

DRAFT RED HERRING PROSPECTUS

November 24, 2010

Please read Section 60B of the Companies Act, 1956
(The Draft Red Herring Prospectus will be updated and become
Red Herring Prospectus upon RoC filing)
100% Book Building Issue

**READYMADE STEEL INDIA LIMITED**

(Our Company was incorporated on March 21, 2006 under the provisions of the Companies Act, 1956 as Readymade Steel India Private Limited in Maharashtra. Pursuant to a special resolution passed by the shareholders of our Company at the extra-ordinary general meeting held on July 21, 2010 our Company was converted into a public limited company and consequently the name of our Company was changed to Readymade Steel India Limited. A fresh certificate of incorporation reflecting the new name was issued by the Registrar of Companies, Maharashtra on August 24, 2010. The Corporate Identification Number of our Company is U27100MH2006PLC160602.

Registered Office: 203, Joshi Chambers, Ahmedabad Street, Carnac Bunder, Mumbai 400 009; **Tel. No.:** + 91-22-67439360; **Fax No.:** + 91-22-67439360

Corporate Office: 101/102, Shreya House, Andheri (East), Mumbai- 400 099 **Tel. No.:** + 91-22-67156715; **Fax No.:** + 91-22-67156716;

E-mail: rms@readymadesteel.com; **Website:** www.readymadesteel.com;

Contact Person and Compliance Officer: Mr. Umakanta Das, GM-Finance & Company Secretary **Email:** ukdas@readymadesteel.com

PROMOTER: MR. ANIL AGRAWAL

PUBLIC ISSUE OF [●] EQUITY SHARES OF RS.10/- EACH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING A PREMIUM OF RS. [●] PER EQUITY SHARE) FOR CASH AGGREGATING UPTO RS. 4131 LACS (THE "ISSUE"), BY READYMADE STEEL INDIA LIMITED (THE "COMPANY" OR THE "ISSUER"). THE ISSUE WILL CONSTITUTE [●]% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY. *

** Our Company is considering a Pre – IPO Placement of up to 20,00,000 Equity Shares aggregating up to Rs. 1800 Lacs with some investors. The Pre – IPO Placement, if any, will be completed before the filing of the Red Herring Prospectus with the RoC. The number of Equity Shares in the Issue will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre – IPO Placement, if any, subject to the Issue to the public being at least 25% of the fully diluted post – Issue paid up capital of our Company.*

Price Band: Rs. [●] To Rs. [●] Per Equity Share of Face Value of Rs. 10 Each.

The Price Band and the minimum bid lot size will be decided by our Company, in consultation with the Book Running Lead Manager and advertised at least two working days prior to the bid/issue opening date.

The Floor Price is [●] times of the Face Value and the Cap Price is [●] times of the Face Value

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

The Issue is being made under Sub-regulation (1) of Regulation 26 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and through a 100% Book Building Process wherein not more than 50% of the Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers (QIBs) subject to valid bids being received at or above the Issue Price. For details, please see "Issue Procedure" on page 180. Out of the portion available for allocation to the QIBs, 5% will be available for allocation to Mutual Funds only. Mutual Fund Bidders shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first public issue of Equity Shares of our Company, there has been no formal market for our Equity Shares. The face value of the Equity Shares is Rs.10/- and the Issue Price is [●] times of the Face Value. The price band (has been determined and justified by the BRLM and the Issuer as stated under the chapter on "Basis for Issue Price" beginning on page 42 of the Draft Red Herring Prospectus) should not be taken to be indicative of the market price of our Equity Shares after our Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares of our Company nor 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 the Issuer and the Issue including the risk involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does the SEBI guarantee the accuracy or adequacy of this document. **Specific attention of the investors is invited to the statement of 'Risk Factors' beginning on Page xiii of the Draft Red Herring Prospectus.**

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable enquiries, accepts responsibility for and confirms that the 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 the 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 document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

IPO GRADING

The Issue has been graded by [●] and has been assigned a grade of [●]/5 indicating [●] fundamentals. The IPO Grading is assigned on a 5 point scale from 1 to 5 with an 'IPO Grade 5' indicating strong fundamentals and an 'IPO Grade 1' indicating poor fundamentals. For further details and grading rationale, please refer to page no. 11 of the Draft Red Herring Prospectus under the section 'General Information'.

LISTING ARRANGEMENT

The Equity Shares issued through the Draft Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE) and on The National Stock Exchange of India Limited (NSE). In-principle approvals have been received from BSE and NSE for the listing of the Equity Shares *vide* their letters dated [●] and [●] respectively. For the purposes of this Issue, [●] shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER

ARIHANT capital markets Ltd.

SEBI Registration No.: INM000011070

3rd Floor, Krishna Bhavan, 67, Nehru Road,
Vile Parle (East), Mumbai 400 057.

Tel.: +91-22-42254800/47

Fax: +91-22-42254880

Email: amol.kshirsagar@arihantcapital.com

Investor Grievance Email: mbd@arihantcapital.com

Website: www.arihantcapital.com

Contact Person: Mr. Amol Kshirsagar

REGISTRAR TO THE ISSUE

Bigshare Services Private Limited

SEBI Registration No.: INR 00000 1385

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

Tel No.: +91-22-28470652/40430200

Fax No.: +91-22-28475207

Email: info@bigshareonline.com

Investor Grievance Email: investor@bigshareonline.com

Website: www.bigshareonline.com

Contact Person: Mr. Ashok Shetty

ISSUE PROGRAMME[#]

BID/ISSUE OPENS ON

[●], 2010

BID/ISSUE CLOSES ON

[●], 2010

[#]Our Company in consultation with the BRLM, may decide to close the Bidding for QIBs one day prior to the Bid/Issue Closing Date.

TABLE OF CONTENTS

CONTENTS	PAGE
Section I – Definitions and Abbreviations	
Issuer Related Terms	i
Conventional/General Terms	i
Issue Related Terms	ii
Industry Related Terms	vii
Abbreviations	vii
Section II – General	
Presentation of Financial Information and Use of Market Data	xi
Forward Looking Statements	xii
Section III – Risk Factors	xiii
Section IV – Introduction	
Summary of Industry	1
Summary of Business	3
Summary of Financial Information	7
The Issue	10
General Information	11
Capital Structure	19
Section V – Objects of the Issue	
Objects of the Issue	30
Basis for Issue Price	42
Statement of Tax Benefits	44
Section VI – About Us	
Industry Overview	55
Business Overview	72
Key Industry Regulations and Policies	88
History and Other Corporate Matters	92
Our Management	95
Our Promoters, Promoter Group and Group Companies	109
Currency of Presentation	114
Dividend Policy	115
Section VII – Financial Information	
Auditors’ Report and Financial Information of Our Company	116
Management’s Discussion and Analysis of Financial Condition and Results of Operations as Reflected in the Financial Statements	146
Financial Indebtedness	155
Section VIII – Legal and other Regulatory Information	
Outstanding Litigations, Material Developments and Other Disclosures	158
Government and Other Statutory Approvals	161
Other Regulatory and Statutory Disclosures	164
Section IX – Issue Related Information	
Terms of the Issue	174
Issue Structure	177
Issue Procedure	180
Restrictions on Foreign Ownership of Indian Securities	211
Section X – Description of Equity Shares and Terms of the Articles of Association	
Main Provisions of Articles of Association	213
Section XI – Other Information	
Material Contracts and Documents for Inspection	262
Section XII – Declaration	264

SECTION I - DEFINITIONS AND ABBREVIATIONS

ISSUER RELATED TERMS

Term	Description
“Readymade Steel India Limited”, “RSIL”, “our Company”, “the Company”, “the Issuer Company”, “the Issuer” “we”, “us”, and “our”	Unless the context otherwise requires, refers to Readymade Steel India Limited, a public limited company incorporated under the Companies Act, 1956.
Articles/ Articles of Association	The Articles of Association of Readymade Steel India Limited.
Auditors	The Statutory Auditors of our Company namely, M/s Dass Maulik Mahendra K Agrawala & Co, Chartered Accountants.
Board / Board of Directors	The Board of Directors of Readymade Steel India Limited unless otherwise specified or any committee constituted thereof.
Corporate Office	101/102, Shreya House, Pereira Hill Road, Andheri (East), Mumbai- 400 099
Group Companies	Companies, firms, ventures etc. promoted by our promoters as described in the chapter “Our Promoters, Promoter Group and Group Companies” on page no. 109.
Memorandum/ Memorandum of Association	The Memorandum of Association of Readymade Steel India Limited.
Plant	Existing Facility located at village Vanwathe, Khopoli-Pen Road, Taluka- Khalapur, District Raigad, Maharashtra
Promoter(s)	Unless the context otherwise requires, refers to Mr. Anil Agrawal.
Promoter–Director (s)	Unless the context otherwise requires, refers to Mr. Anil Agrawal.
Promoter Group	Individuals, Companies and entities forming part of our Promoter Group as per the SEBI ICDR Regulations. For details please see “Our Promoters, Promoter Group and Group Companies” on page 109.
Proposed Project	The expansion of our existing plant at Khopoli and new facilities to be set up near New Delhi and Raipur respectively.
RoC	Office of Registrar of Companies, Maharashtra, Mumbai.
Registered Office	The Registered Office of our Company situated at 203, Joshi Chambers, Ahmedabad Street, Carnac Bunder, Mumbai 400 009
RMS ESOP 2010	Readymade Steel India Limited Employees Stock Option 2010

CONVENTIONAL/GENERAL TERMS

Term	Description
Act/ Companies Act	The Companies Act, 1956, as amended from time to time.
Depository	A body corporate registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A Depository Participant as defined under the Depositories Act, 1996.

Term	Description
Equity Shares	The Equity Shares of face value of Rs. 10 each of Readymade Steel India Limited.
Indian GAAP	Generally Accepted Accounting Principles in India.
Non Resident	A person who is not an NRI, FII and is not a person resident in India.
NRI/ Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
Quarter	A period of three continuous months.
RBI Act	The Reserve Bank of India Act, 1934.
SEBI	Securities and Exchange Board of India.
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time.
SEBI ICDR Regulations	Means the regulations for Issue of Capital and Disclosure Requirements issued by Securities and Exchange Board of India, constituted in exercise of powers conferred by Section 30 of the Securities and Exchange Board of India Act, 1992 (as amended), called Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.
Stock Exchanges	Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE), referred to as collectively.

ISSUE RELATED TERMS

Term	Description
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, issue and allotment of Equity Shares to successful Bidders pursuant to this Issue.
Allottee	The successful Bidder to whom the Equity Shares are being/have been allotted.
Applications Supported by Blocked Amount (ASBA)	Application Supported by Blocked Amount means an application (whether physical or electronic) subscribing to an Issue containing an authorization to block the Bid Amount in their specified bank account with Self Certified Syndicate Bank.
ASBA Bidders/Investor	A Bidder / an Investor, who intends to apply through ASBA process.
ASBA Form / ASBA BCAF/ ASBA Bid cum Application Form	The Bid-cum-Application Form, whether physical or electronic, used by an ASBA Bidder to make a Bid, which will be considered as the application for Allotment for the purpose of Red Herring Prospectus and Prospectus.
Banker(s) to the Issue / Escrow Collection Banks	The banks which are clearing members and registered with SEBI as Banker to the Issue at which the Escrow Account for the Issue will be opened and in this case being [●].
Bid	An indication to make an offer made during the Bidding Period by a prospective investor, pursuant to submission of a Bid-cum-Application Form to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications

Term	Description
	thereto. For the purposes of ASBA Bidders, it means an indication to make an offer during the Bidding Period by any Bidder pursuant to the submission of an ASBA Bid-cum-Application Form to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Lot/ Minimum bid lot	[●] Equity Shares.
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 for this Issue and in the case of ASBA Bidders, the amount mentioned in the ASBA Bid cum Application Form.
Bid/ Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English and Hindi national newspapers and a Marathi newspaper, each with wide circulation.
Bid/ Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in widely circulated English and Hindi national newspapers and a Marathi language newspaper, each with wide circulation.
Bid-cum-Application Form / Bid Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Company and which will be considered as the application for allotment in terms of the Red Herring Prospectus and the Prospectus including ASBA Form or ASBA BCAF, if applicable.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form, including an ASBA Bidder.
Bidding	The process of making a Bid.
Bidding Centre	A centre for acceptance of the Bid-cum-Application Form.
Bid/ Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids including any revisions thereof.
Book Building Process	Book Building Process as provided under Schedule XI of SEBI (ICDR) Regulations, 2009, as amended in terms of which this Issue is being made.
BRLM	Book Running Lead Manager to this Issue, in this case being Arihant Capital Markets Limited.
Brokers to this Issue	Brokers registered with any recognized Stock Exchange, appointed by the Members of the Syndicate.
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, including any revisions thereof.
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 including any revision thereof. In this case being Rs. [●].

Term	Description
Cut-off /Cut-off Price	Any price within the Price Band finalized by our Company in consultation with the BRLM. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to bid at the Cut-off Price.
Controlling Branches	Such branches of the SCSBs which co-ordinate Bids received under this Issue by the ASBA Bidders with the BRLM, the Registrar to the Issue and the Stock Exchange(s).
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form used by ASBA Bidders and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf
Designated Date	The date on which the Escrow Collection Banks transfer and the SCSBs issue, or by when have been issued, instructions for transfer, of the funds from the Escrow Accounts and ASBA Accounts, respectively to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful bidders.
Designated Stock Exchange or DSE	[●]
Draft Red Herring Prospectus/ DRHP	The Draft Red Herring Prospectus which does not have complete particulars of the price at which the Equity Shares are offered and size of the Issue, which was filed with the SEBI and issued in accordance with Section 60B.
Eligible NRI	NRIs from such jurisdiction outside India where it is not unlawful for our Company to make this Issue or an invitation under this Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares offered herein.
Equity Shares	The equity shares of our Company of face value of Rs. 10 each.
Escrow Account(s)	An Account opened with Escrow Collection Bank(s) and in whose favour the Bidder (except ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement entered into amongst our Company, the Registrar to this Issue, the Escrow Collection Banks, the BRLM and the Syndicate Member(s) in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders (excluding ASBA Bidders).
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, below which the Issue Price will not be finalized and below which no Bids will be accepted in this case being Rs. [●] and which shall not be lower than the face value of our Equity Shares.
Issue / The Issue / This Issue	Public Issue of [●] Equity Shares of Rs.10 each at a Price of Rs. [●] per Equity Share (including a premium of Rs. [●] per Equity Share) for cash aggregating to Rs. 4131 Lacs, by Readymade Steel India Limited. The Issue will constitute [●] % of the fully diluted Post Issue Paid-up capital of our Company.
Issue Price	The final price at which Equity Shares will be issued and allotted in term of the Red Herring Prospectus and 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 will be available to our Company being upto Rs. 4131 Lacs.

Term	Description
Key Management Personnel	The Personnel listed as key management personnel in “Our Management” on page 95.
Margin Amount	An amount up to 100% of the Bid Amount paid by Bidders or blocked in the ASBA Account, as the case may be, at the time of submission of the Bid cum Application Form or the ASBA Form, as applicable.
Mutual Funds	Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Mutual Fund Portion	That portion of the Issue, being 5% of the QIB Portion or [●] Equity Shares shall be available for allocation to Mutual Funds only, out of the QIB Portion on a proportionate basis to Mutual Funds only.
Net Proceeds	Net proceeds of the Issue after deducting the Issue related expenses from the Issue Proceeds.
Non Institutional Bidders	All Bidders that are neither Qualified Institutional Buyers nor Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs.2,00,000.
Non Institutional Portion	The portion of the Issue being not less than 15% of the Issue i.e. [●] Equity Shares of Rs.10 each available for allocation to Non Institutional Bidders on a proportionate basis, subject to receipt of valid Bids at or above the Issue Price.
Overseas Corporate Body	A company, partnership firm, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 03, 2003 and immediately before such date had taken benefits under the general permission granted to Overseas Corporate Bodies under the FEMA. Overseas Corporate Bodies are not permitted to invest in this Issue.
Pre-IPO Placement	A Pre-IPO Placement of up to 20,00,000 Equity Shares aggregating up to Rs. 1800 Lacs with certain investors is being considered by our Company and will be completed prior to the filing of the Red Herring Prospectus with the RoC.
Price Band	Being the Price Band of a minimum price (Floor Price) of Rs. [●] and the maximum price (Cap Price) of Rs. [●] and includes revisions thereof. The Price Band and the minimum Bid Lot size for the Issue will be decided by our Company in consultation with the BRLM and advertised, at least two working days prior to the Bid/ Issue Opening Date, in two national newspapers (one each in English and Hindi) and in one Marathi newspaper with wide circulation.
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 in terms of Section 60 of the Companies Act, containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information.
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account(s) and accounts of ASBA Investors for this Issue on the Designated Date.
Qualified Institutional Buyers or QIBs	“Qualified Institutional Buyer” means: (i) a mutual fund, venture capital fund and foreign venture capital investor registered

Term	Description
	<p>with the SEBI;</p> <p>(ii) a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the SEBI;</p> <p>(iii) a public financial institution as defined in section 4A of the Companies Act, 1956;</p> <p>(iv) a scheduled commercial bank;</p> <p>(v) a multilateral and bilateral development financial institution;</p> <p>(vi) a state industrial development corporation;</p> <p>(vii) an insurance company registered with the Insurance Regulatory and Development Authority;</p> <p>(viii) a provident fund with minimum corpus of Rs.2500 Lacs;</p> <p>(ix) a pension fund with minimum corpus of Rs. 2500 Lacs;</p> <p>(x) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;</p> <p>(xi) Insurance funds set up and managed by Army, Navy or Air Force of the Union of India; and</p> <p>(xii) Insurance Funds set-up and managed by the Department of Posts, India</p>
QIB Portion	The portion of this Issue being not more than 50% of the Issue, i.e. [●] Equity Shares of Rs 10 each available for allocation on proportionate basis to QIBs of which 5% shall be available for allocation on proportionate basis to Mutual Funds registered with SEBI, subject to valid bids being received at or above the Issue Price.
Refund Account(s)	Account(s) opened with Escrow Collection Bank(s) from which refunds of the whole or part of the Bid Amount (excluding to the ASBA Bidders), if any, shall be made.
Refund Bank	The bank(s) which have been appointed / designated for the purpose of refunding the amount to investors (except ASBA Investors) either through the electronic mode as prescribed by SEBI and / or physical mode in accordance with the procedure contained in the Chapter titled "Issue Procedure" beginning on page 180 of the Draft Red Herring Prospectus.
Resident Retail Individual Investor /Resident Retail Individual Bidder	A Retail Individual Bidder who is a "person resident in India" (as defined in Foreign Exchange Management Act, 1999) and who has Bid for Equity Shares for an aggregate amount not more than Rs.2 Lacs in all of the bidding options in the Issue.
Retail Individual Bidders	Individual Bidders (including HUFs, NRIs and Resident Individual Bidders) who have not Bid for an amount of more than Rs.2 Lacs in any of the bidding options in this Issue.
Retail Portion	The portion of this Issue being not less than 35% of the Issue i.e. [●] Equity Shares of Rs. 10 each available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid-cum-Application Forms or any previous Revision Form(s).
Red Herring Prospectus/ RHP	The Red Herring Prospectus to be issued in accordance with Section 60B of the Companies Act, which will not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the bid/ Issue Opening date and will become Prospectus after filing with the RoC after determination of the Issue Price.
Registrar to the Issue or Registrar	Registrar to the Issue in this case being, Bigshare Services Private Limited.
Self Certified Syndicate Bank (SCSB) / SCSB(s)	Self Certified Syndicate Bank (SCSB) is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of ASBA, including blocking of bank account and a list of which is available on

Term	Description
	http://www.sebi.gov.in/pmd/scsb.pdf .
Syndicate	Collectively, the BRLM and the Syndicate Member(s).
Syndicate Agreement	The agreement to be entered into between our Company, BRLM and the Syndicate Member(s), in relation to the collection of Bids (excluding Bids from the ASBA Bidders) in this Issue.
Syndicate Member(s)	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Member(s) are appointed by the BRLM in this case being [●].
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Member(s) to the Bidder as proof of registration of the Bid on the online system of BSE/NSE.
Takeover Code	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997
Underwriters	The BRLM and the Syndicate Member(s).
Underwriting Agreement	The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date.

INDUSTRY RELATED TERMS

Abbreviation	Full Form
BIS	Bureau of Indian Standards
BBS	Bar Bending Schedule
CENVAT	Central Value Added Tax
DRI	Direct Reduced Iron
GT	Gross Tonnage
ISO	International Organisation for Standardisation
KVA HT	Kilo Volt Amperes High Transmission
MT	Metric Tonnes
MTPA	Metric Tonnes Per Annum
Re-bars	Reinforcement bars
RMC	Ready Mix Concrete
RMS	Readymade Steel or ready to use steel
TMT	Thermo Mechanically Treated
TOR	Torque Operated Reinforcing
UKAS	United Kingdom Accreditation Services
VAT	Value Added Tax

ABBREVIATIONS

Abbreviation	Full Form
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
ASBA	Applications Supported by Blocked Amount
ASIDE	Assistance to States for developing Export Infrastructure and Allied Activities Scheme
BRLM	Book Running Lead Manager
ATM	Air Traffic Management System

Abbreviation	Full Form
BSE	Bombay Stock Exchange Limited
CAGR	Compound Annual Growth Rate
CAN	Confirmation of Allocation Note
CIDC	Construction Industry Development Council
CB	Controlling Branch
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CIN	Corporate Identification Number
CIA	Central Intelligence Agency
CIDCO	City and Industrial Development Corporation of Maharashtra Ltd
COI	Committee on Infrastructure
DB	Designated Branch
DIN	Director's Identification Number
DMRC	Delhi Metro Rail Corporation
DP	Depository Participant
DP ID	Depository Participant's Identification Number
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting of the shareholders
EME	Emerging Market Economies
ESOP	Employee Stock Option Plan
EPS	Earnings per Equity Share
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the rules and regulations issued thereunder
FBT	Fringe Benefit Tax
FDI	Foreign Direct Investment
FII	Foreign Institutional Investor [as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time] registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board
FIs	Financial Institutions
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000
FY	Financial Year
GAAP	Generally Accepted Accounting Principles
GBS	Gross Budgetary Support
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI / Government	Government of India
GT	Gross Tonnage
GQ	Golden Quadrilateral
HNI	High Net Worth Individual
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IEBR	Internal & Extra Budgetary Resources
IIP	Index of Industrial Production
IMF	International Monetary Fund
INR	Indian National Rupee
IPO	Initial Public Offering
IT Act	Income Tax Act, 1961, as amended
JNNRUM	Jawaharlal Nehru National Urban Renewal Mission

Abbreviation	Full Form
Kms.	Kilometres
Ltd.	Limited
MAPIN	Market Participant and Investor Database
Merchant Banker	Merchant banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulation, 1992
M&A	Mergers & Acquisitions
MCGM	Municipal Corporation of Greater Mumbai
MDR	Major District Road
MIDC	Maharashtra Industrial Development Corporation
MM	Milli Metre
MMR	Mumbai Metropolitan Region
MMRDA	Mumbai Metropolitan Region Development Authority
MoCA	Ministry of Civil Aviation
MRTS	Mass Rapid Transit System
MSEDC	Maharashtra State Electricity Distribution Company Limited
MTHL	Mumbai Trans Harbour Link
MUTP	Mumbai Urban Transport Project
MUIP	Mumbai Urban Infrastructure Project
NRDA	Naya Raipur Development Authority
NCR	National Capital Region
NCRPB	National Capital Region Planning Board
NCT	National Capital Territory
NEFT	National Electronic Fund Transfer
NH	National Highway
NHAI	National Highway Authority of India
NHDP	National Highway Development Programme
NS-EW	North South – East West
NR	Non-Resident
NRE Account	Non Resident (External) Account
NRI	Non-Resident Indian
NRO Account	Non Resident (Ordinary) Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	Overseas Corporate Body
P/E Ratio	Price / Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
PIA	Project Implementation Agency
PMGSY	Pradhan Mantri Gram Sadak Yojana
PPP	Public Private Partnership
RBI	The Reserve Bank of India
RoNW	Return on Net Worth
R&D	Research & Development
RMS	Readymade Steel
ROB	Road Over Bridge
RR	Rural Road
RTGS	Real Time Gross Settlement
SEEPZ	Santacruz Electronics Export Processing Zone
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SCSB	Self Certified Syndicate Bank
ST	State Highway

Abbreviation	Full Form
STT	Securities Transaction Tax
SME	Small and Medium Enterprises
SPV	Special Purpose Vehicle
TAN	Tax Deduction Account Number
TIN	Taxpayers Identification Number
TRS	Transaction Registration Slip
UoI	Union of India
WDV	Written Down Value
w.e.f.	With effect from
YoY	Year on Year

SECTION II - GENERAL

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Financial Data

Unless stated otherwise, the financial information used in the Draft Red Herring Prospectus is derived from our Company's restated financial statements for the financial year ended 2006, 2007, 2008, 2009 and 2010 prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with SEBI (ICDR) Regulations stated in the report of our Auditors, M/s Dass Maulik Mahendra K Agrawala & Co, Chartered Accountants, *beginning on page 116 of the Draft Red Herring Prospectus.*

Our Financial Year commences on April 1 and ends on March 31 of the ensuing calendar year. Unless stated otherwise, references herein to a Financial Year (e.g., Financial Year 2009), are to the Financial Year ended March 31 of that particular year.

In the Draft Red Herring Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in the Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, Companies Act and SEBI (ICDR) Regulations, 2009. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in the Draft Red Herring Prospectus should accordingly be limited. Our Company has not attempted to explain these differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on financial data.

Market and Industry Data

Unless stated otherwise, industry data used throughout the Draft Red Herring Prospectus has been obtained or derived from industry publications and/or publicly available government documents. Industry publications or publicly available government documents generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made based on such information. Although our Company believes that industry data used in the Draft Red Herring Prospectus is reliable, it has not been verified by us or any other person connected with the Issue.

FORWARD LOOKING STATEMENTS

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

Forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- *The concept of readymade to use steel is at a very nascent stage in India.*
- *We are dependent upon few customers for our business.*
- *Our success depends largely upon the services of our Promoter and other key managerial personnel and our ability to attract and retain them.*
- *Increases in steel prices, which would increase our Company’s cost of processing its products, may adversely affect its operating margins and results of operations.*

For a further discussion of factors that could cause our actual results to differ, *please refer Section titled “Risk Factors” beginning on page xiii of the Draft Red Herring Prospectus, and Chapters titled “Business Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations as Reflected in the Financial Statements” beginning on pages 72 and 146, respectively of the Draft Red Herring Prospectus.* By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the BRLM, 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 BRLM will ensure that investors in India are informed of material developments until the time of grant of listing and trading permissions by the Stock Exchanges.

SECTION III - RISK FACTORS

An investment in Equity Shares involves a high degree of financial risk. You should carefully consider all information in the Draft Red Herring Prospectus, including the risks described below, before making an investment in our Equity Shares. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the Equity Shares. This section addresses general risks associated with the industry in which we operate and specific risks associated with our Company. Any of the following risks, as well as the other risks and uncertainties discussed in the Draft Red Herring Prospectus, could have a material adverse effect on our business and could cause the trading price of our Equity Shares to decline and you may lose all or part of your investment. In addition, the risks set out in the Draft Red Herring Prospectus are not exhaustive. Additional risks and uncertainties, whether known or unknown, may in the future have material adverse effect on our business, financial condition and results of operations, or which we currently deem immaterial, may arise or become material in the future. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other risks mentioned herein.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. This Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including events described below and elsewhere in this Draft Red Herring Prospectus. Unless otherwise stated, the financial information used in this section is derived from and should be read in conjunction with restated financial statements of our Company as of and for the Fiscals 2006, 2007, 2008 2009 and 2010 and for the period ended September 30, 2010 in each case prepared in accordance with Indian GAAP, including the schedules, annexure and notes thereto.

Materiality

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

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

Internal Risk Factors:

- 1. The concept of 'ready-to-use steel' is at a very nascent stage in India. In the event our Company is unable to convince the contractors/developers to switch from labour oriented conventional method to 'ready-to-use steel' method, our business, financial position and results of operation of our Company will be adversely affected..***

The concept of ready to use steel is at a very nascent stage in India. The key factor in success of our business is the acceptance of the concept of readymade steel and getting the contractors/ developers to switch from labour oriented conventional method to 'ready-to-use-steel' in construction. Over the years Indian construction sector has been largely dependent on conventional methods of construction. In the event we are unable to successfully convince these developers/constructors, our business, financial position and results of operation of our Company will be adversely affected.

- 2. A demand notice has been issued by the Income Tax Officer amounting to approximately Rs. 1.6 Lacs to our Promoter, Mr. Anil Agrawal.***

A Notice of Demand dated November 9, 2009 was issued to our Promoter, Mr. Anil Agrawal by the Income Tax Officer. It was inter-alia stated in the Notice that a sum of Rs. 1.60 Lacs was determined to be payable by our Promoter for the Assessment Year 2007-2008. Our Promoter has filed an appeal against the Assessment Order dated October 28, 2009. In the event the Appeal is dismissed, our Promoter may be

liable to pay the aforesaid sum and any other costs as may be imposed by the Commissioner of Income Tax (Appeals). For further details, please see the section titled “Outstanding Litigations and Material Developments and other Disclosures” on page no. 158.

- 3. *We are dependent upon a few customers for our business. Our business is dependent on a continuing relationship with our key customers. Any reduction or interruption in the business of a key customer, or a substantial decrease in orders placed by a key customer may have an adverse impact on the revenues and operations of our Company.***

We are dependent on a few customers for our business. There are no formal long-term arrangements obliging any of these customers to purchase products from us in the future, at the current prices or at all. There is no assurance that we will be able to maintain the same levels of business from our existing customers or to retain our existing customers, or that we will be able to replace our customer base in a timely manner or at all, in the event our existing customers do not continue to purchase the products of our Company. The loss of, or interruption of work by, a significant customer or a number of significant customers may have an adverse effect on our revenues and operations, including an interruption or partial or total work stoppage at our Company’s facility.

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

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

- 5. *Our current processing facilities are geographically located at one place, i.e. Khopoli, Raigad District and the loss or shutdown of operations at the facility could have a material adverse effect on us.***

Our existing processing facilities are located in Khopoli, Raigad District. As a result, any local social unrest, natural disaster or break down of services and utilities in that area could have material adverse effect on the business, financial position and results of operation of our Company.

- 6. *There are certain weaknesses reflected in the Appraisal Report.***

Union Bank of India, which has appraised our Proposed Project, has stated that inability of the Company in transforming the construction and infrastructure contractors to adopt the ready to use steel method instead of the conventional method of using steel in the construction activity will adversely affect the operations of our Company.

- 7. *We had negative Cash Flows in two of the preceding five reporting periods***

For the FY 2008 and FY 2009, we had negative cash flows to the tune of Rs. 197.30 lacs and Rs. 4.12 lacs respectively. For details, please see the section titled “Financial Statements” on page no. 116. Any operating losses or negative cash flows in the future could affect our results of operations and financial conditions

- 8. *Our success depends largely upon the services of our Promoter and other key managerial personnel and our ability to attract and retain them.***

Our Promoter Mr. Anil Agrawal is the founder of the business owned by our Company. Our Promoter has over the years built relations with suppliers, customers and other persons who are connected with our Company. Accordingly, the company’s performance is dependent upon the services of our Promoter Mr.

Anil Agrawal and other key managerial personnel. Our future performance will depend upon the continued services of these persons. Demand for key managerial personnel in our business is intense and our inability to attract and retain key managerial personnel may affect the operations of our Company.

- 9. *Some of our Promoter Group entities have objects similar to that of our Company's business and this could lead to a potential conflict of interest. Further, some of our Directors are also directors/ shareholders of our Group Companies.***

Some of our Promoter Group Companies i.e. Kridhan Infra Solutions Private Limited, Kridhan Infrastructures Private Limited and Krishna Trading Corporation, have some of the objects similar to that of our Company's business. Some of our directors are on the board of directors of our group companies and have equity interest or investments in such group companies that may offer services that are related to our business. As a result, a conflict of interest may arise in addressing business opportunities and strategies and implementing new plans. Currently we do not have any non-compete agreement/arrangement with any of our promoter group/ group company entities.

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

We require certain statutory and regulatory registrations and approvals to operate our business. In the future, we will be required to renew such registrations and approvals and obtain new registrations and approvals for any proposed operations, including any expansion of existing operations. While we believe that we will be able to renew or obtain such registrations and approvals as and when required, there can be no assurance that the relevant authorities will renew or issue any such registrations or approvals in the time-frame anticipated by us or at all. If we are unable to renew, maintain or obtain the required registrations or approvals, it may result in the interruption of our operations and may have a material adverse effect on our revenues and operations

- 11. *Our revenues are largely dependent on our factory. Any reduction or interruption in operations at the facility may have an adverse impact on the revenues and operations of our Company.***

Our factory is subject to operating risks including the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour unrest and lock-outs. Our facility is also subject to operating costs arising from compliance with the directives of relevant government authorities. These factors may have an adverse impact on the revenues and operations of our Company.

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

The prices at which we purchase the raw material depend on prices in the domestic and international market. Our operating margins may be adversely affected in the future due to any of these factors, which may include general economic conditions, industry capacity utilization, downturns in purchases by traditional bulk steel end-users or their customers, a slowdown in basic manufacturing industries, governmental regulations, etc. We do not typically enter into long-term contracts for the supply of raw materials or components and are hence exposed to fluctuations in price and delivery schedules.

- 13. *The requirement of funds for general corporate purposes has not been appraised by any bank or financial institution and is based on management estimates. We may have to revise our management estimates from time to time and which may affect our funding requirements.***

We intend to use the net proceeds of the Issue for the purposes described in the section titled "*Objects of the Issue*" on page. 30. The requirement of funds for general corporate purposes which is one of the Objects of the Issue has not been appraised by any bank or financial institution. The estimate of general corporate purposes are based on current conditions and are subject to changes in external circumstances or costs, or in other financial condition, business or strategy and are based on management estimates. Based on the

competitive nature of the industry, we may have to revise our management estimates from time to time and consequently our funding requirements may also change.

14. *Our Company may be subject to damages and other costs due to defects in our products and delays in delivery.*

We are exposed to claims for defects in our products under some of our work contracts. In defending any such claim, our Company may incur substantial costs and receive adverse publicity. Management resources may be diverted away from our business towards defending such claims. Additionally, our contracts are generally time bound and provide for damages to be paid in the event there is a delay in delivery. Although, we try to ensure that all our deliveries are made on schedule, we cannot rule out the possibility of a delay, due to circumstances, such as non-availability of materials/ components. As a result of this, our Company's revenues and operations may be adversely affected.

15. *One of our Group Companies has availed unsecured loans from third parties which may be recalled at any time.*

Our Company has not availed of any unsecured loan as on March 31, 2010. However, our Group Company i.e Krishna Trading Corporation has availed unsecured loans to the tune of about Rs.168 lacs from third parties which may be recalled at any time by the lender.

16. *Our Promoter has given personal guarantees in relation to certain debt facilities provided to us.*

Mr. Anil Agrawal has given personal guarantees in relation to all our secured debt facilities amounting to Rs.1420 Lacs as of September 30, 2010. In the event our Promoter withdraws or terminates his guarantee, the lender for such facilities may ask for alternate guarantees, repayment of amounts outstanding under such facilities, or even terminate such facilities. We may not be successful in procuring guarantees satisfactory to the lender and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could adversely affect our financial condition. For more information please see the section titled "Financial Indebtedness" appearing on page 155.

17. *We may have certain contingent liabilities and capital commitments not provided for. Crystallization of any of these liabilities could affect our financials.*

Our contingent liabilities as of September 30, 2010 not provided for (as disclosed in our financial statements) are detailed in the following table:

Particulars	Amount (In Rs. Lacs)
Counter Guarantees given to Banks	75.60
Corporate Guarantee given to Off Beat Developers Private Limited	60.00
Total	135.60

18. *We have issued Equity Shares during the last one year at a price that may be below the Issue Price.*

We have in the last twelve months prior to filing this Draft Red Herring Prospectus, issued equity shares at par to the promoter group and to others at a price that could be lower than the Issue Price. The price at which the equity shares have been issued in the last one year is not indicative of the price at which they will be issued or traded. For further details regarding such issuances of equity shares, see "*Capital Structure*" on page 19.

19. *Our Company does not currently own the premises at which its Registered Office and its Corporate Office are located.*

We have entered into leave and license agreement for our Corporate Office located at Andheri, Mumbai with third parties and pay rent for the occupation of the premises. The license may be renewed subject to

the consent of the licensor. In the event that the licensor requires us to vacate the premises, we will have to seek a new premises at short notice and for a price that may be higher than what we are currently paying, which may affect our ability to conduct our business or increase our operating costs. Further, the premises on which our Registered Office is located is owned by our Promoter, Mr. Anil Agrawal. He has permitted the Company to utilise the said premises vide its no-objection certificate dated March 21, 2006. For further details please see the heading 'Property' in the section titled "Business Overview" on page no. 72 of this Draft Red Herring Prospectus.

20. The deployment of funds to be raised from the present issue of shares is at our discretion and no independent agency has been appointed to monitor its deployment.

Although the proposed project is appraised by Union Bank of India, who have sanctioned term loan to part-finance the same, the deployment of funds proposed to be raised from the present issue of shares towards the objects of the Issue is entirely at the discretion of our Board of Directors and is not subject to monitoring by external independent agency. Further, we cannot assure that the actual costs or schedule of implementation of the proposed processing facility will not vary from the estimated costs or schedule of implementation, and such variance may be on account of one or more factors, some of which may be beyond our control. However, the deployment of funds towards the object of the Issue will be monitored by our audit committee and our Company shall inform about material deviations in the utilization of issue proceeds, if any, to the stock exchanges and provide the details in the balance sheet about the same.

21. Our Company may face risks arising from any disproportionate increase in labour costs including in relation to increased wage demands, labour unrest, or claims arising from industrial accidents.

Currently, the Company's workmen are not represented by any labour unions. While we consider our labour relations to be good, there is no assurance that we will not experience future disruptions to our operations due to problems with our workforce. In the event the cost of labour continues to increase, we may be unable to pass on the additional increase to our customers. This would result in our Company being required to absorb the additional increase in cost, which may have a material adverse effect on our profitability. Any upward revision of the prescribed minimum wage or other benefits required to be paid to our workers (including in the event of injuries or death sustained in course of employment, dismissal or retrenchment), may adversely affect the revenues and operations of our Company. Although, we endeavour to provide adequate insurance coverage and a safe working environment to all our employees, we cannot rule out the possibility of future industrial accidents. A successful claim brought against our Company in excess of available insurance coverage may have a material adverse effect on our financial position.

22. Environmental and safety regulations impose additional costs and may affect our Company's results of operations.

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

23. *The conditions and restrictions imposed by our lender could restrict our ability to expand our business and operations.*

As on September 30, 2010 we have availed an aggregate of Rs.1420 Lacs as secured loans from Union Bank of India. Most of our loans are secured by way of mortgage of fixed assets and hypothecation of current assets both present and future. In case we are not able to pay our dues in time, the same could adversely impact our operations. In addition to the above, our financing arrangements also include conditions and covenants that require us to obtain consents of our lenders prior to carrying out certain activities like payment of dividend, etc. Failure to obtain such consents can have significant consequences on our capacity to expand and therefore adversely affect our business and operations. We cannot assure you that we have requested or received all consents from our lenders that are required by our financing documents. As a result, it is possible that a lender could assert that we have not complied with all terms under our existing financing documents. Any failure to comply with the requirement to obtain a consent, or other condition or covenant under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may lead to a termination of our credit facilities, acceleration of all amounts due under such facilities and may adversely affect our ability to conduct our business and operations or implement our business plans.


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

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

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

Furthermore, in the future we may not be able to maintain insurance of the types or at levels which we deem necessary or adequate. Moreover, any payments we make to cover any losses, damages or liabilities or any delays we experience in receiving appropriate payments from our insurers could have an adverse effect on our financial condition and results of operations.

25. *The Company does not own intellectual property rights over its logo.*

The application for registration of our logo “” is pending before the Trademark Registry, Chennai. Our products are known by our trademark, which is advertised by us and if our application for registration is not accepted or if any order against us is passed in the oppositions that may be filed against our trademark applications, we may lose the statutory protection available to us under the Trade Marks Act, 1999 for such trademarks. For further details regarding the same, please refer to the chapter titled “Business Overview” beginning on page 72 of this Draft Prospectus.

- 26. *Our Promoter will continue to retain majority control over the Company after the Issue, which will allow him to influence the outcome of matters submitted to shareholders for approval.***

Upon completion of the Issue our Promoter will own [•] of the post-Issue Equity Share capital. As a result, the Promoter will have the ability to exercise significant influence over all matters requiring shareholders' approval, including the election of Directors and approval of significant corporate transactions. The Promoters will also have an effective veto power with respect to any shareholder action or approval requiring a majority vote. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control.

- 27. *Our Company has recently experienced rapid growth and may not be able to sustain its growth.***

Our Company's revenues have increased from Rs.489.48 Lacs in FY 2009 to Rs. 3237.43 Lacs in FY 2010 and to Rs.6706.78 Lacs for the period ended September 30, 2010. We may not be able to sustain its growth rate effectively in the future, and any failure to do so may have an adverse effect on our financial condition and results of operations.

- 28. *Our Company has in the past entered into related party transactions and may continue to do so in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our Company's financial condition and results of operations.***

Our Company has entered into transactions with its Promoter and group companies. Whilst, it believes that all such transactions have been conducted on an arms-length basis and contain commercial terms, there can be no assurance that our Company could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that our Company will enter into related party transactions in the future.

- 29. *Certain of our Directors and key management personnel have interests in the Company other than the reimbursement of expenses and normal remuneration or benefits. Any such interests may result in a conflict of interest, which may have an adverse effect on our business***

Our Directors, Mr. Anil Agrawal and Mrs. Krishna Devi Agrawal hold certain Equity Shares in our Company and may be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares. Further, some of the key managerial personnel of our Company may also be regarded as interested in Stock options that are granted to them under the RMS ESOP 2010. For further details, see the sections "Our Management" and "Capital Structure" beginning on pages 95 and 19, respectively of this Draft Red Herring Prospectus.

- 30. *Our operations will have significant raw material requirements, and we may not be able to ensure the availability of the raw materials at competitive prices, which may adversely affect results of our operations.***

The success of our operations will depend on, inter-alia, our ability to source raw materials at competitive prices. Currently, we have not entered into any firm arrangement for purchase of our raw material. We may be unable to procure raw material or may have to procure it at a higher price, which may adversely affect our results of operations and financial performance. Further, if the raw material supplier is unable to perform its obligations of the agreement, we may have to procure it at a higher price, which may adversely affect our results of operations.

- 31. *We depend on our contractors and agencies to construct and develop our Project, some of whom supply sophisticated machinery to us and we are exposed to risks relating to the timing or quality of their services, equipments and supplies which might have an adverse effect on our business, financial condition and results of operations.***

We depend on the availability of contractors for the development and construction of our Project and supply of certain key equipments. We do not have direct control over the timing or quality of services, equipment or supplies provided by these contractors. In addition, as a result of increased industrial development in India in recent years, the demand for contractors with specialist design, engineering and project management skills and services has increased manifold, resulting in a shortage of and increasing costs of such contractors. We cannot assure you that such skilled and experienced contractors will continue to be available at reasonable rates in the areas in which we conduct our operations, and we may be exposed to risks relating to the quality of their services, equipment and supplies.

32. *Our ability to pay dividends will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditure, lender's approvals and other factors.*

The amount of future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures, lender's approvals and other factors. There can be no assurance that we shall have distributable funds or that we will declare dividends.

33. *Our Company may engage in future acquisitions, investments, strategic partnerships or other ventures that may harm its performance or change its business strategy.*

Our Company's growth strategy may involve acquiring or making investments in similar or related businesses, subsidiaries, technologies, or products, or entering into strategic partnerships with parties who can provide access to new markets and new products however, the same may pose management and integration challenges. These acquisitions may not necessarily contribute to our profitability, may require us to assume high level of debt or liabilities. Further, we may experience difficulties in integrating the operations and cultures, which may lead to lower synergies and efficiencies. In the past, our Company has relied on expanding some of its service offerings and gaining new clients through strategic acquisitions. It is possible that in the future our Company may not succeed in acquiring suitable entities on reasonable terms or have difficulty in accessing the capital required to finance potential acquisitions or be able to consummate any acquisition. In such a case, our company's future growth prospectus, especially through the inorganic route, may be adversely impacted.

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

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

35. *Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which may be material to investors' assessments of our financial condition. Our failure to successfully adopt IFRS effective from April 2011 could have a material adverse effect on our stock price.*

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

The Institute of Chartered Accountants of India, the accounting body that regulates the accounting firms in India, has announced a road map for the adoption of and convergence with, IFRS, pursuant to which all public companies in India, such as our Company, will be required to prepare their annual and interim financial statements under IFRS beginning with Fiscal period commencing April 1, 2011. Because there is significant lack of clarity on the adoption of and convergence with IFRS and there is not yet a significant body of established practice on which to draw in forming judgments regarding its implementation and application, we have not determined with any degree of certainty the impact that such adoption will have on our financial reporting. There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IFRS than under Indian GAAP. As we transition ourselves to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements. There can be no assurance that our adoption of IFRS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IFRS by April 2011 could have a material adverse effect on our stock price.

PROJECT RELATED RISK

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

As per the proposed schedule of implementation the completion dates for expansion of existing processing facilities at Khopoli is July 2011, setting-up of processing facilities near New Delhi and Raipur respectively is January 2012 and is subject to delays and other risks, including, among other things, contractor performance shortfalls, unforeseen engineering or technical problems, delays in procuring equipments, disputes with workers, force majeure events, unanticipated cost increases or changes in scope and delays in obtaining certain property rights and government approvals and consents, any of which could give rise to delays, cost overruns or the termination of the Project and/or a breach of the financial covenants imposed by our lenders. While we may seek to minimize the risks from any unanticipated events, we cannot ensure that all potential delays can be mitigated and that we will be able to prevent any cost over-runs and any loss of profits resulting from such delays, shortfalls and disruptions.

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

Our Company has embarked upon a project of approximately Rs. 6121 Lacs, which is large in size compared to the present re-stated network of our Company as on September, 2010 i.e. Rs. 973.66 Lacs. Since, the management and financial resources are till date allocated to a smaller scale of processing facilities in one location, the Proposed Project at multiple locations with substantially higher capacity, poses some unforeseen risks and challenges to the financial and managerial capacity of our Company.

- 38. The commencement of commercial operations of our Proposed Project involves many uncertainties and risks that may have a material adverse effect on our business, results of operations and financial condition.***

A key part of our strategy is dependent upon the timely completion of the Proposed Project. The Proposed Project involves technical and other commercial risks, including:

- (a) reliance on third parties to supply plant and machineries;
- (b) mobilizing the required resources;
- (c) failure to obtain necessary governmental and other approvals;
- (e) changes in market conditions;
- (f) accidents, natural disasters and weather-related delays;
- (g) time and cost overruns and unanticipated expenses; and

(h) regulatory changes.

Any significant delay in completing the Proposed Project as planned or on schedule may result in commencing operations in an increased competitive environment for its products. Such a scenario may have a material adverse effect on our business, results of operations and financial condition.

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

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

40. *We have not yet placed orders for entire plant and machinery required to set up our Proposed Project, which exposes us to change in prices at the time of giving orders.*

We propose to acquire plant and machinery aggregating Rs. 2431 lacs for our Proposed Project and have not yet placed orders for such plant and machinery being 100% of the total plant and machinery required for the Proposed Project. We are subject to risks on account of inflation in the price of plant and machinery for which orders have not been placed. Our Company has received quotations for these machineries, and negotiations with the vendors have commenced. The details of quotations received appear in the *Section titled 'Objects of the Issue' beginning on page 30 of the Draft Red Herring Prospectus*. Since part-financing of the Proposed Project is from the IPO proceeds, any delay in access to IPO proceeds would eventually delay the process of placing the orders. The purchase of plant and machinery would require us to consider factors including but not limited to pricing, delivery schedule and after-sales maintenance. There may also be a possibility of delay at the suppliers' end in providing timely delivery of these machineries, which in turn may delay the implementation of the Proposed Project.

41. *Some of the equipment/machinery our Company intends to deploy are expected to be imported and are to be paid for in the foreign currency. Fluctuations in foreign exchange rates may adversely affect the cost of project*

Out of the total plant and machinery of Rs. 2431 lacs, import component is about Rs. 1836.70 lacs for which orders are yet to be placed. Changes in foreign exchange rates adversely affecting the value of the Rupee may affect the cost of the project.

42. *We intend to utilize Rs. 3249 Lacs of the Net Proceeds of this Issue towards capital cost for setting up of facilities near New Delhi and Raipur. However, we have not, as of the date of this Draft Red Herring Prospectus, identified land or obtained various approvals required for the facilities.*

We intend to use Rs. 3249 Lacs of the Net Proceeds of this Issue to set up facilities near New Delhi and Raipur. For use of Proceeds, see "*Objects of the Issue*" on page 30. Furthermore, we have not, as of the date of this Draft Red Herring Prospectus, identified or acquired any land for setting up the processing unit proposed to be financed out of the Net Proceeds of this Issue. We may not be able to acquire a large area of industrial land due to its unavailability.

We also require environmental clearances and other approvals including under the Factories Act, 1948, Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981 for setting up and commencing operation of the processing unit. There can be no assurance that these approvals will be obtained within the scheduled time anticipated by us, or at all. Any delay or inability in obtaining these approvals could have a material adverse effect on our ability to develop the processing unit as planned, and therefore, our financial condition and business prospects.

Further, we may be unable to hire necessary manpower for the facilities and may be subject to labour unrest in the future. In addition, India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for employee removal and dispute resolution and imposes financial obligations on employers upon employee layoffs which may adversely affect our business and profitability.

Any delays in the implementation of the project, cost overruns, changes or lack of demand for our products or for other reasons, we may not achieve the economic benefits expected of this project and our failure to obtain expected economic benefits from this project could adversely affect our business, financial condition and results of operations.

43. *Our growth strategy to expand into new geographic areas exposes us to certain risks*

Our company intends to expand its presence geographically to northern and central India. Pursuant to such a growth strategy it may expose us to risks which may arise due to lack of familiarity with the development, ownership and management of our processing facilities in these regions. If we are not able to manage the risk of such expansion it would have a material adverse effect on our operations.

Risks relating to issue and the Equity Shares

44. *Any future issuance of Equity Shares may dilute your shareholding and sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.*

Any future equity issuances by us, including in a primary offering, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

45. *The allocation of Equity Shares pursuant to the Employee Stock Option Scheme 2010 may result in a charge to our profit and loss statement and may adversely impact our net profit.*

Our Company has adopted the RMS Employee Stock Option Scheme 2010 ("RMS ESOS") under which senior management personnel, Directors and employees of our Company are able to participate up to an aggregate of 116,000 options with each employee stock option convertible into one Equity Share. An employee, who is a Promoter, belongs to the Promoter Group or Director, who directly or indirectly, holds more than 10% of the outstanding Equity Shares of our Company, is not eligible to participate in the RMS ESOS. For further details on the RMS ESOS, please see "*Capital Structure*" on page 19. Under Indian GAAP, the grant of stock options may result in a charge to our profit and loss account as may be applicable or prescribed in this regard.

46. *There is no existing market for our Equity Shares and we cannot assure you that such a market will develop. The stock price may be volatile, and you may be unable to resell your shares at or above the Issue price or at all.*

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

- variations in our operating results and the performance of our business;
- regulatory developments in our target markets affecting us, our customers or our competitors;
- changes in financial estimates by securities research analysts;
- addition or loss of executive officers or key employees;

- loss of one or more significant customers;
- the performance of the Indian and global economy;
- significant developments in India's economic liberalization and deregulation policies, and the
- fiscal regime; and
- volatility in the Indian and global securities markets.

Many of these factors are beyond our control. There has been recent volatility in the Indian stock markets and our share price could fluctuate significantly as a result of such volatility in the future.

47. The Issue price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Issue and the market price of our Equity Shares may decline below the Issue Price and you may not be able to sell your Equity Shares at or above the Issue Price.

The Issue Price of our Equity Shares will be determined on the basis of the Book Building Process. This price will be based on numerous factors (For further information please refer the Chapter titled "Basis for Issue Price" beginning on page 42 of the Draft Red Herring Prospectus.) and may not be indicative of the market price of our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to sell your Equity Shares at or above the Issue Price. Amongst the factors that could affect our share price are:

- Quarterly variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- Changes in revenue or earnings estimates or publication of research reports by analysts;
- Speculation in the press or investment community;
- General market conditions; and
- Changes in economic, legal and regulatory factors (both domestic and international) unrelated to our performance such as global recession, imposition of trade / non trade barriers and sanctions etc.

48. You will not be able to immediately sell any of our Equity Shares purchased through this Issue on Stock Exchanges until the receipt of appropriate trading approvals from Stock Exchanges.

Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors demat accounts with depository participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. Thereafter, upon receipt of trading approval from the Stock Exchanges, trading in the Equity Shares is expected to commence within seven working days of the date on which the basis of allotment is approved. We cannot assure you that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above. Any delay in obtaining the approvals would restrict your ability to dispose of your Equity Shares.

49. There is no guarantee that the Equity Shares issued pursuant to the Issue will be listed on the BSE and the NSE in a timely manner, or at all, and any trading closures at the BSE or the NSE may adversely affect the trading price of our Equity Shares.

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and allotted. Approval requires all other relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE and the NSE. In accordance with section 73 of the Companies Act, in the event that the permission of listing the Equity Shares is denied by the Stock Exchanges, our Company is required to refund all monies collected to investors. For further information, see "Other Regulatory and Statutory Disclosures" on page 164. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

The regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the U.S.A closure or prolonged suspension of trading on either or both of the BSE and the NSE may adversely affect the trading price of the Equity Shares.

50. *You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.*

Capital gains arising from the sale of shares and debentures are generally taxable in India. Any gain realised on the sale of shares and debentures on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the securities transaction tax, or STT, has been paid on the transaction. The STT will be levied on and collected by an Indian stock exchange on which shares or debentures are sold. Any gain realised on the sale of shares and/or held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realised on the sale of shares and/or debentures held for a period of 12 months or less will be subject to capital gains tax in India. Capital gains arising from the sale of shares and/or debentures will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of the shares and/or debentures, as the case may be.

EXTERNAL RISK FACTORS

51. *A slowdown in economic growth in India could cause our Company's business to suffer.*

All our Company's operations are located in India and its business operations and performance are dependent on the overall economy, the gross domestic product ("GDP") growth rate and the economic cycle in India. Additionally, our Company's products are focused on the automotive sector in India and its business is therefore significantly dependent on the performance of the automotive sector in India. The Indian economy and the automotive sector in particular could be adversely affected by a number of factors. Any slowdown in the Indian economy or volatility in global commodity prices, in particular steel prices, could adversely affect the Indian economy. The Indian economy could also be adversely affected by a general rise in interest rates and unfavourable weather conditions adversely affecting agriculture. A slowdown in the Indian economy or the automotive sector could adversely affect our Company's business and results of operations.

52. *Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.*

Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. These exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of our Equity Shares could be adversely affected.

53. *Political instability and significant changes in the Government's policy on liberalisation of the Indian economy could impact Our Company's financial results and prospects.*

The role of the Indian central and state governments in the Indian economy and their effect on producers, consumers and regulators has remained significant over the years. Since 1991, successive governments of India have pursued policies of economic liberalisation, including insignificantly relaxing restrictions on the private sector. However, there is no assurance that these liberalisation policies and the political stability

will continue in the future. The rate of economic liberalisation could change, and laws and policies affecting the automotive component manufacturers, foreign investment and other matters affecting investment in our Company's securities could change as well. Any significant change in liberalisation and deregulation policies could adversely affect business and economic conditions in India generally and our Company's business and results of operations and the market for the Equity Shares in particular.

54. *Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our Company's business.*

India has witnessed localised civil disturbances in recent years and any future civil unrest or other acts of violence or war may adversely affect the global equity markets and economic growth. These acts may result in a loss of business confidence, make travel, transport, communications and other services more difficult and have other consequences that may have an adverse effect on our Company's business, results of operations and financial condition. Any deterioration in international relations may result in investor concern regarding regional stability, which could adversely affect the market for the Equity Shares.

55. *Natural calamities may have a negative impact on the Indian economy and harm Our Company's business.*

India has experienced natural calamities in recent years, including earthquakes, floods, drought and a tsunami. The severity and duration of these natural disasters or abnormal weather conditions determines their impact on the Indian economy. Such natural calamities may have an adverse impact on the Indian economy, which could in turn adversely affect our Company's business and the market for the Equity Shares.

Prominent Notes:

- The investors may contact the BRLM for any complaint pertaining to the Issue.
- Public Issue of [●] Equity Shares of Rs. 10 each for cash at a price of Rs. [●] per Equity Share (including a share premium of Rs. [●] per Equity Share) aggregating upto Rs. 4131 Lacs.
- Our Company's net worth as at September 30, 2010 was Rs. 973.66 Lacs.
- Based on our restated financial statements, the net asset value per equity share having a face value of Rs. 10/- each was Rs. 12.89 as of September 30, 2010 and Rs.10.96 as of March 31, 2010.
- The average cost of acquisition per Equity Share by our Promoter is as follows:

Sr. No.	Name of Promoter	Cost of Acquisition (in Rs.)
1.	Anil Agrawal	9.21

For details of the transactions between our Company and our Group Companies, see section titled "Financial Statements" on page 116.

- Any clarification or information relating to the Issue shall be made available by the BRLM and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. For any clarification or information relating to the Issue, investors may contact the BRLMs, who will be obliged to provide such clarification or information to the investors.
- Our Company was originally incorporated in Mumbai as Readymade Steel India Private Limited on March 21, 2006 under the provisions of the Companies Act, 1956. Our Company was converted into a public

limited company and consequently, the name of our Company was changed to Readymade Steel India Limited and a fresh certificate of incorporation reflecting the new name was issued by the Registrar of Companies, Mumbai on August 24, 2010. For details please refer to the chapter titled “History and Other Corporate Matters” beginning on page 92 of the Draft Red Herring Prospectus.

- During the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus with SEBI, no financing arrangements existed whereby the Promoter Group, our Promoters, our Directors and their relatives may have financed the purchase of Equity Shares by any other person, other than in the normal course of the business of such financing entity.
- For the details of transactions with the Group Companies and other related party transaction, please refer to the notes on related party transactions in “Financial Statements” on page 116.

SECTION IV – INTRODUCTION

SUMMARY OF INDUSTRY

Global Economy

In its World Economic Outlook released in October 2010, the IMF revised upwards its forecast for global growth for 2010 from 4.6 per cent to 4.8 per cent. However, the estimate for the second half of the year is significantly lower than for the first. Moreover, the growth process remains uneven being driven largely by emerging and developing countries. In advanced economies, the recovery continues to be fragile as private demand has not picked up sufficiently to offset the waning fiscal stimulus.

Indian Economy

India is the world's largest democracy by the population size, and one of the fastest growing economies in the world.

India's growth of 8.8 per cent in Q1 of 2010-11 suggests that the recovery set in the second half of 2009-10 is consolidating. The normal South-West monsoon and its delayed withdrawal have boosted the prospects of both kharif and rabi agricultural production.

Industrial growth has been robust, although apparently with a significant increase in volatility. The year-on-year increase in the index of industrial production (IIP) varied in a range of 5.6 to 15.2 per cent during April–August 2010, with an average of 10.6 per cent. Industrial growth was high in the capital goods, consumer durables and intermediate goods sectors. While the volatility raises concerns about a deceleration, other indicators of economic activity suggest continuing momentum.

Taking into account the good performance of the agriculture sector, and a range of indicators of industrial production and service sector activity amidst the prevailing global macroeconomic scenario, the baseline projection of real GDP growth for 2010-11, for policy purposes, is retained at 8.5 per cent, as set out in the July 2010 review

Indian Steel Industry

The National Steel Policy 2005 had projected consumption to grow at 7% based on a GDP growth rate of 7-7.5% and production of 110 million tonne by 2019-20. These estimates will be largely exceeded and it has been assessed that, on a 'most likely scenario' basis, the crude steel production capacity in the country by the year 2011-12 will be nearly 124 million tonne.

India was the fifth largest producer of crude steel in the world in 2009, based on rankings released by World Steel Association. Domestic crude steel production grew at a compounded annual growth rate of 8.6 per cent during 2004-05 to 2008-09. This growth was driven by both capacity expansion (from 47.99 million tonne in 2004-05 to 66.343 million tonne in 2008-09) and improved capacity utilisation. India, the world's largest producer of Direct Reduced Iron (DRI) or sponge iron, is also expected to maintain its lead in the near future. Sponge iron production grew at a CAGR of 11 per cent to reach a level of 21.09 million tonne in 2008-09 compared to 12.54 million tonne in 2004-05. India is expected to become the second largest producer of steel in the world by 2015-16, provided all requirements for fresh capacity creation are met.

Construction Industry

The development of physical infrastructure in the country and, consequently, the construction sector has been in focus during the last decade. The increasing significance of construction activities in the growth of the economy was also evident during the course of implementation of the Tenth Plan with areas such as transportation, irrigation, housing, urban development, and civil aviation having received greater importance. It is well established that the influence of the construction industry spans across several sub-sectors of the economy as well as the infrastructure development, such as industrial and mining infrastructure, highways,

roads, ports, railways, airports, power systems, irrigation and agriculture systems, telecommunication systems, hospitals, schools, townships, offices, houses and other buildings; urban infrastructure, including water supply, sewerage, and drainage, and rural infrastructure. Thus, it becomes the basic input for socio-economic development.

The contribution of construction to the GDP at factor cost in 2006–07 was Rs 196555 crore, registering an increase of 10.7% from the previous year. The share of construction in GDP has increased from 6.1% in 2002–03 to 6.9% in 2006–07. The increase in the share of construction sector in GDP has primarily been on the account of increased government spending on physical infrastructure in the last few years, with programmes such as National Highway Development Programme (NHDP) and PMGSY/Bharat Nirman Programme receiving a major fillip of late. The construction industry is experiencing a great upsurge in the quantum of the work load, and has grown at the rate of over 10% annually during the last five years. Although various steps have been taken to strengthen the construction industry, it is crucial to take necessary measures in order to prepare the industry to meet the challenges of growth.

Proposed Infrastructure Projects in Mumbai, NCR and Raipur and in adjoining areas

- Mumbai Urban Infrastructure Project
- MRTS – Mass Rapid Transit System
- Mumbai Metro
- Skywalks in Mumbai Metropolitan Region
- Mumbai Monorail Project
- Mumbai Trans Harbour Link
- Global City in Rajasthan sub-region of National Capital Region
- Raipur Development Plan 2031

Summary of estimated investment in Mumbai, NCR and Raipur region

(Rs.in Crores)			
Sr.No.	Region	Development Project	Estimated Investment
1	Mumbai *	Mumbai Urban Infrastructure Project (MUIP)	2647.58
		Mumbai Metro Rail	19,525
		Skywalks in Mumbai Metropolitan Region (MMR)	607.21
		Monorail System	2716
2	National Capital Region (NCR)	NCR Regional Plan - 2021	15000
		Global City in Rajasthan sub-region of NCR	54,055.20
3	Raipur	Raipur Development Plan - 2031 Transport System (Physical facilities)	1715.48
Total Investment			96266.47

* The estimates of Navi Mumbai Metro Rail and Mumbai Trans Harbour Link are not covered in this data

SUMMARY OF BUSINESS

We are an ISO 9001:2008 certified steel service provider to the fast growing infrastructure sector. We have an installed capacity of 27000 MTPA for processing of steel used in the construction industry primarily reinforcement bars into various shapes and sizes like cranked bars, stirrups, verticals, column /beam cages etc. We process these products from raw materials such as iron & steel products such as re-bars fulfilling domestic and international design requirements of our customers. We operate from our existing plant located at Khopoli, Raigad District, Maharashtra. Our registered office is located at 203, Joshi Chambers, Ahmedabad Street, Carnac Bunder, Mumbai- 400009. Our Corporate office is located at 101/102 Shreya House, Pereira Hill Road, Mumbai 400099.

