.0	95.0	42.4

Please Note:

- The illustration presumes compliance with the requirements specified in this Prospectus in the section titled "Issue Structure" beginning on page 191.
- Out of 100 million Equity Shares allocated to QIBs, 5 million (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 200 shares in QIB category.
- The balance 95 million Equity Shares (i.e. 100 - 5 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 Equity Shares (including 5 MF applicants who applied for 200 Equity Shares).
- The figures in the fourth column titled "Allocation of balance 95 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:
 - For QIBs other than Mutual Funds (A1 to A5)= No. of shares Bid for (i.e. in column II) X 95 / 495
 - For Mutual Funds (MF1 to MF5)= [(No. of shares Bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 95 / 495
 - The numerator and denominator for arriving at allocation of 95 million shares to the 10 QIBs are reduced by 5 million shares, which have already been Allotted to Mutual Funds in the manner specified in column III of the table above.

Method of Proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, the Company shall finalise the basis of Allotment in consultation with the Designated Stock Exchange. The Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made subject to minimum lot size in marketable lots, on a proportionate basis as explained below:

- Bidders will be categorised according to the number of Equity Shares applied for.
- The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category

- (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- (d) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:
- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be allotted a minimum of [●] Equity Shares.
- (e) If the proportionate allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

PAYMENT OF REFUND

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid-cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as registered with their depository participant. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes not necessarily in the following order:

ECS – Payment of refund would be undertaken through ECS for applicants residing in areas covered by RBI approved ECS centres. This mode of payment of refunds would be subject to availability of complete and correct bank account details including the MICR code, from the Depositories. The payment of refunds through ECS will be undertaken for applicants having a bank account at any of such centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

RTGS – Applicants, whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form in the boxes meant for them. In the event the same is not provided, refund shall be made through any other eligible mode. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank branch is NEFT enabled and has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR) code of that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with MICR code. Wherever the applicants have



registered their nine digit MICR code and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency and the past experience of the Registrars to the Issue. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in this section.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs.1,500 and through Speed Post/Registered Post for refund orders of Rs.1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Bank(s) and shall be payable at par at places where Bids are received. Bank charges, if any, for collection of such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Letters of Allotment or Refund Orders

We shall give credit to the beneficiary account with depository participants within two working days from the date of allotment. Applicants residing at sixty eight centers where clearing houses are managed by the RBI, will get refunds through ECS subject to adequate details being available in the demographic details received from the depositories, except where applicant is otherwise disclosed as eligible to get refunds through direct credit & RTGS. We shall ensure dispatch of refund orders, if any, of value up to Rs.1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 15 days of closure of Bid/Issue.

In accordance with the Companies Act, the requirement of the Stock Exchanges and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, the Company undertakes that:

- Allotment of Equity Shares will be made only in dematerialised form within 15 days from the Bid/Issue Closing Date; and
- Dispatch of refund order shall be done within 15 days from the Bid/Issue Closing Date; and
- The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for collection of such cheques, pay orders or demand drafts at other centres will be borne by the Bidders.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

The Company shall ensure the dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) or instructions to the SCSB's by the Registrar to the issue in ASBA process and give benefit to the beneficiary account with Depository Participants within two working days of date of approval of the basis of allocation by the designated Stock Exchange.

Where refunds are made through ECS, direct credit or RTGS, the refund instructions will be given to the refund banker within 15 days from the Bid/Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are done within seven working days from the approval of the basis of Allotment by the Designated Stock Exchange.

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

- Allotment of Equity Shares shall be made only in dematerialised form within 15 (fifteen) days of the Bid/Issue Closing Date;
- Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and

The Company shall pay interest at 15% p.a. for any delay beyond the 15 (fifteen) day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or instructions to SCSB and/or demat credits are not made to investors within the 15 (fifteen) days time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter no. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

- (a) Makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or
- (b) Otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

Shall be punishable with imprisonment for a term which may extend to five years."

UNDERTAKINGS BY OUR COMPANY

We undertake the following:

- That the complaints received in respect of this Issue shall be attended to by us expeditiously;
- That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of Allotment;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Bid/Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That the certificates of the securities/refund orders to the eligible non-resident Indians or FIIs shall be despatched within specified time; and
- No further issue of Equity Shares shall be made till the Equity Shares offered through this Draft Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc. and
- The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Utilisation of Issue proceeds

Our Board of Directors certify that:

- All monies received out of the Issue shall be credited/ transferred to a separate bank account as referred to in sub-section (3) of Section 73 of the Companies Act;
- Details of all monies utilised out of Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;
- Details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilised monies have been invested;
- Our Company shall comply with the requirements of Clause 49 of the Listing Agreement in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.



- Our Company shall not have recourse to the issue proceeds until the approval for trading of the equity shares from the Stock Exchange(s) where listing is sought has been received.

Withdrawal of the Issue

Our Company, in consultation with the BRLM reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening Date but before allotment of equity shares, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply within 7 days of finalization of the basis of allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the SEBI.

In the event of withdrawal of the Issue anytime after the Bid/Issue Opening Date, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Draft Red Herring Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it, i.e. from the date of withdrawal, then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money.

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

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

- (a) Agreement dated January 14, 2009 between NSDL, the Company and the Registrar to the Issue;
 - (b) Agreement dated January 15, 2009 between CDSL, the Company and the Registrar to the Issue.
- All Bidders can seek allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.
- (a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
 - (b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
 - (c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder
 - (d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
 - (e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
 - (f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
 - (g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
 - (h) The trading of the Equity Shares of the Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

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

Anchor Investor Portion

The Company may consider participation by Anchor Investor in the Net Issue for up to 675,000 Equity Shares in accordance with the applicable SEBI Regulations. The Anchor Investor Bid/Issue Period shall be one day prior to the Bid/Issue Opening Date. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor category. In accordance with the SEBI Regulations, the key terms for participation in the Anchor Investor Portion are as follows:

- (a) Anchor Investors shall be QIBs as defined in the SEBI Regulations.
- (b) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds Rs. 100 million and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than 30% of the QIB Portion.
- (c) One-third of the Anchor Investor Portion shall be reserved for allocation to domestic mutual funds.
- (d) The Bidding for Anchor Investors shall open one day before the Bid/Issue Opening Date and shall be completed on the same day.
- (e) The Company, in consultation with the BRLM, shall finalise Allocation to the Anchor Investors on a discretionary basis, subject to compliance with requirements regarding minimum number of allottees.
- (f) The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLM before the Bid/Issue Opening Date.
- (g) Anchor Investors shall pay Anchor Investor Margin Amount representing 25% on the Bid Amount at the time of submission of the Bid. Any difference between the amount payable by the Anchor Investor for Equity Shares Allocated and the Anchor Investor Margin Amount paid at the time of Bidding, shall be payable by the Anchor Investor within two days of the Bid/ Issue Closing Date.
- (h) In case the Issue Price is greater than the price at which Equity Shares are allocated to Anchor Investors, the additional amount being the difference between the Issue Price and the price at which Equity Shares were allocated to the Anchor Investors shall be paid by the Anchor Investors. In the event the Issue Price is lower than the price at which Equity Shares are allocated to Anchor Investors, the allotment to Anchor Investors shall be at the higher price i.e. the price at which Equity Shares were allocated under the Anchor Investor Portion.
- (i) The Equity Shares allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of allotment in the Issue.
- (j) The BRLM or any person related to the BRLM / Promoters/Promoter Group shall not participate in the Anchor Investor Portion.
- (k) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.
- (l) The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - In case of Resident Anchor Investors: “[●]”
 - In case of Non-Resident Anchor Investor: “[●]”

The Draft Red Herring Prospectus, in so far as it relates to terms of the Issue should be read in conjunction with the aforesaid paragraphs, to the extent applicable.

ISSUE PROCEDURE FOR ASBA BIDDERS

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the BRLM are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Bid cum Application Form is correctly filled up, as described in this section.

The list of banks who have been notified by SEBI to act as SCSB for the ASBA Process are provided at <http://www.sebi.gov.in/pmd/scsb.pdf>. For details on designated branches of SCSB collecting the ASBA Bid cum Application Form, please refer the above mentioned SEBI link.

ASBA Process



A Resident Retail Individual Investor shall submit his Bid through an ASBA Bid cum Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Bidder or bank account utilised by the ASBA Bidder ("**ASBA Account**") is maintained. The SCSB shall block an amount equal to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form, physical or electronic, on the basis of an authorisation to this effect given by the account holder at the time of submitting the Bid. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid, as the case may be. The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchanges. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Bidders to the ASBA Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the BRLM.

ASBA Bid cum Application Form

ASBA Bidders shall use the ASBA Bid cum Application Form bearing the stamp of the Syndicate Member and/or the Designated Branch of SCSB, as the case may be, for the purpose of making a Bid in terms of the Draft Red Herring Prospectus. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Bid cum Application form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Bidder shall submit the ASBA Bid cum Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA account held with SCSB, and accordingly registering such Bids. The ASBA Bidders can submit only one Bid option in the ASBA Bid cum Application Form which shall be at Cut-off Price.

Upon filing of the Prospectus with the RoC, the ASBA Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid cum Application Form to the Designated Branch of the SCSB, the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

The prescribed colour of the ASBA Bid cum Application Form shall be white.

Who can Bid?

In accordance with the SEBI Regulations, only Resident Retail Individual Investor can submit their application through ASBA process to Bid for the Equity Shares of our Company.