Traditionally in construction activity, the process of cutting and bending steel and fabrication of cages was done on the construction site through manual process resulting in higher wastage of materials, increased requirement of labour and space at the construction site. Our Company conducts the processing of steel through use of automated machines from its Plant and delivers ready to use cut and bend steel rods, prefabricated cages and other steel products required for construction activities. This process is faster and the output is uniform and easy to handle. We term these ready to use steel as readymade steel.

Our product offerings include ready to use steel, primarily re-bars to be used in construction activities in various sectors like roads, power plants, ports, airports, housing, bridges, metros, monorails etc. The product offerings are aimed at overcoming the time and space constraints of construction activities of our clients. We achieve this by quick turn around by the orders received by us. As a result, our current plant caters to the requirements of adjoining areas of western India only.

Mr. Anil Agrawal our founder promoter has completed his Masters in Management Studies from Mumbai University and has more than a decade of experience in steel industry. He is well supported by qualified and experienced professionals at different levels with appropriate functional responsibilities. Our current staff strength is 36.

Our plant consists of automated shearlines, bending lines, cutting lines, automated stirrup machines etc. and is supported by other material handling equipments. Presently we also use jigs and fixtures for prefabrication of column and beam cages.

The key factor in success of our business is the acceptance of the concept of readymade steel and getting the contractors/ developers to switch from labour oriented conventional method to ready to use steel in construction. Over the years Indian construction sector has been largely dependent on conventional methods of construction leading to larger gestation period in construction. Since early 1990's especially after opening up of the economy the need for infrastructure in the country has grown exponentially and with expected high GDP growth, the infrastructure growth is expected to remain strong. The growth of infrastructure sector led to the requirement of faster deliveries and reduction in the construction time to create the infrastructure facilities required by the country especially in the building segment.

The mid '90s saw the advent of Ready Mix Concrete (RMC) business in India to provide solution of concrete to the construction industry. Availability of RMC could ensure availability of concrete to meet the increasing needs of construction industry as well to speed up the construction process and optimize the use of human resources. In the last 15 years the RMC has become a lifeline of any large construction in the country and is very commonly used in most of the major cities in the country. Similar need has been felt to mechanise the use of reinforcement steel used in site, to overcome shortcomings in manual method such as requirements of large space and huge labour force and also to speed up the construction activity.

Ready to use steel is an effort to provide solutions to improve the construction quality and cycle time. We cater to need of this industry by facilitating them in their requirement of ready to use cut/bend bars and prefabricated steel cages so as to reduce the construction cycle time. The major benefits of RMS are as under:

- Fast track construction
- Low labour concentration on site

- Better site co-ordination and control
- Reduction in construction cycle time
- Controls material wastage

Since the last few years we have been successful in obtaining orders from major construction companies like Larsen & Toubro Limited, Nagarjuna Constructions Company Limited, etc. to supply ready to use steel products for their construction needs.

The concept of readymade steel is increasingly becoming popular and we are confident that in few years Readymade Steel (“**RMS**”) will be to steel what Ready mix concrete (“**RMC**”) has become for cement consumption for any major infrastructure project in the country.

Product / Services Profile

We supply ready to use steel for construction activities to the growing infrastructure industry. Our products are consumed in construction activities and end users include project contractors, real estate developers etc.

Our product profile includes:

Pre-cut/bend bars (readymade steel bars) from 6 mm to 40 mm diameter

Prefabricated column and beam cages

These products find their application in all kinds of construction activities spanning across bridges, mono rail, metro rail, airports, malls, hotels, buildings, factories etc.

Competitive strengths:

Early Mover Advantage

Being one of the pioneers of introducing the concept of ‘Readymade Steel’ in India, we are well positioned to take advantage of growing market with increased awareness and acceptability of this concept among users. Our first hand experience of introducing and popularizing the concept among major construction companies, has given us the invaluable inputs on customer requirements, their constraints and willingness for innovation in the construction cycle. This helps us in undertaking product development and product enrichment to serve the existing customers and also attract the new customers.

Association with various major projects

We have supplied Ready to use Steel to some of the major projects being undertaken by our clients in the country. Some of the projects are as under:

- Mumbai Mono Rail Project;
- Sahar Elevated Access Road, Mumbai;
- Nasik Elevated Corridor;
- Palais Royale, Mumbai etc.

In depth understanding of the client requirements

Our strength lies in understanding the requirement of the customer and our execution capabilities to provide the product as per the client requirements. This involves understanding the technical requirements like the tensile strength of the bars, following the bar bending schedules, permitted levels of tolerances as well the schedule of requirement of the client. We act as reinforcement partners of the client and make the product available of the right quality at the right time to meet their construction cycle requirements. This also helps the clients to plan in advance and use the manpower resources available on site to get the optimal output.

Existing customer base to facilitate success in new project

We have been carrying on this business for the last three years and we have the advantage of enjoying good relations with our existing customers. Some of our customers are already present in the locations where we are planning to set up our proposed facility, we are confident of securing orders business from these clients in those areas.

Rationale for the New Project

We are one of the pioneers of introducing the concept of readymade steel products in the country. As such we believe, we have an early mover advantage in this industry. Our products have been successfully used by some of the top construction and infrastructure companies in India for their reinforced steel requirements. We have consistently exhibited our ability to meet quality requirements of our clients for whom readymade steel form a critical component. These achievements in the past have now encouraged us to expand in the same line of business both in terms of productive capacity and geographical reach by expanding our existing facility at Khopoli and setting-up additional facilities near New Delhi and Raipur respectively. We believe that the readymade steel product segment is still in the nascent stage and there is significant emerging demand for the products due to projected growth in the infrastructure and construction activities. Apart from that the boost provided to the infrastructure sector by the government in the Union Budget, the XI Five Year Plan also provides us with positive outlook to go for proposed expansion.

Business strategy

The elements of our business strategy are as follows:

Focus on current customers

Some of our customers are already present in the locations where we are planning to set up our proposed facility. Since they are satisfied customers who understand the advantages of using readymade steel for their requirement, our main focus will be to cater to their requirements in the northern and central India. We expect to secure significant orders from our current customers in new locations as well.

Create a niche in large size construction projects

Our strategy is to become a dominant player in tall structures and large size projects which face space and labour constraints on the construction site; and provide them with an efficient and cost effective solution for their requirements of steel in the construction activities.

Development of new products to emerge as one stop solution provider

We intend to undertake product development and cater to the dynamic needs of construction activity and position ourselves as a one stop solution provider to the reinforcement needs of the infrastructure sector. We intend to add more value added products, like the welded steel mesh, standard stirrups etc., so that we become a one stop solution provider to all the reinforcement needs of our customers.

Increasing the customer base

We are emphasizing a lot on strengthening our relationship with prospective customers. We are trying to develop relationship with prospective Pan India construction companies so that we can expand our customer base in other areas as well. We also intend to conduct more seminars of various structural consultants and brief them about the advantages of readymade steel for increasing the customer base.

Client servicing

Since this concept is relatively new we also provide after sales service to provide comfort to the clients in usage of this concept as well as to derive the optimal value from usage of Readymade steel. Our dedicated team of



Readymade Steel India Limited

service engineers helps the client to understand and use the product more effectively. We also impart training to the unskilled manpower as well as site engineers of our client about the right methodology to use this product to achieve higher efficiency. This initiative helps us to avoid resistance to change which is common in case of any new product.

Sales and marketing

The function of sales and marketing is looked after by our managing director Mr. Anil Agrawal. He is ably supported by adequate number of qualified marketing personnel who interact on a day to day basis with customers and ensure a healthy relationship with them. As the marketing of our products also requires close co-ordination with the technical team of the client, our marketing team works in close coordination with our technical team to facilitate proper co-ordination.

We propose to continue to cater to large size projects as association with such projects will enable us to enhance our credentials and also secure orders from project execution contractors who prefer vendors with prior experience of similar scale. We also participate in various seminars and panel discussions to widen the customer base by educating the structural engineers, designers, construction companies about the advantages of using readymade steel.

Competitors

Since we offer niche and relatively new product in India we face very limited competition. In the region in which we operate we have recently witnessed some competition. The entry of new players strengthens our belief of acceptance of the Readymade Steel concept, which we believe will become a norm for usage of reinforced steel in construction activities. One of the competitors, in our current region of supply is Geap Industries.

As the cost competitiveness of Readymade Steel is confined to a localized service area due to transportation costs, other players in the market like Sujana Metals Works Limited (Hyderabad) and RKKR Steels (Chennai) may become our competitors if our service region is same. We strongly believe that addition of more players in this industry will only add to the market base and help in faster growth of this segment.

Key Concerns

The concept of ready to use steel is at a very nascent stage in India. In the event our Company is unable to transform the contractors/developers to switch from labour oriented conventional method to ready to use steel method, it will have adversely affect our business, financial position and results of operation of our Company

We are dependent upon few customers for our business. Our Company's business is dependent on a continuing relationship with its key customers. Any reduction or interruption in the business of a key customer, or a substantial decrease in orders placed by a key customer may have an adverse impact on the revenues and operations of our Company.

The schedule of implementation may be delayed and as a result thereof, we may face operational delays. This may have an adverse affect on our business operations and our return on investments.

SUMMARY OF FINANCIAL INFORMATION

Statement of Audited Profits & Losses as Restated

(Rs. In lacs)

	For the year / period ended				
	30-09-10	31-03-10	31-03-09	31-03-08	31-03-07
INCOME					
Sales					
From Products processed	6690.40	3223.82	450.69	123.64	263.50
From Other Activities					
Trading Sales	16.38	13.61	38.79	11.01	-
Total	6,706.78	3,237.43	489.48	134.65	263.50
Other Income	0.08	8.96	11.66	4.44	4.22
Increase/decrease in stocks	326.52	558.49	153.50	1.04	9.15
Profit / (loss) on sale of Fixed Assets	0.05	-	-	(1.79)	-
TOTAL INCOME	7,033.43	3,804.88	654.64	138.34	276.87
EXPENDITURE					
Purchases	6,579.01	3,300.10	385.38	20.13	260.48
Manufacturing Expenses	55.64	143.09	74.45	22.14	10.01
Employee Cost	22.34	79.90	38.22	19.64	5.63
Selling & Administration Exp	48.58	70.34	54.16	24.10	12.16
Interest & Financial Expenses	70.08	98.81	57.25	15.97	1.16
Depreciation	15.76	29.25	18.17	1.67	3.14
Preliminary / Misc. Expenses	-	7.00	-	-	4.57
Total Expenditure	6,791.41	3,728.49	627.63	103.65	297.15
Net Profit/(Loss) before Taxes and Extra Ordinary Items	242.02	76.39	27.01	34.69	(20.28)
Taxation					
Less: Provision for Current Tax	69.77	12.49	1.26	2.04	-
Less: Provision for Deferred Tax	26.64	21.36	6.76	-	-
Less: Provision for Fringe Benefit Tax	-	-	0.38	0.28	0.70
Effect of Adjustment on Tax	96.41	33.86	8.40	2.32	0.70
Net Profit/(Loss) before Extra-Ordinary Items	145.61	42.54	18.60	32.37	(20.98)
Add: Extra-Ordinary Items	-	-	-	-	-
Add: Prior period Items	-	-	-	-	-
Net Profit /(Loss) after Tax	145.61	42.54	18.60	32.37	(20.98)

Statement of Audited Assets & Liabilities as Restated

(Rupees In lacs)

Year / Period Ended	AS AT				
	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007
FIXED ASSETS					
Gross Block	914.12	908.38	1,082.34	548.78	386.07
Less: Accumulated Depreciation	65.34	49.63	22.03	3.86	3.14
Net Block	848.78	858.75	1,060.32	544.91	382.93
Capital Work in Progress	-	-	-	34.41	-
Total(A)	848.78	858.75	1,060.32	579.33	382.93
INVESTMENTS	-	-	-	-	-
Total (B)	-	-	-	-	-
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	1,053.58	727.06	163.69	10.19	9.15
Sundry Debtors	5,979.70	1,706.38	124.85	133.10	20.90
Cash & Bank Balance	44.93	23.38	6.75	10.87	208.17
Other Current Assets	66.39	56.55	26.19	9.36	39.83
Loan & Advances	63.56	29.49	80.29	163.76	16.03
Total(C)	7,208.16	2,542.86	401.77	327.28	294.09
TOTAL (A + B +C)	8,056.94	3,401.61	1,462.09	906.61	677.01
CURRENT LIABILITIES & PROVISIONS					
Secured Loan	1,086.53	727.65	604.49	195.09	6.15
Unsecured Loan	-	-	2.85	-	6.46
Net Deferred Tax Liabilities	54.76	28.12	6.76	-	-
Current Liabilities & Provisions	5,941.99	1,818.18	390.50	272.64	257.87
Total(D)	7,083.28	2,573.96	1,004.59	467.72	270.48
NET WORTH(A+B+C-D)	973.66	827.65	457.49	438.89	406.53
REPRESENTED BY					
Share Capital	755.52	755.12	427.50	427.50	427.50
Reserve & Surplus	218.14	72.53	29.99	11.39	-
Profit & Loss Accounts Debit Balance	-	-	-	-	20.97
Miscellaneous Exp to the Extent not written off	-	-	-	-	-
NET WORTH(I+II-III-IV)	973.66	827.65	457.49	438.89	406.53

STATEMENT OF CASH FLOW AS RESTATED					
	For the year / period ended				
	30-09-10	31-03-10	31-03-09	31-03-08	31-03-07
Cash flow from Operating Activities					
Net Profit before tax and extraordinary items (as restated)	242.02	76.39	27.01	34.69	(20.28)
Adjustments for					
Depreciation	15.76	29.25	18.17	1.67	3.14
Preliminary expenses	-	7.00	-	-	4.57
Profit / (loss) on sale of assets	0.05	-	-	(1.79)	-
Interest received	(0.04)	(0.75)	(0.52)	(4.44)	(4.22)
Interest & Finance charges	70.08	98.81	57.25	15.97	1.16
Operating Profit before working capital changes	327.87	210.70	101.90	46.10	(15.62)
Working Capital Changes / Adjustments for					
Inventories	(326.52)	(563.37)	(153.50)	(1.04)	(9.15)
Receivables	(4,273.32)	(1,581.53)	8.25	(112.20)	(20.90)
Loans & Advances and Other Current Assets	(44.75)	20.44	66.64	(117.26)	(55.87)
Trade Payables and Other current liabilities	4,054.81	1,416.17	116.22	159.72	110.59
Cash generated from operations	(589.77)	(708.28)	37.60	(70.77)	24.67
Direct Taxes paid (other than Advance payments)	-	-	-	0.70	-
Net cash from (used in) operating activities (A)	(261.90)	(497.59)	139.51	(25.37)	9.05
Cash flow From Investing Activities					
Purchase of Fixed Assets	(6.25)	(63.70)	(499.15)	(267.01)	(386.07)
Sale of Fixed Assets	0.45	235.05	-	70.74	-
Interest received	0.04	0.75	0.52	4.44	4.22
Net Cash from (used in) investing activities	(5.76)	172.10	(498.64)	(191.84)	(381.85)
Cash flow From Financing Activities					
Proceed from issue of share Capital	0.40	327.62	-	-	427.50
Proceed from Share Application Money	-	-	-	(146.58)	146.58
Proceed from Borrowings	358.89	120.31	412.25	182.47	12.62
Interest and finance charges	(70.08)	(98.81)	(57.25)	(15.97)	(1.16)
Preliminary expenses	-	(7.00)	-	-	(4.57)
Net cash from financing activities	289.21	342.12	355.01	19.92	580.97
Total Cash Inflow(1+2+3)	21.55	16.64	(4.12)	(197.30)	208.17
Net Increase/Decrease in cash or cash Equivalent	21.55	16.64	(4.12)	(197.30)	208.17
Cash & Cash Equivalent at the beginning of the Year	23.38	6.75	10.87	208.17	-
Cash and Cash Equivalent at the end of the year	44.93	23.38	6.75	10.87	208.17

THE ISSUE

Issue by our Company ¹	<input type="checkbox"/> Equity shares of Face Value of Rs.10 each aggregating upto Rs. 4131 Lacs
Of which	
A) QIB Portion	Not more than <input type="checkbox"/> Equity Shares shall be available for allocation
Of which	
Available for allocation to Mutual funds only (5% of the QIB Portion)	Upto <input type="checkbox"/> Equity Shares
Balance of all QIBs including Mutual Funds	<input type="checkbox"/> Equity Shares
B) Non-institutional Portion	Not less than <input type="checkbox"/> Equity Shares shall be available for allocation
C) Retail Portion	Not less than <input type="checkbox"/> Equity Shares shall be available for allocation
Equity Shares outstanding prior to the Issue	7740200 Equity Shares ²
Equity Shares outstanding after the Issue	<input type="checkbox"/> Equity Shares
Use of Net Proceeds	See "Objects of the Issue" on page 30

¹Our Company is considering a Pre-IPO Placement of upto 20,00,000 Equity Shares aggregating upto Rs. 1800 Lacs with various investors. The Pre-IPO Placement is at the discretion of our Company and at a price to be decided by our Company. Our Company will complete the issuance and allotment of such Equity Shares prior to the filing of the Red Herring Prospectus with the Registrar of Companies. 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 size of 25% of the post-Issue-paid-up Equity Share capital being offered to the public.

²Up to 116,000 additional Equity Shares may be issued on exercise of stock options under the RMS ESOP 2010.

Note:

- Allocation to all categories shall be made on a proportionate basis.
- In the event of over-subscription, allocation shall be made on a proportionate basis, subject to valid Bids being received at or above the Issue Price.
- Under-subscription, if any, in any of the categories would be allowed to be met with spill over from the other categories, at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange.

For details of the terms of the Issue, see "**Terms of the Issue**" on page 174.



Readymade Steel India Limited

GENERAL INFORMATION

Our Company was incorporated on March 21, 2006 under the provisions of the Companies Act, 1956 as private limited Company with its registered office at 203, Joshi Chambers, Ahmedabad Street, Carnac Bunder (East), Mumbai 400 009. On August 24, 2010 our Company became a public limited company.

Registered Office:

Readymade Steel India Limited

203, Joshi Chambers,
Ahmedabad Street,
Carnac Bunder
Mumbai 400 009.

Tel No: + 91 22 67439360

Fax No: + 91 22 67439360

Contact Person & Compliance Officer: Mr. Umakanta Das

Email: info@readymadesteel.com

Website: www.readymadesteel.com

Registration Number-160602

Corporate Identification Number: U27100MH2006PLC160602

Address of Registrar of Companies:

Office of Registrar of Companies,
100, Everest,
Marine Drive,
Mumbai- 400002.

Tel No: + 91-22-22812639

Fax No: + 91-22-22811977

Email: roc.mumbai@mca.gov.in

Our Board of Directors

Name, Designation and Occupation	Age	DIN	Category
Mr. Anil Agrawal Managing Director	34 years	00360114	Executive & Non Independent
Ms. Krishna Devi Agrawal	57 years	01791953	Non-Executive & Non Independent
Mr. Abhijit Ranade	42 years	03247451	Non-Executive & Independent
Mr. Mahesh Kumar Garg	62 years	03157824	Non-Executive & Independent
Mr. Sandeep Mittal	34 years	00534400	Non-Executive and Independent

For detailed profile of our Directors, please refer to the Chapter titled "Our Management" beginning on page 95 of the Draft Red Herring Prospectus.

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Umakanta Das

Readymade Steel India Limited

1st Floor, Shreya House,
Pereira Hill Road,
Off Andheri Kurla Road,
Andheri (East),
Mumbai 400099

Tel No: + 91 67156715

Fax No: + 91 67156716



Readymade Steel India Limited

Email: ukdas@readymadesteel.com

Website: www.readymadesteel.com

Investors are advised to contact the Compliance Officer and / or the Registrar to the Issue in case of any pre-Issue or post-Issue problems such as non-receipt of letters of Allocation, credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders, non receipt of funds by electronic mode etc.

BANKERS TO OUR COMPANY

Union Bank of India,
Bhat Bazaar, Anant Deep Chambers,
273 – 77, Narsi Natha Street,
Mumbai – 400009

Tel. No.: +91 22 2375 2321 / 22

Fax No.: +91 22 23727 952

E-mail: cbsbhatbazar@unionbankofindia.com

Website: www.unionbankofindia.co.in

Contact Person: Mr. Vijay V. Kavle

STATUTORY AUDITORS TO OUR COMPANY

**M/s. Dass Maulik Mahendra K Agrawala & Co,
Chartered Accountants**

B – 1/17A, Vyapar Bhawan, P D Mello Road,
Carnac Bunder,
Mumbai – 400 009

Tel No: +91 22 65236959

Fax: +91 22 23480924

Email: mumbai@dmka.com

Website: www.dmmka.com

Contact Person: Mr. Narendra Khandal

ISSUE MANAGEMENT TEAM

BOOK RUNNING LEAD MANAGER

Arihant Capital Markets Limited,
3rd Floor, Krishna Bhavan,
67, Nehru Road,
Vile Parle (East),
Mumbai 400 057

Tel.: +91- 22- 42254800/47;

Fax. : +91- 22- 42254880

SEBI Registration No: INM000011070

Email: amol.kshirsagar@arihantcapital.com

Investor Grievance Email: mbd@ arihantcapital.com

Website: www.arihantcapital.com **Contact Person:** Mr. Amol Kshirsagar

REGISTRARS TO THE ISSUE

Bigshare Services Private Limited,
E-2/3, Ansa Industrial Estate,
Saki Vihar Road, Saki Naka,
Andheri (East),
Mumbai – 400 072

Tel No: + 91 22 28470652 / 40430200

Fax No: +91 22 28475207

SEBI Registration No: INR 00000 1385



Readymade Steel India Limited

Email: info@bigshareonline.com
Investor Grievance Email: investor@bigshareonline.com
Website: www.bigshareonline.com
Contact Person: Mr. Ashok Shetty

LEGAL ADVISORS TO THE ISSUE

M/s. Kanga and Company
Advocates & Solicitors
Readymoney Mansion
43, Veer Nariman Road
Mumbai – 400 001.
Tel No: +91 22 6623 0000
Fax No: +91 22 6633 9656/6633 9657
Email: dhaval.vussonji@kangacompany.com
Contact person: Mr. Dhaval Vussonji

SYNDICATE MEMBERS

Email: [●]
Website: [●]
Contact Person: Mr. [●]

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

BANKERS TO THE ISSUE & ESCROW COLLECTION BANK

The Bankers to the Issue shall be appointed prior to filing of the Red Herring Prospectus with RoC.

BROKER TO THE ISSUE

Email: [●]
Website: [●]
Contact Person: [●]

REFUND BANKER TO THE ISSUE

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

SELF CERTIFIED SYNDICATE BANKS

Email: [●]
Website: [●]
Contact Person: [●]

The SCSBs are as per the updated list available on SEBI's website at www.sebi.gov.in/pmd/scsb.pdf. Investors are requested to refer the SEBI website for updated list of SCSBs and their designated branches.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Form was submitted by the ASBA Bidders.

For all Issue related queries and for redressal of complaints, Bidders may also write to the Book Running Lead Manager. All complaints, queries or comments received by SEBI shall be forwarded to the Book Running Lead Manager, who will respond to the same.

STATEMENT OF RESPONSIBILITIES

Arihant Capital Markets Limited is the sole BRLM to the Issue and shall be responsible for the following activities:

Sr. No.	Activity
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, etc.
2.	Conducting a Due diligence of our Company's operations / management / business plans / legal, etc. Drafting and designing the Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus. Ensuring compliance with the SEBI (ICDR) Regulations, 2009 and other stipulated requirements and completion of prescribed formalities with the Stock Exchanges (pre-issue), RoC and SEBI.
3.	Primary co-ordination with SEBI, RoC and Stock Exchanges up to bidding and coordinating interface with lawyers for agreements.
4.	Appointment of the Registrar, Bankers to the issue and appointment of other intermediaries viz. printers and advertising agency
5.	Primary coordination of drafting/proofing of the design of the Prospectus, bid forms including memorandum containing salient features of the Prospectus with the printers. Primary coordination of the drafting and approving the statutory advertisement.
6.	Drafting and approving all publicity material other than statutory advertisement as mentioned in (4) above including corporate advertisement, brochure, etc.
7.	Retail & HNI segment Marketing, Which will cover inter alia: <ul style="list-style-type: none"> ➤ Preparation of road show presentation. ➤ Finalising centres for holding Brokers' conference Finalising media, marketing and PR Strategy ➤ Follow up on distribution of publicity and issue material including application form, brochure and deciding on quantum of issue material ➤ Finalising collection centres as per schedule III of SEBI (ICDR) Regulations, 2009
8.	Institutional Marketing, which will cover inter alia: <ul style="list-style-type: none"> ➤ Finalisation of list of investors. ➤ Finalisation of one to one meetings and allocation of institutions. ➤ Finalisation of presentation material
9.	Managing Book & co-ordination with stock Exchanges for bidding terminals, mock trading etc
10.	Pricing and QIB allocation
11.	Follow – up with the bankers to the issue to get quick estimates of collection and advising the issuer about closure of the issue, based on the correct figures.
12.	The post-Issue activities for the Issue will involve essential follow up steps, which include finalizing basis of allotment / weeding out of multiple applications, the listing of instruments and dispatch of certificates/demat credits or refunds and dematerialized delivery of shares with the various agencies connected with the work such as the Registrars to the Issue and Bankers to the Issue, Self Certified Syndicate Banks, the bank handling refund business. The Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with our Company.

The selection of various agencies like the Bankers to the Issue, Escrow Collection Bank(s), Syndicate Members, Brokers, Advertising agencies etc. will be finalized by our Company in consultation with the BRLM.



Readymade Steel India Limited

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

CREDIT RATING

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

IPO GRADING

Details of IPO Grading along with the grading rationale will be incorporated before filing of the Red Herring Prospectus with RoC and will be made available for inspection at our Registered Office from 2.00 p.m to 4.00 p.m. on Business Days during the Bidding Period.

TRUSTEES

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

APPRAISAL AGENCY

Union Bank of India,
Bhat Bazaar, Anant Deep Chambers,
273 – 77, Narsi Natha Street,
Mumbai – 400009
Tel. No.: +91 22 23752321 / 22
Fax No.: +91 22 23727952
E-mail: cbsbhatbazar@unionbankofindia.com
Website: www.unionbankofindia.co.in
Contact Person: Mr. Vijay V. Kavle

MONITORING AGENCY

As the net proceeds of the Issue will be less than Rs. 50,000 Lacs, under the SEBI (ICDR) Regulations, 2009 it is not required that a monitoring agency be appointed by our Company.

However, as per the Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges upon listing of the Equity Shares and in accordance with the Corporate Governance requirements, the Audit Committee of our Company would be monitoring the utilization of the Issue Proceeds.

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:

- Our Company;
- BRLM;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the BRLM;
- Registrar to the Issue; and
- Escrow Collection Banks; and
- SCSBs.

Regulation 43(2) of the SEBI (ICDR) Regulations, 2009 has permitted an issue of securities to the public through the 100% Book Building Process, wherein not more than 50% of the Issue shall be available for allocation to QIBs on a proportionate basis, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Qualified Institutional Buyers' portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue Price. Further, not less than 15% of the Issue shall be available for allotment to Non Institutional Bidders and not less than 35% of the Issue shall be available for allotment to Retail Individual Bidders on a proportionate basis, subject to valid Bids being received at or above the Issue Price.

We will comply with the SEBI (ICDR) Regulations, 2009 for this Issue. In this regard, we have appointed Arihant Capital Markets Limited as the BRLM to manage the Issue and procure subscriptions to the Issue.

In accordance with the SEBI Regulations, QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. For further details, please see the section titled “*Terms of the Issue*” on page 174 of this Draft Red Herring Prospectus.

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

Illustration of Book Building and Price Discovery Process *(Investors should note that this example is solely for illustrative purposes 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 share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book below shows the demand for the Shares of the issuer company at various prices and is collated from bids received 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	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The Issuer, in consultation with the BRLM, will finalise the issue price at or below such cut-off price, i.e., at or below 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 categories.

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (please see the section titled “Issue Procedure - Who Can Bid?” on page 181 of this Draft Red Herring Prospectus).
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form or the ASBA Form, as the case may be;
3. Except for Bids on behalf of the Central or State Governments and the officials appointed by the courts, for all Bids, ensure that you have mentioned your PAN in your Bid cum Application Form or ASBA Bid cum Application Form. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of

the transaction (please see the section titled “*Issue Procedure*” on page 180 of this Draft Red Herring Prospectus);

4. Ensure that the Bid cum Application Form or ASBA Bid cum Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form or ASBA Bid cum Application Form;
5. Ensure the correctness of your Demographic Details (as defined in the section titled “*Issue Procedure*” on page 180), given in the Bid cum Application Form or ASBA Form, with the details recorded with your Depository Participant;
6. Bids by ASBA Bidders will only have to be submitted to the SCSBs at the Designated Branches. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that their ASBA Bid cum Application Form is not rejected; and

WITHDRAWAL OF THE ISSUE

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue after the bidding and if so, the reason thereof shall be given as a public notice within two days of the closure of the Issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The Stock Exchanges where the specified securities were proposed to be listed shall also be informed promptly.

If our Company withdraws the Issue after closure of bidding, we will be required to file a fresh draft offer document with the Securities and Exchange Board of India.

Bid/ Issue Programme

BID/ISSUE OPENS ON	●
BID/ISSUE CLOSES ON	●

Bids and any revision in Bids will be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the Bidding centers mentioned in the Bid cum Application Form, or in the case of Bids submitted through ASBA, the designated branches of the SCSBs, **except that on the Bid/ Issue Closing Date, Bids excluding ASBA Bids shall be accepted only between 10.00 a.m. and 3.00 p.m.** (Indian Standard Time) and uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders; and (ii) 5.00 p.m. which may be extended up to such time as permitted by the Stock Exchanges in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs.200,000. 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 in the event a large number of Bids are received on the Bid/ Issue Closing Date, as is typically experienced in IPOs, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, our Company and the Syndicate shall not be responsible. Bids will be accepted only on Working Days, *i.e.*, Monday to Friday (excluding any public holiday).

On the Bid/ Issue Closing Date, extension of time may be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders, after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid-cum Application Forms and ASBA Bid cum Application Forms as stated herein and reported by the BRLMs to the Stock Exchanges within half an hour of such closure.

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI ICDR Regulations. The Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. Subject to compliance with the immediately preceding

sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price as disclosed at least two Working Days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bidding Period will be extended for three additional Working Days after revision of Price Band subject to the Bidding Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price and allocation of the Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that their respective Syndicate Members do not fulfill their underwriting obligations. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:
(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. In Lacs)
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

The above mentioned amount is indicative underwriting and this would be finalized after determination of the Issue Price and actual allocation.

The Board of Directors (based on the certificates given by the Underwriters), confirm that the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned Underwriters are registered with SEBI or registered as brokers with the Stock Exchanges.

The Board of Directors, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company. Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments.

Notwithstanding the table above, the BRLM and the Syndicate Members shall be responsible for ensuring payment with respect to the Equity Shares allocated to the investors procured by them. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the final approval of the RoC after the Prospectus is filed with the RoC.

CAPITAL STRUCTURE

Our Equity Share capital, as at the date of filing of this Draft Red Herring Prospectus with SEBI, immediately prior to and after the proposed Issue is set forth below:

		<i>(Rs. in Lacs. except share data)</i>	
		Aggregate Value at Face value (Rs. In Lacs)	Aggregate Value at Issue Price (Rs. In Lacs)
A	AUTHORISED SHARE CAPITAL		
	1,50,00,000 Equity Shares of Rs. 10/- each	1500	[•]
B	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE		[•]
	77,40,200 Equity Shares of Rs. 10/- each	774.02	
C	PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS		
	[•] Equity Shares of Rs. 10/- each	[•]	4131
	Of which:		
	QIB portion of not more than [•] Equity Shares shall be available for allocation	[•]	[•]
	Non-Institutional portion of not less than [•] Equity Shares shall be available for allocation	[•]	[•]
	Retail portion of not less than [•] Equity Shares shall be available for allocation	[•]	[•]
D	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE		
	[•] Equity Shares of Rs. 10/- each	[•]	4131
E	SECURITIES PREMIUM ACCOUNT	120.25	[•]
	Before the Issue	120.25	
	After the Issue	[•]	

- The Issue has been authorised by the Board at its meeting held on August 25, 2010 and by the shareholders of our Company at an Annual General Meeting held on September 29, 2010.
- Our Company is considering a Pre – IPO Placement of up to 20,00,000 Equity Shares aggregating to Rs. 1800 Lacs with some investors. The Pre – IPO Placement, if any, will be completed before the filing of the Red Herring Prospectus with the RoC. The number of Equity Shares in the Issue will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre – IPO Placement, if any, subject to the Issue to the public being at least 25% of the fully diluted post – Issue paid up capital of our Company. The Equity Shares allotted under the Pre – IPO Placement, if completed, shall be subject to a lock – in period of one (1) year from the date of the Allotment pursuant to the Issue.

Details of increase in Authorised Share Capital since incorporation

The Authorised Share Capital of our Company at the time of incorporation was Rs. 250 Lacs divided into 2,50,000 Equity Shares of Rs. 100/- each. The following table gives the increase in the Authorised Capital post Incorporation of our Company:

Sr. No.	Particulars of increase	Date of Shareholder's meeting	AGM/ EGM
1.	Increase in authorised share capital from Rs. 250,00,000/- divided into 2,50,000 Equity Shares of Rs.100 each to Rs.500,00,000 divided into 5,00,000 equity shares of Rs.100/- each.	September 25, 2006	EGM
2.	Increase in authorised share capital from Rs.500,00,000 divided into 5,00,000 equity shares of Rs.100 each to Rs.15,00,00,000 divided into 15,00,000 Equity Shares of Rs.100 each	March 27, 2010	EGM
3.	Sub-division of 15,00,000 Equity Shares of Rs.100 each to 1,50,00,000 shares of Rs.10 each	July 21, 2010	EGM

Notes to capital structure
1. Share capital history of our Company

A. The following is the history of the equity share capital of our Company:

Date of the allotment of Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of consideration	Reasons for allotment	Cumulative no. of Equity Shares	Cumulative paid-up Equity Capital (Rs.)	Cumulative Securities Premium (Rs.)
March 21, 2006	1,000	100	100	Cash	Subscription to the Memorandum	1,000	1,00,000	Nil
May 12, 2006	1,000	100	100	Cash	Allotment	2,000	2,00,000	Nil
July 12, 2006	54,000	100	100	Cash	Further Allotment	56,000	56,00,000	Nil
August 16, 2006	1,17,200	100	100	Cash	Further Allotment	1,73,200	1,73,20,000	Nil
October 27, 2006	1,16,800	100	100	Cash	Further Allotment	2,90,000	2,90,00,000	Nil
February 1, 2007	1,37,500	100	100	Cash	Further Allotment	4,27,500	42,75,00,00	Nil
March 31, 2010	3,27,620	100	100	Cash	Further Allotment	7,55,120	7,55,12,000	Nil
June 15, 2010	400	100	100	Cash	Further Allotment	7,55,520	7,55,52,000	Nil
July 21, 2010	Split of 7,55,520 Equity shares of Rs.100/- each to 75,55,200 of Rs.10/- each						7,55,52,000	
November 8, 2010	1,85,000	10	75	Cash	Further Allotment	77,40,200	7,74,02,000	1,20,25,000

2. We have made no issues of shares for consideration other than cash
3. Till date no Equity Shares have been allotted pursuant to any scheme approved under section 391-394 of the Companies Act, 1956.
4. As of date of filing the DRHP, our Company has not issued any equity shares under any employee stock option scheme.
5. **Build-up of Promoters' capital, Promoter's contribution and lock-in**

a) History of Equity Share capital held by the Promoters:

Date of Allotment/Transfer	No. of Equity Shares Offered	Cumulative No. of Equity Shares	Face Value (Rs.)	Offer Acquisition Price (Rs.)	Consideration	Nature of Transaction
MR. ANIL AGRAWAL						
March 21, 2006	500	500	100	100	Cash	Subscriber to Memorandum of Association
July 12, 2006	13,500	14,000	100	100	Cash	Allotment
August 16, 2006	58,600	72,600	100	100	Cash	Allotment
December 8, 2006	(500)	72,100	100	100	Cash	Transfer to Krishna Devi Agrawal
October 27, 2006	58,400	1,30,500	100	100	Cash	Allotment
December 8, 2006	14,000	1,44,500	100	100	Cash	Transfer from Avinash Agrawal
February 1, 2007	68,750	2,13,250	100	100	Cash	Allotment
August 23, 2007	2,13,750	4,27,000	100	80.55	Cash	Transfer from CS India Pte Limited
December 14, 2007	(500)	4,26,500	100	100	Cash	Transfer to Krishna Devi Agrawal
March 31, 2010	1,00,000	5,26,500	100	100	Cash	Allotment
July 21, 2010	Split of 5,26,500 Equity shares of Rs.100/- each to 52,65,000 of Rs.10/- each					

b) Details of Promoters' contribution locked in for three years:

Promoters	No. of Equity Shares Locked in	Face Value (Rs.)	Date of Acquisition and when made fully paid-up	Nature of Allotment/Transfer	Consideration (Cash/other than cash)	Percentage of post-Issue paid-up capital
Mr. Anil Agrawal	[•]	10	[•]	[•]	[•]	[•]

Our Promoter has by a written undertaking dated November 15, 2010, given consent for Equity Shares held by it to be considered as Promoters' contribution to be locked in for a period of three years from the date of Allotment, consisting of 20% of the post-Issue equity share capital of our Company ("Promoters' Contribution").

Our Promoter has pursuant to his undertaking dated November 15, 2010, agreed not to sell or transfer or pledge his shares or otherwise dispose off in any manner, the Equity Shares forming part of the Promoters' Contribution from the date of filing of this Draft Red Herring Prospectus until the commencement of the lock-in period specified above.

The SEBI ICDR Regulations require that an aggregate of 20% of the post-Issue shareholding of the Promoters be considered as promoters' contribution and locked-in for a period of three years. Such lock-in is required to commence from the date of Allotment in the Issue and end on the date that is three years subsequent to the date of Allotment in the Issue.

The Equity shares that are being locked-in are not ineligible for computation of Promoter's Contribution under Regulation 33 of the SEBI ICDR Regulations. In this connection, as per Regulation 33 of the SEBI ICDR Regulations, our Company confirms that the Equity Shares locked-in do not consist of:

- i. Equity Shares acquired during the preceding three years for consideration other than cash and revaluation of assets or capitalization of intangible assets or bonus shares out of revaluations reserves or unrealised profits or bonus shares of shares which are otherwise ineligible for computation of Promoters' Contribution;
- ii. Equity Shares acquired during the preceding one year, at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;
- iii. Equity Shares issued to the Promoters upon conversion of a partnership firm;
- iv. Equity Shares held by the Promoters that are subject to any pledge; and
- v. Equity Shares for which specific written consent has not been obtained from the respective shareholders for inclusion of their subscription in the Promoters' Contribution subject to lock-in.

The Promoters' Contribution shall be brought in to the extent, not less than the specified minimum lot and from the persons defined as "Promoters" under Regulation 2 (za) of the SEBI ICDR Regulations.

Details of share capital locked in for one year

Other than the above Equity Shares that would be locked in for three years and Equity Shares allotted to our Company's employees pursuant to the ESOP, 2010, the entire pre-Issue capital of our Company comprising 77,40,200 Equity Shares would be locked-in for a period of one year from the date of Allotment in the Issue pursuant to Regulation 36(b) and Regulation 37 of the SEBI ICDR Regulations.

Other requirements in respect of lock-in

Pursuant to Regulation 39 of the SEBI ICDR Regulations, the locked-in Equity Shares held by the Promoters, as specified above, can be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such scheduled commercial banks or public financial institution, provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan.

Provided that securities locked in as Promoters' contribution for three years under Regulation 36(a) of the SEBI ICDR Regulations may be pledged only if, in addition to fulfilling the above requirement, the loan has been granted by such scheduled commercial bank or public financial institution for the purpose of financing one or more of the objects of the Issue.

Pursuant to Regulation 40 of the SEBI ICDR Regulations, Equity Shares held by the Promoters may be transferred to and amongst the Promoters, the Promoter Group or to new promoters or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code.

Further, pursuant to Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Regulation 37 of the SEBI ICDR Regulations, along with the Equity Shares proposed to be transferred, provided that lock-in on such Equity Shares will continue for the remaining period with the transferee and such transferee shall not be eligible to transfer such Equity Shares till the lock-in period stipulated under the SEBI ICDR Regulations has ended, subject to compliance with the Takeover Code, as applicable.

6. Details of transactions in Equity Shares by the Directors, Promoters and Promoter Group entities during six months preceding the filing of this Draft Red Herring Prospectus with SEBI:

Our Promoters, Directors, and the promoter Group Entities have not purchased or sold any Equity Shares during a period of six months preceding the date on which this Draft Red Herring Prospectus has been filed with SEBI.

7. Our Company has issued Equity Shares to the following persons in the year preceding the date on which this Draft Red Herring Prospectus, which may be at a price lower than the Issue price:

Name of the Shareholder	Date of Issue	Whether belongs to Promoter Group	Number of Equity Shares	Face Value (in Rs.)	Issue Price (in Rs.)	Reasons for the Issue
Mr. Anil Agrawal	March 31, 2010	Yes	1,00,000	100 ¹	100	Further Allotment
Kridhan Infrastructure Private Limited	March 31, 2010	Yes	2,27,620	100 ¹	100	Further Allotment
Mr. Mahesh Kumar Garg	June 15, 2010	No	100	100 ¹	100	Further Allotment
Mr. Mukul Gupta	June 15, 2010	No	100	100 ¹	100	Further Allotment
Mrs. Seema Gupta	June 15, 2010	No	100	100 ¹	100	Further Allotment
Mrs. Radhika Agrawal	June 15, 2010	No	100	100 ¹	100	Further Allotment
Mr. Abhay Rawasa	November 8, 2010	No	10,000	10	75	Further Allotment
Mr. Sagar Deshpande	November 8, 2010	No	10,000	10	75	Further Allotment
Raman Trikha Entertainment Private Limited	November 8, 2010	No	35,000	10	75	Further Allotment
Ms. Jyoti Sharma	November 8, 2010	No	10,000	10	75	Further Allotment
Ms. M.Shanti Kodimalar	November 8, 2010	No	10,000	10	75	Further Allotment
Ms. Nanda Sharad Srungarpawar	November 8, 2010	No	10,000	10	75	Further Allotment

Trikal Theatres & Realty (I) Private Limited	November 8, 2010	No	1,00,000	10	75	Further Allotment
--	------------------	----	----------	----	----	-------------------

¹Our Company has by a resolution passed at the meeting of its shareholders held on July 21, 2010, sub-divided the face value of its equity shares into Rs.10/- each

8. **The list of shareholders of our Company and the Equity Shares held by them is as follows:**

- a) Our top ten shareholders and the number of Equity Shares held by them as of the date of filing this Draft Red Herring Prospectus with SEBI, is as follows

Sr. No.	Name	No. of Equity Shares (Face Value of Rs. 10/- each)	Percentage
1.	Mr. Anil Agrawal	52,65,000	68.02%
2.	Kridhan Infrastructures Private Limited	22,76,200	29.40%
3.	Trikal Theatres & Realty (I) Private Limited	1,00,000	1.29 %
4.	Raman Trikha Entertainment Private Limited	35,000	0.45 %
5.	Mrs. Krishna Devi Agrawal	10,000	0.13%
6.	Mr. Abhay Rawasa	10,000	0.13%
7.	Mr. Sagar Deshpande	10,000	0.13%
8.	Ms. Jyoti Sharma	10,000	0.13%
9.	Ms. M. Shanti Kodimalar	10,000	0.13%
10.	Ms. Nanda Sharad Shrungarpawar	10,000	0.13%
Total		77,36,200	99.94%

- b) Our top ten shareholders and the number of Equity Shares held by them ten days prior to filing the DRHP with SEBI, is as follows:

Sr. No.	Name	No. of Equity Shares (Face Value of Rs. 10 each)	Percentage
1.	Mr. Anil Agrawal	52,65,000	68.02%
2.	Kridhan Infrastructures Private Limited	22,76,200	29.40%
3.	Trikal Theatres & Realty (I) Private Limited	1,00,000	1.29 %
4.	Raman Trikha Entertainment Private Limited	35,000	0.45 %
5.	Mrs. Krishna Devi Agrawal	10,000	0.13%
6.	Mr. Abhay Rawasa	10,000	0.13%
7.	Mr. Sagar Deshpande	10,000	0.13%
8.	Ms. Jyoti Sharma	10,000	0.13%
9.	Ms. M. Shanti Kodimalar	10,000	0.13%
10.	Ms. Nanda Sharad Shrungarpawar	10,000	0.13%
Total		77,36,200	99.94%

- c) Our top ten shareholders and the number of Equity Shares held by them two years prior to date of filing of this Draft Red Herring Prospectus with SEBI is as follows.

Sr. No.	Name	No. of Equity Shares (Face Value of Rs. 10 each)	Percentage
1.	Mr. Anil Agrawal	4,26,500	99.77
2.	Mrs. Krishna Devi Agrawal	1000	0.23
Total		4,27,500	100

- (d) Details of the shareholding of our Company as on the date of filing of this Draft Red Herring Prospectus:

	Pre- Issue		Post- Issue	
	No. of Equity Shares	Percentage of Equity Share capital	No. of Equity Shares	Percentage of Equity Share capital
Promoters (A)				
Anil Agrawal	52,65,000	68.02%	52,65,000	[•]
Sub Total (A)	52,65,000	68.02%	52,65,000	[•]
Promoter Group (B)				
Kridhan Infrastructures Private Limited	22,76,200	29.40	22,76,200	[•]
Krishnadevi Agrawal	10,000	0.12	10,000	[•]
Sub Total (B)	22,86,200	29.52	22,86,200	[•]
Total Holding of Promoters and Promoter Group (C=A + B)	7551200	97.55%	7551200	[•]
Others (D)				
Individual (E)	54,000	0.71	[•]	[•]
Body Corporate (F)	1,35,000	1.74	[•]	[•]
Total holding of Others (D=E+F)	1,89,000	2.45		
Total	77,40,200	100.00	[•]	100.00

9. Employee Stock Option Plan ("ESOP")

The Board of Directors of our Company introduced RMS Employee Stock Option Plan 2010 ("RMS ESOP 2010") vide board resolution dated August 25, 2010 and subsequently was approved by shareholders' at its meeting dated September 29, 2010. The purpose of ESOP 2010 is to attract, retain, reward, create a sense of partnership/ownership and motivate employees to contribute to the growth and profitability of our Company and its Subsidiaries.

Our Company shall grant such number of options convertible into Equity Shares as may be determined by the Compensation-cum-Remuneration Committee (“the Grant”). The Compensation-cum-Remuneration Committee has granted 1,16,000 options pursuant to its resolution dated November 8, 2010. Each option shall entitle an employee to one Equity Share and the maximum number of options that may be granted under ESOP 2010 is 1,16,000.

Also, the maximum number of options to be issued per employee is restricted to be less than 1% of the issued Equity share capital of our Company at the time of grant of an option.

The following table sets forth the particulars of the options that may be granted under ESOP 2010

Particulars	Details					
Options granted	Date of grant	No. of options granted			Price per Equity Shares (In Rs.)	
	November 8, 2010	116,000			10	
	Total Options granted	116,000				
Pricing Formula	Year	FY2012	FY2013	FY2014	FY2015	FY2016
	Price (Rs/share)	10	20	20	50	50
Total options vested	Nil					
Options exercised	Nil					
Total number of Equity Shares that would arise as a result of full exercise of options already granted	1,16,000					
Options forfeited/lapsed/cancelled	Nil					
Variation in terms of options	Not Applicable					
Money realised by exercise of options	Nil					
Options outstanding (in force)	1,16,000					
Employee wise details of options granted to Directors/ Senior Management	Name of our Director		No. of options granted under ESOP 2010			
	Nil		Nil			
	Total		Nil			
	Name of the Senior Management Personnel		No. of options granted under ESOP 2010			
	Sharad Shrungarpawar		15000			
	Ho Siew Piu		9000			
	Umakanta Das		9000			
	Deepika Dessai		2000			
	Vikas Lokhande		2000			
	Raghubir Singh Parmar		2000			
Fully diluted EPS on a pre-Issue basis on exercise of options	Not Applicable					

calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share'	
Difference between employee compensation cost using the intrinsic value method and the employee compensation cost that shall have been recognised if our Company has used fair value of options and impact of this difference on profits and EPS of our Company	Not Applicable
Weighted-average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Not Applicable
Vesting schedule	Top Management- Graded vesting over a period of five years from the date of grant Middle Management- Graded vesting over a period of five years from the date of grant Others- Graded vesting over a period of three years from the date of grant
Lock-in	Nil
Impact on profits of the last three years	Not Applicable
Intention of the holders of equity shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Issue	Not Applicable
Intention to sell equity shares arising out of the exercise of shares granted under ESOP 2010 within three months after the listing of equity shares by directors, senior managerial personnel and employees	Not Applicable

amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	
--	--

10. None of our Key Management Personnel holds Equity Shares in our Company.
11. Our Company, Directors and the BRLMs have not entered into any buy-back or standby / safety net arrangements for the purchase of the Equity Shares of our Company from any person.
12. There are no financing arrangements wherein the Promoter Group, the Directors of our Company and relatives of the Directors of our Company have financed the purchase by any other person of securities of our Company, during the period of six months immediately preceding the date of filing this DRHP.
13. No shares of our Company have been pledged by the Promoter or the Promoter Group.
14. Our Company has not issued any bonus shares out of revaluation of reserves.
15. As on the date of this DRHP, BRLM does not hold any Equity Shares in our Company.
16. Our Promoters and members of the Promoter Group and BRLM will not participate in this Issue.
17. Our Company has not issued Equity Shares out of revaluation reserves and for consideration other than cash.
18. There has been no purchase or sale of Equity Shares by the Promoters, the Promoter Group, our Directors and their immediate relatives during the six months immediately prior to the filing of this Draft Red Herring Prospectus with SEBI.
19. Our Company shall ensure that transactions in the Equity Shares by the Promoters and the relatives of the Promoters between the date of filing the RHP with the Registrar of Companies and the Bid/Issue Closing Date are reported to the Stock Exchange within 24 hours of such transaction.
20. Our Company has not made any public issue since its incorporation.
21. We do not have any intention or proposal to alter our capital structure for a period starting six months from the date of opening of the Issue by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or bonus, rights, further Public issue or Qualified Institutional Placement otherwise except issue and allotment under the Pre-IPO Placement and issue and allotment under RMS ESOP 2010 upon conversion of options that may vest and be exercised. Further, if we enter into acquisition(s) or joint venture(s), we may consider additional capital to fund such activities or to use Equity Shares as a currency for acquisition or participation in such joint ventures, subject to approvals as may be required.
22. Our Company has not raised any bridge loan against the proceeds of the Issue.
23. The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Issue shall be available for allotment on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be available for Allocation on a proportionate basis to Mutual Funds only and the remaining QIB portion shall be available for allocation to the QIB bidders including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 35% of the Issue shall be available for allocation

on a proportionate basis to Retail Individual Bidders and not less than 15% of the 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.

24. Under subscription, in any category, shall be allowed to be met with spillover from the other categories or combination of categories by our Company and the BRLM in consultation with the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid bids being received at or above the Issue Price.
25. Investors may note that in case of over subscription, not more than 50% of the Issue shall be available for allocation to QIBs on a proportionate basis. For details, see "Issue Procedure" on page 180. Further, 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non- Institutional Bidders and not less than 35% of the Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received from them at or above the Price.
26. An over-subscription to the extent of 10% of the offer to public 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 bid lot in this Issue.
27. The Equity Shares are fully paid up and there are no partly paid up Equity Shares as on date. Further, since the entire money in respect of the Issue is being called on application, all the successful applicants will be issued fully paid-up shares.
28. Subject to Pre-IPO Placement and RMS ESOP 2010, there would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Draft Red Herring Prospectus with SEBI until the Equity Shares issued through the Prospectus are listed or application moneys refunded on account of failure of Issue.
29. As per the extant policy, OCBs are not permitted to participate in the Issue.
30. Except for the employee stock options granted pursuant to RMS ESOP 2010, there are no outstanding warrants, options or right to convert debentures, loans or other financial instruments into our Equity Shares as on the of this Draft Red Herring Prospectus.
31. There shall be only one denomination of Equity Shares of our Company unless otherwise permitted by law. Our Company shall comply with disclosure and accounting norms as may be prescribed by SEBI from time to time.
32. We have availed financial facilities from Union Bank of India. In respect of various agreements entered into by our Company with our lender and sanction letters issued by our lender to us, we are bound by certain restrictive covenants. For further details on the restrictive covenants contained in the financing documents, please refer to chapter titled "Financial Indebtedness" beginning on page 155 of this Draft Red Herring Prospectus.
33. No payment, direct or indirect, in the nature of discount, allowance, commission or otherwise, shall be made either by us or our Promoters to the persons who receives Allotments, if any, in this Issue.

SECTION V - OBJECTS OF THE ISSUE

OBJECTS OF THE ISSUE

The current issue comprises of fresh issue of shares only and there is no offer for sale by any of the existing shareholders.

The Objects of the Issue

The objects of this issue are to part finance our expansion plan of enhancing the capacity at our existing facility at Khopoli and setting up of two new facilities near New Delhi and Raipur respectively and achieve the benefits of listing on the stock exchanges. We believe that listing on stock exchanges will increase our corporate image and brand value.

We intend to deploy the proceeds of the issue as under:

1. To part finance the cost of enhancing the capacity at our existing facility at Khopoli, district Raigad, Maharashtra and the cost of setting up of new facilities near New Delhi and Raipur;
2. To meet the pre-operative expenses including Issue expenses;
3. To meet margin money requirements of working capital; and
4. To meet general corporate purposes

The main objects clause and objects incidental or ancillary to the main objects clause of the Memorandum of Association enables our Company to undertake the existing activities and the activities for which the funds are being raised by our Company, through this Issue.

The Proceeds of the Issue

Particulars	Estimated Amount (in Rs. Lacs)
Gross Proceeds of the Issue	4131
Issue related expenses	450
Net Proceeds of the Issue	3681

The estimated fund requirements for the Project and other purposes:

The activity wise breakup of project cost is as follows:

Particulars	Amount (Rs. in Lacs)	
		Total Cost
Enhancement of capacity at Khopoli and setting up of new facilities near New Delhi and Raipur		
Khopoli	1013	
New Delhi	1662	
Raipur	1587	4262
Pre-Operative Expenses Including Issue Expenses		826
Margin Money Requirements of Working Capital		1033
Total Project Cost		6121
General corporate purposes		131
Total		6252

The Proposed Means of Finance

Particulars	Amount (in Rs. Lacs)
Proceeds of the issue	4131.00
Term Loans	1509.57
Internal Accrual	611.43
Total	6252.00

Term Loans:

Union Bank of India has sanctioned term loans of Rs. 1509.57 lacs vide its sanction letter no. BBZ/ADV /2082/ 2010 dated November 12, 2010.

Details of Term Loans

Name of the Lender	Union Bank of India
Amount of Loan	1509.57 lacs bifurcated into - Term loan I of Rs.1059.57 lacs - Term loan II of Rs.450 lacs
Purpose	To finance the enhancement of capacity at Khopoli & to finance setting up of new facilities near New Delhi &Raipur
Rate of interest	14.50%
Period	60 months - For Term loan I of Rs.1059.57 lacs period commencing from July 2011 - For Term loan II of Rs.450 lacs period commencing from October 2011
Repayment	- 3 months of moratorium period for Term loan I - 6 months of moratorium period for Term loan II
Primary Security	1) Charges on the plants & machineries to be created out of the Term loan 2) Charge on current assets of our Company
Collateral Security	1) Extension of Equitable mortgage of the Existing Land & building at Village Vanwathe, Khopoli, Taluka, Khalapur, Dist Raigad, Maharashtra 2) Addl-collateral industrial land at Survey No.22 adms.0.16 hector& Survey situated at Village Vanvathe Khopoli worth Rs. 110.00 lacs.
Personal Guarantee	Mr. Anil Agrawal Mrs. Krishna Devi Agrawal

Limit to be released only after:

- Obtaining proper, valid security documents duly signed by the authorised signatories
- Creation of equitable mortgage of property (s) offered as prime /collateral security
- Acceptance of terms of sanction of credit facilities
- The dividend payment to be made by the company only after meeting the repayment obligations of the bank. An undertaking to be obtained from the borrower to that effect.
- The collateral coverage should not be less than 30% of the total credit exposure.
- Building Plan for expansion of existing Khopoli centre is yet to be approved by the local authority.
- To ensure that all the statutory approvals for expansion project at Khopoli, New Delhi and Raipur to be obtained before disbursement of the enhanced limits.
- Term Loan to be disbursed only after successful launching of Public Issue and the funds are brought in the project. The certificate to that effect to be obtained from CA.

Internal Accrual

The proposed expansion project will be partly funded by internal cash accruals of our Company. Out of the total amount of internal accruals estimated as means of finance for the Proposed Project i.e. Rs. 611.43 lacs we have already invested Rs.48.12 lacs from our internal accruals till date. We also have Rs. 120.25 lacs in share premium account as on date forming part of the internal accruals. Remaining amount of Rs 463.65 lacs will be apportioned from the future cash accruals generated from the existing activity of our Company.

Schedule of Deployment of funds for Proposed Project

Particulars	Amt.(Rs. In Lacs)			
	Funds already deployed	Funds to be deployed in FY 2010-2011	Funds deployment in FY 2011-2012	Total
Enhancement of capacity at Khopoli	34.03	250	728.97	1013
Setting up of facilities near New Delhi and Raipur	NIL	NIL	3249	3249
Margin Money Required for Working Capital	NIL	NIL	1033	1033
Pre-operative expenses including Issue Expenses	14.09	467.91	344	826
General Corporate Purposes	NIL	75	56	131
Total	48.12	792.91	5410.97	6252

Sources of funds already deployed

Particulars	Amount (in Rs. Lacs)
Internal Accruals	48.12

M/s Dass Maulik Mahendra K Agrawala & Co, Chartered Accountants (Firm Registration No. 302014E) have certified vide their certificate dated November 19, 2010, the amount deployed by our Company as on the date of the certificate towards the objects of the issue and its sources, as appearing hereinabove.

Details of the cost of project

Enhancement of capacity at Khopoli (Khopoli Project)

Project description

Our existing steel processing facility is situated at village Vanwathe, Khopoli-Pen Road, Taluka- Khalapur, District Raigad, Maharashtra bearing Survey No: 20/1,23/1,25/1A,25/2,25/3,29/2, 41 admeasuring 17321 square meters and Survey No 22/0 &23/2 admeasuring 0-36-3 hectares.(3630 Sq meters)

The project is to enhance the capacity of the existing facility of 27,000 MTPA to process additional 63,000 MTPA of steel. With this proposed enhancement of the capacity of the facility, we want to capitalize on the growth opportunities of our products in construction & infrastructure sectors. The facility post enhancement will have a total capacity of 90,000 MTPA. It will enable us to cater to increasing demand of ready to use steel products in parts of western India. We planned our expansion based on the experience of running an existing Plant, and based on our expectation of demand for ready to use steel products and proposed infrastructure and other construction projects planned in Mumbai and adjoining areas in western India.

The summary of cost of the Khopoli Project is as under

Particulars	Total Cost (Rs. in Lacs)
Land Development	25
Factory Shed	140
Plant and Machinery (Imported and Indigenous)	777
Electrical Installation	37
Miscellaneous Assets	34
Total Capital Cost (Hard Cost)	1013

Land

The Khopoli Project is proposed to be set up at Khopoli on the land already available with us at the same site where our existing facility with capacity of 27,000MTPA is presently operational. The estimated cost of land development for Khopoli Project is Rs. 25.00 lacs for Khopoli plant.

Factory Shed

It is proposed to construct a structural shed with RCC foundation. The estimates of cost are given below:

Particulars	Details
Area of Construction	20,000 sq. ft.
Cost of Construction	Rs. 700 / sq. ft.
Total estimated construction cost	Rs. 140 lacs

Plant & Machinery

Details of Machineries proposed to be installed at Khopoli facility are given below:

Amount (Rs. Lacs)					
Sr. No.	Details of machinery and potential suppliers	Rate per Unit	Qty. (in nos.)	Amount	Date
	Imported Machinery:				
1.	Cutting machine from M/s Stema Engineering A/S, Germany - Stema Pedax - Simplex 45HV Single Shear, as per quotation no. SP/IND/RMS/NR/Q1	13.12	08	104.96	11/10/2010
2.	Automatic Stirrup Bender from M/s EVG Austria - POLYBEND PBC 2-16 - mm6X2 - mm12X2 - mm16X1 - as per quotation no. A121577	144.78	01	144.78	12/10/2010
3.	Bending benches from M/s EVG Austria - RAC/1 - 1 BENCH - as per quotation no. A121577	14.92	07	104.19	12/10/2010
4.	Dual Bender - Double pending line DBS from M/s EVG Austria - mm8X10 - mm50X1 - as per quotation no. A121563	116.25	01	116.05	12/10/2010
5.	Spiral - DBS-N Positive Negative Bending - from M/s EVG Austria - mm 6 - mm 40 - as per quotation no. A121563	11.64	01	11.64	12/10/2010
6.	Auto Shear line - Polybar 40 V - from M/s EVG Austria - 12M - as per quotation no. A121566	132.28	01	132.38	12/10/2010
	Total cost of imported plant &			615.00	

Sr. No.	Details of machinery and potential suppliers	Rate per Unit	Qty. (in nos.)	Amount	Date
	machinery				
	Indigenous Machinery:				
1.	Conveyors - 14 roller 628 kgs - from M/s Mohdaf, sakinaka, Mumbai - 20 m - as per quotation no. 199	10.32	09	92.88	6/10/2010
2.	Forklift - AF50 D - from M/s Action Construction Equipments Ltd., Mumbai - 5 tons X 3.0m - as per quotation no. ACE/M/1905/2010-11/KH	13.02	01	13.02	12/10/2010
3.	EOT Crane - Double girder EOT crane - 5MT - from M/s Sumo Material Handling Systems & Services, Ahmedabad - as per quotation no. SM/RSIL/10-11/1561	16.88	01	16.88	09/10/2010
4.	Hydraulic Mobile Crane - ACE 14XW - from M/s Action Construction Equipments Ltd., - 14 MT - Mumbai as per quotation no. ACE/M/1912/2010/KH	11.42	01	11.22	12/09/2010
5.	Other Misc. Machines such as grinding wheels, portable tools, jigs, fixtures, dyes, tools, etc. to be purchased across the counter from its respective dealers.	-	-	28.00	
	Total cost of indigenous plant & machinery			162.00	
	Total Plant & Machinery			777.00	

Electrical Installation

Sr. No.	Details of installation and potential suppliers	Rate per Unit	Qty. (in nos.)	Amount	Date of Quotation
1.	Cables & wiring from M/s Shivam Electricals, Bhiwandi, Thane as per quotation no. SE/418/2010-11 -	-	-	10.00	12/10/2010
2.	Tube lights/halogens with fittings	-	-	4.00	
3.	Deposit for power connection	-	-	8.00	
4.	Transformer 650KVA	7.50	01	7.50	
5.	Control panels from M/s Shivam Electricals, Bhiwandi, Thane as per quotation no. SE/418/2010-11 -	-	-	7.50	12/10/2010
	Total cost of Electricals & Electrical Installations			37.00	

Miscellaneous Assets

Sr. No.	Details of installation and potential suppliers	Rate per Unit	Qty. (in nos.)	Amount	Date
1.	Computers, printers & softwares from M/s S D Computrinix, Mumbai as per quotation no. QT 12623	-	-	16.00	09-10-2010
2.	Furniture & fixtures	-	-	5.33	
3.	Tata Vehicles - Model LPT 809 - M/s Bafna motors, Bhiwandi, Thane as per quotation no. nil	8.31	01	8.31	09/10/2010
4.	Other Misc. Assets	-	-	4.36	

Sr. No.	Details of installation and potential suppliers	Rate per Unit	Qty. (in nos.)	Amount	Date
	Total cost of Miscellaneous assets			34.00	

Setting up of new facility near New Delhi and Raipur (New Delhi and Raipur Projects)

Project description

We propose to set up new facilities near New Delhi and Raipur with steel processing capacity of 50,000 MTPA each. We planned our expansion in these areas primarily to cater to our existing customers present in these areas, to broad base our service regions, and based on our expectation of demand for ready to use steel products and proposed infrastructure and other construction projects planned in NCR and near Raipur. As the proposed facilities near New Delhi and Raipur are of same capacity, the cost and other estimates are estimated to remain same except the cost of land.

The summary of cost of the project is as under:

Amt. (Rs. In

Lacs)

Particulars	Facility near New Delhi	Facility near Raipur
Land	425	350
Factory Shed	340	340
Plant and Machinery (Imported and Indigenous)	826	826
Electrical Installation	37	37
Miscellaneous Assets	34	34
Total Capital Cost (Hard Cost)	1662	1587

Land

The following are the details of the estimates of cost of land and land development expenses for the New Delhi and Raipur Project:

(Rs. in lacs)

Sr. No.	Particulars	Facility near New Delhi	Facility near Raipur
1	Land Area (Acres)	5	5
2	Price (per Acre)	75	60
3	Total Cost of land	375	300
4	Land Development Cost	50	50
	Total	425	350

Factory Shed

Estimated cost of building and civil works includes foundation for building, equipment masonry, common facilities and reinforced concrete for building, trenches, structural steelworks required to construct the shed, cost of civil and structural engineering, designing and consultancy. The total amount estimated to be spent for each facility is Rs. 340 lacs.

We propose to erect factory shed for the proposed facilities as per the details given below:

Sr. No.	Particulars	Facility near New Delhi	Facility near New Delhi
	Factory Shed (Structural Shed with RCC Foundation)		
A	Area of Construction (in Sq. ft)	40,000	40,000
B	Cost of Construction (in Rs. Per Sq. ft)	850	850
C	Total Cost of Construction (Rs. in lacs)	340.00	340
	Total (Rs. In lacs)	340	340

Plant & Machinery

We propose to have similar set up of infrastructure and plant and machinery for both the new centres proposed near New Delhi and Raipur, as per the following details:

Amt. (Rs. In Lacs)

Sr. No.	Details of machinery and potential suppliers	Rate per Unit	Facility near New Delhi Qty. (No.s)	Facility near Raipur Qty. (No.s)	Facility near New Delhi	Facility near Raipur
	Imported Machinery:					
1.	Cutting machine from M/s Stema Engineering A/S, Germany - Stema Pedax - Simplex 45HV Single Shear, as per quotation no. SP/IND/RMS/NR/Q1 dated: 11/10/2010	13.12	10	10	131.20	131.20
2.	Automatic Stirrup Bender from M/s EVG Austria - POLYBEND PBC 2-16 - mm6X2 - mm12X2 - mm16X1 - as per quotation no. A121577 dated: 12/10/2010	144.78	01	01	144.78	144.78
3.	Bending benches from M/s EVG Austria - RAC/1 - 1 BENCH - as per quotation no. A121577 dated: 12/10/2010	14.92	05	05	74.60	74.60
4.	Dual Bender - Double pending line DBS from M/s EVG Austria - mm8X10 - mm50X1 - as per quotation no. A121563 dated: 12/10/2010	116.25	01	01	116.25	116.25
5.	Spiral - DBS-N Positive Negative Bending - from M/s EVG Austria - mm 6 - mm 40 - as per quotation no. A121563 dated: 12/10/2010	11.64	01	01	11.64	11.64
6.	Auto Shear line - Polybar 40 V - from M/s EVG Austria - 12M - as per quotation no. A121566 dated: 12/10/2010	132.28	01	01	132.38	132.38
	Total cost of imported plant & machinery				610.85	610.85
	Indigenous Machinery:					

Sr. No.	Details of machinery and potential suppliers	Rate per Unit	Facility near New Delhi Qty. (No.s)	Facility near Raipur Qty. (No.s)	Facility near New Delhi	Facility near Raipur
1.	Conveyors - 14 roller 628 kgs - from M/s Mohdaf, sakinaka, Mumbai - 20 m - as per quotation no. 199 dated: 6/10/2010	10.32	13	13	134.16	134.16
2.	Forklift - AF50 D - from M/s Action Construction Equipments Ltd., Mumbai - 5 tons X 3.0m - as per quotation no. ACE/M/1905/2010-11/KH dated: 12/10/2010	13.02	01	01	13.45	13.45
3.	EOT Crane - Double girder EOT crane - 5MT - from M/s Sumo Material Handling Systems & Services, Ahmedabad - as per quotation no. SM/RSIL/10-11/1561 dated: 09/10/2010	16.88	01	01	16.88	16.88
4.	Hydraulic Mobile Crane - ACE 14XW - from M/s Action Construction Equipments Ltd., - 14 MT - Mumbai as per quotation no. ACE/M/1912/2010/KH dated: 12/09/2010	11.42	01	01	11.42	11.42
5.	Electronic Weighbridge (80 MTs capacity) from M/s Precision Weighing Systems, Pune - as per quotation no. nil -dated:01/10/2010	8.24	-	-	8.24	8.24
6.	Other Misc. Machines such as grinding wheels, portable tools, jigs, fixtures, dyes, tools, etc. to be purchased across the counter from its respective dealers.	-	-	-	31.00	31.00
	Total cost of indigenous plant & machinery				215.15	215.15
	Total cost of all machinery & equipments mentioned above				827.00	827.00

Electricals & Electrical Installations:

Sr. No.	Details of installation and potential suppliers	Rate per Unit (in Rs)	Facility near New Delhi Qty. (No.s)	Facility near Raipur Qty. (No.s)	Facility near New Delhi	Facility near Raipur
1.	Cables & wiring from M/s Shivam Electricals, Bhiwandi, Thane as per quotation no. SE/418/2010-11 – dated:12/10/2010	-	-	-	10.00	10.00
2.	Tube lights/halogens with fittings	-	-	-	4.00	4.00
3.	Deposit for power connection	-	-	-	8.00	8.00
4.	Transformer 650KVA	7.50	01	01	7.50	7.50
5.	Control panels from M/s Shivam Electricals, Bhiwandi, Thane as per quotation no. SE/418/2010-11 – dated:12/10/2010	-	-	-	7.50	7.50
	Total cost of Electricals & Electrical Installations				37.00	37.00

Miscellaneous Assets

S.No.	Details of machinery and potential suppliers	Rate per Unit (in Rs)	Facility near New Delhi Qty. (No.s)	Facility near Raipur Qty. (No.s)	Facility near New Delhi	Facility near Raipur
1.	Computers, printers & software from M/s S D Computrinix, Mumbai as per quotation no. QT 12623 dated: 09-10-2010	-	-		16.00	16.00
2.	Furniture & fixtures	-	-		5.33	5.33
3.	Tata Vehicles – Model LPT 809 - M/s Bafna motors, Bhiwandi, Thane as per quotation no. nil dated: 09/10/2010	8.31	01		8.31	8.31
4.	Other Misc. Assets	-	-		4.36	4.36
	Total cost of Miscellaneous assets				34.00	34.00

Contingencies

The contingencies have been estimated at the rate of 5% of the total capital cost (hard cost) including land, land development, civil construction and plant and machineries costs to cover upward increase in cost, if any, or any additional machineries, tools, etc. which may be required. Accordingly, the contingencies are worked out as per details given below.

Preliminary and Pre-operative expenses mainly includes the expenses establishment expenses, travelling & conveyance, upfront fee on loans and other miscellaneous expenses, interest during the construction period. The same are estimated at 5% of the hard cost of new facilities near New Delhi and Raipur

Amt. (Rs. In lacs)

Sr. No.	Particulars	Khopoli Project	Facility near New Delhi	Facility near Raipur	Total
	Hard cost of the Project	1013	1662	1587	
A	Contingencies @ 5%	51	83	80*	214
B	Pre-operative expenses		83	79*	162
C	IPO Expenses				450
	Total	51	166	159	826

* Rounding off adjustment

Margin for working capital requirements

The proceeds of the Issue are to be deployed only towards margin for working capital requirements and not towards long term working capital requirement. The requirement of margin money for working capital has been appraised by the Appraising entity based on the assessed levels of future operations.

Amt. (Rs. In lacs)

Sr. No.	Particulars	Khopoli Project	Facilities near New Delhi and Raipur	Total
1.	Margin money for working Capital	350	683	1033

General Corporate Purposes

Our Company at the discretion of our management intends to deploy Rs.131 Lacs towards general corporate purposes including, but not limited to, strategic initiatives, brand building exercises and strengthening of our marketing capabilities.

Schedule of implementation

The schedule of implementation of project is as follows:

Sr. No.	Particulars	Expansion at the existing Khopoli	New centre near New Delhi	New centre near Raipur
1	Land Acquisition	Available	Apr-11	Apr-11
2	Land Development	Jan-11	Jun-11	Jun-11
3	Construction of Factory Shed	January-February 2011	August-September 2011	August-September 2011
4	Construction of Office Building	Available	August-September 2011	August-September 2011
5	Placing Order for Machinery	Jan-11	Sep-11	Sep-11
6	Application for power / additional Power	Feb-11	Oct-11	Oct-11
7	Consent of State PCB	Feb-11	Oct-11	Oct-11
8	Procurement of Machines & Other Installation	Mar-11	Nov-11	Nov-11
9	Power sanction & connection	Apr-11	Dec-11	Dec-11
10	Installation of Machineries	May-June 2011	Dec-11	Dec-11
11	Commercial Production	Jul-11	Jan-12	Jan-12

Appraisal

The project cost of Rs. 6121 lacs has been appraised by Union Bank of India on November 8, 2010. The scope of appraisal was to ascertain technical feasibility and economic viability of Company's plan for expansion of project at Khopoli, Maharashtra and setting up facilities near New Delhi and Raipur for producing ready to use steel.

The cost of the project and means of finance (excluding general corporate purposes) are as per the appraisal report.

Meeting the issue expenses

The expenses for this Issue includes lead management fees, underwriting and selling commission, printing, stationery and distribution expenses, legal fees, advertisement expenses, registrar fees, depository charges and listing fees to the Stock Exchanges, among others. The total expenses for this Issue are estimated to be approximately Rs.450 lacs which are 10.89% of the Issue size.

All the Issue related expenses are proposed to be met out of the proceeds of the Issue and the break-up of the same is as follows:

Activity	Expense (In Rs. Lacs)	Expense (% of total expenses)	Expense (% of issue size)
Lead Management fee and underwriting and selling commissions	[●]	[●]	[●]
SCSB's commission	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Printing and stationery	[●]	[●]	[●]
Registrar's fees, legal counsel, IPO grading	[●]	[●]	[●]
Others	[●]	[●]	[●]
Total estimated expenses	450	100%	

Interim use of proceeds

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the net proceeds received by our Company from the Issue. Pending utilization for the purposes described above, we intend to invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, inter-corporate deposits, and deposit with banks for necessary duration or reducing the working capital / term borrowings from banks and financial institutions.

Monitoring of utilizing of funds

As the issue size is less than Rs. 500 Crores, appointment of monitoring agency is not mandatory as per the provisions of clause 16 of SEBI (ICDR) Regulations. The Board of Directors of our company will monitor the utilization the proceeds of the issue through its Audit Committee comprising of non executive and independent directors who have been entrusted with the responsibility of monitoring the use of issue proceeds. Our Company will disclose the utilization of the proceeds of the issue under a separate head in the Balance Sheet clearly specifying the purpose for which such proceeds have been utilized. It shall also, in its Balance Sheet, provide details, if any, in relation to all such proceeds have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.



Readymade Steel India Limited

We confirm that we have made firm arrangements of finance through verifiable means towards 75% of the stated means of finance excluding the amount to be raised through the present issue and internal accruals.

No part of the issue proceeds will be paid by us as consideration to the Promoters, Directors, key management personnel or companies promoted by the Promoters except in the normal course of business.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the BRLMs on the basis of assessment of market demand for the offered Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs. 10 and the Issue Price is [•] times the face value at the lower end of the Price Band and [•] times the face value at the higher end of the Price Band. Investors should also refer to the section “Risk Factors” on page xiii and “Financial Information” on page 116 to get more informed view before making an investment decision.

Qualitative factors

Brief qualitative factors that form the basis for computing the issue price are as follows:

- We have ‘early mover advantage’ as one of the pioneers in the concept of “Readymade Steel”.
- Our business caters to the fast-growing infrastructure sector which is witnessing large investments in India.
- Well established clientele which includes large infrastructure developers and contractors.
- Our facilities are equipped with modern technology ensuring operational efficiencies.
- High Capacity utilisation and strong order book justifies proposed expansion.
- With the successful implementation of Proposed Project, we will be in a position to cater to the needs of Northern and Central India, in addition to Western India.
- The Proposed Project is appraised and part-financed by Union Bank of India.

Quantitative Factors

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

1. Earning per share (Basic & diluted EPS)

Year	Basic EPS (Rs.)	Weights	Diluted EPS (Rs.)	Weights
31-Mar-08	0.76	1	-	-
31-Mar-09	0.44	2	-	-
31-Mar-10	0.99	3	-	-
Weighted Average	0.77			

2. Price/ Earning ratio (P/E) in relation to issue price of Rs. [•]

Particulars	P/E at the Floor Price of Rs. [•]	P/E at the Cap Price of Rs. [•]
Based on restated EPS for FY ended March 31, 2010	[•]	[•]
Based on restated EPS for period ended September 30, 2010 (not annualized)	[•]	[•]

Industry P/E

Particulars	Industry P/E
Highest	NA
Lowest	NA
Average	NA

Note: As the industry segment in which we operate is in nascent stages, there are no listed companies which are strictly comparable to us.

3. Return on Net Worth (RoNW)

Year	RoNW (%)	Weights
31-Mar-08	7.38	1
31-Mar-09	4.07	2
31-Mar-10	5.14	3
Weighted Average	5.16	

Minimum return on total Net worth after Issue needed to maintain pre-issue EPS at Rs. [●] is [●] %.

4. Net Asset Value (NAV) per share

Particulars	NAV (Rs.)
As at March 31 st , 2010	10.96
After Issue at issue price (floor Price)	[●]
After Issue at issue price (Cap Price)	[●]
Issue Price per Equity Share	[●]

Comparison of accounting ratios with peer group for year 2010

Our Company is primarily in the business of providing ready to use steel for construction activities to the infrastructure industry. As the industry segment in which we operate is in nascent stages, there are no strictly comparable listed companies having the same business.

Issue Price of Rs. [●] 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 of Rs. [●] is determined by our company in consultation with the BRLM on the basis of demand from investors for the equity shares through the Book Building process and is justified in view of the above qualitative and quantitative parameters. Prospective investors should also review the entire DRHP, including, in particular the sections titled "Risk Factors", "Business Overview" and "Financial Information" appearing on page nos. xiii, 72 and 116 respectively to have a more informed view.

STATEMENT OF TAX BENEFITS

To,
The Board of Directors,
Readymade Steel India Limited
101-102, Shreya House
Pereira Hill Road,
Andheri (E)
Mumbai – 400099

Dear Sir,

We hereby report that the attached Annexure states the possible tax benefits available to M/s. Readymade Steel India Limited (“*our Company*”) and to the equity shareholders of our Company under the provisions of the Income Tax Act, 1961 and Wealth Tax Act, 1957 presently in force in India, subject to the fact that several of these benefits are dependent on our Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of our Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, our Company may or may not choose to fulfill.

The benefits discussed in the Annexure 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 their participation in the proposed issue.

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

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

The contents of this Annexure are based on the information, explanations and representations obtained from our Company and on the basis of our understanding of the business activities and operations of our Company and interpretations of the stated current tax laws.

This report is intended solely for your information and for the inclusion in the offer Document in connection with the proposed Initial Public Offer of our Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

***For Dass Maulik Mahendra K Agrawala & Co
Chartered Accountants***

***CA Narendra Khandal
Partner
Membership No.065025
Place: Mumbai
Date: 17/11/2010***

The information provided below sets out the possible tax benefits available to our Company and the Equity Shareholders 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, under the current tax laws presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Equity Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.

1. SPECIAL TAX BENEFITS AVAILABLE TO OUR COMPANY

In our opinion, there are no special tax benefits available to our Company or its shareholders.

2. GENERAL TAX BENEFITS TO OUR COMPANY AND ITS SHARE HOLDERS

(these benefits are available to all companies or to the shareholders of any company, after fulfilling certain conditions as required in the respective Act)

a) Dividend income

Dividend income, if any, received by our Company from investment in shares of another domestic company will be exempt from tax under Section 10(34) read with Section 115O of the Income Tax Act (*IT Act*). Similarly, income, if any, received on units of a Mutual Funds specified under Section 10(23D) of the IT Act will also be exempt from tax under Section 10(35) of the IT Act.

However, no deduction is permitted in respect of expenditure incurred in relation to income which is not chargeable to tax. The expenditure relating to exempt income need to be determined in accordance with the provisions specified in Section 14A of the IT Act read with Rule 8D of the Income Tax Rules, 1962. Further, Section 94 of the IT Act provides that losses arising from the sale or transfer of shares / units purchased within a period of three months prior to the record date and sold or transferred within three months (9 months in the case of units) after such date, will be disallowed to the extent dividend income on such shares/income on such units is claimed as tax exempt.

Under section 115O of the IT Act, in addition to the income-tax chargeable in respect of the total income of a domestic company for any Financial Year (FY), any amount declared, distributed or paid by such Company by way of dividends (whether interim or otherwise), whether out of current or accumulated profits, shall be charged to additional income-tax called as Dividend Distribution tax at the rate 16.60875 per cent (tax rate of 15 per cent plus surcharge of 7.5 per cent and education cess of 3 per cent).

Under Section 32(1) of the IT Act, our Company can claim depreciation at the prescribed rates on its fixed assets. Further, as per Section 32(2) of the IT Act, in case where the profit for the year are inadequate so as to absorb the depreciation, in full or partly, then so much of the depreciation as is unabsorbed in that year shall be claimed in the subsequent financial year(s), subject to the provisions of Section 72(2).

b) Computation of capital gains

Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. Shares in a Company, listed securities or units will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as —long term capital gains. Capital gains arising on sale of these assets held for 12 months or less are considered as —short term capital gains.

As per Section 48 the amount of capital gain chargeable to tax shall be the difference between the Sales Consideration less the expenses incurred for the transfer and less the cost of acquisition or in case of a long term asset the indexed cost of acquisition.

According to Section 10(38) of the IT Act, long-term capital gains on sale of equity shares or units of an equity-oriented fund where the transaction of sale is chargeable to Securities Transaction Tax (“STT”) and thereby STT has been paid on the same shall be exempt from tax.

As per the provisions of Section 112 of the IT Act, long term gains as computed above that are not exempt under Section 10(38) of the IT Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

According to the provisions of Section 54EC of the IT Act and subject to the conditions specified therein, capital gains not exempt under Section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within 6 months from the date of transfer. The investment made in such bonds during any FY cannot exceed Rupees 50 lakhs. However, if the said bonds are transferred or converted into money within a period of 3 years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

As per the provisions of Section 111A of the IT Act, short-term capital gains on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess). Short-term capital gains arising from transfer of shares in our Company, other than those covered by Section 111A of the IT Act, would be subject to tax under the normal provisions of the IT Act.

As per the Minimum Alternate Tax (MAT) provisions governed by Section 115JB of the IT Act, capital gains (short term and long term) realized on sale of securities of our Company (irrespective of whether the securities are listed on a recognized stock exchange in India) forming part of the “book profit” will be taxed at the rate of 15 per cent (plus applicable surcharge and education cess).

c) Credit for Minimum Alternate Taxes (“MAT”)

Under section 115JAA(2A) of the IT Act tax credit shall be allowed in respect of MAT paid under section 115JB of the IT Act for any FY commencing on or after April 1, 2005. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the IT Act. Such MAT credit shall not be available for set-off beyond 10 years immediately succeeding the year in which the MAT credit initially arose, subject to the last assessment year till which such credit is allowable under the IT Act.

Under Section 72(1) of the IT Act, where for any FY, the net result of the computation under the head —Profits and Gains of Business or Profession is a loss to our Company (not being a loss sustained in a speculation business), then to the extent to which such loss cannot be set off against income from any other head of income for the same year, it shall be eligible to be carried forward and available for set off only against income from business under head — Profits and Gains of Business or Profession, for 8 subsequent years, subject to the filing of the returns within the time prescribed under section 139(1).

GENERAL BENEFITS AVAILABLE TO SHAREHOLDERS

3. BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS

3.1 Dividends exempt under Section 10(34)

Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of our Company is exempt from income tax in the hands of shareholders. However, our Company will be liable to pay DDT at 16.60875 per cent (tax rate of 15 per cent plus surcharge of 7.5 per cent and education cess of 3 per cent) on the total amount distributed as dividends. As a result, no taxability arises in the hands of the shareholders in respect of dividends received from the Indian Company.

Further, Section 94(7) of the IT Act provides that losses arising from the sale or transfer of Equity Shares purchased within a period of three months prior to the record date and sold or transferred within three months after such date, will be ignored to the extent dividend income on Equity Shares is claimed as tax exempt. Record date for this purposes means the date fixed by our Company for the purposes of entitlement of the holder of the securities to receive dividend.

2.2 Computation of capital gains

Capital assets may be categorized into short term capital assets and long term capital assets, based on the period of holding. Equity Shares held in our Company will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of such assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of said assets held for 12 months or less are considered as "short term capital gains".

Under section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, as per second proviso to section 48 of the IT Act, in respect of long term capital gains (i.e. shares held for a period exceeding 12 months) from transfer of shares of Indian Company, it permits substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed from time to time.

Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and STT has been paid on the same.

Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, taxable long-term capital gains arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the long term specified bonds issued by:

- (a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
- (b) Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within 3 years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion. The cost of the long term specified assets, which has been considered under this section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the IT Act for any FY beginning on or after April 1, 2005.

Under section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and STT has been paid on the same. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act. Further, in case of shareholder being a Company, profits on transfer of above referred short term capital assets (whether executed on stock exchange and STT paid on the same or otherwise) shall be taken into consideration in computing the —book profits|| for the purposes of computation of MAT under Section 115 JB of the IT Act.

Business Profits

Where the Equity Shares form part of stock-in-trade, any income realized from disposition of the Equity Shares will be chargeable under the head —Profit and gains of business or profession as per the provisions of the IT Act.

Please note that the characterization of the gains/losses, arising from sale of Equity Shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various factors connected with the facts of the same.

As per Section 36(xv) of the IT Act, an amount equal to the STT paid by the assessee in respect of the taxable securities transactions entered into in the course of his business during the FY will be allowable as deduction, if the income arising from such taxable securities transactions is included in the income computed under the head —Profits and gains of business or profession.

3. Benefits available to non-residents/ non-resident Indian shareholders

3.1 Dividends exempt under Section 10(34)

Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders. However, the Company will be liable to pay DDT at 16.60875 per cent (tax rate of 15 per cent plus surcharge of 7.5 per cent and education cess of 3 per cent) on the total amount distributed as dividends. As a result, no taxability arises in the hands of the shareholders in respect of dividends received from the Indian Company.

No deduction is permitted in respect of expenditure incurred by any person in relation to income which is not chargeable to tax. The expenditure relatable to —exempt income|| need to be determined in accordance with the provisions specified in Section 14A of the IT Act read with Rule 8D of the Rules.

Further, Section 94(7) of the IT Act provides that losses arising from the sale or transfer of Equity Shares purchased within a period of three months prior to the record date and sold or transferred within three months after such date, will be ignored to the extent dividend income on Equity Shares is claimed as tax exempt.. Record date for this purposes means the date fixed by the Company for the purposes of entitlement of the holder of the securities to receive dividend.

3.2 Computation of capital gains

Capital assets may be categorized into short term capital assets and long term capital assets, based on the period of holding. Equity Shares held in the Company will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of such assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of said assets held for 12 months or less are considered as "short term capital gains".

Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and STT has been paid on the same. However, in case of shareholder being a Company, profits on transfer of above referred long term capital asset shall not be reduced in computing the —book profits|| for the purposes of computation of MAT under Section 115 JB of the IT Act.

Under the first proviso to section 48 of the IT Act, in case of a non resident shareholder, in computing the capital gains arising from transfer of shares of the Company acquired in convertible foreign exchange (as per exchange control regulations) (in cases not covered by section 115E of the IT Act-discussed hereunder), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/ loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares.

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

Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

- (a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
- (b) Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within 3 years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

Under section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family (‘HUF’) on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and STT has been paid on the same. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the IT Act, would be

subject to tax as calculated under the normal provisions of the IT Act. Further, in case of shareholder being a company, profits on transfer of above referred short term capital assets (whether executed on stock exchange and STT paid on the same or otherwise) shall be taken into consideration in computing the —book profits|| for the purposes of computation of MAT under Section 115 JB of the IT Act.

As per Section 90(2) of the IT Act, provisions of the DTAA between India and the country of residence of the Non-Resident/ Non- Resident India would prevail over the provisions of the IT Act to the extent they are more beneficial to the Non-Resident/ Non-Resident India.

Business Profits

Where the Equity Shares form part of stock-in-trade, any income realized from disposition of the Equity Shares will be chargeable under the head —Profit and gains of business or profession|| as per the provisions of the IT Act.

Please note that the characterization of the gains/losses, arising from sale of Equity Shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various factors connected with the facts of the same.

As per Section 36(xv) of the IT Act, an amount equal to the STT paid by the assessee in respect of the taxable securities transactions entered into in the course of his business during the FY will be allowable as deduction, if the income arising from such taxable securities transactions is included in the income computed under the head —Profits and gains of business or profession.

As per Section 90(2) of the IT Act, provisions of the DTAA between India and the country of residence of the non-resident would prevail over the provisions of the IT Act, to the extent they are more beneficial to the non-resident.

3.3 Option of taxation under Chapter XII-A of the IT Act:

Where shares of the Company have been subscribed in convertible foreign exchange, Non-Resident Indians (i.e. an individual being a citizen of India or person of Indian origin who is not a resident) have the option of being governed by the provisions of Chapter XII-A of the IT Act, which inter alia entitles them to the following benefits:

Under section 115E, where the total income of a non-resident Indian includes any income from investment or income from long term capital gains of an asset other than a specified asset, such income shall be taxed at a concessional rate of 20 per cent (plus applicable surcharge and education cess). Also, where shares in the Company are subscribed for in convertible foreign exchange by a Non-Resident Indian, long term capital gains arising to the non-resident Indian shall be taxed at a concessional rate of 10 percent (plus applicable surcharge and education cess). The benefit of indexation of cost and the protection against risk of foreign exchange fluctuation would not be available.

Under provisions of section 115F of the IT Act, long term capital gains (in cases not covered under section 10(38) of the IT Act) arising to a non-resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange (in cases not covered under section 115E of the IT Act) shall be exempt from Income tax, if the net consideration is reinvested in specified assets, within 6 months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within 3 years from the date of their acquisition.

Under provisions of section 115G of the IT Act, it shall not be necessary for a Non-Resident Indian to furnish his return of income under section 139(1) if his income chargeable under the IT Act consists of only investment income or long term capital gains or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the IT Act.

The benefit conferred on a Non-resident Indian will be available even after he/she becomes a resident if declaration in writing is filed along with the return of income under section 139(1) of the IT Act, to the effect that the provisions of Chapter XII A shall continue to apply to him in respect of investment income derived from foreign exchange asset being debentures issued by/deposits with an Indian company which is not a private company, any security of the Central Government as defined in clause (2) of section 2 of the Public Debt Act, 1944 and such other assets as the Central Government may specify in this behalf by notification in the Official Gazette, vide section 115 H of the IT Act, until the transfer or conversion (otherwise than by transfer) into money of such assets.

Under section 115 I of the IT Act, a Non-Resident Indian, if he elects, by so declaring in the return of his income for that FY, not be governed by the above mentioned special provisions of chapter XII-A, then he will be entitle to compute his total income and pay tax in accordance with the other provisions of the IT Act.

4 BENEFITS AVAILABLE TO FIIs

4.1 Dividends exempt under Section 10(34)

Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders. However, the Company will be liable to pay DDT at 16.60875 per cent (tax rate of 15 per cent plus surcharge of 7.5 per cent and education cess of 3 per cent) on the total amount distributed as dividends. As a result, no taxability arises in the hands of the shareholders in respect of dividends received from the Indian Company.

No deduction is permitted in respect of expenditure incurred by any person in relation to income which is not chargeable to tax. The expenditure relatable to —exempt income|| need to be determined in accordance with the provisions specified in Section 14A of the IT Act read with Rule 8D of the Rules.

Further, Section 94(7) of the IT Act provides that losses arising from the sale or transfer of Equity Shares purchased within a period of three months prior to the record date and sold or transferred within three months after such date, will be ignored to the extent dividend income on Equity Shares is claimed as tax exempt. Record date for this purposes means the date fixed by the Company for the purposes of entitlement of the holder of the securities to receive dividend.

4.2 Taxability of capital gains

Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and STT has been paid on the same. However, in case of companies, long term capital gain so earned may be required to be taken into account in computing the book profit for the purpose of computation of MAT under Section 115JB of the IT Act.

Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the 61.

Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

- (a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
- (b) Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within 3 years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

Under section 115AD(1)(iii) of the IT Act income by way of long term capital gain arising from the transfer of shares (in cases not covered under section 10(38) of the IT Act) held in the company will be taxable @10 per cent (plus applicable surcharge and education cess). It is to be noted that the benefits of indexation and foreign currency fluctuations are not available to FIIs.

However, where the equity shares form a part of its stock-in-trade, any income realised in the disposition of such equity shares may be treated as business profits, taxable in accordance with the DTAA between India and the country of tax residence of the FII. The nature of the equity shares held by the FII is usually determined on the basis of the substantial nature of the transactions, the manner of maintaining books of account, the magnitude of purchases, sales and the ratio between purchases and sales and the holding etc. If the income realised from the disposition of equity shares is chargeable to tax in India as business income, FIIs could claim deduction with respect to STT paid on purchase/sale of equity shares while computing taxable income. Business profits may be subject to tax at the rate of 30 / 40 per cent (depending on the type of FII) plus applicable surcharge and education cess.

As per section 90(2) of the IT Act, provisions of the DTAA between India and the country of residence of the FII would prevail over the provisions of the IT Act to the extent they are more beneficial to the FII. Where FII treat the income realized from disposition of Equity Shares as business profits and it does not have permanent establishment in India, such income of FII may not be subject to tax in India.

4.3 Tax Deduction At Source

Generally, tax, surcharge and education cess on the capital gains, if any, are withheld at the source by the purchaser/person paying for the equity shares in accordance with the relevant provisions of the IT Act. However, no deduction of tax shall be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD of the IT Act payable to FIIs.

5 BENEFITS AVAILABLE TO MUTUAL FUNDS

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

6. STT

The exemption on long term capital gains and reduction of rate for short term capital gains would be applicable only if the sale / transfer of the equity shares take place on a recognised stock exchange in India. All transactions entered into on a recognised stock exchange in India will be subject to STT levied on the transaction value at the applicable rates. In case of purchase / sale of equity shares and units of an equity oriented mutual fund which is settled by way of actual delivery or transfer of the Equity Share/ unit, STT will be levied at the rate of 0.125 per cent on both the buyer and seller of the Equity Share/ unit. For sale of equity shares and units of an equity oriented mutual fund settled otherwise than by way actual delivery or transfer of the Equity Share/ unit, STT will be levied at the rate of 0.025 per cent on the seller of the Equity Share/ unit. The STT can be claimed as deduction while computing taxable business income as per the provisions of the IT Act, provided the gains on the transactions are offered to tax as business income and not as capital gains.

7. CAPITAL LOSS

In general terms, loss arising from a transfer of a capital asset in India can only be set off against capital gain. Since long-term capital gains on the sale of listed equity shares in respect of which STT has been paid is not liable to capital gains tax, it is doubtful whether any long-term capital loss arising on account of such sale would be allowed to be set off. A short term capital loss can be set off against capital gain whether short term or long-term. To the extent that the loss is not absorbed in the year of transfer, it may be carried forward for a period of 8 FY immediately succeeding the FY for which the loss was first determined and may be set off against the capital gains assessable for such subsequent FY. In order to set off a capital loss as above, the non-resident investor would be required to file appropriate and timely returns in India and undergo the usual assessment procedure.

8. DTAA BENEFITS

An investor has an option to be governed by the provisions of the IT Act or the provisions of DTAA that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

9 BENEFITS AVAILABLE UNDER THE WEALTH-TAX ACT, 1957

Assets 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.

10 BENEFITS AVAILABLE 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.

11 IMPLICATIONS OF GIFT UNDER THE IT ACT

As per Section 56(2)(vii) of the IT Act, any property (including Equity Shares of the Company) which is in nature of capital asset of the recipient, other than immovable property is received by an individual/ HUF:

a. without consideration, where the aggregate fair market value of such property exceeds Rupees 0.50 lakhs, then such aggregate fair market value; or

b. for a consideration which is less than the aggregate fair market value of such property by more than Rupees 0.50 lakhs, then such difference between the fair market value and the actual consideration received

would be taxable as income from other sources. However, this is not applicable where shares are received from certain specific persons (such as relatives etc.) and/ or in specified circumstances (on occasion of marriage etc.) as mentioned in Section 56(2)(vii) of the IT Act.

Notes:

- *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;*
- *The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws (i.e. Act as amended by the Finance Act 2010 and Wealth Tax Act, 1957) presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws;*
- *This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her or its own tax consultant with respect to the specific tax implications arising out of their participation in the issue;*

- *In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the DTAA, if any, between India and the country in which the non-resident has fiscal domicile; and*
- *The stated benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders.*
- *Please note that we have not considered the provisions of Draft Direct Taxes Code for the purpose of this Statement.*

SECTION VI - ABOUT US

INDUSTRY OVERVIEW

The information in this section has been extracted from various government publications and industry sources. Neither we nor any other person connected with the Issue have verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. The source of information in this section is mentioned at relevant places.

Global Economy

(Source : Second Quarter Monetary Policy Review: dated 2nd November , 2010 from www.rbi.org.in)

In its World Economic Outlook released in October 2010, the IMF revised upwards its forecast for global growth for 2010 from 4.6 per cent to 4.8 per cent. However, the estimate for the second half of the year is significantly lower than for the first. Moreover, the growth process remains uneven being driven largely by emerging and developing countries. In advanced economies, the recovery continues to be fragile as private demand has not picked up sufficiently to offset the waning fiscal stimulus.

The IMF has projected global growth to slow down from 4.8 per cent in 2010 to 4.2 per cent in 2011. Various indicators of economic activity in advanced economies point to deceleration of growth in the second half of 2010 which could persist through the first half of 2011. The room to provide additional fiscal stimulus to support the growth process remains constrained due to debt sustainability issues in some major advanced economies. Reflecting global linkages, the slowdown in the global recovery will have an adverse impact on growth in EMEs, including India, especially through the trade channel.

The Second Quarter Review is set in the context of a mixed backdrop of persistent sluggishness in advanced economies and positive signals from emerging market economies (EMEs). While recovery in advanced economies has slowed in the second half of 2010, EMEs continue to show strong growth.

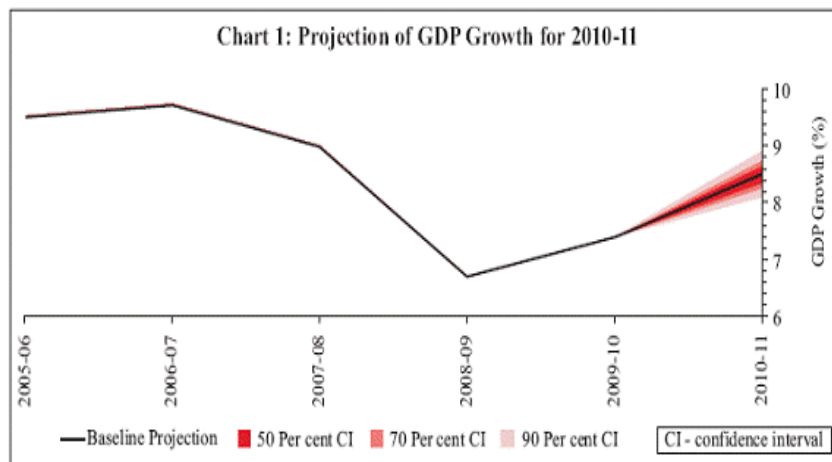
Indian Economy

India is the world's largest democracy by the population size, and one of the fastest growing economies in the world.

India's growth of 8.8 per cent in Q1 of 2010-11 suggests that the recovery set in the second half of 2009-10 is consolidating. The normal South-West monsoon and its delayed withdrawal have boosted the prospects of both kharif and rabi agricultural production.

Industrial growth has been robust, although apparently with a significant increase in volatility. The year-on-year increase in the index of industrial production (IIP) varied in a range of 5.6 to 15.2 per cent during April–August 2010, with an average of 10.6 per cent. Industrial growth was high in the capital goods, consumer durables and intermediate goods sectors. While the volatility raises concerns about a deceleration, other indicators of economic activity suggest continuing momentum.

Taking into account the good performance of the agriculture sector, and a range of indicators of industrial production and service sector activity amidst the prevailing global macroeconomic scenario, the baseline projection of real GDP growth for 2010-11, for policy purposes, is retained at 8.5 per cent, as set out in the July 2010 review



The Reserve Bank's growth projection for 2010-11 is consistent with the median growth forecast from its professional forecasters' survey and other agencies.

The buoyancy in various service sectors witnessed in the second half of 2009-10, has continued this year as well. The latest quarterly industrial outlook survey conducted by the Reserve Bank indicates improvement in the overall business conditions. Other business conditions surveys also indicate a similar trend. While the Reserve Bank's survey on capacity utilisation indicates that there is a small decline in utilisation at the aggregate level, several sectors appear to be facing capacity constraints, resulting in increased imports.

(Source: Mid-Quarter Monetary Policy Review: September 2010 dated September 16, 2010 from www.rbi.org.in)

The Government of India's Eleventh Five Year Plan, which covers the period from 2007 to 2012, aims to achieve a sustainable growth rate of 9.0% with emphasis on a broad-based and inclusive approach that would improve the quality of life and reduce disparities across regions and communities.

(Source: Government of India, Eleventh Five Year Plan 2007–2012, Volume I)

Indian Steel Industry

(Source: Annual Report 2009-10, Ministry of Steel, Government of India)

At the time of independence in 1947, India had only three steel plants - the Tata Iron & Steel Company, the Indian Iron and Steel Company and Visveswaraya Iron & Steel Ltd and a few electric arc furnace-based plants. The period till 1947 thus witnessed a small but viable steel industry in the country, which operated with a capacity of about 1 million tonne and was completely in the private sector. From the fledgling one million tonne capacity status at the time of independence, India has now risen to be the 5th largest crude steel producer in the world and the largest producer of sponge iron. As per official estimates, the Iron and Steel Industry contributes around 2 per cent of the Gross Domestic Product (GDP) and its weight in the Index of Industrial Production (IIP) is 6.2 per cent. From a negligible global presence, the Indian steel industry is now globally acknowledged for its product quality. As it traversed its long history during the past 61 years, the Indian steel industry has responded to the challenges of the highs and lows of business cycles. The first major change came during the first three Five-Year Plans (1952-1970) when in line with the economic order of the day, the iron and steel industry was earmarked for state control. From the mid-50s to the early 1970s, the Government of India set up large integrated steel plants in the public sector at Bhili, Durgapur, Rourkela and Bokaro.

The National Steel Policy 2005 had projected consumption to grow at 7% based on a GDP growth rate of 7-7.5% and production of 110 million tonne by 2019-20. These estimates will be largely exceeded and it has

been assessed that, on a 'most likely scenario' basis, the crude steel production capacity in the country by the year 2011-12 will be nearly 124 million tone.

The table below shows the trend in production for sale, import, export and consumption of total finished steel (alloy +non-alloy) in the country:

Year	total finished steel (alloy +non-alloy) ('000 tonne)			
	Production for sale	Import	Export	Consumption
2004-05	43513	2293	4705	36377
2005-06	46566	4305	4801	41433
2006-07	52529	4927	5242	46783
2007-08	56075	7029	5077	52125
2008-09	57164	5841	4437	52351
Apr -Dec 2009-10	43849	5210	2099	40997

Global ranking of Indian steel

Global crude steel production reached 1220 million tonne in 2009, a decline of 8 per cent over 2008. China was the largest crude steel producer in the world with production reaching 567.8 million tonne, a growth of 13.5 per cent over 2008. India once again emerged as the fifth largest producer in 2009 and recorded a growth of 2.7 per cent as compared to 2008, the only other country in the top 10 bracket to register a positive growth during 2009. India also emerged as the largest sponge iron producing country in the world in 2009, a rank it has held on since 2002. If proposed expansions plans are implemented as per schedule, India may become the second largest crude steel producer in the world by 2015-16.

The Working Group on Steel Industry set up by the Planning Commission for the 11th Five-Year Plan (2007-12) had projected a total demand of 70.34 million tonne for finished steel and a total production of 80.23 million tonne of crude steel by the end of the 11th Plan, that is, 2011-12. Both the 11th Plan projections and the NSP targets are likely to be considerably surpassed.

Present growth scenario and future outlook

India was the fifth largest producer of crude steel in the world in 2009, based on rankings released by World Steel Association. Domestic crude steel production grew at a compounded annual growth rate of 8.6 per cent during 2004-05 to 2008-09. This growth was driven by both capacity expansion (from 47.99 million tonne in 2004-05 to 66.343 million tonne in 2008-09) and improved capacity utilisation. India, the world's largest producer of Direct Reduced Iron (DRI) or sponge iron, is also expected to maintain its lead in the near future. Sponge iron production grew at a CAGR of 11 per cent to reach a level of 21.09 million tonne in 2008-09 compared to 12.54 million tonne in 2004-05. India is expected to become the second largest producer of steel in the world by 2015-16, provided all requirements for fresh capacity creation are met.

Indian steel industry has just come out of the slowdown that affected its performance during 2008-09. Domestically, 2009 ended on a relatively better and encouraging note, with CSO reporting an overall improvement of economic situation through its GDP data, which showed a robust 7.9 per cent growth during July-September 2009-10. IIP too had registered a strong 7.6 per cent growth during April-November 2009-10, further bolstering the idea that the demand side is back on stable footing. For steel, this is of key importance and the growth rates registered for leading end-use segments like manufacturing, consumer durables, construction, the stable growth of the service sector and agriculture sector spell good news. April-December 2009 provisional data released by JPC indicates a 7.8 per cent rise in consumption of total finished steel. Globally also there are signs of improvement in economic conditions and firming up of demand and prices.

Construction Industry

(Source: Eleventh Five Year Plan 2007-12 Volume III)

The development of physical infrastructure in the country and, consequently, the construction sector has been in focus during the last decade. The increasing significance of construction activities in the growth of the economy was also evident during the course of implementation of the Tenth Plan with areas such as transportation, irrigation, housing, urban development, and civil aviation having received greater importance. It is well established that the influence of the construction industry spans across several sub-sectors of the economy as well as the infrastructure development, such as industrial and mining infrastructure, highways, roads, ports, railways, airports, power systems, irrigation and agriculture systems, telecommunication systems, hospitals, schools, townships, offices, houses and other buildings; urban infrastructure, including water supply, sewerage, and drainage, and rural infrastructure. Thus, it becomes the basic input for socio-economic development.

The contribution of construction to the GDP at factor cost in 2006–07 was Rs 196555 crore, registering an increase of 10.7% from the previous year. The share of construction in GDP has increased from 6.1% in 2002–03 to 6.9% in 2006–07. The increase in the share of construction sector in GDP has primarily been on the account of increased government spending on physical infrastructure in the last few years, with programmes such as National Highway Development Programme (NHDP) and PMGSY/Bharat Nirman Programme receiving a major fillip of late. The construction industry is experiencing a great upsurge in the quantum of the work load, and has grown at the rate of over 10% annually during the last five years. Although various steps have been taken to strengthen the construction industry, it is crucial to take necessary measures in order to prepare the industry to meet the challenges of growth.

The importance of construction activity in infrastructure, housing, and other asset-building activities can be seen from the fact that the component of construction comprises nearly 60%–80% of the project cost of certain infrastructure projects such as roads, housing, etc. In projects such as power plants, industrial plants, etc., though the share is lower but it still remains critical. In terms of magnitude, construction activity is second only to agriculture. The construction industry also has major linkages with the building material manufacturing industry including cement and steel, bricks and tiles, sand and aggregates, fixtures and fittings, paints and chemicals, construction equipment, petrol and other petro-products, timber, mineral products, aluminium, glass, and plastics. Construction materials account for nearly two-third of the average construction costs. On the basis of an analysis of the forward and backward linkages of construction, the multiplier effect for construction on the economy is estimated to be significant.

An idea of target work load which would need to be executed to meet the planned National Growth

(Rs. Crores)

i)	Roads, Rail, Civil Aviation, Marine Transport, Power Generation, Water Supply & Irrigation etc.		14,50,000
ii)	Private investment in Roads	:	34,000
iii)	Express way development (Modernisation / Upgrading of Highways)	:	220,000
iv)	Railways (Public)	:	180,000
v)	Railways (Private)	:	120,000
vi)	Civil Aviation	:	40,000
vii)	Ports (Private)	:	50,000
viii)	Freight Corridor		22,000

ix)	Power Generation	:	420,000	
x)	JNNURM	:	60,000	
xi)	Housing	:	150,000	
xii)	Others	:	160,000	
(Excerpts from the speech of Prime Minister of India)				

ADDITIONAL REQUIREMENT OF RESOURCES FOR EXECUTION OF PLANNED INFRASTRUCTURE CONSTRUCTION

a)	Total Investment	:	Rs.14,50,000 Crores
b)	Moderating Factor	:	62 % (weighted average of construction industry)
c)	Effective Additional Investment in Construction	:	Rs. 900,000 Crores
d)	Monetary Requirements	:	
	- For Construction Materials	:	Rs. 495,000 crores
	- For Construction Equipment	:	Rs. 180,000 crores
	- Manpower	:	Rs. 108,000 crores
e)	Detailed Requirements		
(i)	Materials (Major)	:	
	- Cement	:	381 Million tones
	- Steel	:	150 million tones
(ii)	Manpower	:	92 million man years
	- Engineers		3.72 million man years
	- Technicians		4.32 million man years
	- Support Staff		3.65 million man years
	- Skilled Workers		23.35 million man years
	- Unskilled/ Semi skilled workers		56.96 million man years

CONSTRUCTION INTENSITY

	Construction Intensity (%)
Building	76
Roads	63
Bridges	65
Dams, etc.	75
Power	38
Railway	78
Mineral Plant	18
Medium Industry	20
Transmission	22
Urban Infrastructure	66
Maintenance	81
* Source : CIDC Survey	

Strategies for the Eleventh Plan

The major challenge that the construction industry faces during the Eleventh Plan is to raise its delivery capabilities commensurate with the Plan targets for sectors such as transportation, housing, and urban development. The planned development of infrastructure would face constraints, unless the construction industry improves the delivery potentials by addressing crucial issues and impediments by bringing in systemic changes.

Since capacity building for the construction industry to achieve expected delivery capabilities is the key focus area, introduction of efficient technologies and modern management techniques to raise the productivity of the industry are vital. R&D in the construction industry should be seen as a continuing activity, because the scientific and technological advancements are needed to strengthen and raise the technological base of the construction industry. Recognizing this, support to the national institutions engaged in scientific research and incentives for private sector players to undertake in-house R&D need to be provided.

The low technological level of Indian construction leads to low value addition, productivity, quality, and high time and cost overruns. A national strategy and policy framework, focusing particularly on productivity enhancement and cost reduction, is required to be developed to match the envisaged work load and delivery targets. Introduction of new technologies, construction systems, and energy-efficient materials (preferably based on waste recycling) needs to be adequately emphasized in the national strategy. For RR sector, there is a need for developing and introducing use of 'marginal materials' to enhance the cost effectiveness of works. Adequate funds should be earmarked in the field of R&D for identification of appropriate and alternate materials to reduce the cost of construction.

Need To Reduce Construction Cost

It is estimated that the total cost of procuring, monitoring, and supervising and other indirect costs of construction projects consists of about 22% of the cost of the asset that is created. The reduction of these and other transaction-related costs would be decisive in improving the profitability of the Indian construction industry. Apart from the measures to improve productivity, as discussed in the earlier sections, efforts are also required to streamline procedures and mechanisms within the industry as well as enhance the levels of quality for the sector as a whole.

Roads

(Source: Eleventh Five Year Plan 2007-12 Volume III)

India has one of the largest road networks in the world, of 33.14 lakh km, consisting of (i) national highways (NHs), (ii) State highways (SHs), (iii) major district roads (MDRs), and (iv) RRs that include other district roads and village roads. NHs with a length of 66590 km comprise only 2.0% of the road network but carry 40% of the road-based traffic. SHs with a length of about 137000 km and MDRs with a length of 300000 km together constitute the secondary system of road transportation which contributes significantly to the development of the rural economy and industrial growth of the country. The secondary system also carries about 40% of the total road traffic, although it constitutes about 13% of the total road length. RRs, once adequately developed and maintained, hold the potential to provide rural connectivity vital for generating higher agricultural incomes and productive employment opportunities besides promoting access to economic and social services.

Despite its importance to the national economy, the road network is grossly inadequate in various respects. It is unable to handle high traffic density and high speeds at many places and has poor riding quality. Besides speedy implementation of the Golden Quadrilateral (GQ) and the North-South and East-West (NS-EW) corridors, addressing the deterioration of large stretches of NHs and other improvements in the road network are, therefore, to be accorded high priority in the planning process.

National Highway Development Programme (NHDP)

The progress of four-laning, two-laning, strengthening of roads, and construction of bridges during the Tenth Plan period has been satisfactory, keeping in view the availability of funds. There has, however, been some shortfall in construction of bypasses, primarily due to the time-consuming process of land acquisition and shifting of utilities in the case of bypasses. A large number of deficiencies, however, remain in the network, in terms of inadequate capacity, insufficient pavement thickness, weak, narrow and distressed bridges/culverts, ROBs, etc.

The Committee on Infrastructure (CoI) has approved a massive phased programme for the improvement and development of NHs during the period 2005–12. This programme envisages an investment of Rs 236247 crore. Although, the NHDP envisages award of concessions/contracts by 2012, the completion of part of Phase III and Phases IV, V, VI, and VII is expected to be accomplished only by the middle of the Twelfth Plan.

Status of NHDP and Other NHAI Projects as on 31 August 2007					
Project	Length (km)	Already Four-laned (km)	Under Implementation		Yet to be Awarded
			Length (km)	No. of Contracts	
Golden Quadrilateral	5846	5602	244	25	–
North–South/East–West	7300	1418	4903	148	821
Port Connectivity	380	159	215	8	6
Others	962	322	620	16	20
NHDP IIIA	4000	126	1866	31	2008
NHDP V	6500	–	148	2	6352
Total	24988	7627	7996	230	9207

The Committee on Infrastructure headed by the Hon'ble Prime Minister has proposed a massive National Highways Development Programme for the eleventh plan (2007-2012) which envisages the following:

Sl. No.	Name of Project	Likely Cost (in Rs. Crore)
1.	Completion of GQ and EW-NS corridors	52434
2.	4-laning of 11,113 km under NHDP Phase-III	72454
3.	2-laning with paved shoulders of 20,000 km of National Highways under NHDP Phase-IV	27800
4.	6-laning of selected stretches of National Highways under NHDP Phase-V	41210
5.	Development of 1000 km of expressways under NHDP Phase-VI	16680
6.	Construction of ring roads, flyovers and bypasses on selected stretches under NHDP Phase-VII.	16680
	Total	227,258

A road vision 2021 was prepared in the Ministry, which proposes a total National Highway network of about 80,000 km by the end of the year 2021. At present, National Highway network stands about 66590 km which requires additional declaration of about 13410 km of state roads as National Highways to achieve this target of 80,000 km. Because of emphasis on infrastructure sector given in recent years than it was when the Vision document was prepared it may be desirable to achieve the target in next 2 Plan years (by 2017) instead of next 3 five year plan (by 2022). The target for new addition of length in NH network in 11th Five Year Plan would be about 7000km.

Investment Needs

National Highways

It has been assessed that Rs. 1,21,758 crore outlay would be required for the Department of Road Transport & Highways during the 11th Five Year Plan (2007-2012). Further, it has been assessed that Rs. 3,108 crore would be available for implementation of NHDP from the surplus of the users fee collected by NHAI during 11th Plan. The share of private sector investment during the 11th Five Year Plan is estimated to be Rs. 87, 735 crore.

State Roads

The proposed programme envisages a financial outlay of Rs. 1,00,000 crore for the 11th Five Year Plan with possible element of private finance as Rs. 32,000 crore.

Ports

(Source: Eleventh Five Year Plan 2007-12 Volume III)

The recent accelerated growth in Indian economy and trade underscores the increasing criticality of the shipping sector for India, as the bulk of the country's Export-Import trade takes place through the maritime route. One of the objectives of the Foreign Trade Policy 2004-09 is to double our percentage share of global merchandise trade within the next five years' taking it to 1.5%. With 8.42 million gross tonnages (GT), India stands at the 20th rank among maritime nations, in terms of fleet size, with a share of 1.19% of the world fleet.

Capacity Augmentation

To meet the overall projected traffic of 1008.95 million tonnes by 2011-12, of which the share of major ports would be 708.09 million tonnes, adequate port capacity is required to be created, the details of which are given in Table Below:

Capacity Creation and Projected Traffic in Major Ports in the Eleventh Plan				
(Million Metric Tonnes)				
Port	Projected Traffic in 2011-12	Existing Capacity 2006-07	Capacity Addition by 2011-12	Total Capacity in 2011-12
Kolkata	13.43	13.40	18.85	32.25
Haldia	44.50	43.50	21.20	64.70
Paradeep	76.40	56.00	55.00	111.00
Vishakhapatnam	82.20	58.50	52.40	110.90
Ennore	47.00	13.00	51.20	64.20
Chennai	57.50	50.00	23.50	73.50
Tuticorin	31.72	20.55	43.43	63.98
Cochin	38.17	20.15	35.40	55.55
New Mangalore	48.81	41.30	22.50	63.80
Mormugao	44.55	30.00	37.46	67.46
Mumbai	71.05	44.65	48.16	92.81
JNPT	66.04	52.40	43.90	96.30
Kandla	86.72	61.30	58.80	120.10
Total	708.09	504.75	511.80	1016.55

Outlay In Eleventh Plan

- The Eleventh Plan budgetary support for Central sector ports is Rs 3315 crore at 2006-07 price (Rs 3749 crore at current price). The scheme-wise break up of GBS at current prices is given in the Appendix (Volume III). In addition, the sector is expected to generate IEBR of Rs 26574.11 crore at 2006-07 price and private sector investment of Rs 36868.00 crore during this period. Further, a public investment of Rs 3627.00 crore is expected in the State sector.

2. The total projected outlay for the Eleventh Plan for the Department of Shipping (including Ports) is Rs 43874 crore at 2006–07 price (Rs 49623 crore at current price) which includes Rs 4465 crore of GBS at 2006–07 price (Rs 5050 crore at current price) and Rs 39409 crore of IEBR at 2006–07 price (Rs 44573 crore at current price).

Aviation

(Source: Eleventh Five Year Plan 2007-12 Volume III)

The main objectives of the Civil Aviation Sector for the Eleventh Plan would be to provide (i) worldclass infrastructure facilities; (ii) safe, reliable, and affordable air services so as to encourage growth in passenger and cargo traffic; and (iii) air connectivity to remote and inaccessible areas with special reference to north eastern part of the country.

The realization of above objectives would call for capacity building that will include modernization and expansion of major international and domestic airports, construction of new greenfield airports including that of the NER, enhancement of cargo handling facilities at all airports, and upgradation/modernization of Air Traffic Management (ATM) System.

The total projected outlay for the Eleventh Plan for MoCA is Rs 43560 crore at 2006–07 price (Rs 49267 crore at current price) which includes Rs 1680 crore of GBS at 2006–07 price (Rs 1900 crore at current price). The scheme-wise break up of GBS at current prices is given in the Appendix (Volume III). In addition, the sector is expected to generate private sector investment of Rs 93493 crore during this period. The IEBR may go up by Rs 2226.68 crore at 2006–07 price on account of higher generation and utilization by AAI to fund their projects.

Mumbai Urban Infrastructure Project

(Source: http://www.mmrda-mumbai.org/projects_muip.htm- accessed on November)

Mumbai is the commercial and financial capital of India, generating about 5% of India's GDP and contributes over one third of the country's tax revenues. In addition, it handles major part of the port traffic of the country.

The World Bank funded MUTP focuses mainly on strengthening of mass transport particularly improvements in suburban railway services in terms of efficiency and capacity, with very few proposals of road improvements.

With a view to supplement MUTP, MMRDA initiated the process for an ambitious project known as Mumbai Urban Infrastructure Project (MUIP) with the main objective of road network improvements and efficient traffic dispersal system in Greater Mumbai.

Master Plan

MUIP Master Plan has been prepared taking in to account the previous studies and project proposals that were not implemented till now. A comprehensive list of the works is enclosed to this note. Govt. of Maharashtra, vide its Cabinet Resolution dated 1st November, 2003 sanctioned the Master Plan for MUIP as below:

Area	Priority	Length (km)	Cost (Rs crore)
Eastern Suburbs	Priority 1	155.06	1048.8
	Priority 2	24.20	229.5
	Priority 3	16.15	38.48
	Sub Total	195.41	1316.78
Western Suburbs	Priority 1	81.18	501.20

	Priority 2	23.69	50.90
	Priority 3	46.00	122.20
	Sub Total	150.87	674.30
Island City	Priority 1	107.00	430.00
	Priority 2	8.00	217.00
	Priority 3	1.00	9.50
	Sub Total	116.00	656.50
Eastern + Western Suburbs + Island City	Priority 1	343.24	1980.00
	Priority 2	55.89	497.40
	Priority 3	63.15	170.18
	Grand Total	462.28	2647.58

Schemes	Eastern Sub.	Western Sub.	Island City	Overall
DP Roads (No)	52	60	22	134
DP Roads (in Km)	195.41	150.87	116.00	462.28
Elevated Roads	6	-	4	10
Flyovers	10	17	14	41
ROBs	1	7	8	16
Vehicular Subways	8	1	1	10
Pedestrian Subways	27	5	24	56
Estimated total cost (Rs. Cr.)	1317	674	656	2647

Priority 1

Schemes	Eastern Sub.	Western Sub.	Island City	Overall
DP Roads (No)	35	29	19	83
DP Roads (in Km)	155.06	81.18	107	343.24
Elevated Roads	4	-	3	7
Flyovers	9	13	14	36
ROBs	1	3	0	4
Vehicular Subways	8	1	1	10
Pedestrian Subways	14	5	6	25
Est. Cost (Rs Cr.)	1049	501	430	1980

Project Implementation : The Government of Maharashtra approved the Master Plan at an estimated cost of Rs.2,647/-crores.Out of priority -1 works, after completing the necessary formalities MMRDA has taken up the

work of 18 corridors (155 Kms.) for execution such as Eastern Express Highway, Western Express Highway, S.V.Road, LBS Road, Andheri Ghatkopar Link Road, Main Linking Road, Sion Dharavi link Road, Ghatkopar Mulund Link Road (Part) and other important roads around MIDC, SEEPZ and International Airport (Under ASIDE Scheme) worth @ Rs.1438 crores. The work on these corridors in available fronts and the process of handing over these corridors to MCGM is in progress. Two elevated road works are under JNNRUM and under MUIP as per details given below:

1. **Sahar Elevated road:** The work has been recently under taken for construction i.e. from 9/1/2008 with the total cost of Rs.287 crores with completion period of 2 years
2. **Eastern freeway:** The work has been recently under taken for construction i.e. from 9/1/2008 with the total cost of Rs.531 crores with completion period of 5years

DETAILS OF WORKS PROPOSED UNDER EXTENDED MUIP	
	(A) VASAI - VIRAR
1	Naigaon Juichandra Bopane State Highway (Juichandra fata to Naigaon Rly.station)
2	Vasai Satwali – i) Vasai to Chinchoti fata
	ii) Gokhiware to Pelhar fata
3	Arnalla-Virar-Shirshad-Ambadi- (Virarfata to Arnalla)
4	Bridge over Vasai Khadi between Naigaon-Bhayander
	(B)MIRA - BHAYANDER
5	Borivali -Gorai : Road improvement and Bridge over creek
6	Manori -Marve Road : Bridge over Creek at Manori
7	Kasimira-Bhayander-Gorai-Manori : Road Improvement
8	Malad-Marve-Manori INS Hamla road improvement
	(C)THANE - DOMBIVALI
9	Dombivali – link road
10	Dombivali –Mumbra link Road
11	Fly over Thane – Ghodbandar
	i.Kapurwadi
	ii.Manpada
	iii.Patlipada
	iv.Wagbe-Vadgal
12	Flyover within Thane Municipal Corporation
	i.Minatai Thakre Chowk
	ii.LBS Road- Harinivas
	iii.Telephone Exchange
13	ROB , Bypass road –Thane Belapur road
14	Ghodbandar Road
15	EEH to Nashik Road bypass
16	EEH to Ghodbandar Road bypass
17	Kopari Railway Over Bridge
	(D)PANVEL
18	Flyover opp.Panvel Bus Depot.

MRTS – Mass Rapid Transit System

Project Inception

The Government of Maharashtra (GOM) through MMRDA, in order to improve the traffic and transportation scenario in Mumbai and to cater to the future travel needs in the next 2-3 decades has been exploring the viability of various alternative Mass Transit systems which are efficient, economically viable, environment friendly etc. In this context, a detailed feasibility study was carried out under the Indo-German Technical Co-operation by entrusting the consultancy work to TEWET in association with DE-Consult & TCS, during 1997-2000. The study recommended a mass transit corridor from Andheri to Ghatkopar as potentially bankable and economically viable, after examining a number of alternative corridors and alignments. This study was updated by MMRDA in May 2004. In the mean time, DMRC (Delhi Metro Rail Corporation) prepared the master plan for Mumbai metro, wherein they have recommended to extend Andheri-Ghatkopar section to Versova as part of the master plan and identified as priority corridor for implementation. The GOM declared the project as 'public vital infrastructure project' and designated MMRDA as Project Implementation Agency (PIA). This is the first MRTS project in India being implemented on Public Private Partnership (PPP) format.

Mumbai Metro

Master Plan

Main objective is to provide a rail based mass transit connectivity to people within an approach distance of 1 to 2 Km ; to serve the areas not connected by existing Suburban Rail System; To provide proper interchange facilities for connectivity to neighbouring areas like Thane, Navi Mumbai, Vasai – Virar etc.