Maximum and Minimum Bid Size for ASBA Bidders

The ASBA Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. The maximum ASBA Bid cannot exceed [●] Equity Shares in order to ensure that the total Bid Amount blocked in respect of the ASBA Bidder does not exceed Rs.1,00,000. The ASBA Bidders shall Bid only at the Cut-off Price indicating their agreement to Bid and purchase Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

Information for the ASBA Bidders:

- a. The BRLM shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA Bid cum Application Form to the SCSBs and the SCSBs will then make available such copies to investors applying under the ASBA process. Additionally, the BRLM shall ensure that the SCSBs are provided with soft copies of the abridged prospectus and the ASBA Bid cum Application Form and that the same are made available on the websites of the SCSBs.
- b. ASBA Bidders, under the ASBA process, who would like to obtain the Red Herring Prospectus and/or the ASBA Bid cum Application Form can obtain the same from the Designated Branches of the SCSBs or the BRLM. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA Bid cum Application Form in electronic form on the websites of the SCSBs.

- c. The Bids should be submitted on the prescribed ASBA Bid cum Application Form if applied in physical mode. SCSBs may provide the electronic mode of Bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors.
- d. ASBA Bid cum Application Forms should bear the stamp of the Syndicate Member and/or Designated Branch of the SCSB. ASBA Bid cum Application Forms which do not bear the stamp will be rejected.
- e. ASBA Bidders shall bid for Equity Shares only at the Cut-off Price, with a single bid option as to the number of Equity Shares.
- f. ASBA Bidders shall correctly mention the bank account number in the ASBA Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch.
- g. If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form.
- h. ASBA Bidders shall correctly mention their DP ID and Client ID in the ASBA Bid cum Application Form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA Bid cum Application Form.
- i. ASBA Bidders shall not be allowed to revise their Bid and shall not bid under any reserved category.

Method and Process of Bidding

- a. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. ASBA Bidders submitting their Bids in physical mode should approach the Designated Branches of the SCSBs. ASBA Bidders submitting their Bids in electronic form shall submit their Bids either using the internet enabled bidding and banking facility of the SCSBs or such other electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors, and accordingly registering such Bids. Every Designated Branch of the SCSB shall accept Bids from all such investors who hold accounts with them and desire to place Bids through them. Such SCSBs shall have the right to vet the Bids, subject to the terms of the SEBI Regulations and Red Herring Prospectus.
- b. The Designated Branches of the SCSBs shall give an acknowledgment specifying the application number to the ASBA Bidders as a proof of acceptance of the ASBA Bid cum Application Form. Such acknowledgment does not in any manner guarantee that the Equity Shares bid for shall be Allocated to the ASBA Bidders.
- c. Each ASBA Bid cum Application Form will give the ASBA Bidder only one option to bid for the Equity Shares at the Cut-off Price i.e. at the cap price of the Price Band and specify the demand (i.e. the number of Equity Shares bid for) in such option. After determination of the Issue Price, the number of Equity Shares bid for by the ASBA Bidder at the Cut-off Price will be considered for allocation along with the Non-ASBA Retail Bidders who have bid for Equity Shares at or above the Issue Price or at Cut-off Price.
- d. Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.
- e. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
- f. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form. The Designated Branch shall thereafter enter the Bid details from the prescribed ASBA Bid cum Application Form, if submitted in physical mode, or the Bid information submitted through the electronic mode made available by the SCSBs, as the case may be, into the electronic bidding system of the Stock Exchanges and generates a Transaction Registration Slip ("TRS"). The TRS shall be furnished to the ASBA Bidder on request.
- g. An ASBA Bidder cannot bid, either in physical or electronic mode, on another ASBA Bid cum Application Form or a non-ASBA Bid cum Application Form after bidding on one ASBA Bid cum Application Form, either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs or uploaded by the ASBA Bidder, as the case may be. Submission of a



second ASBA Bid cum Application Form or a Non-ASBA Bid cum Application Form to either the same or to another Designated Branch of the SCSB will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the Allocation or Allotment of Equity Shares in this Issue. **ASBA Bidders are cautioned that Bids for Equity Shares made in the Issue through the ASBA Bid cum Application Form cannot be revised.**

Bidding

- a. The Price Band and the minimum Bid lot size for the issue will be decided by us in consultation with BRLM and advertised in an English national daily and Hindi national newspapers and a regional language newspaper. The ASBA Bidders can submit only one Bid in the ASBA Bid cum Application Form, that is, at Cut-off Price with single option as to the number of Equity Shares.
- b. In accordance with the SEBI Regulations, our Company reserves the right to revise the Price Band during the Bidding Period. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.
- c. In case of revision in the Price Band, the Bid/Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and a regional newspaper and also by indicating the change on the websites of the BRLM, SCSBs and at the terminals of the members of the Syndicate.
- d. Our Company in consultation with the BRLM, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation to, the ASBA Bidders.
- e. ASBA Bidders agree that they shall purchase the Equity Shares at any price within the Price Band. In the event the Bid Amount is higher than the subscription amount payable (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the ASBA Account shall be unblocked to the extent to such excess of Bid Amount over the subscription amount payable.
- f. In case of an upward revision in the Price Band, announced as above, the number of Equity Shares bid for shall be adjusted downwards (to the previous multiple lot) for the purpose of allotment, such that no additional amount is required to be blocked in the ASBA Bidder and the ASBA Bidder is deemed to have approved such revised Bid at Cut-off Price.

Mode of Payment

Upon submission of an ASBA Bid cum Application Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the bank account maintained with the SCSB.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Account, in terms of the SEBI Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Bid Amount, as per the Bid cum Application Form submitted by the respective ASBA Bidders, would be required to be blocked in the respective ASBA Accounts, whether in physical or electronic mode, until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Electronic registration of Bids by SCSBs

- a. In case of ASBA Bid cum Application Forms, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges. SCSB shall not upload any ASBA Application Form in the electronic bidding system of the Stock Exchange(s) unless
 - (i) it has received the ASBA in a physical or electronic form; and

- (ii) it has blocked the application money in the bank account specified in the ASBA or has systems to ensure that Electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.
- b. The Stock Exchanges offer a screen-based facility for registering Bids for the Issue which will be available on the terminals of Designated Branches during the Bid/Issue Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. ASBA Bidders are cautioned that high inflow of bids typically received on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that are not uploaded may not be considered for allocation.
 - c. The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be displayed online on the websites of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available on the websites of the Stock Exchanges during the Bidding Period.
 - d. At the time of registering each Bid, the Designated Branches of the SCSBs shall enter the information pertaining to the investor into the online system, including the following details:
 - Name of the Bidder(s);
 - Application Number;
 - Permanent Account Number;
 - Number of Equity Shares Bid for;
 - Depository Participant identification No.; and
 - Client identification No. of the Bidder's beneficiary account.
- In case of electronic ASBA, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the abovementioned details in the electronic bidding system provided by the Stock Exchange(s).
- e. A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. **It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches of the SCSBs.** The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares bid for shall be Allocated to the ASBA Bidders.
 - f. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
 - g. It is to be distinctly understood that the permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLM or the Designated Branches of the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements; nor does it take any responsibility for the financial or other soundness of our Company, our management or any scheme or project of our Company.
 - h. The SCSB may reject the ASBA Bid, if the ASBA Account maintained with the SCSB as mentioned in the ASBA Bid cum Application Form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, our Company would have a right to reject the Bids only on technical grounds.
 - i. Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches of the SCSBs, the decision of the Registrar, based on the physical records of the ASBA Bid cum Application Forms shall be final and binding on all concerned.

Build up of the book and revision of Bids

- a. Bids registered through the Designated Branches of the SCSBs shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.
- b. The book gets built up at various price levels. This information will be available with the BRLM and the Stock Exchanges on a regular basis.
- c. ASBA Bidders shall not revise their Bids.
- d. The SCSBs shall provide aggregate information about the numbers of ASBA Bid cum Application Forms uploaded, total number of Equity Shares and total amount blocked against the uploaded



ASBA Bid cum Application Form and other information pertaining to the ASBA Bidders. The Registrar to the Issue shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs. In the event of any error or discrepancy, the Registrar to the Issue shall inform the SCSB of the same. The SCSB shall be responsible to provide the rectified data within the time stipulated by the Registrar to the Issue.

- e. Only Bids that are uploaded on the online IPO system of the BSE and NSE shall be considered for allocation/ Allotment.

Price Discovery and Allocation

After the Bid/Issue Closing Date, the Registrar to the Issue shall aggregate the demand generated under the ASBA process and which details are provided to them by the SCSBs with the Retail Individual Investor applied under the non ASBA process to determine the demand generated at different price levels.

Advertisement regarding Issue Price and Prospectus

After filing of the Prospectus with the RoC, a statutory advertisement will be issued by our Company in a widely circulated English national newspaper and a Hindi national newspaper of wide circulation and a regional language newspaper with wide circulation at the place where the registered office of the issuer is situated. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches of the SCSBs, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue. Investors should note that our Company shall endeavour to ensure that the demat credit of Equity Shares pursuant to Allotment shall be made on the same date to all investors in this Issue; and

The ASBA Bidders shall directly receive the CAN from the Registrar. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the ASBA Bidder.

Unblocking of ASBA Account

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the ASBA Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalisation of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Bid, as the case may be.

Allotment of Equity Shares

- (a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the bank account of the ASBA Bidders to the ASBA Public Issue Account on the Designated Date, to the extent applicable, our Company would ensure the credit of the Allotted Equity Shares to the depository accounts of all successful ASBA Bidders' within two working days from the date of Allotment.
- (b) As per the SEBI Regulations, **Equity Shares will be issued, transferred and allotted only in the dematerialised form to the Allottees.** Allottees will have the option to re-materialise the Equity Shares so Allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

GENERAL INSTRUCTIONS

Do's:

- a. Check if you are a Resident Retail Individual Investor and eligible to Bid under ASBA process.
- b. Ensure that you use the ASBA Bid cum Application Form specified for the purposes of ASBA process.
- c. Read all the instructions carefully and complete the ASBA Bid cum Application Form (if the Bid is submitted in physical mode, the prescribed ASBA Bid cum Application Form is white in colour).
- d. Ensure that your Bid is at the Cut-off Price.

- e. Ensure that you have mentioned only one Bid option with respect to the number of equity shares in the ASBA Bid cum Application Form.
- f. Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.
- g. Ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or BRLM.
- h. Ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder.
- i. Ensure that you have mentioned the correct bank account No. in the ASBA Bid cum Application Form.
- j. Ensure that you have funds equal to the number of Equity Shares Bid for at Cut-off Price available in ASBA account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB.
- k. Ensure that you have correctly checked the authorisation box in the ASBA Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form in your ASBA Account maintained with a branch of the concerned SCSB.
- l. Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your ASBA Bid cum Application Form.
- m. Ensure that you have mentioned your Permanent Account Number (“**PAN**”) allotted under the I.T. Act.
- n. Ensure that the name(s) and PAN given in the ASBA Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Bid cum Application Form.
- o. Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts:

- a. Do not submit an ASBA Bid if you are not a Resident Retail Individual Investor.
- b. Do not submit an ASBA Bid if you are applying under any reserved category.
- c. Do not revise your Bid.
- d. Do not Bid for lower than the minimum Bid size.
- e. Do not Bid on another ASBA or Non-ASBA Bid cum Application Form after you have submitted a Bid to a Designated Branch of the SCSB.
- f. Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSBs, shall not be accepted under the ASBA process.
- g. Do not send your physical ASBA Bid cum Application Form by post; instead submit the same to a Designated Branch of the SCSB only.
- h. Do not fill up the ASBA Bid cum Application Form such that the bid amount against the number of Equity Shares Bid for exceeds Rs.1,00,000.
- i. Do not submit the GIR number instead of the PAN Number.
- j. Do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process.

Bids by ASBA Bidders must be:

- a. Made only in the prescribed ASBA Bid cum Application Form, which is white in colour if submitted in physical mode, or electronic mode.
- b. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- c. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the ASBA Bid cum Application Form.
- d. The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum of [●] Equity Shares such that the Bid Amount does not exceed Rs.1,00,000.



- e. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

ASBA Bidder's depository account and bank details

ALL ASBA BIDDERS SHALL RECEIVE THE EQUITY SHARES ALLOTTED TO THEM IN DEMATERIALISED FORM. ALL ASBA BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER AND PAN IN THE ASBA BID CUM APPLICATION FORM. ASBA BIDDERS MUST ENSURE THAT THE NAME AND PAN GIVEN IN THE ASBA BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE ASBA BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE ASBA BID CUM APPLICATION FORM.

ASBA Bidders should note that on the basis of name of the ASBA Bidders, Depository Participant's name and identification number and beneficiary account number provided by them in the ASBA Bid cum Application Form, the Registrar to the Issue will obtain from the Depository, demographic details of the ASBA Bidders including address, ("Demographic Details"). Hence, ASBA Bidders should carefully fill in their Depository Account details in the ASBA Bid cum Application Form.

As these Demographic Details would be used for all correspondence with the ASBA Bidders they are advised to update their Demographic Details as provided to their Depository Participants.

By signing the ASBA Bid cum Application Form, the ASBA Bidder is deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

CAN/Allocation advice and letters intimating unblocking of bank account of the respective ASBA Bidder would be mailed at the address of the ASBA Bidder as per the Demographic Details received from the Depositories. ASBA Bidders may note that delivery of CAN/Allocation advice or letters intimating unblocking of bank account may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Note that any such delay shall be at the sole risk of the ASBA Bidders and neither of the Designated Branches of the SCSBs, the members of the Syndicate, or the Company shall be liable to compensate the ASBA Bidder for any losses caused to the ASBA Bidder due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the ASBA Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such Bids are liable to be rejected.

ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.

Payment mechanism under ASBA

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the application money in the bank account specified in the Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/rejection of the ASBA Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount.

In the event of withdrawal or rejection of Bid cum Application Form or for unsuccessful Bid cum Application Forms, the Registrar to the Issue shall give instructions to the Controlling Branch of the SCSB to unblock the application money in the relevant bank account. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

ASBA Bids under Power of Attorney

In case of ASBA Bids made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA Bid cum Application Form. Failing this, our Company, in consultation with the BRLM, reserves the right to reject such ASBA Bids.

Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA Bid cum Application Form, subject to such terms and conditions that we, in consultation with the BRLM may deem fit.

OTHER INSTRUCTIONS

Withdrawal of ASBA Bids

In case an ASBA Bidder wants to withdraw the ASBA Bid cum Application Form during the Bid/Issue Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account.

In case an ASBA Bidder wants to withdraw the ASBA cum Application Form after the Bid Closing date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalization of the Basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB on finalization of the Basis of Allotment.

Joint ASBA Bids

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.

Multiple ASBA Bids

An ASBA Bidder should submit only one Bid for the total number of Equity Shares desired. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications is described in "Issue Procedure- Multiple Bids" on page 206.

Permanent Account Number

For details, see "Permanent Account Number or PAN" on page 206.

Right to Reject ASBA Bids

The Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Further, in case any DP ID, Client ID or PAN mentioned in the ASBA Bid cum Application Form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue.

GROUND FOR TECHNICAL REJECTIONS UNDER THE ASBA PROCESS

In addition to the grounds listed under "Grounds for Rejection" on page 207, applications under the ASBA process are liable to be rejected on, inter alia, the following technical grounds:

1. Amount mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of Equity Shares Bid for;
2. Bids at a price other than at the Cut-off Price;
3. Age of first Bidder not given;
4. Bid made by categories of investors other than Resident Retail Individual Investors;
5. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and persons of unsound mind;
6. PAN not stated, or GIR number furnished instead of PAN. See "Issue Procedure - PAN or GIR Number" on page 206;
7. Bids for number of Equity Shares, which are not in multiples of [●];
8. Authorisation for blocking funds in the ASBA Bidder's bank account not ticked or provided;
9. Multiple Bids as defined in this Draft Red Herring Prospectus;
10. In case of Bid under power of attorney, relevant documents are not submitted;
11. ASBA Bids accompanied by stockinvest/money order/postal order/cash;



12. Signature of sole and/or joint Bidders missing in case of ASBA Bid cum Application Forms submitted in physical mode;
 13. ASBA Bid cum Application Form does not have the stamp of the SCSB and/or a member of the Syndicate;
 14. ASBA Bid cum Application Form does not have the Bidder's depository account details;
 15. ASBA Bid cum Application Form is not delivered, either in physical or electronic form, by the Bidder within the time prescribed and as per the instructions provided in the ASBA Bid cum Application Form and the Red Herring Prospectus;
 16. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the ASBA Account;
 17. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), PAN, the DP ID and the beneficiary account number; and
 18. If the ASBA Bid in the Issue is revised.
- Bidders are advised that ASBA Bids not uploaded in the electronic book of the Stock Exchanges, due to any of the grounds mentioned above, would be rejected.

COMMUNICATIONS

All future communication in connection with ASBA Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Bidder, ASBA Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA Bid cum Application Form, name and address of the Designated Branch of the SCSB where the ASBA Bid was submitted and bank account number in which the amount equivalent to the Bid amount was blocked. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or willful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held. The Company, BRLM, Syndicate Members and the Registrar to the Issue accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with obligations under applicable SEBI Regulations.

ASBA Investors can contact the Compliance Officer, the Designated Branch of the SCSB where the ASBA Bid cum Application Form was submitted, or the Registrar to the Issue in case of any pre-issue or post-issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

Disposal of Investor Grievances

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked on application, bank account number and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

Impersonation

For details, see section titled "Issue Procedure- Impersonation" on page 214.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSBs BY THE REGISTRAR TO THE ISSUE

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Regulations, we undertake that:

- Allotment and transfer shall be made only in dematerialised form within 15 days from the Bid/Issue Closing Date;
- Instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum for any delay beyond the 15 day period mentioned above, if Allotment is not made, instructions for unblocking of ASBA Bidder's Bank Account are not dispatched and/or demat credits are not made to investors within the 15 day period prescribed above.

Basis of Allocation

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. The basis of allocation to such valid ASBA and non-ASBA Bidders will be that applicable to Retail Individual Bidders. For details, see section “Issue Procedure- Basis of Allocation” on page 209.

Method of Proportionate basis of allocation in the Issue

ASBA Bidders, along with non-ASBA Bidders, will be categorized as Retail Individual Bidders. No preference shall be given vis-à-vis ASBA and non-ASBA Bidders.

Undertaking by our Company

In addition to our undertakings described under “Issue Procedure- Undertaking by our Company”, with respect to the ASBA Bidders, we undertake that adequate arrangement shall be made to consider ASBA Bidders similar to other Bidders while finalizing the basis of allocation.