Phase I (2006 – 2011)	
Versova - Andheri – Ghatkopar	11.07 Km
Colaba - Bandra – Charkop	38.24 Km
Bandra - Kurla – Mankhurd	13.37 Km
Total -	62.68 Km
Phase II (2011 – 2016)	
Charkop - Dahisar	7.5 Km
Ghatkopar – Mulund	12.4 Km
Phase III (2016 – 2021)	
BKC - Kanjur Marg via Airport	19.5 Km
Andheri(E) - Dahisar(E)	18 Km
Hutatma Chowk – Ghatkopar	21.8 Km
Sewri – Prabhadevi	3.5 Km
Total Length	146.5 km
Total Cost	Rs 19,525 Crores

Proposed SKYWALKS in Mumbai Metropolitan Region (MMR)

Transport interchange activities, passenger transfer between trains, buses, taxies & Private vehicles station area most congested. The problem aggravates with the road side hawking and vehicular parking. The sky elevated walk way dedicated to the pedestrians connecting the railway Station/ high concentration commercial area and points where concentration of pedestrians prevail. The purpose of the skywalks is for efficient dispersal of commercial station /congested area to strategic locations viz. bus stops, taxi stands, shopping areas, off roads etc. and vice versa help decongest the crowded streets. MMRDA has already planned construction of 36 nos. of Skywalks in and around Mumbai Metropolitan Region. : Total estimated cost is Rs.607.21Crs. Total contract cost is Rs.735.02 Crs. The total expenditure incurred so far is Rs.385.86 Crs.

Proposed Monorail Project

With the objective, to support public rapid transit system such as suburban rail system and metro rail system and where public rapid transit system is not available or impossible to provide such system and where widening of roads is not possible due to structures on either sides, Mono Rail system is proposed to be implemented by MMRDA.

Salient features of Monorail system		
Section no. 1 = 11.28km (Jacob circle – Wadala)		
Section no. 2 = 8.26km (Wadala – Chembur)		
Cost of the Project	Rs. 2716 crores	
	<u>2016</u>	<u>2031</u>
Peak hour peak direction traffic	7400	8300
Corridor Ridership per day(lakhs)	1.25	3
Design Headway	3 minutes	
Train Composition	4 cars	
Train Capacity (4 cars)	568 Max	
Design Speed	80 kmph	
Scheduled Speed	31 kmph	
Operation Hours	0500 Hrs- 2400 Hrs	
Journey Time		
Section no. 1	25 minutes	
Section no. 2	19 minutes	

Present Status of the Monorail Project

- Consortium of Larsen & Toubro Ltd. India and Scomi Engineering Bhd. Malaysia appointed as implementing agency.
- M/s. Louis Berger Group, Inc. appointed as Project Management and Proof checking Consultant. Work to be completed by May 2011.
- Work to be completed by May 2011.

- Construction work has been started along Sai Baba road, G .D. Ambekar Marg, Shaikh Misari Road, Wadala TT road, Anik - Wadala road, Anik - Panjarpol Link Road, R.C. Marg and Wadala Depot.
- Trial Run on Anilk – Wadala road flagged by Hon'ble Chief Minister on 26th January, 2010.

Infrastructure Development Activities by CIDCO

(Source: <http://cidcoindia.com/cidco/nmtransit.aspx>- accessed on November)

The Mass Rapid Transit System, in the form of suburban railway, in Navi Mumbai was commissioned in 1992 with the commissioning of Mankhurd-Vashi railway line and was extended up to Belapur in 1993, and thereafter up to Panvel in 1998. The other rail corridor i.e. Thane-Turbhe-Nerul-Vashi rail corridor was commissioned in 2004. Out of the six proposed rail corridors, the third i.e. Nerul-Uran rail corridor is under progress.

The work of preparation of master plan of the Metro rail Project was entrusted to M/s. Delhi Metro Rail Corporation (DMRC). DMRC identified six rail corridors, which are as follows:

- 1) Uran-Ranjanpada-Nerul (28.3 km)
- 2) Belapur-Kharghar-Taloje-Kalamboli-Khandeshwar-New Airport (21 km)
- 3) Vashi-Nerul-Panvel (25 km)
- 4) Ranjanpada-Kharkopar-Seawoods (14 km)
- 5) Dighe-Turbhe-Belapur (20 km)
- 6) Vashi-Ghansoli-Mhape (9 km)

CIDCO has decided to start the Metro Rail Project with the Belapur-Kharghar-Taloje-Kalamboli-Khandeshwar corridor. A Gazette notification is published on 28/04/2010 about the Metro Rail Project in Navi Mumbai for receiving suggestions and objections from the public pertaining to the above project. CIDCO had also informed the 124 local Gram Panchayats of Panvel & Uran Taluka about the Proposed Project.

The draft notification is also be available at the CIDCO website “www.cidcoindia.com”.

The details of the Metro Rail Project and the routes:

The proposed route shall be from Belapur-Kharghar-Taloje-MIDC-Kalamboli- Khandeshwar railway station. This route is to be extended up to the proposed Navi Mumbai International Air Port. In the first phase, construction shall be from Belapur to Taloje. The total length of this line shall be 10.79 km and have 10 railway stations viz. Belapur Rly station, Sector-7 Belapur, Science Park, Utsav Chowk, Sector-14, Central Park, Pethapada, Sector-34, Panchnand and Pendhar.

Phase-II shall be from Khandeshwar to Taloje MIDC. The total length of the line shall be 8.15 km and have 7 railway stations viz. Khandeshwar Rly. Station, Sector-10 Kamothe, Sector-2E Kalamboli, Sector-7E Kalamboli, Sector-10E Kalamboli, Kasadi and two railway stations in MIDC area.

Under Phase-III, two corridors shall be joined together between Pendhar and MIDC by a link of 2.2 km. This link shall form a loop from Belapur to Khandeshwar.

Mumbai Trans Harbour Link (MTHL)

(Source: <http://cidcoindia.com/cidco/mthl.aspx>)

Owing to ever increasing congestion on the existing rail and road corridors coupled with limitation of further expansion on these corridors, there is a need to expand the city on the mainland across Arabian Sea by providing additional access from Mumbai to mainland at South Navi Mumbai.

The proposed additional access i.e. Mumbai Trans Harbor link (MTHL) Connecting Sewari (Mumbai end) to Nhava Sheva (Navi Mumbai end) is expected to be catalyst of development of the city by promoting horizontal

growth as against the vertical growth experienced over the past few years. The link will help reduce the problems of congestion and pollution in Mumbai.

The Mumbai Trans Harbor Link (MTHL) is proposed to be developed as an Expressway link with a six-lane dual carriageway road bridge and rail bridge connecting Sewri on Mumbai side to Nhava on Navi Mumbai side. The MTHL project is proposed to commence at grade from the east side of Sewri Railway Station on the Harbor Line of Central Railway proceed to Nhava and terminate at the north of Chirle village with an interchange to National Highway 4B on the mainland.

National Capital Region Planning Board

(Source: http://ncrpb.nic.in/pdf_files/AR-2008-09.pdf- accessed on November)

National Capital Region (NCR) is one of the first experimented Regions of the country. It is a unique example for inter-state regional development planning for a region with Nation Capital as its core. The National Capital Region as notified covers an area of about 33,578 sq kms falling in the territorial jurisdictions of four State Governments namely, National Capital Territory of Delhi, Haryana, UP, and Rajasthan. It is one of the largest National Capital Region of the World and constitutes about 1.60% of the country's land area, about 86% of the total area of Kerala State and its area is more than the combined area of three States of Tripura, Nagaland and Sikkim.

National Capital Regional Plan 2021

(Source: http://ncrpb.nic.in/policies_strategies.php- accessed on November)

In order to play a more effective role with the ultimate objective of translating the vision of the National Capital Region to develop as a region of global excellence into actual reality on the ground, the NCR Planning Board needs to substantially scale up financing of infrastructural projects including inter-state projects benefiting more than one states in the thrust areas identified in the Regional Plan-2021. The Board has identified infrastructure projects in the area of;

- a) sewerage development,
- b) solid waste management,
- c) integrated water supply in urban/semi-urban/rural areas of NCR,
- d) new townships,
- e) road networks,
- f) Regional Rapid Transit System,
- g) Power transmission and distribution system.

The Board has projected a total investment of Rs. 15000 crore on these projects.

Global City in Rajasthan sub-region of National Capital Region

(Source: http://ncrpb.nic.in/pdf_files/study1.pdf)

The project on developing a global city in Rajasthan sub-region of National Capital Region (NCR) was first mooted by Government of Rajasthan (GoR) immediately after approval of Regional Plan for National Capital Region (NCR) – 2021. The idea is actively supported by National Capital Region Planning Board (NCRPB) as it would help realizing “settlement development strategies of Regional Plan of National Capital Region (NCR) – 2021”.

The Rajasthan Government notified area within the Rajasthan subregion (u/s 3 of Rajasthan Urban Improvement Act, 1959, vide notification published in Rajasthan Gazette (RAJBIL/2000/1717) on September 30, 2002, covering Shahajanpur-Neemrana-Behror (SNB) complex and 129 villages along NH-8 in Rajasthan sub-region

of NCR was identified (by the Government of Rajasthan) as a suitable project area and decided to locate the proposed global city within.

M/s LEA Associates South Asia (LASA) Pvt. Ltd., New Delhi was retained as professional consultants to prepare the study and they have submitted the final report of their study to the committee constituted for the implementation of the proposed global city plan.

Brief Excerpts of the Final Report

The Global City is programmed for approximately one million people by 2032. The city is proposed to be built in four phases and will constitute of multi cluster cities based urban economy.

The summary of overall cost for urban infrastructure of Global City will be as follows;

Sl No	Components	Cost in Million INR				
		Phase I	Phase II	Phase III	Phase IV	Total
1	Land Costs	2623.08	506.76	789.63	281.45	4200.92
2	Land Development Costs	272.36	2.72	1.98	0.45	277.50
3	Built up Area Costs	1425.00	0.00	0.00	0.00	1425.00
4	Infrastructure Costs					
4.1	Water Supply	316.11	3049.09	0.00	0.00	3365.20
4.2	Sewerage	522.77	0.00	217.24	0.00	740.01
4.3	Solid Waste	44.65	71.68	75.87	82.34	274.54
4.4	Power	2779.54	4082.34	2604.36	2720.14	12186.38
4.5	Roads	4094.28	2269.41	1716.98	799.20	8879.87
4.6	Public Transport	2044.57	2381.90	2105.12	2198.74	8730.33
	Total Infrastructure (City Level)	9801.91	11854.42	6719.58	5800.42	34176.33
5	Environmental Enhancement Costs	5031	265	889	332	6517
6	Total Common City Level Costs	19153.82	12628.44	8399.90	6414.09	46596.26
C	TOTAL CAPITAL COSTS	149032.35	180962.38	106400.88	104157.37	540552.99

Raipur Development Plan 2031

(Source: <http://www.nayaraipur.com/>)

The Government of Chhattisgarh has envisaged the creation of a new city by the name of Naya Raipur with state level administration functions. Naya Raipur Development Authority (NRDA) is the nodal agency to implement the Raipur Development Plan 2031.

The NRDA area is divided into 3 layers delineating the Naya Raipur, the peripheral and the airport zone, as following:

Sr.No.	Layer	Area Included
1	Layer –I	The Proposed Naya Raipur (Area-80.13 sq.km.) Including 500 – meter wide green belt (Area-95.22 sq. km.)
2	Layer – II	Naya Raipur Peripheral Region (NRPR) (Area-130.28 sq.km.)
3	Layer - III	Airport Zone (Area-11.92 sq.km.)

Suggested Land development phasing

Phase	Horizon Year	Cumulative Population	Area (Ha)
Phase I	2011	1,50,000	3057.46
Phase II	2021	3,65,000	3733.56
Phase III	2031	5,60,000	1222.16
Total developed area at the end of Phase III			8013.1

Within the Naya Raipur Planning Area, 130.28 sq. km is identified as peripheral area to act as buffer zone between the proposed Naya Raipur City and the existing Raipur. This will continue to be agricultural / rural area but to be provided with adequate social facilities for the existing population

Naya Raipur would be a planned and designed city of the 21st century to focus on socio-economic and cultural life of Chhattisgarh having its role and recognition at national and international levels. It is envisaged as lively and vibrant city equipped with state of art physical, social and economic infrastructure.

The total investment for development of transport system (physical facilities) is estimated to be Rs.1715.48 Crores.

Brief Constituents of the Raipur Development Plan 2031

Summary of estimated investment in Mumbai, NCR and Raipur region

(Rs.in Crores)			
Sr.No.	Region	Development Project	Estimated Investment
1	Mumbai *	Mumbai Urban Infrastructure Project (MUIP)	2647.58
		Mumbai Metro Rail	19,525
		Skywalks in Mumbai Metropolitan Region (MMR)	607.21
		Monorail System	2716
2	National Capital Region (NCR)	NCR Regional Plan - 2021	15000
		Global City in Rajasthan sub-region of NCR	54,055.20
3	Raipur	Raipur Development Plan - 2031 Transport System (Physical facilities)	1715.48
Total Investment			96266.47

* The estimates of Navi Mumbai Metro Rail and Mumbai Trans Harbour Link are not covered in this data

BUSINESS OVERVIEW

We are an ISO 9001:2008 certified steel service provider to the fast growing infrastructure sector. We have an installed capacity of 27000 MTPA for processing of steel used in the construction industry primarily reinforcement bars into various shapes and sizes like cranked bars, stirrups, verticals, column /beam cages etc. We operate from our existing plant located at Khopoli, Raigad District, Maharashtra. Our registered office is located at 203, Joshi Chambers, Ahmedabad Street, Carnac Bunder, Mumbai- 400009. Our Corporate office is located at 101/102 Shreya House, Pereira Hill Road, Andheri (East) Mumbai 400099.

Traditionally in construction activity, the process of cutting and bending steel and fabrication of cages was done on the construction site through manual process resulting in higher wastage of materials, increased requirement of labour and space at the construction site. Our Company conducts the processing of steel through use of automated machines from its Plant and delivers ready to use cut and bend steel rods, prefabricated cages and other steel products required for construction activities. This process is faster and the output is uniform and easy to handle. We term these ready to use steel as readymade steel.

Our product offerings include ready to use steel, primarily re-bars to be used in construction activities in various sectors like roads, power plants, ports, airports, housing, bridges, metros, monorails etc. The product offerings are aimed at overcoming the time and space constraints of construction activities of our clients. We achieve this by quick turn around by the orders received by us. As a result, our current plant caters to the requirements of adjoining areas of western India only.

Mr. Anil Agrawal our founder promoter has completed his Masters in Management Studies from Mumbai University and has more than a decade of experience in steel industry. He is well supported by qualified and experienced professionals at different levels with appropriate functional responsibilities. Our current staff strength is 36.

Our plant consists of automated shearlines, bending lines, cutting lines, automated stirrup machines etc. and is supported by other material handling equipments. Presently we also use jigs and fixtures for prefabrication of column and beam cages.

The key factor in success of our business is the acceptance of the concept of readymade steel and getting the contractors/ developers to switch from labour oriented conventional method to ready to use steel in construction. Over the years Indian construction sector has been largely dependent on conventional methods of construction leading to larger gestation period in construction. Since early 1990's especially after opening up of the economy the need for infrastructure in the country has grown exponentially and with expected high GDP growth, the infrastructure growth is expected to remain strong. The growth of infrastructure sector led to the requirement of faster deliveries and reduction in the construction time to create the infrastructure facilities required by the country especially in the building segment.

The mid '90s saw the advent of Ready Mix Concrete (RMC) business in India to provide solution of concrete to the construction industry. Availability of RMC could ensure availability of concrete to meet the increasing needs of construction industry as well to speed up the construction process and optimize the use of human resources. In the last 15 years the RMC has become a lifeline of any large construction in the country and is very commonly used in most of the major cities in the country. Similar need has been felt to mechanise the use of reinforcement steel used in site, to overcome shortcomings in manual method such as requirements of large space and huge labour force and also to speed up the construction activity.

Ready to use steel is an effort to provide solutions to improve the construction quality and cycle time. We cater to need of this industry by facilitating them in their requirement of ready to use cut/bend bars and prefabricated steel cages so as to reduce the construction cycle time. The major benefits of RMS are as under:

- Fast track construction
- Low labour concentration on site
- Better site co-ordination and control
- Reduction in construction cycle time

- Controls material wastage

Since the last few years we have been successful in obtaining orders from major construction companies like Larsen & Toubro Limited, Nagarjuna Constructions Company Limited, etc. to supply ready to use steel products for their construction needs.

The concept of readymade steel is increasingly becoming popular and we are confident that in few years Readymade steel will be to steel what ready mix concrete (“RMC”) has become for cement consumption for any major infrastructure project in the country.

Major milestones

Some of our important milestones are as under:

Year	Milestone
2006	Incorporation of our Company pursuant to a Joint Venture Agreement dated February 6, 2006.
2006	Commencement of test operations from Bangalore.
2007	Sanction of Term Loan from Union Bank of India amounting to Rs.390 Lacs for setting-up its facilities at Khopoli, District Raigad.
2008	Setting up of the existing factory at Khopoli, District Raigad, Maharashtra with an installed capacity of 27000 MTPA
2009	Entered into an Letter of Intent with Larsen & Toubro Limited for processing of steel for its Mumbai Monorail Project
2010	<ul style="list-style-type: none"> • Our Company was converted to a public limited company • Our Company received ISO 9001:2008 certificate

Product / Services Profile

We supply ready to use steel for construction activities to the growing infrastructure industry. Our products are consumed in construction activities and end users include project contractors, real estate developers etc.

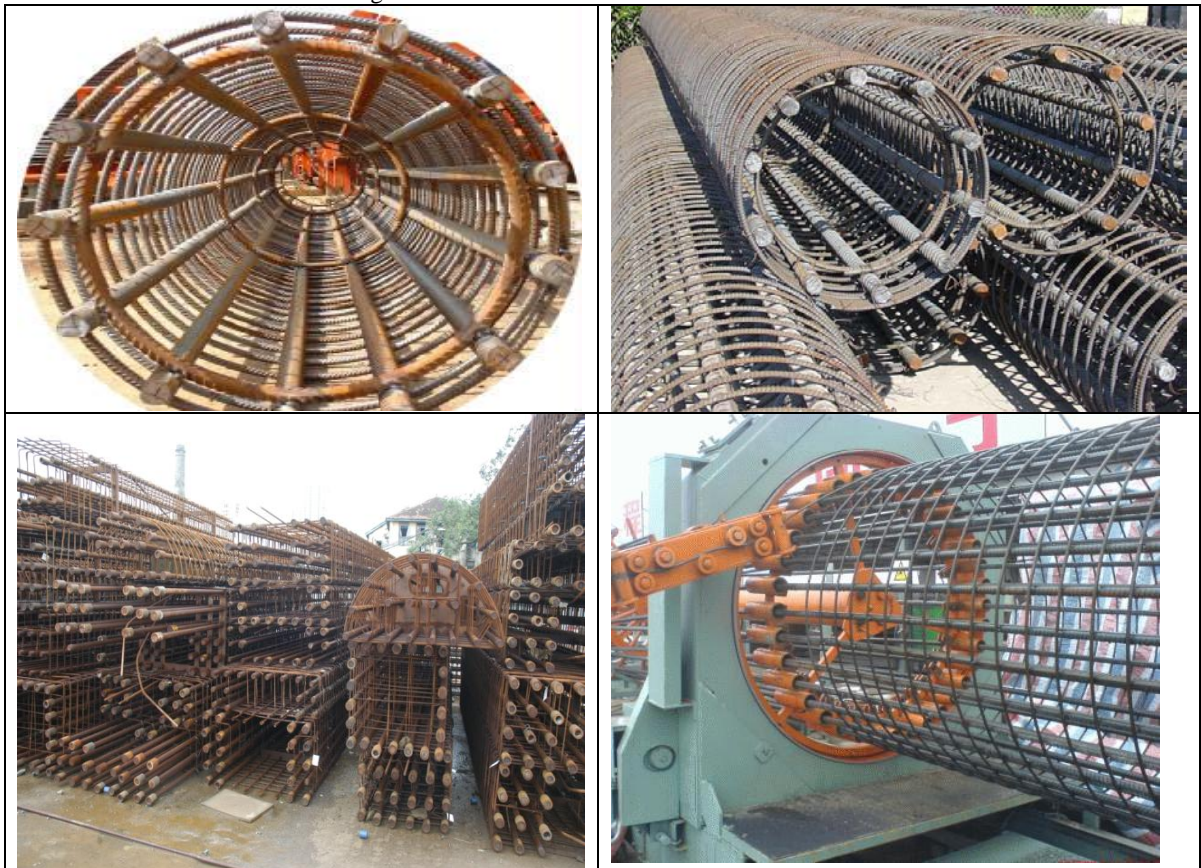
Our product profile includes:

Pre-cut/bend bars (readymade steel bars) from 6 mm to 40 mm diameter





Prefabricated column and beam cages



These products find their application in all kinds of construction activities spanning across bridges, mono rail, metro rail, airports, malls, hotels, buildings, factories etc.

Our Company is primarily in the business of providing ready to use steel for construction activities to the infrastructure industry. As the industry segment in which we operate is in nascent stages, there is no authentic data available and accordingly data on the market, past production figures for the industry, existing installed capacity, demand and supply forecast cannot be ascertained.

Competitive strengths:***Early Mover Advantage***

We are one of the first business organisations to be engaged in the business of ‘readymade steel’ in India, we are well positioned to take advantage of growing market with increased awareness and acceptability of this concept among users. Our first hand experience of introducing and popularizing the concept among major construction companies, has given us the invaluable inputs on customer requirements, their constraints and willingness for innovation in the construction cycle. This helps us in undertaking product development and product enrichment to serve the existing customers and also attract the new customers.

Association with various major projects

We have supplied readymade steel to major projects being undertaken by our clients in India. Some of the projects are as under:

- Mumbai Mono Rail Project;
- Sahar Elevated Access Road, Mumbai;
- Nashik Elevated Corridor;
- Palais Royale, Mumbai.

ISO Certified Organization

We are an **URS UKAS ISO 9001:2008** certified organization. ISO 9001:2008 specifies requirements for a quality management system where an organization. Having obtained the certification, it ensures the quality management system followed in our Company is of satisfying level for the customers.

In depth understanding of the client requirements

Our strength lies in understanding the requirement of the customer and our execution capabilities to provide the product as per the client requirements. This involves understanding the technical requirements like the tensile strength of the bars, following the bar bending schedules, permitted levels of tolerances as well the schedule of requirement of the client. We act as reinforcement partners of the client and make the product available of the right quality at the right time to meet their construction cycle requirements. This also helps the clients to plan in advance and use the manpower resources available on site to get the optimal output.

Existing customer base to facilitate success in Proposed Project

We have been carrying on this business for the last three years and we have the advantage of enjoying good relations with our existing customers. Some of our customers are already present in the locations where we are planning to set up our proposed facility, we are confident of securing orders business from these clients in those areas.

Business Process

The key to the business process of our Company is marketing and creating awareness about the product. At the outset, we need to identify the customer base and assess their requirements. After identifying the customer, we put forth our proposal explaining the benefits that the customer can derive from our products. On being convinced about the benefits of our products, the customer then sends us the requirement for their project. Based on the customers’ requirement, a letter of intent is prepared covering specifications of product, quantity, price etc. Based on mutual discussions, a final quotation is drawn up and contract is signed. Thereafter the customer sends the schedule of the project, based on which, material requirement is assessed and production planning is done. The processing activity then starts based on the schedule provided by the customer. The processing activity may change subject to change in the schedule of the activities of the customer. After the processing is

done a quality check of the sample takes place to ensure that the standards set for the product are met with. After the product passes the quality check it is dispatched to the customers' specified location.

Business Process Flow Chart



Business Strategy

The elements of our business strategy are as follows:

Focus on current customers

Some of our customers are already present in the locations where we are planning to set up our proposed facility. Since they are satisfied customers who understand the advantages of using readymade steel for their requirement, our main focus will be to cater to their requirements in the northern and central India. We expect to secure significant orders from our current customers in new locations as well.

Create a niche in large size construction projects

Our strategy is to become a dominant player in tall structures and large size projects which face space and labour constraints on the construction site; and provide them with an efficient and cost effective solution for their requirements of steel in the construction activities.

Development of new products to emerge as one stop solution provider

We intend to undertake product development and cater to the dynamic needs of construction activity and position ourselves as a one stop solution provider to the reinforcement needs of the infrastructure sector. We intend to add more value added products, like the welded steel mesh, standard stirrups etc., so that we become a one stop solution provider to all the reinforcement needs of our customers.

Increasing the customer base

We are emphasizing a lot on strengthening our relationship with prospective customers. We are trying to develop relationship with prospective Pan India construction companies so that we can expand our customer base in other areas as well. We also intend to conduct more seminars of various structural consultants and brief them about the advantages of readymade steel for increasing the customer base.

Client servicing

Since this concept is relatively new we also provide after sales service to provide comfort to the clients in usage of this concept as well as to derive the optimal value from usage of Readymade steel. Our dedicated team of service engineers helps the client to understand and use the product more effectively. We also impart training to the unskilled manpower as well as site engineers of our client about the right methodology to use this product to achieve higher efficiency. This initiative helps us to avoid resistance to change which is common in case of any new product.

Sales and marketing

The function of sales and marketing is looked after by our managing director Mr. Anil Agrawal. He is ably supported by adequate number of qualified marketing personnel who interact on a day to day basis with customers and ensure a healthy relationship with them. As the marketing of our products also requires close co-ordination with the technical team of the client, our marketing team works in close coordination with our technical team to facilitate proper co-ordination.

We propose to continue to cater to large size projects as association with such projects will enable us to enhance our credentials and also secure orders from project execution contractors who prefer vendors with prior experience of similar scale. We also participate in various seminars and panel discussions to widen the customer base by educating the structural engineers, designers, construction companies about the advantages of using readymade steel.

Order Book

As on date, we have on hand orders of approximately 1 Lakh MT of processed ready to use steel products from our various customers. These orders have to be executed over the next two years.

Competitors

Since we offer niche and relatively new product in India we face very limited competition. In the region in which we operate we have recently witnessed some competition. The entry of new players strengthens our belief of acceptance of the readymade steel concept, which we believe will become a norm for usage of reinforced steel in construction activities. One of the competitors, in our current region of supply is Geap Industries.

As the cost competitiveness of readymade steel is confined to a localized service area due to transportation costs, other players in the market like Sujana Metals Works Limited (Hyderabad) and RKKR Steels (Chennai) may become our competitors if our service region is same. We strongly believe that addition of more players in this industry will only add to the market base and help in faster growth of this segment.

Raw materials

Our raw materials consist of iron and steel products primarily reinforcement bars. We have been able to secure timely supply of required raw material for our existing activity. Raw material is easily available in the domestic market and no difficulty is envisaged in sourcing of the raw material.

We procure these materials manufactured by steel producers like:

- Steel Authority of India Limited
- Rashtriya Ispat Nigam Limited
- Tata Iron and Steel Company

Processing activity

The processing activity starts only after the schedule is received from the customers for the requirement of the products. The schedule states the details of the quantity and the type of the product required by the customer with the expected date of requirement. The schedule is also known as the bar bending schedule or BBS. With the help of the BBS tags are prepared by the production manager and are distributed to the supervisors on the shop floor. The tags so prepared are checked with BBS given for any errors. A checklist is prepared consisting of details with respect to pieces, size etc. Once the tags are checked with the BBS then the production schedule is prepared.

Cutting Process

On receipt of the cutting schedule and production tags the operator inputs the data in the automated shearline. The operator checks the first few pieces to confirm that the final output is as per specification. After the necessary quality check is complete then the mass production for each tag takes place. In between the quality checks keep taking place to ensure that the final output is as per specification.

Bending Process

On receipt of the bending schedule and the tags the operator inputs the data in the bending benches and stirrup maker. Tags are prepared for the bending activity. These tags are needed to be checked with the schedule. The checking includes the specifications as to size of the bar, no of bars and the bending instructions.

Once the bending process starts after the first few rods are processed a quality check takes place. If there are any problems with the same then they need to be brought to the notice of the supervisor who takes the remedial action. If there are no discrepancies then the process is continued till the tags are completed. Once the bending process is complete then the bent bars are sent for packing.

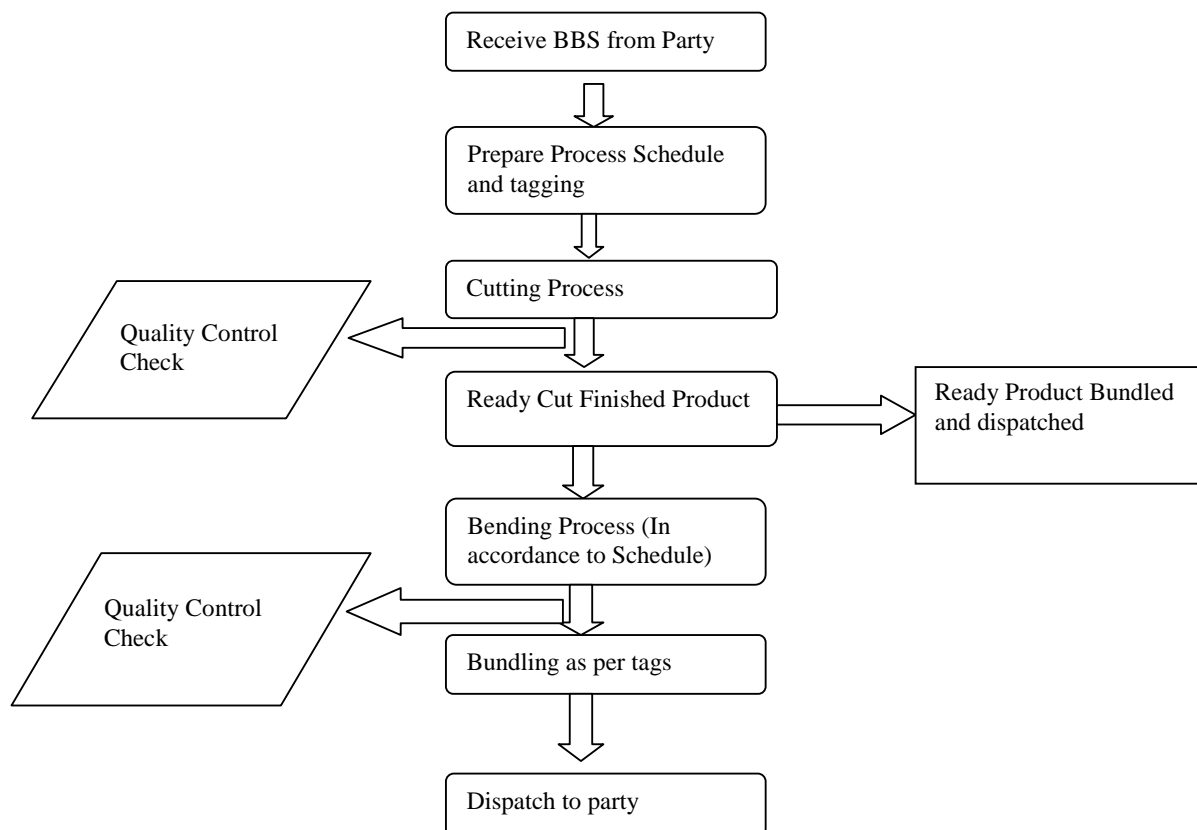
Packing Process

Once the cutting and bending process is complete the rods are sent for packing. The rods are packed in bundles as per the delivery tags which include the size of the bars, no of pieces in a bundle etc.

Quality Control

Once the bundles are prepared it is again checked for quality with respect to size, shape and quantity, before it is finally approved and sent to the finishing yard for dispatch.

Process Flow Chart



Our Current installed capacity is 27000 MT. Following are the details of our utilized capacity:

Particulars	FY 2008	FY 2009	FY 2010
Installed Capacity	-	27000 MT	27000 MT
Capacity utilization MT	-	13887 MT	22951MT
Capacity utilization (%)	-	51.43%	85.01%

Proposed Project

Particulars	FY 2011	FY 2012	FY 2013	FY 2014
Installed Capacity				
Khopoli	27000	90000	90000	90000
Near New Delhi	-	50000	50000	50000
Near Raipur	-	50000	50000	50000
Total Capacity	27000	190000	190000	190000
Capacity Utilisation				
Khopoli	90%	70%	75%	85%
NCR New Delhi	-	60%	75%	80%
Raipur	-	60%	75%	80%

Strategic, financial partners and collaborators

At present, we do not have any strategic and financial partnership with any other entity. We have not entered into technical collaboration with any entity.

Intellectual property rights:

We have applied for registering our Company's name and logo as our trademark on October 3, 2006 and the registration is yet to be received. We do not own any intellectual property rights which is required for our use and owned by any third party.

Property

Sr. No.	Particulars of the Property owned/leased, Description & Area	Cost of acquisition (In Rs. Lacs)	Vendor/Licensor	Period of Lease/License	Existing Usage
1	Plot No 20/1, 25/2, 25/1A, 25/3, 41, 29/2 Village Vanwathe, Khopoli-Pen Road, Taluka- Khalpur, Dist: Raigad, Maharashtra	218.98	M/s Alexcon Extrusion Limited and Ors*	Owned	Existing Factory
2	Plot No 22/0, 23/2 Village Vanwathe, Khopoli-Pen Road, Taluka- Khalpur, Dist: Raigad, Maharashtra	27.48	Smt. Ratnaprabha Dudhaji Shinde.	Owned	Existing Factory
3	101/102 Shreya House, Andheri (East), Mumbai 400 099.	N/a	Mr. Pathik Shah through his constituted attorney Mr. Kishore D Shah.	On license for 3 years w.e.f June 7th 2010.	Corporate Office
4	203, Joshi Chambers, Carnac Bunder, Mumbai 400 009.	N/a	Mr. Anil Agrawal	N/a**	Registered Office

* Our Company purchased the Property through a Sale Certificate dated March 12, 2008 issued by the Mumbai Debts Recovery Tribunal in Debt Recovery Proceedings between Union Bank of India and M/s Alexcon Extrusion Limited and Ors.

**The registered office of our company is owned by Mr. Anil Agrawal, the promoter of our Company.

The entities who own the land which is acquired or taken on lease by our Company, do not have any relationship with any promoters or directors of our Company. We do not require any approvals pertaining to the land on which our factory is located. The land in respect of which our Company is the owner is registered in its name. Save and except the equitable mortgage created in favour of our lender, the aforesaid ownership lands are free from encumbrances.

Utilities

We have 200 KVA HT connections from MSEDCL for our existing plant located at Khopoli.

We have our own borewell to meet the water requirement.

Human resources

We believe that our Company's success depends to a great extent on our ability to recruit, train and retain managerial and technical professionals. At the entry level, we recruit professional with engineering and managerial background. We have a dedicated human resources department to look into this aspect of business

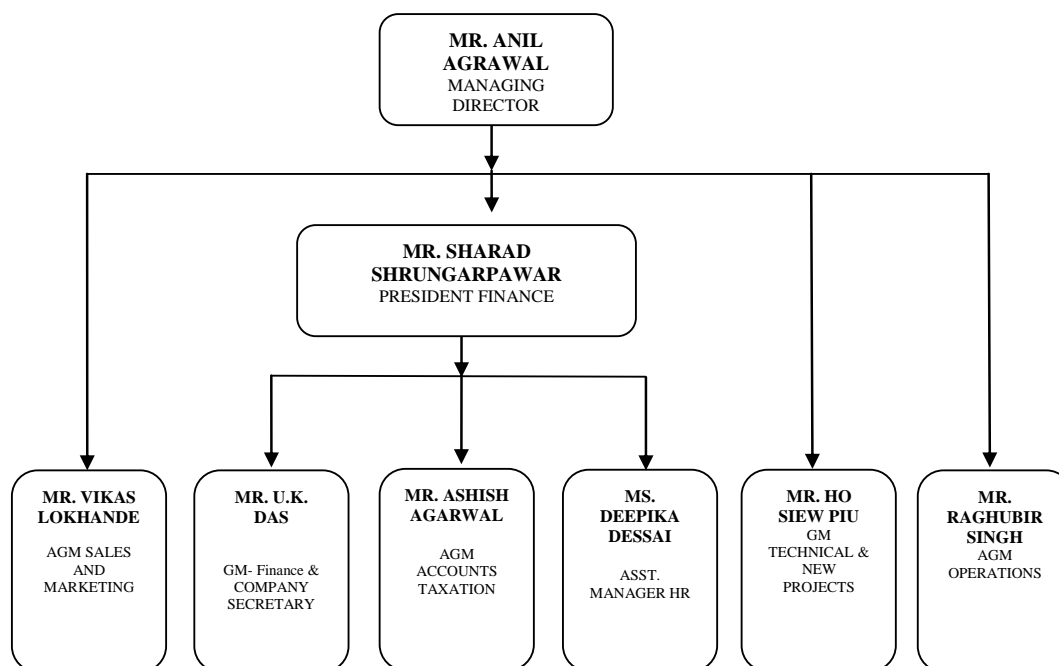
that ensures that proper induction training is given to all employees for a better understanding of our Company. We seek to retain our talent through better career growth and a competitive level of compensation and a positive working environment. Our Company has introduced Employee Stock Option Scheme named 'RMS ESOP 2010' to reward the employees for their loyal association and contribution towards the growth of our Company.

Employee Category	No of Employees
Professionals: engineers, managers etc.	26
Operators, administrator and support staff	10
Total employees	36

In addition to the above employee strength we have 50 semi skilled labourers.

Our Company's human resource policies concentrate on creating a management pool through enhanced training and development activities and conceptualizing key responsibility for them. We provide insurance and mediclaim schemes to our employees. We also provide food to all our employees and labourers at the Facility at subsidized rates.

ORGANIZATION CHART



Our Proposed Project

Our Proposed Project proposes expansion of capacity in our existing Facility and creation of additional capacities in two new locations. We now propose to expand our Facility from 27000 MTPA to 90000 MTPA to provide readymade steel products the demand for which is growing in view of the growing infrastructure development activities taking in place in Mumbai and neighboring places. We also propose to set-up new facilities at two locations i.e near New Delhi and Raipur to expand our reach to customers in and around these locations. Both the new facilities will have an installed capacity of 50000 MTPA. These two plants will also provide readymade steel and will cater to the demand of infrastructure and construction companies.

Rationale for the Proposed Project

We are one of the first business organisations engaged in the business of supplying readymade steel products in India. As such we believe, we have an early mover advantage in this industry. We have supply our products to construction and infrastructure companies in India for their reinforced steel requirements. We have consistently exhibited our ability to meet quality requirements of our clients for who readymade steel form a critical component. These achievements in the past have now encouraged us to expand in the same line of business both in terms of productive capacity and geographical reach by expanding our existing facility at Khopoli and setting-up additional facilities near New Delhi and Raipur respectively. We believe that the readymade steel product segment is still in the nascent stage and there is significant emerging demand for the products due to projected growth in the infrastructure and construction activities. Apart from that the boost provided to the infrastructure sector by the government in the Union Budget, the XI Five Year Plan also provides us with positive outlook to go for proposed expansion.

Location and Land Details

The expansion of the plant at Khopoli is proposed at our existing facility at Khopoli. The process of identification and acquisition of lands for the proposed new plants near New Delhi and Raipur is underway. For further details please see the section titled “Objects of the Issue” on page 30.

Building and Civil Works

The project envisages construction of factory shed at all the three locations i.e at Khopoli and near New Delhi and Raipur. The cost for construction at Khopoli would be around Rs. 140 Lacs for construction area of 20000 sq ft. The construction cost at the facility near New Delhi and Raipur would be around Rs 340 Lacs each for 40000 square feet which would also include construction of foundation of.

Plant & Machinery

For the expansion and new projects we propose to install automatic cutting & bending lines primarily comprising of a) Automatic Shearline b) Stirrup bender c) Dual Benders d) Cutting Machine and all other relevant machines along with their accessories.

Selection of make and specifications of critical machineries for the projects viz. cut and bend and for stirrups require high degree of awareness on prevailing technologies, their relative advantages and their relevance for our business model. The technology that we intend to adopt for the new project is a proven technology.

(A) Details of Machineries proposed to be installed at Khopoli facility are given below:

Sr. No.	Details of machinery and potential suppliers	Rate per Unit	Qty. (in nos.)	Amount	Date of Quotation
	Imported Machinery:				
1.	Cutting machine from M/s Stema Engineering A/S, Germany - Stema Pedax - Simplex 45HV Single Shear, as per quotation no. SP/IND/RMS/NR/Q1	13.12	08	104.96	11/10/2010
2.	Automatic Stirrup Bender from M/s EVG Austria - POLYBEND PBC 2-16 - mm6X2 - mm12X2 - mm16X1 - as per quotation no. A121577	144.78	01	144.78	12/10/2010
3.	Bending benches from M/s EVG Austria - RAC/1 - 1 BENCH - as per quotation no. A121577 dated:	14.92	07	104.19	12/10/2010
4.	Dual Bender - Double pending line DBS from M/s EVG Austria - mm8X10 -	116.25	01	116.05	12/10/2010

Sr. No.	Details of machinery and potential suppliers	Rate per Unit	Qty. (in nos.)	Amount	Date of Quotation
	mm50X1 - as per quotation no. A121563				
5.	Spiral - DBS-N Positive Negative Bending - from M/s EVG Austria - mm 6 - mm 40 - as per quotation no. A121563	11.64	01	11.64	12/10/2010
6.	Auto Shear line - Polybar 40 V - from M/s EVG Austria - 12M - as per quotation no. A121566	132.28	01	132.38	12/10/2010
	Total cost of imported plant & machinery			615.00	
	Indigenous Machinery:				
1.	Conveyors - 14 roller 628 kgs - from M/s Mohdaf, sakinaka, Mumbai - 20 m - as per quotation no. 199	10.32	09	92.88	6/10/2010
2.	Forklift - AF50 D - from M/s Action Construction Equipments Ltd., Mumbai - 5 tons X 3.0m - as per quotation no. ACE/M/1905/2010-11/KH	13.02	01	13.02	12/10/2010
3.	EOT Crane - Double girder EOT crane - 5MT - from M/s Sumo Material Handling Systems & Services, Ahmedabad - as per quotation no. SM/RSIL/10-11/1561	16.88	01	16.88	09/10/2010
4.	Hydraulic Mobile Crane - ACE 14XW - from M/s M/s Action Construction Equipments Ltd., - 14 MT - Mumbai as per quotation no. ACE/M/1912/2010/KH	11.42	01	11.22	12/09/2010
5.	Other Misc. Machines such as grinding wheels, portable tools, jigs, fixtures, dyes, tools, etc. to be purchased across the counter from its respective dealers.	-	-	28.00	N/a
	Total cost of indigenous plant & machinery			162.00	
	Total Plant & Machinery			777.00	

(B) We propose to have similar set up of infrastructure and plant and machinery for both the new centres proposed near New Delhi and Raipur, as per the following details:

Amt. (Rs. In Lacs)

Sr. No.	Details of machinery and potential suppliers	Rate per Unit	Facility near New Delhi Qty. (No.s)	Facility near Raipur Qty. (No.s)	Facility near New Delhi	Facility near Raipur	Date of quotation
	Imported Machinery:						
1.	Cutting machine from M/s Stema Engineering A/S, Germany - Stema Pedax - Simplex 45HV Single Shear, as per quotation no. SP/IND/RMS/NR/Q1	13.12	10	10	131.20	131.20	11/10/2010
2.	Automatic Stirrup Bender from M/s EVG Austria - POLYBEND	144.78	01	01	144.78	144.78	12/10/2010

Sr. No.	Details of machinery and potential suppliers	Rate per Unit	Facility near New Delhi Qty. (No.s)	Facility near Raipur Qty. (No.s)	Facility near New Delhi	Facility near Raipur	Date of quotation
	PBC 2-16 - mm6X2 - mm12X2 - mm16X1 - as per quotation no. A121577						
3.	Bending benches from M/s EVG Austria - RAC/1 - 1 BENCH - as per quotation no. A121577	14.92	05	05	74.60	74.60	12/10/2010
4.	Dual Bender - Double pending line DBS from M/s EVG Austria - mm8X10 - mm50X1 - as per quotation no. A121563	116.25	01	01	116.25	116.25	12/10/2010
5.	Spiral - DBS-N Positive Negative Bending - from M/s EVG Austria - mm 6 - mm 40 - as per quotation no. A121563	11.64	01	01	11.64	11.64	12/10/2010
6.	Auto Shear line - Polybar 40 V - from M/s EVG Austria - 12M - as per quotation no. A121566	132.28	01	01	132.38	132.38	12/10/2010
	Total cost of imported plant & machinery				610.85	610.85	
	Indigenous Machinery:						
1.	Conveyors - 14 roller 628 kgs - from M/s Mohdaf, sakinaka, Mumbai - 20 m - as per quotation no. 199	10.32	13	13	134.16	134.16	6/10/2010
2.	Forklift - AF50 D - from M/s Action Construction Equipments Ltd., Mumbai - 5 tons X 3.0m - as per quotation no. ACE/M/1905/2010-11/KH	13.02	01	01	13.45	13.45	12/10/2010
3.	EOT Crane - Double girder EOT crane - 5MT - from M/s Sumo Material Handling Systems & Services,	16.88	01	01	16.88	16.88	09/10/2010

Sr. No.	Details of machinery and potential suppliers	Rate per Unit	Facility near New Delhi Qty. (No.s)	Facility near Raipur Qty. (No.s)	Facility near New Delhi	Facility near Raipur	Date of quotation
	Ahmedabad - as per quotation no. SM/RSIL/10-11/1561						
4.	Hydraulic Mobile Crane - ACE 14XW - from M/s M/s Action Construction Equipments Ltd., - 14 MT - Mumbai as per quotation no. ACE/M/1912/2010/KH	11.42	01	01	11.42	11.42	12/09/2010
5.	Electronic Weighbridge (80 MTs capacity) from M/s Precision Weighing Systems, Pune - as per quotation no. nil –	8.24	-	-	8.24	8.24	01/10/2010
6.	Other Misc. Machines such as grinding wheels, portable tools, jigs, fixtures, dyes, tools, etc. to be purchased across the counter from its respective dealers.	-	-	-	31.00	31.00	N/a
	Total cost of indigenous plant & machinery				215.15	215.15	
	Total cost of all machinery & equipments mentioned above				827.00	827.00	

We do not have any intention of procuring second hand machinery for the Proposed Project.

We have to place order for plant and machinery worth approximately Rs. 2431 Lacs being 100% of our total plant and machinery requirements for the Proposed Project.

Utilities

Power & Fuel:

The current sanctioned limit for power at our Khopoli plant is 200 KVA from MSEDC. The connected load and the maximum demand for the plant at Khopoli (including the proposed expansion) at 100% capacity utilization is estimated at 500 KVA. We propose to increase our power connection from MSEDC to 500 KVA. For our proposed plants near New Delhi and Raipur the connected load and the maximum demand at 100% capacity utilization is estimated at 300 KVA for each plant. We propose to take power connection of 300 KVA from the respective state electricity boards.

Water:

Water usage from process point is negligible. Water would be required for drinking, sanitary and other miscellaneous purposes. The source of water at Khopoli plant will be mainly from our own Borewell. The source for water at proposed locations would be from respective local authorities.

Raw Material

Our raw materials consist of iron and steel products primarily reinforcement bars. We are in the business of Readymade steel for the last 3 years and have been able to secure timely supply of required raw material for our existing activity. The raw materials for the Proposed Project are also proposed to be procured from the existing raw material suppliers. Raw material is easily available in the domestic market and no difficulty is envisaged in sourcing of the raw material.

Manpower

The total manpower requirement for the project is estimated at about 80 personnel, comprising senior executives, technical & supervisory staff and commercial staff. The location wise estimates of manpower requirement are as per details given below:

Employee Category	Khopoli	New Delhi	Raipur	Total
Professionals: engineers, managers etc.	12	12	12	36
Operators, administrator and support staff	8	18	18	44
Total employees	20	30	30	80

We propose to recruit the manpower in a phased manner, depending on the progress made in implementation of the project. Recruitment of skilled / semi skilled labourers will be done locally. We have appointed Mr. Ho Siew Piu as General Manager – Technical and New Projects for implementation of the proposed project. Mr. Ho Siew Piu, aged 45, joined CSC Holdings Limited in Singapore in the year 2001 & has 10 years of Experience in technical requirements of our industry. He joined our Company in October 2010 to oversee the expansion and look after the technical aspects of proposed projects.

Marketing Arrangements

Our sales and marketing is looked after by our managing director Mr. Anil Agrawal. He is ably supported by adequate number of qualified marketing personnel who interact on a day to day basis with customers and ensure a healthy relationship with them.

Some of our customers are already present in the locations where we are planning to set up our proposed facility. Since they are satisfied customers who understand the advantages of using readymade steel for their requirement, our main focus will be to cater to their requirements in the northern and central India. We expect to secure significant orders from our current customers in new locations as well.

We also propose to create awareness about this concept through seminars and other business meets in the new locations where we are proposing to set up our new project.

Schedule of implementation

The schedule of implementation of project is as follows:

Sr. No.	Particulars	Expansion at the existing Khopoli	New centre near New Delhi	New centre near Raipur
1	Land Acquisition	Available	Apr-11	Apr-11
2	Land Development	Jan-11	Jun-11	Jun-11
3	Construction of Factory Shed	January-February 2011	August-September 2011	August-September 2011
4	Construction of Office Building	Available	August-September 2011	August-September 2011
5	Placing Order for Machinery	Jan-11	Sep-11	Sep-11
6	Application for power / additional Power	Feb-11	Oct-11	Oct-11
7	Consent of State PCB	Feb-11	Oct-11	Oct-11
8	Procurement of Machines & Other Installation	Mar-11	Nov-11	Nov-11
9	Power sanction & connection	Apr-11	Dec-11	Dec-11
10	Installation of Machineries	May-June 2011	Dec-11	Dec-11
11	Commercial Production	Jul-11	Jan-12	Jan-12

Expected Commencement Date

As per the current schedule of Implementation, the commercial production is expected to commence from July 2011 at Khopoli and from January 2012 at near New Delhi and Raipur respectively.

KEY INDUSTRY REGULATIONS AND POLICIES

The regulations and policies set out below are not exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional advice. The following description is a summary of the relevant regulations and policies as prescribed by the Government of India that are applicable to our Company. The statements below are based on the provisions of Indian law in force, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Environmental Legislations

Environment (Protection) Act, 1986

The Environment (Protection) Act, 1986 was enacted as a general legislation to safeguard the environment from all sources of pollution by enabling coordination of the activities of the various regulatory agencies concerned, to enable creation of an authority with powers for environmental protection, regulation of discharge of environmental pollutants etc. The purpose of the Act is to act as an “umbrella” legislation designed to provide a framework for Government co-ordination of the activities of various central and State authorities established under previous laws, such as the Water Act and the Air Act, defined below. It includes water, air and land and the inter-relationships which exist among water, air and land, and human beings and other living creatures, plants, micro-organisms and property.

Air (Prevention and Control of Pollution) Act, 1981

The Air (Prevention and Control of Pollution) Act, 1981 (the “Air Act”) has been enacted to provide for the prevention, control and abatement of air pollution. The statute was enacted with a view to protect the environment and surroundings from any adverse effects of the pollutants that may emanate from any factory or manufacturing operation or activity. It lays down the limits with regard to emissions and pollutants that are a direct result of any operation or activity. Periodic checks on the factories are mandated in the form of yearly approvals and consents from the corresponding Pollution Control Boards in the State.

Water (Prevention and Control of Pollution) Act, 1974 (the “Water Act”)

The Water Act was enacted in 1974 in order to provide for the prevention and control of water pollution by factories and manufacturing industries and for maintaining or restoring the wholesomeness of water. In respect to an Industrial Undertaking it applies to the (i) Occupier (the owner and management of the undertaking), (ii) Outlet, (iii) Pollution and (iv) Trade effluents. The Water Act requires that approvals be obtained from the corresponding State’s Pollution Control Boards.

Water (Prevention and Control of Pollution) Cess Act, 1977 (“The Water Cess Act”)

The Water Cess Act is a legislation providing for the levy and collection of a cess on local authorities and industries based on the consumption of water by such local authorities and industries so as to enable implementation of the Water Act by the regulatory agencies concerned.

Labour Laws

Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947 (the “IDA”) was enacted to make provision for investigation and settlement of industrial disputes and for other purposes specified therein. The IDA distinguishes between (i) employees who are ‘workmen’ and (ii) employees who are not ‘workmen’. Workmen have been provided several benefits and are protected under various labour legislations, whilst those persons who have been classified as managerial employees and earning salary beyond a prescribed amount may not generally be afforded statutory benefits or protection, except in certain cases. Employees may also be subject to the terms of their employment contracts

with their employer, which contracts are regulated by the provisions of the Indian Contract Act, 1872. The IDA also sets out certain requirements in relation to the termination of the services of the workman's services. This includes detailed procedure prescribed for resolution of disputes with labour, removal and certain financial obligations up on retrenchment.

Shops and Establishment Act

Under various State laws dealing with shops and establishments, any shop or commercial establishment has to obtain a certificate of registration from the supervising inspector and also has to comply with certain rules laid down in the act governing that particular State. These rules and regulations regulate the opening and closing hours of shops and commercial establishments, daily and weekly work hours, closing dates and holidays, health and safety of persons working in shops and commercial establishments, payment of wages and maintenance of records and registers by the employers, among others.

Employees' Provident Funds and Miscellaneous Provisions Act, 1952

Employees Provident Funds and Miscellaneous Provisions Act, 1952 ("EPFA") was introduced with the object to institute compulsory provident fund for the benefit of employees in factories and other establishments. The EPFA provides for the institution of provident funds and pension funds for employees in establishments where more than 20 persons are employed 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". Liability is imposed on the employer and the employee to contribute to the funds mentioned above, in the manner specified in the statute. There is also a requirement to maintain prescribed records and registers and filing of forms with the concerned authorities. The EPFA also prescribes penalties for avoiding payments required to be made under the abovementioned schemes.

Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1961 ("the POG Act") provides for payment of gratuity to employees employed in factories, shops and establishments who have put in a continuous service of 5 years, in the event of their superannuation, retirement, resignation, death or disablement. The rule of '5 years continuous service' is however relaxed in case of death or disablement of an employee. Gratuity is calculated at the rate of 15 days wages for every completed year of service with the employer. Under the POG Act, an employer is obliged for a maximum gratuity payout of Rs. 10, 00,000 for an employee. The POG Act also requires the employer to obtain and maintain an insurance policy for the employer's obligation towards payment of gratuity.

Minimum Wages Act, 1948

The Minimum Wages Act, 1948 ("MWA") came in to force with the objective to provide for the fixation of a minimum wage payable by the employer to the employee. Under the MWA, the appropriate government (Central or State) is authorised to fix the minimum wages to be paid to the persons employed in scheduled or non scheduled employment. Every employer is required to pay not less than the minimum wages to all employees engaged to do any work whether skilled, unskilled, and manual or clerical (including out-workers) in any employment listed in the schedule to the MWA, in respect of which minimum rates of wages have been fixed or revised under the MWA.

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 caused due to accidents 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 if personal injury, disablement either partial or total or 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 in accordance with the provisions of 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.

Tax Related Legislations

Value Added Tax, 2005

Value Added Tax (“VAT”) is charged on sale of goods in the States under the law enacted by each State in respect thereof. VAT is however, not chargeable on the value of services which do not involve a transfer of goods. VAT is a multi-point levy on each of the entities in the supply chain with the facility of setoff 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.

Income Tax Act, 1961

The Income Tax Act, 1961 (“IT Act”) is applicable to every company, whether domestic or foreign 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. Every company assessable to income tax under the IT Act is required to comply with the provisions thereof, including those relating to Tax Deduction at Source, Advance Tax, Minimum Alternative Tax and like. Every such company is also required to file its returns by 31st October of each assessment year.

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 the recipient of such services and pay such tax to the Government. According to Rule 6 of the Service Tax Rules, every assessee is required to pay Service tax in TR 6 challan by the 5th 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 the 25th of the month immediately following the half year to which the return relates.

Customs Act, 1962

The provisions of the Customs Act, 1962 and Rules made there under are applicable at the time of import of goods into India from a place outside India or at the time of export of goods out of India to a place outside India. Any Company requiring to import or export any goods is required to get itself registered and obtain an Importer Exporter Code (IEC) number.

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.

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. In addition to the above domestic legislations India is a party to several international treaties related to intellectual property including the Patent Co-operation Treaty, 1970, the Paris Convention for the Protection of Industrial Property, 1883, the International Convention for the Protection of Literary and Artistic Works signed at Berne in 1886 (the Universal Copyright Convention of 1952), the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations 1961 and as a member of the World Trade

Organisation is a signatory to the Agreement on Trade Related aspects of Intellectual Property Rights, 1995 (the TRIPS Agreement).

Regulations Regarding Foreign Investment

Foreign investment in India is governed primarily by the provisions of the FEMA, and the rules, regulations and notifications thereunder, as issued by the Reserve Bank of India from time to time, and the policy prescribed by the Department of Industrial Policy and Promotion, which provides for whether or not approval of the FIPB is required for activities to be carried out by foreigners in India. The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (“FEMA Regulations”) to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. As laid down by the FEMA Regulations, no prior consents and approvals is required from the RBI, for foreign direct investment (“FDI”) under the automatic route within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI.

HISTORY AND OTHER CORPORATE MATTERS

Our Company was incorporated on March 21, 2006 under the provisions of the Companies Act, 1956 as Readymade Steel India Private Limited. Pursuant to a special resolution passed by the shareholders of our Company at the Extra-Ordinary General Meeting held on July 21, 2010 our Company was converted into a public limited company and consequently the name of our Company was changed to Readymade Steel India Limited. A fresh certificate of incorporation reflecting the new name was issued by the Registrar of Companies, Maharashtra on August 24, 2010.

Our Company was formed pursuant to a Joint Venture Agreement dated February 6, 2006 entered into amongst CSC Holdings Limited (“CSC”), Krishna Trading Corporation (“KTC”), Triveni Enterprises (“TE”) and Mr. Anand Goel. The said joint venture has come to an end. For further details, please see “Joint Venture and Other Agreements” below. Our Company initially set-up its facilities at Bangalore and commenced its test operations in the financial year 2007. In the same year, our Company ceased its operations from Bangalore and set-up our existing processing facility in Khopoli, Raigad in the year 2008.

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

Changes in the Registered Office

Since incorporation, there has been no change in the Registered Office of our Company.

Major events in the History of Our Company:

Year	Milestone
2006	Incorporation of our Company pursuant to a Joint Venture Agreement dated February 6, 2006.
2006	Commencement of test operations from Bangalore.
2007	Sanction of Term Loan from Union Bank of India amounting to Rs.390 Lacs for setting-up its facilities at Khopoli, District Raigad.
2008	Setting up of the existing factory at Khopoli, District Raigad, Maharashtra with an installed capacity of 27000 MTPA
2009	Entered into an Letter of Intent with Larsen & Toubro Limited for processing of steel for its Mumbai Monorail Project
2010	<ul style="list-style-type: none"> Our Company was converted to a public limited company Our Company received ISO 9001:2008 certificate

For details on technology, market, technology competence and capacity built up, please refer to section titled “Business Overview” on page 72.

Changes in the Memorandum of Association of our Company

Since Incorporation, the following changes have been incorporated in Memorandum of Association of our Company, after approval of the members:

Sr. No.	Changes	Year	Type of Meeting
1.	Increase in authorized share capital from Rs. 250 Lacs to Rs. 500 Lacs	2006	EGM
2.	Increase in authorized share capital from	2010	EGM

Sr. No.	Changes	Year	Type of Meeting
	Rs. 500 Lacs to Rs. 1500 Lacs		
3.	Conversion of Company from Private Limited to Public Limited and consequent change in name from Readymade Steel India Private Limited to Readymade Steel India Limited	2010	EGM
4.	Sub-division of the authorized share capital from 15,00,000 Equity Shares of face value Rs. 100/- each to 1,50,00,000 Equity Shares of Rs. 10/- each	2010	EGM

Number of Shareholders/ Members

As on the date of this DRHP, the total number of holders of Equity Shares is 14.

Our Main Objects:

The main objects of our Company as stated in the Memorandum of Association are:

“To carry on the business of manufacturers, Traders, Distributors, Dealers, Importers, Agents, Retailers, Buyers, Sellers or in TMT coils, Debars, TOR steel, Round bars, Wire Rods, and Processors of cutting, Bending, Meshing, Welding Binding, Drawing, Stretching of TMT coils, TMT Rebars, TOR steel, Round bars, Wire Rods, Welded steel fabrics and cold drawn welded steel fabrics”.

Joint Venture and Other Agreements

CSC Holdings Limited, a company incorporated under the laws of Singapore (“CSC”), Krishna Trading Corporation (“KTC”), a proprietary firm, Triveni Enterprises, a partnership firm registered under the laws of India (“TE”) and Mr. Anand Goel (collectively referred to as “the Parties”) entered into a Joint Venture Agreement dated February 6, 2006 for the establishment of a joint venture company to carry on the business of manufacture and trade of welded steel fabric, and provide- cut and bend and other related services and solutions to the customers of the construction industry. In pursuant to the aforesaid Joint Venture Agreement, our Company was incorporated on March 21, 2006 as a private Limited Company.

Mr. Anil Agrawal and Mr. Avinash Agarwal became the initial subscribers to the Memorandum. It was agreed that CSC would subscribe or acquire 50% share capital of the incorporated company. Pursuant to which various allotments were made whereby CSC became entitled to 50% equity shares in our Company. On December 8 2006, Mr Avinash Agarwal transferred all its equity shareholding in our Company to Mr. Anil Agrawal.

By a Sale and Purchase Agreement dated July 12, 2007 entered into between CS India Pte Ltd and Triveni Enterprises read with Supplemental Sale and Purchase Agreement of even date entered into between CS India Pte Ltd, Anil Agrawal and Triveni Enterprises read with Memorandum of Completion dated August 13, 2007 entered into between CS India Pte Ltd, Mr. Anil Agrawal and M/s Triveni Enterprises, whereby CS India Pte. Ltd, with the consent and confirmation of Triveni Enterprises transferred all its 2,13,750 Equity Shares of Rs. 100/- each to Anil Agrawal for a total consideration of approximately Rs. 172 Lacs. Accordingly, Anil Agrawal became the majority shareholder of our Company.

Shareholders Agreement

As on the date of filing the Draft Red Herring Prospectus, there are no existing Shareholders Agreements amongst the shareholders of our Company.



Other Agreements

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, which are subsisting as on date.

Strategic Partners

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

Financial Partners

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

Our Holding Company

We do not have a holding company.

Our Subsidiary

We do not have any subsidiaries.

OUR MANAGEMENT

Under the Articles of Association our Company cannot have less than 3 Directors and more than 12 Directors. Currently, our Company has 5 Directors.