Utilisation of Issue Proceeds

Our Board has provided certain certifications with respect to the utilization of Issue Proceeds. For details, see section “Issue Procedure- Utilization of Issue Proceeds” on page 214



SECTION IX - DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

RELEVANT EXTRACTS OF THE ARTICLES OF ASSOCIATION	
Pursuant to Schedule II of the Companies Act and the DIP Guidelines, the main provisions of the Articles of Association of our Company relating to voting rights, dividend, lien, forfeiture, restriction on transfer and transmission of Equity Shares / Debenture and/or their consolidation / splitting are detailed below.	
The Company shall be governed by the provisions mentioned in the Articles of Association of the Company and by the regulations contained in the Table A of the first schedule of the Companies Act, 1956. Regulations 64, 66, 68, 71 of Table A shall not apply to the Company and in lieu thereof, the provisions of the Articles of Association shall be applicable.	
ALLOTMENT OF SHARES	
ARTICLE NUMBER	SHARES AT THE DISPOSAL OF THE DIRECTORS
7.	Subject to the provisions of Section 81 the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares, provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.
SHARES ALLOTTED FOR CONSIDERATION OTHER THAN CASH	
8.	The Board of Directors may allot and issue shares of the Company as payment or part-payment for any property purchased by the Company or in respect of goods sold or transferred or machinery or appliances supplied or for services rendered to the Company in or about its formation or the acquisition and/or in the conduct of its business; and any shares which may be so allotted may be issued as fully/partly paid up shares and if so issued shall be deemed as fully/partly paid up shares.
APPLICATION MONEY	
9.	a) The Directors shall, while making the allotments duly observe the provisions of the Act;
	b) The amount payable on application on each share shall not be less than 25% of the nominal value of the share;
	c) Nothing herein contained shall prevent the Directors from issuing fully paid up shares either on payment of the entire nominal value thereof in cash or in satisfaction of any outstanding debt or obligation of the Company.
POWER TO INCREASE THE CAPITAL	
10.	The Company at its General Meeting may, from time to time, by an ordinary resolution increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. The new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the resolution shall prescribe and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company and with a right of voting at General Meetings of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.
INCREASED CAPITAL	
11.	Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered as part of the existing

	capital and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.
	PREFERENCE SHARES
12.	Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are at the option of the Company redeemable or otherwise, on such terms and conditions as may be decided by the Company from time to time.
	SUB-DIVISION OR CONSOLIDATION ETC.OF SHARES
13.	Subject to the provisions of Section 94 of the Act, the Company in General Meeting may by an ordinary resolution, from time to time, sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is sub-divided, may determine that, as between the holder of the shares resulting from such sub-division one or more of such shares have some preference or special advantage as regards to dividend, capital or otherwise as compared with the others. The Company in General Meeting may by an ordinary resolution also cancel shares, which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
	ALTERATION OF RIGHTS OF SHAREHOLDERS
14.	Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may be, subject to the provisions of Section 106 and 107 of the Act, modified, commuted, effected or abrogated, or dealt with by agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of at least three fourths in nominal value of the issued shares of the class or is confirmed by a special resolution passed at a separate General meeting of the holders of shares of that class.
	FURTHER ISSUE OF SHARES
17.	<p>Where at any time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares then:</p> <p>i. Such further shares shall be offered to the persons who, at the date of such offer, are holders of the equity shares of the company, in proportion, as nearly as circumstances admit, to the capital paid-up on those shares at that date;</p> <p>ii. The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than 30 days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;</p> <p>iii. 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 favor of any other person and the notice referred to in sub clause (b) shall contain a statement of this right;</p> <p>iv. After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company.</p>
18.	<p>Notwithstanding anything contained in sub clause (17) the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub clause (17) hereof) in any manner whatsoever.</p> <p>(a) If a special resolution to that effect is passed by the company in general meeting, or</p> <p>(b) Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favor of the proposal contained in the resolution moved in that general meeting (including the casting vote, if</p>



	any, of 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 directors in this behalf, that the proposal is most beneficial to the company.
19.	Nothing in sub clause (c) of (17) hereof shall be deemed: <ul style="list-style-type: none"> a. To extend the time within which the offer should be accepted; or b. To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favor the renunciation was first made has declined to take the share comprised till the renunciation.
20.	Nothing in this article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued by the company: <ul style="list-style-type: none"> (i) To convert such debentures or loans into shares in the company; or (ii) To subscribe for shares in the company <p>PROVIDED THAT the terms of issue debentures or the terms of such include a term providing for such option and such term:</p> <ul style="list-style-type: none"> (a) Either has been approved by the central Government before the issue of debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and (b) In the case of debentures or loans or other than debentures issued to, or loans obtained from the government or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the company in General Meeting before the issue of the loans.
	REGISTERED OWNER, ABSOLUTE OWNER
21.	Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the register, shall, for the purpose of these Articles, be a member.
	MONEY DUE ON SHARES, A DEBT TO THE COMPANY
22.	The money, if any, which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the inscription of the name of allottee in the register of members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.
	MEMBER OR HEIR TO PAY ANY UNPAID AMOUNTS
23.	Every member or his heirs, executors, or administrators shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner, as the Board shall from time to time, in accordance with the Company's regulations, require or fix for the payments thereof.
	EVERY MEMBER ENTITLED TO A CERTIFICATE
24.	Every member or allottee of shares shall be entitled without payment to receive one certificate specifying the name of the person in whose favor it is issued, the shares to which it relates and the amount paid up thereon. Such certificates shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letters of acceptance or of renunciation or in cases of issues of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the secretary or some other person appointed by

	the Board for the purpose, and the two Directors or their attorneys and the secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a managing or a whole time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating date of issue.
	LIMITATION OF TIME FOR ISSUE OF CERTIFICATES
25.	Every member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificates of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up there on and shall be in such form as the directors may prescribe and approve, provided that in respect of a share of shares held jointly by several persons , the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holder.
	JOINT OWNERSHIP
26.	Any two or more joint allottees of a share shall be treated as a Single Member for the purpose of this Article and the Certificate of any share, which may be subject of joint ownership, may be delivered to any one of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound to prescribe a charge not exceeding Rupees two. The Company shall comply with the provisions of Section 113 of the Act.
	DIRECTOR TO SIGN SHARE CERTIFICATE
27.	A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Directors shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.
	ISSUE OF NEW CERTIFICATE IN PLACE OF ONE DEFACED, LOST OR DESTROYED
28.	<p>If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the company, an new Certificate may be issued in lieu thereof and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate , being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the article shall be issued without payment of fees if the directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.</p> <p>Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulations or requirements or any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf.</p> <p>The provisions of these Articles shall mutatis mutandis apply to debentures of the company.</p>
	RULES FOR ISSUE OF SHARE CERTIFICATES
29.	The rules under "The Companies (Issue of Share Certificate) Rules 1960" shall be complied with, in the issue, reissue, renewal, form, sealing and signing of the certificates and records of such certificates issued shall be maintained in accordance with the said



	rules.
	SAFE CUSTODY OF SHARE CERTIFICATES
30.	The Managing Director of the Company for the time being or if the Company has no Managing Director every Director of the Company shall be responsible for maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates including the blank share certificates of the Company.
	JOINT SHARE HOLDERS
31.	If any shares stands in the names of two or more persons, the person first named in the Register, shall as regards receipt of dividends or bonus, or service of notices and all or any other matter connected with the Company, except voting at meeting and the transfer of the shares, be deemed to be the sole holder thereof but the joint holders of shares shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share, and for all incidents thereof according to the Company's regulations.
	COMPANY NOT TO RECOGNISE RIGHT OTHER THAN OF REGISTERED SHAREHOLDER
32.	Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable, contingent, further or partial interest in any share (except only as is provided by these Articles) of the person from time to time registered as the holder thereof, but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of any of them.
	BUY BACK OF SHARES
33.	The Company may buy back its own shares out of
	its free reserves; or
	ii) the securities premium account; or
	iii) the proceeds of any shares or other specified securities; or
	iv) in such manner as may be laid down by the law from time to time
	subject to the provisions of Section 77A, 77AA, 77B and such other applicable provisions of the Companies Act, 1956 and further subject to such approvals as may be required from various authorities in this regard from time to time.
	COMMISSION FOR SUBSCRIBING TO SHARES
34.	The Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares, debentures, or debenture stock of the Company or underwriting or procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares, debentures or debenture stock of the Company. However while paying the commission as aforesaid, the provisions of Section 76 of the Act and other statutory requirements shall be observed and complied with and the rate of commission shall not exceed the limits set out by the Securities Exchange Board of India or other appropriate authorities, such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other
	SHARES IN DEMAT FORM
35.	Dematerialisation of Securities:
	(1) for the purpose of this Article
	"Beneficial Owner" means a person or persons whose name is recorded as such with a depository;
	"Depository" means a company formed and registered under Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act. 1992;
	"SEBI" means Securities and Exchange Board of India"
	"Security" means such security as may be specified by SEBI from time to time.
	(2) Dematerialisation of Securities:
	Notwithstanding any thing contained in this Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.
	(3) Options for investors