The following table sets forth details regarding our Board of Directors as on the date of filing of this Draft Red Herring Prospectus with SEBI:

Board of Directors

Sr. No.	Name, Fathers' Name, Designation, Term, Age, Nationality, Address, Occupation & DIN	Date of Appointment & Term of Directorship	Other Directorships/Partnership/ Trusteeship/Proprietaryship
1)	<p>Mr. Anil Agrawal S/o Late Dhanpatlal Agrawal</p> <p>Designation :Managing Director</p> <p>Term: 25th August, 2010 to 24th August, 2014</p> <p>Age :34 years</p> <p>Nationality :Indian</p> <p>Address: 8A/8B, Eden Bungalow Co-operative Housing. Society, Hiranandani Garden, Powai, Mumbai 400 076.</p> <p>Occupation: Business</p> <p>DIN: 00360114</p>	<p>Appointed Director on 22nd March, 2006.</p> <p>Appointed as Managing Director w.e.f 25th August 2010 for a period 5 years.</p>	<p><i>Other Directorship</i></p> <p>Kridhan Infrastructures Private Limited Kridhan Infra Solutions Private Limited Shri Bajrang Power & Ispat Limited</p> <p><i>Proprietorship</i></p> <p>Krishna Trading Corporation</p>
2)	<p>Mrs. Krishna Devi Agrawal W/o Late Dhanpatlal Agrawal</p> <p>Designation: Non-Executive & Non-Independent Director</p> <p>Term: Liable to retire by rotation</p> <p>Age: 57 years</p> <p>Nationality :Indian</p> <p>Address: 8A/8B, Eden Bungalow Co-operative Housing. Society, Hiranandani Garden, Powai, Mumbai - 400 076.</p> <p>Occupation: Business</p> <p>DIN: 01791953</p>	<p>Appointed as a Director on 13th August 2007</p>	<p><i>Other Directorship</i></p> <p>Kridhan Infrastructures Private Limited; Kridhan Infra Solutions Private Limited; Easy Accountants Private Limited</p>
3)	<p>Mr. Sandeep Mittal S/o Shri Prabhas Kumar Agrawal</p>	<p>Appointed as an Additional Director on September 30, 2010.</p>	<p><i>Other Directorship</i></p> <p>Fab Creations Private</p>

	<p>Designation : Non-Executive & Independent Director Term: Till next Annual General Meeting.</p> <p>Age : 34 years</p> <p>Nationality : Indian</p> <p>Address: 107, Fiorello, Nahar's, Amrit Shakti, Sector – R2, Phase-II, Chandivali Andheri (East), Mumbai, Maharashtra - 400 072</p> <p>Occupation: Business</p> <p>DIN: 00534400</p>		<p>Limited Prithvi Fashions Private Limited Prithvi Infra Assets Private Limited Deacon Sales Private Limited</p>
4)	<p>Mr. Mahesh Kumar Garg <i>S/o Shri Hari Ram Garg</i></p> <p>Designation: Non Executive & Independent Director</p> <p>Term: Liable to retire by rotation</p> <p>Age: 62years</p> <p>Nationality: Indian</p> <p>Address: AI-267, Naraina Vihar, New Delhi 110028</p> <p>Occupation: Business</p> <p>DIN:03157824</p>	<p>Appointed as an Additional Director on 25th August, 2010 and appointed as Director in the Annual General Meeting on 29th September, 2010</p>	<p><i>Other Directorship</i></p> <p>Marmagoa Steel Limited</p>
5)	<p>Mr. Abhijit Ranade <i>S/o Shri Vidyandand Ranade</i></p> <p>Designation: Non Executive & Independent Director</p> <p>Term: Liable to retire by rotation</p> <p>Age: 42 years</p> <p>Nationality : Indian</p> <p>Address: A1/1, Rambag Colony, Parijat Bungalow, Navi Peth, Pune – 411 030</p> <p>Occupation: Business</p> <p>DIN:03247451</p>	<p>Appointed as a Director on September 29, 2010.</p>	<p><i>Proprietorship</i></p> <p>Sidhant</p>

Note: All of our directors are Indian nationals. Two of our Directors are related to each other. Mr. Anil Agrawal is the son of Mrs. Krishna Devi Agrawal.

None of the above mentioned Directors are on the RBI List of wilful defaulters as on the date of the Draft Red Herring Prospectus.

Further, neither our Company nor our Promoters, persons forming part of our Promoter Group, Directors or persons in control of our Company are debarred from accessing the capital market by SEBI.

None of our directors are or have been directors in any of the listed companies which have been/ were delisted from the stock exchange(s).

None of our directors are or have been directors in any of the listed companies whose shares have been/were suspended from being traded on the Bombay Stock Exchange Ltd./National Stock Exchange of India Ltd.

None of the Promoters, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by the SEBI.

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the above mentioned Directors was selected as director or member of senior management.

Brief Profile of the Directors

Mr. Anil Agrawal, aged 34 years, is the Promoter Director of the Company. He holds a bachelors degree in Commerce from Sydenham College of Commerce, Mumbai and Masters degree in Management Studies from Mumbai University. He has over 10 years of experience in steel and infrastructure industry. He started his career by establishing M/s Krishna Trading Corporation, a steel distribution firm with a view of providing finished steel products to large industrial houses. He is responsible for the management of the entire operations of the Company, including sales and marketing. He is also actively involved in developing new products to cater to the growing needs of the infrastructure sector.

Mrs. Krishna Devi Agrawal, aged 57 years is a Non-Executive Non-Independent Director of the Company. She is an undergraduate. She has an experience of more than 20 years in the business of iron and steel.

Mr. Sandeep Mittal aged 34 years is an Non-Executive and Independent Director of our Company since September 30, 2010. He holds a bachelor's degree in Commerce and Post Graduate diploma in Business Administration. He has 10 years of experience, which includes working with Mysore Breweries Limited, ICI Paints India.

Mr. Abhijit Ranade aged 42 years, is a Non-Executive and Independent Director of the Company since September 29, 2010. He has completed his Masters in Business Administration. He is the owner and principal consultant of "Siddhant", a consulting organisation that helps its clients achieve a better business performance. Apart from consultancy, he also conducts marketing management courses for Symbiosis Institute of Business Management.

Mr. Mahesh Kumar Garg aged 62 years, is an Non-Executive and Independent Director of the Company since August 25, 2010. He holds a bachelor's degree in Electrical and Mechanical Engineering with LLB from the Delhi University. He is from the Central Power Engineering Services, Batch of 1973. He has worked with the Central Government for more than 35 years in Group A and higher positions. He received the President's gold medal for meritorious and outstanding services while on deputation with Delhi Vidyut Board.

Borrowing Powers

Pursuant to a resolution passed by the shareholders in accordance with the provisions of section 293(1)(d) of the Companies Act, 1956, at the Annual General Meeting held on September 29, 2010 our Board has been authorized to borrow all such sums of money by way of cash, credits, advances, deposits or other loans whether secured or unsecured by mortgage, charge, hypothecation or pledge of the Company's assets and properties, whether moveable or immoveable notwithstanding that the moneys to be borrowed by the Company, apart from temporary loans obtained from our Company's bankers in the ordinary course of business shall not exceed, a sum of Rs. 10,000 Lacs in addition to the paid-up capital and free reserves of our Company.

Compensation to Managing Director

Pursuant to the agreement dated August 25, 2010, the remuneration payable to Mr. Anil Agrawal, Managing Director has been determined as under:

Particulars	Remuneration
Salary	Upto Rs. 1,85,000/- per month or such other amount as the Board may determine
Other Allowances	(i) Rent free accommodation and all rents, rates and taxes, electricity, fuel, water and other expenses for upkeep of residence; (ii) Leave and travel expenses incurred for him and his family; (iii) Reimbursement of expenditure incurred for car driver salary; (iv) Provision of assets /furnishings at the residence (v) Medical Expenses incurred for him and his family (vi) Club membership fees subject to a maximum of two clubs (vii) Personal accident insurance policy (viii) Provision for use of car and telephone for both official and personal use. (ix) Group Insurance Policy subject to the rules of the Company (x) Telephone expenses subject to the rules of the Company
Commission	Performance linked variable pay/long term incentive compensation/ bonus/ Commission on profits subject to a ceiling of Rs. 5,00,000/- per annum or such other amount as may be decided by the Board.
Perquisites	Perquisites shall be restricted to an amount equal to the annual package. Salary and Perquisites shall be exclusive of: (i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent they are not taxable under the Income Tax Act, 1961. (ii) Gratuity as per the rules of the Company. (iii) Leave as per the rules of the Company including encashment of leave at the end of the tenure.

Mr. Anil Agrawal was not paid any remuneration in the fiscal 2010.

Our Independent Directors are entitled to sitting fees of Rs.5,000/- for every board meeting or committee meeting.

The above said remuneration and perquisites are subject to the ceiling laid down in sections 198 and 309 and Schedule XIII of the Companies Act and all other applicable provisions of the Companies Act as may be amended from time to time. In case of payment of remuneration in excess of the prescribed limits, recovery of the excess amount may be waived by the board of directors upon the recommendation of the Compensation-cum-Remuneration Committee and with the approval of the Central Government.

Except as stated in this Draft Red Herring Prospectus, no amount or benefit has been paid by our Company within the two preceding years or is intended to be paid or given by our Company to any of our Company's officers including our Directors and key management personnel.

Further, except statutory benefits upon termination of their employment in our Company or retirement, no officer of our Company, including our directors and our key management personnel, are entitled to any benefits upon termination of employment.

Shareholding of Directors in our Company

Our Articles of Association do not require our Directors to hold any qualification shares. However share holding of our Directors is hereunder provided as on date:

Sr. No.	Directors	No. of Equity shares	Percentage
1.	Mr. Anil Agrawal	52,65,000	68.02
2.	Mrs. Krishna Devi Agrawal	10,000	0.13
3.	Mr. Mahesh Kumar Garg	1000	0.01

Interest of Directors

All the Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meeting of the board or a Committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under the Articles of Association. All the Directors may also be deemed to be interested to the extent of equity shares, if any, already held by them to the extent of any dividends payable to them and other distributions in respect of the said equity shares. All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any Company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

Except as stated under the heading 'Related Party Transaction' under the section titled "Financial Information" on page 140 in this Draft Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Red Herring Prospectus in which the Directors are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company.

Interest as to Property

Other than the above, our Directors have no interest other than in the normal course of business in any property acquired by our Company within two years from the date of this Draft Red Herring Prospectus.

One of our Directors is the Promoter of our Company

Changes in our Board of Directors during the last three years

The following changes have taken place in the Board of Directors of our Company during the last three years:

Sr. No.	Name	Date of change	Reason
1.	Mr. Amit Goyal	April 1, 2008	Appointment
2.	Mr. Amit Goyal	May 30, 2009	Resignation
3.	Mr. Mohit Jain	June 2, 2010	Appointment
4.	Mr. Mahesh Kumar Garg	August 25, 2010	Appointment
5.	Mr. Anand Goel	August 25, 2010	Appointment
6.	Mr. Abhijit Ranade	September 29, 2010	Appointment
7.	Mr. Sandeep Mittal	September 30, 2010	Appointment
8.	Mr. Mohit Jain	September 30, 2010	Resignation
9.	Mr. Anand Goel	September 30, 2010	Resignation

Composition of the Board of Directors

Sr. No.	Name of the Director	Designation	Category
1	Mr. Anil Agrawal	Managing Director	Executive
2	Mrs. Krishna Devi Agrawal	Director	Non-Executive & Non-Independent
3	Mr. Mahesh Kumar Garg	Independent Director	Non-Executive & Independent
4	Mr. Abhijit Ranade	Independent Director	Non-Executive & Independent
5	Mr. Sandeep Mittal	Independent Director	Non-Executive & Independent

Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchanges. We believe we are in compliance with the requirements of the applicable regulations, including the Listing Agreement with the Stock Exchanges and the SEBI Regulations, in respect of corporate governance including constitution of the Board and committees thereof. The corporate governance framework is based on an effective independent board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

We have a Board of Directors constituted in compliance with the Companies Act and Listing Agreement with Stock Exchanges and in accordance with best practices in corporate governance, our Board of Directors functions either as a full board or through management which provides our Board of Directors detailed reports on its performance periodically.

Currently our Board has five Directors, of which the Chairman of the Board is an executive Director. In compliance with the requirements of Clause 49 of the Listing Agreement, we have one Executive Director, one Non-Executive & Non-Independent Director and three Independent Directors, on our Board.

I. Committees of the Board in accordance with the Listing Agreement

(A) Audit Committee

The Audit Committee was constituted by our Board of Directors at their meeting held on August 25, 2010. The Committee was, thereafter reconstituted on September 30, 2010. The Audit Committee shall meet at least four times a year with maximum interval of four months between two meetings of the Audit Committee. The scope and functions of the Audit Committee are in accordance with section 292 A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The members of the Audit Committee are:

1. Mr. Sandeep Mittal – Chairman
2. Mr. Mahesh Kumar Garg – Member
3. Mr. Anil Agrawal – Member

The terms of reference of the Audit Committee include the following:

- (a) Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

- (b) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
- (c) Approving payment to statutory auditors for any other services rendered by the statutory auditors;
- (d) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - i. Matters required to be included in the Director's Responsibility Statement to be included in the report of the Board in terms of clause (2AA) of Section 217 of the Companies Act;
 - ii. Changes, if any, in accounting policies and practices along with reasons for the same;
 - iii. Major accounting entries involving estimates based on the exercise of judgment by management;
 - iv. Significant adjustments made in the financial statements arising out of audit findings;
 - v. Compliance with listing and other legal requirements relating to financial statements;
 - vi. Disclosure of any related party transactions;
 - vii. Qualifications in the draft audit report;
- (e) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (f) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- (g) 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;
- (h) Discussing with the internal auditors any significant findings and follow up there on;
- (i) 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;
- (j) Discussion with the 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;
- (k) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (l) To Review the functioning of the Whistle Blower mechanism, in case the same is existing; and
- (m) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

(B) Shareholders' Grievance/ Share Transfer Committee

The Shareholders'/Investors' Grievance Committee was constituted by our Board of Directors at their meeting held on August 25, 2010. The Shareholders'/Investors' Grievance Committee was thereafter re-constituted by our Board of Directors at their meeting held on September 30, 2010.

The members of the Shareholders'/Investors' Grievance Committee are:

1. Mr. Mahesh Kumar Garg - Chairman
2. Mr. Abhijit Ranade- Member
3. Mrs Krishna Devi Agrawal - Member

The scope and function of this committee is to consider and review shareholder's/investor grievances and complaints and ensure that all shareholder's/investors' grievances and correspondence are attended to expeditiously and satisfactorily unless contrained by incomplete documentation and/or legal impediments

(C) Remuneration-cum-Compensation Committee

The Remuneration-cum-Compensation Committee was constituted by our Board of Directors at its meeting held on August 25, 2010. The Remuneration-cum-Compensation Committee was thereafter re-constituted by our Board of Directors at its meeting held on September 30, 2010.

The members of Remuneration-cum-Compensation Committee are:

1. Mr. Mahesh Kumar Garg- Chairman
2. Mr. Sandeep Mittal - Member
3. Mr. Anil Agrawal - Member

The role of the Remuneration-cum-Compensation Committee has been defined to include the following:

- (a) The Remuneration Committee recommends to the board the compensation terms of the executive directors
- (b) Framing and implementing on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of executive directors including ESOP, Pension Rights and any compensation payment;
- (c) To grant options, to vest the options and to exercise the options under the RMS ESOP 2010;
- (d) Considering approving and recommending to the Board the changes in designation and increase in salary of the executive Directors
- (e) Ensure the remuneration policy is good enough to attract, retain and motivate employees.
- (f) Bringing about objectivity in deeming the remuneration package while striking a balance between the interest of our Company and the shareholders.

(D) IPO Committee

The IPO Committee was constituted by our Board of Directors at its meeting held on August 25, 2010.

The members of the IPO Committee are:

1. Mr. Anil Agrawal - Chairman
2. Mrs. Krishna Devi Agrawal - Member
3. Mr. Mahesh Kumar Garg – Member

Terms of Reference

- i. To decide on the actual size of the IPO, including any offer for sale by promoters/shareholders, any pre-IPO placement, promoter's contribution and/or reservation for employees or shareholders of promoting companies or shareholders of group companies and/or any other reservations or firm allotments as may be permitted, timing, pricing and all the terms and conditions of the issue of the Equity Shares, and to accept, implement, negotiate, carry out and decide any amendments, modifications, variations or alterations thereto;
- ii. To appoint and enter into arrangements with the book running lead managers, co-managers to the Issue, underwriters to the Issue, bankers to our Company, syndicate members to the Issue, advisors to the Issue, brokers to the Issue, escrow collection bankers, accountants, auditors, depositories, trustees, custodians, registrar to the Issue, legal advisors as to Indian and overseas jurisdictions to our Company, advertising and/or promotion or public relations agencies and any other agencies, persons or other intermediaries as may be involved with the IPO, including any successors or replacements thereof;
- iii. To finalize, approve, execute and deliver or arrange the delivery of the offering documents (including the draft red herring prospectus, the red herring prospectus, the final prospectus (including the preliminary international wrap and the final international wrap, if required, for marketing of the Issue in jurisdictions outside India)), the statement-in-lieu of the prospectus, syndicate agreement, underwriting agreement, escrow agreement, and all other documents, deeds, agreements and instruments and any amendments, supplements, notices or corrigenda thereto, together with any summaries thereto, as may be required or desirable in connection with the issue of the Equity Shares or the IPO by our Company;
- iv. To open one or more separate current account(s) in such name and style as may be decided, with a scheduled bank to receive applications along with application monies in respect of the issue of the Equity Shares of our Company;
- v. To open one or more bank account(s) of our Company in such name and style as may be decided for the handling of refunds for the Issue;
- vi. To open any other bank account(s), share/securities account, escrow or custodian accounts, in India or abroad, in rupees or in any other currency, in accordance with applicable laws, rules, regulations, approvals and guidelines;
- vii. To make applications for listing of the Equity Shares of our Company in one or more stock exchange(s) and to execute and to deliver or arrange the delivery of the listing agreement(s), or equivalent documentation to the concerned stock exchange(s) and to take all such actions as may be necessary in connection with obtaining the listing of the Equity Shares of our Company;
- viii. To make and approve amendments to the memorandum of association and the articles of association of our Company;

- ix. To approve all actions required to dematerialize the Equity Shares of our Company;
- x. To approve codes of conduct as may be considered necessary by the Board or the IPO Committee or as required under applicable laws, regulations or guidelines for the Board, officers of our Company and other employees of our Company;
- xi. To approve a suitable policy on insider trading as required under applicable laws, regulations and guidelines;
- xii. To approve any corporate governance requirement that may be considered necessary by the Board or the IPO Committee or as may be required under applicable laws, regulations or guidelines in connection with the IPO;
- xiii. To take all action as may be necessary or authorized in connection with any offer for sale;
- xiv. To remunerate all book running lead managers, co-mangers to the Issue, underwriters to the Issue, bankers to our Company, syndicate members to the Issue, advisors to the Issue, brokers to the Issue, escrow collection bankers, accountants, auditors, depositories, trustees, custodians, registrar to the Issue, legal advisors as to Indian and overseas jurisdictions to our Company, advertising and/or promotion or public relations agencies and any other agencies, persons or other intermediaries as may be involved with the IPO, by way of commission, brokerage, fees or the like;
- xv. To seek the admission of our Company's Equity Shares into the Central Depository Services (India) Limited and the National Securities Depository Limited and take any further action as may be necessary or required for the dematerialization of our Company's Equity Shares;
- xvi. To seek, if required, the consent of our Company's lenders, parties with whom our Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in connection with the IPO;
- xvii. To determine the price band for the purpose of bidding, any revision to the price band and the final IPO price after bid closure;
- xviii. To determine the bid opening and closing dates;
- xix. To finalize the allocation/allotment/transfer of Equity Shares to retail investors/non-institutional investors/qualified institutional buyers in consultation with the book running lead managers, the stock exchanges and/or any other entity;
- xx. To allocate/issue/allot/transfer the Equity Shares in accordance with the terms of the IPO, and all such Equity Shares shall rank *pari passu* with the existing Equity Shares of our Company in all respects, except as may be provided under the terms of the Issue and any IPO document;
- xxi. To authorize and empower, officers of our Company (an "Authorized Officer"), for and on behalf of our Company, to execute and deliver, on a several basis, any agreements and arrangements as well as amendments or supplements thereto that the Authorized Officer considers necessary, desirable or advisable, in connection with the IPO, including, without limitation, engagement letter(s), the listing agreements, the registrar's agreement and memorandum of understanding, the depositories agreements, the memorandum of understanding with the book running lead managers (and other entities as appropriate), the underwriting agreement, the syndicate agreement, the stabilization agreement, the escrow agreement, confirmation of allocation notes, and any agreement or document in connection with the pre-IPO placement (including any placement agreement, escrow agreement and offering documentation), with the book running lead managers, co-mangers to the Issue,

underwriters to the Issue, bankers to our Company, syndicate members to the Issue, advisors to the Issue, stabilizing agent, brokers to the Issue, escrow collection bankers, accountants, auditors, depositories, trustees, custodians, registrar to the Issue, legal advisors as to Indian and overseas jurisdictions to our Company, advertising and/or promotion or public relations agencies and any other agencies, persons or other intermediaries as may be involved with the IPO, and any such agreements or documents so executed and delivered and acts and things done by any such Authorized Officer shall be conclusive evidence of the authority of the Authorized Officer and our Company in so doing;

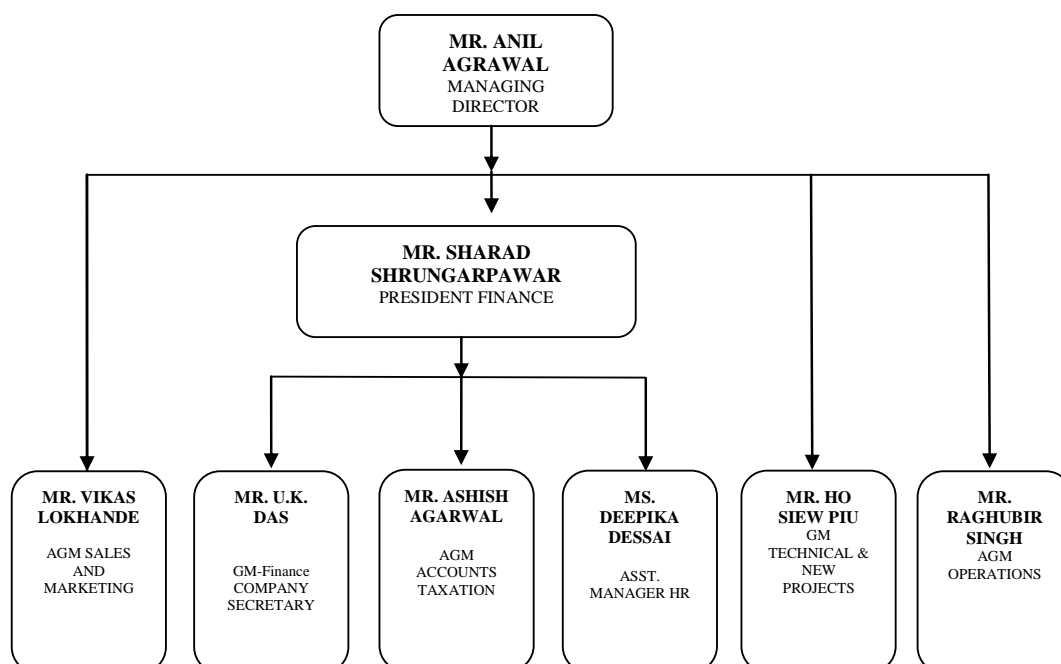
- xxii. To severally authorize each of the Authorized Officers to enter into and execute all other arrangements, letters, agreements, deeds, and powers of attorney with the placement agents, book running lead managers, co-managers to the Issue, underwriters to the Issue, bankers to our Company, syndicate members to the Issue, advisors to the Issue, brokers to the Issue, escrow collection bankers, accountants, auditors, depositories, trustees, custodians, registrar to the Issue, legal advisors as to Indian and overseas jurisdictions to our Company, advertising and/or promotion or public relations agencies and any other agencies, persons or other intermediaries as may be involved with the IPO, with such changes, additions and insertions thereto as any Authorized Officer may deem necessary, appropriate or advisable, and to make payments to or remunerate the book running lead managers, co-managers to the Issue, underwriters to the Issue, bankers to our Company, syndicate members to the Issue, advisors to the Issue, stabilizing agent, brokers to the Issue, escrow collection bankers, accountants, auditors, depositories, trustees, custodians, registrar to the Issue, legal advisors as to Indian and overseas jurisdictions to our Company, advertising and/or promotion or public relations agencies and any other agencies, persons or other intermediaries as may be involved with the IPO, by way of fees, commission, brokerage or the like; and any such documents so executed and delivered or acts and things done or caused to be done by any Authorized Officer shall be conclusive evidence of the authority of such Authorized Officer and our Company in so doing and any document so executed and delivered or acts and things done or caused to be done by any such Authorized Officer prior to the date hereof are hereby ratified, confirmed and approved as the acts and deeds of the Authorized Officer and Company;
- xxiii. To make or to authorize an Authorized Officer to make any application and take any and all action in connection with obtaining approvals or entering into any arrangement, in respect thereof from the Foreign Investment Promotion Board of India, the Reserve Bank of India, the shareholders of our Company, the Government of India, the Securities and Exchange Board of India, the Registrar of Companies and such other authorities, as may be required, for the purpose of issue of the Equity Shares by our Company in the IPO, including the issue of the Equity Shares to non-resident investors, including but not limited to, NRIs, FIIs, FVCI's and other non-residents;
- xxiv. To severally authorize and empower each Authorized Officer, for and on behalf of our Company, to execute and deliver any and all other documents, papers or instruments and to do or cause to be done any and all acts or things as any such Authorized Officer may deem necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing resolutions for the IPO; and any such documents so executed and delivered or acts and things done or caused to be done by any such Authorized Officer shall be conclusive evidence of the authority of such Authorized Officer and our Company in so doing and any such document so executed and delivered or acts and things done or caused to be done by any such Authorized Officer prior to the date hereof are hereby ratified, confirmed and approved as the act and deed of the Authorized Officer and our Company, as the case may be;
- xxv. To settle all questions, difficulties or doubts that may arise in regard to the Issue or allotment of Equity Shares as the IPO Committee may, in its absolute discretion, deem fit; and
- xxvi. To sign, execute, and deliver all such documents or instruments and do all such acts, deeds, matters and things as the IPO Committee may, in its absolute discretion, deem necessary or

desirable in order to carry out the purposes and intent of the foregoing, or otherwise in relation to the Issue or any matter incidental or ancillary in relation to the Issue, including without limitation, allocation and allotment of the Equity Shares as permissible in law and issue of share certificates in accordance with the relevant rules, and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee.

Employee Stock Options Scheme

For details in relation to the RMS ESOP 2010, please see the section titled “*Capital Structure*” on page-19.

Organisation Chart



Mr. Sharad Shrungarpawar – President Finance

Mr. Sharad Shrungarpawar, aged 60 years, is a Master in Science (Agriculture) from Nagpur and has vast experience of 35 years in the banking sector. He started as an Agricultural Field Officer and retired as Deputy General Manager in Union Bank of India. He has been associated with Ready Made Steel India Limited from August 2010 as President Finance. He heads project finances and is responsible for financial strategies. He plays a key role as financial controller.

Mr. Umakanta Das – General Manager – Finance & Company Secretary

Mr. Umakanta Das, aged 45 years, is a Cost Accountant from Institute of Cost & Work Accountant of India. He is also an Associate Member of The Institute of Company Secretaries of India. He has extensive experience of 18 years in the field of accounts and secretarial practice. He was previously employed with Lime Chemicals limited, Discover Prints (India) Pvt. Limited and Personal Point Care Limited. He has been working with us since 2009. His annual remuneration in fiscal 2010 was Rs. 4.4 lacs

Mr. Ho Siew Piu – General Manager Technical & New Project

Mr. Ho Seiw Piu, aged 45 years, has completed Diploma in Computer Studies, UK. He joined the CSC Group as production engineer in 2001 in Singapore & has 10 years of Experience in technical requirements of our industry. He joined our Company in October 2010 to oversee the expansion and look after the technical aspects of Proposed Project.

Mr. Ashish Agarwal – Assistant General Manager – Accounts & Taxation

Mr. Ashish Agarwal, aged 30 years, is a member of Institute of Chartered Accountant of India. He has experience of 2 ½ years in the field of accounts and taxation. He has joined our company in 2010 as Assistant General Manager Accounts and Taxation; he is responsible for dealing with audit and taxation related activities in our Company.

Mr. Raghubir Singh Parmar – Assistant General Manager Operations

Mr. Raghubir Singh Parmar, aged 54 years, he has completed his bachelor's degree in commerce and has an experience of 20 years in steel industry. He is working with us since August 2009. He is responsible for planning, monitoring, and reviewing production resources in our Company. His annual remuneration in fiscal 2010 was Rs. 2.1 lacs

Mr. Vikas Lokhande –Assistant General Manager Sales & Marketing

Mr. Vikas Lokhande, aged 29 years, he has completed his Bachelor of Engineering in Civil Engineering from Visvesvaraya National Institute of Technology, Nagpur as well as he has completed his Post graduate Diploma in Business Management in Supply Chain & Operations Management from International School of Business & Media, Pune. He was employed in QAD India Private Limited. He assists the Managing Director in the sales and marketing activities. He joined our Company in April 2009. His annual remuneration in fiscal 2010 was Rs. 2.4 lacs

Ms. Deepika Dessai – Assistant Manager Human Resource

Ms. Deepika Dessai, aged 24 years, she has done her Graduation in Bachelor of Management Studies, from Mumbai University specializing in Marketing, as well she has done her Post Graduate Diploma in Business Management from Rizvi Institute of Management, Mumbai, specializing in Human Resource. She is working with us since May 2010 as Assistant Manager Human Resource; she is responsible for Recruitment, Appraisal, Employee Relations, Employee interaction, Payroll, and formulating employee related policies.

Notes:

1. All the key managerial personnel mentioned above are permanent employees of our Company and none of them are related to each other or to any Director of our Company.
2. There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned personnel have been recruited.
3. Except RMS ESOP 2010, our Company does not have a performance linked bonus or a profit sharing plan with the key management personnel.
4. No non-salary-related payments or benefits have been made to our key management personnel

Shareholding of Key Managerial Personnel

None of the key management personnel of our Company hold any Equity Shares of our Company as of the date of filing this Draft Red Herring Prospectus.

The following key managerial personnel have been granted options to purchase our Equity Shares pursuant to the RMS ESOP, 2010:

Names	No. of options granted under ESOP 2010
Sharad Shrungarpawar	15000
Ho Siew Piu	9000
Umakanta Das	9000
Deepika Dessai	2000
Vikas Lokhande	2000
Raghubir Singh Parmar	2000

Changes in the Key Managerial Personnel during last three years

Following have been the changes in the key managerial personnel during the last three years:

Sr. No.	Name	Date of Joining	Date of Leaving	Reasons
1.	Mr. Avinash Gaikwad	July 2008	May 2009	Resignation
2.	Mr. Sandeep Lokeshwar	July 2008	May 2009	Resignation
3.	Mr. Umakanta Das	September 2009	N/A	Appointment
4.	Mr. Raghubir Singh Parmar	August 2009	N/A	Appointment
5.	Mr. Vikas Lokhande	April 2009	N/A	Appointment
6.	Mr. Sharad Shrungarpawar	October 2010	N/A	Appointment
7.	Mr. Ashish Agarwal	January 2010	N/A	Appointment
8.	Mr. Ho Siew Piu	October 2010	N/A	Appointment
9.	Ms. Deepika Dessai	May 2010	N/A	Appointment

Employees

As of September 30, 2010 our work force consisted of 36 full time employees. For more details about our employees please refer to section titled “*Business Overview*” on page 72 of this Draft Red Herring Prospectus.

Payment or benefit to our officers

Except for payment of monetary and non-monetary benefits in accordance with the terms of employment/engagement and the dividend, if any, that may have been declared on the Equity Shares held by our officers, we have not paid any amount or given any benefit to any officer of our Company, nor is such amount or benefit intended to be paid or given to any officer as on the date of filing this Draft Red Herring Prospectus with SEBI.

None of the key management personnel have been paid any consideration of any nature from our Company, other than their basic remuneration.

OUR PROMOTERS, PROMOTER GROUP AND GROUP COMPANIES

The following is the promoter of our Company:

Mr. Anil Dhanpat Agrawal



Mr. Anil Agrawal, aged 34 years, is the Promoter Director of our Company. He holds a bachelors degree in Commerce from Sydenham College of Commerce, Mumbai and masters degree in management studies from Mumbai University. He has over 10 years of experience in steel and infrastructure industry. He started his career by establishing M/s Krishna Trading Corporation, a steel distribution firm with a view of providing finished steel products to large industrial houses. He is responsible for the management of the entire operations of our Company, including sales and marketing. He is also actively involved in developing new products to cater to the growing needs of the infrastructure sector. For further details, please refer to the chapter “Our Management” on page no.95.

PAN No: AERPA1868D

Passport No: J1739640

Driving Licence: MH-02 20090204142

We confirm that the permanent account number, bank account details and passport number of our promoter has been submitted to BSE and NSE, at the time of filing the Draft Red Herring Prospectus with them.

Further our Promoter has not been identified as willful defaulters by RBI or any other Government authority and there are no violations of Securities Law committed by our Promoters in past or pending against them. Our Promoter is not prohibited from accessing the capital markets and no order or direction has been passed by SEBI or any other regulatory/statutory authority.

Currently Mr. Anil Dhanpat Agrawal holds 68.02%, of our pre-Issue equity share capital. For details of the build-up of our Promoters’ shareholding in our Company, see “Capital Structure” on page 19.

PROMOTER GROUP

i. Natural Persons

a) Anil Dhanpat Agrawal

The following natural persons form part of our Promoter Group as relative of Mr. Anil Dhanpat Agrawal

Name	Relationship
Krishna Devi Agrawal	Mother
Ajay Agrawal	Brother

ii. Body Corporates

The body corporates promoted by our Promoter is as set forth below:-

- (a) Kridhan Infra Solutions Private Limited; and
- (b) Kridhan Infrastructures Private Limited

iii. Other Body Corporates forming part of Promoter Group

- (a) Easy Accountants Limited
- (b) Easy Accountants Private Limited

iv. Other Promoter Group Entities

Krishna Trading Corporation, Sole Proprietary

Common Pursuits

The Promoters/ any member of Promoter Group do not have interest in any venture that is involved in any activities similar to those conducted by our Company.

Interest of Promoter

Our Promoter who is also the Director of our Company may be deemed to be interested to the extent of fees, if any payable to them for attending meeting of the Board or a committee thereof as well as to the extent of remuneration and reimbursement of expenses payable to them as per the terms of our Articles and relevant provisions of Companies Act. Our Promoter Director may also be deemed to be interested to the extent of Equity Shares held by them and also to the extent of any dividend payable to him and other distributions in respect of the said Equity Shares.

Except as stated otherwise in this Draft Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Red Herring Prospectus in which the Promoter is directly or indirectly interested and no payments have been made to him in respect of the contracts, agreements or arrangements which are proposed to be made with him including the properties purchased by our Company other than in the normal course of business.

Further, our Promoter is also director on the boards of certain Promoter Group entities and he may be deemed to be interested to the extent of the payments made by our Company, if any, to/from these Promoter Group entities. For the payments that are made by our Company to certain Promoter Group entities, see "Related Party Disclosures" beginning on page 140 of this Draft Red Herring Prospectus.

Related Party Transactions

For details on related party transactions refer to Related Party Transaction on page 140 of this Draft Red Herring Prospectus.

GROUP COMPANIES

Save and except as stated in this section of the Draft Red Herring Prospectus, there are no companies, firms, ventures, etc. promoted by the promoter except as follows:

A. Companies

- 1. Kridhan Infra Solutions Private Limited; and
- 2. Kridhan Infrastructures Private Limited

B. Other Entities

- 1. Krishna Trading Corporation, Sole Proprietary

The following are the details of the group companies/ firms and other ventures under the same management:

1. Kridhan Infra Solutions Private Limited

Kridhan Infra Solutions Private Limited was incorporated on July 2, 2010 as a private limited with its registered office at 203, Joshi Chambers, Ahmedabad Street, Carnac Bunder, Mumbai – 400 009, Maharashtra, India since incorporation. It is promoted by Mr. Anil Dhanpat Agrawal and Mrs. Krishna Devi Agrawal. It is carrying on the business of mechanical Rebar splicing and couplers. The company is carrying on the business of manufacturers, traders, distributors, dealers, importers, wholesale agents, retailers, buyers, sellers, distributing agents, of all kinds of iron & steels, products made from iron and steels, mechanical Rebar Splicing, Couplers, Minerals & ores, Ferrous & Non Ferrous Metals, Iron, Steel & Metal Scraps.

Interest of our Promoters:

Sr. No.	Name of Share Holder	No. Of Shares held	% of Share Holding
1.	Mr. Anil Dhanpat Agrawal	5000	50
2.	Mrs. Krishna Devi Agrawal	5000	50
TOTAL		10,000	100

2. Kridhan Infrastructures Private Limited

Kridhan Infrastructures Private Limited was incorporated on October 11, 2004 as a private limited company under the name of Krishna Loha Private Limited having its registered office at 203, Joshi Chambers, Ahmedabad Street, Carnac Bunder, Mumbai 400 009. Pursuant to a Special Resolution passed by the shareholders of the company at the Extra-Ordinary General Meeting held on December 19, 2008 the name of the company was changed to KTC Constructions Private Limited and the Registrar of Companies, Maharashtra issued a Fresh Certificate of Incorporation Consequent upon Change of Name dated January 6, 2009. Further, pursuant to a Special Resolution passed by the shareholders of the company at the Extra-Ordinary General Meeting held on January 6, 2010 the name of the company was changed to Kridhan Infrastructures Private Limited and the Registrar of Companies, Maharashtra issued a fresh certificate of incorporation consequent upon change of name dated February 2, 2010.

The company is carrying on the business of manufacturers, traders, distributors, dealers, importers, wholesale agents, retailers, buyers, sellers, distributing agents of all kinds of Iron & Steel, Mineral and Ores, Ferrous & Non Ferrous Metals, Iron, Steel & Metal Scraps.

Interest of our Promoters:

Sr. No.	Name of Share Holder	No. Of Shares held	% of Share Holding
1.	Mr. Anil Dhanpat Agrawal	500	50
2.	Mrs. Krishna Devi Agrawal	500	50
TOTAL		1000	100

Audited Financial information

Particulars	(Rs. In Lacs)		
	March 31, 2008	March 31, 2009	March 31, 2010
Authorised Capital	1.00	1.00	100.00
Paid-up Equity Capital	1.00	1.00	1.00
Reserves & Surplus	0.12	0.12	0.13
Sales/Income	0.41	0.45	10.37
Profit/(Loss) after tax	0.02	0.01	0.02
Earnings per share (Rs.)	2.00	1.00	0.18
Net Asset Value per equity share (Rs.)	99.86	100.03	100.03

3. Krishna Trading Corporation, Sole Proprietary of Anil Agrawal

Krishna Trading Corporation is a distributor focusing on steel sector. It is one of the leading suppliers and solution providers in terms of steel to the infrastructure industry. M/s Krishna Trading Corporation is promoted by Mr. Anil Agrawal, our Promoter having good know-how of the iron & steel industry. Krishna Trading is supplying steel in the forms of plates, angles, channels, beams etc. to various infrastructure companies.

Audited Financial Information

	<i>(Rs. In Lacs)</i>		
	March 31, 2008	March 31, 2009	March 31, 2010
Sales and other income	1230.41	2171.74	3233.98
Profit/(Loss) after tax	15.59	16.13	15.26

Other disclosures:

The equity shares of our Group Companies are not listed on any of the Stock Exchanges and they have not made any public/rights issue in last five years. Further, no action has been taken against these companies by any Stock Exchange or SEBI.

None of our group companies are sick companies within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and are not under the Board for Industrial and Financial Reconstruction. Further, they are not under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against our Group Companies.

Companies with negative net worth

Except as stated in this Draft Red Herring Prospectus, none of our Group Companies have negative Net Worth on date of end of the respective financial years audited and mentioned herein.

Defunct Group Companies

Except as stated in this Draft Red Herring Prospectus, none of our Group Companies have been declared and struck off.

Nature and Extent of Interest of Group Companies

(a) In the promotion of our Company

None of our Group Companies have any interest in the promotion of our Company.

(b) In the properties acquired or proposed to be acquired by our Company in the past 2 years before filing the Draft Red Herring Prospectus with SEBI

Our Group Companies do not have any interest in the properties acquired or proposed to be acquired by our Company in the past 2 years before filing the Draft Red Herring Prospectus with SEBI.

Related Business Transactions within the Group Companies and Significance on the Financial Performance of our Company

For details, please see the section titled “*Related Party Transactions*” on page 140.

Sale/Purchase between Group and Promoter Companies

For details, please see the section titled “*Related Party Transactions*” on page 140.

Companies with which the Promoters have disassociated in the last three years

Our Promoter has disassociated himself from Easy Accountants Private Limited due to operational reasons.

Change in Accounting Policies in the last three years

There has been no change in accounting policies in the last three years except as stated in the chapter titled “Financial Information” beginning on page 116 of this Draft Red Herring Prospectus.

Payment of Amount or Benefits to our Group Companies during the Last Two Years

Except as mentioned in “Related Party Transaction” on page 140 of the Draft Red Herring Prospectus, no amount or benefits were paid or were intended to be paid to our Group Companies during the last two years from the date of filing of this Draft Red Herring Prospectus.

CURRENCY OF PRESENTATION

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to the word “Lakh” or “Lacs”, means “One hundred thousand” and the word “million” means “Ten Lacs” and the word “Crore” means “ten million” and the word “billion” means “One thousand million and the word “trillion” means “One thousand billion”. In this Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off.

Throughout this Draft Red Herring Prospectus, all the figures have been expressed in Lacs of Rupees, except when stated otherwise. All references to “Rupees” and “Rs.” in this Draft Red Herring Prospectus are to the legal currency of India. All references to “US\$”, “USD” or “US Dollars” are to United States Dollars, the official currency of the United States of America. All references to “SGD” or “SG\$” are to Singapore Dollars, the official currency of Singapore. All references to “GBP” are to British Pound, the official currency of United Kingdom.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial position. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements we may enter into to finance our various projects and also the fund requirements for our projects.

No dividend has been declared by our Company during the past 4 years.

SECTION VII - FINANCIAL INFORMATION**AUDITORS' REPORT AND FINANCIAL INFORMATION OF OUR COMPANY****SUMMARY STATEMENT OF RESTATED ASSETS AND LIABILITIES, PROFITS AND LOSSES AND CASH FLOWS, AS AT AND FOR THE YEARS ENDED MARCH 31, 2010, 2009, 2008, 2007 AND FOR THE HALF YEAR ENDED SEPTEMBER 30, 2010**

To,
The Board of Directors
Readymade Steel India Limited*
101-102, Shreya House
Andheri (E)
MUMBAI

Dear Sirs,

We Dass Maulik Mahendra K Agrawala & Co., Chartered Accountants have examined the Summary Statement of Assets and Liabilities, as restated of Readymade Steel India Limited* (our Company) as of September 30, 2010, March 31, 2010, March 31, 2009, March 31, 2008 and March 31, 2007 and the related Summary Statement of Profit and Loss, as restated and Statement of Cash Flows, as restated for the half year ended September 30, 2010 and for the financial years ended March 31, 2010, March 31, 2009, March 31, 2008 and March 31, 2007. These Summary Statements have been prepared by our Company and approved by the Board of Directors for the proposed Public Offer (referred to as the — “IPO”), in accordance with:

- 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 regulation') and the related clarifications issued by the Securities and Exchange Board of India ('SEBI') as amended to date;

We have examined such restated financial statement taking into consideration:

- i) The terms of reference dated October 1, 2010 received from our Company, requesting us to carry out the assignment, in connection with the offer document being issued by our Company for its proposed Initial Public Offering (IPO) of equity shares; and
- ii) The Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India.

Restated Summary statements as per the audited financial statements:

The restated summary statements of the company has been extracted by the management from the financial statements of the company for the year ended March 31, 2010, March 31, 2009, March 31, 2008 and March 31, 2007 and for the half year ended September 30, 2010 which have been approved by the Board of Directors. Audit of the financial statements for the half-year ended September 30, 2010 and the re-audit for the financial year 2009-10 was conducted by us, the audit for all the other financial year viz. for the financial year ended March 31, 2009, March 31, 2008 and March 31, 2007 have been done by M/s. U B Lakhani & Co., Chartered Accountants. We have relied on these audited financial statements and have not carried out any audit tests or review procedures on such financial statements of our Company for the years ended on these respective dates. Since, we did not perform the audit for the above years the financial information including the notes and other disclosures included for such years is solely based on the audit report submitted by M/s. U B Lakhani & Co.,

Chartered Accountants for the relevant years. Representations have been taken from the management for any additional information for these years.

In accordance with the requirements of Paragraph B (1) of Part II of Schedule II of the Companies Act, 1956, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 and terms of our engagement agreed with you, we confirm that:

- a) the restated summary statement of profit and loss, the annexed restated summary statement of assets and liabilities, and restated cash flow statement ('Summary Statements') of our Company, including as at and for the half year ended September 30, 2010 and for the year ended March 31, 2010, 2009, 2008 and 2007, examined by us, as set out in Annexure I, II and XVI to this report read with and subject to the non adjustment in respect of certain audit qualification as referred to at Point No. 6, Notes on Restated Accounts and other observations as given herein after, are after making material adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Notes and Changes in Significant Accounting Policies (Refer Annexure IIA, IIB and IV).
- b) Based on and subject to our comments as above we are of the opinion that the restated financial information have been made after incorporating:
 - i. Adjustments made for the changes in accounting policies and estimates adopted by our Company retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy and estimates for all the reporting periods;
 - ii. Material prior period items have been restated to the respective years to which such prior period items related;
 - iii. There are no extraordinary items which need to be disclosed separately in the Statement of Restated Consolidated Financial Information;
 - iv. All material qualifications in the auditors' reports, other than those specifically excluded as mentioned at Note No. 6 to the restated statements which require adjustments to the summary statements, have been so adjusted.

We have not audited any financial statements of our Company as of any date or for any period subsequent to September 30, 2010. Accordingly, we express no opinion on the financial position, results of operation or cash flows of the company as of any date or for any period subsequent to September 30, 2010

Other Financial Information:

4. At our Company's request, we have also examined the following financial information proposed to be included in the offer document prepared by the management and approved by the Board of Directors of our Company and annexed to this report.

- i. Details of items of other income, enclosed as Annexure III
- ii. Details of Unsecured Loans, enclosed as Annexure VI
- iii. Details of Sundry Debtors, enclosed as Annexure VII
- iv. Details of Loans and Advances enclosed as Annexure VIII
- v. Capitalization statement as at September 30, 2010, enclosed as Annexure IX
- vi. Statement of tax shelters, enclosed as Annexure X
- vii. Statement of Investments enclosed as Annexure XI
- viii. Statement of accounting ratios based on the restated profits relating to earnings per share, net asset value and net worth enclosed as Annexure XII
- ix. Statement of dividend paid/proposed, enclosed as Annexure XIII
- x. Statement of secured loans and assets charged as securities, enclosed as Annexure XV

5. In our opinion, the restated financial information as disclosed in the annexure to this report, read with the respective significant accounting policies and notes and subject to the observations made and after making adjustments and re-groupings as considered appropriate and disclosed in Annexure IIB, has been prepared in accordance with Part II of Schedule II of the Companies Act.

6. This report should not be in any way construed as a reissuance or redrafting of any of the previous audit reports issued by us or by other firm of Chartered Accountants, nor should this report be construed as a new opinion on any of the financial statements referred to therein.

7. This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed public offer of our Company, and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Dass Maulik Mahendra K Agrawala & Co
Chartered Accountants
Firm Regn. No. 302014E

CA Narendra Khandal
Partner
M. No. 065025
Place : Mumbai
Date:

() Our Company was converted from Private limited company w.e.f. August 24, 2010. As such the relevant provisions of the companies act, in so far as they apply to a public limited company were applicable only w.e.f. the date of the conversion. Consequently, the accounts for the year / period other than the period ended September 30, 2010 are as per the provisions applicable to private limited company.*

Statement of Audited Profits & Losses as Restated

(Rs. In lacs)

	For the year / period ended				
	30-09-10	31-03-10	31-03-09	31-03-08	31-03-07
INCOME					
Sales					
From Products processed	6690.40	3223.82	450.69	123.64	263.50
From Other Activities					
Trading Sales	16.38	13.61	38.79	11.01	-
Total	6,706.78	3,237.43	489.48	134.65	263.50
Other Income	0.08	8.96	11.66	4.44	4.22
Increase/decrease in stocks	326.52	558.49	153.50	1.04	9.15
Profit / (loss) on sale of Fixed Assets	0.05	-	-	(1.79)	-
TOTAL INCOME	7,033.43	3,804.88	654.64	138.34	276.87
EXPENDITURE					
Purchases	6,579.01	3,300.10	385.38	20.13	260.48
Manufacturing Expenses	55.64	143.09	74.45	22.14	10.01
Employee Cost	22.34	79.90	38.22	19.64	5.63
Selling & Administration Exp	48.58	70.34	54.16	24.10	12.16
Interest & Financial Expenses	70.08	98.81	57.25	15.97	1.16
Depreciation	15.76	29.25	18.17	1.67	3.14
Preliminary / Misc. Expenses	-	7.00	-	-	4.57
Total Expenditure	6,791.41	3,728.49	627.63	103.65	297.15
Net Profit/(Loss) before Taxes and Extra Ordinary Items	242.02	76.39	27.01	34.69	(20.28)
Taxation					
Less: Provision for Current Tax	69.77	12.49	1.26	2.04	-
Less: Provision for Deferred Tax	26.64	21.36	6.76	-	-
Less: Provision for Fringe Benefit Tax	-	-	0.38	0.28	0.70
Effect of Adjustment on Tax	96.41	33.86	8.40	2.32	0.70
Net Profit/(Loss) before Extra-Ordinary Items	145.61	42.54	18.60	32.37	(20.98)
Add: Extra-Ordinary Items	-	-	-	-	-
Add: Prior period Items	-	-	-	-	-
Net Profit /(Loss) after Tax	145.61	42.54	18.60	32.37	(20.98)

Note:

The statement of P&L for the period ended March 31, 2007 is drawn for a period from March 21, 2006 to March 31, 2007. P&L for the period ended September 30, 2010 is for the period April 1, 2010 to September 30, 2010. All others are for the financial year then ended.

Annexure -II

Statement of Audited Assets & Liabilities as Restated

(Rupees In lacs)

Year / Period Ended	AS AT				
	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007
FIXED ASSETS					
Gross Block	914.12	908.38	1,082.34	548.78	386.07
Less: Accumulated Depreciation	65.34	49.63	22.03	3.86	3.14
Net Block	848.78	858.75	1,060.32	544.91	382.93
Capital Work in Progress	-	-	-	34.41	-
Total(A)	848.78	858.75	1,060.32	579.33	382.93
INVESTMENT	-	-	-	-	-
Total (B)	-	-	-	-	-
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	1,053.58	727.06	163.69	10.19	9.15
Sundry Debtors	5,979.70	1,706.38	124.85	133.10	20.90
Cash & Bank Balance	44.93	23.38	6.75	10.87	208.17
Other Current Assets	66.39	56.55	26.19	9.36	39.83
Loan & Advances	63.56	29.49	80.29	163.76	16.03
Total(C)	7,208.16	2,542.86	401.77	327.28	294.09
TOTAL (A + B +C)	8,056.94	3,401.61	1,462.09	906.61	677.01
CURRENT LIABILITIES & PROVISIONS					
Secured Loan	1,086.53	727.65	604.49	195.09	6.15
Unsecured Loan	-	-	2.85	-	6.46
Net Deferred Tax Liabilities	54.76	28.12	6.76	-	-
Current Liabilities & Provisions	5,941.99	1,818.18	390.50	272.64	257.87
Total(D)	7,083.28	2,573.96	1,004.59	467.72	270.48
NET WORTH(A+B+C-D)	973.66	827.65	457.49	438.89	406.53
REPRESENTED BY					
Share Capital	755.52	755.12	427.50	427.50	427.50
Reserve & Surplus	218.14	72.53	29.99	11.39	-
Profit & Loss Accounts Debit Balance	-	-	-	-	20.97
Miscellaneous Exp to the Extent not written off	-	-	-	-	-
NET WORTH(I+II-III-IV)	973.66	827.65	457.49	438.89	406.53

Annexure II A**SIGNIFICANT ACCOUNTING POLICIES****Basis of Accounting**

The Financial Statements have been prepared and presented under the historical cost convention on accrual basis of accounting principles generally accepted in India (GAAP) and comply in material respect with the mandatory Accounting Standards ("AS") issued by the Institute of Chartered Accountants of India (ICAI) and notified under the Companies Accounting Standard Rules, to the extent applicable and with the relevant provisions of the Companies Act, 1956 except accounting for Bonus, tax demands, Retirement Benefits and income which are accounted for on Cash Basis.

Use of Estimates

The preparation of Financial statements in conformity with GAAP requires management to make estimates and assumption that affect the reported amounts of Assets and Liabilities and disclosure of contingent liabilities on the date of the financial statements and reported amounts of the revenue and expenses for the year. Actual result could differ from these estimates is recognised prospectively in the current and future periods.

Fixed Assets

Fixed Assets are capitalised at acquisition cost and any cost directly attributable to bringing the assets to their working condition for the intended use.

Depreciation

Depreciation on fixed assets is provided on straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956. The same is being provided for in respect of assets used by our Company for the year / period. In respect of assets not used by our Company, no depreciation is being provided for.

Inventories

Inventories are valued at cost or net realisable value, whichever is lower.

Revenue Recognition

Revenue is recognised when the property in the goods is transferred in favor of the customer, which normally coincides with the date of physical delivery. In case of transit sales where goods are transferred by transfer of the documents of title, revenue is recognised on the transfer of the document of title.

Interest on Fixed Deposits is recognised on accrual basis.

Income from sale of Scrap is accounted on cash basis.

Foreign currency transactions

Transactions in foreign currencies are accounted at the prevailing exchange rates. Year end balances of payables are translated at applicable year end rates and resultant translation differences are recognised in the Profit and Loss account.

Bonus & Retirement Benefits

Gratuity expenses are accounted for on cash basis. Provident fund contribution are charged in the year / period the same are incurred. For the purpose of restatement, our Company has taken the gratuity on actuarial basis.

Borrowing cost:

Interest/Finance Cost on loans specifically borrowed for and expansion of projects, upto the point when the project is ready for start of commercial production is charged to the capital cost of the projects concerned. All other borrowing costs are charged to revenue.

Miscellaneous Expenditure:

Preliminary expenses are being amortised in ten equal instalments.

Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year in accordance with the provisions of Income Tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Impairment of Fixed Assets:

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of our Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

Earnings per Share

The basic Earnings Per Share (EPS) is computed by dividing the annualised net profit after tax for the period by the weighted average number of equity shares outstanding as at the end of the period. For the purpose of calculating diluted earnings per share, net profit after tax for the period and the weighted average number of outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares).

Provision, Contingent Liabilities and Contingent Assets:

Provisions are recognized in terms of Accounting Standard-29 "Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India, where there is a present legal or statutory obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Contingent Liabilities are recognized only when there is a possible obligation from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of our Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent Assets are neither recognised nor disclosed.

Change in Accounting Policies :

During the period of restatement commencing from the financial statements for the period ended March 31, 2007 our Company has made the following changes in the accounting policy hitherto followed:

- a) Our Company had been following the written down value method of charging depreciation at the rates prescribed under Schedule XIV of the companies act, 1956 in respect of the financial statements for the year / period ended March 31, 2007; March 31, 2008 and March 31, 2009. However, w.e.f. the financial year ending on March 31, 2010, our Company has charged depreciation on straight line method at the rates specified under Schedule XIV of the Companies Act with retrospective effect from the financial year 2006-07. The consequent impact of the change has been given by our Company in the financial statements for the financial year ended on March 31, 2010.

However, for the purpose of computation of the restated summary statements, we have considered that our Company has charged depreciation as per the straight line method at the rates specified under schedule XIV of the Companies Act.

- b) Our Company had not made any provision in its books on account of gratuity. The payments to be made, if any, were to be expensed off in the year in which the same were to be paid. For the purpose of restatement, and for the period ended September 30, 2010 the company has made an actuarial valuation of the gratuity liability as on March 31, 2010 and September 30, 2010. Accordingly, the cumulative provision upto the period March 31, 2010 of Rs. 1.20 lacs has been charged off in the accounts for the financial year ended March 31, 2010. In the absence of the year wise data the provisions, if any, required to be made in the accounts as on March 31, 2009; March 31, 2008 and March 31, 2007 has not been separately identified and provided in the respective year(s).

NOTES TO RESTATED ACCOUNTS**1. Provision for gratuity**

The company has been hitherto accounting for gratuity on cash basis. For the purpose of restatement, the management has evaluated the liability on account of gratuity by an actuary. Based upon the amount identified by the actuary, the company has charged off the cumulative amount of Rs. 1.20 lacs under the head Employee Benefits for the year 2009-10.

2. Provision for Previous years expenses

Material Previous year's expenses have been adjusted in the relevant year to which they relate to for the purpose of the restated accounts. The impact of the changes are reflected in the attached Statement of adjustment in Profit and Loss Account.

3. On 24-Aug-2010, the office of the Registrar of Companies, Mumbai have allotted a fresh certificate of incorporation subsequent to the change of the name of the company from Readymade Steel India (P) Ltd., to Readymade Steel India Ltd. Consequently, the company has been converted into a public limited company effective from that date. For the purpose of restatement, we have considered the status of the company as effective on the date of the balance sheet and accordingly, the status of the company was private limited for the FY ended March 31, 2007; March 31, 2008; March 31, 2009; March 31, 2010 and was a public limited company for the period ended September 30, 2010

4. Subdivision of Shares

The company has also reduced the face value of its shares from Rs. 100 to Rs. 10 per share. Consequent to such conversion the number of shares have increased ten times.

5. Material Regroupings

- a) Fixed deposit with banks which were shown under investments in the audited accounts for the financial year ended March 31, 2007 have been regrouped in the restated financial statements under Cash and Bank Balances in line with the format as prescribed under Schedule VI to the Companies Act 1956:
- b) Advance tax and Tax Deducted at Source were reduced from "Provisions" shown under Current Liabilities in the audited accounts have been regrouped in the restated financial statement under the head "Loans and Advance".
- c) Appropriate material adjustments have been made in the Restated summary statement, wherever required, by a reclassification of the corresponding items of assets, liabilities, Income, Expenditure and cash flows vis-à-vis the classification / groupings as per the audited financials of our Company for the respective year(s) / period.
- d) Change in Accounting Policies :

Till the financial year 2008-09, our Company had been following the method of charging depreciation under the written down value method at the rates specified under Schedule XIV of the Companies Act, 1956, in respect of the assets used by the company. However, during the FY 2009-10 the company has changed the method of depreciation from written down value method to straight line method, the resulting impact has been accounted for in the financial statements for the FY 2009-10. However, for the purpose of Restated summary

statement of Profit and Loss Account, our Company has followed the straight line method of charging depreciation in respect of assets used by the company.

The impacts of the changes are reflected in the attached Statement of adjustment in Profit and Loss Account.

STATEMENT OF ADJUSTMENTS IN PROFIT AND LOSS ACCOUNT

(Rupees In lacs)

Year / Period Ended	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Profit as per Profit & Loss Accounts (after Tax)	145.61	76.89	2.84	26.74	(23.01)
Less:					
Miscellaneous expenses not written fully in the year the same is incurred (<i>Note 1</i>)		7.00	-	-	4.57
Depreciation as per SLM (<i>Note 2</i>)		29.25	18.17	1.67	3.14
Loss on sale of assets due to change of depreciation (<i>Note No. 3</i>)				1.79	
Depreciation effect due to change in the accounting policy		26.61			
Earlier year error rectified in books (<i>Note No 4</i>)			3.83		
Add:					
Depreciation as debited (<i>Note 2</i>)		29.25	37.30	8.63	9.28
Miscellaneous expenses amortised		0.46	0.46	0.46	0.46
Provision for gratuity (<i>Note 5</i>)		1.20			
Net Profit / (Loss) as per Restated Profit & Loss A/c	145.61	42.54	18.60	32.37	(20.98)

Notes:

- The company had incurred preliminary expenses of Rs. 4.57 lacs during the year 2006-07 but the same is being amortised over a period of 10 years, as per the policy of the company. The same is not as per AS – 26. Accordingly, the same has been expensed off in the same year for the purpose of the restated statements. Similarly, Rs. 7.00 lacs incurred during the FY 2009-10 towards legal and other expenses for increase in authorized capital, though not expensed in the books have been reduced while computing the profit for that year in the restated summary statements.
- During the FY 2009-10, the company has changed the method of charging depreciation from WDV method to SLM method, consequent to such change the difference of Rs. 26.61 lacs has been credited to the P&L account for the FY 2009-10. For the purpose of restated accounts, no such effect is required as the same has already been effected due to charging depreciation on SLM from the first year. Accordingly, for the FY 2006-07; 2007-08 and 2008-09, the depreciation as per the earlier method followed by the company (WDV) has been added to the profits and the depreciation as per the revised method (SLM) has been deducted to arrive at the profits as per restated accounts.
- The company has sold some of its assets in the FY 2007-08 at the WDV as per the earlier method of depreciation on reducing balance method. Consequent to the restatement of accounts by allowing

depreciation as per the straight line method, there was a difference in the WDV of the assets and accordingly there is loss on sale of fixed assets as per the restated summary statements.

- iv) During the FY 2006-07, the company has charged excess depreciation due to considering the cost of land as a part of building and charging depreciation on the composite value. The same was rectified in the FY 2007-08. Hence, the same has been reduced from the Profit as per the books to arrive at the restated profits. However, the same has been duly considered under the right accounting head in the restated statements.
- v) The company had not made any provision for gratuity for the financial year ended March 31, 2009; March 31, 2008 and March 31, 2007. For the purpose of restated statements, the company has appointed LIC to carry out the actuarial valuation of the gratuity liability. LIC has determined an cumulative amount of Rs. 1.20 lacs as on March 31, 2010. The entire amount has been charged off in that year.

6. NON ADJUSTMENTS

(i) Qualifications requiring corrective adjustments

The following remarks / observations / Notes / qualifications made by the auditors require restatement that have **not been** effected in the Restated summary financial statements as the financial impact is not presently ascertainable:

- a) The auditors have qualified their report for the half ended September 30, 2010 and for the year ended March 31, 2010; March 31, 2009; March 31, 2008 and March 31, 2007 regarding balances of Current Assets & Current Liabilities being subject to confirmation and reconciliation. The difference / adjustments, if any, arising on such reconciliation is not ascertainable
- b) The auditors have qualified their report for the half year ended September 30, 2010 and for the year ended March 31, 2010; March 31, 2009; March 31, 2008 and March 31, 2007 stating that Creditors falling under SSI / Micro, Small and Medium Enterprises Development Act, 2006 (as the case may be) have not been ascertained and consequently the provision of Interest on applicable amounts have not been made, the resulting impact thereof on the accounts is not ascertainable. Further, the disclosure requirements to that extent are not complied with.
- c) As a matter of policy, the company has accounted for the following on cash basis : Income from sale of scrap, the impact of which on restated accounts is not ascertainable.

(ii) Other Audit qualifications which do not require corrective adjustments in restated statements

Apart from the qualifications / notes referred to above the following are the other audit observations / qualifications that do not require and restatement, in our opinion:

- a) The auditors have qualified that “The company does not have an Internal Audit system”.
- b) The company has not charged depreciation in respect of certain assets as the same were not being used by the company. (Refer Note No. 14 below)

OTHER NOTES & OBSERVATIONS

- 7. Details of Contingent liabilities – Refer **Annexure – V**
- 8. The details of the amount due to suppliers under the Micro Small and Medium Enterprises Development Act 2006 (MSMED Act) are not available and hence the relevant details as required under the MSMED Act are not available with the company.