	Every person subscribing to securities offered by the Company shall have the option to receive security certificates or hold the securities with a depository. Such a person who is the beneficial owner of the Securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities. If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of security, and on receipt of the information, the depository should enter in its record the name of the allottee as the beneficial owner of the security.
	(4) Securities in Depositories to be in fungible form
	All the securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187C, 372A of the Act shall apply to a depository in respect of the Securities held by it on behalf of the beneficial owner.
	(5) Rights of Depositories and Beneficial Owners
	a. Notwithstanding anything of the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.
	b. Save or otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
	c. Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.
	(6) Service of Documents
	Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.
	(7) Transfer of Securities
	Nothing contained in Section 108 of the or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of the Company.
	(8) Allotment of Securities dealt with by a Depository
	Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof immediately on the allotment of such securities.
	(9) Distinctive numbers of Securities held in a Depository
	Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.
	(10) Register and Index of Beneficial Owners
	The Register and Index of Beneficial Owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purpose of these Articles."
L I E N	
	COMPANY'S LIEN ON SHARES/DEBENTURES
36.	The company shall have a first and paramount lien upon all the shares/debentures (other than fully paid up shares/debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payables at a fixed time in respect of such shares/debentures and no equitable interest in any shares shall be created except and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such



	shares/ debentures. The directors may at any time declare any shares/ debentures wholly or in part to be exempt from the provisions of this clause.
	ENFORCING LIEN BY SALE
37.	For the purpose of enforcing such lien the Board may sell the shares subject thereto in such manner, as they may think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their members to execute a transfer thereof on behalf of and in the name of such members. No sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell have been served on such member or his representatives and he or they shall have made default in payment, fulfillment or discharge of such debts, liabilities or engagements for fourteen days after such notice.
	APPLICATION OF SALE PROCEEDS
38.	The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which there exists a debt which is presently payable and the residue, if any, shall (subject to a lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.
	C A L L S
	BOARD TO HAVE RIGHT TO MAKE CALLS
39.	The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board, make such call as it thinks fit upon the members in respect of all monies unpaid on the shares held by them respectively and each member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board. Provided that no call shall be payable at less than one month from the date fixed for the payment of last preceding call. A call may be made payable by installments also.
	NOTICE OF CALL
40.	Notice of not less than 14 days shall be given in writing specifying the time and place of the payment and the person or persons to whom such call shall be paid.
	MAKING OF CALL AND REVOCATION
41.	A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board. A call may be revoked or postponed at the discretion of the Board.
	LIABILITY OF JOINTHOLDERS
42.	The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
	EXTEND THE DATE TO PAY CALL
43.	The Board may, from time to time at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the members who the Board may deem, be fairly entitled to such extension, but no member shall be entitled to extension save as a matter of grace and favor.
	LEVY OF INTEREST ON DELAYED PAYMENTS
44.	If a member fails to pay any call due from him on the day appointed for payment thereof, or by any such extension thereof as aforesaid he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rates as shall, from time to time, be fixed by the Board but nothing in this Article shall render it obligatory for Board to demand or recover any interest from any such member.
	DUES DEEMED TO BE CALLS
45.	Any sum, which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Articles be deemed to be call duly made and payable on the date on which by the terms of issue the same may become payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses of forfeiture or otherwise shall apply, as if such sum had become payable by

	virtue of a call duly made and notified.
	PROOF OF DUES IN RESPECT OF SHARES
46.	On the trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered, appears in the Register of Members as the holder, at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the shares in respect of which such money is sought to be recovered; that the resolution making the call is duly recorded in the minute book and that notice of such call was duly given to the Member or his representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of the Directors was present at the Board Meeting at which any call was made or whether such Board Meeting was duly convened or constituted; nor any other matter whatsoever, but the proof of the matter aforesaid shall be conclusive of the debt.
	RECEIPT OF PART OF DUES NOT BAR ON COMPANY TO EXERCISE RIGHTS
47.	Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as here-in-after provided.
	PAYMENT IN ANTICIPATION OF CALL MAY CARRY INTEREST
48.	<p>The Directors may, if they think fit, subject to the provisions of section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance of calls shall not confer a right to participate in profits or dividend. The directors may at any time repay the amount so advanced.</p> <p>The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.</p> <p>The provisions of these Articles shall mutates mutandis apply to the calls on debentures of the company.</p>
	FORFEITURE OF SHARE
	RIGHT TO FORFEITURE OF SHARES
49.	If any member fails to pay any call or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may, at any time thereafter, during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued by reason of such non-payment.
	NOTICE FOR FORFEITURE OF SHARES
50.	The notice shall name a day (not being less than fourteen days from the date of the notice) and place or places on and at which such call or installment and such interest thereon, at such rate, as the Directors shall determine from the day on which such call or installment ought to have been paid, is to be paid. The notice shall also state that in the event of the non-payment at or before the time the call was made or installment is payable, the shares will be liable to be forfeited.
	EFFECT OF FORFEITURE
51.	If the requirements of any such notice as aforesaid were not complied with, any share in respect of which such notice has been given, may at any time thereafter before payment of all calls or installments and / or interest, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other monies payable in respect of the forfeited share and not actually paid before the forfeiture.



	NOTICE OF FORFEITURE
52.	When any share have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture and any entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall in any manner be invalidated, by any omission or neglect to give such notice or to make such entry as aforesaid.
	FORFEITED SHARES TO BE PROPERTY OF COMPANY
53.	Any share so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed off, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board may think fit.
	MEMBER TO BE LIABLE EVEN AFTER FORFEITURE
54.	Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand, all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, and the Board may enforce the payment thereof, if it thinks fit.
	CLAIMS AGAINST COMPANY TO EXTINGUISH ON FORFEITURE
55.	The forfeiture of a share involves extinction, at the time of the forfeiture, of all interests in and all claims and demands against the Company, in respect of the shares and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.
	EVIDENCE OF FORFEITURE
56.	A declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with the Articles on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.
	EFFECTING SALE OF SHARES
57.	Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinafter given, the Board may appoint some person to execute an instrument of transfer of the shares sold, cause the purchaser's name to be entered in the Register in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damage only and against the Company exclusively.
	CERTIFICATES OF FORFEITED SHARES TO BE VOID
58.	Upon any sale, re-allotment or other disposal under the provisions of the preceeding Articles, the certificate or certificates originally issued in respect of the forfeited shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereof.
	BOARD ENTITLED TO ANNUL FORFEITURE
59.	The Board may at any time before any share so forfeited have been sold, realloted or otherwise disposed off, annul the forfeiture thereof upon such conditions as it thinks fit.
	TRANSFER AND TRANSMISSION OF SHARES
	REGISTER OF TRANSFERS
60.	The Company shall keep a "Register of Transfer" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any shares and all other particulars of shares, required by the Act, to be entered in such Register.
	INSTRUMENT OF TRANSFER
61.	The instrument of transfer of any share shall be in writing and all the provisions of Section 108 of the Companies Act, 1956 and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and registration thereof.
	CLOSING OF REGISTER OF TRANSFERS AND OF MEMBERS
62.	The board shall have power, on giving not less than seven days previous notice by

	advertisement in a newspaper circulating in the district in which the registered office of the Company is situated, to close the transfer books, the register of Members and register of Debenture holders if any at such time or times and for such period or periods, not exceeding 30 days at a time and not exceeding in the aggregate forty five days in each year as it may seem expedient.
	DIRECTORS MAY REFUSE TO REGISTER TRANSFER
63.	Subject to the provisions of Section 111A these a Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may the Board may refuse whether pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares of interest of a member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, sent notice of refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.
	TRANSFER OF PARTLY PAID SHARES
64.	Where, in the case of partly paid shares an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.
	SURVIVOR OF JOINTHOLDERS RECOGNISED
65.	In the case of the death of any one or more of the persons named in the Register of members as the joint-holders of any shares, the survivors shall be the only person (s) recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.
	INTEREST TO DECEASED MEMBERS
66.	The executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased Member (not being, one of the two joint-holders) shall be the only person recognised by the Company as having any title to the shares registered in the name of such member and the Company shall not be bound to recognise such executors or administrators or holders of a Succession Certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained probate or letter of Administration or Succession Certificate as the case may be, from duly constituted Court in the Union of India and a clearance certificate from Estate Duty Authorities; provided that in any case where the Board in its absolute discretion, thinks fit it may dispense with production of probate or Letters of Administration or Succession Certificate, upon such terms as to indemnify or otherwise as the Board in its absolute discretion may think necessary and under Article 63 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.
	TRANSFERS NOT PERMITTED
67.	No share shall in any circumstances be transferred to any infant, permitted insolvent or person of unsound mind.
	TRANSMISSION OF SHARES
68.	Subject to the provisions of Articles 60 and 61, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title, as the Board thinks sufficient, either by registering himself as the holder of the shares or elect to have some person nominated by him and approved by the Board, registered as such holder, provided, nevertheless, if such person shall elect to have his nominee registered, he shall testify that election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability



	in respect of the shares.
	RIGHTS ON TRANSMISSION
69.	A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends or money as hereinafter provided be entitled to receive and may discharge any dividends or other monies payable in respect of the shares.
	INSTRUMENT OF TRANSFER TO BE STAMPED
70.	Every instrument of transfer shall be presented to the Company for registration, duly stamped and accompanied by such evidence as the Board may require to prove the title of the transferor and his right to transfer the shares and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.
71.	Before the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with (save as provided in Section 108 of the Act) properly stamped and executed instrument of transfer.
	NO FEE ON TRANSFER OR TRANSMISSION
72.	No fee shall be charged for registration of transfers of any shares or debentures. No fee shall also be charged for registration of probate, letters of administration or other similar documents.
73.	The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto in any book of the Company, and the company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company; but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.
	COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS
	COPIES TO BE SENT ON REQUEST
74.	Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 39 of the Act shall be sent by the Company to every member at his request within seven days of the request on payment of a sum of Rupee One for each copy.
	BORROWING POWER
	POWER OF THE BOARD TO BORROW
75.	Subject to the provisions of Section 292 of the Act and of these Articles, the Board may from time to time at its discretion and by a resolution passed at its meeting, accept deposits from Members, either in advance of calls or otherwise; and generally raise or borrow or secure the payment of any sum or sums of money for the purpose of the Company; Provided, however, where the monies to be borrowed together with the money already borrowed, apart from temporary loans obtained from the Company's bankers in the ordinary course of business exceeded the aggregate of the paid up capital of the company and its free reserves (not being reserves set apart for any specific purpose) the Board shall not borrow such monies without the consent of the Company in General Meeting.
	SECURITY FOR BORROWING
76.	The payment or repayment of monies borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by a resolution passed at a meeting of the Board by the issue of debentures, debenture stock and other securities of the Company, (both present and future) including its un-called capital for the time being and may be made assignable free from any equities between the Company and the person to whom the same may be issued.