9. Fixed Assets, Inventories and Cash balance were physically verified by the management.
10. In the opinion of the Management, Current Assets, Loans & Advances are approximately of the value stated, if realized, in the ordinary course of business. The provision for all known and determined liability is adequate and not in the excess of the amount reasonably required.
11. Our Company has reviewed its fixed assets for impairment loss as at September 30, 2010, March 31, 2010 and March, 31 2009 as required by Accounting Standard 28 "Impairment of Assets". In the opinion of the management, there is no indication of any impairment.
12. Related Party Disclosures as required in terms of 'Accounting Standard -18 are given in **Annexure - XIV**
13. Earnings Per Share (EPS) as required in terms of 'Accounting Standard -20 and other Ratios are given in **Annexure – XII**
14. The company had procured certain assets which have not / are not being used by it. Since, the assets are not being used for the purpose of generating revenue, the company has not claimed depreciation in respect of these assets. The details for the same are as under:

Assets	Gross Value (Rs. in lacs)	Rate of Depreciation	Depreciation for the year / period ended (in lacs)				
			30-09-10	31-03-10	31-03-09	31-03-08	TOTAL
Plant & Machinery	37.29	4.75%	0.89	1.77	1.77	1.77	6.20
Building	254.17	3.34%	-	8.49	8.49	8.49	25.47
TOTAL			0.89	10.26	10.26	10.26	31.67

Note:

The building has been sold on March 31, 2010 at the book value.

15. The break - up of the timing differences giving rise to Deferred tax (asset) / liability is as under:

	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Timing difference on account of Depreciation	54.87	28.12	6.76	-	-
Timing difference on account of gratuity	(0.11)				
Deferred Tax Asset / (Liability) as per Balance Sheet	54.76	28.12	6.76	-	-
Effect given in the Profit & Loss Account Debit / (Credit)	26.64	21.36	6.76	-	-

16. Additional information pursuant to the provisions of Paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956, to the extent applicable to our Company and available and **are as certified by the management and relied upon by the auditors:**

a) Licensed and Installed capacity & Production

	Units	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007
IRON AND STEEL						
Licensed Capacity	MT	27000	27000	27000	-	-
Installed Capacity	MT	27000	27000	27000	-	-
Capacity Utilization	MT	16726.51	22951.38	13886.69	-	-
% age capacity utilization		61.95	85.01	51.43	-	-

Note :

The installed capacities are as certified by the management on which the auditors have placed reliance.

b) Particulars of Opening Stock / Purchase / Sales / Closing Stock of Raw Materials and Finished goods

Quantity (in MT)

Class of Goods	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007
IRON & STEEL					
Opening Stock					
	1870.099	451.164	26.930	44.854	-
Purchase					
	18488.075	10439.988	867.777	39.108	1030.367
Sales / Consumption					
	17473.100	9021.053	443.543	57.032	985.513
Closing Stock					
	2885.074	1870.099	451.164	26.930	44.854

c) CIF Value of Imports

(Rs. in lacs)

Class of Goods	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Machineries	11.26	21.37	14.30	Nil	82.99

d) Expenditure in foreign currency

(Rs. in lacs)

Nature of Expenses	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Consultancy Fees	-	1.12	13.77	2.86	Nil

e) Earnings in foreign currency

(Rs. in lacs)

	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Export of Goods / services	Nil	Nil	Nil	Nil	Nil

f) Payment to Auditors

(Rs. in lacs)

	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Statutory Audit fees	0.30	0.30	0.30	0.30
Tax Audit fees	0.10	0.10	0.10	0.10
Others	0.08	0.08	0.10	0.10
TOTAL	0.48	0.48	0.50	0.50

17. Payment to Directors Remuneration;

Particulars	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Remuneration	Nil	Nil	Nil	Nil	Nil

18. *Disclosures as per AS- 15 (to the extent available with the management)*

The company has appointed LIC to make an actuarial valuation of the liability on account of gratuity payable by the company. The actuary has made cumulative valuation of Rs. 1.20 lacs till March 31, 2010 and an amount of Rs. 0.35 lacs for the half year ended September 30, 2010.

Employee Benefits

- Defined Benefit Scheme : Gratuity
- Defined Contribution Scheme : Provident Fund

Key Assumptions

Key assumptions made for the actuarial valuation of the gratuity liability are as under:

Sl.	Particulars	01-04-10 to 30-09-10	For the period till March 31, 2010
	Discount rate (p.a)	8%	8%
	Rate of increase in compensation level	5%	5%
	Rate of return on planned assets	NA	NA
	Mortality rates	As per the 1994-96 LIC mortality rates	
	Expected average remaining working life of employees (in years)	27	27

Sl.	Particulars	01-04-10 to 30-09-10	For the period till March 31, 2010
(i)	Change in present value of obligation :		
	Opening Balance of present value of obligation	1.20	-
	Interest Cost	-	-
	Current Service cost	0.35	
	Accumulated service cost	-	12.0
	Actuarial Gain / (loss)	-	-
	Closing Balance of present value of obligation	1.55	1.20
(ii)	Changes in Fair value of Plan Assets		
		Not Applicable in view of the liability not being funded till the date of the Balance sheet.	
(iii)	Percentage of each category of Plan assets to total fair value of Plan assets as at March 31, 2010 / September 30, 2010		
		Nil	Nil
(iv)	Amounts recognized in the Balance Sheet:		
	Closing Balance of Present Value of Obligation	1.55	1.20
	Closing Balance of Fair Value of Plan Assets	-	-
	Funded (Asset) / Liability recognized in the Balance Sheet	-	-
	Unfunded Liability recognized in the Balance Sheet	1.55	1.20

19. The company operates in only one segment. Hence, there are no other reportable segment as per AS - 17 issued by the Institute of Chartered Accountants of India.

Annexure III

Statement of Break –up of Other Income

(Rupees In lakhs)

Year / Period Ended	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Profit Before Tax & Extra ordinary items	242.02	76.39	27.01	34.69	(20.28)
20% of Net Profit Before Tax	48.40	15.28	5.40	6.94	(4.06)
Other Income for the year / period					
Recurring					
Interest on Fixed Deposit with bank	0.03	0.75	0.52	4.44	4.22
Discount	0.02	0.07	0.02	-	-
Non recurring					



Readymade Steel India Limited

Others	0.03	0.93	0.76	-	-
Management Charges received	-	-	3.15	-	-
Commission	-	7.21	7.21	-	-
TOTAL	0.08	8.96	11.66	4.44	4.22

Annexure IV**Statement of Changes in Accounting Policies****Change in Accounting Policies :**

During the period of restatement commencing from the financial statements for the period ended March 31, 2007, the company has made the following changes in the accounting policy hitherto followed:

- a) The company had been following the written down value method of charging depreciation at the rates prescribed under Schedule XIV of the Companies Act, 1956 in respect of the financial statements for the year / period ended March 31, 2007; March 31, 2008 and March 31, 2009. However, w.e.f. the financial year ending on March 31, 2010, the company has charged depreciation on straight line method at the rates specified under Schedule XIV of the Companies Act with retrospective effect from the financial year 2006-07. The consequent impact of the change has been given by the company in the financial statements for the financial year ended on March 31, 2010.
However, for the purpose of computation of the restated summary statements, we have considered that the company has charged depreciation as per the straight line method at the rates specified under schedule XIV of the Companies Act.
- b) The company had not made any provision in its books on account of gratuity. The payments to be made, if any, were to be expensed off in the year in which the same were to be paid. For the purpose of restatement, and for the period ended September 30, 2010 the company has made an actuarial valuation of the gratuity liability as on March 31, 2010 and September 30, 2010. Accordingly, the cumulative provision upto the period March 31, 2010 of Rs. 1.20 lacs has been charged off in the accounts for the financial year ended March 31, 2010. In the absence of the year wise data the provisions, if any, required to be made in the accounts as on March 31, 2009; March 31, 2008 and March 31, 2007 has not been separately identified and provided in the respective year(s).

The impact of the changes is reflected in the attached Statement of adjustment in Profit and Loss Account.

Annexure V

Details of Contingent Liabilities

(Rupees In lacs)

Year / Period Ended	30.09.10	31.03.10	31.03.09	31.03.08	31.03.07
Bank Guarantee given by our Company's Banker	Nil	Nil	Nil	Nil	Nil
Claims against company not acknowledge as debts	Nil	Nil	Nil	Nil	Nil
Letter of Credit given by our Company's Banker	Nil	Nil	Nil	Nil	Nil
Counter guarantee/Corporate Guarantee given by the company	127.10	135.60	-	-	-
<i>TOTAL</i>	<i>127.10</i>	<i>135.60</i>	<i>-</i>	<i>-</i>	<i>-</i>

Annexure VI

Details of Unsecured Loan

The following is the breakup of outstanding unsecured loans in the last five years

(Rupees In lacs)

Year / Period Ended	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007
<u>INTEREST FREE, RE-PAYABLE ON DEMAND</u>					
Unsecured loan from Directors / KMP	-	-		-	6.46
Unsecured loan / Deposits from Others	-	-	2.85	-	
TOTAL	-	-	2.85	-	6.46

Annexure VII

Statement Showing Analysis of Sundry Debtors

The following is the breakup of outstanding sundry debtors in the last five years

(Rupees In lacs)

Year / Period Ended	30.09.10	31.03.10	31.03.09	31.03.08	31.03.07
Unsecured, Considered Good					
Debts outstanding for a period of more than six months					
Considered Good	16.12	142.00	2.26	-	-
Considered Doubtful	-	-	-	-	-
Other Debts					
Considered Good	5,963.58	1,564.38	122.59	133.10	20.90
Considered Doubtful	-	-	-	-	-
TOTAL	5979.70	1,706.38	124.85	133.10	20.90
Out of above Debts Due from related parties		-	-	75.86	10.15

Annexure VIII

Details of Loans and Advances

(Rupees In lacs)

Sr No	Year / Period Ended as at	30.09.10	31.03.10	31.03.09	31.03.08	31.03.07
(Unsecured, considered good)						
a)	Security Deposits	23.79	12.44	26.67	5.22	36.22
b)	Accrued interest on FD with banks	-	-	-	-	2.34
c)	Advance to Directors / Firms / Companies where Directors are interested (including advance against expenses /	-	0.83	3.09	-	4.67

	reimbursement)					
d)	TDS and other tax credits including advances for tax and refunds	18.44	29.97	32.20	4.62	0.98
e)	Capital Advances (including advance for assets)	-	-	-	124.82	-
f)	Advance to suppliers / service providers	27.94	6.35	38.16	35.69	8.36
g)	Staff Advances (including imprest)	30.16	14.90	5.76	-	-
h)	Retention Money	24.16	14.14	0.26	-	-
i)	Other Advances	5.46	7.41	0.34	2.77	3.28
	TOTAL	129.95	86.04	106.48	173.12	55.87

Capitalisation Statement (Restated)

Annexure IX

(Rupees In lacs)

Particulars	Pre Issue as on 30 September 2010	Post issue *
Borrowing		
Short Term Debt	808.93	[●]
Long Term Debt	277.60	[●]
Total Debt	1086.53	[●]
Shareholders Fund		
Equity Share Capital	755.52	[●]
Reserve & Surplus	218.14	[●]
Less : Misc. Expenditure not W/Off	-	[●]
Total Shareholders Fund	973.66	[●]
Long term Debt Debt / Equity Ratio	0.29	[●]

* Share Capital, Reserves & Surplus, Post issue can be calculated on the conclusion of the IPO.

Short term debt comprises of :

Cash Credit	740.65
Term Loan installment payable within one year	68.28

Annexure X

Tax-Shelter Statement

(Rupees In lacs)

Particulars	30.09.10	31.03.10	31.03.09	31.03.08	31.03.07
Profit before current and deferred taxes (as per the books of accounts)	242.02	106.92	11.16	29.07	(22.31)
Adjustments :					
Add: Permanent Differences					
Donation	-	-	0.25	-	-
Professional Tax Payable	-	-	-	0.62	0.08
Expenses disallowed u/s 40(a)	-	-	8.64	2.03	9.81
Others	-	-	9.18	9.12	-
Total	-	-	18.07	11.77	9.89
Less: Temporary Differences	-	-	-	-	-
Difference between tax depreciation and book depreciation	16.21	60.30	38.26	7.58	13.80
Difference between tax Gratuity and accounts gratuity	(0.35)				
Expenses disallowed now allowed	-	-	2.51	9.81	-
Total	15.86	60.30	40.77	17.39	13.80
Business Profit / Loss	226.16	46.62	(11.54)	23.45	(26.22)
TOTAL INCOME	226.15	46.62	(11.54)	23.45	(26.22)
Set-off of brought forward unabsorbed loss /depreciation	-	5.11	-	26.22 -	-
Taxable Profit	226.15	41.51	(11.54)	(2.76)	(26.22)
Tax Liability on above or on Book Profit u/s 115 JB	69.77	12.49	1.26	2.04	-
Deferred Tax	26.64	21.36	6.76	-	-
Fringe Benefit Tax	-	-	0.38	0.29	0.70
Tax as per P/L A/c	96.41	33.86	8.40	2.33	0.70

Note:

This statement has been prepared as per the return of Income filed by the company till the FY 2009-10 as per the books of accounts.

Statement of Investments

Annexure XI

(Rupees In lakhs)

Year / Period Ended	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Unquoted Investments						
	Nil	Nil	Nil	Nil	Nil	Nil
<i>TOTAL</i>	Nil	Nil	Nil	Nil	Nil	Nil

Annexure XII

Mandatory Accounting Ratios (on the basis of restated figures)

(Rupees In lacs)

Year / Period Ended	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Basis of Accounting Ratio					
Net Profit after tax but before Extraordinary Item (1)	145.61	42.54	18.60	32.37	(20.98)
Weighted No. of Equity Shares (in Lacs) (2)	75.51	42.84	42.75	42.75	42.75
Net Worth (3)	973.66	827.65	457.49	438.89	406.53
Total No. of Shares outstanding at the end of year / period	75.55	75.51	42.75	42.75	42.75
Accounting Ratios:					
Earning per shares (on face value of Rs. 10/- equity shares) (Rs.)					
Basic EPS	1.93	0.99	0.44	0.76	(0.49)
Diluted EPS	1.93				
Return on Net Worth (%) (1/3)	14.95	5.14	4.07	7.38	(3.79)
Net Assets Value per Share (On face Value Rs.10/- per Equity Share) (Rs.) (on the basis of total outstanding shares as at the closing date)	12.89	10.96	10.70	10.27	12.94

Note

Our Company has split the Equity Shares of Rs. 100/- each to Rs. 10/- each during the year 2010-11. Hence, paid up value of shares are taken as Rs. 10/- Each for all the years / period and the number of shares have been accordingly considered.

The ratios have been computed as below:

I. Earning per Share (Rs.): Net profit (restated) attributable to equity shareholders / weighted average number of equity shares for the year / period.

II. Return on Net Worth (%): Net Profit after tax (as restated) / Net Worth as at the end of the year / period.

III. Net Assets Value (Rs.): Net worth (as restated) at the end of the year / Number of Equity Shares outstanding at the end of the year / period.

IV. Diluted EPS :

The company has in its Board Meeting of September 29, 2010 vested ESOP to the employees of 116000 shares. The diluted EPS has been calculated for the period ended 30-09-2010 due to the dilution arising there from considering that all the potential dilutive shares have been allotted from 29-09-2010

Annexure XIII

Statement of Dividend Paid

(Rupees In lacs)

Year / Period Ended	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Dividend (Interim and final)	Nil	Nil	Nil	Nil	Nil
Dividend %	Nil	Nil	Nil	Nil	Nil

Annexure XIV

Related Party transactions

As per Accounting Standard (AS-18) on related party disclosures issued by the ICAI, the disclosures of transaction with related party are as follows:

LIST OF RELATED PARTIES

A. KEY MANAGEMENT PERSONNEL

30-September-2010	31-March-2010	31-March-2009	31-March-2008	31-March-2007
Anil Agrawal	Anil Agrawal	Anil Agrawal	Anil Agrawal	Anil Agrawal
			Avinash Agrawal	Avinash Agrawal
	Amit Goyal	Amit Goyal		

Avinash Agarwal resigned w.e.f. 13-08-07

Amit Goyal resigned w.e.f. 30-05-09

B. RELATIVE OF KEYMANAGEMENT PERSONNEL

			Mrs. Suchita Agrawal	Mrs. Suchita Agrawal
--	--	--	----------------------	----------------------

C. Associate / Enterprise over which the Directors and / or their relatives have significant influence

M/s. Krishna Trading Corporation	M/s. Krishna Trading Corporation	M/s. Krishna Trading Corporation	M/s. Krishna Trading Corporation	M/s. Krishna Trading Corporation
				M/s. Krishna Triveni Corporation
Easy Accountant (P) Ltd.	Easy Accountant (P) Ltd.	Easy Accountant (P) Ltd.		
			M/s. Triveni Enterprises	M/s. Triveni Enterprises
M/s. Kridhan Infrastructures (P) Ltd.	M/s. Kridhan Infrastructures (P) Ltd.			
Kridhan Infrsolutions (P) Ltd				
Trikal Theaters & Realty (I) Pvt. Ltd.				

Triveni Enterprises is a partnership firm with Mr. Avinash Agarwal as one of the partner. Subsequent to the ceasing of Mr. Avinash Agarwal as a KMP, the same has also ceased to be a related party.

Note:

The related party relationships have been identified by the management and relied upon by the auditors.

TRANSACTION WITH RELATED PARTIES

(Rs. in lacs)

Name of the related party	30-09-10	31-03-10	31-03-09	31-03-08	31-03-07
<u>TRANSACTION FOR THE YEAR / PERIOD</u>					
SALES / SERVICES					
Kridhan Infra Solutions (P) Ltd.	32.13				
Suchita Agarwal					1.20
Triveni Enterprises					40.85
PURCHASE OF GOODS					
Krishna Trading Corporation	289.65	1130.90			
Triveni Enterprises					88.30
PAYMENTS / ADJUSTMENTS / TRANSFER					
Krishna Trading Corporation	289.65	1130.90			
Triveni Enterprises					190.35
COLLECTION FOR SALE OF GOODS					
Suchita Agarwal				0.44	0.76
SHARES ALLOTTED					
Anil Agrawal	-	100.00	-	-	199.75
Avinash Agarwal	-	-	-	-	14.00
Krishna Devi Agrawal	-	-	-	-	-
Kridhan Infrastructures (P) Ltd.	-	227.62			
SHARES APPLICATION MONEY					
Trikal Theaters & realty (I) Pvt. Ltd.	105.00				
SHARES APPLICATION MONEY REFUNDED					
Trikal Theaters & Realty (I) Pvt. Ltd.	105.00				

LOANS / ADVANCES TAKEN					
Anil Agrawal / Krishna Trading Corporation	-	-	357.27	334.14	6.91
MANAGEMENT CHARGES RECD					
Easy Accountants (P) Ltd.			3.09		
ADVANCES / LOANS REPAID					
Anil Agrawal / Krishna Trading Corporation		124.35	157.06	416.46	0.45
ADVANCE GIVEN FOR PURCHASE OF FIXED ASSETS / OTHER ADVANCES					
Avinash Agarwal					9.71
Amit Goyal		2.78			
ADVANCES PAID /ADJUSTED ASSETS AND OTHERS					
Avinash Agarwal				9.71	
Triveni Enterprises					161.47
Amit Goyal		1.30	0.60		
ADVANCE FOR SALE OF ASSETS					
Triveni Enterprises				220.95	
RECEIVED FROM PARTY					
Easy Accountants (P) Ltd.	-	2.25			

CLOSING BALANCES AS ON					
	30-09-10	31-03-10	31-03-09	31-03-08	31-03-07
RECEIVABLES					
Easy Accountants (P) Ltd.		0.83	3.09		
Suchita Agarwal				-	0.44
LOAN OUTSTANDING (RECEIVABLE)					
Amit Goyal		3.39	1.90	-	-
Krishna Trading Co.				75.86	
LOAN DUE (PAYABLE)					
Anil Agrawal / Krishna Trading Corporation	-	-	124.35		6.46
ADVANCE FOR SALE OF ASSETS					
Triveni Enterprises			220.95	220.95	4.67
RECEIVED FOR ASSETS					
Avinash Agarwal					9.71

Note:

- Related parties have been identified by the management and relied upon by us
- Subsequent adjustments after the related party relationship ended have not been shown. Similarly, amount subsisting on the date of commencing of the relationship are not included.

Statement of Secured Loans

Annexure XV

(Rupees In lacs)

Year / Period Ended	30.09.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Term Loan :					
From Union Bank of India, Bhat Bazar branch	338.61	368.61	390.48	164.89	-
Installment due within one year	68.28	60.00	24.00		
Car Loans:					
Car loan from various banks against the security of the respective cars	7.28	1.90	3.14	-	6.15
Working Capital Loan:					
From Union Bank of India, Bhat Bazar branch	740.64	357.14	210.87	30.20	-
TOTAL	1086.53	727.65	604.49	195.09	6.15

Details of Securities against loan (as per the latest sanction)

Name of Bank	Type of Loan	Amount in Lacs	Amount in Lacs Outstanding as on 30.09.10	Interest / commission	Primary Security / Repayment	Collateral Security
Union Bank of India, Bhat Bazar Branch, Mumbai	a) Cash Credit	700.00	740.64	12.75 % p.a.	Hypothecation of stock & Book Debts Repayment Repayable on Demand	Factory, Land and Building located at Survey No. 20/1, 23/1A, 25/2, 25/3 and 41/0. Village – Vanathe, Khopoli valued at Rs 285 lacs and duly insured.
Union Bank of India, Bhat Bazar Branch, Mumbai	Term Loan	370.00	338.61	13.25% p.a.	Hypothecation of plant and machinery and other assets created out of the term loan Repayment 12 installment of Rs. 2 lacs each, 12 installments of Rs. 5 lacs each and 48 installments of Rs. 6.38 lacs each	Addl. Collateral – Industrial land at Survey No.22 admn 0.16 hectare and survey No 23/2 situated at village – Vanathe’ Khopoli worth Rs 110 lacs
Union Bank of India, Bhat Bazar Branch, Mumbai	Letter of Guarantee (w/w Inland LC)	200.00	Non Fund Based	As prevailing	25% margin for LG and 10-15% for inland LC	

Annexure – XVI					
STATEMENT OF CASH FLOW AS RESTATED					
	For the year / period ended				
	30-09-10	31-03-10	31-03-09	31-03-08	31-03-07
Cash flow from Operating Activities					
Net Profit before tax and extraordinary items (as restated)	242.02	76.39	27.01	34.69	(20.28)
Adjustments for					
Depreciation	15.76	29.25	18.17	1.67	3.14
Preliminary expenses	-	7.00	-	-	4.57
Profit / (loss) on sale of assets	0.05	-	-	(1.79)	-
Interest received	(0.04)	(0.75)	(0.52)	(4.44)	(4.22)
Interest & Finance charges	70.08	98.81	57.25	15.97	1.16
Operating Profit before working capital changes	327.87	210.70	101.90	46.10	(15.62)
Working Capital Changes / Adjustments for					
Inventories	(326.52)	(563.37)	(153.50)	(1.04)	(9.15)
Receivables	(4,273.32)	(1,581.53)	8.25	(112.20)	(20.90)
Loans & Advances and Other Current Assets	(44.75)	20.44	66.64	(117.26)	(55.87)
Trade Payables and Other current liabilities	4,054.81	1,416.17	116.22	159.72	110.59
Cash generated from operations	(589.77)	(708.28)	37.60	(70.77)	24.67
Direct Taxes paid (other than Advance payments)	-	-	-	0.70	-
Net cash from (used in) operating activities (A)	(261.90)	(497.59)	139.51	(25.37)	9.05
Cash flow From Investing Activities					
Purchase of Fixed Assets	(6.25)	(63.70)	(499.15)	(267.01)	(386.07)
Sale of Fixed Assets	0.45	235.05	-	70.74	-
Interest received	0.04	0.75	0.52	4.44	4.22
Net Cash from (used in) investing activities	(5.76)	172.10	(498.64)	(191.84)	(381.85)
Cash flow From Financing Activities					
Proceed from issue of share Capital	0.40	327.62	-	-	427.50
Proceed from Share Application Money	-	-	-	(146.58)	146.58
Proceed from Borrowings	358.89	120.31	412.25	182.47	12.62
Interest and finance charges	(70.08)	(98.81)	(57.25)	(15.97)	(1.16)
Preliminary expenses	-	(7.00)	-	-	(4.57)
Net cash from financing activities	289.21	342.12	355.01	19.92	580.97
Total Cash Inflow(1+2+3)	21.55	16.64	(4.12)	(197.30)	208.17
Net Increase/Decrease in cash or cash Equivalent	21.55	16.64	(4.12)	(197.30)	208.17
Cash & Cash Equivalent at the beginning of the Year	23.38	6.75	10.87	208.17	-
Cash and Cash Equivalent at the end of the year	44.93	23.38	6.75	10.87	208.17

For Dass Maulik Mahendra K Agrawala & Co
Chartered Accountants
CA Narendra Khandal
Partner
Membership No.065025

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS

The following discussion of our financial condition and results of operations should be read in conjunction with our audited financial statements as of and for the years ended March 31, 2007, 2008, 2009 and 2010, prepared in accordance with the Companies Act and Indian GAAP and restated in accordance with the ICDR Regulations, including the schedules, annexure and notes thereto and the reports thereon, included in the section titled "Financial Information" beginning on page 116 of this Draft Red Herring Prospectus. Unless otherwise stated, the financial information used in this section is derived from our audited consolidated financial statements, as restated.

Indian GAAP differs in certain material respects from U.S. GAAP and IFRS. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those under U.S. GAAP or IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with the Companies Act, Indian GAAP and ICDR Regulations.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the sections titled "Risk Factors" and "Forward Looking Statements" beginning on page xiii and page xii, respectively. In this section, unless the context otherwise requires, a reference to "our Company" is a reference to Readymade Steel India Limited and a reference to "we", "us" and "our" refers to Readymade Steel India Limited and its subsidiaries and joint venture companies, on a consolidated basis.

Overview

We are an ISO 9001:2008 certified steel service provider to the fast growing infrastructure sector. We have an installed capacity of 27000 MTPA for processing of steel used in the construction industry primarily reinforcement bars into various shapes and sizes like cranked bars, stirrups, verticals, column /beam cages etc. We process these products fulfilling domestic and international design requirements of our customers. We operate from our existing plant located at Khopoli, Raigad District, Maharashtra. Our registered office is located at 203, Joshi Chambers, Ahmedabad Street, Carnac Bunder, Mumbai- 400009. Our Corporate office is located at 101/102 Shreya House, Pereira Hill Road, Andheri (East), Mumbai 400099

Traditionally in construction activity, the process of cutting and bending steel and fabrication of cages was done on the construction site through manual process resulting in higher wastage of materials and increased requirement of labour and space at the construction site. Our Company conducts the processing of steel through use of automated machines from its Plant and delivers ready to use cut and bend steel rods, prefabricated cages and other steel products required for construction activities. This process is faster and the output is uniform and easy to handle. We term these ready to use steel products as readymade steel.

Our product offerings include ready to use steel, primarily re-bars to be used in construction activities in various sectors like roads, power plants, ports, airports, housing, bridges, metros, monorails etc. The product offerings are aimed at overcoming the time and space constraints of construction activities of our clients and therefore there is quicker turnaround time for most of the orders. As a result, our current plant caters to the requirements of adjoining areas of western India only.

Mr. Anil Agrawal our founder promoter has completed his Masters in Management Studies from Mumbai University and has more than a decade of experience in steel industry. He is well supported by qualified and experienced professionals at different levels with appropriate functional responsibilities. Our current staff strength is 36 people.

Our existing plant consists of automated shearlines, bending lines, cutting lines, automated stirrup machines etc. and is supported by other material handling equipments. Presently we also use jigs & fixtures for prefabrication of column and beam cages.

The key factor in success of our business is the acceptance of the concept of readymade steel and getting the contractors/ developers to switch from labour oriented conventional method to ready to use steel in construction. Over the years Indian construction sector has been largely dependent on conventional methods of

construction leading to larger gestation period in construction. Since early 1990's especially after opening up of the economy the need for infrastructure in the country has grown exponentially and with expected high GDP growth, the infrastructure growth is expected to remain strong. The growth of infrastructure sector led to the requirement of faster deliveries and reduction in the construction time to create the infrastructure facilities required by the country especially in the building segment.

The mid '90s saw the advent of Ready Mix Concrete (RMC) business in India to provide solution of concrete to the construction industry. Availability of RMC could ensure availability of concrete to meet the increasing needs of construction industry as well to speed up the construction process and optimize the use of human resources. In the last 15 years the RMC has become a lifeline of any large construction in the country and is very commonly used in most of the major cities in the country. Similar need has been felt to mechanise the use of reinforcement steel used in site, to overcome shortcomings in manual method such as requirements of large space and huge labour force and also to speed up the construction activity.

Readymade Steel (RMS) is an effort to provide solutions to improve the construction quality and cycle time. We cater to need of this industry by facilitating them in their requirement of ready to use cut/bend bars and prefabricated steel cages so as to reduce the construction cycle time. The major benefits of RMS are as under:

- Fast track construction
- Low labour concentration on site
- Better site co-ordination and control
- Reduction in construction cycle time
- Controls material wastage

The overview of the financial performance of our company based on re-stated financial information:

(Rs. in Lacs)

	As on 30th September 2010	FY2010	FY2009	FY2008	FY2007
INCOME					
Sales					
From Products processed	6690.4	3223.82	450.69	123.64	263.5
Trading of Steel	16.38	13.61	38.79	11.01	-
Total	6706.78	3,237.43	489.48	134.65	263.5
Other Income	0.08	8.96	11.66	4.44	4.22
Increase/decrease in stocks	326.52	558.49	153.5	1.04	9.15
Profit / (loss) on sale of Fixed Assets	0.05	-	-	-1.79	-
TOTAL INCOME	7033.43	3,804.88	654.64	138.34	276.87
EXPENDITURE					
Purchases	6579.01	3,300.10	385.38	20.13	260.48
Purchases as % of Total Income	93.54	86.73	58.87	14.55	94.08
Manufacturing Expenses	55.64	143.09	74.45	22.14	10.01
Manufacturing Expenses as % of Total Income	0.79	3.76	11.37	16.00	3.62
Employee Cost	22.34	79.9	38.22	19.64	5.63

Selling & Administration Expenses	48.58	70.34	54.16	24.1	12.16
EBITDA	327.86	211.45	102.43	52.33	-11.41
EBITDA % Margin	4.66	5.56	15.64	37.83	-4.12
PBT	242.02	76.39	27.01	34.69	-20.28
PBT % Margin	3.44	2.01	4.13	25.08	-7.32
PAT	145.61	42.54	18.60	32.37	-20.98
PAT % Margin	2.07	1.12	2.84	23.40	-7.58
Networth	973.66	827.65	457.49	438.89	406.53
EPS	1.93	0.99	0.44	0.76	-0.49
Return on Networth %	14.95	5.14	4.07	7.38	-3.79

Significant Developments Subsequent to Last Financial year which can affect operation of our Company

Except as stated in this Draft Red Herring Prospectus, to our knowledge, no circumstances has arisen or developed since last financial year of reporting restated financial information as disclosed in the offer document which materially or adversely affect or likely to affect the trading or profitability of our company, or the value of our company's assets or our ability to pay its liabilities within the next twelve months.

Factors Affecting Results of Operations

Our financials conditions and results are dependents on the following factors:

1. General Economic Conditions

Our financial condition is affected by the general economic condition prevailing in the country. The Indian economy has witnessed a robust growth over a period of time. Our operations are dependent on the demand from our customers, whose operations are directly dependent on economic condition of country.

Our major clients include Construction and Engineering companies developing various infrastructure facilities like Roads, Power, Airport, Rail, Commercial and Residential townships across India.

The government has set various provisions for investment in the eleventh five year plan to boost investments and make available sustainable infrastructure facilities for all the end users. Hence, the demand for our products is expected to increase in coming years.

2. Proposed Expansion Plan

As described in the section "*Objects of the Issue*" on page no. 30, we propose to expand our existing capacity at Khopoli from 27,000 MTPA to 90,000 MTPA and set-up new facilities near New Delhi and Raipur having capacity of 50,000 MTPA each. The successful completion of expansion plan is a major factor which will affect our operation in coming years. The key factor in success of our business is the acceptance of the concept of readymade steel and getting the contractors/ developers to switch from labour oriented conventional method to ready to use steel in construction.

3. Raw material cost and availability

Our raw materials consist of iron and steel products primarily reinforcement bars. We are in the business of Readymade steel for the last 3 years and have been able to secure timely supply of required raw material for our existing activity. Raw material is easily available in the domestic market and no difficulty is envisaged in sourcing of the raw material.

4. Market Scenario

We believe that the readymade steel product segment is still in the nascent stage and there is significant emerging demand for the products due to projected growth in the infrastructure and construction activities. Apart from that the boost provided to the infrastructure sector by the government in the Union Budget, the XI Five Year Plan also provides us with positive outlook to go for proposed expansion.

5. Competition

Since we offer niche and relatively new product in India we face very limited competition. In the region in which we operate we have recently witnessed some competition. The entry of new players strengthens our belief of acceptance of the Readymade Steel concept, which we believe will become a norm for usage of reinforced steel in construction activities. We strongly believe that addition of more players in this industry will only add to the market base and help in faster growth of this segment.

6. Fluctuation in Exchange Rates

Currently, all our income is derived from the sales in the domestic market. For the Proposed Project, we are proposing to import machineries worth Rs. 1836.15 lacs as per the prevailing exchange rate. Any major change in the foreign exchange regulations or rates might affect the estimated cost of the project. The fluctuation in exchange rate is economy driven and we have no control on it.

DISCUSSION ON THE RESULTS OF OPERATIONS

The following discussion is based on our restated consolidated financial statements for the FY 2010, 2009, 2008 and 2007. The following discussion on the financial operations and performance should be read in conjunction with the restated consolidated audited financial results of our Company for the years ended 31 March 2010, 2009, 2008 and 2007.

The summary statement of profit & losses, as restated is as under:

PARTICULARS	As on March 31st							
	2010	% of Total Income	2009	% of Total Income	2008	% of Total Income	2007	% of Total
INCOME								
Sales								
From Products Processed	3,223.82	84.73	450.69	68.85	123.64	89.38	263.50	95.17
From Other Activities								
Trading activities of Steel	13.61	0.36	38.79	5.92	11.01	7.96	-	0.00
Total	3,237.43	85.09	489.48	74.77	134.65	97.34	263.50	95.17
Other Income	8.96	0.24	11.66	1.78	4.44	3.21	4.22	1.52
Increase/decrease in stocks	558.49	14.68	153.50	23.45	1.04	0.75	9.15	3.31
Profit / (loss) on sale of FA					(1.79)	(1.30)		0.00
Total Income	3,804.88	100.00	654.64	100.00	138.34	100.00	276.87	100.00
EXPENDITURES								
Purchases	3,300.10	86.73	385.38	58.87	20.13	14.55	260.48	94.08
Manufacturing Expenses	143.09	3.76	74.45	11.37	22.14	16.01	10.01	3.62
Employee Cost	79.90	2.10	38.22	5.84	19.64	14.20	5.63	2.03
Selling & Admn Exp	70.34	1.85	54.16	8.27	24.10	17.42	12.16	4.39
Interest & Financial Expenses	98.81	2.60	57.25	8.74	15.97	11.54	1.16	0.42
Depreciation	29.25	0.77	18.17	2.78	1.67	1.21	3.14	1.14
Preliminary / Misc. Expenses	7.00	0.18	-	-	-	-	4.57	1.65
Total Expenditure	3,728.49	97.99	627.61	95.87	103.65	74.92	297.15	107.33
Net Profit/(Loss) before Taxes and Extra Ordinary Items	76.39	2.01	27.01	4.13	34.69	25.08	(20.28)	-7.32
Taxation								
Less: Provision for Current Tax	12.49	0.33	1.26	0.19	2.04	1.47	-	
Less: Provision for Deferred Tax	21.36	0.56	6.76	1.03			-	
Less: Provision for Fringe Benefit Tax	-	-	0.38	0.06	0.29	0.21	0.70	0.25
Effect of Adjustment on Tax	33.86	0.89	8.40	1.28	2.33	1.68	0.70	0.25
Net Profit/(Loss) before Extra-Ordinary Items	42.54	1.12	18.60	2.84	32.37	23.40	(20.28)	-7.32
Items								
Add:Extra-Ordinary Items	-	-	-	-		-		
Add: Prior period Items	-	-	-	-		-		
Net Profit /(Loss) after Tax	42.54	1.12	18.60	2.84	32.37	23.40	(20.98)	-7.58

No material part of our income is dependent upon a single customer or a few major customers.

COMPARISON OF FINANCIAL PERFORMANCE OF FY2010 AND FY2009

Sales from products processed

Sales of our company have witnessed a considerable increase from FY 2009 to FY 2010 from Rs. 450.69 Lacs in 2009 to Rs. 3,223.82 in FY2010, posting an increase of approximately 7.15 times on year on year basis. This increase was on account of higher volume of tonnage sold in FY 2010 as compared with lower base of FY 2009, the year which was adversely impacted by global slowdown. The shift in management strategy to use own raw material for sale of processed steel products also contributed to higher sales in the FY-2010.

Sales from trading activities

The income from the trading activities has reduced from Rs.38.79 lacs in FY2009 to Rs13.61 lacs in FY2010. This reduction is due to management focus on sale of processed products.

Other Income

The other income for our company has decreased from Rs. 11.66 Lacs in FY2009 to Rs. 8.96 Lacs in FY 2010. The other income includes interest income and miscellaneous income.

Purchases

The raw material consumed in processing of our products has increased from Rs. 385.38 Lacs in FY2009 to Rs. 3,300.10 lacs in FY2010. This increase is due to the increase in sales and more particularly due to higher sale of products processed out of own raw material.

Manufacturing Expenses

The manufacturing expenses have increased from Rs. 74.45 lacs in FY 2009 to Rs. 143.09 in FY 2010. This increase is due to the increase in sales of our company in FY 2010.

Personnel Expenses

The personnel cost has increased from Rs.38.22 lacs in FY 2009 to Rs.79.90 lacs in FY2010 on account of higher tonnage processed during FY 2010.

Selling and Administrative Expenses

The selling and administrative expenses have increased from Rs. 54.16 Lacs in FY 2009 to Rs. 70.34 Lacs in FY 2010 on account of higher sales achieved in FY 2010.

Depreciation

The depreciation expenses have increased from Rs. 18.17 Lacs in FY 2009 to Rs. 29.25 Lacs. The increase is due to charging off of full year depreciation in FY 2010 on the plant and machinery installed in FY 2009 on which depreciation was charged only for part of the year.

Interest and Financial Expenses

The interest and financial expenses have increased from Rs. 57.25 Lacs in FY 2009 to Rs. 98.81 Lacs in FY 2010. This increase is due to increase in sales resulting in higher utilization of working capital limits.

Profit after Tax

The profits of our Company have increased from Rs.18.60 Lacs in FY2009 to Rs.42.54 Lacs in FY2010. The higher profits are the result of increased sales recorded in FY 2010 over FY 2009.

COMPARISON OF FINANCIAL PERFORMANCE OF FY2009 AND FY2008***Sales from products processed***

Sales of our Company have increased from Rs.123.64 Lacs in FY2008 to Rs.450.69 Lacs in FY2009. During FY 2008 we were engaged in providing on-site steel processing services in Mumbai before commissioning of our facility at Khopoli in FY 2009.

Sales from trading activities

The income from trading activities have increased from Rs.11.01 Lacs in FY 2008 to Rs.38.79 Lacs in FY2009 recording a marginal decline in the proportion to total income from 7.96% in FY2008 to 5.92% in FY2009.

Other Income

The other income for our Company has increased from Rs. 4.44 Lacs in FY2008 to Rs.11.66 Lacs in FY 2009. The components of other income include interest and commission.

Purchases

The purchases of raw material have increased from Rs. 20.13 Lacs in FY2008 to Rs. 385.38 Lacs in FY2009. The increase in raw material is due to increase in sales.

Manufacturing Expenses

The manufacturing expenses have increased from Rs. 22.14 Lacs in FY 2008 to Rs. 74.45 in FY 2009 due to increase in volume of operations..

Personnel Expenses

The personnel expenses have increased from Rs. 19.64 Lacs in FY 2008 to Rs.38.22 Lacs in FY 2009 due to increase in volume of operations.

Selling and Administrative Expenses

The selling and administrative expenses have increased from Rs. 24.10 lacs in FY 2008 to Rs. 54.16 Lacs in FY 2009 due to increased scale of operations.

Depreciation

The depreciation expenses have increased from Rs. 1.67 Lacs in FY 2008 to Rs. 18.17 Lacs in FY 2009 due to setting up of plant and machinery at Khopoli in FY 2009.

Interest and Financial Expenses

The interest and financial charges have increased from Rs. 15.97 Lacs in FY 2008 to Rs. 57.25 Lacs in FY 2009. This was due to availing of term loans for the plant and machinery at Khopoli.

Profit after Tax

Overall, our profits has decreased from Rs. 32.37 Lacs in FY 2008 to Rs. 18.60 Lacs in FY 2009 due to higher depreciation and interest expenses in FY 2009 which was the first year of full operations from our Khopoli facility.

COMPARISION OF FINANCIAL PERFORMANCE OF FY2008 AND FY2007***Sales from products processed***

Sales of our Company have declined from Rs. 263.50 lacs in FY 2007 to Rs. 123.64 lacs in FY 2008. The decrease in sales is due to closing down of our Bangalore facility towards the end of FY 2007 and commencement of on-site steel processing services in Mumbai in mid-FY 2008.

Sales from trading activities

Our Company has not reported any sales for trading in FY2007 as the trading activities commenced from FY 2008.

Other Income

The other income has witnessed a marginal increase from Rs. 4.22 Lacs in FY 2007 to Rs. 4.44 Lacs in FY 2008.

Purchases

The purchase of raw material has declined from Rs. 260.48 Lacs in FY 2007 to Rs. 20.13 Lacs in FY 2008 due to decrease in sales of products processed out of own raw material.

Manufacturing Expenses

The manufacturing expenses have increased from Rs. 10.01 Lacs in FY 2007 to Rs. 22.14 Lacs in FY 2008. The increase is due to higher costs of wages and other utilities in Mumbai.

Personnel Expenses

The personnel expenses of have increased from Rs.5.63 Lacs in FY 2007 to Rs. 19.64 Lacs in FY 2008 due to higher costs of manpower at Mumbai and hiring of more skilled staff.

Selling and Administrative Expenses

The selling and administrative expenses have increased from Rs. 12.16 Lacs in FY 2007 to Rs. 24.10 lacs in FY 2008 due to sales promotional activities undertaken by the company to create awareness about the concept in western India.

Depreciation

The depreciation expenses have decreased from Rs. 3.14 Lacs in FY 2007 to Rs. 1.67 Lacs in FY 2008 due to non-charging of depreciation on certain idle assets at Bangalore facility.

Interest and Financial Expenses

The interest and financial charges is increased from Rs. 1.16 Lacs in FY 2007 to Rs. 15.97 Lacs in FY 2008. This was due to partial availment of term loans in relation to setting-up of the facility at Khopoli.

Profit after Tax

Our Company reported a loss of Rs. 20.98 Lacs in FY 2007 and reported a profit of Rs. 32.37 Lacs in FY 2008. The loss in FY 2007 was due to test operations and expenses incurred on account of setup and subsequent closure of Bangalore facility in FY 2007.

INFORMATION AS PER SCHEDULE VII PART A (1X) (E) OF THE SEBI ICDR REGULATIONS**1. Unusual or infrequent events or transactions**

Other than as stated in the section titled “Financial Information” beginning on page 116 of this Draft Red Herring Prospectus, there have been no unusual or infrequent transactions that have taken place during the last three years.

2. Significant economic changes that materially affected or are likely to affect income from continuing operations

Other than as mentioned under “Factors Influencing Our Results of Operations” in “Management’s Discussion and Analysis of Financial Condition & Results of Operations” on page 146 of this Draft Red Herring Prospectus, we believe that there are not any other significant economic changes that materially affected or are likely to affect income from continuing operations.

3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Other than as described in this Draft Red Herring Prospectus, particularly in “Risk Factors”, “Business Overview” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” on pages xiii, 72 and 146 respectively of this Draft Red Herring Prospectus respectively, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our income from continuing operations.

4. Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or price that will cause a material change are known.

Other than as described in “Risk Factors”, “Business Overview” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” on pages on pages xiii, 72 and 146 respectively of this Draft Red Herring Prospectus, there are no relationships between costs and income that have or had or are expected to have a material adverse impact on our operations and finances.

5. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased prices

Changes in revenues during the last three fiscal years are explained in “Management’s Discussion and Analysis of Financial Condition & Results of Operations” under the subsections “Comparison of the financial performance of FY 2010 with FY 2009”, “Comparison of the financial performance of FY 2009 with FY 2008” and “Comparison of the financial performance of FY 2008 with FY 2007. The material increase in net sales in FY 2010 over FY 2009 is due to increased sales volume of our products.

6. Total turnover of each major industry segment in which the issuer company operates.

We are part of the iron & steel industry. However, our product and service profile is in nascent stages and as such the turnover of industry segment in which we operate is not currently available.

7. Status of any publicly announced new products or business segment.

Except as disclosed in “Business Overview” on page 72 of this Draft Red Herring Prospectus, our Company has not publicly announced any new products.

8. Any significant dependence on a single or few suppliers or customers

Except as disclosed in “Risk Factors”, “Business Overview” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” on pages xiii, 72 and 146 respectively of this Draft Red Herring Prospectus, there is no significant dependence on a single or few suppliers or customers.

9. Competitive Conditions

Competitive conditions are described under “Risk Factors”, “Industry Overview”, “Business Overview” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations”.

FINANCIAL INDEBTEDNESS

A. Secured borrowings as on September 30, 2010

Our Company's outstanding secured borrowing amounted to Rs. 1270 lacs as of September 30, 2010*

Our Company has availed of working capital and term loan facilities from the Union Bank of India.

1. Cash Credit Facility from Union Bank of India- Rs. 700 lacs*

Sr. No.	Agreements with Lender	Nature of Borrowing	Amount Sanctioned as on date March 31, 2010	Principal Amount Outstanding as on September 30 th 2010	Interest	Term/Tenure	Repayment	Prepayment	Security**	Negative Covenants
1.	Sanction Letter dated December 14, 2007 Hypothecation Agreement of Goods & Debts dated January 11, 2008 Letter of Guarantee dated January 11, 2008 Memorandum of Deposit of Title Deeds dated April 16, 2008 Revised Sanction letter dated April 20, 2010 Supplementary Agreement to Hypothecation Agreement dated April 24, 2010. Extension of Memorandum of Entry dated April 27, 2010 and	Fund Based Facility: Cash Credit Facility of Rs. 4 crores Cash Credit Facility enhanced to Rs. 7 Crores	Rs. 700 lacs	Rs. 740.64 lacs	13% (subject to revision of banks) plus interest tax and other levy. Modified to 12.75%	-	On demand	-	(1) Cash Credit Facility- First Charge over (i) the entire stock-in-trade, including all raw materials, semi finished and finished goods and movable property; and (ii) book-debts, receivables, claims, bills, contracts, securities, investments and monies due to our Company during the term of the facility. Personal Guarantee of Mr. Anil Agrawal & Mrs. Krishnadevi Agrawal.	Note 1

*Union Bank of India, by its Sanction Letter dated 3rd September 2010 read with Extension of Memorandum of Entry dated April 27, 2010, has enhanced an Adhoc Cash Credit facility to Rs.850 Lacs, pursuant to which the entire credit facilities granted by Union Bank would be 1420 lacs. However, Our Company is yet to avail the enhanced amount

2. **Term Loan from Union Bank of India- Rs. 370 lacs**

Sr. No.	Agreements with Lender	Nature of Borrowing	Amount Sanctioned as on date March 31, 2010	Principal Amount Outstanding as on September 30 th 2010	Interest	Term/Tenure	Repayment	Prepayment	Security**	Negative Covenants
1.	<p>Sanction Letter dated 14th December 2007</p> <p>Term Loan Agreement dated January 11, 2008</p> <p>Letter of Guarantee dated January 11, 2008</p> <p>Memorandum of Deposit of Title Deeds dated April 16, 2008</p> <p>Extension of Memorandum of Entry dated April 27, 2010</p> <p>Extension of Memorandum of Entry dated September 25, 2010</p>	Term Loan of Rs. 390 lacs	Rs. 370 lacs	Rs. 338.61 lacs	Term Loan- 13.5% (subject to revision of banks) plus interest tax and other levy.	Term Loan- 72 months	Term Loan – 72 equal installments payable in 72 months	-	<p>Hypothecation of</p> <p>(a) Automatic Stirring Blender, Cutting and Bending Machines</p> <p>(b) All the tangible movable machinery and plant of the Borrower together with spares. Tools and accessories and other movables, both present and future, whether lying loose or in cases which are lying and stored in or about or shall be brought into be stored or be in or upon or about the Borrower's premises and godowns or wherever else the same may be or be held by any party to the order or disposition of the Borrower relating to the Borrowers work</p> <p>Personal Guarantee of Mr. Anil Agrawal & Mrs. Krishnadevi Agrawal.</p>	Note 1

3. **Letter of Credit from Union Bank of India- Rs. 200 lacs**

Sr. No.	Agreements with Lender	Nature of Borrowing	Amount Sanctioned as on date March 31, 2010	Principal Amount Outstanding as on September 30 th 2010	Interest	Term/ Tenure	Repayment	Prepayment	Security**	Negative Covenants
1.	Sanction Letter dated 14 th December 2007 Hypothecation Agreement of Goods & Debts dated 11 th January 2008 Letter of Guarantee dated January 11, 2008 Memorandum of Deposit of Title Deeds dated April 16, 2008 Extension of Memorandum of Entry dated April 27, 2010	Non – Fund Based Facility of Letter of Credit Facility/ Bank Guarantee facility aggregating to Rs. 200 lacs	Rs. 200 lacs	-	25% margin for LG and 10-15% for inland LC		On demand	-	Letter of Credit Facility- First Charge over (i) the entire stock-in-trade, including all raw materials, semi finished and finished goods and movable property; and (ii) book-debts, receivables, claims, bills, contracts, securities, investments and monies due to our Company during the term of the facility. Personal Guarantee of Mr. Anil Agrawal & Mrs. Krishnadevi Agrawal.	Note 1

****The entire loan facility of Rs. 1270 lacs availed by our Company from Union Bank of India is secured by:**

- (i) *Equitable mortgage, executed through Extended Memorandum of Entry dated 27th April 2010 of our Company's immoveable property, as collateral security being land admeasuring 17320 square meters bearing Survey Nos. 20/1, 23/1, 25/1A, 25/2, 25/3 and 41 at Village Vanvathe, Khopoli land bearing Survey No. 22 and Survey No. 23 situate at Revenue Village Vanvathe, Taluka Khalapur, District Raigad and Division Raigad; and*
- (ii) *Personal Guarantee of Mr. Anil Agrawal & Mrs. Krishnadevi Agrawal executed through 2 separate Letters of Guarantee both dated April 24, 2010*

Note 1

- (i) *Our Company will not be reconstituted without bank's prior approval, and in the case then same has been done the Bank shall reserve its right to continue the limits to reconstituted company or otherwise depending on the merits of the case.*
- (ii) *Debt Equity ratio shall not be more than 4:1*
- (iii) *No Diversion to sister concern/ associate concerns shall be allowed*
- (iv) *Dividend shall not be declared without prior approval of the Bank*

B. Unsecured Borrowings as on September 30, 2010

As on September 30, 2010, our Company has not availed of any unsecured facilities.

SECTION VIII - LEGAL AND OTHER REGULATORY INFORMATION

OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

Except as stated in this Draft Red Herring Prospectus, there is no outstanding or pending litigation, suit, criminal or civil prosecution, proceeding initiated for offence (irrespective of whether specified in paragraph (I) of Part I of Schedule XIII of the Companies Act) or litigation for tax liabilities against our Company, our Directors or our Promoters or companies promoted by our Promoters and there are no defaults to banks/financial institutions, non-payment of or overdue statutory dues, or dues towards holders of any debentures, bonds and fixed deposits and arrears of preference shares, other unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Promoters or Directors. Further, except as stated in this Draft Red Herring Prospectus, there are no past cases in which penalties have been imposed on our Company or our Promoters, Directors or companies promoted by the Promoters by concerned authorities, and there is no outstanding litigation against any other company whose outcome could have a material adverse effect on the position of our Company.

Neither our Company nor its Promoters, members of the Promoter Group, Subsidiary, associates and Directors have been declared as willful defaulters by the RBI or any other Governmental authority and, except as disclosed in this section in relation to litigation, there are no violations of securities laws committed by them in the past or pending against them.

A) LITIGATION AGAINST OUR COMPANY

Civil cases

I. Cases filed against our Company

Nil

II. Cases filed by our Company

Nil

Claims and notices from statutory authorities

- *Income tax related proceedings*

Nil

- *Sales tax related proceedings*

Nil

- *Central Excise related proceedings*

Nil

- *Customs related proceedings*

Nil

V. Other Statutory Notice

Nil

B) LITIGATION INVOLVING PROMOTERS/DIRECTORS**Criminal Cases**

Cases filed against Promoters/Directors

Nil

Cases filed by the Promoter

Criminal Case bearing No. 3490/S/2010 has been filed on July 28, 2010 before the Court of 44th Court of Metropolitan magistrate at Andheri by Mr. Anil Agrawal (“**Complainant**”) against M/s Koffee Break Pictures Limited and Mr. Apurva Shah under section 138 of the Negotiable Instruments Act, 1881 alleging non-payment of a sum aggregating to Rs. 6 Lacs. The matter is currently pending.

Civil Cases

I. Cases filed against Promoters/Directors

Nil

II. Cases filed by Promoters/Directors

Nil

Claims and notices from statutory authorities

An Assessment order dated October 28, 2009 was passed by the Deputy Commissioner of Income Tax, Mumbai under section 143(3) of the Income Tax Act, 1961 (“**Act**”) for the Assessment Year 2007-08 wherein the total income of Mr. Anil Agrawal (“**Assessee**”) was computed to be Rs. 18.17 lacs as against a sum Rs. 14.76 that was declared by the Assessee in the Return of Income filed on October 31, 2007. Accordingly, a Notice of Demand dated November 9, 2009 under Section 156 of the Act was issued to the Assessee by the Income Tax Officer wherein a sum of Rs. 1.59 lacs was determined to be payable. An Appeal dated November 23, 2009 was filed by the Assessee before the Commissioner, Income Tax (Appeals) against the Order dated October 29, 2008. The said Appeal is pending.

C) LITIGATION INVOLVING THE GROUP COMPANIES**Civil cases**

I. Cases filed against the Group Company

Nil

II. Cases filed by the Group Company

Nil

Claims and notices from statutory authorities

Nil

C) PENALTIES IMPOSED IN PAST CASES IN THE LAST FIVE YEARS

Nil

D) AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS

Since we cannot ascertain whether the creditors to whom certain amounts are owed by us are considered to be small scale industry, we have however, sent intimations to confirm their status.

Material developments occurring after the last Balance Sheet Date

Except as disclosed in the section title “Management Discussion and Analysis of Financial Conditions and Results of Operations” at page No. 146 there are no material developments which would affect the business and operations of our Company.

Adverse Events

There has been no adverse event affecting the operations of our Company, occurring within one year prior to the date of filing of the Draft Red Herring Prospectus with SEBI.

GOVERNMENT AND OTHER STATUTORY APPROVALS

Except for pending approvals mentioned under this heading, our Company has received the necessary material consents, licenses, permissions and approvals from the Government and various Government agencies required for our present business and carrying on our business activities. Further, except as mentioned herein below, our Company has not yet applied for any licenses, consents, permissions and approvals for the proposed activities as contained in the *Section titled "Objects of the Issue" beginning on page 30 of the Draft Red Herring Prospectus*. It must be distinctly understood that, in granting these approvals, the Government of India does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. Unless otherwise stated, these approvals are all valid as of the date of this Draft Red Herring Prospectus.

A. APPROVALS FOR THE ISSUE

The following approvals have been obtained or will be obtained in connection with the Issue:

1. Our Board of Directors has, pursuant to a resolution passed at its meeting held on August 25, 2010, authorized the Issue subject to the approval by the shareholders of our Company under Section 81 (1A) of the Companies Act, such other authorities as may be necessary.
2. The shareholders of our Company have approved this Issue under Section 81 (1A) of the Companies Act, 1956 vide a Special Resolution passed at our Company's Annual General Meeting held on September 29, 2010.
3. In-principle approval for listing from the National Stock Exchange of India Limited dated [●].
4. In-principle approval for listing from the Bombay Stock Exchange Limited dated [●].

B. APPROVALS/LICENSES/PERMISSIONS RECEIVED TO CONDUCT OUR BUSINESS

(i) Constitutional Registration

Sr. No.	Nature of Registration/License	Registration /License No.	Issuing Authority	Date of Issue
1.	Certificate of Incorporation	U 27100 MH 2006 PTC 160602	Asst Registrar of Companies, Maharashtra, Mumbai	March 21, 2006
2.	Fresh Certificate of Incorporation pursuant to conversion to public limited Company	U27100MH2006PLC160602	Asst Registrar of Companies, Maharashtra, Mumbai	August 24, 2010

(ii) Taxation Registration

Sr. No.	Nature of Registration/License	Registration Number	Issuing Authority	Issuing Date / Commencement Date	Date of Expiry
1.	Tax Deduction Account Number	MUMR19827D	Deputy Commissioner of Income-tax, Income Tax Department	April 5, 2006	N/A
2.	Permanent Account Number	AADCR2540N	Commissioner of Income Tax	March 21, 2006	NA

3.	Professional Tax Number	27190629422P	Professional Tax Officer	October 17,2008	NA
4.	Service Tax Number (Transport of Goods by Road and Business Auxiliary Services)	AADCR2540NST001	Superintendent (Service Tax), Service Tax, Commissioner Mumbai	April 9,2009	NA
5.	Service Tax Registration (Business Auxiliary Services)	AADCR2540NST001	Superintendent (Service Tax), Service Tax, Commissioner Mumbai	August 2 8,2007	NA
6.	Central Sales Tax Registration	27190629422C	Department of Sales Tax	November 27,2007	NA
7.	Maharashtra Value Added Tax (Certificate of Registration)	27190629422V	Sales Tax Officer (Registration Branch, Mumbai)	October 11,2007	NA
8.	Central Excise Registration Certificate (Dealer)	AADCR2540NXD001	Assistant Commissioner, Central Excise, Maharashtra	April 23,2008	NA

(iii) Licenses Related to Factories

Sr. No.	Nature of Registration/ License	Registration Number	Issuing Authority	Issuing Date / Commencement Date	Date of Expiry
1.	Factory License	095337	Chief Superintendent of the Factories, Government of Maharashtra	August 27,2008	2012.
2.	Water & Air Pollution (Consent to Operate) & Hazardous Waste (Management and Handling) Rules	ROR/E-17/2007/CO/ Raigad-39	Regional Officer Raigad, Maharashtra Pollution Control Board	June 30,2008	June 30,2014

(iv) Labour Registration

Sr. No.	Nature of Registration/License	Registration /License No.	Issuing Authority	Date of commencement /Issue	Date of expiry
1.	Employees Provident Fund Registration	MH/BAN/125270/En f-Zane-IV/648	Regional Provident Fund Commissioner, Employees' Provident Fund	February 4, 2009	NA

Sr. No.	Nature of Registration/License	Registration /License No.	Issuing Authority	Date of commencement /Issue	Date of expiry
---------	--------------------------------	---------------------------	-------------------	-----------------------------	----------------

Organisation,
Maharashtra

(v) **Quality Certification**


Sr. No.	Nature of Registration/License	Registration /License No.	Issuing Authority	Date of commencement/Issue	Date of expiry
1.	ISO 9001: 2008 (for processing of Reinforcement Bars into Pre Cut/Band Bars and Pre Fabrication of Cages)	42665/A/0001/ UK/En	United Registrar of Systems	November 19, 2010	November 18, 2013

(vi) **Other Approvals**

Sr. No.	Nature of Registration/License	Registration /License No.	Issuing Authority	Date of Commencement /Issue	Date of expiry
1.	Certificate of Importer-Exporter Code (IEC)	0306003872	Foreign Trade Development Officer, Ministry of Commerce, Government of India	April 20, 2006	N/A
2.	Shops and Commercial Establishment Registration	Registration No. 760158566 Premises: 101/102 Shreya House, Pereira Hill Road, Off Andheri Kurla Road, Chakala, Andheri (E), Mumbai-400099	Brihanmumbai Mahanagarpalika under the Bombay Shops and Establishment Act, 1948	September 24, 2010	Valid for the year 2010

PENDING GOVERNMENT APPROVALS

(i) **Intellectual Property**

Sr. No.	Mark	Date of Application	Issuing Authority	Description of Class
1.		October 3, 2006	Office of Registrar of Trade Mark, Chennai	06

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The has been authorized by a resolution of the Board passed at their meeting held on August 25, 2010, subject to the approval of shareholders through a special resolution to be passed pursuant to section 81 (1A) of the Companies Act.

The shareholders of our Company have approved this Issue under section 81 (1A) of the Companies Act, 1956 *vide* a Special Resolution passed at our Company's Annual General Meeting held on September 29, 2010.

Prohibition by SEBI or RBI

Our Company, our Directors, our Promoter, the Group Companies, companies promoted by or Promoters and companies or entities with which our Company's Directors are associated as Directors / Promoters / partners have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. The listing of any securities of our Company has never been refused at anytime by any of the Stock Exchanges in India. Our Company, our Promoter, their relatives, Group Companies has not been detained as willful defaulters by RBI/government authorities and there are no violations of securities laws committed by them in the past or pending against them.

None of the Directors are associated with any entities, which are engaged in securities market related business and are registered with SEBI for the same.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI (ICDR) Regulations, 2009 as explained under, with the eligibility criteria calculated in accordance with Restated Financial Statements:

- a) Our Company has net tangible assets of at least Rs. 300 Lacs in each of the preceding 3 full years, of which not more than 50% are held as monetary assets.

(Rs. in Lacs)

Particulars	Year Ended March 31			
	2007	2008	2009	2010
Total Assets	677.01	906.61	1462.09	3401.61
Less: Current Liabilities & provisions	257.87	272.64	390.50	1818.18
Less: Working Capital Loans (CC)	-	30.20	210.87	357.14
Net Tangible Assets*	419.14	603.77	860.72	1226.29
Monetary Assets	208.17	10.87	6.75	23.38

* Net tangible assets are defined comprise of all tangible assets less current liabilities and provisions (excluding deferred tax liability but including working capital loan). Monetary assets comprise of cash and bank balances with banks in current accounts and deposit account.

- b) Our 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 Lacs)

Particulars	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010
Net Profit after tax, as restated	-	(20.98)	32.37	18.60	42.54

- c) Our Company has a Net Worth of at least Rs. 100 Lacs in each of the preceding 3 full years (of 12 months each).

(Rs. In Lacs)

Particulars	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010
Equity Share Capital	427.50	427.50	427.50	755.12
Reserves & Surplus	-	11.39	29.99	72.53
Less: Revaluation Reserves	20.97	-	-	-
Less: Misc Exp.	-	-	-	-
Net Worth	406.53	438.89	457.49	827.65

- d) Our 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 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) Except as stated otherwise in this Draft Red Herring Prospectus, there has not been any change in the name of our Company since inception.

Further, if the number of allottees in the proposed Issue is less than 1,000 allottees, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after our Company becomes liable to pay the amount, our Company shall pay interest at the rate of 15% per annum for the delayed period.

Disclaimer Clauses

SEBI DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN 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 THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER,

ARIHANT CAPITAL MARKETS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 24, 2010 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, IT'S DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**
 - a) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THIS 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 ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE (AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. WE CONFIRM THAT BESIDES OURSELF, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
- 4. WE HAVE SATISFIED OURSELF ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – NOTED FOR COMPLIANCE**
- 5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED**

TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

- 6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED 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.**
- 7. WE CERTIFY THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 ARE SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA. 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. NOT APPLICABLE**
- 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
- 9. WE CONFIRM THAT NECESSARY ARRANGEMENTS SHALL BE 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 DRAFT RED HERRING PROSPECTUS. WE SHALL ENSURE THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE**
- 10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE ALLOTTED SHARES IN THE DEMAT OR PHYSICAL MODE ONLY. - NOT APPLICABLE**
- 11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**
- 12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**

- a. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY AND
 - b. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND 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 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 ISSUER FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BRLM, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

Disclaimer from the Issuer and the Book Running Lead Manager

Investors may note that our Company and BRLM 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 the instance of the Issuer and that any one, placing reliance on any other source of information including our Company's website, www.readymadesteel.com, would be doing so at his own risk.