	TERM OF ISSUE OF DEBENTURE
77.	Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible in shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, a attending (but not voting) at the General Meeting, appointment of Directors and otherwise debentures with the right to conversions into or allotment of shared shall be issued only with the consent of the company in the General Meeting by a Special Resolution.
	RIGHT TO ISSUE DEBENTURES ON PREMIUM OR DISCOUNT
78.	Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, withdrawal, allotment of shares and attending (but not voting) at General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting.
	REGISTER TO BE KEPT
79.	The Board shall cause a proper register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company and shall cause the requirements of sections 118,125 to 144 (both inclusive) of the Act on that behalf to be duly complied with.
	SHARE WARRANTS
	RIGHT TO ISSUE SHARE WARRANTS
80.	The Company may issue share warrants subject to and in accordance with, the provisions of Section 114 and 115 and accordingly the Board may in its discretion with respect to any share which is fully paid up, on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may from time to time, require as to the identity of the person signing the application, and the amount of the stamp duty on the warrant and on payment of such fee as the Board may from time to time require, issue a share warrant.
	RIGHTS OF WARRANT HOLDER
81.	a) The bearer of the share warrant may at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right to signing a requisition for calling a meeting of the Company, and of attending and voting and exercising other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the shares included in the deposited warrant. b) Not more than one person shall be recognised as depositor of the share warrant. c) The Company shall, on two days written notice, return the deposited share warrant to the depositor.
	WARRANT HOLDERS NOT TO EXERCISE VOTING AND OTHER RIGHTS
82.	a) Subject as herein otherwise expressly provided no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company or attend, or vote or exercise any other privileges of a Member at a meeting of the Company or be entitled to receive any notices from the Company. b) Subject as herein otherwise expressly provided the bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages if he were named in the Register of Members as the holder of the shares included in the warrant.
	BOARD TO MAKE RULES
83.	The Board, may, from time to time, make rules as to the terms on which it shall think fit, a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.
	CONVERSION OF SHARES INTO STOCK AND RECONVERSION
	RIGHT TO CONVERT SHARES INTO STOCK & VICE-VERSA
84.	The Company in General Meeting may by an ordinary resolution convert any fully paid-up



	shares into stock, and when any shares have been converted into stock, the several holders of such stock may henceforth transfer their respective interest therein, or any part of such interest in the same manner and subject to the same regulations as, and subject to which shares, from which the stock arise might have been transferred, if no such conversion had taken place. The company may, by an ordinary resolution, convert any stock into fully paid up shares of any denomination.
	RIGHTS OF STOCKHOLDERS
85.	The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters, as if they hold the shares from which the stock arose; but no such privileges or advantages (except participation in the dividends and profits of the Company and in the assets on winding-up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
	MEETING OF MEMBERS
	CALLING & CONDUCT OF MEETINGS
86.	The Company shall comply with the provisions of Sections 170 to 186 of the Act or statutory modifications thereof in the calling and conduct of meetings
	ANNUAL GENERAL MEETINGS
87.	The Company shall, in addition to any other meetings, hold General Meeting, which shall be called as its Annual General Meeting, at the intervals and in accordance with the provisions, specified below:
	a) The Company shall hold the first Annual General Meeting within eighteen months of its incorporation.
	b) The next Annual General Meeting shall be held by it within six months of the expiry of the financial year in which the first Annual General Meeting was held, provided that not more than fifteen months shall elapse between the date of one annual general meeting and the date of the next annual general meeting except as provided under the Act.
	c) Every Annual General Meeting shall be called for at a time during business hours on a day that is not a public holiday and shall be held either at the Registered Office of the Company or at some place within the city in which the Registered Office is situated.
	d) The notice calling the meeting shall specify it as Annual General Meeting.
	EXTRA ORDINARY GENERAL MEETINGS
88.	The Board, may, whenever it thinks fit call general meetings and any general meeting other than Annual General Meeting shall be an Extraordinary General Meeting.
	EXTRA ORDINARY GENERAL MEETING ON REQUISITION
89.	The Board shall, on the requisition of members, convene an extraordinary general meeting of the Company in the circumstances and in the manner provided under Section 169 of the Act.
	NOTICE FOR GENERAL MEETINGS
90.	All General Meetings shall be convened by giving not less than twenty one days, excluding the day on which the notice is served, or deemed to be served (i.e. on expiry of 48 hours after the letter containing the same is posted) and the date of the meeting. The notice shall specify the place and the hour of meeting and in case of special business, the nature of that business shall be given in the manner mentioned in section 173 of the Act. Notice shall be given to all the members and to such persons entitled to receive the same from the Company, but any accidental omission to give notice to or non-receipt of the notice by any member shall not invalidate the proceedings of any General Meeting.
	SHORTER NOTICE ADMISSIBLE
91.	A general meeting may be called after giving shorter notice if consent is accorded thereto:
	i) in the case of annual general meeting by all the members entitled to vote thereat; and
	ii) in the case of any other meeting by members of the Company holding, if the Company has a share capital, not less than 95 percent of such part of the paid-up share capital of the Company as gives a right to vote at the meeting.
	SPECIAL AND ORDINARY BUSINESS
92.	a) All business that is transacted at an extraordinary meeting shall be deemed to be

	special and at an Annual General Meeting with the exception of, declaration of dividend, consideration of the accounts, balance sheet and the reports of the Board and Auditors, the election of Directors in the place of those retiring by rotation and the appointment and fixing up of the remuneration of Auditors.
	b) In the case of special business as aforesaid, an explanatory statement as required, under section 173 of the Act shall accompany the notice of the meeting.
	QUORUM FOR GENERAL MEETING
93.	Five members or such other number of members, as the law for the time being in force prescribes, entitled to be personally present shall be quorum for a general meeting and no business shall be transacted at any general meeting unless the requisite quorum is present at the commencement of the meeting.
	TIME FOR QUORUM & ADJOURNMENT
94.	If within half an hour from the time appointed for a meeting the quorum is not present, the meeting, if called upon the requisition of members, shall stand dissolved. In any other case, it shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Board may determine and if at the adjourned meeting also a quorum is not present within half an hour from the time appointed for the meeting the members present shall be a quorum.
95.	The Chairman, if any, of the Board of Directors shall preside as Chairman at every General Meeting of the Company.
	ELECTION OF CHAIRMAN
96.	If there is no such Chairman or if at any meeting he is not present within fifteen after the time appointed for holding the meeting or is unwilling to act as Chairman, the members present shall choose another Director as Chairman. If no Director is willing to act as Chairman, the members present shall elect one of themselves to be the Chairman of the meeting. If a poll is demanded on the election of Chairman the provisions of Section 175 of the Companies Act, 1956 shall be applicable.
	BUSINESS AT ADJOURNED MEETING
97.	The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn that meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting which was adjourned. When the meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
	VOTING AT MEETING
98.	At any General Meeting a resolution put to vote at the meeting shall be decided on a show of hands, unless a poll (before or on the declaration of the result of the vote on a show of hands) is demanded in accordance with the provisions of Section 179 of the Act. Unless a poll is so demanded, a declaration by the Chairman that the resolution has, on a show of hands, been carried unanimously or by a particular majority, or has been lost and an entry to that effect in the book of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against that resolution.
	DECISION BY POLL
99.	If a poll is duly demanded, it shall be taken in such manner as the Chairman directs and the results of the poll shall be deemed to be the decision of the meeting on the resolution in respect of which the poll was demanded.
	CASTING VOTE OF CHAIRMAN
100.	In case of equal votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands had taken place or at which the poll is demanded shall be entitled to a second or a casting vote.
	POLL TO BE IMMEDIATE
101.	A poll demanded on the election of Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time not being later than forty-eight hours from the time of demand as the Chairman of the meeting directs.



	WITHDRAWAL OF POLL DEMAND
102.	A demand for a poll shall not prevent the continuance of a meeting or the transaction any business other than that on which a poll has been demanded. The demand for a poll may be withdrawn at any time.
	VOTING RIGHTS OF MEMBERS
103.	a) On a show of hands every member holding equity shares and present in person shall have one vote.
	b) On a poll, every member holding equity shares therein shall have voting rights in proportion to his share of the paid-up equity share capital.
	c) On a poll, a member having more than one vote or his proxy or other person entitled to vote for him need not use all his votes in the same way.
	VOTING BY JOINT HOLDERS
104.	In case of joint holders the vote of the first named of such joint holders who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the Register of Members.
	MEMBER OF UNSOUND MIND
105.	A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction, in lunacy may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian, on a poll, may vote by proxy.
	NO RIGHT TO VOTE UNLESS CALLS ARE PAID
106.	No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him have been paid or in regard to which the Company has lien and has exercised any right of lien.
	PROXY
107.	On a poll, votes may be given either personally or by proxy.
	INSTRUMENT OF PROXY
108.	The instrument appointing a proxy shall be in writing under hand of the appointer or of his attorney duly authorised in writing or if the appointer is a Corporation either under its common seal or under the hand of its attorney duly authorised in writing. Any person whether or not he is a member of the Company may be appointed as a proxy.
	DEPOSITING A PROXY
109.	The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the company not less than forty eight hours prior to the time fixed for holding the meeting at which the person named in the instrument proposed to vote and in case of default the instrument of proxy shall not be treated as valid.
	FORM OF PROXY
110.	An instrument of proxy shall be in either of the forms set out in Schedule IX to the Act or as near thereto as circumstances admit.
	VALIDITY OF PROXY
111.	A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed or the transfer of the shares in respect of which the proxy is given; provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.
	CORPORATE MEMBERS
112.	Any corporation which is a member of the company may, by resolution of its Board of Directors or governing body, authorise such person as it thinks fit to act as its representative at any meeting of the company and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could have exercised if it were an individual member of the Company.