All information will be made available by the Book Running Lead Manager, Underwriters, Syndicate members and our Company to the public and investors at large and no selective or additional information would be available for any section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc. We shall not be liable to the Bidders for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

The BRLM accepts no responsibility save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLM and our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

Neither our Company nor the Book Running Lead Manager or any other member of the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Caution

Investors that bid in this Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approval to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approval to acquire Equity Shares. Our Company and 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.

The BRLM and its associates and affiliates may engage in transactions with, and perform services for, our Company and Promoter Group Entities, affiliates or associates of our Company in the ordinary course of business and have engaged, and may in future engage, in the provision of financial services for which they have received, and may in future receive, compensation.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized 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), trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs, FIIs and Foreign Venture Capital Funds Registered with SEBI. The Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession the Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe any such restrictions.

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 the Draft Red Herring Prospectus was submitted to SEBI for its observations and SEBI has given its observation. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the 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 the 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 ("the Securities Act") or any state securities laws in the United States and may not be issued 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), The Equity Shares shall be sold only outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

Disclaimer Clause of the Bombay Stock Exchange Limited

Bombay Stock Exchange Limited ("the Exchange") has *vide* its letter dated [●], given permission to this Company to use the Exchange's name in this offer document as one of the Stock Exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its

limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- ii. warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
- iii. take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company;

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

Disclaimer Clause of National Stock Exchange of India Limited

As required, a copy of this offer document has been submitted to the National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given *vide* its letter ref: [●] dated [●] permission to the Issuer to use the Exchange's name in this offer document as one of the Stock Exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized the Draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its Promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of the Draft Red Herring Prospectus has been filed with the Securities Exchange Board of India at Corporation Finance Department, SEBI Bhavan, Plot No. C4-A, G Block, 3rd Floor, Bandra Kurla Complex, Bandra (E), Mumbai 400 051, India.

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 to be filed under Section 60 of the Companies Act would be delivered for registration with RoC at the office of the Registrar of Companies, 100, Everest, Marine Drive, Mumbai- 400002.

Listing

Applications will be made to the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for permission to deal in and for an official quotation of our Equity Shares. Our existing Equity Shares are not listed on any Stock Exchanges in India.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, we shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Draft Red Herring Prospectus. If such money is not repaid within eight days after we

become liable to repay it, i.e., from the date of refusal or within 70 days from the date of Bid/ Issue Closing Date, whichever is earlier, then we and all our Directors jointly and severally 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 with the assistance of the Book Running Lead Manager shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE and NSE are taken within twelve working days of finalization of Basis of Allotment for the Issue.

Consents

Necessary Consents for the issue have been/will be obtained from the following:

1. Directors of our Company
2. Bankers to our Company
3. Auditors to our Company
4. Book Running Lead Manager to the Issue
5. Legal Advisor to the Issue
6. Registrar to the Issue
7. IPO Grading Agency
8. Company Secretary cum Compliance Officer
9. Syndicate Member(s)
10. Underwriter(s)
11. Escrow Collection Banker(s) to the Issue

The said consents would be filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, Mumbai, as required under Sections 60 and 60B of the Companies Act, 1956 and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus, for registration with the Registrar of Companies, Mumbai.

In accordance with the Companies Act and the SEBI Regulations, M/s. Dass Maulik Mahendra K Agrawala & Co, Chartered Accountants, our Company's Statutory Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in the Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of the Draft Red Herring Prospectus for registration with the RoC.

Expert Opinion

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

Public Issue Expenses

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

Activity	Expenses	% of	% of Issue
	(Rs. Lacs)	Issue Size	expenses
Lead management fees*	[●]	[●]	[●]
Registrar Fees*	[●]	[●]	[●]
Advisors*	[●]	[●]	[●]

Bankers to the Issue*	[•]	[•]	[•]
Advertisement and marketing expenses*	[•]	[•]	[•]
Underwriting, Brokerage and Selling commission*	[•]	[•]	[•]
Printing and stationery (including expenses on transportation of the material) *	[•]	[•]	[•]
Others (Filing fees with SEBI, BSE, NSE, IPO Grading fees, listing fees, travelling and other misc expenses) *	[•]	[•]	[•]
Total	450	10.89	100

*Will be incorporated at the time of filing of the Prospectus.

Previous Public or Rights Issues in the last 5 years

Our Company has not made any public or rights issue of Equity Shares/Debentures in the last 5 years.

Previous Issue of Shares otherwise than for Cash

Our Company has not issued any Equity Shares for consideration other than cash except as mentioned in the Chapter titled “Capital Structure” beginning on page 19 of the Draft Red Herring Prospectus.

Commission or Brokerage on Previous Issues

There has been no public issue of the Equity Shares in the past. Thus, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares of our Company since inception.

Details of capital issue made during last three years in regard to the issuer company and other listed companies under the same management within the meaning of section 370(1)(B) of the Companies Act, 1956.

There have been no capital issue during last 3 years by us. There are no other listed companies under the same management within the meaning of Sec 370(1)(B) of the Act at present or during the last three years.

Promise vis-à-vis Performance – Last 3 issues

Our Company has not made any Public Issue in the past.

Listed ventures of Promoters

There are no listed ventures of our Promoters.

Promise vis-à-vis Performance – Last One Issue of Group Companies

There are no listed ventures of our Promoters.

Outstanding Debentures or Bonds or Redeemable Preference shares

There are no outstanding debentures or bonds or redeemable preference shares and other instruments outstanding as on the date of filing of the Draft Red Herring Prospectus.

Stock Market Data

This being an initial public offering of our Company, the Equity Shares of our Company are not listed on any stock exchange.

Mechanism for redressal of Investors' grievance

The agreement 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 three years from the last date of dispatch of letters of allotment, demat credit, 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, application number, number of Equity Shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar with a copy to the relevant 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 of the SCSB where the ASBA Form was submitted by the ASBA Bidders.

Disposal of Investors' Grievances and Redressal Mechanism

Our Company estimates that the average time required by our Company or the Registrar to the Issue or the SCSB in case of Bidders applying through ASBA process for the 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.

We have appointed Mr. U.K. Das as our Company Secretary and Compliance Officer and he may be contacted in case of any pre issue/post issue related problems at the following address:

Mr. Umakanta Das,
Compliance Officer,
Readymade Steel India Limited,
1st Floor, Shreya House,
Parera Hill Road,
Andheri(East),
Mumbai 400099
Tel No: + 91 67156715
Fax No: + 91 67156716
Email: ukdas@readymadesteel.com

Our Company has not received any investor complaints during the three years preceding the filing of the Draft Red Herring Prospectus with SEBI. Further, no investor complaints are pending as on the date of filing the Draft Red Herring Prospectus with SEBI.

Changes in Auditors during the last three years and reasons thereof

In the Annual General Meeting of our Company held on September 29, 2010, M/s Das Maulik Mahendra K. Agrawala was appointed as the new auditor of our Company in place of M/s. U.B Lakhani and Co.

Capitalization of Reserves or Profits during last five years

Except as stated in the Chapter titled "*Capital Structure*" beginning on page 19 of the Draft Red Herring Prospectus, our Company has not capitalised its reserves or profits at any time since inception.

Revaluation of Assets during the last five years

There has not been any revaluation of Assets during the last five years.

SECTION IX – ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, 2009, our Memorandum and Articles of Association, the terms of the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, Bid-cum-Application Form, the ASBA form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of 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, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered 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 the existing Equity Shares including in respect of the rights to receive dividend. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment. *For further details, please refer to Chapter titled “Main Provisions of Articles of Association” on page 213 of the Draft Red Herring Prospectus.*

Mode of Payment of Dividend

We shall pay dividend to our Shareholders as per the provisions of the Companies Act and our Articles of Association. The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. We shall pay dividends in cash.

Face Value and Issue Price per Share

The face value of the Equity Shares is Rs. 10 each. The Floor Price of Equity Shares is Rs. [●] per Equity Share and the Cap Price is Rs. [●] per Equity Share. The Issue Price will be determined by our Company in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares offered by way of Book Building. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws. The Issue Price is [●] times the face value of the Equity Shares.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, the terms of the listing agreements with the Stock Exchange(s) and the Memorandum and Articles of Association our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, *please refer to Chapter titled “Main Provisions of Articles of Association” on page 213 of the Draft Red Herring Prospectus.*

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 the existing SEBI (ICDR) Regulations, 2009, the trading in the Equity Shares shall only be in dematerialised form for all investors.

Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allocation and Allotment through this Issue will be done only in electronic form in multiples of one Equity Shares to the successful Bidders subject to a minimum Allotment of [●] Equity Shares. *For details of Allocation and Allotment, please refer to the paragraph titled “Basis of Allotment” beginning on page 205 under Chapter titled “Issue Procedure” beginning on page 180 of the Draft Red Herring Prospectus.*

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares transmitted, 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 of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office 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 the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

Bid/Issue Program

The period of operation of subscription list of public issue:

Bid/Issue opens on: [●], 2010	Bid/Issue closes on: [●], 2010
-------------------------------	--------------------------------

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the offer through the offer document including devolvement of Underwriters, if any, within sixty (60) days from the date of closure of the issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days, after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act, 1956.

If the number of allottees in the proposed Issue is less than 1,000 allottees, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after we become liable to pay the amount, we shall pay interest at the rate of 15% per annum for the delayed period.

Arrangements for Disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restrictions, if any on Transfer and Transmission of Equity Shares

Except for (a) the lock-in of the pre-Issue capital of our Company and the Promoters' Contribution as provided in "Capital Structure" on page 19, and (b) otherwise provided in our Articles, as described in "Main Provisions of the Articles of Association" on page 213, there are no restrictions on transfer and transmission of shares/ debentures and on their consolidation/ splitting.

Option to Receive Securities in Dematerialized Form

Equity Shares being offered through the Draft Red Herring Prospectus can be applied for and will be allotted in dematerialized form only.

ISSUE STRUCTURE

The present Issue comprising of [●] Equity Shares of Rs. 10 each aggregating Rs. [●] Lacs is being made through the 100% Book Building process. Details of the Issue structure are tabulated below:

Particulars	QIBs	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for allocation*	Not more than [●] Equity Shares.	Not less than [●] Equity Shares or Issue less allocation to QIB Bidders and Retail Individual Bidders	Not less than [●] Equity Shares Issue size less allocation to QIB Bidders and Non Institutional Bidders.
Percentage of Issue Size available for allocation	Not more than 50% of the Issue (of which 5% shall be reserved for Mutual Funds) * 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 Issue or Issue less allocation to QIBs and retail individual bidders *	Not less than 35% of the Issue or Issue less allocation to QIBs and non institutional bidders *
Basis of Allocation if respective category is oversubscribed	In the QIB Portion, proportionate as follows : (a) upto [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) [●] Equity Shares shall be allotted 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 Bid Amount exceeds Rs. 2,00,000	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds Rs. 2,00,000.	[●] Equity Shares
Maximum Bid	Not exceeding the size of the Issue, subject to the investment limit applicable to the Bidder	Not exceeding the size of the Issue, subject to the investment limit as applicable to the Bidder	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid amount

			does not exceed Rs. 2,00,000.
Mode of Allotment	Dematerialized mode	Dematerialized mode	Dematerialized mode
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 Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter
Trading Lot/Market lot	One (1) Equity Share	One (1) Equity Share	One (1) Equity Share
Who can apply**	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investor 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. 25000 Lacs and pension funds with minimum corpus of Rs. 25000 Lacs, National Investment Fund in accordance with applicable law and Insurance funds set up and managed by Army, Navy or Air Force of the Union of India and Insurance Funds set-up and managed by the Department of Posts, India	Companies, Corporate Bodies, Scientific Institutions, Societies, Trusts, Resident Indian individuals, HUF (in the name of Karta), NRIs, sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals. (applying for an amount exceeding Rs. 2,00,000)	Individuals (including ASBA Bidders, NRIs and HUFs in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs. 2,00,000 in value.
Terms of payment	Amount shall be payable at the time of Bid Cum Application Form to the members of the syndicate	Amount shall be payable at the time of submission of Bid cum Application Form ##	Amount shall be payable at the time of submission of Bid cum Application Form.##
Margin Amount	Full amount on bidding	Full amount on bidding	Full amount on bidding

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

**Subject to valid Bids being received at or above the Issue Price, under subscription, if any, in any Category would be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange and subject to applicable provisions of the SEBI (ICDR) Regulations. Investors may note that in case of over-subscription in the Issue, allotment to Bidders in all categories shall be on a proportionate basis.*

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

Our Company is considering a Pre-IPO Placement upto 20,00,000 Equity Shares and Rs.1800 Lacs with various investors. The Pre-IPO Placement will be at the discretion of our Company and at a price to be decided by our Company. Our Company will complete the issuance and allotment of Equity Shares pursuant to the Pre-IPO Placement prior to filing the Red Herring Prospectus 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 paid-up equity share capital being offered to the public.

ISSUE PROCEDURE

This section applies to all Bidders. Please note that all Bidders can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all the Bidders are required to make payment of the full Bid Amount along with the Bid-cum-Application Form.

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Issue shall be available for allocation to Qualified Institutional Buyers on a proportionate basis (of which 5% shall be allocated for Mutual Funds). Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange.

All Bidders other than the ASBA Bidders are required to submit their Bids through the Syndicate or their affiliates. ASBA Bidders are required to submit their Bids to the SCSBs.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid-cum-Application Forms which do not have the details of the Bidders' depository account including the DP ID Numbers and the beneficiary account number shall be treated as incomplete and rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid-cum-Application Form

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

Category	Colour of Bid-cum-Application Form
Indian Public including QIBs, Non-Institutional Bidders or NRIs applying on a non-repatriation basis (ASBA as well as Non-ASBA)	[•]
Non-residents, NRIs, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis (ASBA as well as Non-ASBA)	[•]

Bidders (other than ASBA Bidders) are required to submit their Bids through the Syndicate. Such Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the 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-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/Designated Branches, the Bidder is deemed to have authorised 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 Bidder.

ASBA Bidders shall submit an ASBA Bid cum Application Form either in physical or electronic form to the Designated Branches of the SCSB authorising blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form used by ASBA Bidders only. The ASBA Bid cum Application Form will also be available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date and shall bear an unique application number. The BRLMs and the SCSBs will provide the hyperlink to BSE or NSE on their websites.

The Bid-cum-Application Form shall contain information about the Bidder and the price and number of Equity Shares that the Bidder wishes to Bid for. Bidders shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered multiple Bids.

Who can Bid?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are not minors in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The 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 the applicable laws in India and authorised to invest in equity shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than eligible NRIs are not eligible to participate in this issue;
- Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, cooperative banks (subject to RBI regulations and the SEBI Regulations and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category.
- 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 authorised under their respective constitutions to hold and invest in equity shares;

- Scientific and/or industrial research organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with a minimum corpus of Rs. 2500 Lacs and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with a minimum corpus of Rs. 2500 Lacs and who are authorised under their constitution to hold and invest in equity shares;
- National Investment Fund set up by resolution F. No. 2/3/2005 – DDII dated November 23, 2005, by the GoI, published in the gazette of India;
- Insurance funds set up and managed by the army, navy or air force of the Union of India; and
- Insurance funds set-up and managed by the Department of Posts, India.

As per the existing regulations, OCBs cannot participate in this Issue.

Participation by associates and affiliates of the BRLM and the Syndicate Members

The BRLM and the Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLM and Syndicate Members may subscribe to or purchase Equity Shares in the Issue, either in the QIB Portion or in Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis.

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 the 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.

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.

As per the existing regulations, no mutual fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

The Bids made by asset management companies or custodians of Mutual Funds shall clearly indicate the name of the concerned scheme for which application is being made.

Bids by Non Residents

There is no reservation for Eligible NRIs or FIIs or FVCIs registered with SEBI. Such Eligible NRIs, FIIs and FVCIs registered with SEBI will be treated on the same basis as other categories for the purpose of allocation.

Bids by Eligible NRIs

1. Bid-cum-Application Forms have been made available for Eligible NRIs at the Registered Office and with the members of the Syndicate.
2. Eligible NRIs applicants should note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts should use the form meant for Resident Indians ([•] 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 share capital. 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 paid-up share capital or 5% of our total paid-up share capital in case such sub-account is a foreign corporate or a foreign individual. As of now, the aggregate FII holding in our Company cannot exceed 24% of our total paid-up share capital.

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 (the “SEBI FII Regulations”), an FII, as defined in the SEBI FII Regulations, deal or hold, offshore derivative instruments (as defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by a FII against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with know your client’s norms. Sub-accounts of FIIs are not allowed to issue offshore derivative instruments. An FII is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the BRLM and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such Offshore Derivative Instrument does not constitute any obligation or claim or claim on or an interest in, our Company.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Funds

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 Funds) Regulations, 1996 and SEBI (Foreign Venture Capital Investor) Regulations, 2000 *inter alia* prescribe the following investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI:

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. 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.

The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and 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 this Draft Red Herring Prospectus.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with minimum corpus of Rs. 2500 Lacs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2500 Lacs a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged with the Bid-cum-Application Form. 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 therefore.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a). With respect to Bids by FVCIs, FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid-cum-Application Form.
- (b). With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged with the Bid-cum-Application Form.
- (c). With respect to Bids made by provident funds with minimum corpus of Rs. 2500 Lacs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2500 Lacs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid-cum-Application Form.

Our Company in their absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions that our Company and the BRLM may deem fit.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs 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.

Maximum and Minimum Bid Size

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 200,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 200,000. In case the Bid Amount is over Rs. 200,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off Price option, the Bid would be considered for allocation under the Non-Institutional Portion. The Cut-off Price option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds

Rs. 2,00,000 and in multiples 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 by applicable laws. Under the SEBI Regulations, a **QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the full Bid Amount upon submission of the Bid. As the Bid/Issue Period for QIBs shall close one day prior to the Bid/Issue Closing Date, QIBs are not allowed to withdraw their Bids after [●], i.e., one Working Day prior to the Bid/Issue Closing Date.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs.200,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs.200,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at “Cut-off Price”

Information for the Bidders:

- (a) Our Company and the BRLM shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and in one Marathi newspaper with wide circulation. This advertisement shall be in the prescribed format.
- (b) Our Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.
- (c) Copies of the Bid-cum-Application Form and copies of the Red Herring Prospectus will be available with the Syndicate. The SCSBs shall ensure that the abridged prospectus is made available on their websites.
- (d) Any Bidders (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 the same from the Registered Office.
- (e) Eligible Bidders who are interested in subscribing for the Equity Shares should approach any of the BRLM or Syndicate Members or their authorised agent(s) to register their Bids. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.
- (f) The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms (other than the ASBA Forms) should bear the stamp of the Syndicate, otherwise they will be rejected. Bids by ASBA Bidders shall be accepted by the Designated Branches of the SCSBs in accordance with the SEBI Regulations and any circulars issued by SEBI in this regard. Bid cum Application Forms (except electronic ASBA Bid cum Application Forms) which do not bear the stamp of a member of the Syndicate or the Designated Branch are liable to be rejected.
- (g) With effect from August 16, 2010, the demat accounts of Bidders for whom PAN details have not been verified shall be “suspended for credit” and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Bidders.

Bidders may note that in case the DP ID and Client ID and PAN mentioned in the Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate do not match with the DP ID and Client ID and PAN available in the Settlement Depository database, the application is liable to be rejected.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. With respect to ASBA Bidders, the ASBA Form or the ASBA Revision Form shall be submitted to the Designated Branches.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms 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.

Method and Process of Bidding

- (a) Our Company and the 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 also publish the same in widely circulated national newspapers (one each in English and Hindi) and a widely circulated Marathi newspaper. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Issue Period.
- (b) Our Company in consultation with the BRLM will decide the Price Band and the minimum Bid lot size for the Issue and the same shall be advertised in two national newspapers (one each in English and Hindi) and in one Marathi newspaper with wide circulation at least two Working Days prior to the Bid/ Issue Opening Date. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid/Issue Period.
- (d) The Bid/Issue Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Bid/ Issue Period maybe extended, if required, by an additional three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be published in two national newspapers (one each in English and Hindi) and one Marathi newspaper with wide circulation and also by indicating the change on the websites of the BRLM, at the terminals of the Syndicate and by intimation to the SCSBs.
- (e) During the Bid/Issue Period, Bidders, other than QIBs, who are interested in subscribing for the Equity Shares should approach the Syndicate Members or their authorised agents to register their Bids. The Syndicate Members shall accept Bids from all Bidders and have the right to vet the Bids during the Bid/ Issue Period in accordance with the terms of the Red Herring Prospectus. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.
- (f) 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 entitled “Bids at Different Price Levels” below) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.
- (g) The Bidder cannot Bid on another Bid-cum-Application Form after Bids on one Bid-cum-Application Form have been submitted to any member of the Syndicate or the SCSBs. Submission of a second Bid-cum-Application Form or ASBA Bid Cum Application Form to either the same or to another member of the Syndicate or SCBS will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time

prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled “Build up of the Book and Revision of Bids”.

- (h) The members of the Syndicate/the SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (“TRS”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form.
- (i) Along with the Bid-cum-Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described in “Escrow Mechanism- Terms of payment and payment into the Escrow Accounts” on page 188.
- (k) Upon receipt of the ASBA 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 Form, prior to uploading such Bids with the Stock Exchanges.
- (l) 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.
- (m) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.
- (n) The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

Bids at Different Price Levels and Revision of Bids

- (a) The Price Band and the minimum Bid lot size shall be decided by Our Company in consultation with the BRLM and advertised at least two working days prior to the Bid/Issue Opening Date, in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation at least two days prior to the Bid/Offer Opening Date.
- (b) Our Company, in consultation with the BRLM and without the prior approval of, or intimation, to the Bidders, reserves the right to revise the Price Band during the Bid/ Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed at least two days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.
- (c) In case of revision in the Price Band, the Bid/Issue Period will be extended for at least 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 Stock Exchanges, by issuing a public notice in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide

circulation and also by indicating the change on the websites of the BRLMs, SCSBs and at the terminals of the Syndicate Member(s).

- (d) Our Company, in consultation with the BRLM will finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
- (f) The Bidders can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may Bid at the Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB and Non- Institutional Bidders and such Bids from QIB and Non-Institutional Bidders shall be rejected.
- (g) Retail Individual Bidders, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders, shall submit the Bid-cum-Application Form along with a cheque/demand draft for the Bid Amount based on the Cap Price with the Syndicate. In case of ASBA Bidders (excluding Non-Institutional Bidders and QIB Bidders) bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price.
- (h) In the event of any revision in the Price Band, whether upward or downward, 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.

Escrow mechanism, terms of payment and payment into the Escrow Accounts

For details of the escrow mechanism and payment instructions, please see “Issue Procedure - Payment Instructions” on page 197.

Electronic Registration of Bids

- (a) The members of the Syndicate and the Designated branches of the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges.
- (b) The Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/Issue to amend some of the data fields (currently DP ID, Client ID) entered by them in the electronic bidding system. Bidders are cautioned that a high inflow of Bids typically experienced on the last Working Day of the Bidding may lead to some Bids received on the last Working Day not being uploaded due to lack of sufficient uploading time, and such Bids that could not be uploaded will not be considered for allocation.
- (c) There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Bids are being accepted. The BRLM, Our Company and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Syndicate Members and the SCSBs, (ii) the Bids uploaded by the Syndicate Members and the SCSBs, (iii) the Bids accepted but not uploaded by the Syndicate Members and the SCSBs or (iv) with respect to ASBA Bids, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the Syndicate and/or the SCSBs shall be responsible for any error in the Bid details uploaded by them. It shall be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.
- (d) The Stock Exchanges will offer an electronic facility for registering Bids for the Issue. This facility will be available with the Syndicate and their authorised agents and the SCSBs during the Bid/ Issue Period. The Syndicate Members and the Designated Branches of the SCSBs 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 Syndicate and the Designated Branches of the SCSBs

shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLM on a regular basis.

- (e) Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges would be made available at the Bidding centres during the Bid/Issue Period.
- (f) At the time of registering each Bid other than ASBA Bids, the Syndicate shall enter the following details of the Bidders in the on-line system:
- Name of the Bidder: 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, FII, NRI, Mutual Fund, etc.
 - Price Option
 - Numbers of Equity Shares Bid for.
 - Bid Amount.
 - Cheque Details.
 - Bid-cum-Application Form number.
 - DP ID and client identification number of the beneficiary account of the Bidder.
 - PAN.

With respect to ASBA Bids, at the time of registering each Bid, the Designated Branches of the SCSBs shall enter the following information pertaining to the Bidder into the online system:

- Name of the Bidder(s);
- Application Number;
- PAN (of First Bidder, in case of more than one Bidder);
- Investor Category and Sub-Category:

Retail	Non- Institutional	QIB
(No sub category)	<ul style="list-style-type: none"> • Individual • corporate • other 	<ul style="list-style-type: none"> • Mutual Funds • Financial Institutions • Insurance companies • Foreign Institutional • Investors other than corporate and individual • sub-accounts

- Number of Equity Shares Bid for.
- Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder.

- Bid Amount
 - Bank Account number
- (a) 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/Allotment either by the members of the Syndicate or our Company.
 - (b) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
 - (c) In case of QIB Bidders, only the BRLM and their affiliate Syndicate Members also have the right to accept the bid or reject it. 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.
 - (d) 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 our Company, 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.
 - (e) It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

Build up of the book and revision of Bids

- (a) Bids received from various Bidders through the Syndicate and the SCSBs shall be electronically uploaded to the Stock Exchanges main frame on a regular basis.
- (b) The Book gets built up at various price levels. This information will be available with the BRLM on a regular basis at the end of the Bid/Issue Period and can be obtained from them.
- (c) During the Bid/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.
- (d) 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 such Bidder 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 Syndicate and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.
- (e) The Bidder can make this revision any number of times during the Bid/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 or the SCSB through whom such Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

- (f) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. Rs. 200,000 if the Bidder wants to continue to Bid at Cut-off Price), with the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
- (g) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.
- (h) Our Company, in consultation with the BRLM, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 5,000 to Rs. 7,000.
- (i) 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. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid Amount. In case of Bids, other than ASBA Bids, the Syndicate shall collect the payment in the form of cheque or demand draft 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. In such cases, the Syndicate will revise the earlier Bids details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.
- (d) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and may get a revised TRS from the Syndicate or the SCSB, as applicable. 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.

Price Discovery and Allocation

- a) After the Bid/Issue Closing Date, the BRLM will analyze the demand generated at various price levels and discuss pricing strategy with us.
- b) Our Company, in consultation with the BRLM shall finalize the 'Issue Price', the number of Equity Shares to be allotted in each category of Bidders.
- c) The allocation available to QIBs for not more than 50% of the Issue to the Public, of which 5% shall be reserved for Mutual Funds, would be on a proportionate basis, subject to valid bids being received at or above the Issue Price in the manner as described in the section titled 'Basis of Allotment'. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and 35% of the Issue to the Public, respectively, would be on proportionate basis, in the manner specified in the SEBI (ICDR) Regulations in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- d) Under subscription, if any, in QIBs, Non-Institutional and Retail categories would be allowed to be met with spill over from any of the other categories at the discretion of Our Company and the

BRLM. However, if the aggregate demand by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

- e) Allocation to NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI applying on repatriation basis will be subject to the terms and conditions stipulated by the FIPB and RBI while granting permission for Issue/Allocation of Equity Shares to them.
- f) The BRLM, in consultation with us, shall notify the Syndicate Members 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 in consultation with the BRLM, reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before allocation, without assigning reasons whatsoever.

The allotment details shall be uploaded on the website of the Registrar to the Issue.

Signing of the Underwriting Agreement and the RoC Filing

- (a) Our Company, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on or immediately after the finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, Our Company will update and file the updated Red Herring Prospectus with the RoC in accordance with the applicable law, which then would be termed as the “Prospectus”. The Prospectus will contain details of the Issue Price, Issue size, underwriting arrangements and will be complete in all material respects.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, Our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one English language national daily newspaper, one Hindi language national daily newspaper and one Marathi language daily newspaper, each with wide circulation.

Advertisement regarding Issue Price and Prospectus

Our 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 the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allotment Note (“CAN”)

- (a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Syndicate a list of the Bidders who have been Allotted Equity Shares in the Issue.
- (b) The Registrar will then dispatch a CAN to the Bidders who have been Allotted 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 for all the Equity Shares allocated to such Bidder.

Designated Date and Allotment of Equity Shares

- (a) Our Company will ensure that (i) the Allotment of Equity Shares; and (ii) credit to the successful Bidder's depository account will be completed within 12 Working Days of the Bid/Issue Closing Date.
- (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.
- (c) Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

- (a) Check if you are eligible to apply;
- (b) Ensure that you have Bid within the Price Band;
- (c) Read all the instructions carefully and complete the Bid-cum-Application Form;
- (d) Ensure that the details about the Depository Participant and the beneficiary account are correct as Allotment of Equity Shares will be in the dematerialised form only;
- (e) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate or with respect to ASBA Bidders, ensure that your Bid is submitted at a Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilised by the Bidder for bidding has a bank account;
- (f) With respect to ASBA Bids ensure that the ASBA Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the ASBA Form;
- (g) Ensure that you request for and receive a TRS for all your Bid options;
- (h) Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the ASBA Form to the respective Designated Branch of the SCSB;
- (i) Ensure that the full Bid Amount is paid for the Bids submitted to the Syndicate and funds equivalent to the Bid Amount are blocked in case of any Bids submitted through the SCSBs.
- (j) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
- (e) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- (l) Except for Bids submitted on behalf of the Central Government or the State Government and officials appointed by a court, all Bidders should mention their PAN allotted under the IT Act;
- (m) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;

- (n) Ensure that the name(s) given in the Bid-cum-Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. 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 Amount to less than the Floor Price or higher than the Cap Price;
- (c) Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the Syndicate or the SCSBs, as applicable;
- (d) Do not pay the Bid Amount 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 or the SCSBs only;
- (f) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders, for Bid Amount in excess of Rs. 200,000);
- (g) Do not Bid for a Bid Amount exceeding Rs. 200,000 (for Bids by Retail Individual Bidders bidding under the Employee Portion);
- (h) 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;
- (i) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground; and
- (j) Do not submit the Bids without the full Bid Amount.

INSTRUCTIONS FOR COMPLETING THE BID-CUM-APPLICATION FORM

Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable.
- (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. Bidders should note that the Syndicate and / or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Bid-cum-Application Forms or Revision Forms.
- (c) Information provided by the Bidders will be uploaded in the online IPO system by the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/ Allotment. The Bidders should ensure that the details are correct and legible.
- (d) For Retail Individual Bidders, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of Rs.200,000.

- (e) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to Rs.200,000 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 Equity Shares that can be held by them under the applicable laws or regulations.
- (f) 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.

Bidder's PAN, Depository Account and Bank Account Details

Bidders should note that on the basis of PAN of the Bidders, DP ID and beneficiary account number provided by them in the Bid-cum-Application Form, the Registrar 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, NECS, NEFT and RTGS) or unblocking of ASBA Account. It is mandatory to provide the bank account details in the space provided in the Bid-cum-Application Form and Bid-cum-Application Form that do not contain such details are liable to be rejected. 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 despatch/ credit of refunds to Bidders or unblocking of ASBA Account at the Bidders sole risk and neither the BRLM or the Registrar or the Escrow Collection Banks or the SCSBs nor Our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

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.

By signing the Bid-cum-Application Form, the Bidder would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Refund orders/ CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder (other than ASBA Bidders) in the Bid-cum-Application Form would be used only to ensure dispatch of refund orders. Please note that

any such delay shall be at such Bidder's sole risk and neither our Company, the Escrow Collection Banks, Registrar, 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 the three parameters, namely, PAN of the sole/First Bidder, the DP ID and the beneficiary's identity, then such Bids are liable to be rejected.

Bids by Non-Residents including Eligible NRIs, FIIs and Foreign Venture Capital Funds on a repatriation basis

Bids and revision to Bids must be:

1. On the Bid-cum-Application Form or the Revision Form, as applicable ([●] in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained in the Red Herring Prospectus, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision are liable to be rejected.
2. Bids by Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, subject to a maximum Bid Amount of Rs.200,000.
3. Bids by QIBs bidding and Non- Institutional Bidders must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. [●] and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the size of this Issue, subject to applicable investment limits under laws or regulations to the Bidders.
4. Made in a single name or joint names (not more than three and in the same order as their Depository Participant Details).
5. Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Bids by Eligible NRIs for a Bid Amount of up to Rs.200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs.200,000 would be considered under Non- Institutional Portion for the purposes of allocation.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

There is no reservation for Eligible NRIs and FIIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney or by Limited Companies, Corporate Bodies or Registered Societies

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 & Article 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.

Certain additional documents are required to be lodged along with the Bid cum Application Form by the following entities:

- (a). With respect to Bids by FVCIs, FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.
- (b). With respect to Bids by insurance companies registered with the IRDA, in addition to the above, a certified copy of the certificate of registration issued by the IRDA must be lodged with the Bid cum Application Form.
- (c). With respect to Bids made by provident funds with minimum corpus of Rs. 25.00 crore (subject to applicable law) and pension funds with a minimum corpus of Rs. 25.00 crore, a certified copy

Our Company in our absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney and additional documents, as specified above, along with the Bid cum Application Form, subject to such terms and conditions that the Bank and the BRLMs may deem fit.

PAYMENT INSTRUCTIONS

Escrow Mechanism for Bidders other than ASBA Bidders

Our Company and the Syndicate shall open Escrow Account(s) with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Banks for and on behalf of the Bidders shall maintain the monies in the Escrow Account until the Designated Date. The Escrow Collection Banks 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 Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. 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 our Company, the Syndicate, the Escrow Collection Banks and the Registrar to facilitate collections from the Bidders.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the bank account number in the ASBA Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA 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 unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Form or for unsuccessful ASBA Forms, the Registrar shall give instructions to the SCSB to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Payment into Escrow Account for Bidders other than ASBA Bidders

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the Bid and/or on allocation/Allotment as per the following terms:

1. All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid-cum-Application Form.
2. The Bidders shall, with the submission of the Bid-cum-Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the Syndicate. If the payment is not made favouring the Escrow Account along with the Bid-cum-Application Form, the Bid of the Bidder shall be rejected.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - (a) In case of Resident QIB Bidders: “[●]”
 - (b) In case of Non-Resident QIB Bidders: “[●]”
 - (c) In case of Resident Retail and Non-Institutional Bidders: “[●]”
 - (d) In case of Non-Resident Retail and Non-Institutional 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 authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
7. In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
8. In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
9. The monies deposited in the Escrow Account will be held for the benefit of the Bidders (other than ASBA Bidders) till the Designated Date.
10. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
11. On the Designated Date and no later than 10 Working Days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on bidding, if any, after adjusting for allocation/Allotment to such Bidders.

12. Payments should be made by cheque, or a demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/stockinvest/money orders/postal orders will not be accepted.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the Syndicate at the time of submission of the Bid. With respect to the ASBA Bidders, the ASBA Form or the ASBA Revision Form shall be submitted to the Designated Branches of the SCSBs.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

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 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.

Bids by QIBs under QIB Portion will not be considered as multiple Bids. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

In this regard, the procedures which would be followed by the Registrar to detect multiple Bids are given below:

1. All Bids will be checked for common PAN and will be accumulated and taken to a separate process file which would serve as a multiple master.
2. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
3. The Registrar will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid data and create an address master.
4. The addresses of all the applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric

characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The Bids with same name and same address will be treated as multiple Bids.

5. The Bids will be scrutinised for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.

Permanent Account Number or PAN

The Bidders, or in the case of a Bid in joint names, each of the Bidders, should mention his/ her PAN allotted under the I.T. Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. **Any Bid-cum-Application Form without the PAN is 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.**

REJECTION OF BIDS

In case of QIB Bidders, Our Company in consultation with the BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by RTGS/NEFT/NES/Direct Credit/cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk. With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. 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.

Grounds for Technical Rejections

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. With respect to ASBA Bids, the amounts mentioned in the ASBA Form does not tally with the amount payable for the value of the Equity Shares Bid for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN 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 the Floor Price;
- Bids at a price more than the Cap Price;

- Submission of more than five ASBA Forms per bank account;
- Bids at Cut-off Price by Non-Institutional and QIB Bidders;
- Bids for number of Equity Shares which are not in multiples of [];
- Category not ticked;
- Multiple Bids as defined in the Draft Red Herring Prospectus;
- In case of Bids 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;
- Bid-cum-Application Forms does not have the stamp of the BRLM or Syndicate Members or the SCSB;
- 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 Draft Red Herring Prospectus and as per the instructions in the Draft 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;
- With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Form at the time of blocking such Bid Amount in the bank account;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- Bids by QIBs not submitted through the BRLM or in case of ASBA Bids for QIBs not intimated to the BRLM;
- Bids by persons in the United States in reliance of Regulation S under the Securities Act;
- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
- Bids not uploaded on the terminals of the Stock Exchanges; and
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

IN CASE THE DP ID, CLIENT ID AND PAN MENTIONED IN THE BID-CUM-APPLICATION FORM AND ENTERED INTO THE ELECTRONIC BIDDING SYSTEM OF THE STOCK EXCHANGES OR THE SYNDICATE/THE SCSBs DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITARIES.

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 our Company, the respective Depositories and the Registrar:

Agreement dated September 29, 2010, between NSDL, Our Company and the Registrar;

Agreement dated October 13, 2010, between CDSL, Our Company and the Registrar.

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 the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- (h) The trading of the Equity Shares of Our Company would be in dematerialised form only for all Bidders 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 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 or the Designated Branch of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

Bidders can contact the Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of Allotted shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders can contact the Designated Branches of the SCSBs.

PAYMENT OF REFUND

Bidders other than ASBA Bidders must note that on the basis of the names 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 appearing on a cheque leaf. 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 Our Company, nor the Book Running Lead Managers, the Registrar, Escrow Collection Bank(s), Bankers to the Issue, 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 for Bidders other than ASBA Bidders

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through various modes in the following order of preference:

1. **NECS** – Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned centres, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.
2. **Direct Credit** – Applicants having bank accounts with the Refund Bank (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 our Company.
3. **RTGS** – Applicants having a bank account at any of the abovementioned centres and whose refund amount exceeds Rs. 50 Lacs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-Application Form. In the event the same is not provided, refund shall be made through NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. **NEFT** – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. The process flow in respect of refunds by way of NEFT is at an evolving stage, hence use of NEFT is subject to operational feasibility, cost and process efficiency. 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 the sections.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value upto 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 Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 15 days of the Bid/Issue Closing Date.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

With respect to Bidders other than ASBA Bidders, Our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within 15 days of the Bid/Issue Closing Date.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system 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/ Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 12 Working Days of the Bid/Issue Closing Date.

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

Allotment of Equity Shares shall be made only in dematerialised form within 12 Working Days of the Bid/Issue Closing Date; and

With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 days of the Bid/Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 15 days from the Bid/Issue Closing Date.

Our Company shall pay interest at 15% p.a. for any delay beyond the 15 days from the Bid/Issue Closing Date as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 15 days prescribed above.

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 share 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.”*

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 [●] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. 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 shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate Basis of Allotment refer below.

C. For QIBs

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 Issue size less Allotment to Non Institutional Bidders and Retail shall be available for Allotment to Non- QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price. The Allotment to all the QIB Bidders will be made at the Issue Price. The QIB Portion shall be available for Allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

Allotment shall be undertaken in the following manner:

- (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
 - (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.

- (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.
- (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;
- (b) In the second instance Allotment to all QIBs shall be determined as follows:
 - (i) In the event 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, upto a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter 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 Shares on a proportionate basis, upto a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, along with other QIB Bidders.
 - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis. The aggregate Allotment to QIB Bidders shall not be less than [●] Equity Shares.

The Book Running Lead Managers, the Registrar to the Issue and the Designated Stock Exchange shall ensure that the 'Basis of Allocation' is finalized in a fair and proper manner in accordance with the SEBI Regulations. The drawing of lots (where required) to finalize the 'Basis of Allocation' shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

A. Illustration of Allotment to QIBs and Mutual Funds ("MF")

Sr. No	Particulars	Issue Details
1.	Issue Size	200 Crores equity shares
2.	Allocation to QIB (50%)	100 Crores Equity Shares
3.	Anchor Investor Portion	30 Crores Equity shares
4.	Portion available to QIBs other than Anchor	70 Crores Equity shares
	Of which	
	a. Allocation to Mutual Funds	3.5 Crores Equity Shares
	b. Balance for all QIBs including MFs	66.5 Crores Equity Shares
5.	No. of QIB applicants	10
6.	No of Shares applied for	500 Crores Equity shares

B. Details of QIB Bids

Sr.No	QIB Bidders	No. of shares bid (in crores)
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 other than Mutual Funds)

C. Details of Allotment to QIB Bidders

Type of QIB Bidders	Equity shares bid for	Allocation of 3.5 crores equity shares to MFs proportionately	Allocation of balance 66.5 crores equity shares to QIBs proportionately	Aggregate allocation to MFs
A1	50	0	6.65	0
A2	20	0	2.66	0
A3	130	0	17.29	0
A4	50	0	6.65	0
A5	50	0	6.65	0
MF1	40	0.7	5.32	6.02
MF2	40	0.7	5.32	6.02
MF3	80	1.4	10.64	12.04
MF4	20	0.35	2.66	3.01
MF5	20	0.35	2.66	3.01
	500	3.5	66.5	30.1

Please note:

1. The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in the section titled “*Issue Structure*” on page 177.
2. Out of 70 crores equity shares allocated to QIBs, 3.5 crores (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 200 equity shares in QIB category.
3. The balance 66.5 crores equity shares (i.e. 70 – 3.5 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 equity shares (including five MF applicants who applied for 200 equity shares).
4. The figures in the fourth column entitled “Allocation of balance 66.5 crores 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 66.5 / 496.5

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 66.5 / 496.5

The numerator and denominator for arriving at allocation of 66.5 crore Equity shares to the 10 QIBs are reduced by 3.5 crores Equity shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Method of Proportionate Allotment

In the event of the Issue being over-subscribed, the basis of allotment shall be finalised by Our Company in consultation with the Designated Stock Exchange. The Executive Director/Managing Director/authorized employees of the [●] (Designated Stock Exchange) along with the post Issue Lead Merchant Banker and the Registrars to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner.

The allotment shall be made in marketable lots, on a proportional basis as explained below:

- (a) Bidders will be categorized according to the number of Equity Shares applied for,
- (b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (c) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio, in that category subject to a minimum allotment of [●] Equity Shares. The allotment lot shall be the same as the minimum application lot irrespective of any revisions to the Price Band.
- (d) In all Bids where the proportionate allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:
 - Each successful Bidder shall be allotted a minimum of [●] Equity Shares; and
 - 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.
- (e) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If the decimal is less than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.
- (f) Investors should note that the Equity Shares will be allocated to all successful Bidders in dematerialised form only. Bidders will not have the option of being allocated Equity Shares in physical form.

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 Equity 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.

Letters of Allotment or Refund Orders or instructions to the SCSBs, disposal of application and application moneys

Our Company shall give credit to the beneficiary account with depository participants within 12 Working Days from the Bid/Issue Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Our Company 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. Bidders to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 15 days of the Bid/ Issue Closing Date. In case of ASBA Bidders, the Registrar shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within days of the Bid/Issue Closing Date.

Interest in case of delay in despatch of Allotment Letters or Refund Orders/ instruction to the SCSBs by the Registrar.

Our Company agrees that (i) Allotment of Equity Shares; and (ii) credit to the successful Bidders' depository accounts will be completed within 12 Working Days of the Bid/ Issue Closing Date. Our Company further agrees that it shall pay interest at the rate of 15% p.a. if the Allotment letters or refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or ECS, the refund instructions have not been given in the disclosed manner within 15 days from the Bid/ Issue Closing Date.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar. Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

UNDERTAKING BY OUR COMPANY

We undertake as follows:

1. that the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;
2. that all steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed are taken within 7 working days of finalization of the basis of allotment;
3. that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the issue by our Company.
4. that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. that certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within specified time.
6. that no further issue of securities shall be made till the securities offered through the Draft Red Herring Prospectus are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.
7. that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue after the bidding and if so, the reason thereof shall be given as a public notice within two days of the closure of the issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The Stock Exchanges where the specified securities were proposed to be listed shall also be informed promptly.

If our Company withdraws the issue after closure of bidding, the issuer shall be required to file a fresh draft offer document with SEBI.

UTILIZATION OF ISSUE PROCEEDS

The Board of Directors of our Company certifies that:

- i) All monies received out of this issue of Equity Shares to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act, 1956;
- ii) Details of all monies utilized out of the issue referred to in sub-item (a) shall be disclosed and continue to be disclosed till the time any part of the issue proceeds remains unutilised under an appropriate separate head in the Balance Sheet of our Company indicating the purpose for which such monies had been utilized; and
- iii) Details of all unutilized monies out of the issue of Equity Shares, referred to in sub-item (i) shall be disclosed under an appropriate separate head in the Balance Sheet of our Company indicating the form in which such unutilized monies have been invested;
- iv) 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 Net Proceeds; and
- v) Our Company shall not have recourse to the proceeds of the Issue until the approval for trading of the Equity Shares from the Stock Exchanges has been received.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made.

Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of Government of India (FIPB) and the RBI.

RBI, *vide* its circular A.P (DIR Series) Circular No. 53 dated December 17, 2003, permitted FIIs to subscribe to shares of an Indian Company in the public issue without prior approval of RBI, so long as the price of Equity Shares to be issued is not less than the price at which the Equity Shares are issued to residents.

Investment by Non-Resident Indians

A variety of special facilities for making investments in India in shares of Indian Companies are available to individuals of Indian nationality or origin residing outside India ("NRIs"). These facilities permit NRIs to make portfolio investments in shares and other securities of Indian companies on a basis not generally available to other foreign investors. Under the portfolio investment scheme, NRIs are permitted to purchase and sell Equity Shares of our Company through a registered broker on the Stock Exchanges. NRIs collectively should not own more than 10% of the post-issue paid up capital of our Company. No single NRI may own more than 5% of the post- issue paid up capital of our Company. NRI investment in foreign exchange is now fully repatriable whereas investments made in Indian Rupees through rupee accounts remains non repatriable.

Investment by Foreign Institutional Investors

Foreign Institutional Investors ("FIIs") including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

Ownership restrictions of FIIs

Under the portfolio investment scheme, the overall issue of Equity Shares to FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of our Company. However, the limit of 24% can be raised up to the permitted sectoral cap for that Company after approval of the board of Directors and shareholders of our Company. The issue of Equity Shares to a single FII should not exceed 10% of the post-issue paid-up capital of our Company. In respect of an FII investing in Equity Shares of a Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that Company.

Registration of Equity Shares under US Laws

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, 'U.S. persons' (as defined in Regulation S of the U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

The above information is given for the benefit of the Bidders and neither our Company nor the BRLM are liable for any changes in the regulations after the date of the Draft Red Herring Prospectus.

SECTION X- DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF OUR COMPANY

Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of our Articles relating to, *inter alia*, voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in our Articles and capitalized/defined terms herein have the same meaning given to them in our Articles.

The regulations contained in Table 'A' in Schedule 1 to the Companies Act, 1956 (hereinafter referred to as Table 'A') shall apply to the Company so far as they are not inconsistent with any of the provisions contained in these regulations or modifications thereof and only to the extent that there is no specific provisions in these regulations.

Regulations 5, 26, 27, 64, 84 of Table "A" shall not apply to the Company. Any ambiguity or anomaly between the provisions of this article and what has been stated in relevant regulations of Table "A" of schedule 1 of Companies Act 1956 then the provisions of this article has got overriding effect and will supersede over the relevant regulation of Table "A"

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

3. Amount of Capital:

- a) The Authorized Share Capital of the Company SHALL BE AS PER Clause V(a) of the Memorandum of Association of the company
- b) The paid up capital of the company shall be minimum of Rs.5,00,000/-. (Five Lakhs Only)

4. Increase in the capital by company & how carried into effect:

The Company in General Meeting may, from time to time, 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.

- a) Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine 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 Sections 87 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.
- b) The Board of Directors may issue shares for consideration other than cash.

5. New capital Same as existing capital:

Except so far as otherwise provided by the conditions of the issue or by these presents, 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.

6. Equity Share capital with Differential Rights:

Subject to the provisions of Section 86 of the Act and applicable rules, guidelines and regulations, the Company shall have the power to issue equity shares with differential right as to dividend, voting or otherwise.

7. Redeemable Preference Shares:

Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue Preference Shares which are, or at the option of the Company are to be liable, to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

8. Provisions to apply on issue of redeemable preference shares:

On the issue of Redeemable Preference Shares under the provisions of Article 7 hereof the following provisions shall take effect:-

- i) No such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption;
- ii) no such shares shall be redeemed unless they are fully paid;
- iii) the premium, if any, payable on redemption must have been provided for out of the profits of the Company or the Company's Securities Premium Account before the shares are redeemed;
- iv) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called the "Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares redeemed and the provisions of the Act, relating to the reduction of the share capital of the Company shall except as provided in section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid up share capital of the Company.

9. Reduction of capital:

The Company may (subject to the provision of sections 78, 80, 100 to 105 inclusive, of the Act) from time to time by Special Resolution, reduce its capital and any Capital Redemption Reserve Account or Securities Premium Account in any manner for the time being authorized by law, and in particular capital may be paid off on the footing that it may be called upon again or otherwise. This article is not to derogate from any power the Company would have if it were omitted.

10. Buy Back of Equity Shares:

The Company shall have the power to purchase/buy back its own shares and / or other securities, subject to the limits and upon such terms and conditions and subject to such approvals as may be required under the applicable sections of the Act and other provisions, rules, guidelines, regulations and any amendment and modifications thereto.

11. Sub-Division, Consolidation & Cancellation of shares:

Subject to the provisions of Section 94 of the Act, the Company in General Meeting may, from time to time subdivide or consolidate its shares, or any of them, and resolution whereby any share is sub-divided, may determine that as between the holders of the shares resulting from such subdivision one or more of such shares shall have some preference or special advantage as regards

dividend, capital or otherwise over or as compared with the others or other. Subject as aforesaid the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

12. Modification of right:

Whenever the capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may subject to the provisions of Sections 106 and 107 of the Act be modified, commuted, affected 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.

13. Board may accept surrender of Shares:

Subject to the provisions of section 100 to 105 (inclusive) of the Act, The Board may accept from the Members on such terms and conditions as shall be agreed surrender of all or any of his shares.

SHARES AND CERTIFICATES

14. Register and index of members:

The Company shall cause to be kept a Register and Index of Members in accordance with Sections 150 and 151 of the Act. The Company shall be entitled to keep in any State or country outside India a branch Register of Members resident in that State or Country.

15. Shares to be numbered progressively & no share to be sub divided:

The shares in the Capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned, no share shall be subdivided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

16. Further issue of capital:

- a. 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, whether out of unissued share capital or out of increased share capital of the Company by allotment of further shares then:
 - i) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on these shares at that date.
 - ii) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined.
 - iii) The offer aforesaid shall be deemed to include a right exercisable by person concerned to renounce the shares offered to him or any other person and the notice referred to in sub clause (b) shall contain a statement of this right:

- 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.
- b. Notwithstanding anything contained sub clause (1) the future shares aforesaid may be offered to any person (whether or not those persons include the persons referred to in clause (a) of sub clause (i) hereof) in any manner whatsoever.
 - (i) If a Special Resolution to that effect is passed by the Company in general meeting; or
 - (ii) Where no such Special Resolution is passed, if the votes cast (whether on a show of hands, or on a poll, as the case may be) in favour of the proposal contained in the Resolution moved in that General Meeting (including the casting vote, if any, of the Chairman) by Members who being; entitled to do so, vote in person, or where proxies are allowed by proxy, exceed the votes, if any, cast against the proposal by Members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company, offer further shares to any person or persons, and such person or persons may or may not include the persons who, at the date of the offer, are the holders of the Equity Shares of the Company.
- c. Nothing in sub clause (c) of (1) hereof shall be deemed:
 - i) To extend the time within which the offer should be accepted
 - ii) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- d. Nothing in this Article shall apply to the increase of subscribed capital of the Company caused by the exercise of an option attached to the debenture issued by the Company; or
 - i. To convert such Debentures issued or loans into shares in the Company; or
 - ii. To subscribe for shares in the Company.

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term;

- i) Either has been approved by the Central Government before the issue of debenture or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
- ii) In the case of debenture 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 in the General Meeting before the issue of the loans.

17. Shares at the Disposal of the Directors:

Subject to the provisions of Section 81 of the Act and these Articles, the shares in the Capital of the Company for the time being shall be under the Control of the Directors who may issue, allot or otherwise dispose off the same or any of them to such person, in such proportion and on such terms and conditions and either at a or at a par or (subject to the compliance with the provision of 79 of the Act) at a discount and at such time as they may from time to time thing fit and for such time as they may from time to time fit with sanction of the Company in the General Meeting to

give to any person 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 share which may to be fully paid shares. Provided that option or right to call of shares shall not be given to any person without the sanction of the Company in the General Meeting.

18. Power also to company in General meeting to issue shares:

In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 15 and 16, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to any person (whether a Member or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option to call for or be allotted shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par, or at a discount such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares.

19. Acceptance of Shares:

Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share 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 purposes of these Articles, be a Member.

20. Deposit & Call etc. to be debt payable immediately:

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 insertion of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

21. Liability of Members:

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 payment thereof.

22. Shares Certificates:

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, subdivision, 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 thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holder.

23. Renewal of Shares certificate:

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, 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.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf. The provision of this Article shall mutatis mutandis apply to debentures of the company

24. The first named of joint holders deemed sole holder:

If any share stands in the names of two or more persons, the person first named in the Register shall, as regards receipts of dividends or bonus or service of notices and all or any other matter connected with the Company, except voting at Meetings, and the transfer of the shares, be deemed the sole holder thereof but the joint-holders of a share 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.

25. Company not bound to recognize any interest in share other than that of registered holder:

Except as ordered by Court of competent jurisdiction or as by law required, the Company shall not be bound to recognize any equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles in the person from time to time registered as the holder thereof but the Board shall be at liberty at their sole discretion register any share in the joint names of any - two or more persons or the survivor or survivors of them.

26. Declaration by person not holding beneficial interest in any shares:

- (1) Notwithstanding anything herein contained a person whose name is at any time entered in the Register of Members of the Company as the holder of a share in Company, but who does not hold the beneficial interest in such share, shall, if so required by the Act, within such time and in such form as may be prescribed, make a declaration to the Company specifying the name and other particulars of person or persons who hold the beneficial interest in such share in the manner provided in the Act;

- (2) A person who holds a beneficial interest in a share or a class of shares of the Company shall, if so required by the Act, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in the Act;
- (3) Whenever there is change in the beneficial interest in a share referred to above, the beneficial owner shall, if so required by the Act, within the time prescribed, from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed in the Act:

27. Funds of company may not be applied in purchase of shares of company:

None of the funds of the Company shall be applied in the purchase of any shares of the Company, and it shall not give any financial assistance for or in connection with the purchase or subscription of any shares in the company or in its holding company save as provided by section 77 of the Act.

DEMATERIALISATION OF SECURITIES

28. Dematerialization of securities

- (A) Either on the Company or on the investor exercising an option to hold his securities with a Depository in a dematerialised form, the Company shall enter into an agreement with the Depository to enable the investor to dematerialise the securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.
- (B) Options to receive security certificates or hold securities with depository every person subscribing to securities offered by the Company shall have the option to receive the security certificates or hold securities with a depository. Where a person opts to hold a security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of such information the depository shall enter in its record the name of the allottee as the beneficial owner of that security.
- (C) Securities with depositories to be in fungible form All securities held by a depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
- (D) Rights of depositories and beneficial owners
 - (1) Notwithstanding anything to the contrary contained in the Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
 - (2) Save as otherwise provided in (1) above, the depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it.
 - (3) Every person holding equity share capital of the Company and whose name is entered as beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the securities held by a depository.

(E) Depository to furnish information

Every depository shall furnish to the Company information about the transfer of securities in the name of the beneficial owners at such intervals and in such manner as may be specified by the bye laws and the Company in that behalf.

(F) Option to opt out in respect of any security

If a beneficial owner seeks to opt out of a depository in respect of any security, the beneficial owner shall inform the depository accordingly.

The depository shall, on receipt of intimation as above, make appropriate entries in its records and shall inform the Company.

The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

(G) Section 83 and 108 of the Act not to apply

Notwithstanding anything to the contrary contained in the Articles.

(1) Section 83 of the Act shall not apply to the shares held with a depository.

(2) Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a depository.

(H) 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.

(I) Allotment of securities dealt within 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 to the depository immediately on allotment of such securities.

(J) Distinctive numbers of securities held in a depository

Nothing contained in the Act or these Articles regarding the necessity of having distinct numbers for securities issued by the Company shall apply to securities held with a depository.

(K) 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 purposes of these Articles.

(L) Notwithstanding anything contained in the Act and Article

26 hereof, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a Return in the prescribed form with the Registrar with regard to such declaration.

UNDERWRITING AND BROKERAGE

29. Commission may be paid:

Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares or debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolute or conditional) for any shares or debentures in the Company, but so that the commission shall not exceed in the case of shares five per cent of the price at which the shares are issued and in the case of debentures two and a half per cent of the price at which the debentures are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares, debentures or debenture stock or partly in one way and partly in the other.

30. The Company may pay a reasonable sum for brokerage on any shares, debentures or debenture stock.

INTEREST OUT OF CAPITAL

31. Interest may be paid out of capital:

Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provision of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building, or the provision of plant.

CALLS

32. a. Directors may make calls: 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 Meeting of the Board (and not by circular resolution) make such calls as it thinks fit upon the Members in respect of all moneys unpaid on the shares held by them respectively or each Member shall pay the amount of every call so made on him to the person or persons and at the time and places appointed by the Board. A call may be made payable by installments.
- b. Calls on shares to be on uniform basis: When any calls for further share capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class. For the purpose of this Article, shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.
- c. Installments on shares to be duly paid: If, by the conditions of allotment of any share, the whole or part of the amount or issue-price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who for the time being shall be registered holder of the share or his legal representative.

33. Notice of calls:

Fifteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment and the person or persons to whom such call shall be paid.

34. Calls to date from resolution:

A call shall be deemed to have been made at the time when the resolution authorising such call was passed at Meeting of the Board.

35. Call may be revoked or postponed:

A call may be revoked or postponed at the discretion of the Board.

36. Liability of joint-holders:

The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

37. Directors may extend time:

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 from residence at a distance or other cause, the Board may deem fairly entitled to such extension but no Member shall be entitled to such extension save as a matter of grace and favour.

38. Calls to carry interest:

The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced. 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. The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the company

39. Sums deemed to be calls:

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 a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

40. Proof on trial of suit for money due on:

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 entered on the Register of Members as the holder, at or subsequently to the date at which the money is 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 that it shall not be necessary to prove the appointment of the Directors who made such call, nor, that a quorum of Directors was present at the Board at which any call was made nor that a Meeting at which any call was made was duly convened or constituted nor any other matters whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.

41. Partial payment not to preclude forfeiture:

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 proceedings to enforce a forfeiture of such shares as hereinafter provided.

42. Payment in anticipation of calls may carry interest:

- (1) The Directors may, if it thinks fit, subject to the provisions of section 92 of the Act, agree to and receive from any Member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond , the sums, actually called for and upon the amount so paid or satisfied in advance or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advance are made, the company may pay interest at such rate, as the Member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced. 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. The provisions of these Articles shall mutates mutandis apply to the calls on debentures of the company.

LIEN**43. Company to have lien on shares / Debentures:**

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 payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

44. As to enforcing lien by sale:

For the purpose of enforcing such lien the Board may sell the shares subject thereto to such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their number to execute a transfer thereof on behalf and in the name of such Member. No sale shall be made until such period as aforesaid shall have arrived, and until notice in writing of the intention to sell shall have been served on such Member or his representatives and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

45. Application of proceeds of sale:

The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares at the date of the sale.

FORFEITURE OF SHARES

46. If money payable on shares not paid, notice to be given to members:

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 and all expenses that may have been incurred by the Company by reason of such non-payment.

47. Form of notice:

The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such calls or installment and such interest thereon at such rate not exceeding 9 percent or 6 percent over the lending of the Reserve Bank of India prevailing from time to time whichever is higher, per annum as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or installment is payable will be liable to be forfeited.

48. In default of payment, shares to be forfeited:

If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter before payment of all calls or installments, interest and expense due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends, declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.

49. Notice of forfeiture to a member:

When any share shall have been so forfeited notice of the forfeiture shall be given to the Member in whose name it stands immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

50. Forfeited shares to be property of the company & may be sold etc:

Any share so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.

51. Members still liable to pay money owing at time of forfeiture and interest:

Any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding 9 per cent, or 6 per cent over the lending rate of the Reserve Bank of India prevailing from time to time, whichever is higher, per annum as the Board may determine and the Board may enforce the payment thereof, if it thinks fit.

52. Effect of forfeiture:

The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

53. Evidences for forfeiture:

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 these 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.

54. Validity of sale under article 44 & 50:

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register 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 damages only and against the Company exclusively.

55. Cancellation of share certificates in respect of forfeited shares:

Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative 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 duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto.

56. Power to annul forfeiture:

The Board may at any time before any share, so forfeited shall have been sold, reallocated or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

TRANSFER AND TRANSMISSION OF SHARES

57. Register of Transfers:

The Company shall keep a "Register of Transfers", and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share.

58. Form of transfer:

The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

59. Transfer form to be completed and presented to the company:

The Instrument of Transfer duly stamped and executed by the Transferor and the Transferee shall be delivered to the Company in accordance with the provisions of the Act. The Instrument of Transfer shall be accompanied by such evidence as the Board may require to prove the title of 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. The Transferor shall be deemed to be the holder of such shares until the name of the Transferee shall have been entered in the Register of Members in respect thereof before the registration of transfer, the certificate or certificates of the shares must be delivered to the Company.

60. Transfer Books and Register of Members when closed:

The Board shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situated to close the Transfer Books, the Register of Members or Register of Debenture Holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year.

(a) Directors may refuse to register transfer:

Subject to the provisions of Section 111 of the act and section 22A of the securities contracts (regulation) Act, 1956, the directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the 19 circumstances that the proposed transferee is already a member of the company but in such cases, the directors shall within one month from the date on which the instrument of transfer was lodged with the company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the company on any account whatsoever except when the company has a lien on the shares. Transfer of shares/ debentures in whatever lot shall not be refused.

61. Notice of application when to be given:

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.

62. Death of one or more joint holders of shares:

Subject to Article 26 hereof 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 share, the survivor or survivors shall be the only persons recognized 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.

63. Title to shares of deceased members:

In the absence of a nomination recorded in accordance with Section 109A of the Act, which shall, in any event, have precedence, the executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased Member (not being one or two more joint holders) shall be the only persons recognized by the Company as having any title to the shares registered in the name of such Member and the Company shall not be bound to recognize 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 Letters of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of Probate or Letters of Administration or Succession Certificate, upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and under Article 66 register the name of any person who claims to be absolutely entitled to the shares standing in the name of deceased member, as a Member.

64. No transfer to minor etc:

No. share shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.