M A N A G E M E N T	
MANAGEMENT BY BOARD	
113.	As provided by Section 291 of the Companies Act, 1956 the business of the Company shall be managed by Directors and in particular the Board may exercise all such powers of the Company as are not required to be exercised by the Company under the Companies Act, 1956 or under any other statutory modifications thereof, for the time being in force or are required by these articles to be exercised by the Company in General meeting, subject nevertheless that no such regulations shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.
MINIMUM AND MAXIMUM NUMBER OF DIRECTORS	
114.	Unless otherwise determined in a General Meeting, the Company shall not have less than three and more than twelve Directors including nominee, additional, debenture, technical or special Directors if any.
MEETING OF BOARD OF DIRECTORS	
QUORUM FOR BOARD MEETINGS	
135.	The Directors shall meet at least once in every quarter and at least four such meetings shall be held in each year. Two Directors or one-third of the total strength of Directors, whichever is higher as provided in Section 287 of the Companies Act, 1956 shall be the quorum. Where at any time, the number of interested Director exceeds or is equal to two-thirds of the total strength the number of remaining Directors not so interested, present at the meeting being not less than two shall be the quorum during such time. Any Director or Managing Director may at any time and the Managing Director shall upon the request of any Director, convene a meeting of the Board of Directors. Questions arising at any meeting shall be decided by majority of votes. In case of equality of votes, the Chairman shall exercise casting vote.
NOTICE FOR BOARD MEETINGS	
136.	Save with the consent in writing of all the Directors, not less than seven days notice in writing shall be given of every meeting of the Board. Such notice shall be given to every Director for the time being in India, and at his usual address in India to every other Director. No meeting of the Directors shall be competent to enter upon discussion or transact any business, which has not been mentioned in the notice, or notices upon which it was convened, unless the Directors present at the time of the meeting by simple majority agree to discuss or transact such business and with the permission of the Chair.
RESOLUTION WITHOUT BOARD MEETING	
RESOLUTION BY CIRCULATION	
139.	Save in those cases where a resolution is required by the Act, to be passed at a meeting of the Board, a resolution shall be as valid and effectual as if it had been passed at a meeting of the Board or Committee of the Board, as the case may be, duly called and constituted, if a draft thereof in writing is circulated together with the necessary papers, if any, to all the Directors, or to all the members of the Committee of the Board, as the case may be, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be) and to all other Directors or members of the Committee at their usual address and has been approved by such of them as are then in India, or by a majority of such of them as are entitled to vote on the resolution.
ACCOUNTS	
MAINTAINING BOOKS OF ACCOUNT	
149.	Books of account shall be kept at the registered office of the Company or at such other place in India, as the Directors may think fit.
INSPECTION OF BOOKS OF ACCOUNT BY MEMBERS	
150.	The Directors shall, from time to time, determine whether and to what extent and at what time and place and under what condition or regulation the accounts and books of the Company or any of them shall be open to inspection by members not being Directors. No member (not being a Director) shall have any right to inspect the same except as



	provided by the Companies Act, or authorised by the Board of Directors, or by any resolution of the Company in General Meeting.
A U D I T	
ACCOUNTS TO BE APPROVED IN GENERAL MEETING	
153.	Accounts of the Company, when audited and approved by a General Meeting shall be conclusive, except so far as regards any error discovered therein before or at the audit of the next accounts, and whenever such error is discovered within that period the account shall be forthwith corrected and henceforth shall be conclusive.
CAPITALISATION OF PROFITS	
CAPITALISATION TO BE APPROVED IN GENERAL MEETING	
154.	a) The Company in General Meeting may, upon the recommendation of the Board of Directors resolve:-
	i) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution and
	ii) that such sum be accordingly set free for distribution in the manner specified in clause (b) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
APPLICATION OF CAPITALISED PROFITS	
	b) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in clause (c) either in or towards:
	i) Paying up any amounts for the time being unpaid on any shares held by such members respectively.
	ii) Paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid, or
	iii) Partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).
	c) A share premium account and a capital redemption reserve account may, for the purpose of this article, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.
	d) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.
APPLICATION OF PROFITS	
APPLICATION OF PROFITS	
155.	Whenever such a resolution as aforesaid shall have been passed, the Board shall
	a) i) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issue of fully paid-up shares, if any, and
	ii) generally do all acts and things required to give effect thereto.
	b) The Board shall have full powers
	i) to make such provision by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in the case of shares becoming distributable in fractions; and also
	ii) to authorise any person to enter on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalisation or (as the case may require) for the payment by the Company on their behalf by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing share;
	c) Any agreement made under such authority shall be effective and binding on all such members.
RESERVE AND DEPRECIATION FUNDS	
BOARD TO MAKE RESERVE FUNDS	
156.	The Directors may from time to time set apart such portion of the profits of the Company

	as they think fit as reserve fund, which may become applicable, at their discretion for the liquidation of any debentures, debts or other liabilities of the Company, for equalisation of dividends or for any other purposes of the Company, with full power to employ the assets constituting the Reserve Fund in the business of the Company and without being bound to keep the same separate from the assets.
	RETAINED PROFITS
157.	The Directors may also carry forward any profits, which they think prudent not to divide, without setting them aside as a reserve.
	DEPRECIATION FUND
158.	The Directors may from time to time set apart such portion of the profits of the Company as they think fit, as a Depreciation Fund applicable at the discretion of the Directors, for rebuilding, restoring, replacing or altering any part of the building works, plant, machinery or other property of the Company destroyed or damaged by fire, flood, storms, tempest, accident, riot, war, wear and tear or other means or for repairing, altering and keeping in good condition the property of the Company or for extending and enlarging the buildings, machinery and property of the company, with full power to employ the assets constituting such depreciation fund in the business of the Company and without being bound to keep the same separate from the other assets.
	INVESTMENT IN SECURITIES
159.	All money carried to the Reserve Fund and Depreciation Fund respectively shall nevertheless remain and be profits of the Company, applicable, subject to due provision being made for actual loss or depreciation, for the payment of dividends and such money and all the other monies of the Company, not immediately required for the purpose of the Company, may be invested by the Board of Directors in or upon such investments or securities, as they may select or may be used as working capital or may be kept at any bank as deposit or otherwise as they may from time to time think proper.
D I V I D E N D S	
	DIVIDEND TO BE DECLARED IN GENERAL MEETING
160.	The Company in Annual General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and for the purpose of the equalisation of dividends any sum carried to the reserve, depreciation or other special funds, from time to time in accordance with this presents may be applied in payment thereof. The dividends so declared by the General Body shall not exceed the amount recommended by the Directors.
	DIVIDEND ON PAID UP CAPITAL
161.	Subject to the rights of persons, if any, entitled to shares, with special right as to dividends, dividends shall be declared and paid according to the amounts paid or credited as paid on the shares, in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.
	BONUS TO BE DEEMED DIVIDEND
162.	If and when any bonus on shares is declared out of the profits, and whether along or in addition to any dividend thereon, the bonus shall for all purposes whatsoever be deemed to be a dividend on the shares.
	DIVIDEND TO BE RETAINED BY COMPANY
163.	When any shareholder is indebted to the Company for calls or otherwise, all dividends payable to him, or a sufficient part thereof, may be retained and applied by the Directors in or towards satisfaction of the debt, liabilities or engagements.
	DIVIDEND NOT TO EXCEED DIRECTORS RECOMMENDATION
164.	No dividend shall be payable except out of the profits of the year or any un-distributed profits of any previous year or years and no dividend shall be declared in excess of the dividend recommended by the Board of Directors, but the Company in Annual General Meeting may declare a lesser dividend. Before declaring any dividend, the Company shall comply with the provisions of Section 205 of the Act.
	INTEREST ON CAPITAL
165.	Subject to the provisions of Section 208 of the Act, the Company may pay interest on so