65. Compliance with the Estate Duty Act, 1953:

If any Member of the Company dies, and the Company through any of its principal officers within the meaning of the Estate Duty Act, 1953, has knowledge of the death, it shall not be lawful for the Company to register the transfer of any shares standing in the name of the deceased Member unless the Company is satisfied that the Transferee has acquired such shares for valuable consideration or there is produced to it a certificate from the Controller, Deputy Controller, or Assistant Controller of Estate Duty that either the Estate Duty in respect thereof has been paid or will be paid or none is due as the case may be. Where the Company has come to know through any of its principal officers of the death of any Member, the Company shall, within three months of the receipt of such knowledge, furnish to the Assistant Controller, the Deputy Controller or Controller of Estate Duty who is exercising the functions of the Income-tax Officer under the Income-tax Act in relation to the Company, such particulars as may be prescribed by the Estate Duty Rules, 1953.

66. Registration of person entitled to shares otherwise than by transfer:

Subject to the provisions of the Act and Articles 62 and 63, 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 such title as the Board thinks sufficient, either be registered 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, that if such person shall elect to have his nominee registered, he shall testify the 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.

67. Person entitled may receive dividend without being registered as member:

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 give a discharge for, any dividends or other moneys payable in respect of the share.

68. Fee on transfer or transmission:

No fee shall be charged for registration of transfer, transmission, probate, succession certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

69. Company not liable for disregard of a notice prohibiting registration of transfer:

The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company and the Company shall not be bound 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**70. Copies of Memorandum and Article of Association to be sent by the company:**

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 the sum of Rupee one for each copy.

BORROWING POWERS**71. Power to Borrow:**

If so required by the Act the Board may, from time to time at its discretion by a resolution passed at a meeting of the Board, 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 purposes of the Company. Provided, however, where the moneys to be borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board shall not borrow such moneys without the consent of the Company in General Meeting.

72. Payment or repayment of moneys borrowed:

Subject to the provisions of the Act and these Articles, the payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Special Resolution shall prescribe including by the issue of Debentures or Debenture-stock of the Company, charged upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being and Debentures, Debenture-Stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

73. Terms of Issue of Debentures:

Any Debentures, Debenture-Stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at General Meetings, 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 accorded by a Special Resolution.

74. Register of Mortgages etc. to be kept:

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 and 127 to 144 (both inclusive) of the Act in that behalf to be duly complied with so far as they fall to be complied with by the Board.

75. Register & Index of Debenture Holders:

The Company shall, if at any time issues Debentures, keep a Register and Index of Debenture Holders in accordance with Section 152 of the Act. The Company shall have the power to keep in any State or country outside India a branch Register of Debenture Holders resident in that State or country.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION**76. Shares may be converted in to stock:**

The Company in General Meeting may convert any paid-up shares into stock; and when any shares shall have been converted into stock, the several holders of such stock may 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, or as near thereto as circumstances will admit. The Company in General Meeting may at any time reconvert any stock into paid-up shares of any denomination.

77. Right of stock holders:

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 held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets of winding-up) shall be conferred by any amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

MEETINGS OF MEMBERS**78. Annual General Meeting:**

The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other Meetings in that year. All General Meetings other than Annual General Meetings shall be called Extra-Ordinary General Meetings. An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under provisions of Section 166(1) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for a time during business hours, on a day that is not a public holiday, and shall be held at the Office of the Company or at some other place within the city in which the Office of the Company is situated as the Board may determine and the Notices calling the Meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every Member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors Report and Audited Statement of

Accounts, Auditors' Report (if not already incorporated in the Audited Statement of Accounts), the Proxy Register with proxies and the Register of Directors' shareholdings which latter Register shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared the Annual List of Members, Summary of Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.

79. Extra-Ordinary General meeting:

The Board may, whenever it thinks fit, call all Extra ordinary General Meeting and it shall do so upon a requisition in writing by any Member or Members holding in the aggregate not less than one-tenth of such of the paid-up capital as at that date carries the right voting in regard to the matter in respect of which the requisition has been made.

80. Requisition of members to state object of meeting:

Any Valid requisition so made by Members must state the object or objects of the Meeting proposed to be called and must be signed by the requisitionists and be deposited at the office of the Company provided that such requisition may consist of several documents in like form each signed by one or more requisitionists.

81. On receipt of requisition Directors to call meeting & in default requisitionists may do so:

- (a) Upon the receipt of any such requisition, the Board shall forthwith call an Extra-Ordinary General Meeting, and if they do not proceed within twenty-one days from the date of the requisition being deposited at the Office to cause a Meeting to be called on a day not later than forty-five days from the date of deposit of the requisition, the requisitionists or such of their number as represent either a majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid-up share capital of the Company as is referred to in Section 169(4) of the Act, whichever is less may themselves call the Meeting, but in either case any Meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.
- (b) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board to call a meeting shall be repaid to the requisitionists by the Company, and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company, by way of fees or other remuneration for their services to such of the Directors as were in default.

82. Meeting called by Requisitionists:

Any meeting called, under the foregoing Articles by the requisitionists shall be called in the same manner as, nearly as possible, as that in which Meetings are to be called by the Board.

83. Annual Return

The Company shall comply with the provision of section 159 of the Act regarding the filling up of Annual Return and the provisions of Section 161 of the Act as regards the annual return and certificate to be annexed thereto.

84. When Register of Members and Debentures may be closed

The Company may by giving not less than seven days previous notice by the advertisement in some newspapers circulating the district in which the registered office is situate, close Register of

Members or the Register of Debenture holders , as the case may be for any period not exceeding , in the aggregate , forty five days in each year but not exceeding thirty days at a time.

85. Circulation of the Member's Resolution

The Company shall comply with the provisions of section 188 of the Act as to giving notice of the resolutions and circulating the statements on the requisition of members.

86. Twenty-one days notice of meeting to be given:

Twenty-one days notice at the least of every General Meeting, Annual or Extraordinary, and by whomsoever called specifying the day, place and hour of Meeting, and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company. Provided that in the case of an Annual General Meeting with the consent in writing of all the Members entitled to vote thereat and in case of any other Meeting, with the consent of Members holding not less than 95 per cent of such part of the paid-up share capital of the Company as gives a right to vote at the Meeting, a Meeting may be convened by a shorter notice. In the case of an Annual General Meeting, if any business other than (1) the consideration of the Accounts, Balance Sheets and Reports of the Board of Directors and Auditors, (2) the declaration of dividend, (3) the appointment of Directors in place of those retiring, (4) the appointment of, and fixing of the remuneration of the auditors, is to be transacted, and in the case of any other Meetings in any event there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of business, including in particular the nature of the concern or interest, if any therein of every Director and the Manager (if any). Where any such item of special business relates to, or affects any other company, the extent of shareholding interest in that other company of every Director and the Manager, If any, of the Company shall also be set out in the statement if the extent of such shareholding interest is not less than 20 percent of the paid-up share capital of that other company. Where any item of business consists of the according of approval to any document by the Meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

87. Omission to give notice not to invalidate a resolution passed:

The accidental omission to give any such notice as aforesaid to any of the Members, or the non-receipt thereof, shall not Invalidate any resolution passed at any such Meeting.

88. Meeting not to transact business not mentioned in notice:

No General Meeting, Annual or Extraordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened.

89. Quorum at general meeting:

Five members present in person shall be a quorum for a General Meeting. No business shall be transacted at any General Meeting unless the requisite quorum shall be present of the commencement of the meeting.

90. Body Corporate deemed to be personally present:

A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.

91. If quorum not present meeting to be dissolve or adjourned:

If, at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum shall not be present, the meeting, if convened by or upon the requisition of members shall stand dissolved, but in any other case the meeting shall stand adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday at the same time and place or to such other day and at such other time and place in the city or town in which the Office of the Company is for the time being situated, as the Board may determine, and if at such adjourned Meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the Meeting, the Members present shall be a quorum, and may transact the business for which the Meeting was called.

92. Chairman of General meeting:

The Chairman of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there be no such Chairman of the Board of Directors, or if at any Meeting he shall not be present within fifteen minutes of the time appointed for holding such Meeting or if he shall be unable or unwilling to take the chair then the Members present shall elect another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair, then the Members present shall elect one of their number to be Chairman.

93. Business confined to election of chairman whilst chair vacant:

No business shall be discussed at any General Meeting except the election of a Chairman, whilst the chair is vacant.

94. Chairman with consent may adjourn meeting:

The Chairman with the consent of the Members may adjourn any Meeting from time to time and from place to place in Mumbai, but no business shall be transacted at any adjourned Meeting other than the business left unfinished at the Meeting from which the adjournment took place.

95. Resolution how carried:

At any General Meeting unless a poll (before or on declaration of the result of voting on any Resolution on show of hands), is ordered to be taken by the Chairman of the meeting on his own motion or on a demand made in that behalf by member or members present in person or by proxy and holding shares in the Company which confer power to vote on the Resolution not being less than one-tenth of the total voting power in respect of the Resolution, or on which an aggregate sum of not less than fifty thousand rupees has been paid up, a declaration by the Chairman that a Resolution has or has not been carried, or has or has not been carried either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the General Meeting of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of, or against a Resolution. The demand for poll may be withdrawn at any time by the person or persons who made the demand.

96. Chairman casting vote:

In the case of an equality of votes, the Chairman shall both on a show of hands and at a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a Member, or as proxy of a Member or attorney.

97. Poll to be taken if demanded:

If a poll is demanded as aforesaid the same shall subject to Article 106 be taken at such time (not later than forty-eight hours from the time when the demand was made) and place in the city or town in which the Office of the Company is for the time being situate and either by open voting or by ballot, as the Chairman shall direct, and either at once or after an interval or adjournment, or otherwise, and the result of the poll shall be deemed to be the resolution of the Meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

98. Chairman of the Meeting, if poll demanded

In case the poll is demanded as mentioned aforesaid then the Chairman shall be appointed in the same manner as mentioned in section 175(1) of the Act unless the articles of the Company otherwise provide for the election of chairman on demand of poll at the Meeting

99. Scrutinizers at poll:

Where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutineers to scrutinise the vote given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a Member (not being an officer or employee of the Company) present at the Meeting, provided such a Member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutinizer from office and fill vacancies in the office of scrutinizer arising from such removal or from any other cause.

100. In what case poll taken without adjournment:

Any poll duly demanded on the election of a Chairman of a Meeting or on any question of adjournment shall be taken at the Meeting forthwith.

101. Demand for poll not to prevent transaction of other business:

The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a Meeting for the transaction of any business other than the question on which the poll has been demanded.

102. Resolution requiring Special Notice

- (a) Where under any provisions of the Act or in the articles special notice is required of any resolution notice of such intention of intention to move the resolution shall be given to the Company not less than fourteen days before the meeting at which it is to be moved, exclusive of the day on which the notice is served on which the notice is served or deemed to be served and the date of meeting.
- (b) The Company shall immediately after receipt of notice of intention to move any resolution as aforesaid give its members notice of the resolution in the same manner as it gives the notice of the meeting or in case it is not practicable then notice shall be given either by the advertisement in the newspaper having an appropriate circulation or in any other appropriate mode suggested by its articles not less than seven days before the meeting.

VOTES OF MEMBERS**103. Members in arrears not to vote:**

No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of share holders either upon a show of hands or upon a poll in respect of any

Shares registered in his name on which any call or other sums presently payable by him have not been paid in regard to which the Company has, and has exercised, an right of lien.

104.Number of votes to which member entitled:

- (a) Subject to the provisions of the Act and these Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of share for the time being forming part of the capital of the Company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and vote at such Meeting, and on a show of hands every Member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company. Provided, however, if any Preference Shareholder be present at any Meeting of the Company, save as a provided in Clause
- (b) of sub-section (2) of Section 87 of the Act, he shall have a right to vote only on resolutions placed before the Meeting which directly affect the rights attached to his Preference Shares.
- (b) Provided that the holders of Preference Shares shall have no right to vote either in person or by proxy at any general meeting by virtue or in respect of their holdings of Preference Shares, unless the preference dividend due on such Preference Shares or any part of such dividend remained unpaid in respect of an aggregate period of not less than two years preceding the date of commencement of the meeting or unless a resolution is appeared directly affecting the rights or privileges attached to such Preference Shares.
- (c) Any resolution for winding up the Company or for the payment or reduction of its share capital shall be deemed directly to affect the rights attached to Preference shares within the meaning of these Articles.

105.Casting of Votes by members entitled to more than 1 vote:

On a poll taken at a Meeting of the Company a Member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his vote or cast in the same way all the votes he uses.

106.How members non compo mentis and minor may vote:

A Member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy may vote, whether on a show of hands or on a poll by his committee or other legal guardian; and any such committee or guardian may, on poll vote by proxy, if any Member be a minor, the vote in respect of his share or shares shall be by his guardian, or any one of his guardians if more than one, to be selected in case of dispute by the Chairman of the Meeting.

107.Votes of joint members:

If there be joint registered holders of any shares, any one of such persons may vote at any Meeting or may appoint another person (whether a Member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the Meeting and, if more than one of such joint-holders be present at any Meeting, that one of the said persons so present whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint-holders shall be entitled to be present at the Meeting. Several executors or administrators of a deceased Member in whose name shares stand shall for the purpose of these Articles be deemed joint-holder thereof.

108.Votes in person or by proxy:

Subject to the provisions of these Articles votes may be given either personally or by proxy. A body corporate being a Member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member.

109.Postal Ballot:

In the case of resolution relating to such business as the Central Government may, by notification, declare to be conducted only by postal ballot, the Company shall get such resolutions passed by means of a postal ballot, instead of transacting such business in the general meeting of the Company. Where the Company is required to, or decides to, as the case may be, get a resolution passed by means of a postal ballot, the provisions of section 192 A of the Act and the rules framed there under shall be complied with.

110.Votes in respect of shares of deceased & insolvent member:

Any person entitled under Article 66 to transfer any share may vote at any General Meeting in respect thereof in same manner as if he were the registered holder of such shares, provided that forty-eight hours at least before the time of holding the Meeting or adjourned Meeting, as the case may be, at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such Meeting in respect thereof.

111.Appointment of Proxy:

Every proxy (whether a Member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporate body under the Common Seal of such corporation, or be signed by an office or any attorney duly authorised by it, and any Committee or guardian may appoint such proxy. The proxy so appointed shall not have the right to speak at the meetings and should not be entitled to vote except on a poll.

112.Proxy either for specified meeting or for a period:

An instrument of proxy may appoint a proxy either for the purpose of a particular Meeting specified in the instrument and any adjournment thereof or it may appoint for the purpose of every Meeting of the Company, or of every Meeting to be held before a date specified in the instrument and every, adjournment of any such Meeting.

113.Proxy to Vote only on a Poll:

A Member present by proxy shall be entitled to vote only on a poll.

114.Deposit or instrument of Appointment:

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 Office not later than forty-eight hours before the time for holding the Meeting at which the person named in the instrument proposes to vote, and in default the instrument or proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

115. Form of Proxy:

Every instrument of proxy whether for a specified Meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in Schedule IX of the Act.

116. Validity of votes given by Proxy notwithstanding death of member:

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 revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the shares in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the Meeting.

117. Time for objection of votes:

No objection shall be made to the validity of any vote, except at any Meeting or poll at which such vote shall be so tendered, and every vote whether given personally or by proxy, not disallowed at such Meeting or poll shall be deemed valid for all purposes of such Meeting or poll whatsoever.

118. Chairman of meeting to be the judge of validity of any vote:

The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

119. Minutes of general meeting and inspection thereof by members:

- i) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such Meeting concerned, entries thereof in books kept for the purpose with their pages consecutively numbered.
- ii) Each page of every such book shall be initialled or signed and the last page of the record of proceeding of each Meeting in such book shall be dated and signed by the Chairman of the same Meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.
- iii) In no case the minutes of proceedings of a Meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- iv) The minutes of each Meeting shall contain a fair and correct summary of the proceedings thereat.
- v) All appointments of Officers made at any Meeting aforesaid shall be included in the minutes of the Meeting.
- vi) Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter whatsoever in the particular a matter which in the opinion of the Chairman of the Meeting (a) is or could reasonably be regarded as, defamatory of any person, or (b) is irrelevant or immaterial to the proceedings, or (c) is detrimental to the interests of the Company. The Chairman of the Meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds or otherwise.
- vii) Any such minutes shall be evidence of the proceedings recorded therein.

- viii) The book containing the minutes of proceedings of General Meetings shall be kept at the Office of the Company and shall be open during business hours, for such periods not being less in the aggregate than two hours in each day as the Directors determine, to the inspection of any Member without charge.

DIRECTORS

120. Number of Directors:

Until otherwise determined by a General Meeting of the Company and subject to the provisions of section 252 of the Act, the number of Directors (excluding Debenture Ex-Office and alternate Directors) shall not be less than three or more than twelve.

121. (A) Appointment & Election of Directors:

- (a) The Managing Director of the Company for the time being shall not be liable to retire by rotation.
- (b) All Directors other than the non-retiring Director shall be elected by the shareholders of the Company in General Meeting and shall be liable to retirement by rotation as herein provided.

(B) First Directors

The first Directors of the company will be 1. Mr. Anil Agrawal

- 2. Mr. Avinash Agarwal

122. Power to appoint ex-officio directors:

Subject to the provisions of Section 255, of the Act whenever the Directors enter into a contract with any government, Central, State or Local, or any person or persons for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or enter into any other arrangement whatsoever the Directors shall have, subject to the provisions of Section 255 of the Act, the power to agree that such government, person or persons shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such conditions as may be mentioned in the Agreement and that such Director or Directors may not be liable to retire nor be required to hold any qualification shares. The Directors may also agree that any such Director or Directors may be removed from time to time by the government, person or persons entitled to appoint or nominate them and such person or persons may appoint another or others in his or their place and also fill in any vacancy, which may occur as a result of any such Director or Directors ceasing to hold that office for any reason whatever. The Directors appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the Directors of the Company including the payment of remuneration and traveling expenses to such Director or Directors as may be agreed by the Company with such person or persons aforesaid.

123. Debenture Directors:

If it is provided by the Trust Deed, securing or otherwise, in connection with any issue of debentures of the Company, that any person or persons shall have power to nominate a Director of the Company, then in the case of any and every such issue of debentures, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as Debenture Director. A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested

the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be bound to hold any qualification shares.

124.Appointment of Alternate Director:

The Board may appoint an Alternate Director to act for a Director (hereinafter called the “Original Director”) during his absence for a period of not less than three months from the state in which the Meetings of the Board are ordinarily held. An alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director return to that state. If the term of office of the Original Director is determined before he so returns to that state, any Provisions in the Act or in these Articles for the automatic reappointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.

125. (1) Directors power to fill casual vacancy: Subject to the provisions of Sections 262, 264 and 284 (6) of the Act, the Board shall have power at any time and from time to time to appoint any other qualified person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only up to the date upto which the Directors in whose place he is appointed would have held office if it had not been vacated by him.

(2) Additional Directors: Subject to the provisions of Sections 260 and 264 the Board shall have the power at any time and from time to time appoint any other qualified person to be an Additional Director but so that the total number of Directors shall not at any time exceed the maximum fixed under Article 120 Any such Additional Director shall hold office only upto the date of the next Annual General Meeting.

126.Qualification of Directors:

A Director shall not be required to hold any share qualification.

127.Remuneration of Directors:

- (1) Subject to the applicable provisions of the Act, Managing Director or Director, who is in the whole time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.
- (2) Subject to the provisions of the Act, a Director, who is neither in the whole-time employment nor a Managing Director may be paid remuneration either:
 - (i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or
 - (ii) by way of commission if the Company by a special resolution authorised such payment.
- (3) the fee payable to a Director (including a Managing or whole-time Director, if any) for attending a Meeting of the Board or Committee thereof shall be such sum as the Board may determine from time to time, but not exceeding such sums as may be prescribed by Central Government under the Act, from time to time
- (4) Remuneration for extra services rendered : If any Director, being willing, shall be called upon to perform extra services, or to make any special exertions in going or residing abroad, or otherwise for any of the purpose of the Company, the Company shall remunerate such Director in such manner as may be determined by the

Directors, and such remuneration may be in addition to the fee payable to him under the preceding clause.

128.Traveling expenses incurred by Directors not a bonafide resident or by Director going out on company's business:

The Board may allow and pay to any Director, who is not a bonafide resident of the place where the Meetings of the Board are ordinarily held and who shall come to such place for the purpose of attending any Meeting, such sum as the Board may consider fair compensation or for traveling, boarding, lodging and other expenses, in addition to his fee for attending such Meeting as above specified and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed any traveling or other expenses incurred in connection with business of the Company.

129.Directors may act notwithstanding any vacancy:

The continuing Directors may act notwithstanding any vacancy in their body but if, and so long as their number is reduced below the maximum number fixed by Article 120 thereof, the continuing Directors not being less than three may act for the purpose of increasing the number of Directors to that number, or of summoning a General Meeting, but for no other purpose.

130.When office of directors to become vacant:

Subject to Sections 283(2) of the Act the office of a Director shall become vacant if -

- (1) he is found to be of unsound mind by court of competent jurisdiction; or
- (2) he applies to be adjudicated as insolvent; or
- (3) he is adjudged an insolvent ; or
- (4) he fails to pay any calls made on him in respect of shares of the Company held by him , whether alone or jointly with others , within six months from the date fixed for the payment of such call unless the Central Government has by notification in the Official Gazette removed the disqualification incurred by such failure; or
- (5) he absents himself from three consecutive Meeting of the Directors or from all Meetings of the Directors for a continuous period of three months, whichever is longer, without leave of absence from the Board; or
- (6) he becomes disqualified by an order of the court under Section 203 of the Act; or
- (7) he is removed in pursuance of Section 284 of the Act; or
- (8) he (whether by himself or by any person for his benefit or on his account) or any firm in which he is a partner or any private company of which he is a director, accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or
- (9) he acts in contravention of section 299 of the act; or
- (10) he is convicted by a court of an offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months; or
- (11) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company; or

(12) he resigns his office by a notice in writing addressed to the Company.

131. Director may contract with company:

- (1) A Director or his relative, a firm in which such Director or relative is a partner, or any other partner in such firm, or a private company of which the Director is a Member or Director may enter into any contract with the Company for the sale, purchase or supply of any goods, materials, or services or for underwriting the subscription of any shares in, or debentures of the Company, provided that, and if so required by the Act, if the paid-up share capital of the Company is not less than Rs. 1 crore, no such contract shall be entered into except with the previous approval of the Government of India and the sanction of the Board shall be obtained before or within three months of the date on which the contract is entered into in accordance with the provisions of the Act.
- (2) No sanction shall, however, be necessary for -
 - (a) any purchase of goods and materials from the Company or the sale of goods or materials to the Company, by any such Director, relative, firm, partner; or private company as aforesaid for cash at prevailing market prices; or
 - (b) any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private company on the other for sale, purchase or supply of any goods, materials and services in which either the Company or the Director, relative, firm, partner or private company, as the case may be, regularly trades or does business, where the value of the goods and materials or the cost of such services does not exceed Rs. 5,000/- in the aggregate in any year comprised in the period of the contract or contracts.

Provided that in circumstances of urgent necessity, a Director, relative, firm, partner or private company as aforesaid may without obtaining the consent of the Board enter into any such contract with the Company for the sale, purchase or supply of any goods, materials or services, even if the value of such goods or the cost of such services exceeds Rs. 5,000/- in the aggregate in any year comprised in the period of the contract if the consent of the Board shall be obtained to such contracts at a Meeting within three months of the date on which the contract was entered into.

132. Disclosure of interest:

A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement, or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a Meeting of the Board in the manner provided in Section 299(2) of the Act; Provided that it shall not be necessary for a Director to disclose his concern or interest in any contract or arrangement entered into or to be entered into with any other company where any of the Directors of the Company or two or more of them together holds or hold not more than two per cent of the paid-up share capital in any such other company.

133. General notice of interest:

A General Notice given to the Board by the Director, to the effect that he is a Director or member of a specified body corporate or is a Member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for a further period of one financial year at a time by a fresh notice given in the last month of the financial year in which it would have otherwise expired. No such general notice, and no renewal thereof shall be

of effect unless, either it is given at a Meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the First Meeting of the Board after it is given.

134. Interested directors not to participate or vote in boards proceedings:

No Director shall as a Director, take any part in the discussion of, or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement; not shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void; provided, however, that nothing herein contained shall apply to :-

- (1) any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;
- (2) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely
 - (i) in his being -
 - (a) a Director of such company, and
 - (b) the holder of not more than share of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by the Company, or
 - (ii) in his being a Member holding not more the 2% of its paid-up share capital.

135. Register of contracts in which directors are interested:

The Company shall keep a Register in accordance with Section 301(1) of the Act and shall within the time specified Section 301(2) of the Act enter therein such of the particulars as may be relevant having regard to the application thereto of Section 297 or Section 299 of the Act as the case may be. The Register aforesaid shall also specify, in relation to each Director of the Company the names of the bodies corporate and firms of which notice has been given by him under Article 143. The Register shall be kept at the office of the Company and shall be open to inspection at such office, and extracts may be taken there from and copies thereof may be required by any Member of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 163 of the Act shall apply accordingly.

136. Directors may be directors of companies promoted by the company:

A Director may be or become a Director of any Company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise, and no such Director shall be accountable for any benefits received as Director or shareholder of such company except in so far as Section 309(6) or Section 314 of the Act may be applicable.

137. Rotation and retirement of Directors:

- (a) Subject to the provisions of Sections 256 and 268 of the Act, and subject also to Article 127, one-third of the total number of Directors shall not be liable to retire by rotation; such

Directors not liable to retire by rotation shall be appointed accordingly by the Company in a general meeting.

- (b) At every Annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office. The non-retiring Directors and Debenture Directors, if any, shall not be subject to retirement under this clause and shall not be taken into account in determining the rotation of retirement or the number of Directors to retire.

138. Ascertainment of directors retiring by rotation & filing of vacancies:

Subject to Section 256 (2) of the Act and these Articles the Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire, shall, in default of and subject to any agreement among themselves, be determined by lot.

139. Eligibility for re-election:

Retiring Director shall be eligible for re-election.

140. Company to appoint successors:

- (a) Subject to Section 258 of the Act the Company at the General Meeting at which a Director retires in manner aforesaid may fill up the vacated office by electing a person thereto.
- (b) At any general meeting of the Company, a motion: shall not be made for the appointment of two or more person as Directors of the Company by a single resolution, unless resolution that it shall be so made has been first agreed to by the meeting without any vote being given against it.
- (c) A resolution moved in contravention of sub-article (b) of this Article shall be void whether or not objection was taken at the time of its being so moved; Provided that where resolution so moved is passed, no provision for the automatic re-appointment of retiring Directors in default of another appointment shall apply.
- (d) For the purpose of this Article, a motion for approving a person's appointment or for nominating a person for appointment shall be treated as a motion for his appointment.

141. Provision in default Appointment:

- (1) If the place of the retiring Director is not filled up and the Meeting has not expressly resolved not to fill vacancy, the Meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is public holiday, till the next succeeding day which is not a public holiday, at the same time and place.
- (2) If at the adjourned Meeting also, the place of the retiring Director is not filled up and that Meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned Meeting, unless -
 - (a) at that Meeting or at the previous Meeting a resolution for the reappointment of such Director has been put to the Meeting and lost;
 - (b) the retiring Director has, by a notice in writing addressed to the Company or its Board, expressed his unwillingness to be so reappointed;

- (c) he is not qualified or is disqualified for appointment
- (d) a resolution, whether special or ordinary, is required for the appointment or re-appointment by virtue of any provisions of the Act; or
- (e) the proviso to sub-section (2) of Section 263 of the Act is applicable to the case.

142. Company may increase or reduce the number of directors:

Subject to Section 259 of the Act the Company in General Meeting by special Resolution, from time to time, increase or reduce the number of Directors, and may alter their qualifications and the Company may (subject to the provisions of Section 284 of the Act) remove any Director before the expiration of his period of office and appoint another qualified person instead. The person so appointed shall hold office during such time as the Director in whose place he is appointed would have held the same if he had not been removed.

143. Acts of Board or committee not valid notwithstanding informal appointment:

- (1) No person, not being retiring Director, shall be eligible for appointment to the office of Director at any General Meeting unless he or some member intending to propose him has, not less than fourteen days before the meeting, left or caused to be left at the office of the Company a notice in writing under his hand signifying his candidature for the Office of Director or the intention of such Member to propose him as a candidate for that office along with a deposit of five hundred rupees which shall be refunded to such person or, as the case may be, to such member, if the Person succeeds in getting elected as Director.
- (2) Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under Section 257 of the Act signifying his candidature for the office of a Director) proposed as a candidate for the office of a Director shall sign and file with the Company, the consent in writing to act as a Director, if appointed.
- (3) A person other than a Director re-appointed after retirement by rotation or immediately on the expiry of his term of office, or an Additional or Alternate Director, or a person filling a casual vacancy in the office of a Director under Section 262 of the Act, appointed as a Director or reappointed as an Additional or Alternate Director, immediately on the expiry of his term of office, shall not act as a Director of the Company, unless he has within thirty days of his appointment signed and filed with the Registrar his consent in writing to act as such Director.

144.(1) Register of directors etc. & notification of change to registrar: The Company shall keep at its Office a Register, containing the particulars of its Directors, Managers, Secretaries, and other persons mentioned in Section 303 of the Act, and shall otherwise comply with the provisions of the said Section in all respects.

(2) Register of shares or debentures held by director: The Company shall in respect of each of its Directors also keep at its office a Register, as required by Section 307 of the Act, and shall otherwise duly comply with the provisions of the said Section in all respects.

145.(1) Discloser by director of appointment to any other body corporate:

Every Director (including a person deemed to be a Director by virtue of the Explanation to Sub-Section (1) of Section 303 of the Act), Managing Director, Manager or Secretary of the Company shall within twenty days of his appointment to any of the above offices in any other body corporate, disclose to the Company the particulars relating to his office in the other body corporate which are required to be specified under Sub-section (1) of Section 303 of the Act.

(2) Disclosure by director of his holdings of shares and debentures of the company etc: Every Director and every person deemed to be a Director of the Company by virtue of sub-section (10) of Section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that section.

MANAGING DIRECTOR

146. Managing Director:

- (a) Subject to the provisions of the Act, the Directors may from time to time appoint one or more of their body to be the Managing Director or Directors of the Company and the remuneration payable to such Managing Director or Directors shall be determined by the Board of Directors, in accordance with and subject to the provisions of Sections 198 and 309 of the Act.
- (b) A Managing Director so appointed shall exercise the powers and authorities conferred upon him by an agreement entered into between him and the Company and/or by a resolution of the Board and be subject to the obligations and restrictions imposed upon him thereby or by the Act.

147. Restriction on management:

The Managing Director or Managing Directors shall not exercise the powers to:-

- (1) Make calls on shareholders in respect of money unpaid on the shares in the Company;
- (2) Authorise the buy back referred to in the first proviso to clause
- (3) of sub-section (2) of section 77A
- (4) Issue debentures; and except to the extent mentioned in the resolution passed at the Board Meeting under Section 292 of the Act, shall also not exercise the powers to
- (5) borrow moneys
- (6) invest the funds of the Company; and
- (7) make loans.

148. Certain person not to be appointed managing director:

The Company shall not appoint or employ, or continue the appointment or employment of, a person as its Managing or whole-time Director who –

- (1) is an undischarged insolvent, or has at any time been adjudged an insolvent;
- (2) suspends, or has at any time suspended, payment to his creditors, or makes, or has at any time made, a composition with them; or
- (3) is, or has at any time been, convicted by a court of an offence involving moral turpitude.

149. Special Position of Managing Director:

A Managing Director shall ipso facto and immediately cease to be a Managing Director if he ceases to hold the Office of a Director

PROCEEDINGS OF THE BOARD OF DIRECTORS

150. Meetings of Directors:

Directors may meet together as a board for the dispatch of business from time to time and shall so meet at least once in every three months and at least four such Meetings shall be held in every year. The Directors may adjourn and otherwise regulate their Meetings as they think fit.

151. Notice of meetings:

Notice of every Meeting of the Board shall be given in writing to every Director for the time being in India and at his usual address in India to every other Director and in addition, to every Director resident outside India, written notice shall be given at his usual address outside India.

152. Quorum:

Subject to Section 287 of the Act, the quorum for a Meeting of the Board shall be one-third of its total strength (any fraction contained in that one-third being round off as one) or two Directors, whichever is higher, provided that no quorum shall be formed or constituted at the meeting of Board of Directors and provided further that where at any meeting the number of interested Director exceeds or is equal to two-thirds of the total strength, the number of the remaining Directors, that is to say, the number Directors who are not interested, present at the Meeting being not less than two, shall be the quorum during such time. For the purpose of the above,

- (1) "total strength" means the total strength of the Board of Directors of the Company as determined in pursuance of the Act, after deducting there from the number of the Directors, if any, whose places may be vacant at the time;
- (2) "interested director" means any Director whose presence cannot, by reason of this Article or any other provisions in the Act, count for the purpose of forming a quorum at a meeting of the Board, at the time of any discussion or vote on any matter.

153. Adjournment of meeting for want of quorum:

- (a) If a meeting of the Board could not be held for want of quorum, then unless the Directors present at such meeting otherwise decide, the meeting shall automatically stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the succeeding day which is not a public holiday at the same time and place.
- (b) The Provisions of these Articles shall not be deemed to have been contravened merely by reason of the fact that a meeting of the Board which had been called in compliance with the terms of that Article could not be held for want of a quorum.

154. When meeting to be convened:

The Secretary shall, as and when directed by a Director to do so, convene a Meeting of the Board by giving a notice in writing to every other Director.

155. Chairman:

- (a) The Board may elect a Chairman of its meeting and determine the period for which he is to hold office.
- (b) If no such Chairman is elected, or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be Chairman of the meeting.

156. Questions at Board meetings how decided:

Questions arising at Meetings of the Board of Directors or a Committee thereof shall be decided by a majority of votes and in the case of an equality of votes, the Chairman or in his absence the Vice-Chairman (if any) shall have a second or casting vote.

157. Powers of Board Meetings:

Certain power to be exercised by a board meeting only:

- (a) A Meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or the Articles of the Company are for the time being vested in or exercisable by the Board generally.
- (b) The Board shall exercise the following powers on behalf of the Company, and it shall do so only by means of resolutions passed at its meetings:
 - (i) the power to make calls on shareholders in respect of money unpaid on their shares;
 - (ii) the power to authorise the buy-back referred to in the first proviso to clause (b) of sub-section (2) of section 77A
 - (iii) the power to issue debentures;
 - (iv) the power to issue debentures;
 - (v) the power to borrow moneys otherwise than debentures;
 - (vi) the power to invest the funds of the Company;
 - (vii) the power to make loans;

Provided that the Board may, by a resolution passed at a meeting, delegate to any Committee of Directors or the Managing Agents of the Company, if any, or any other principal office or in the case of a branch office of the Company principal officer of the branch office the powers specified in sub-clauses (c), (d) and (e) to the extent specified in Section 292 of the Act.

158. Directors may appoint committee:

Subject to the restriction contained in Section 292 of the Act the Board may delegate any of their powers to Committees of the Board consisting of such member or members of its body as it thinks fit any committee so formed shall, in the exercise of the powers so delegated, conform to any regulation that may be imposed on it by the Board, and it may from time to time revoke and discharge any such Committee of the Board either wholly or in part and either as to persons or purpose but every Committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulation that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of the appointment but not otherwise, shall have the like force and effect as if done by the Board. 159.

- (a) Meeting of committee to be governed: Subject to the provisions of these Articles, the Meetings and proceedings of any such Committee of the Board consisting of two or more Members shall be governed by the provisions herein contained for regulating the Meetings

and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.

- (b) Chairman of committee: A committee may elect a chairman of its meetings.
- (c) If no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting the members present may choose one of their number to be chairman of the meeting.
- (d) A committee may meet and adjourn as it thinks proper.
- (e) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present. The Chairman shall have a second or casting vote.

159. Remuneration of members of committee:

The Board may, subject to the provisions of the Act, from time to time fix the remuneration to be paid to any member or members of their body, constituting a committee appointed by the Board in terms of these Articles and may pay the same.

160. Resolution by circulation:

No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee, then in India (not being less in number than the quorum fixed for a Meeting of the Board or Committee as the case may be) and to all other Directors or members of the Committee, at their usual address in India and has been approved by such of the Directors or members of the Committee as are then in India, or by a majority of such of them, as are entitled to vote on the resolution

161. Acts of Board or Committee valid notwithstanding informal appointment:

All acts done by any Meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director and had not vacated his office or his appointment had not been terminated; Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

162. Minutes of proceeding of meetings of the board:

- (1) The Company shall cause minutes of all proceedings of every Meeting of the Board and Committee thereof to be kept by making within thirty days of the conclusion of every such Meeting entries thereof in books kept for that purpose with their pages consecutively numbered.
- (2) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each Meeting in such book shall be dated and signed by the Chairman of the said Meeting or the Chairman of the next succeeding Meeting.
- (3) In no case the minutes of proceedings of a Meeting shall be attached to any such book as aforesaid by pasting of otherwise.

- (4) The Minutes of each Meeting shall contain a fair and correct summary of the proceedings thereat.
- (5) All appointments of officers made at any of the Meetings aforesaid shall be included in the Minutes of the Meeting.
- (6) The minutes shall also contain -
 - (a) The names of the Directors present at the Meeting; and
 - (b) In the case of each resolution passed at the Meeting, the names of the Directors, if any dissenting from, or not concurring in the resolution.
- (7) Nothing contained in sub-clauses (1) to (6) shall be deemed to require the inclusion of any such Minutes of any matter which, in the opinion of the Chairman of the Meeting-
 - (a) is, or could reasonably be regarded as defamatory of any person;
 - (b) is irrelevant or immaterial to the proceedings; or
 - (c) is detrimental to the interest of the Company. The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the Minutes on the grounds specified in this sub-clause.
- (8) Minutes of Meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded therein.

163. General Meeting hereto:

Where minutes of the proceedings of any general meeting where minutes of the proceedings of the Company or of meeting of its Board of Directors or of a committee of the Board have been made and signed in accordance with the provisions of Articles 127 and 133 then, until the contrary is proved, the meeting shall be deemed to have been duly called and held and all proceedings thereat to have duly taken place, and in particular, all appointments of directors or liquidators made at the meeting shall be deemed to be valid.

164. Power of Directors:

The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other act and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board shall not, except with the consent of the Company in General Meeting -

- (1) sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking;
- (2) remit, or give time for the repayment of, any debt due by a Director;

- (3) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertakings as is referred to in clause (1), or of any premises or properties referred to in clause (1), or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;
- (4) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purposes. Provided further that the powers specified in Section 292 of the Act shall subject to these Articles be exercised only at a Meeting of the Board, unless the same be delegated to the extent therein stated; or
- (5) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed twenty-five thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater;
- (6) purchase or otherwise acquire any real estate, rights or privileges of a capital nature or sell or dispose of in any way any such property, rights or privileges;
- (7) undertake any manufacture or activity other than those enumerated in of sub-clause (3) of Clause III of the Memorandum of Association;
- (8) give any guarantee or any indemnity in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company;
- (9) fix any dividends;
- (10) every resolution passed by the Company in general meeting in relation to the exercise of the power referred to in clause (4) shall specify the total amount upto which moneys may be borrowed by the Board under clause (4) or as the case may be, the total amount which may be contributed to charitable and other funds in any financial year under clause (5) the expression "temporary loans" means loans repayable on demand or within six months from the date of the loan such as short term cash credit arrangements, the discounting of bills and the issue of other short term loans of a seasonal character, but does not include loans raised for the purpose of financing expenditure of a capital nature.

165. Certain Power of the board:

Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power -

- (1) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.
- (2) To pay and charge to the capital account of the Company and commission or interest lawfully payable there out under the provisions of Sections 76 and 208 of the Act.
- (3) Subject to Sections 292, 297 of the Act, to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit; and in any such

purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.

- (4) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures, mortgages, or other securities of the Company, and any such shares may be issued either as fully paid or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, mortgages or other securities may be either specially charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
- (5) To secure the fulfillment of any contracts on engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.
- (6) To accept from any member, as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.
- (7) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purposes; and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees.
- (8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration, and observe and perform any awards made thereon.
- (9) To act on behalf of the Company in all matters relating to bankrupts and insolvents.
- (10) To make and give receipts, releases, and other discharges for moneys payable to the Company and for the claims and demands of the Company.
- (11) Subject to the provisions of Sections 292, 295, 370 and 372 of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof upon such security (not being shares of this Company) or without security and, in such manner as they may think fit, and from time to time to vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.
- (12) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.
- (13) To determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give necessary authority for such purpose.
- (14) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company, and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction; and to charge such bonus or commission as part of the working expenses of the Company.

- (15) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependants or connections of such persons, by building or contributing to the building of houses, dwellings or chawls, or by grants of money, pension, gratuities, allowances, bonus or other payments, or by creating, and from time to time subscribing or contributing to provident and other associations, institutions, funds or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit; and to subscribe or contribute or otherwise to assist or to guarantee to any charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim or support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise.
- (16) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund or to an Insurance Fund, or as a Reserve Fund or Sinking Fund or any special fund to meet contingencies or to repay Debentures or Debenture-stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purposes referred to in the preceding clause), as the Board may, in their absolute discretion, think conducive to the interest of the Company, and subject to Section 292 of the Act, to invest the several sums so set aside or, so much thereof as required to be invested, upon such Investments (other than shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board, in their absolute discretion, think conducive to the interest of the Company, notwithstanding that the matters to which the Board apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Board may think fit, with full power to transfer the whole or any portion of a Reserve Fund or division of a Reserve Fund to another Reserve Fund or division of a Reserve Fund and with full power to employ the assets constituting all or any of the above Funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of Debentures or Debenturestock, and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper, not exceeding nine per cent per annum .
- (17) To appoint, and at their discretion remove or suspend such general managers and managers, secretaries, assistants supervisors, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit; and the provisions contained in the following four sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.
- (18) To comply with the requirements of any local law which in their opinion it shall in the interests of the Company be necessary or expedient to comply with.
- (19) From time to time and at any time to establish any Local board for managing any of the affair of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of such Local Boards, and to fix their remuneration.
- (20) Subject to Section 292 of the Act, from time to time, and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrows moneys, and to authorise the

Members for the time being of any such Local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit, and the Board may at any time remove any person so appointed, and may annul or vary any such delegation.

- (21) At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers; authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also, except in their limits authorised by the Board, the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of the Members or any of the Members of any Local Board, established as aforesaid or in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers authorities and discretions for the time being vested in them.
- (22) Subject to Sections 294 and 297 and 300 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and a behalf of the Company as they may consider expedient.
- (23) From time to time to make; vary and repeal bye laws for the regulation of the business of the Company, its officers and servants.
- (24) (a) When the Company has issued shares to the Directors shall have the power to make compensation, by cash payment out of the Company's funds for any loss arising from a transfer of any such shares in pursuance of a forged transfer or of a transfer under a forged power of attorney whether the person receiving such compensation, or any person through whom he claims, has or has not paid any fee, or otherwise contributed to any fund out of which the compensation is to be paid.
- (b) The Directors, by fees or otherwise, are hereby expressed to provide a fund to meet claims for compensation and to raise the amount by mortgages and to impose such reasonable restrictions on the transfer of shares or with respect to power of attorney for the transfer thereof, as they may consider requisite for guarding against losses arising from forgery.
- (c) This Article will not be deemed as imposing upon the Company, or the Directors, any obligation to pay.

MANAGEMENT

166. Prohibition of simultaneous appointment of different categories of managerial personnel:

The Company shall not appoint or employ at the same time more than one of the following categories of managerial personnel, namely:

- (1) Managing Director, and
- (2) Manager

THE SECRETARY

167. Secretary:

The Directors may at their discretion from time to time appoint a Secretary remove any such Secretary, perform any functions, which by the Act are to be performed by the Secretary, and to execute any other ministerial or administrative duties, which may from time to time be assigned to the Secretary by the Directors. The Directors may also at any time appoint any person or persons (who need not be the Secretary) to keep the registers required to be kept by the Company; Provided that if the paid-up capital of the Company shall exceed Rs. 2 crores, then in such event, the Company shall appoint a whole-time Secretary, if so required by and as provided in the Act, and he shall possess such qualifications as may be prescribed from time to time by the rules made under said Act.

THE SEAL

168. The seal, its custody and use:

- (1) The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time, to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.
- (2) The Company shall also be at liberty to have an official seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.

169. Deeds how executed:

Every Deed or other instrument, to which the Seal of Company is required to be affixed, shall unless the same is executed by a duly constituted attorney, be signed by two Directors or one Director and Secretary or some other person appointed by the Board for the purpose; Provided in respect of Share Certificate the Seal shall be affixed in accordance with Article 23(1).

DIVIDENDS

170. Division of profits:

The profits of the Company, subject to the provisions of Sections 205 to 208 of the Act and subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles, shall be 'divisible among the Members in proportion to the amount of capital paid-up or credited as paid-up on the shares held by them respectively.

171. The company in general meeting may declare a dividend:

The Company in General Meeting may declare dividend to be paid to Members according to their respective rights but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

172. Dividends only to be paid out of profits:

If so required by the Act, no dividend shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of the Act or out of the profits of the Company for any previous financial year or years arrived at after

providing for depreciation in accordance with these provisions and remaining undistributed or out of both;

Provided that -

- (1) If the Company has not provided for depreciation for any previous financial year or years it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years.
- (2) If the Company has incurred any loss in any previous financial year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of subsection (2) of Section 205 of the Act or against both.

Provided further that, no dividend shall be declared or paid for any financial year out of the profits of the Company for that year arrived at after providing for depreciation as above, except after the transfer to the reserves of the Company of such percentage of its profits for that year as may be prescribed in accordance with Section 205 of the Act or such higher percentage of its profits as may be allowed in accordance with that Section.

173. Interim dividend:

The Directors may from time to time pay to the members such interim dividends as in their judgment the position of the Company justifies.

174. Capital paid up in advance at interest not to earn dividend:

Where capital is paid in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or participate in profits.

175. Dividend in proportion to amount paid up:

All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.

176. Dividend etc. to joint holders:

Any one of several persons who are registered as the joint-holders of any share may give effectual receipts for all dividends or bonus payments on accounts of dividends or bonus or other moneys payable in respect of such shares.

177. No member to receive dividend whilst indebted to the company and company's right of reimbursement thereout:

No Member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever, either alone or jointly with any other person or persons; and the Board may deduct from the interest or dividend payable to any Member all sums of money so due from him to the Company.

178.Right to dividend pending registration of transfer :

A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

179.Dividends how remitted:

Unless otherwise directed any dividend may be paid by cheque or warrant or by a pay slip or receipt having the force of a cheque or warrant sent through the post to the registered address of the Member or person entitled or in case of jointholders to that one of them first named in the Register in respect of the jointholdings. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission, for any dividend lost to the Member or person entitled thereto by the forged endorsement of any dividend cheque or the fraudulent recovery of the dividend by any other means. Provided that the company can also pay the dividend by crediting it directly to the bank account of the shareholders through Electronic fund transfer system of the banks or any other mode which, in the opinion of the Board of Directors, is appropriate for payment of dividend to the shareholders.

180.Retention in certain clause:

The Directors may retain the dividends payable upon shares in respect of which any person is under the transmission clause (Article 66) entitled to become a member, or which any person under that clause is entitled to transfer until such person shall become a member in respect thereof or shall duly transfer the same.

181.No interest on dividends:

Subject to the provisions of Sections 205 to 208 of Act, no unpaid dividend shall bear interest as against the company. No unclaimed dividend shall be forfeited till the claim thereto becomes barred by law.

182.Dividend and call together:

Any General Meeting declaring a dividend may on recommendation of the Directors make a call on the members of such amount as the Meeting fixes, but so that the call on each Member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend; and the dividend may, if so arranged between the company and the Member, be set off against the calls.

183.Unpaid or Unclaimed Dividend

Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, to any shareholder entitled to the payment of the dividend, the company shall within seven days from the date of expiry of the said period of thirty days transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 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". Any money transferred to the unpaid dividend account of a company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the Fund known as Investor Education and Protection Fund established under section 20SC of the Act. No unclaimed or unpaid dividend shall be forfeited by the Board

RESERVES

184. Creation of the Reserves

The Board may, from time to time, before recommending any dividend, set apart any or such part of the profits of the Company as it thinks fit as reserves to meet contingencies or for the liquidations of any debentures, debts or other liabilities of the Company for equalizations of dividends for repairing improving or maintaining any of the property of the Company and for such other purpose of the Company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interest of the Company, and may subject to the provisions of the section 372 of the Act invest the several sums so set aside upon such investments (other than the shares of the Company) as it may think fit from time to time, deal with and vary such investments and dispose of all or any part thereof for the benefits of the Company and may divide the reserves into such special funds as it think fit, with full power to employ the Reserves or any part of business of the Company, and that without being bound to keep separate from the assets.

INVESTMENTS

185. Investment in Money

All money carried to the reserve shall nevertheless remain as the profits of the Company applicable, subject to due provisions being made for actual loss or depreciation., for the payment of dividends and such moneys and all other monies of the Company not immediately required for the purposes of the Company may, subject to the provisions of section 370 and 372 of the Act, be invested by the Board in or upon such investments or securities as it may select or may be used as the working capital or may be kept at the Bank on deposit or otherwise as the Board may, from time to time, think proper.

CAPITALISATION

186. Capitalization

- (1) The Company in General Meeting may resolve that any moneys, investments or other assets forming part of undivided profits of the Company standing to the credit of the Reserve Fund, or any Capital Redemption Reserve Account or in the hands of the Company and available for dividend (representing premium received on the issue of shares and standing to the credit of the Securities Premium Account) be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such shareholder in paying up in full either at par or at such premium as the resolution may provide, any unissued shares or Debentures or Debenture-stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability or any issued shares or debentures or debenture-stock and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum; Provided that a Securities Premium Account and Capital Redemption Reserve Account may, for the purpose, this Article, only be applied in the paying of any unissued shares to be issued to Members of the Company as fully paid bonus shares.
- (2) The Company in a General Meeting may resolved that any surplus moneys arising from the realisation of any capital assets of the Company, or any investments representing the same, or any other undistributed profits of the Company not subject to charge for income-tax be distributed among the Members on the footing that they receive the same as capital.
- (3) For the purpose of giving effect to any resolution under the preceding paragraphs of this article the Board may settle any difficulty which may arise in regard to the distribution as it

thinks expedient and in particular may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that such cash payments shall be made to any Members upon the footing of the value so fixed or that any fraction of less value than Rs. 10/- may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets, in trustees upon such trusts for the person entitled to the dividend or capitalised fund as may seem expedient to the Board, where requisite, a proper contract shall be delivered to the Registrar for registration in accordance with Section 75 of the Companies Act, 1956, and the Board may appoint any person to sign such contracts on behalf of the persons entitled to the dividend or capitalised fund, and such appointment shall be effective.

ACCOUNTS

187.Directors to keep true accounts:

The Company shall keep at the office or at such other place in India as the Board thinks fit proper Books of Account in accordance with Section 209 of the Act with respect to:

- (1) all sums of money received and expended by the Company and the matters in respect of which the receipts and expenditure take place;
- (2) all sales and purchases of goods by the Company;
- (3) the assets and liabilities of the Company.

Where the Board decides to keep all or any of the Books of Account at any place other than the office of the Company, the Company shall within seven days of the decision, file with the Registrar a notice in writing giving the full address of that other place. The Company shall preserve in good order the Books of Account relating to a period of not less than eight years preceding the current year together with the vouchers relevant to any entry in such Books of Account. Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article if proper Books of Account relating to the transactions effected at the branch office are kept at the branch office and proper summarised returns made upto dates at intervals of not more than three months, are sent by the branch office to the Company at its office or other place in India, at which the Company's Books of Account are kept as aforesaid.

The Books of Account shall give a true and fair view of the state of the affairs of the Company or branch office, as the case may be, and explain its transactions. The Books of Account and other books and papers shall be open to inspection by any Director during business hours.

188.As to inspection of accounts or books by members:

The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors, and no Member (not being a Director) shall have any right of inspecting any account or books or document of the Company except as conferred by law or authorised by the Board.

189.Statement of accounts to be furnished to General Meeting:

The Directors shall from time to time, in accordance with Sections 210, 211, 212, 216 and 217 of the Act, cause to be prepared and to be laid before the Company in General Meeting, such Balance Sheets, Profit and Loss Accounts and Reports as are required by these sections.

190.Copies to be sent to each member:

A copy of every Profit and Loss Account and Balance Sheet (including the Auditors' Report or every other document required by law be annexed or attached to the Balance Sheet) shall, at least Twenty-one days before the date of the meeting at which the same are to be laid before the member be sent to the members of the Company, to every trustee for the holders of any debentures issued by the Company. Whether such member or trustee is not entitled to have notices of General meeting of the Company sent to him and to all persons other than such members or trustees being persons so entitled. Provided, however, that the Company may if it deems fit make available the copies of documents aforesaid for inspection at its Registered Office during working hours for a period of twenty one days before the date of the meeting and a statement containing the salient features of such documents in the prescribed form as provided under the provisions of Section 219 of the Act, every member of the Company and to every trustee for the holders of any debentures issued by the Company not less than twenty-one days before the date of the meeting.

191.Accounts to be audited:

Auditors shall be appointed and their rights and duties regulated in accordance with Sections 224 and 233 of the Act.

DOCUMENTS AND NOTICES

192.Service of documents of notices on members by company:

- (1) A document or notice may be served or given by the Company on any Member either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, in India supplied by him to the Company for serving documents or notices on him.
- (2) Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, pre-paying and posting a letter containing the document or notice, provided that where a Member has intimated to the Company in advance that documents or notice should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so; service of the document or notice 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 in the case of a Notice of a Meeting, at the expiration of forty-eight hours after the letter containing the document or notice is posted and in any other case, at the time at which the letter would be delivered in the ordinary course of post.

193.By advertisement:

A document or notice advertised in a newspaper circulating in the neighbourhood of the office shall be deemed to be duly served or sent on the day on which the advertisement appears on or to every Member who has no registered address in India and has not supplied to the Company an address within India for the serving of documents on or the sending of notices to him.

194.On Joint holders:

A document or notice may be served or given by the company on or to the jointholders of a share by serving or giving the document or notice on or to the jointholder named first in the Register of Members in respect of the share.

195.On personal representatives etc.:

A document or notice may be served or given by the company on or to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in pre-

paid letter addressed to them by name or by the title or representatives of the deceased, or assignee 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 entitled, or (until such an address has been so supplied) by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.

196. To whom documents or notices must be served or given:

Documents or notices of every General Meeting shall be served or given in the same manner hereinbefore authorised on or to (1) every Member, (2) every person entitled to a share in consequence of the death or insolvency of a member, and (3) the Auditor or Auditors for the time being of the Company.

197. Members bound by documents or notices served on or given to previous holders:

Every person who, by operation of law, transfer or other means whatsoever, shall become entitled to any share, shall be bound by every document or notice in respect of such share, which previously to his name and address being entered on the Register of Members, shall have been duly served on or given to the person from whom he derived his title to such shares.

198. Document or notice by company and signature thereto:

Any document or notice to be served or given by the Company may be signed by a Director or some person duly authorised by the Board of Directors for such purpose and the signature thereto may be written, printed or lithographed.

199. Service of document by the Company on the Registrar of Companies:

All documents or notices to be served or given by Members on or to the Company or any officer shall be served or given by sending it to the Company or officer at the office by post under a certificate of posting or by registered post, or by leaving it at the office.

200. Authentication of Documents and proceedings:

Save as otherwise expressly provided in the Act, a document or proceeding requiring authentication by the Company may be signed by the Director, the Manager or the secretary or other authorised officer of the Company and need not be under the Common seal of the Company.

KEEPING OF REGISTER AND INSPECTION

201. Registers etc. to be maintained by the Company

The Company shall duly keep and maintain at the office, Register in accordance with Section 49(7), 143, 150, 151, 152(2), 193, 209, 301, 303, 307, and of the Act and Rule 72(2) of the Companies (Issue of Share Certificates) Rules, 1960.

202. Supply of copies of the Register

The Company shall comply with the provisions of section 39, 118, 163, 192, 196, 207, 219, 301, 302, 370 and 372 of the Act as to the supplying of the copies of the Registers, deeds, documents, instruments, returns, instruments, returns, certificates and books therein to the persons therein specified, when so required by such persons, on the payments of charges, if any, prescribed by the said sections.

203. Inspection of Registers etc

Where under any provisions of the Act any person, whether a member of the Company or not, is entitled to inspect any register, return, certificate, deed, instrument or document required to be kept or maintained by the Company, the person entitled to inspection, shall be permitted to inspect the same during the hours of 2 p.a and 4 p.a on such business day as the act required them to be opened for inspection

RECONSTRUCTION

204.Reconstruction

Where the Company seek to reconstruct its capital structure then the Company shall make an application to the Tribunal under section 391 for sanctioning the scheme of compromise or arrangement between the Company and such other persons as are mentioned in that section and such compromise or arrangement shall subject to the provisions of section 391, 392, 393, 394, 394A, 395, 396 and section 396 A of the Companies Act, 1956

WINDING-UP

205.Distribution of Assets

If the Company shall be wound up, assets available for the distribution among the members as such shall be insufficient to repay whole of the capital , such assets shall be distributed so that as nearly as may be, the losses shall be borne by the members in proportion of the paid up share capital or which out top be have been paid at the time of commencement of winding up, on shares held by them respectively and if in the winding up the assets available amongst the members shall be sufficient to repay at the time of commencement of the winding up then the excess shall be distributed amongst the members in proportion of their capital at the time of commencement of winding up or which out to have been paid up in the respect of shares held by them respectively. But this article is without prejudice to the right of the holders of the shares upon the special terms and conditions.

206.Liquidator may divide assets in specie:

- (a) The Liquidator on any winding-up (whether voluntary, under supervision or compulsory) may, with the sanction of a Special Resolution, but subject to the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company and may with the like sanction, vest any part of the assets of the Company in trustees upon trusts for the benefit of the contributories as the Liquidator, with the like sanction shall think fit.
- (b) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act divide amongst the members in specie or kind the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
- (c) 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.
- (d) 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 the 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.

207.Right of shareholders case of sale

A Special resolution sanctioning a sale or any other Company duly passed pursuant to section 494 of the Act may subject to the provisions of the Act in the like manner as aforesaid determine that

any shares or other consideration receivable by the liquidator be distributed amongst the members otherwise than in accordance with their existing rights and such determination shall be binding upon all the members subject to the right of dissent and consequential rights conferred by the said section.

INDEMNITY AND RESPONSIBILITY

208. Liability of the Company to indemnify its Director, Officer, Branch

Manager, and other Officer or employee Subject to the provisions of the Act, every Director, Officer, Branch Manager, and other Officer or employee of the Company shall be indemnified by the Company to pay all the costs, losses and expenses including traveling expenses which any such Directors, Officer or employee may incur or become liable to any reason of any contract into or act or deed done by him or them as such Director, Officer or employee or in any way in the discharge of his duties and in particular and so as to limit generally of the foregoing provisions liabilities incurred by him as such Director, or other officer, or employee in defending any proceedings whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under the Act in which relief is granted by the Court and the amount for which such indemnity is provided shall immediately attach as lien on the property of the Company and have priority as between the members over all other claims.

209. Circumstances in which the Director or any other officer of the Company are not liable for the acts, receipts, neglects or defaults or any other Directors of Officer or employee of the Company .

Subject to the provisions of the Act, no Director or other Officer or employee of the company shall be liable for the acts, receipts, neglects or defaults or any other Directors of Officer or employee for joining in any receipt or other act for the sake of conformity or any loss or expense happening to the Company through insufficiency or deficiency of the title or any property acquired by order of the Board of Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the company shall be invested or for any loss or damage arising from bankruptcy, insolvency, or torturous act of any person with whom any moneys, securities , or effect shall be deposited or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happen through his own negligence, default, misfeasance, breach of duty or breach of trust.

SECRECY CLAUSE

210.(1) Every Director, Manager, Auditor, Treasurer, Trustee, member of a committee, officer, servant, agent, accountant or other person employed in the business of the Company shall, if so, required to by the Directors, before entering upon his duties, sign a declaration pledging himself to observe such secrecy as the Board shall deem appropriate respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

(2) No Member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any details of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

SECTION XI - OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of filing of the Draft Red Herring Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Draft Red Herring Prospectus will be delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from date of filing the Draft Red Herring Prospectus with RoC to Bid / Issue Closing Date on working days from the date of filing of the Draft Red Herring Prospectus until the date of closure of the Issue.

MATERIAL CONTRACTS

1. Memorandum of Understanding dated November 16, 2010 between our Company and the BRLM appointing them as the Book Running Lead Manager to the Issue.
2. Memorandum of Understanding dated August 25, 2010 between our Company and Bigshare Services Private Limited. appointing them as Registrar to this Issue.
3. Tripartite Agreement dated September 29, 2010 among our Company, NSDL and Bigshare Services Private Limited.
4. Tripartite Agreement dated October 13, 2010 among our Company, CDSL and Bigshare Services Private Limited.
5. Escrow Agreement dated [●] between our Company, the BRLM, Syndicate Member, Escrow Collection Banks and the Registrar to the Issue.
6. Syndicate Agreement dated [●] between our Company, BRLM, and the Syndicate Member.
7. Underwriting Agreement dated [●] between our Company, BRLM and the Syndicate Member.
8. Agreement dated August 25, 2010 entered into between our Company and Mr. Anil Agrawal for appointment as Managing Director
9. The Memorandum and Articles of Association of our Company, as amended from time to time.
10. Copy of Certificate of Incorporation dated March 21, 2006, issued by the Registrar of Companies, Maharashtra, Mumbai.
11. Fresh Certificate of Incorporation dated August 24, 2010 issued by the Registrar of Companies, Maharashtra, Mumbai.
12. Annual General Meeting resolution dated September 29, 2010 and the resolution of the Board dated August 25, 2010, authorising the Issue.
13. Copy of resolution dated September 29, 2010 for reappointment and authorising the remuneration of our current Managing Director.
14. Copy of Restated Audit report on restated financial statements by the statutory auditor, M/s. Dass Maulik Mahendra K Agrawala & Co, Chartered Accountants dated November 17, 2010 included in the Draft Red Herring Prospectus and copies of the Balance Sheet referred in the said report.
15. IPO Grading Report issued by [●] dated [●].

16. Consents in writing from our Directors, Company Secretary and Compliance Officer, Statutory Auditors, Bankers to our Company, Bankers to the Issue, Book Running Lead Manager(s), Syndicate Member(s), Underwriter(s), IPO Grading Agency, Registrar of the Issue, Legal Advisor to the Issue to act in their respective capacities.
17. Initial listing applications dated [●] and [●] filed with the BSE and the NSE respectively.
18. In-principle listing approvals from BSE and NSE dated [●] and [●] respectively.
19. Due Diligence Certificate dated November 24, 2010 to SEBI from Arihant Capital Markets Limited, the Book Running Lead Manager.
20. SEBI observation letter no. [●] dated [●].

Any of the contracts or documents mentioned in the Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

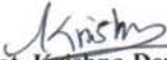
DECLARATION

We, the Directors of the Company, hereby declare and certify that all 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, established under section 3 of the Securities and Exchange Board of India Act, 1992, 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 rules or regulations made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.


SIGNED BY



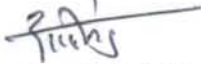
Mr. Anil Agrawal
Managing Director



Smt. Krishna Devi Agrawal
Director



Mr. Mahesh Kumar Garg
Director



Mr. Abhijit Vidyanand Ranade
Director



Mr. Sandeep Mittal
Director



Mr. Umakanta Das
GM- Finance & Company Secretary
& Compliance Officer

DATE : 24/11/2010

PLACE : MUMBAI

IPO Grading Report

[●]