	much of the share capital as is for the time being paid up, for the period and subject to the conditions and restrictions mentioned in Section 208 and charge the sum so paid by way of interest, to capital as part of the cost of construction of the work or building or the provision of the plant.
	DIVIDEND TO BE PAID IN CASH
166.	No dividend shall be payable except in cash provided that nothing shall be deemed to prohibit the capitalisation of profits or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.
	PAYMENTS TO JOINT HOLDERS
167.	In case two or more persons are registered as the joint-holders of any share, any of such persons may give effectual receipts for any dividends, bonuses or other monies payable in respect of such share.
	DIVIDEND TO BE APPLIED TO A CALL
168.	The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.
	DIVIDEND ON TRANSFER
169.	A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer.
	DIVIDEND TO BE PAID WITHIN 30 DAYS
170.	Unless otherwise directed by the Company in General Meeting, dividend may be paid in cash or by cheque or warrant or money order sent, by post, within Thirty days of the date of such declaration to the registered address of the member or in the case of joint holders, to the registered address of the member whose name stands first in the register in respect of the joint holding and every cheque so sent shall be made payable to the order of the person to whom it is sent.
	UNPAID OR UNCLAIMED DIVIDEND
171.	<p>Where the company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days to a special account to be opened by the company in that behalf in any scheduled bank, to be called "_____unpaid Dividend Account".</p> <p>The company shall transfer any money transferred to the unpaid dividend account of a company that remains unpaid or unclaimed for a period of seven years from the date of such transfer, to the Fund known as Investor Education and Protection Fund established under section 205C of the Act.</p> <p>The board shall forfeit no unclaimed or unpaid dividend.</p>
	INTEREST ON DIVIDEND
172.	No dividends shall bear interest against the Company.
	SERVICE OF DOCUMENTS AND NOTICES
	NOTICE TO MEMBERS
173.	A document may be served by the Company on any member either personally or by sending it by post, to his registered address or if he has no registered address in India, to the address, if any, within India, given by him to the Company for sending notices to him.
	NOTICE BY POST
174.	Where a document is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the documents, provided that where a member has intimated to the Company in advance that the document should be sent to him under Certificate of posting or by Registered Post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document shall not be deemed to be effected unless it is sent in the manner intimated by the member; and such service shall

	be deemed to have been effected: a) In the case of a notice of a meeting, at the expiration of forty-eight hours after the letter containing the same is posted; and b) In any other case at the time at which the letter would be delivered in the ordinary course of post.
	NOTICE IN NEWSPAPERS
175.	A document advertised in a newspaper circulating in the neighbourhood of the registered office of the company shall be deemed to be duly served on the day on which the advertisement appears, on every member of the company who has now registered address in India and has not supplied to the company and address within India for the giving of notices to him
	SERVICE ON JOINT HOLDERS
176.	A document may be served by the Company on the joint holders of a share by serving it on the joint-holder named first in the Register in respect of the share.
	DECEASED AND INSOLVENT MEMBERS
177.	A document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name or by the title of the representatives of the deceased or assignees of the insolvent or by any like description, at the address, if any, in India supplied for the purpose, by the persons, claiming to be so entitled or until such an address has been so supplied by serving the document in any manner in which it might have been served if the death or insolvency had not occurred.
	NOTICE OF MEETINGS
178.	Notice of every meeting shall be given to every member of the Company in any manner authorised by Articles 81 & 82 hereof and also to every person entitled to a share in consequence of the death or insolvency of a member who but for his death or insolvency would be entitled to receive notice of the meeting.
	NOTICE BY ADVERTISEMENT
179.	Every notice required to be given by the Company to the members or any of them and not expressly provided for by the Act or by these presents shall be sufficiently given if given by advertisement as laid down in Article 166 herein.
	NOTICE TO TRANSFEREE
180.	Every person who, by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice relating to such share in respect of which his name and address is being entered in the register if such notice is duly given to the person from whom he derives his title to such share.
	NOTICE ON DECEASED MEMBERS
181.	Any notice or document delivered or sent by post or left at the registered address of any member in pursuance of these presents shall, notwithstanding such member be then deceased and whether or not the Company has notice of his demise be deemed to have been duly served in respect of any registered shares whether held solely or jointly with other persons by such member, until some other person be registered in his stead as the holder or joint-holder thereof and such service shall, for the purpose of these presents be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators and all persons, if any jointly interested with him or her in any such share.
	ACCIDENTAL OMISSION OF NOTICE
182.	The accidental omission to give notice to or non-receipt of any notice by any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.
	NOTICE TO BE SIGNED
183.	The signature in any notice to be given by the Company may be written or printed.
	W I N D I N G U P
	SURPLUS ASSETS TO BE DISTRIBUTED
185.	If the Company is wound up and the surplus assets is more than sufficient to repay the



	whole of the paid-up capital, the excess shall be distributed among the members in proportion to the capital paid-up on the equity shares held by them respectively at the commencement of the winding up, but, the clause is to be without prejudice to the rights of the holders of shares issued upon special conditions.
	LIQUIDATOR TO DISTRIBUTE ASSETS
186.	In a winding up, the Liquidator may, in respect of the powers conferred on him by the Companies Act, and with the authority of a special resolution, sell the undertaking of the Company or the whole or any part of its assets (Whether fully or partly paid for) or the obligations of or other interests in any other Company and may by the contract of sale agree for the allotment to the members directly of the proceeds of sale in proportion to their respective interest in the Company. Any such sale or arrangement or the Special Resolution confirming the same may provide for the distribution or appropriation of the shares or other benefits to be received in compensation otherwise than in accordance with the legal rights of the contributories of the company, and in particular, any class may be given preferential or special rights, or may be excluded altogether or in part, and further by the contract, a time may be laid down at the expiration of which, shares, obligations or other interests not accepted or required to be sold shall be deemed to have been refused and be at the disposal of the Liquidator and in particular:
	a) the Liquidator may, with the sanction of a Special Resolution and any other sanction required under the Companies Act, 1956, divide amongst the members in specific or kind, the whole or any part of the assets of the Company Whether they shall consists of property of the same kind or not.
	b) for the purpose aforesaid, the Liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
	c) the Liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of contributories, as the Liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.
	INDEMNITY
189.	Every Director, Manager, Trustee, Member of the Committee, Officer, Servant, Agent of the Company or any person employed by the Company or Auditor of the Company shall be indemnified out of the funds and assets of the Company against all liabilities incurred by him as such Director, Manager, Trustee, Member of the Committee, Officer, Servant, Agent, Employee or Auditor, in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act, in which relief is granted to him by the court.

SECTION X - OTHER INFORMATION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company situated from 10.00 a.m. to 02.00 p.m. on working days from the date of the filing of this Draft Red Herring Prospectus until the Bid / Issue Closing Date.

A. Material Contracts:

1. Memorandum of Understanding dated September 24, 2009 between our Company and the BRLM.
2. Memorandum of Understanding dated September 24, 2009 entered into with M/s. Bigshare Services Pvt Ltd. to act as Registrar to the Issue.
3. Syndicate Agreement dated [•] between our Company, the BRLM and the Syndicate Members.
4. Escrow Agreement dated [•] between our Company, the BRLM, the Syndicate Members, Escrow collection Banks and Registrar to the Issue.
5. Underwriting Agreement dated [•] between our Company, the BRLM and the Syndicate Member.

B. Documents for Inspection.

1. Certificate of Incorporation dated June 8, 1990 in the name of Midfield Steels Private Limited.
2. Fresh certificate of Incorporation dated April 3, 2006 consequent to change in name from Midfield Steels Private Limited to Midfield Industries Private Limited.
3. Fresh certificate of incorporation dated July 7, 2006 upon change of name on conversion to Public Limited Company
4. Memorandum and Articles of the Company as amended from time to time.
5. Tripartite agreements dated January 14, 2009 and January 15, 2009 with NSDL and CDSL respectively.
6. Copy of the resolution passed by the Board of Directors at their meeting held on May 2, 2009 approving the proposed public issue.
7. Copy of the special resolution passed pursuant to Section 81(1A) of the Companies Act, 1956 in the Extra-ordinary General Meeting of the Company held on May 26, 2009 approving the Initial Public Offering.
8. Consents of the Promoters, Directors, Auditors, Book Running Lead Managers, Legal Counsel, Registrar, Syndicate Members, Bankers to the Issue, Company Secretary & Compliance Officer to act in their respective capacities and for inclusion of their names in the Draft Red Herring Prospectus.
9. Resolution passed by the shareholders at the Annual General Meeting held on September 30, 2008 appointing M/s Sampat & Ramesh, Chartered Accountants as the Statutory Auditors of the Company.
10. Copies of the resolution passed by the shareholders at the Annual General Meeting held on September 30, 2008 appointing Mr. M Madhu Mohan Reddy as the Managing Director and Mr. Ashok Sagar as the Whole Time Director of the company.
11. Copies of Quotations obtained for purchase of equipments;
12. Copy of the Certificate dated September 15, 2009 from the M/s Sampat & Ramesh, Chartered Accountants regarding the sources and deployment of funds.
13. Certificate dated September 14, 2009 from M/s Sampat & Ramesh, Chartered Accountants regarding the Statement of Tax Benefits.
14. Report of the Auditors M/s Sampat & Ramesh, Chartered Accountants dated September 14, 2009 on restated financial statements for the last five financial years.
15. Annual Reports of the Company for the last five Financial Years.
16. Due Diligence certificate dated September 24, 2009 to SEBI from Atherstone Capital Markets Ltd.
17. Application made for in-principle listing approval dated [•] to the BSE.
18. In-principle listing approval for this Issue dated [•] from BSE.
19. IPO Grading Report of [•]
20. SEBI Observation Letter [•] dated [•].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties,



without reference to the Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

Declaration

We certify that all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the Regulations issued by Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made there under or guidelines issued, as the case may be. And that all approvals and permissions required to carry on the business of our Company have been obtained, are currently valid and have been complied with. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Directors of our Company

Mr. M Madhu Mohan Reddy

Mr. M Ashok Sagar

Mr. Ashok Kumar Kolla

Mr. Rajaraju Kothapalli

Mr. Kamlesh Kumar Bhargava

Mr. V. G. Krishna Rao

Mr. M Laxminarayan (Vice President – Finance)

Ms. Appanna Padmasri (Company Secretary)

Date: September 26, 2009

Place: Hyderabad

* Through his constituted power of attorney

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